

Attachment A

Morrison Low

Review of ILGRP recommendations relating to a proposed merger of the whole of Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby and two thirds of Ryde Council.

June 2015

*Review of ILGRP recommendations
relating to a proposed merger of
the whole of Hunters Hill, Lane Cove,
Mosman, North Sydney, Willoughby
and two thirds of Ryde Council*

Updated Report - 19 June 2015



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Introduction

Fit for the Future

In 2011 local councils from throughout NSW gathered for a summit, Destination 2036, to plan how local government could meet the challenges of the future. As a result, councils agreed that change was needed and that they wanted to be strong and sustainable and to make a positive difference in their respective communities. However, there were various views as to how this could be achieved and in April 2012 the State Government appointed an independent expert panel to carry out a review of the sector. That Independent Local Government Review Panel consulted widely in developing its final recommendations which were presented to the Government in late 2013.

The panel concluded that for councils to become strong and sustainable, both the NSW Government and the local government sector would have to play a part. The State indicated its preparedness to change the way it works with councils and to support them through meaningful reform. Local councils must also be prepared to consider new ways of working and new structural arrangements. The Fit for the Future program aims to bring these changes together to lay the foundations for a stronger system of local government and stronger local communities.

The Fit for the Future program requires councils to actively assess their scale and capacity in achieving long term sustainability and for councils to submit proposals to the Government indicating how they will achieve these objectives.

Five Northern Sydney councils (Hunters Hill, Lane Cove, Mosman, Ryde and Willoughby) have commissioned Morrison Low to undertake a merger business case using a broad range of factors (financial, social, environmental) in order for each council to understand the implications of the merger of Hunters Hill, Lane Cove, North Sydney, Mosman, the eastern two thirds of Ryde and Willoughby as proposed by the Independent Local Government Review Panel.

IPART has just recently been appointed by the Minister for Local Government as the Expert Advisory Panel to review all local council Fit for the Future proposals. South Australian local government expert John Comrie was appointed to support IPART in the process. IPART published a draft methodology for the assessment of proposals¹ and more recently a final methodology. Their approach and further explanation of the intended process and assessment methodology has been taken into consideration in this report.

Updated shared modelling

The modelling is prepared on the basis of the information publicly available and augmented by information provided by the five commissioning councils. In the case of the North Sydney, which is part of the proposed merger but not part of the project, we have relied on publically available information. Where the data is inconsistent or unclear it has not been included and will be recorded as either 'no data' or 'no result'.

During the course of this project Mosman, Ryde and Willoughby had Special Rate Variations granted and Hunters Hill issued an updated Long Term Financial Plan. This version of the report provides analysis based on the inclusion of the updated financial projections to include future revenue and expenditure as set out in the SRVs and updated LTFP and an updated risk analysis.

¹ Methodology for Assessment of Council Fit for the Future Proposals, Consultation Paper, April 2015 and Assessment Methodology, June 2015

Providing information to enable councils to individually make their decisions

The modelling is intended to allow the councils to individually and collectively understand what the benefits and dis-benefits of the proposed merger are. It has involved analysing historic, current and forecast performance as well as drawing in information from other jurisdictions in which we have been involved in local government reform (for example, transitional costs).

The project is not intended to advise each council of the best option for them (although it may naturally fall out of the modelling). The project provides the information that will enable each council to determine its individual course of action, undertake informed consultation with its community, and ultimately form the basis of the council's submission.

The commissioning councils had a clear focus on the issue of scale and capacity and defining strategic capacity.

Tight timeframes

The timeframes for this project have been challenging but we appreciate that the work has been required to allow plenty of time for each council to work through issues with the community or potential merger partners and prepare submissions for 30 June 2015.

Notwithstanding that we fully understand the need for those tight timeframes, that understanding is tempered with a recognition that the data available for modelling has some limitations as a result. The standardisation of the data across the six councils has been conducted on a best efforts basis under those particular timing constraints.

The data provided within the model is drawn from a variety of sources (including the councils directly) however it is acknowledged that the timeframe limits our capacity to refine both the available data and the model itself to a fine level of detail. For consistency across the councils, publicly available information has formed the basis of the analysis. This has been refined and modified through discussions and workshops with the councils.

We have had great support from the staff of each council, providing quick responses to our requests for information and active and knowledgeable participation in the workshops. We thank the executives and staff of the councils for their input and cooperation.

Scope

Scenarios

The shared modelling project was undertaken on the basis of evaluating the following options.

1. *Status Quo*

The baseline for each council is measured against what each council has reported the current and future financial position to be in the latest version of their respective Long Term Financial Plans. The analysis is based on the published financial statements and long term financial plans of the councils.

We note that each council believes that it is financially sustainable in the long term and this analysis is based on the work undertaken by each council (including preparation and application for Special Rate Variations and revisions to Long Term Financial Plans).

2. *Merged Council*

The merger is that proposed by the Independent Review Panel. The analysis assesses the advantages and disadvantages of this against a series of criteria. The agreed criteria include financial and non-financial indicators and go beyond the Government's Fit for the Future benchmarks to incorporate communities of interest, representation and the alignment between the council organisations.

The financial costs and benefits of the merger are assessed. The areas, activities and time period over which those can be expected to arise was examined and is reported.

Three scenarios were modelled relating to the costs and savings from the proposed merger. The different impacts and results are set out and discussed throughout this report. The scenarios are summarised below.

Scenario 1 – Efficiencies realised

This scenario applies a range of financial costs and savings based on research of recent, relevant mergers of councils. Transition costs arise in the short and medium term from creating the single entity (structure, process, policies, systems and branding), harmonisation of wages, redundancy costs and the implementation of a single IT system. Longer term costs also arise as staff numbers increase and harmonisation remains a factor.

Financial savings are modelled in the short term from a reduction in the number of senior staff and Councillors. Natural attrition is used to reduce staff numbers in the short term with a focus on removing the duplication of roles across the six councils and creating greater efficiency in operation with reductions modelled in Tier 2 and 3 of the structure, the works units and back of office. Savings are also projected to arise in relation to procurement and operational expenditure due to the size and increased capacity of the larger council. In the medium and longer term further financial savings are projected by removing the duplication of roles in areas such as finance, HR, IT and management and reducing staff numbers. Savings also modelled for greater efficiency in operations and some rationalisation of plant, fleet and buildings (one off).

Scenario 1 is used as the base case and a detailed description of the assumptions is set out in Appendix C.

Scenario 2 – Surplus to infrastructure

Under this scenario, if the merged council generates cash surpluses from the merger these are directed towards asset expenditure in order to meet the Fit for the Future benchmarks. The order of priority, where relevant, in which expenditure was to be attributed, was renewal, reducing the backlog and finally asset maintenance.

Cash surpluses are considered to be generated once repayment of the debt funded transitional costs has been completed.

Scenario 3 – Efficiencies not realised

Scenario 3 differs from the efficiencies realised scenario in that it assumes that the majority of savings identified in scenario 1 are not realised. In particular:

- No reduction in staff in Tier 3 or 4 (management layers) of the structure, the works units and back of office (finance, HR, IT, legal and communications)
- No rationalisation of plant, fleet and buildings is made

The specific differences between scenarios 1 and 3 are set out in Appendix D.

Reporting

This report is intended to provide a collective body of information that each council will then use to determine what is in the best interests of the council and community. As such it does not seek to recommend any one option over another for a particular council.

The report compares options and highlights advantages and disadvantages. The relative weighting that each council then applies will be a matter for each individual council.

Where the report refers to City of Ryde or Ryde it refers to the existing Council area. In the case of the merged council only the eastern two thirds of Ryde has been included in the analysis.

Executive summary

This executive summary provides the key outcomes from our analysis. However the full report needs to be read to provide the context to the analysis and assumptions that underpin the modelling.

Scale and capacity

The Government has made it clear that the starting point for every council is scale and capacity. This has been further reinforced with the release of the Fit for the Future Assessment Methodology by IPART

In the case of all the six councils, the Independent Panel position was that scale and capacity for all of the councils arises through a merger and, in the case of Ryde, splitting the council area across two different newly constituted councils. A Northern Sydney Council consisting of Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby and the eastern two thirds of Ryde. The remaining portion of Ryde would be merged with Parramatta, Holroyd, Auburn and part of The Hills.

Each council, in our view, exhibits many characteristics of scale and capacity, albeit that they do so in different ways. This report describes characteristics that a council could exhibit, that in our view show strategic capacity, and then identifies actions, plans and strategies that each of the five councils who commissioned this study have done or plan to do which demonstrate those characteristics.

Fit for the Future benchmarks

The Government has established a set of Fit for the Future benchmarks which all councils are being assessed against. We have undertaken a detailed analysis of the individual council's performance against the benchmarks as well as the merged council's performance against the benchmarks.

- Hunters Hill will meet all seven of the benchmarks including achieving the benchmarks that must be met by 2019/2020
- Lane Cove currently meets and will continue to meet all seven of the benchmarks including achieving the benchmarks that must be met by 2019/2020
- Mosman will meet all seven of the benchmarks including achieving the benchmarks that must be met by 2019/2020
- City of Ryde meet all seven of the benchmarks including achieving the benchmarks that must be met by 2019/2020
- Willoughby will meet five of the seven benchmarks including all the benchmarks that must be met by 2019/20 with the other two showing an improving trend at 2019/20 which accords to the IPART assessment criteria.
- North Sydney will meet four of the seven benchmarks by 2019/2020 but do not meet one of the ratios (operating performance) that must be met by 2019/2020².

² Based on publically available information

Proposed Merged council

Scale and capacity

The independent panel recommendation proposed the merger considered in this report. On that basis it is assumed that the merged council has scale and capacity as the government position has been very clear that scale and capacity is met by following the recommendations of the independent review panel.

We note however that under the scenario which performs best financially the efficiencies are largely achieved through reducing staff numbers. This will reduce the merged council's capacity and is likely to lead to a loss of institutional knowledge that will need to be managed and addressed.

The table below shows a comparison between the six councils, the merged council and the City of Sydney and Blacktown as a comparator council that has a population similar to that which the merged council would service. All of these are significantly larger than the individual councils which currently range in population from Hunters Hill (14,000) to Ryde (110,000)³.

Table 1 Council comparison

	Merged Council	City of Sydney	Blacktown
Full time equivalent staff	1487 ⁴	1741	1352
Population	301,000	188,000	318,000
Annual expenditure	\$356 million	\$485 million	\$400 million

Financial Analysis of the Merger

Costs and savings

The costs and savings of the merger arising throughout the period have been modelled. They vary under the different scenarios with a significant difference between the efficiencies realised and efficiencies not realised scenarios.

Driving efficiencies through the organisation during and post the merger results in an estimated financial benefit to the councils and community of \$59 million (efficiencies realised scenario). In contrast if the merged council does not reduce staff and make efficiency savings then there would be an estimated cost to the councils and community of \$78.4 million (efficiencies not realised scenario).⁵

Scenario 1 – Efficiencies realised

Transition costs are, in the context of the six councils, a significant cost in the early and mid-periods of the newly merged council. The short and medium term costs of creating a single entity (structure, process, policies, systems and branding), harmonisation of wages, redundancy costs and the implementation of a single IT system are estimated as in the order of \$120 million. Longer term costs also arise as staff numbers increase, which has been shown to be typical of merged councils and considered to arise as a result of increased services and service levels as well as ongoing harmonisation costs add approximately \$7 million per annum.

³ OLG Comparative data

⁴ Based on an apportionment of existing Ryde staff and population to the merger
Estimated benefits and costs based on NPV of projected costs and savings arising from the merger projected until 2023 with a discount rate of 7%

Savings initially arise in the short term through the reduction in the number of senior staff and Councillors while natural attrition is used to reduce staff numbers in the short term with a focus on removing the duplication of roles across the six councils and creating greater efficiency in operation with reductions modelled in Tier 3 and 4 of the structure, the works units and back of office. Combined the savings in the short term are estimated at \$12 rising to \$20 million per annum.

Savings are also projected to arise in relation to procurement and operational expenditure due to the size and increased capacity of the larger council at \$1 - \$5 million. In the medium and longer term benefits arise through reducing staff numbers by removing the duplication of roles in areas such as finance, HR, IT and management. Total staff savings are in the order of \$27 million per annum from year 4 onwards (following the end of the statutory employment protection provisions). One off savings are projected from some rationalisation of plant, fleet and buildings at \$33 million.

Scenario 2 – Surplus to infrastructure

Financial costs and savings of the merger are the same as Scenario 1.

Scenario 3 – Efficiencies not realised

Transitional costs remain the same as in Scenario 1 with transitional costs of an estimated \$120 million in the short to medium term and ongoing costs beyond year 4 of approximately \$7 million per annum.

Savings initially arise in the short term through the reduction in the number of senior staff and Councillors and in relation to procurement and operational expenditure due to the size and increased capacity of the larger council in the order of \$8 million per annum. However, as there is no reduction in staff in Tier 3 of the structure, the works units and back of office in the medium term, there is no natural attrition applied in the short term or redundancies in the medium term. With staff numbers remaining as they are there is no rationalisation of plant, fleet and buildings.

Fit for the Future benchmarks

The performance of the merged council against the Fit for the Future benchmarks also varies under the different scenarios. This shows the wide range of financial outcomes that may arise from the merger and in particular highlights that if cost savings and efficiencies are not driven through the merged council then its financial performance will be very poor leading to a need to either reduce expenditure or increase income (or both).

The table below compares the performance of the merged council against the benchmarks at 2020 under the three scenarios.

The most notable difference is in the operating performance ratio where under the efficiencies realised scenario the merged council produces a positive operating performance ratio from 2019 onwards meeting 6 of the 7 benchmarks by the 2019/20 timeframe set out by IPART. Whereas under the efficiencies not realised scenario the operating performance ratio of the merged council remains negative at 2019/20 and the entity meets only 5 of the 7 benchmarks. We also note that under the efficiencies not realised scenario the operating performance ratio of the merged council does not improve beyond 2019/20 and remains negative throughout the period modelled (2023).

The best performing scenario, in a purely financial sense, is the surplus to infrastructure scenario where the merged entity realises efficiency gains and uses cash savings to fund further infrastructure. Longer term this scenario meets all 7 benchmarks but at 2019/20 the entity meets only 6 of the 7 benchmarks with the asset maintenance ratio still not met.

Table 2 Projected performance of the proposed merger

Benchmark	Merged Council (2020) ‘Efficiencies realised’	Merged Council (2020) ‘Surplus to infrastructure’	Merged Council (2020) ‘Efficiencies not realised’
Operating Performance	Meets the benchmark	Meets the benchmark	Does not meet the benchmark
Own Source Revenue	Meets the benchmark	Meets the benchmark	Meets the benchmark
Debt Service	Meets the benchmark	Meets the benchmark	Meets the benchmark
Asset Maintenance	Does not meet the benchmark	Does not meet the benchmark	Does not meet the benchmark
Asset Renewal	Meets the benchmark	Meets the benchmark	Meets the benchmark
Infrastructure Backlog	Meets the benchmark	Meets the benchmark	Meets the benchmark
Real Operating Expenditure	Meets the benchmark	Meets the benchmark	Meets the benchmark

Debt

Two councils carry no debt whereas across the remaining four councils’ debt ranges from \$16 per capita up to over \$700 per capita. Often taking on the debt of other communities can be a significant issue to manage in a transition to a merged council.

Table 3 Comparison of debt⁶

Council	Debt (\$000)	Debt per Capita (\$)
Hunters Hill	\$218	\$16
Lane Cove	\$0	\$0
Mosman	\$10,966	\$365
Ryde	\$5,615	\$49
Willoughby	\$52,571	\$724
North Sydney	\$0	\$0
Merged Council	\$73,128	\$247

⁶ Based on 2014 Actual

Rates

Modelling the changes in rates in a merger is very difficult to do with any degree of accuracy as there are a number of significant differences in the rating systems of the six councils which impact on the rates charged to an individual property. Instead the approach used is to highlight the large differences across rating systems, structures and the current level of rates (business and residential) in each council area.

A merged council would need to align the rates over time across the communities that would now be contained with a single council area.

Environment and community aspirations

All of these councils express very similar priorities and desired outcomes in their Community Strategic Plan. They all have clear council-focused priorities around themes such as environment, economy, community and leadership with commonality around:

- preservation of the natural environment
- considered planning of the built environment, including managing issues such as transport and mobility while maintaining the unique or village feel of each area.
- ensuring social cohesion
- vibrant, healthy and active neighbourhoods
- accessible, accountable and transparent councils.

In terms of the natural environment and heritage, all councils have well developed aims around the protection of the natural environment reflecting their positioning on the harbour with each LEP showing differences which reflect their particular community and community aspirations, for example the protection of views to and from the harbour in Mosman and Hunters Hill.

In respect to the economy and growth, there are shared aims around providing a range of housing choices and options for residents and transport orientated growth. Again, there are individual differences across the group reflecting the different communities and community aspirations such as providing for growth of a permanent resident population in North Sydney and a hierarchy of retail, commercial and industrial activities that enables the employment capacity targets in Ryde and Lane Cove.

Representation

Even if the merged council had the maximum allowable number of councillors then the level of representation would fall significantly compared to the current levels in each council area; particularly so for the smaller councils like Hunters Hill and Mosman, but all communities would be affected.

Table 4 Comparison of representation

Council	Representation ⁷ (population / Councillor)
Hunters Hill	2,019
Lane Cove	3,747
Mosman	4,242
North Sydney	5,213
Ryde	9,232
Willoughby	5,553
Merged	20,059

This is considered to be a significant change and unless the merged council can address the apparent loss of representation could have a major negative affect on the community.

Community profile and communities of interest

There are a number of similarities and differences between the areas, including the following.

All six are areas of low socio-economic disadvantage as measured by the SEIFA Index of Disadvantage; with all areas ranked amongst the 20 least disadvantaged council areas in New South Wales and Mosman, Lane Cove, North Sydney and Hunters Hill ranked in the 10 least disadvantaged council areas. However, Ryde and Willoughby are more ethnically diverse in comparison to the other areas with just over half of residents born in Australia.

All six council areas belong to a cluster of councils characterised by low unemployment, however measured, reasonably high work availability and high average earnings (NIER, March 2013). Residents of all six areas tend to work in professional occupations and to be employed in similar industries; with professional, scientific and technical services the most common industry of employment.

The following general observations can also be made about the communities:

- Given their boundaries (main arterial roads and foreshore) Hunters Hill and Lane Cove appear to be quite contained communities with strong village identities
- Mosman is also bounded on three sides by harbour however as it contains the main thoroughfare between the city and the northern beaches it has a physical divide
- Ryde has a highly multicultural community and this creates identity and communities of interest around culture which is not reported as evident to the same extent in the other LGAs
- All areas report that communities tend to identify around centres or suburbs rather than local government boundaries. The exception being Mosman where the LGA is the suburb.
- All the communities tend to become united around issues which are similar across the areas, namely traffic, parking and development
- There are border crossings between many of the areas for education, retail, medical and employment, with all areas having significant attractors for outside visitation
- There are many examples of regional collaboration between various councils in this group. Mosman has been an active participant and contributor to SHOROC. It is noted that Ryde and Hunters Hill share some particularly interesting relationships and service arrangements including provision of library services by Ryde to Hunters Hill and funding of a skate park
- There are emerging communities of interest in different LGAs associated with new developments

⁷ OLG Comparative data

Risks arising from merger

There are a number of significant potential financial and non-financial risks arising from this particular merger that will need to be considered, including the following which have been outlined in this report and demonstrated by the scenario modelling:

- Transitional costs may be more significant than set out in the business case
- The efficiencies projected in the business case may not be delivered
- The implementation costs maybe higher and the anticipated savings may not be achieved
- Decisions subsequent to the merger about the rationalisation of facilities and services may not reduce the cost base of the merged organisation as originally planned
- The cultural integration of the five whole and one part council organisations may not go well resulting in low morale, increased staff turnover rate etc, particularly when one of the constituent councils is being split. This would reduce business performance and prolonging the time it takes for the predicted efficiencies to be achieved
- With large size differences between the councils in the merger there is a danger it is seen not as a merger but as a takeover by the larger organisations
- Service levels rise across the merged council, standardising on the highest level of those services that are being integrated
- New services are introduced that are not currently delivered in one or more of the former council areas
- The financial performance of the merged council is less than that modelled, resulting in the need to either reduce services, find further efficiency gains and/or increase rates to address the operating deficit
- Splitting Ryde Council may cause community dissatisfaction and confusion

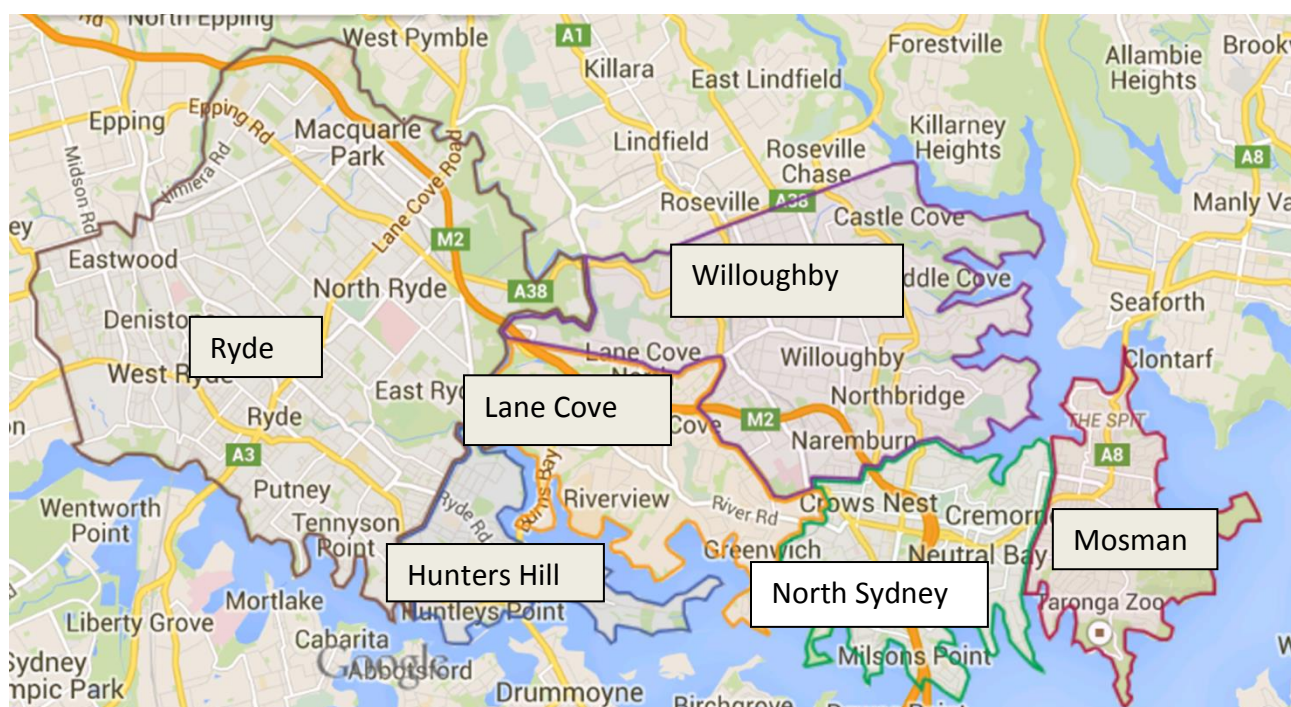
A risk analysis of the potential risks including their potential financial impact and how they may be controlled has been undertaken which identifies the significant potential for the costs and savings identified in this report to be greater or lesser than those identified.

Analysis of the individual councils

Together the six councils cover the lower north shore of Sydney Harbour. They stretch over a combined area of 98.3km² including major economic, residential and commercial zones.

A map of the area is set out below and shows each council area.

Figure 1 Map of the Northern Sydney councils affected by the proposed merger



As a starting point, the Councils' performance against a range of financial and asset indicators has been considered and set out in the table below⁸. While many of these are now familiar as Fit for the Future indicators, there are differences. Previously the indicators were a one-off, whereas under Fit for the Future they are now rolling three year averages, different debt ratios were used, and previously the real operating expenditure ratio did not exist.

However, the respective position of each council as it is today is a useful starting point. The results reported are those from each Council's 2014 Financial Statements and the figures in red indicate where the council does not meet what is now the Fit for the Future the benchmark.

⁸ Reported in the 2013/14 Financial Statements for the respective councils

Table 5 Comparison of Council performance as report in Financial Statements (2014)

Council	Operating Performance (%)	Own Source Revenue (%)	Debt Service ⁹	Asset Maintenance (%)	Infrastructure Backlog (%)	Asset Renewal (%)
Hunters Hill	-4.11	89	21	113	8	69
Lane Cove	.30	72.6	N/A	136	1.79	225
Mosman	.31	88	2.38	94	4	138
Ryde	1.15	70	27	91	6	123
Willoughby	11.8	82	4.6	62	5	67
North Sydney	-.58	85	N/A	104	4	107

Scale and capacity

Scale

Scale has not been defined by either the Independent Review Panel or the Office of Local Government. The Government has referred each council to the recommendation proposed by the Independent Review Panel as that is considered to be the appropriate scale and capacity for the council.

In Sydney, based on the councils which have not been proposed for a merger, it could be said that a population threshold of approximately 250,000 by 2031 is considered scale. However, given that neither the Independent Panel, the Office of Local Government nor IPART have actually set out any population thresholds none should be applied.

On the basis that the independent panel recommendation proposed that the six councils merge, it can be assumed that a merged council would achieve the scale and capacity requirements. However, this section reviews the extent to which each individual council can also satisfy the requirements of scale and capacity

The panel report articulated the Key Elements of Strategic Capacity as follows.¹⁰

Figure 2 Strategic capacity

Box 8: Key Elements of Strategic Capacity
<ul style="list-style-type: none"> • More robust revenue base and increased discretionary spending • Scope to undertake new functions and major projects • Ability to employ wider range of skilled staff • Knowledge, creativity and innovation • Advanced skills in strategic planning and policy development • Effective regional collaboration • Credibility for more effective advocacy • Capable partner for State and federal agencies • Resources to cope with complex and unexpected change • High quality political and managerial leadership.

⁹ We note that there are different ways to calculate the Debt Service ratio but in all cases the councils meet the benchmark

¹⁰ Box 8, Page 32 of Revitalising Local Government

The report considers the things each council does, their actions, plans and strategies both in the past (demonstrated) or in the future (planned) such as high levels of population growth, delivery of services that meet community needs, demonstration of improved service efficiency and focus on outcomes based on the IPR framework, working in a regional environment promoting, leading and providing a strong voice for the community. While there is a need to take and establish an holistic approach in determining the elements of scale and capacity of councils it is useful to firstly identify the types of things that councils can do which demonstrate strategic capacity. The table below sets out a series of actions, strategies and ways in which we believe individual councils and/or groups of councils can exhibit strategic capacity.

Table 6 What is capacity?

Criteria	Ways in which councils demonstrate or exhibit these qualities
More robust revenue base and increased discretionary spending	Special Rate Variations, investment Income, high levels of population growth
Scope to undertake new functions and major projects	Expenditure on capital works, track record of delivering significant (community or regional) projects, community satisfaction
Ability to employ wider range of skilled staff	Wide range of services delivered, reduction in real operating cost per capita
Knowledge, creativity and innovation	Delivery of projects, actions and initiatives, organisational culture, use of alternative business models
Advanced skills in strategic planning and policy development	Planning for regional outcomes, outcome focussed IP&R which is measured
Effective regional collaboration	Contribution and involvement in regional procurement, service delivery to other councils, provision of regional services
Credibility for more effective advocacy	Demonstrated results
Capable partner for state and federal agencies	Delivery of regionally significant projects, meeting state growth targets
Resources to cope with complex and unexpected change	Positive operating performance result, track record
High quality political and managerial leadership	Taking on hard decisions, Mayors seen as community leaders. Qualifications, experience and knowledge of Mayor, councillors and senior staff

A summary of what each of the four commissioning councils have done and are doing in regards to these is set out below with a further table summarising which actions address which of the elements of strategic capacity.

Hunters Hill Council

Hunters Hill has a high level of scale and capacity. It currently meets the majority of Fit for the Future benchmarks but significantly has a very robust revenue base through a combination of its Special Rates and 20 year staff capping strategies. These have delivered significant discretionary spend and a level of strategic capacity, effectively delivering 20% additional capacity to council operations. As a result council has the ability to spend on a comprehensive new assets program. At the same time they are generating service efficiency outcomes while meeting community needs, demonstrated by a customer satisfaction of 70%. This continues in their IPR framework with clarity in meeting future community needs.

Council has strong involvement in regional collaboration with the Mayor being President of NSROC, making significant contributions to regional planning, advocating for regional infrastructure, procurement and shared services. Hunters Hill has a strong culture of innovation through regional partnering in the case of the Federal Governments Red Tape Reduction program and locally a dynamic community engagement approach which has delivered higher participation.

The council is a leader and strategic decision maker in heritage planning and conservation, meeting housing targets in the Metro Strategy effective advocacy and playing a key role in successfully advocating for the M2/F3 Tunnel. They have an extensive community engagement with the community that delivered the continuation of the three Special Rate programs.

Lane Cove Council

Lane Cove meets all the Fit for the Future benchmarks, delivers service efficiency while maintaining customer satisfaction at 94%¹¹, and with population growth of 36% to 2031 demonstrates a high level of scale and capacity. Further strategic capacity is created through an Asset Commercialisation strategy generating income producing assets such as the aquatic centre that returns \$0.5m pa to council and new investment and community facilities estimated at \$70m over the next 10 years. This delivers a very significant discretionary spend equivalent to 11.2% in Operating Income.

A combination of service efficiency gains and innovation through a range of external partnerships that delivers direct community services has expanded the council's capacity. Further no positions are added to the business unless there is a revenue stream e.g. major project group. This type of capacity enables the acquisition of skilled staff and resources that can play a major role in influencing regional planning and infrastructure outcomes.

Lane Cove has worked with state government on strategic planning outcomes and is currently delivering metropolitan transport infrastructure at St Leonards' railway station. Leveraging development contributions through a number of VPAs due to high land values has enabled these opportunities. Through political and management leadership they take a realistically strategic approach by making the tough decision on what they are prepared to do to make things happen.

Mosman Municipal Council

The strength and sustainability of the Mosman community is centred on the very strong sense of local identity and place. The council clearly delivers very high service standards and outcomes the community require and are happy to pay. With an extraordinary customer satisfaction result of 91% it has created strategic financial capacity to deliver local and regional services. In addition there is very strong community support, some 82% who want to maintain the current form of local government and are prepared to meet the financial burdens as demonstrated by supporting a Special Rate Variation of 13% from 2015/16.

The council has generated scale and strategic capacity through its Commercial Property Portfolio, On Street Parking program, an ongoing income stream from VPAs and range of sponsorship, philanthropic and grant programs. It has established a discretionary spend increase of 14% of operating income. This capacity coupled with a Backlog ratio of nil and the Asset Renewal ratio of 140% at 2023 will enable council to meet all the Fit for the Future benchmarks. This is further supported by their innovative business model to contract the majority of the day labour services, and an extensive volunteer program.

Mosman Municipal Council plays a strong role in regional services through their art gallery. Over the past three years visitation has doubled, a retail outlet opened and a range of sponsorship of philanthropy programs established, creating a viable and sustainable business. The Mayor of Mosman is the current president of SHOROC and Mosman has been a very active participant and contributor to SHOROC.

¹¹ 70% rated their satisfaction with council as good or excellent and 24% rated their satisfaction as fair

Ryde City Council

With Ryde City Council's scale and capacity it is able to effectively manage a developing community with population expected to increase by 32% in 2031 with significant business and residential development. They have the capacity to meet all benchmarks by 2023 and generate service efficiencies of 18% reduction in real operating cost per capita. This creates the ability to employ a wider range of skilled staff.

Ryde has built its strategic capacity through a property development program, asset maintenance cost savings from VPAs, Special Rates Strategy and the creation of Community Hubs that provide a positive return. In addition, the council has negotiated \$87.5m worth of community facilities and assets, with a further \$38m in the pipeline.

The council clearly demonstrates the capability to partner and work with state and federal agencies by influencing a number of key strategic metropolitan planning outcomes, in particular the location and timing of residential development at Macquarie Park. With their advanced skills in strategic planning and policy development they have planned and approved growth of 26,000 units over the next 20 years, negotiated 22 VPAs valued at \$130.7m and proactively assisted in the planning of 2 Urban Activation Precincts.

Council demonstrates strong leadership through courageous decisions to uphold key strategic planning positions and large development applications. It has also developed a strategic partnership with the community where they agreed to a SRV of \$2m pa with council to save \$2.5m pa.

Willoughby City Council

The introduction of a Special Rate in 2015/16 focussed on asset renewal and the previous e.restore levy for environmental initiatives demonstrates Willoughby City Council's capacity for strategic decision making and the ability for the council to engage with its community on key issues and follow through to make prudent decisions. It also provides sufficient funding for the council to maintain a positive operating performance throughout the period being modelled while increasing asset expenditure. The organisation also has interest and investment income of over \$2.5M in 2013/14 and rental income of over \$11M (together equivalent to almost 25% of the revenue from rates and annual charges) providing council with a robust and diversified revenue base.

The Concourse provides a regional facility and demonstrates council's ability to plan for, deliver and then manage complex, strategically important projects and facilities and the Council continues to facilitate and provide for the development of Chatswood including using a dedicated CBD place manager.

The Council currently has a community satisfaction rating of 72% (2012 Customer survey) and its IPR documents show clear Key Performance Indicators linking through from the Community Strategic Plan to the Operational Plan/Delivery Program.

For each council this is summarised in table form below, identifying which actions, plans or strategies can be attributed to each particular aspect of strategic capacity.

Table 7 Demonstrations of strategic capacity

Strategic Capacity Elements	Characteristics	Hunters Hill	Lane Cove	Mosman	Ryde	Willoughby
More robust revenue base and increased discretionary spending	<i>A diversified revenue base e.g. SRV, investment income</i>	Special rate strategy with separate SRVs linked to identifiable funding activities e.g. transport	VPA income Asset commercialisation strategy;	\$1.7m from Commercial Property Portfolio On street parking meters e.g. Balmoral	Property development program to create new revenue streams and new assets VPA income and asset provision	SRV approved (in full) for 2015/16 Previous SRV for e.restore Car parking
	<i>Cost containment</i>	FTE has remained static for 20 years, to reach the Group 2 average council would need to employ an additional 19 staff	\$70m in community assets through property development No O/head (staff) without revenue stream.	VPA income Art gallery revenue, SRV approved (in full) for 2015/16	SRV approved (in full) for 2015/16 Alternative funding strategy for Community hub and centre	Bus Shelter advertising Commercial revenue VPA Real Operating Expenditure per capita has reduced by 8.9% between 11/12 and 13/14 Growth of CBD
	<i>Population growth (2011 – 2031)</i>	20%	36%	20%	41%	27%
Scope to undertake new functions and major projects	<i>Expenditure on new works (Percentage of depreciation spent on new assets 2014-2023)</i>	10%	0%	5%	6.2%	31%
	<i>Delivering on community satisfaction (Iris LG Database-Sydney Metro Ave 13/14 70%*)</i>	70% (2009)	94% ¹² (2014)	91% (2014)	72% - (2013)	73.6% (2012)

¹² 70% rated council as good or excellent, 24% as fair.

Strategic Capacity Elements	Characteristics	Hunters Hill	Lane Cove	Mosman	Ryde	Willoughby
Ability to employ wide range of skilled staff	<i>Reduction real operating cost per capita (2013 – 2023)</i>	14%	6%	9%	11%	8%
Knowledge, creativity and innovation	<i>Demonstration of innovative culture/outcomes</i>	<p>Federal Govt Red Tape Reduction program</p> <p>HR performance develop tool</p> <p>Innovative community engagement approach = high participation</p>	<p>JV for property development</p> <p>External partnerships for direct services by community</p> <p>LC ComAid</p> <p>Men's Shed</p>	<p>Alternative delivery model used extensively with majority of services contracted out</p> <p>Volunteer program</p>	<p>Carbon capture program</p> <p>Community hubs with an income stream</p> <p>JV to create a prospectus for Macquarie Park</p> <p>Best value reviews</p>	<p>Citizens Panel for SRV consultation & Fit for the Future consultation</p> <p>Volunteer program</p> <p>E.Restore Levy, Chatswood Solar Farm reducing CO2 emissions and costs</p> <p>Better services review's new delivery models</p> <p>Alternative business models – concourse, 10 -14 year dd- OOSH pilot, Vivid</p>
Advanced skills in strategic planning and policy development	<i>Ability to plan for regional outcomes</i>	Use Nth Planning Group to develop and use regional position.	<p>Due to high land value able to use/leverage VPAs valued at \$70m to date to deliver regional and local infrastructure</p> <p>Transport connection St Leonard's RS</p>	<p>VPA to provide advertising on the footbridge – income \$500K pa for asset related works ,over the 15 yrs income in excess of \$8m</p> <p>Senior staff capacity in strategic planning and policy development.</p>	<p>Planned / approved growth of 26,000 units over next 20 years</p> <p>Negotiated 22 VPAs valued at \$130.7m</p>	<p>Planning & Stewardship of Chatswood as a major centre with key transport connections (growth in employment & m² to date and future)</p> <p>CBD Place Manager</p>

Strategic Capacity Elements	Characteristics	Hunters Hill	Lane Cove	Mosman	Ryde	Willoughby
						NSROC Regional Strategies e.g. Sportsground management, planning
	<i>IPR Outcome Focused - Performance Achievements key performance indicators established and measured</i>	Strategic KPIs	KPIs established and reported both strategic and operational Annual Report	KPIs established and reported Annual report	Goals KPIs and related projects – outcomes and business measures Annual Report	KPIs established and reported on half yearly Annual report
Effective regional collaboration	<i>Extent of evolvement in regional activities</i>	Procurement Library Insurance pool Waste tender, waste strategy	Waste tender, waste strategy Procurement Library Insurance pool	Procurement Library Role in SHOROC successes such as Northern Beaches Transport Action Plan and construction of new Northern Beaches Hospital	Waste tender, waste strategy Procurement Library Insurance pools	NSROC & SHOROC joint procurement Waste tender, waste strategy Shorelink library network Managers Better Business program for councils Manages internal audit function for 7 councils Strategic CBD land releases and resultant growth in employment
Credibility for more effective advocacy	<i>Demonstration of effective advocacy</i>	NSROC M2/F3 Campaign resulting in Tunnel	NSROC	SHOROC	NSROC Joint planning	NSROC St Leonard's precinct plan

Strategic Capacity Elements	Characteristics	Hunters Hill	Lane Cove	Mosman	Ryde	Willoughby
Capable partner for the state and federal agencies	<i>Delivery of regional services and/or infrastructure</i>	<p>Seat at the table for Regional Coordination meetings</p> <p>Delivered RMS boating and car park facilities.</p> <p>NSROC partnership with the EPA to deliver a waste improvement program (WASIP) to HHC, LCC & Ryde</p>	<p>Transport connection St Leonard's</p> <p>NSROC partnership with the EPA to deliver a waste improvement program (WASIP) to HHC, LCC & Ryde</p>	<p>Art gallery</p> <p>Advancing transport and health solutions for northern Sydney</p> <p>Working cooperatively with State and Federal agencies e.g. local traffic management plans with RMS.</p>	<p>Aquatic Centre</p> <p>Waste Recycling Centre</p> <p>Community Hub</p> <p>Two Urban Activation Precincts – UAP;</p> <p>Direct/influence State Govt on location/timing of residence in Macquarie Park</p> <p>Macquarie University PACE program</p> <p>NSROC partnership with the EPA to deliver a waste improvement program (WASIP) to HHC, LCC & Ryde</p>	<p>Concourse Facility</p> <p>Vivid Chatswood 2015</p> <p>Cooperation with RMS on local traffic management plans</p> <p>Concourse library and branch library</p> <p>Child services</p> <p>St Leonard's precinct strategy</p>
Resources to cope with complex and unexpected change	<i>Positive operating result excl Capital Grants/contributions</i>	Static FTE without a revenue stream	Yes Policy of no additional staff without revenue stream.	Greater capacity to meet this criteria now SRV is in place	Yes Approach is to scale staff up and down e.g. Project Development Unit	<p>Successful SRV will continue positive operating result</p> <p>Further efficiencies to be identified from service reviews</p>
High quality political and managerial leadership	<i>Strategic decision making and engagement</i>	<p>76% support a rate increase and continuance of three special rates (2012 Rating Options Survey).</p> <p>Meet housing targets under Metro strategy.</p>	<p>Through political and managerial leadership new strategic approach.</p> <p>Tough decisions are made through sound engagement.</p>	Strong leadership and engagement around justifying /positioning the successful SRV	<p>Planning decisions upheld on appeal</p> <p>Large developments</p> <p>Strategic partnership with the community on SRV. \$2m in rates and Council to save \$2m.</p>	<p>SRV process including majority community support for the application</p> <p>Concourse required strong leadership at councilor and managerial level</p> <p>Vivid delivery</p>

Strategic Capacity Elements	Characteristics	Hunters Hill	Lane Cove	Mosman	Ryde	Willoughby
	<i>Mayors recognised as leaders in the community and council</i>	Mayor President of NSROC	Regional participation	Mayor SHOROC President	Regional participation	Media spokesperson
		Media spokesperson	Media spokesperson	Regional participation	Media spokesperson	Popularly elected Mayor
		Very strong regional participation		Media spokesperson	Strong lead in local and regional planning	Regional participation
		Leader in heritage		Thought leader in local community development		Community leadership

Fit for the Future indicators

Looking at the 2014 Financial Statements provides an historic view of performance; Fit for the Future concentrates on forecast performance. It is a requirement of Fit for the Future to forecast each council's performance into the future. IPART has now ranked the benchmarks from those which a council "*must meet*" through "*must demonstrate improvement in*" and "*informs assessment*"

Metropolitan councils must meet the following ratios by 2019/2020

- Operating Performance
- Own Source Revenue
- Debt Service

Metropolitan councils are required to, at a minimum, show improvement against the following ratios by 2019/2020

- Building and Infrastructure Renewal
- Asset Maintenance
- Infrastructure Backlog

We have undertaken an analysis of both council's current financial statements and projected financial performance in their published long term financial plans to provide a base case against which to assess the performance of the merged council. Projections are based on the period 2013 - 2023 so include actuals and forecast performance. Over the course of the project Mosman, Ryde and Willoughby were all successful in SRV applications and the modelling includes the impact of the additional funding arising from the SRVs. Also during the course of the project Hunters Hill issued a revised LTFP and the modelling is based on the updated LTFP.

An explanation of each indicator and the basis of the calculation are set out in Appendix A. Each has been calculated in accordance with the requirements set down by the Office of Local Government. The ratios are a reduced set of benchmarks drawn from those used by TCorp in its 2013 analysis of the Financial Sustainability of the New South Wales Local Government Sector.

Asset Maintenance Ratio

The calculation of the maintenance ratio is based in part on the number each council reports as 'required maintenance'. There are no clear guidelines as to how required maintenance is to be calculated and as such the approach varies significantly across NSW.

Each council's assessment of required maintenance is assumed to represent the actual amount required to maintain their assets in an appropriate condition as no process to standardise the calculation of required maintenance has been undertaken.

Infrastructure Backlog Ratio

The calculation of a council's estimated cost to satisfactory is a key input into the infrastructure backlog ratio. There are no clear guidelines as to how the cost to satisfactory has to be calculated and as such the approach varies significantly across NSW.

Each council's assessment of their cost to satisfactory is assumed to represent the actual amount required to bring their assets to a satisfactory condition as no process to standardise the calculation of the estimated cost to satisfactory has been undertaken.

Based on that modelling

- Hunters Hill will meet all seven of the benchmarks including achieving the benchmarks that must be met by 2019/2020
- Lane Cove will meet all seven of the benchmarks including achieving the benchmarks that must be met by 2019/2020
- Mosman will meet all seven of the benchmarks including achieving the benchmarks that must be met by 2019/2020
- City of Ryde will meet all seven of the benchmarks including achieving the benchmarks that must be met by 2019/2020
- Willoughby will meet five of the seven benchmarks including all the benchmarks that must be met by 2019/20 with the other two showing an improving trend at 2019/20 which accords to the IPART assessment criteria.
- North Sydney will meet four of the seven benchmarks by 2019/2020 but do not meet one of the ratios (operating performance) that must be met by 2019/2020¹³.

The tables below provide a summary of each council's performance against the benchmarks. The figures that follow show the trends of the benchmarks over time for each council. The Government has made it clear that the trend of councils should be improving against the benchmarks.

Table 8 Hunters Hill Council performance against Fit for the Future benchmarks

Indicator	Performance to 2020
<i>Operating Performance</i>	<i>Meets the benchmark</i>
<i>Own Source Revenue</i>	<i>Meets the benchmark</i>
<i>Debt Service</i>	<i>Meets the benchmark</i>
Asset Maintenance	Meets the benchmark
Asset Renewal	Meets the benchmark
Infrastructure Backlog	Meets the benchmark
Real Operating Expenditure	Meets the benchmark

Table 9 Lane Cove Council performance against Fit for the Future benchmarks

Indicator	Performance to 2020
<i>Operating Performance</i>	<i>Meets the benchmark</i>
<i>Own Source Revenue</i>	<i>Meets the benchmark</i>
<i>Debt Service</i>	<i>Meets the benchmark</i>
Asset Maintenance	Meets the benchmark
Asset Renewal	Meets the benchmark
Infrastructure Backlog	Meets the benchmark
Real Operating Expenditure	Meets the benchmark

¹³ Based on publically available information

Table 10 Mosman Council performance against Fit for the Future benchmarks

Indicator	Performance to 2020
<i>Operating Performance</i>	<i>Meets the benchmark</i>
<i>Own Source Revenue</i>	<i>Meets the benchmark</i>
<i>Debt Service</i>	<i>Meets the benchmark</i>
Asset Maintenance	Meets the benchmark
Asset Renewal	Meets the benchmark
Infrastructure Backlog	Meets the benchmark
Real Operating Expenditure	Meets the benchmark

Table 11 City of Ryde Council performance against Fit for the Future benchmarks

Indicator	Performance to 2020
<i>Operating Performance</i>	<i>Meets the benchmark</i>
<i>Own Source Revenue</i>	<i>Meets the benchmark</i>
<i>Debt Service</i>	<i>Meets the benchmark</i>
Asset Maintenance	Meets the benchmark
Asset Renewal	Meets the benchmark
Infrastructure Backlog	Meets the benchmark
Real Operating Expenditure	Meets the benchmark

Table 12 Willoughby City Council performance against Fit for the Future benchmarks

Indicator	Performance to 2020
<i>Operating Performance</i>	<i>Meets the benchmark</i>
<i>Own Source Revenue</i>	<i>Meets the benchmark</i>
<i>Debt Service</i>	<i>Meets the benchmark</i>
Asset Maintenance	Does not meet the benchmark ¹⁴
Asset Renewal	Meets the benchmark
Infrastructure Backlog	Does not meet the benchmark ¹⁵
Real Operating Expenditure	Meets the benchmark

¹⁴ Trend is improving¹⁵ Trend is improving

For completeness the performance of North Sydney is also set out below. Their projected financial performance has a direct impact of the financial performance of the merged council and is based on publically available information.

Table 13 North Sydney Council performance against Fit for the Future benchmarks

Indicator	Performance to 2020
<i>Operating Performance</i>	<i>Does not meet the benchmark (Met until 2016)</i>
<i>Own Source Revenue</i>	<i>Meets the benchmark</i>
<i>Debt Service</i>	<i>Meets the benchmark</i>
Asset Maintenance	Meets the benchmark from 2016
Asset Renewal	Does not meet the benchmark
Infrastructure Backlog	Does not meet the benchmark
Real Operating Expenditure	Meets the benchmark

Analysis of the proposed merged council

Description

The merging of the six councils into one council would create a very large council by NSW standards with a population of just over 300,000. It would be the second largest by population with only Blacktown being larger which represents a very large change for the smaller councils of Mosman and Hunters Hill.

To give some scale to the proposed council organisation, set out below are some broad indicators of the attributes of a new merged council and a comparison to the City of Sydney and Blacktown Council¹⁶.

Table 14 Comparison of proposed merged council

	Merged Council	City of Sydney	Blacktown
Full time equivalent staff	1487 ¹⁷	1741	1352
Population	301,000	188,000	318,000
Annual expenditure	\$356 million	\$485 million	\$400 million

Services

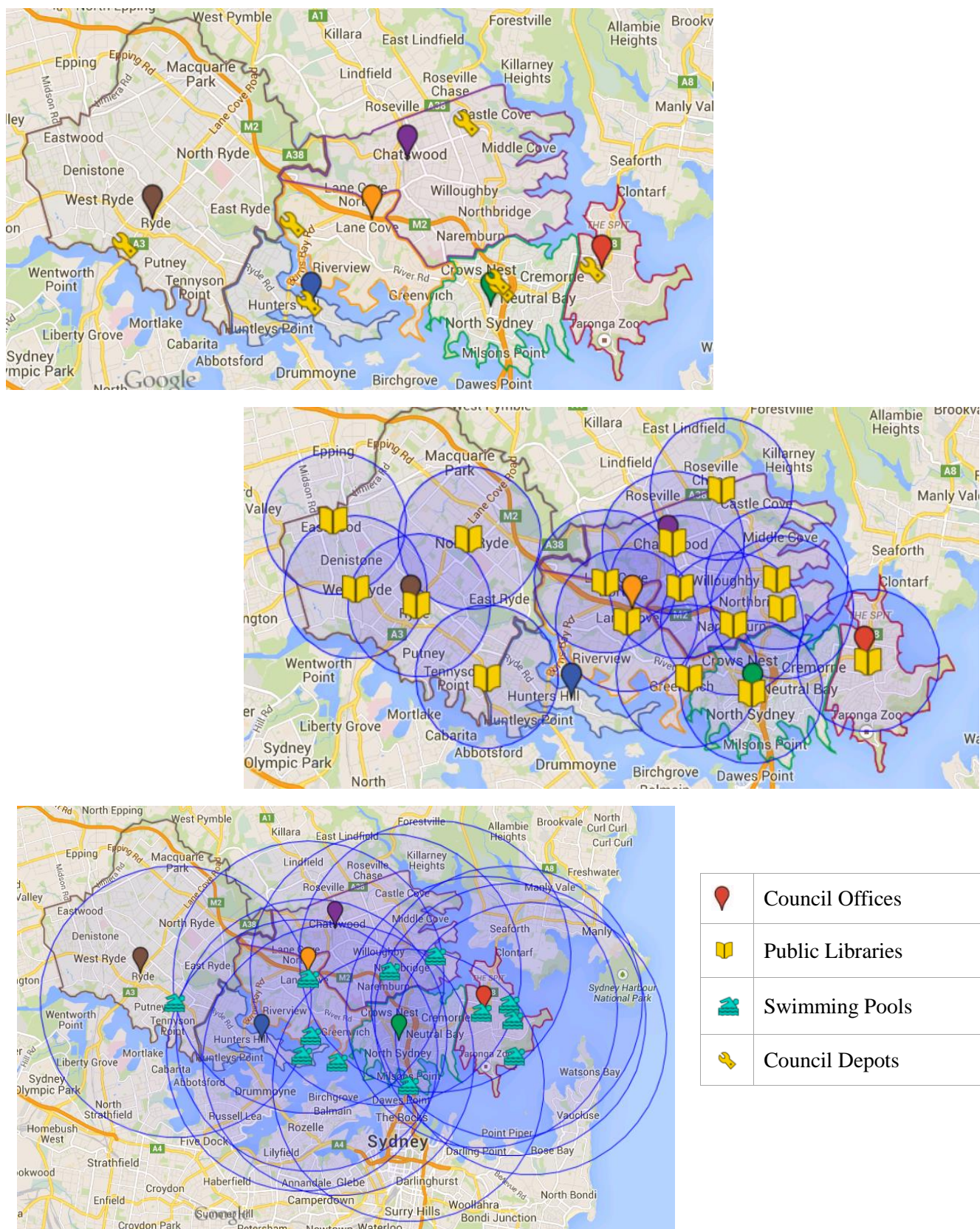
The range of services and facilities provided by any council to its community varies significantly from place to place. Not only do the types of services vary, but the levels of service will often be quite different from council to council.

The reasons for these variations are numerous. For many councils the suite of services that they offer in the present day is a reflection of decisions made by councils past. Those decisions are generally based on community desires and needs, funding availability or strategic business choices. Figure 3 highlights the locations of some key council services including council offices, libraries and swimming pools.

¹⁶ OLG Comparative Performance Data 2012-13

¹⁷ Based on an apportionment of existing Ryde staff to the merger

Figure 3 Key services and facilities of the councils



Regardless of the original rationale for service types, levels and delivery decisions, councils need to continue to make regular and structured revisions to their service portfolios in order to meet emerging or changing community needs, capacity to pay issues or regulatory change.

The six councils are reflective of the broader local government industry and exhibit many variations on the types and levels of service that they offer to their communities despite their relative proximity. There are obviously cost implications for the councils providing different services and levels of service.

There are a range of examples where services vary across council borders and those variations can be in the form of:

- providing a particular service or not doing so
- differing methods of delivering services (in house, outsourced, collaborative)
- variety in the levels of service delivered (frequency, standard)
- pricing.

The purpose of the maps above (figure 3) is to highlight the different challenge that a merged council will be faced with in regards to the provision and the location of services and facilities. Representative catchments around libraries (3km) and swimming pools (5km) have been used. Having responsibility for a larger area without the existing internal boundaries will require a different approach and likely lead to changes in services and service delivery.

Establishing a uniform, or at least consistent, service offering through the mechanisms of service standard setting, pricing and delivery will be a challenging exercise for any merged council however it does provide opportunities for service review and re-evaluation. Often in a merged council the desire to ensure an equitable and fair service across the entire local government area can result in an immediate and sometimes dramatic increase in services, services levels and therefore costs.

In assessing the advantages and disadvantages of a merger of the six councils the assumption has been made that current service levels will continue until such time as the merged council makes a decision otherwise. We have set out in Appendix B a high level comparison across services, service levels and service delivery models in order to demonstrate the differences and therefore the challenges that a merged council would face.

Scale and capacity

The independent panel recommended the proposed merger. On that basis it is assumed that the merged council has scale and capacity as the government position has been very clear that scale and capacity is met by following the recommendations of the independent review panel.

Under all scenarios modelled there is a reduction in staff. The move to a single large council with one General Manager and Executive is likely to lead to a significant loss of institutional knowledge from across the councils. Under the scenario which performs best financially the efficiencies are largely achieved through reducing staff numbers across the organisation which would further exacerbate the situation.

The loss of institutional knowledge will need to be managed and addressed.

Financial Analysis of the merger

Costs and savings

The estimated costs and savings of a merger of the six councils have been modelled under the three scenarios with the results set out in this section. All costs and savings arising from the merger are in comparison to the current operating costs of the combined councils.

The first part of this section provides a high level description of the financial costs and savings of the different scenarios with these also then presented in the form of a table to show the timing of the different assumptions. Costs and savings that are common to all scenarios are shown in italics.

The detailed assumptions on which the scenarios are based are set out in Appendix C and D.

Scenario 1 – Efficiencies realised

Transition costs are, in the context of the six councils, a significant cost in the early and mid-periods of the newly merged council. The short and medium term costs of creating a single entity (structure, process, policies, systems and branding), harmonisation of wages, redundancy costs and the implementation of a single IT system are estimated as in the order of \$120 million. Longer term costs also arise as staff numbers increase, which has been shown to be typical of merged councils and considered to arise as a result of increased services and service levels as well as ongoing harmonisation costs add approximately \$7 million per annum.

Savings initially arise in the short term through the reduction in the number of senior staff and Councillors while natural attrition is used to reduce staff numbers in the short term with a focus on removing the duplication of roles across the six councils and creating greater efficiency in operation with reductions modelled in Tier 3 and 4 of the structure, the works units and back of office. Combined the savings in the short term are estimated at \$12 rising to \$20 million per annum.

Savings are also projected to arise in relation to procurement and operational expenditure due to the size and increased capacity of the larger council at \$1 - \$5 million. In the medium and longer term benefits arise through reducing staff numbers by removing the duplication of roles in areas such as finance, HR, IT and management. Total staff savings are in the order of \$27 million per annum from year 4 onwards (following the end of the statutory employment protection provisions). One off savings are projected from some rationalisation of plant, fleet and buildings at \$33 million.

Scenario 2 – Surplus to infrastructure

Financial costs and savings of the merger are the same as Scenario 1.

Scenario 3 – Efficiencies not realised

Transitional costs remain the same as in Scenario 1 with transitional costs of an estimated \$120 million in the short to medium term and ongoing costs beyond year 4 of approximately \$7 million per annum.

Savings initially arise in the short term through the reduction in the number of senior staff and Councillors and in relation to procurement and operational expenditure due to the size and increased capacity of the larger council in the order of \$8 million per annum. However, as there is no reduction in staff in Tier 3 of the structure, the works units and back of office in the medium term, there is no natural attrition applied in the short term or redundancies in the medium term. With staff numbers remaining as they are there is no rationalisation of plant, fleet and buildings.

Table 15 Summary of timing of financial costs and savings arising from merger

Item	Short Term (1 – 3 years)		Medium term (4 – 5 years)		Long Term (6-10 years)	
	Cost	Benefit	Cost	Benefit	Cost	Benefit
Governance		<i>Reduction in total cost of councillors</i>				
Staff	<i>Redundancy costs associated with senior staff</i> <i>Harmonisation</i>	<i>Reduction in total costs of senior staff</i>	<i>Redundancy costs associated with any reduction in staff numbers¹⁸</i> <i>Increase in staff costs associated with typical increase in services and service levels from merger</i> <i>Harmonisation</i>	<i>Reduction in staff numbers in areas of greatest duplication</i>	<i>Increase in staff costs associated with typical increase in services and service levels from merger</i> <i>Harmonisation</i>	
Materials and Contracts		<i>Savings from procurement and network level decisions over asset expenditure</i>		<i>Savings from procurement and network level decisions over asset expenditure</i>		<i>Savings from procurement and network level decisions over asset expenditure</i>
IT	<i>Significant costs to move to combined IT system across entire council</i>					<i>Benefits arise from single IT system and decrease in staff</i>
Assets				<i>Rationalisation of buildings, plant and fleet</i>		
Transitional Body	<i>Establish council and structure, policies, procedures</i> <i>Branding and signage</i>	<i>Government grant¹⁹</i>				

¹⁸ Reflects statutory employment protection period of 3 years¹⁹ As proposed under Fit for the Future reform package for voluntary mergers

Net Present Value of the costs and savings

The total of the costs of savings for each scenario over the period modelled (2023²⁰) is presented below as a Net Present Value to bring the future costs and savings arising as a result of the merged to a value in today's dollars.

The costs should be seen in the context of the time period over which they arise as well as and the operating performance of the merged council which varies between the scenarios.

The figures on the following pages then show a summary of the costs and savings each year under each scenario

Scenario 1 – Efficiencies realised

The NPV of the costs and benefits over the period being modelled has been calculated at \$59 million indicating that there would be a financial benefit to the six councils and their communities from the merger.

The NPV has been calculated consistent with the Treasury Guidelines for Economic Appraisal using a discount rate of 7%, at a lower discount rate of 4% the benefits accrued are estimated \$78 million and at a higher discount rate of 10% the benefits are estimated at \$43 million.

While the merged council has a number efficiencies modelled over the short, medium and longer term the significant short term costs arising from the merger and the redundancy costs that arise in the medium term mean that the financial performance over the initial period is not positive. In the medium and longer term however the financial performance of the council improves but the impact of rising costs from staff increases associated with services and service levels begins to also take effect.

Scenario 2 – Surplus to infrastructure

All financial costs and savings are the same as in scenario 1.

Scenario 3 – Efficiencies not realised

The NPV of the costs and benefits over the period being modelled has been calculated at -\$78.4 million indicating that there would be a financial cost to the six councils and their communities from the merger.

The NPV has been calculated consistent with the Treasury Guidelines for Economic Appraisal using a discount rate of 7%, at a lower discount rate of 4% the benefits accrued are estimated -\$87 million and at a higher discount rate of 10% the benefits are estimated at -\$71 million.

While this scenario has some efficiencies modelled in over the short, medium and longer term the significant short term costs arising from the merger and ongoing harmonisation are never outweighed by any financial benefits from the merger.

²⁰ 2023 is the period being modelled to match the time covered by all council LTFPs

Table 16 Summary of financial costs and savings (efficiencies realised) ²¹²²

Efficiencies realised		2016	2017	2018	2019	2020	2021	2022	2023
		(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Governance		- 872	- 899	- 927	- 955	- 985	- 1,015	- 1,046	- 1,079
Staff									
	Redundancies	5,786	-	-	6,081	-	-	-	-
	Staff Changes	- 4,637	- 4,780	- 4,927	- 19,231	- 19,823	- 20,434	- 21,063	- 21,711
	Harmonisation	4,411	4,546	4,686	4,831	4,979	5,133	5,291	5,453
	Natural Attrition	- 5,085	- 10,187	- 14,907	- 12,304	- 9,651	- 6,907	- 3,939	- 734
	Staff level changes	- 9,722	- 14,966	- 19,834	- 31,536	- 29,475	- 27,341	- 25,002	- 22,445
IT									
	Transition costs	44,500	22,500	8,000	-	-	-	-	-
	Long term Benefits	-	-	-	-	-	9,273	9,559	9,853
Materials and Contracts		- 1,373	- 1,415	- 1,459	- 3,007	- 3,100	- 4,793	- 4,940	- 5,092
Assets									
	Plant and fleet	-	-	-	6,083	-	-	-	-
	Buildings	-	-	-	27,403	-	-	-	-
Grants and Government Contributions		- 13,500	-	-	-	-	-	-	-
Transitional Costs									
	Transitional body	13,000	-	-	-	-	-	-	-
	Rebranding	2,000	-	-	-	-	-	-	-
	Interest costs	3,241	4,395	4,417	1,492	274	1,070	2,206	3,295
	Total	0	44,229	9,766	- 9,533	- 24,587	- 28,580	- 37,289	- 35,257
									- 33,015

²¹ The table provides a simple representation of costs and benefits which in the modelling are subject to appropriate inflationary adjustments

²² Costs are shown as positive figures, savings as negative

Table 17 Summary of financial costs and savings (efficiencies not realised) ²³²⁴

Efficiencies not realised				2016	2017	2018	2019	2020	2021	2022	2023
				(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
	Governance			- 872	- 899	- 927	- 955	- 985	- 1,015	- 1,046	- 1,079
	Staff										
		Redundancies		5,786	-	-	-	-	-	-	-
		Staff Changes		- 4,637	- 4,780	- 4,927	- 5,078	- 5,235	- 5,396	- 5,562	- 5,733
		Harmonisation		4,411	4,546	4,686	4,831	4,979	5,133	5,291	5,453
		Natural Attrition		-	-	-	3,217	6,675	10,389	14,375	18,648
		Staff level changes		- 4,637	- 4,780	- 4,927	- 1,862	1,440	4,993	8,813	12,915
	IT										
		Transtion costs		44,500	22,500	8,000	-	-	-	-	-
		Long term Benefits		-	-	-	-	-	-	-	-
	Materials and Contracts			- 1,373	- 1,415	- 1,459	- 3,007	- 3,100	- 4,793	- 4,940	- 5,092
	Assets										
		Plant and fleet		-	-	-	-	-	-	-	-
		Buildings		-	-	-	-	-	-	-	-
	Grants and Government Contributions			- 13,500	-	-	-	-	-	-	-
	Transitional Costs										
		Transitional body		13,000	-	-	-	-	-	-	-
		Rebranding		2,000	-	-	-	-	-	-	-
		Interest costs		3,546	5,321	6,290	6,859	7,572	8,264	9,237	10,393
		Total	0	49,315	19,952	5,374	- 993	2,335	4,318	8,117	12,198

²³ The table provides a simple representation of costs and benefits which in the modelling are subject to appropriate inflationary adjustments

²⁴ Costs are shown as positive figures, savings as negative

Fit for the Future benchmarks

The financial performance of the merged council under each scenarios has been considered and is shown by reference to performance against the Fit for the Future benchmarks.

We have considered the performance of the merged council at the time of merger and then over the same period as the individual councils.. In all cases the projections include revenue and expenditure associated with the recently approve SRVs for Mosman, Ryde and Willoughby.

The merged council is modelled on the basis of a combined base year where all council costs and revenues set out in the LTFP are brought together (2015), common assumptions are then modelled forward allowing for appropriate increases in revenue from the SRVs and costs (2016). Overlaid are the costs and savings of the merger with Short (1-3 years), Medium (4 – 5 years) and Long Term (6 – 10 years) time horizons. For simplicity all transitional costs are modelled as taking place within the first three years.

As a starting point the income statements of the merged council under each of the different scenarios has been set out. This highlights the significant difference in the operating result under the different scenarios. The assessment against the Fit for the Future benchmarks then follows.

Table 18 Summary of financial impacts of merger (efficiencies realised)

Efficiencies realised											
Morrison Low Fit For Future Analysis	HOME										
	Actual	Actual	LTFP								
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Merged Council Combined LTFP											
Operating Results											
Income Statement	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Source: Council Financial Statements and Long Term Financial Plan	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Rates & Annual Charges	189,525	198,395	206,700	219,992	230,313	240,591	250,654	258,908	267,946	277,127	283,401
User Fees & Charges	62,471	65,435	67,734	69,495	71,322	73,247	75,220	77,256	79,392	81,564	83,795
Grants & Contributions - Operations	21,391	17,724	20,565	33,104	20,029	20,524	20,996	21,489	22,021	22,523	23,064
Grants & Contributions for Capital	38,914	52,566	21,752	18,487	17,800	18,296	18,797	19,328	19,898	20,431	21,006
Interest and Investment Income	12,670	11,587	8,939	9,634	10,124	10,459	10,892	11,158	12,474	13,819	14,916
Gains from disposal assets	1,866	1,855	670	659	674	690	34,192	722	739	755	773
Other Income	69,678	83,212	41,285	40,616	41,550	42,506	43,483	44,484	45,507	46,553	47,624
Total Income	396,516	430,775	367,645	391,986	391,812	406,314	454,233	433,345	447,975	462,772	474,579
Income excl Gains/losses	394,650	428,920	366,975	391,327	391,137	405,624	420,041	432,623	447,237	462,017	473,806
Income excl Gains/losses & Capital Grants	355,735	376,354	345,223	372,841	373,337	387,328	401,245	413,295	427,339	441,586	452,800
Expenses											
Borrowing Costs	4,034	3,906	3,638	6,521	7,428	7,268	4,217	2,874	2,409	2,319	2,229
Employee Benefits	132,215	136,237	145,289	150,849	145,056	145,049	144,960	146,866	155,303	164,216	173,629
Gains & losses on disposal	4,247	4,871	90	93	96	99	121	114	108	123	114
Depreciation & Amortisation	53,682	52,188	51,718	52,989	54,559	55,751	56,919	59,391	60,465	61,877	63,071
All other Expenses	142,822	145,699	158,065	220,062	187,877	178,337	173,941	179,157	173,657	178,855	184,208
Total Expenses	337,000	342,900	358,800	430,514	395,016	386,503	380,159	388,402	391,942	407,389	423,252
Operating Result	59,515	87,875	8,846	- 38,528	- 3,205	19,810	74,074	44,943	56,033	55,383	51,326
Operating Result before grants & contributions for capital purposes	20,601	35,309	- 12,906	- 57,014	- 21,005	1,514	55,277	25,615	36,136	34,952	30,320

Table 19 Summary of financial impacts of merger (surplus to infrastructure)

Surplus to Infrastructure												
Morrison Low Fit For Future Analysis	HOME											
	Actual	Actual	LTFP									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	
Merged Council Combined LTFP												
Operating Results												
Income Statement	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Source: Council Financial Statements and Long Term Financial Plan	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	
Rates & Annual Charges	189,525	198,395	206,700	219,992	230,313	240,591	250,654	258,908	267,946	277,127	283,401	
User Fees & Charges	62,471	65,435	67,734	69,495	71,322	73,247	75,220	77,256	79,392	81,564	83,795	
Grants & Contributions - Operations	21,391	17,724	20,565	33,104	20,029	20,524	20,996	21,489	22,021	22,523	23,064	
Grants & Contributions for Capital	38,914	52,566	21,752	18,487	17,800	18,296	18,797	19,328	19,898	20,431	21,006	
Interest and Investment Income	12,670	11,587	8,939	9,634	10,124	10,459	10,892	11,158	12,474	13,819	14,916	
Gains from disposal assets	1,866	1,855	670	659	674	690	34,192	722	739	755	773	
Other Income	69,678	83,212	41,285	40,616	41,550	42,506	43,483	44,484	45,507	46,553	47,624	
Total Income	396,516	430,775	367,645	391,986	391,812	406,314	454,233	433,345	447,975	462,772	474,579	
Income excl Gains/losses	394,650	428,920	366,975	391,327	391,137	405,624	420,041	432,623	447,237	462,017	473,806	
Income excl Gains/losses & Capital Grants	355,735	376,354	345,223	372,841	373,337	387,328	401,245	413,295	427,339	441,586	452,800	
Expenses												
Borrowing Costs	4,034	3,906	3,638	6,521	7,428	7,268	4,217	2,874	2,409	2,319	2,229	
Employee Benefits	132,215	136,237	145,289	150,849	145,056	145,049	144,960	146,866	155,303	164,216	173,629	
Gains & losses on disposal	4,247	4,871	90	93	96	99	121	114	108	123	114	
Depreciation & Amortisation	53,682	52,188	51,718	52,989	54,559	55,751	56,919	59,391	60,465	61,877	63,071	
All other Expenses	142,822	145,699	158,065	220,062	187,877	178,337	173,941	179,157	187,062	183,610	188,963	
Total Expenses	337,000	342,900	358,800	430,514	395,016	386,503	380,159	388,402	405,347	412,144	428,007	
Operating Result	59,515	87,875	8,846	- 38,528	- 3,205	19,810	74,074	44,943	42,628	50,628	46,572	
Operating Result before grants & contributions for capital purposes	20,601	35,309	- 12,906	- 57,014	- 21,005	1,514	55,277	25,615	22,731	30,197	25,566	

Table 20 Summary of financial impacts of merger (efficiencies not realised)

Efficiencies not realised												
Morrison Low Fit For Future Analysis	HOME											
	Actual	Actual	LTFP									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	
Merged Council Combined LTFP												
Operating Results												
Income Statement	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Source: Council Financial Statements and Long Term Financial Plan	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	
Rates & Annual Charges	189,525	198,395	206,700	219,992	230,313	240,591	250,654	258,908	267,946	277,127	283,401	
User Fees & Charges	62,471	65,435	67,734	69,495	71,322	73,247	75,220	77,256	79,392	81,564	83,795	
Grants & Contributions - Operations	21,391	17,724	20,565	33,104	20,029	20,524	20,996	21,489	22,021	22,523	23,064	
Grants & Contributions for Capital	38,914	52,566	21,752	18,487	17,800	18,296	18,797	19,328	19,898	20,431	21,006	
Interest and Investment Income	12,670	11,587	8,939	9,634	10,124	10,459	10,892	11,158	11,404	11,613	11,621	
Gains from disposal assets	1,866	1,855	670	659	674	690	706	722	739	755	773	
Other Income	69,678	83,212	41,285	40,616	41,550	42,506	43,483	44,484	45,507	46,553	47,624	
Total Income	396,516	430,775	367,645	391,986	391,812	406,314	420,747	433,345	446,905	460,566	471,284	
Income excl Gains/losses	394,650	428,920	366,975	391,327	391,137	405,624	420,041	432,623	446,167	459,811	470,511	
Income excl Gains/losses & Capital Grants	355,735	376,354	345,223	372,841	373,337	387,328	401,245	413,295	426,269	439,379	449,505	
Expenses												
Borrowing Costs	4,034	3,906	3,638	6,826	8,354	9,141	9,584	10,171	10,673	11,556	12,622	
Employee Benefits	132,215	136,237	145,289	155,934	155,404	160,844	169,696	179,036	188,889	199,284	210,251	
Gains & losses on disposal	4,247	4,871	90	93	96	99	121	114	108	123	114	
Depreciation & Amortisation	53,682	52,188	51,718	52,989	54,559	55,751	56,919	59,391	60,465	61,877	63,071	
All other Expenses	142,822	145,699	158,065	220,062	187,877	178,337	173,941	179,157	182,931	188,414	194,062	
Total Expenses	337,000	342,900	358,800	435,904	406,291	404,173	410,263	427,868	443,065	461,254	480,121	
Operating Result	59,515	87,875	8,846	- 43,918	- 14,479	2,141	10,485	5,476	3,841	- 688	- 8,836	
Operating Result before grants & contributions for capital purposes	20,601	35,309	- 12,906	- 62,405	- 32,279	- 16,155	- 8,312	- 13,851	- 16,057	- 21,119	- 29,842	

Asset Maintenance Ratio

The assessment of required maintenance for the merged council has been undertaken by Morrison Low. The approach uses a percentage of the current replacement cost as the basis for required maintenance. The rates for the different asset classes are based on our knowledge and expertise as well as consideration of ratios of a large number of Sydney based councils as benchmark comparisons.

Infrastructure Backlog Ratio

The assessment of the cost to satisfactory for the merged council has been undertaken by Morrison Low. The approach used adopts condition 3 as satisfactory and looks at the value of asset (Current Replacement Cost) in condition 4 and 5, and what could be done to ensure these assets are brought up to condition 3 (satisfactory). It should be noted the cost to satisfactory is an indicator of asset condition, and as such the reality of asset renewals is that those assets in condition 4 and 5 when renewed would be brought up to condition 1 or 2.

Scenario 1 – Efficiencies realised

Under this scenario a merged council would meet only three of the indicators from day one; Own Source Revenue, Debt Service and Asset Renewal and over the longer term would satisfy six of the seven benchmarks

- The Operating Performance ratio declines to a low of -8.5% during the initial transitional years but then satisfies the benchmark from 2019 onwards
- The Asset Renewals ratio satisfies the benchmark throughout, well above the benchmark reflecting the focus on renewals of the Mosman, Ryde and Willoughby SRVs
- The Infrastructure Backlog reduces consistently from above 3% to satisfy the benchmark from 2016 onwards, driven by the high levels of renewal expenditure
- Asset Maintenance remains at just over 90% throughout which is below the benchmark of 100 and is therefore the only ratio not meet at 2019/20.
- The Real Operating Expenditure increases initially reflecting the significant transitional costs of the merger but then begins to decline steadily across the years modelled thereby satisfying the benchmark.

Table 21 Summary of merged council using Fit for the Future indicators (efficiencies realised)

Indicator	Projected performance to 2020
<i>Operating Performance</i>	<i>Meets the benchmark</i>
<i>Own Source Revenue</i>	<i>Meets the benchmark</i>
<i>Debt Service</i>	<i>Meets the benchmark</i>
<i>Asset Maintenance</i>	Does not meet the benchmark
<i>Asset Renewal</i>	Meets the benchmark
<i>Infrastructure Backlog</i>	Meets the benchmark
<i>Real Operating Expenditure</i>	Meets the benchmark

The performance of the merged council (efficiencies realised scenario) is compared to the individual council in figures 4 – 10. A comparison of the performance on the merged council against the Fit for the Future benchmarks under the difference scenarios follows.

Figure 4 Merged council operating performance ratio (efficiencies realised)

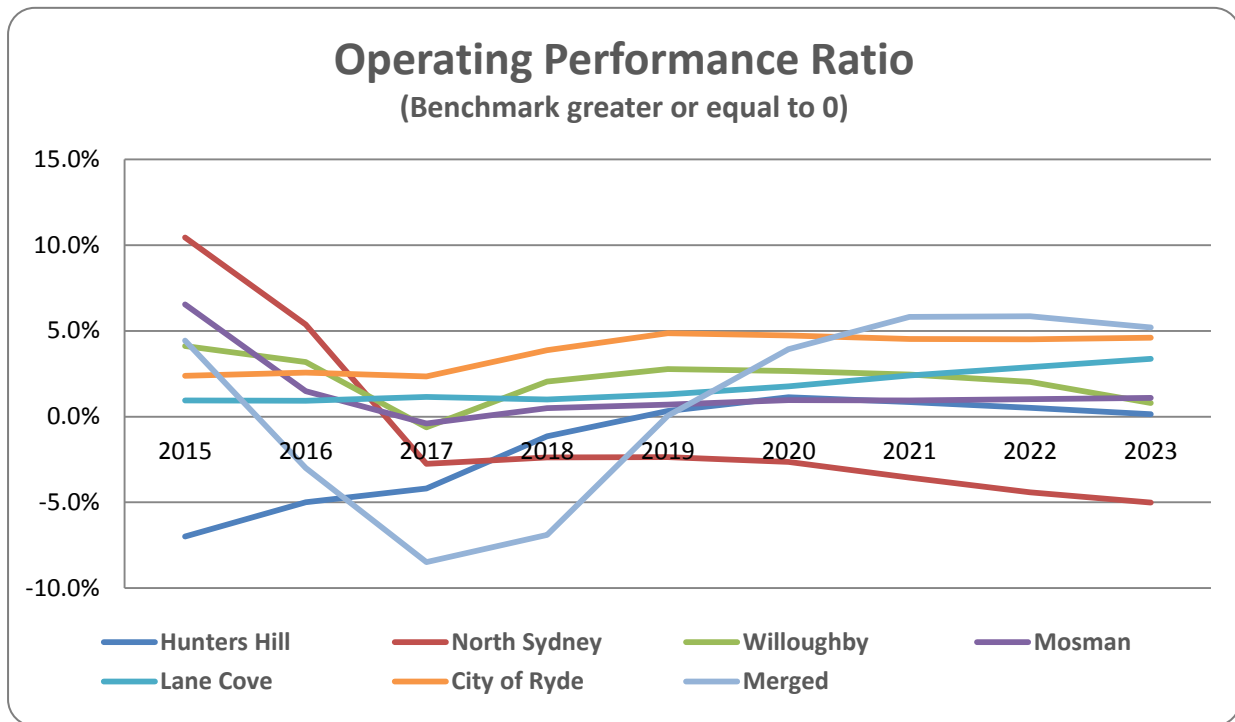


Figure 5 Merged council own source revenue (efficiencies realised)

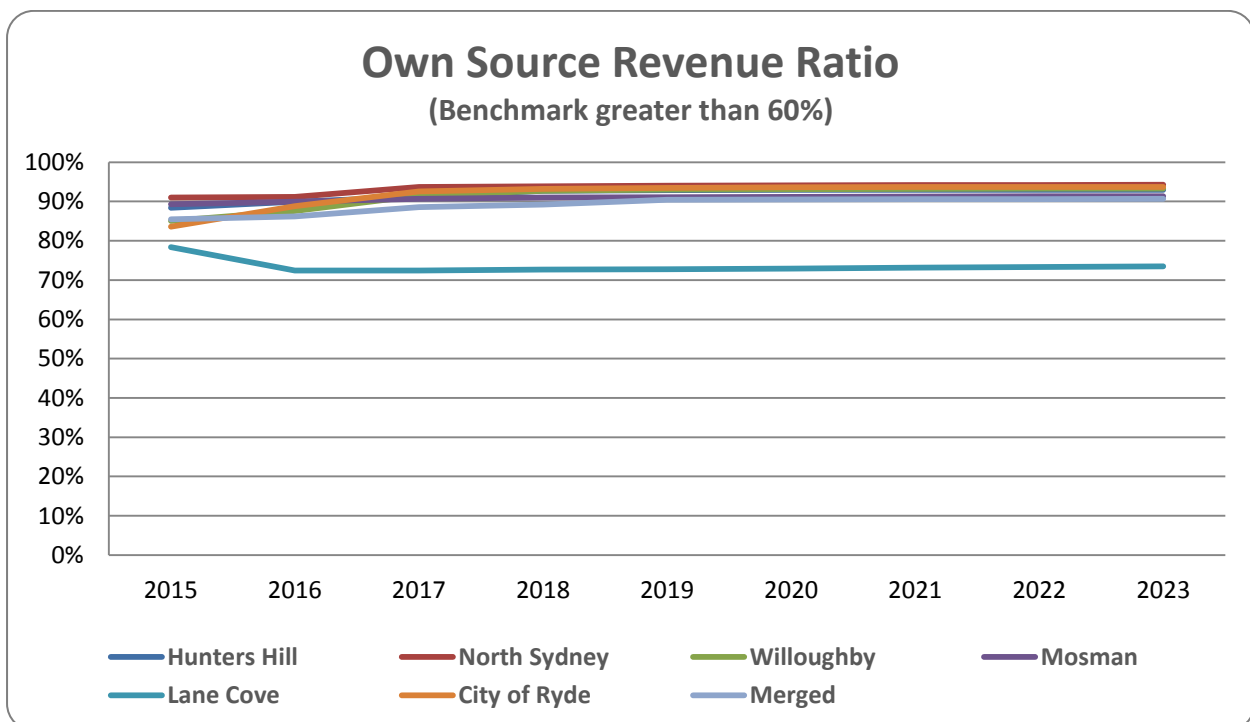


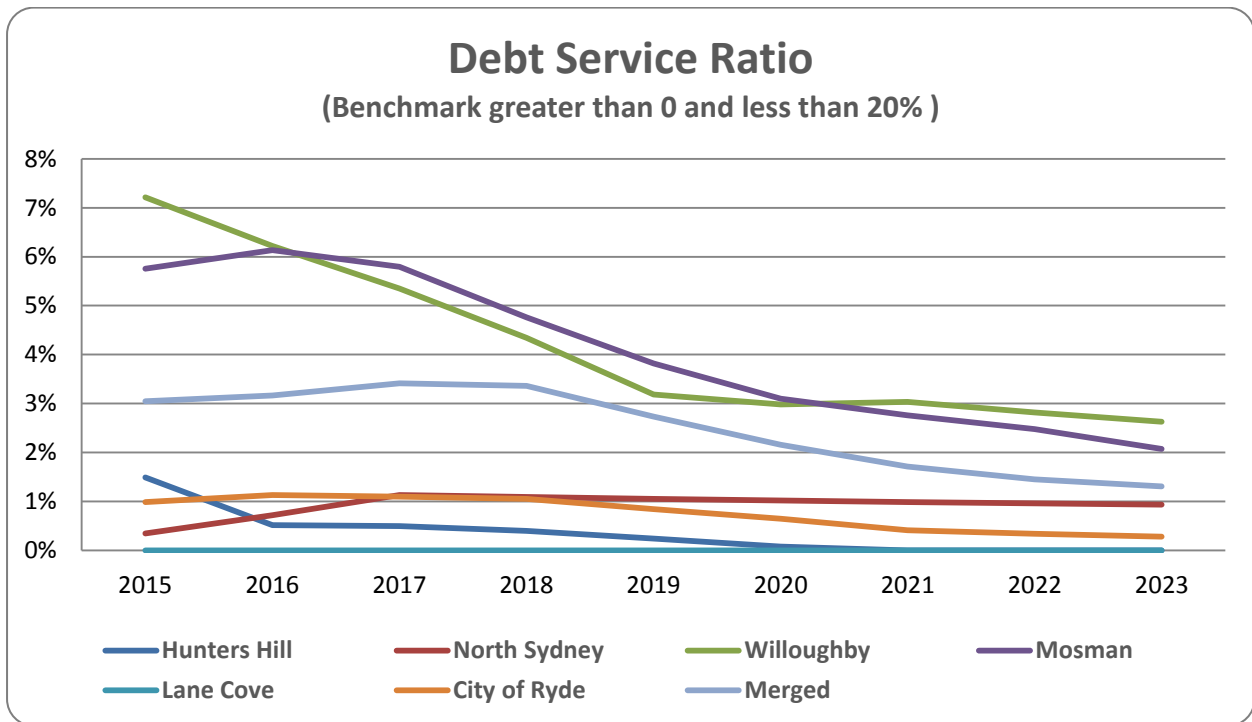
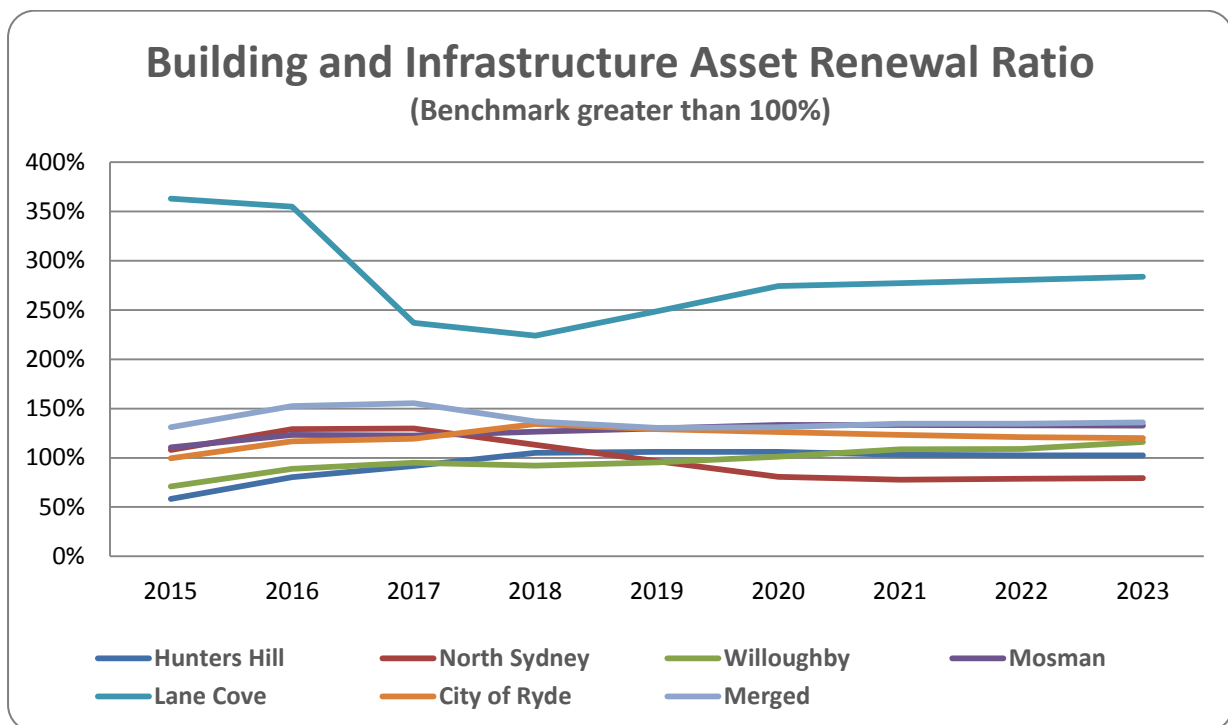
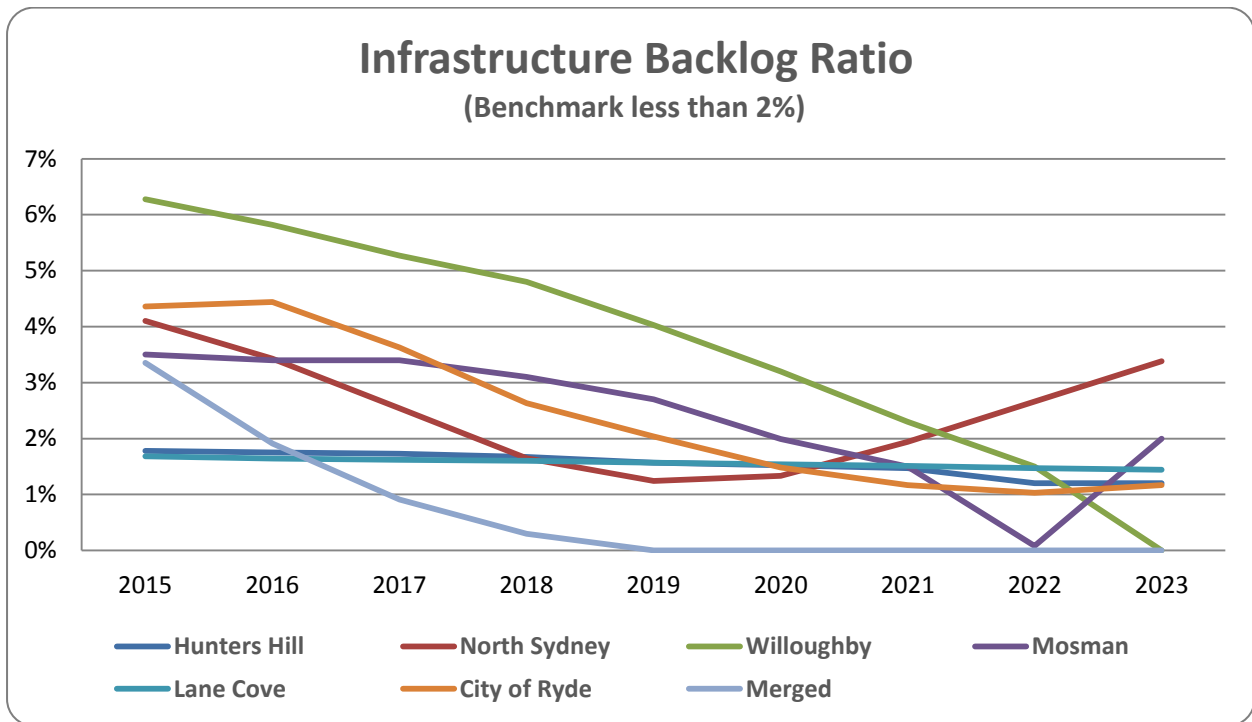
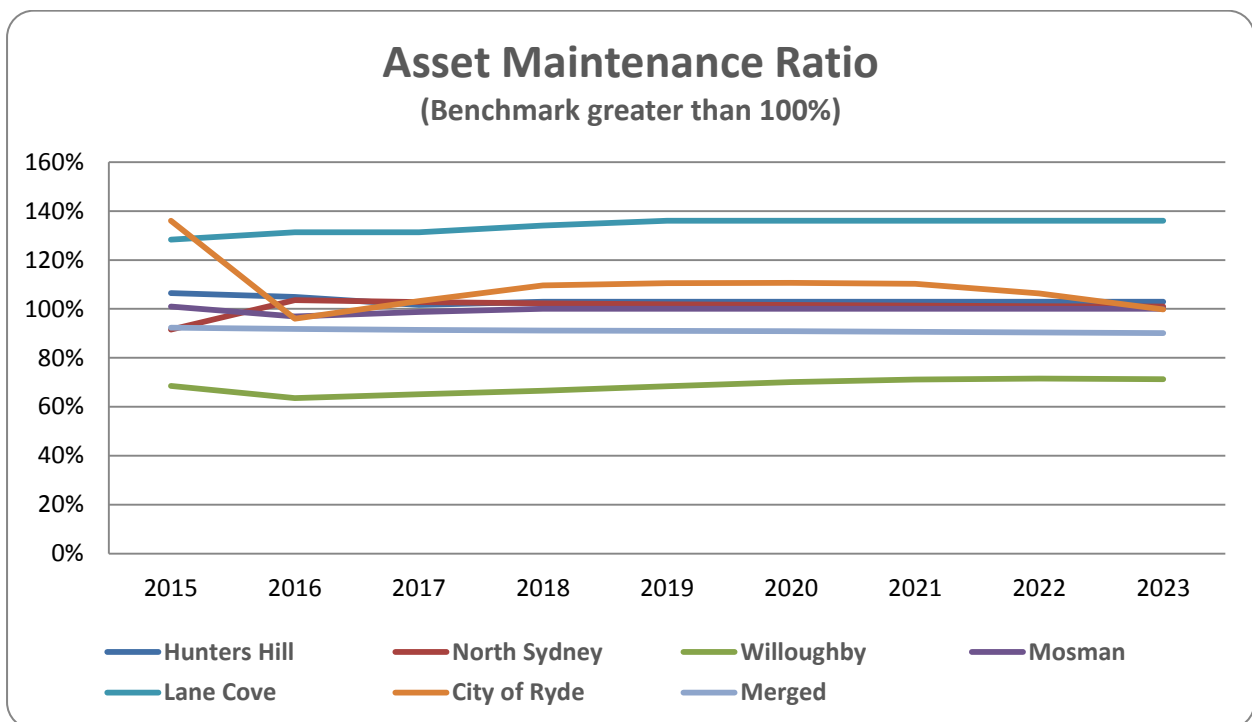
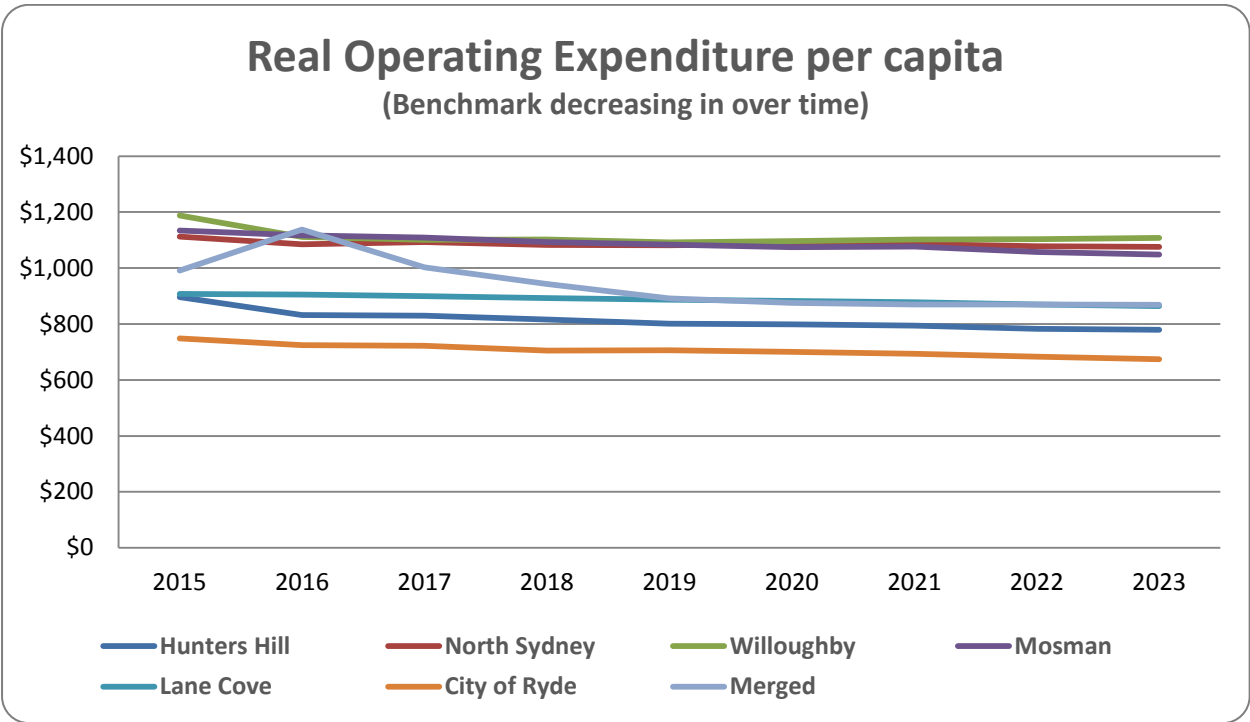
Figure 6 Merged council debt service ratio (efficiencies realised)**Figure 7** Merged council asset renewal ratio (efficiencies realised)

Figure 8 Merged council infrastructure backlog ratio (efficiencies realised)**Figure 9** Merged council asset maintenance ratio (efficiencies realised)**Figure 10** Merged council real operating expenditure (efficiencies realised)



Comparison of scenarios

The following section shows the impact of the different scenarios on the performance of the merged council over time as summarised in the table below and the graphs that follow.

Table 22 Summary of merged council using Fit for the Future indicators

Benchmark	Merged Council (2020) 'Efficiencies realised'	Merged Council (2020) 'Surplus to infrastructure'	Merged Council (2020) 'Efficiencies not realised'
Operating Performance	Meets the benchmark	Meets the benchmark	Does not meet the benchmark
Own Source Revenue	Meets the benchmark	Meets the benchmark	Meets the benchmark
Debt Service	Meets the benchmark	Meets the benchmark	Meets the benchmark
Asset Maintenance	Does not meet the benchmark	Does not meet the benchmark	Does not meet the benchmark
Asset Renewal	Meets the benchmark	Meets the benchmark	Meets the benchmark
Infrastructure Backlog	Meets the benchmark	Meets the benchmark	Meets the benchmark
Real Operating Expenditure	Meets the benchmark	Meets the benchmark	Meets the benchmark

The different scenarios make no impact on forward projections of each council in relation to the Own Source Revenue, Debt Service, Asset Renewal or Infrastructure Backlog ratios there is no change in these ratios for the merged council.

There are however some significant differences in other ratios under the scenarios

- Under the efficiencies not realised scenario the merged council fails to meet the operating performance ratio at any time during the period modelled and the debt service ratio remains higher throughout
- Under the surplus to infrastructure scenario the asset maintenance ratio can be met from 2021 onwards but there is a corresponding decrease in the operating performance ratio as a result of the increased operational expenditure.

If two or more scenarios have the same result then only one line will be depicted on the graph.

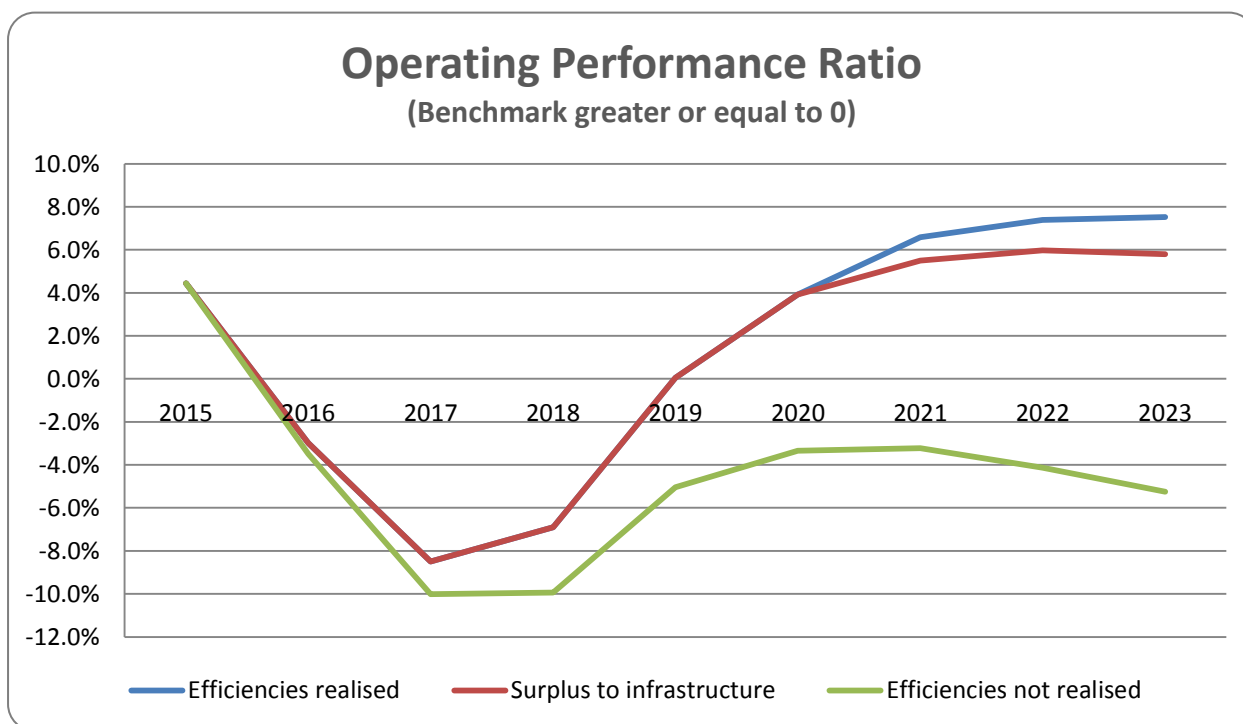
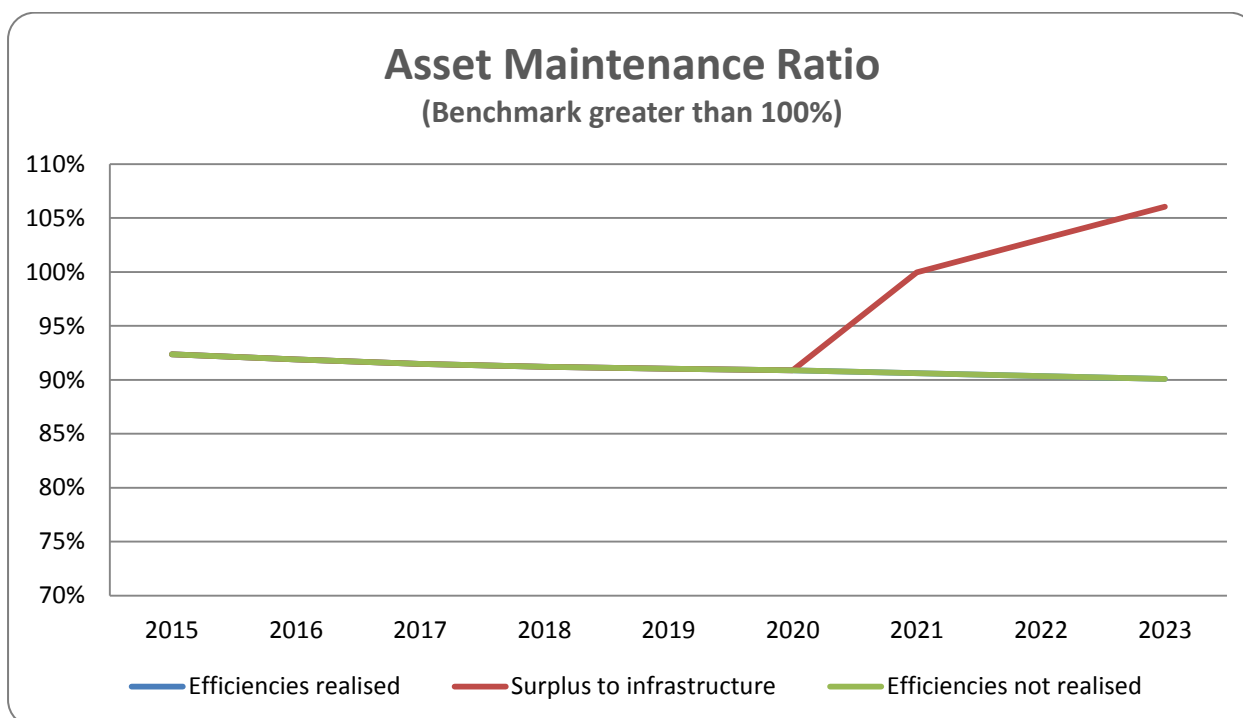
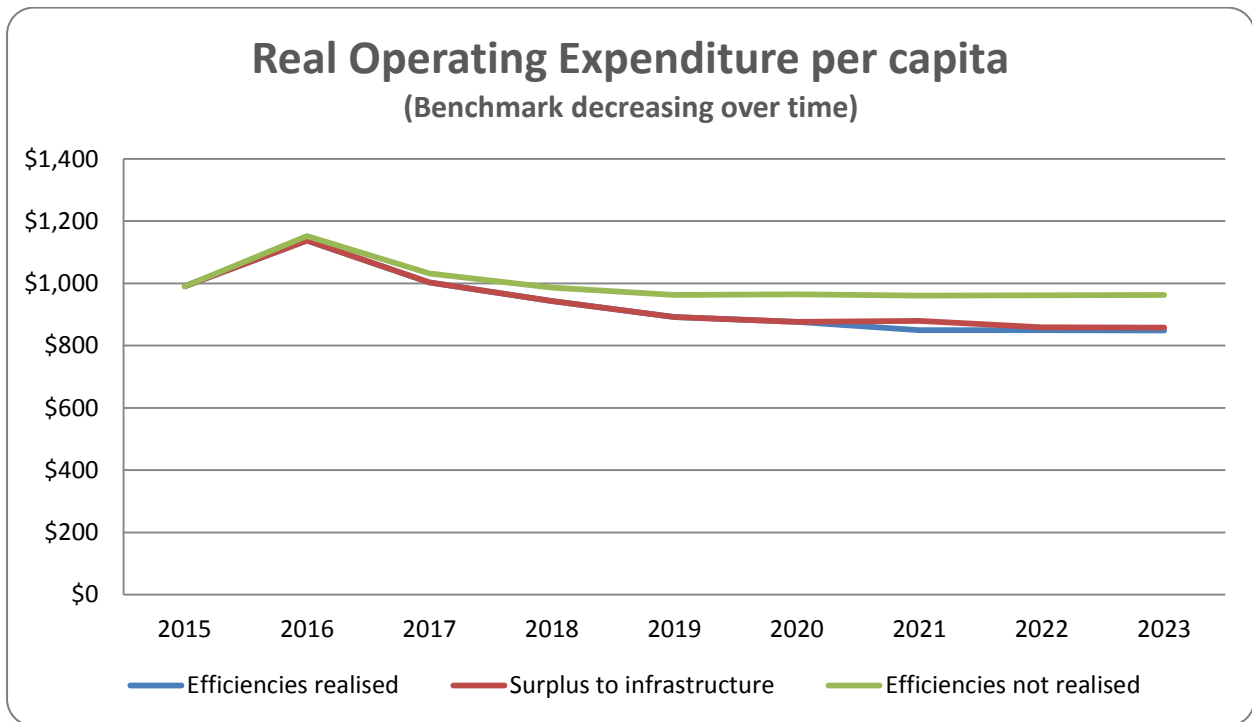
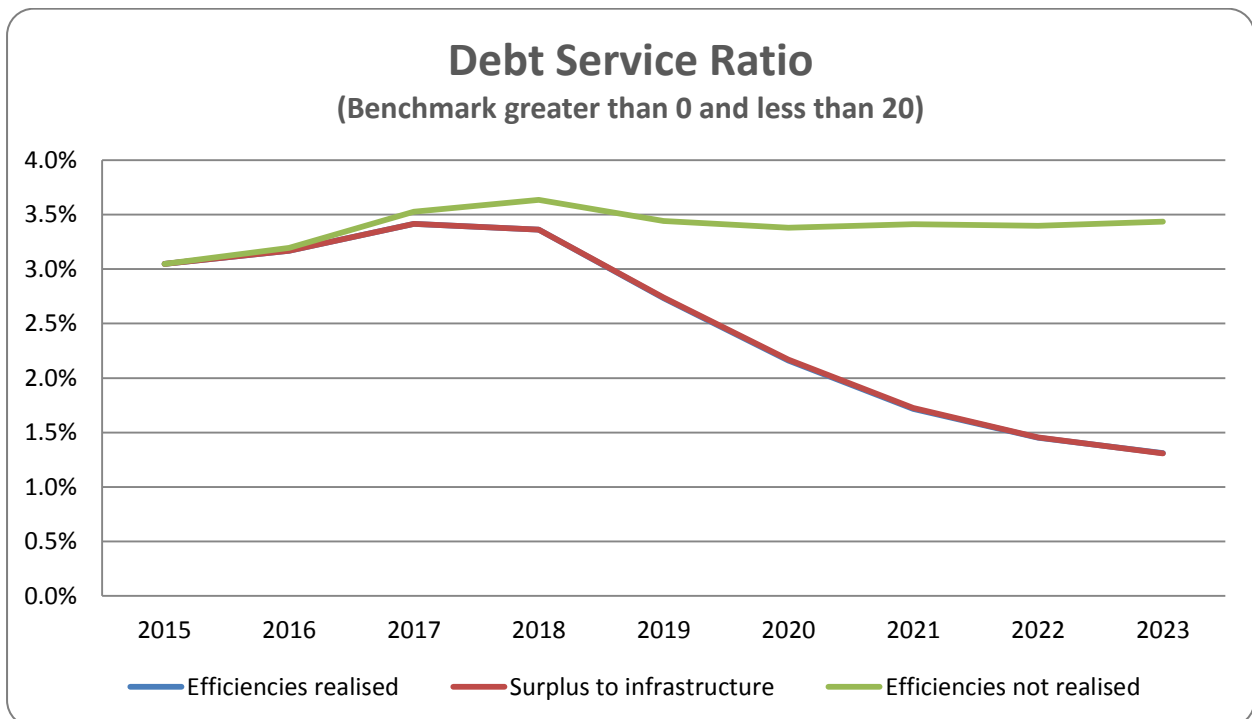
Figure 11 Comparison of operating performance ratio in different scenarios**Figure 12** Comparison of asset maintenance ratio in different scenarios

Figure 13 Comparison of real operating expenditure in different scenarios**Figure 14** Comparison of debt service in difference scenarios

Rates

There are significant differences across the councils including the level of current rates, proportion of rates paid by each sector and approach (minimum or base rate). Given the differing rating structures among the councils it is difficult to model the impact of a merger on rate revenue and in particular the impacts on individual land owners.

The approach instead has been to highlight the differences in the current approaches of the six councils leaving the design of a single rating structure to the merged council whose role would be to align the rates over time.

Figure 15 Current average rate (2014 - 15)

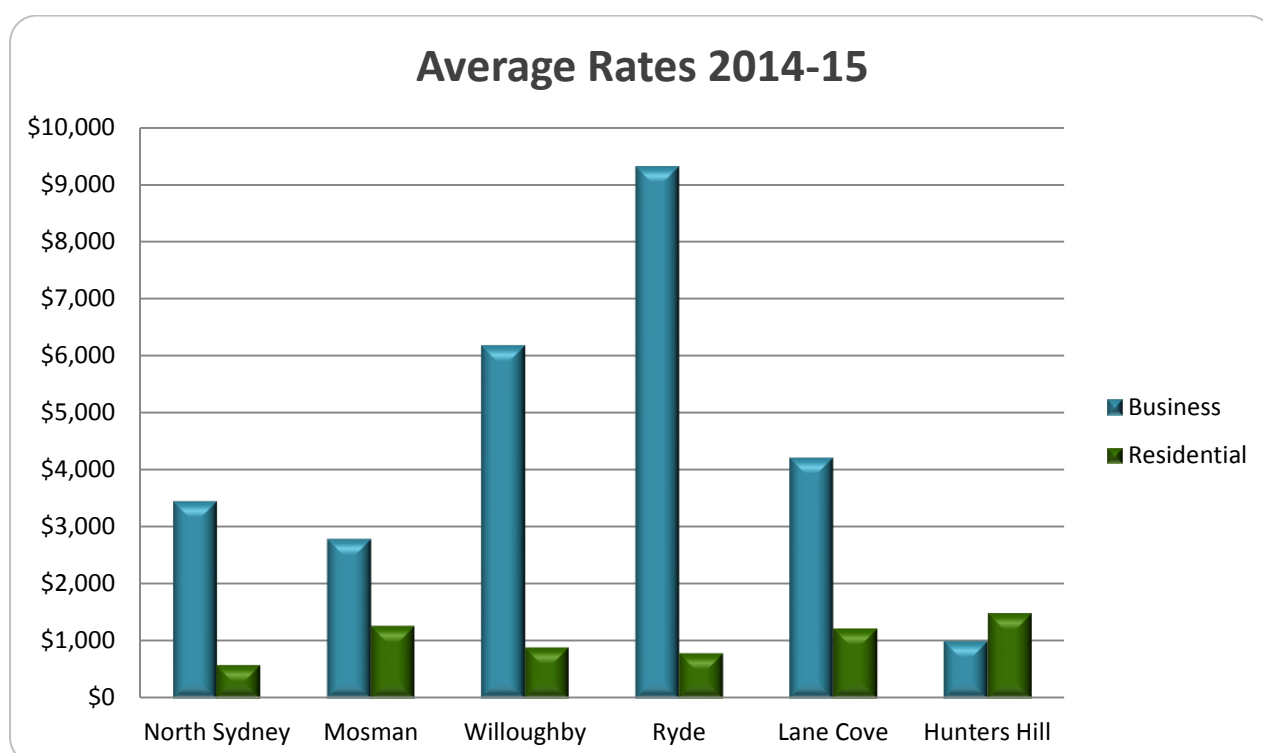


Table 23 Comparison of minimum/base rates²⁵

	Hunters Hill	Lane Cove	Mosman	Ryde	Willoughby	North Sydney
Residential	\$503	\$592	\$628*	\$484	\$718	\$485
Business	\$63*	\$818	\$1014*	\$484	\$1063	\$485

²⁵ * indicates a base rate, all others are minimum rates

Table 24 Comparison of proportion of rates

Proportion of rate yield	Hunters Hill	Lane Cove	Mosman	Ryde	Willoughby	North Sydney
Residential	97%	75%	90%	67%	75%	60%
Business	3%	25%	10%	33%	25%	40%
Proportion of rateable assessments	Hunters Hill	Lane Cove	Mosman	Ryde	Willoughby	North Sydney
Residential	95%	91%	95%	96%	90%	90%
Business	5%	9%	5%	4%	10%	10%

While the proportion of residential assessments across the six councils is relatively consistent, all are between 90% and 96% of total rateable assessments, the yield that the councils get from the residential sector has a much large variation; 67% in Ryde through to 97% in Hunters Hill.

All of these differences mean that under a merged council there are likely to be significant changes in rates for individual properties and sectors across the area in transitioning to a single rating structure over time. It would be a difficult and time consuming process to align the rating structures across the communities now within a single council area.

Debt

Two councils carry no debt, North Sydney and Lane Cove. The other councils carry varying levels of debt ranging from \$16 per capita in Hunters Hill up to over \$700 in Willoughby. While all councils are within the benchmark for Debt Service the different levels of debt each council and community bring to the merged council may be an issue, particularly for those communities moving from little or no debt to a higher level of debt.

Table 25 Comparison of debt

Council	Debt (\$000)	Debt per Capita (\$)
Hunters Hill	\$218	\$16
Lane Cove	\$0	\$0
Mosman	\$10,966	\$365
Ryde	\$5,615	\$49
Willoughby	\$52,571	\$724
North Sydney	\$0	\$0
Merged Council	\$73,128	\$247

Community profile and communities of interest

The following is a summary of a communities profile and communities of interest study that is set out in Appendix F.

A desktop review of the communities of Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde²⁶ and Willoughby has been undertaken in order to understand the current demographic composition of the area, the similarities and differences between the council areas, and the interrelationships and communities of interest that currently exist within the area. The key sources of information for the desktop review were ABS Census Data, population, household and dwelling projections prepared by NSW Department of Planning and Environment²⁷, along with the analysis contained in the *New South Wales Local Government Areas: Similarities and Differences, A report for the Independent Local Government Review Panel* (NIER, March 2013) report²⁸ (*'similarities and differences report'*).

In addition to understanding the demographic similarities and differences within the North Shore Council areas, a high level review of features of communities of interest was undertaken in consultation with relevant staff from the councils as a way of supplementing the demographic data.

The framework for communities of interest was taken from the *The Concept of Community of Interest*²⁹ discussion paper prepared for the SA Department of Local Government in 1989. This defines a community of interest as:

"A group of people in a residential locality having one or more of the following three dimensions:

- 1. Perceptual – sense of belonging to an areas or locality which can be clearly defined*
- 2. Functional - the ability to meet with reasonable economy the community's requirements for comprehensive physical and human services*
- 3. Political – the ability of the elected body to represent the interests and reconcile the conflicts of its members"*

Each of these dimensions was explored in respect of the North Shore communities with a view to identifying similarities and differences between communities of interest across the region.

Communities of interest are more likely to have similar interests and needs from their council, whereas people who do not share a community of interest are more likely to have different needs from their council.

The following general observations can be made in regards to the Perceptual, Functional and Political dimensions:

- Given their boundaries (main arterial roads and foreshore) Hunters Hill and Lane Cove appear to be quite contained communities with strong village identities
- Mosman is also bounded on three sides by harbour however as it contains the main thoroughfare between the city and the Northern Beaches it has a physical divide
- Ryde has a highly multicultural community and this creates identity and communities of interest around culture which is not reported as evident to the same extent in the other LGAs
- All areas report that communities tend to identify around centres or suburbs rather than local government boundaries. The exception being Mosman where the LGA is the suburb.
- All the communities tend to become united around issues which are similar across the areas, namely traffic, parking and development

²⁶ The whole of Ryde has been included in this report

²⁷ <http://www.planning.nsw.gov.au/en-au/deliveringhomes/populationandhouseholdprojections/data.aspx>

²⁸ http://www.localgovernmentreview.nsw.gov.au/documents/lgr/NSW%20Local%20Government%20Areas_%20Similarities%20and%20Differences%20-%20March%202013.pdf

²⁹ <http://www.dlg.nsw.gov.au/DLG/DLGHome/documents/CommissionsTribunals/bconcept.pdf>

- There are border crossings between many of the areas for education, retail, medical and employment, with all areas having significant attractors for outside visitation
- There are many examples of regional collaboration between various councils in this group. Mosman has been an active participant and contributor to SHOROC. It is noted that Ryde and Hunters Hill share some particularly interesting relationships and service arrangements including provision of library services by Ryde to Hunters Hill and funding of a skate park
- There are emerging communities of interest in different LGAs associated with new developments
- There are differences in council political structures and arrangements particularly around use of committees, public involvement with council meetings, approach to development assessment and political party composition

There are a number of similarities and differences between the communities of the areas with some key statistics summarised below. Further information is contained in Appendix F.

Current Base Information

Table 26 Current base information

	Population (ERP June 2013)	Number of Households	Land Area (hectares)	Population Density
Hunters Hill	14,491	4635	600	24.15
Lane Cove	33,996	13,280	1,100	30.91
Mosman	29,983	12,896	870	34.46
North Sydney	69,248	34,896	1,090	63.53
Ryde	112,545	41,679	4,065	27.69
Willoughby	73,155	28,019	2,260	32.37
Total	333,418	135,405	9,985	33.39

Population Growth and Forecasts

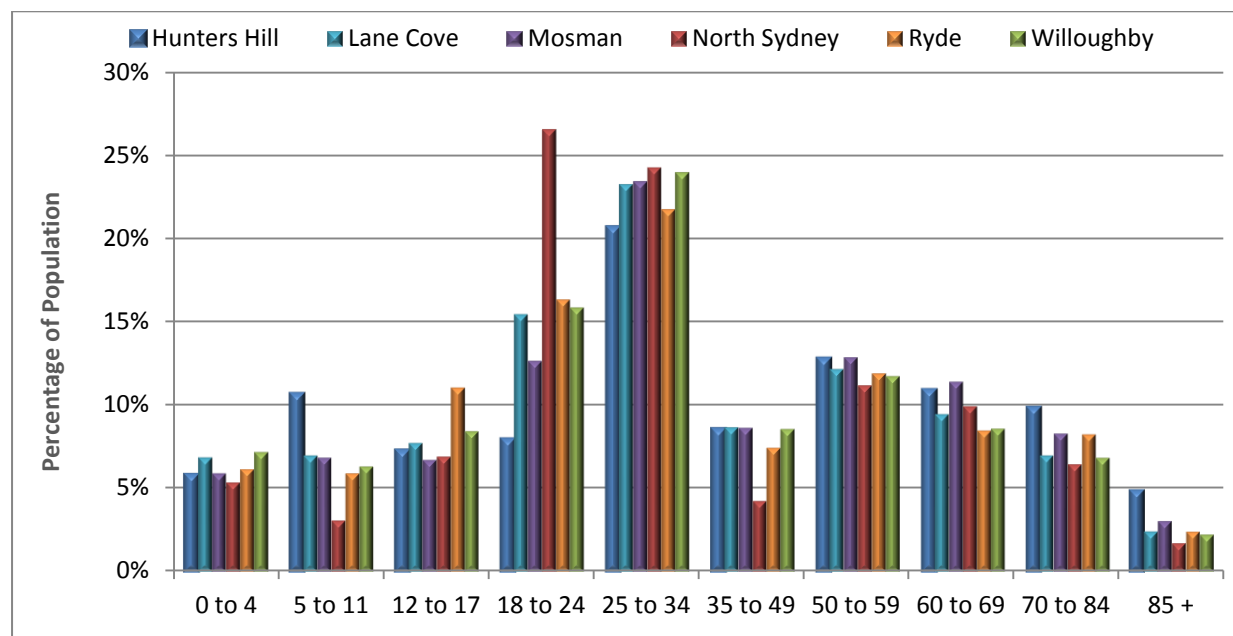
All six local government areas (LGAs) will accommodate a share of the State's growth with an overall population increase of 32.3% or around 104,050 people by 2031, across the whole area.

In the 30 year period between 2011 and 2031 Ryde is forecast to experience the highest level of growth at around 41%, followed by Lane Cove with growth of around 36%. North Sydney, Willoughby and Hunters Hill are forecast to experience growth of around 29%, 27% and 26% respectively. Mosman is forecast to grow at a slightly lower rate of around 20% between 2011 and 2031.

Age Structure

The age structure of the community provides an insight into the level of demand for age based services and facilities, as well as the key issues on which local government will need to engage with other levels of government in representation of their community.

Lane Cove, Mosman and Willoughby belong to a cluster of councils that have average proportions of children and elderly and reasonable retention rates for young adults. Hunters Hill belongs to a cluster of councils which have a very high ratio of older residents; this is evident in the relatively high proportion of residents aged 70 years and over. North Sydney and Ryde belong to a cluster of councils with a low ratio of children to adults of parenting age and a low proportion of elderly (NIER, March 2013). North Sydney has a much higher proportion of residents aged 18 to 24 years of age, relative to the other council areas.



Socioeconomic Disadvantage

The SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of census characteristics. It is a good place to start to get a general view of the relative level of disadvantage of one area compared to others and is used to advocate for an area based on its level of disadvantage.

The index is derived from attributes which reflect disadvantage such as low income, low educational attainment, high unemployment and jobs in relatively unskilled occupations.

Lower scores on the index reflect higher levels of disadvantage, while higher scores indicate greater advantage. The SEIFA index provides a ranking of all 152 NSW council areas, where 1 is the most advantaged.

Mosman is the most advantaged of the six council areas with a rank of 2 in New South Wales. Mosman, Lane Cove, North Sydney and Hunters Hill are all ranked in the top ten least disadvantaged councils in the State.

	SIEFA Rank
Hunters Hill	9
Lane Cove	4
Mosman	2
North Sydney	5
Ryde	20
Willoughby	11

Commuter Clusters

According to the similarities and differences study, North Sydney and Mosman belong to the inner ring commuter cluster, where more than 35% of the resident workforce is employed in the City of Sydney. Hunters Hill, Lane Cove, Ryde and Willoughby belong to the middle ring commuter cluster, where around 20<35% of the resident workforce is employed in the City of Sydney (NIER, March 2013).

Workers' place of residence

The most common places of residence for people employed in each of the council areas are shown below. In all areas, the highest proportion of workers also live in the area. Mosman has the highest proportion of workers who also live in the area while North Sydney has the lowest.

For Hunters Hill and Lane Cove, the next highest proportion of workers is drawn from within the Ryde Council area.

	First most common place of residence	Second most common place of residence
Hunters Hill	Hunters Hill - 25.5%	Ryde - 18.59%
Lane Cove	Lane Cove - 18.16%	Ryde - 6.85%
Mosman	Mosman - 34.69%	Warringah - 11.95%
North Sydney	North Sydney - 14.76%	City of Sydney - 6.58%
Ryde	Ryde - 19.80%	Hornsby - 8.93%
Willoughby	Willoughby - 17.70%	Ku-ring-gai - 8.75%

Residents' place of work

The table below shows that Sydney City is the common place of work for residents of Hunters Hill, Lane Cove, Mosman, North Sydney and Willoughby. City of Sydney is the second most common place of work for residents of Ryde.

	Top place of work	Second most common place of work
Hunters Hill	Sydney - 26.2%	Hunters Hill - 16.7%
Lane Cove	Sydney - 28.51%	Lane Cove - 17.03%
Mosman	Sydney - 36.61%	Mosman - 20.68%
North Sydney	Sydney - 37.64%	North Sydney - 26.14%
Ryde	Ryde - 27.85%	Sydney - 19.63%
Willoughby	Sydney - 29.75%	Willoughby - 26.19%

Environment

Natural and built

A summary assessment of the council's LEPs has been considered with the emphasis on:

- protection of the natural environment
- protection of the built environment/heritage and character of the existing urban area
- the overall (policy) approach to growth and development.

In terms of the natural environment and heritage all councils have well developed aims around the protection of the natural environment reflecting their positioning on the Harbour with each LEP showing differences which reflect their particular community and community aspirations; for example, the protection of views to and from the harbour in Mosman and Hunters Hill.

In respect to the economy and growth, there are shared aims around providing a range of housing choices and options for residents and transport orientated growth. Again, there are individual differences across the group reflecting the different communities and community aspirations such as providing for growth of a permanent resident population in North Sydney and a hierarchy of retail, commercial and industrial activities that enables the employment capacity targets in Ryde and Lane Cove.

A summary of the comparisons of the approach to growth and protection of the natural and built environment is set out in Appendix H.

Representation

A merged council will have significantly less councillors overall than compared to the status quo. This means that the number of people represented by each councillor would increase for all areas, significantly.

The table below shows the impact if there were fifteen councillors in the merged council. This is the current maximum allowed under the Local Government Act so represents a best possible outcome under the current legislation.

Table 27 Comparison of representation

Council	Councillors	Representation (population / Councillor)
Hunters Hill	7	2,019
Lane Cove	9	3,747
Mosman	7	4,242
North Sydney	13	5,213
Ryde	12	9,232
Willoughby	13	5,533
Merged Council	15	20,059

Organisation alignment

A high level analysis of the vision and key directions in the Community Strategic Plans identifies the areas of relative emphasis for each council area (Appendix H).

All plans express clear council-focused priorities around themes such as environment, economy, community and leadership. Whilst some have developed their primary thematic headings as neutral statements, others are based on value statements, using these headings to describe desired outcomes.

The comparison is presented visually below through Word Clouds in the figures below.



Figure 21 Summary of Willoughby Community Strategic Plan



Cultural Alignment

While it is difficult to compare the internal cultures of the council organisations in this exercise, there are both subjective and objective indicators that give and insight into how aligned or misaligned the organisations cultures can be.

Communities

Often an organisations culture develops as a direct influence of the community it serves. There are a number of indicators of cultural alignment of local government areas including the social and cultural diversity of the community (discussed in this report under communities of interest), the community aspirations and values and how the community views its relationship with council.

While there can be quite specific local needs and community aspirations, there are common themes that emerge from a comparison of the visions for their communities that are expressed by the councils in their Community Strategic Plans.

The common themes that emerge, very consistently, among the councils' community values are:

- Preservation of the natural environment
- Considered planning of the built environment, including managing issues such as transport and mobility while maintaining the unique or village feel of each area.
- Ensuring social cohesion
- Vibrant, healthy and active neighbourhoods
- Accessible, accountable and transparent councils

All of these elements of community vision are expressed differently however there is an underlying commonality.

Hunters Hill, Mosman, Lane Cove and Ryde all survey the community and are close to or above the Sydney Metropolitan benchmark for approval ratings. Lane Cove is the highest at 94%³⁰ with Mosman also very high at 91%, Ryde and Hunters Hill were 72 and 70% respectively and Willoughby 73.6 % when last surveyed when last surveyed. This demonstrates a strong relationship between the councils and their communities.

Corporate Organisations

By measuring training and development expenditure against both total expenditure and full time equivalent staff numbers we can assume that each of the councils has a similar approach to staff development, tempered by some variation in the actual numbers³¹.

	Hunters Hill	Lane Cove	Mosman	North Sydney	Ryde	Willoughby
Percentage of employee costs allocated to training	1.01%	0.84%	0.77%	0.97%	0.54%	1.20%
Total employee cost (\$000) per FTE	\$85	\$81	\$93	\$93	\$88	\$96
Total annual expense (\$000) per FTE	\$234	\$200	\$242	\$244	\$215	\$237

None of the councils spend the industry benchmark on training and development. Hunters Hill and Willoughby spends about half of the benchmark while the remaining councils spend between one quarter and one third on staff training and development.

The annual employee costs, per employee, extend over a range, at \$81,000 in Lane Cove, up to \$93,000 in Ryde.

A crude indicator of staff productivity can be the portion of the operating costs spent per staff member. Comparing this, there is some variation across the councils. We add a note of caution when using these figures as they can be influenced by factors such as the maturity of the workforce and the fluctuating nature of total expenditure year on year and capital projects. Ideally they should be compared over time.

All council's publish information on their Workforce Plans and while each council's Plan is different they identify common strategic issues; ageing workforces and recruitment and retention work as major challenges for which they are developing strategies.

Hunters Hill identifies over half of its workforce as being over 50, while Mosman notes about a third of its workforce in this age bracket. Willoughby notes that around 40 percent of its workforce is in the 'baby boomer' generation. Ryde notes a decline in the proportion of their workforce over 50 as compared to trends in other regions. Lane Cove has only 18 percent of its workforce over 55. Council's identify a broadly balanced gender mix across councils; however there is a focus in plans on increasing the number of women in senior and technical roles.

Lane Cove and Hunters Hill report turnover as being low, at 6.7 and 7.4 percent respectively while Willoughby, North Sydney and Ryde's is closer to the industry average at between 9 – 11 percent. Mosman council turnover was 9% in 2013-14. The industry average is around 9% turnover annually.

Again, while this is as much dependent upon the profile of the workforce as it is on corporate culture however it does identify some common ground.

³⁰ 70% rated their satisfaction with council as good or excellent and 25% rates their satisfaction as fair

³¹ 2013/14 Annual reports/Financial Statements

Two of the most significant differences between the councils is their respective sizes and approaches to service delivery.

There are considerable differences in the size of the workforces across the six councils. Hunters Hill is a small council with only 59 staff, while at the other end Willoughby and Ryde have large workforces of 400 – 500 staff. Organisational size can impact on culture in a range of ways, such as diversity of skills and workforce characteristics, level of specialisation vs multifunctional roles, capacity to undertake a greater range of functions and services, and partnership and advocacy capacity with other levels of government.

There are also different approaches to service delivery across the councils. Mosman uses an outsourced model for outdoor works, whereas as other councils use a mixture of contractors and day labour to deliver physical works. This is a significant cultural difference requiring different management process and practices and under a merged council over time it would be expected to move to more consistent delivery model.

Corporate values

Each Council will naturally take a different approach to developing their own corporate culture but each is underpinned by a set of organisational values. The councils generally propose similar sets of values as to how the organisations will operate which is not surprising given the public service sector in which they operate.

The common elements are:

- Commitment to the customer
- Honesty, integrity and teamwork
- Valuing diversity
- Social inclusion, fairness and equity
- Sustainability
- Safety
- Responsiveness, responsibility and accountability
- Excellence, innovation and learning

There are small variations in values between the councils and in any case these are relatively common corporate values.

Corporate Policies

A review of the policy registers can identify some interesting philosophical differences and issues that have been given priorities (at some point in time) by the different councils. While policies change from time to time they can both reflect and influence the organisational culture which is tasked with implementing them.

A desktop review of all council's policies shows that all councils have considerable policy registers, covering typical council delivery areas. This suggests a similar approach to the level of transparency around council operations.

While we recognise policies change and reflect a position at a particular time they also reflect the organisational culture which is tasked with implementing them.

Risks arising from merger

There are significant potential risks arising from the merger both in a financial and non-financial sense. The obvious financial risks are that the transitional costs may be more significant than set out in the business case or that the efficiencies projected in the business case are not delivered. The business case is high level and implementation costs and attaining the savings will be difficult to achieve.

If, for example, the council chooses not to follow through with the projected efficiencies, this will affect the financial viability of the merged council which is shown clearly in the efficiencies not realised scenario. Similarly, decisions made subsequent to the merger about the rationalisation of facilities and services may not reduce the cost base of the merged organisation as originally planned.

Careful consideration of the issue of cultural integration will be required and the most consistent remedy to these particular risks is in our view strong and consistent leadership. Corporate culture misalignment during the post-merger integration phase often means the employees will dig in, form cliques, and protect the old culture. In addition to decreased morale and an increased staff turnover rate, culture misalignment reduces business performance. It also prolongs the time it takes for the predicted efficiencies to be achieved.

The integration of services with differing service levels often leads to standardising those service levels at the highest level of those services that are being integrated. This is quite often a response to a natural desire to deliver the best possible services to communities as well as the need to balance service levels to community expectations across the whole area. However it does pose the risk of increased delivery costs and/or lost savings opportunities. Similarly, introducing services that are not currently delivered in one or more of the former council areas to the whole of the new council area will incur additional costs.

Alongside these typical risks arising from a merger any reduced financial performance would be likely to lead to the new council having to review services and service levels to seek significant further efficiency gains and/or increase rates to address the operating deficit.

The assessment of each council's infrastructure backlog and the asset maintenance ratio has been accepted for the purposes of this project and by the other councils at face value. There is therefore a risk to each council of not fully understanding the condition of each other's networks or the financial costs of maintaining these over the long term.

An initial risk analysis has been undertaken based on a template provided by Hunters Hill which considers the likelihood, consequence and financial impacts of the risks identified in this report. This identifies key risks such as the costs of the IT consolidation and services being greater or lesser than that identified in this report

This is set out in Appendix I.

Conclusions

The Government has made it clear that the starting point for every council is scale and capacity. Based on the Independent Panel position, it appears that their view was that scale and capacity for each of the councils arises through a merger with each other.

Individual councils

Scale and capacity

With no guidance on what constitutes scale, other than the independent review panel recommendation for the councils this report concentrates on the strategic capacity criteria. It considers, from a practical sense, what councils can do that exhibits the key aspects of strategic capacity. The report identifies a range of actions, plans and strategies that councils can take and then identifies what each individual council does in this regard.

Hunters Hill Council

Hunters Hill has a high level of scale and capacity. It meets the majority of FFF benchmarks but significantly, has a very robust revenue base through a combination of its Special Rates and 20 year staff capping strategies. These have delivered significant discretionary spend and a level of strategic capacity, effectively delivering 20% additional capacity to council operations. As a result council has the ability to spend on a comprehensive new assets program. At the same time they are generating service efficiency outcomes while meeting community needs, demonstrated by a Customer Satisfaction of 70%. This continues in their IPR framework with clarity in meeting future community needs.

Council has strong involvement in regional collaboration with the Mayor being President of NSROC, making significant contributions to regional planning, advocating for regional infrastructure, procurement and shared services. Hunters Hill has a strong culture of innovation through regional partnering in the case of the Federal Governments Red Tape Reduction program and locally a dynamic community engagement approach which has delivered higher participation

The council is a leader and strategic decision maker in heritage planning and conservation, meeting housing targets in the Metro Strategy effective advocacy and plying a key role in successfully advocating for the M2/F3 Tunnel. They have an extensive community engagement with the community that delivered the continuation of the three Special Rate programs.

Lane Cove Council

Lane Cove meets all the FFF benchmarks, delivers service efficiency while maintaining customer satisfaction at 94%³² and with population growth of 29% to 2031 demonstrates a high level of scale and capacity. Further strategic capacity is created through an Asset Commercialisation strategy generating income producing assets such as the aquatic centre that returns \$0.5m pa to Council and new investment and community facilities estimated at \$70m over the next ten years. This delivers a very significant discretionary spend equivalent to 11.2% in Operating Income.

³² 70% rated council as good or excellent, 24% as fair

A combination of service efficiency gains and innovation through a range of external partnerships that delivers direct community services has expanded the council's capacity. Further, no positions are added to the business unless there is a revenue stream e.g. Major Project Group. This type of capacity enables the acquisition of skilled staff and resources that can play a major role in influencing regional planning and infrastructure outcomes.

Lane Cove has worked with state government on strategic planning outcomes and is currently delivering metropolitan transport infrastructure at St Leonards' railway station. Leveraging development contributions through a number of VPAs due to high land values has enabled these opportunities. Through political and management leadership they take a realistically strategic approach is by making the tough decision on what they are prepared to do to make things happen.

Mosman Municipal Council

The strength and sustainability of the Mosman community is centred on the very strong sense of local identity and place. The council clearly delivers very high service standards and outcomes the community require and are happy pay. With an extraordinary customer satisfaction result of 91% it has created strategic financial capacity to deliver local and regional services. In addition there is very strong community support, some 82% who want to maintain the current form of local government and are prepared to meet the financial burdens as demonstrated by supporting a Special Rate Variation of 13% from 2015/16.

The council has generated scale and strategic capacity through its Commercial Property Portfolio, On Street Parking program, an ongoing income stream from VPAs and range sponsorship, philanthropic and grant programs. It has established a discretionary spend increase of 14% of operating income. This capacity coupled with Backlog ratio of nil and the Asset Renewal ratio of 140% at 2023 will enable council to meet all the Fit for the Future benchmarks. This is further supported by their innovative business model to contract the majority of the day labour services and an extensive volunteer program.

Mosman Municipal Council plays a strong role in regional services through their art gallery. Over the past three years visitation has doubled, a retail outlet opened, and a range of sponsorship of philanthropy programs established creating a viable and sustainable business. The Mayor of Mosman is the current president of SHOROC and Mosman has been a very active participant and contributor to SHOROC.

Ryde City Council

With Ryde City Council's scale and capacity it is able to effectively manage a developing community with population expected to increase by 32% in 2031 with significant business and residential development. They have the capacity to meet all benchmarks by 2023 and generate service efficiencies of 18% reduction in real operating cost per capita. This creates the ability to employ wider range of skilled staff.

Ryde has built its strategic capacity through a Property Development Program, asset maintenance cost savings from VPAs, Special Rates Strategy and the creation of Community Hubs that return a positive return. In addition, the council has negotiated \$87.5m worth of community facilities and assets with a further \$38m in the pipeline.

The council clearly demonstrates the capability to partner and work with state and federal agencies by influencing a number of key strategic metropolitan planning outcomes in particular the location and timing of residential development at Macquarie Park. With their advanced skills in strategic planning and policy development they have planned and approved growth of 26,000 units over next 20 years, negotiate 22 VPAs valued at \$130.7m and proactively assisted in the planning of 2 Urban Activation Precincts.

Council demonstrates strong leadership through courageous decisions to uphold key strategic planning positions and large developments applications. It has also developed a strategic partnership with the community where they agreed to a SRV of \$2m pa with council to save \$2.5m pa.

Willoughby City Council

The introduction of a Special Rate in 2015/16 focussed on asset renewal and the previous e.restore levy for environmental initiatives demonstrates Willoughby City Council's capacity for strategic decision making and the ability for the council to engage with its community on key issues and follow through to make prudent decisions. It also provides sufficient funding for the council to maintain a positive operating performance throughout the period being modelled while increasing asset expenditure. The organisation also has interest and investment income of over \$2.5M in 2013/14 and rental income of over \$11M (together equivalent to almost 25% of the revenue from rates and annual charges) providing council with a robust and diversified revenue base.

The Concourse provides a regional facility and demonstrates council's ability to plan for, deliver and then manage complex, strategically important projects and facilities and the Council continues to facilitate and provide for the development of Chatswood including using a dedicated CBD place manager.

The Council currently has a community satisfaction rating of 72% (2012 Customer survey) and its IPR documents show clear Key Performance Indicators linking through from the Community Strategic Plan to the Operational Plan/Delivery Program.

Fit for the Future benchmarks

Hunters Hill, Lane Cove, Mosman and Ryde are all projected to meet all the Fit for the Future benchmarks throughout the period being modelled and satisfy all benchmarks by the 2019/20 timeframe set down by IPART.

Willoughby will meet five of the seven benchmarks by 2019/20 including all those which IPART deem as ratios that must be met and they have an improving trend against both the asset maintenance and infrastructure backlog ratios which are the two that are not met by 2019/20 which satisfies the IPART assessment criteria.

Proposed merged council

Scale and capacity

Based on the Independent Panel position, it appears that their view was that scale and capacity for each of the councils arises through a merger with each other. It can therefore be assumed that in the Government's view the merger has scale and capacity.

We note however that under the scenario which performs best financially the efficiencies are largely achieved through reducing staff numbers. This will reduce the merged council's capacity and is likely to lead to a loss of institutional knowledge that will need to be managed and addressed.

Financial Analysis

The performance of the merged council against the Fit for the Future benchmarks also varies under the different scenarios. This shows the wide range of financial outcomes that may arise from the merger and in particular highlights that if cost savings and efficiencies are not driven through the merged council then its financial performance will be very poor leading to a need to either reduce expenditure or increase income (or both).

The table below compares the performance of the merged council against the benchmarks at 2020 under the three scenarios.

The key difference is in the operating performance ratio where under the efficiencies not realised scenario the merged council does not meet the operating performance ratio at 2020, nor throughout the period modelled (2023). The best performing scenario against the benchmarks is the surplus to infrastructure scenario which in the longer

term is projected to meet all 7 benchmarks but even under this scenario the merged council only meets 6 of the 7 benchmarks by 2019/20 which is the key timeframe set by IPART.

Table 28 Projected performance of the proposed merger

Benchmark	Merged Council (2020) ‘Efficiencies realised’	Merged Council (2020) ‘Surplus to infrastructure’	Merged Council (2020) “Efficiencies not realised”
Operating Performance	Meets the benchmark	Meets the benchmark	Does not meet the benchmark
Own Source Revenue	Meets the benchmark	Meets the benchmark	Meets the benchmark
Debt Service	Meets the benchmark	Meets the benchmark	Meets the benchmark
Asset Maintenance	Does not meet the benchmark	Does not meet the benchmark	Does not meet the benchmark
Asset Renewal	Meets the benchmark	Meets the benchmark	Meets the benchmark
Infrastructure Backlog	Meets the benchmark	Meets the benchmark	Meets the benchmark
Real Operating Expenditure	Meets the benchmark	Meets the benchmark	Meets the benchmark

Costs and savings of the merger

The costs and savings of the merger arise throughout the period being modelled. The costs and savings should not be considered in isolation. They only form part of the information on which a decision should be made and in particular they should be considered in conjunction with the infrastructure funding gap identified above.

The different scenarios produce significantly different financial results. If efficiencies are realised then the modelling indicates potential savings of an estimated \$59 million, if however efficiencies are not realised then the modelling indicated potential costs to the community and councils of an estimated \$78.4 million.

Rates

The significant differences in the current rating structures and the differences in the current levels of rates mean that under a merged council there are likely to be significant changes in rates for individual properties and sectors across the area in transitioning to a single rating structure over time.

It would be a difficult and time consuming process to align the rating structures across the communities now within a single council area.

Debt

Two councils carry no debt, North Sydney and Lane Cove. The other councils carry varying levels of debt ranging from \$16 per capita in Hunters Hill up to over \$700 in Willoughby. While all councils are within the benchmark for Debt Service the different levels of debt each council and community bring to the merged council may be an issue; particularly for those communities moving from little or no debt to a higher level of debt.

Environment and Community Aspirations

All of these councils express very similar priorities and desired outcomes in their Community Strategic Plan. They all have clear council-focused priorities around themes such as environment, economy, community and leadership with commonality around

- preservation of the natural environment
- considered planning of the built environment, including managing issues such as transport and mobility while maintaining the unique or village feel of each area.
- ensuring social cohesion
- vibrant, healthy and active neighbourhoods
- accessible, accountable and transparent councils.

In terms of the natural environment and heritage all councils have well developed aims around the protection of the natural environment reflecting their positioning on the Harbour with each LEP showing differences which reflect their particular community and community aspirations, for example the protection of views to and from the harbour in Mosman.

In respect to the economy and growth, there are shared aims around providing a range of housing choices and options for residents and transport orientated growth. Again, there are individual differences across the group reflecting the different communities and community aspirations such as providing for growth of a permanent resident population in North Sydney and a hierarchy of retail, commercial and industrial activities that enables the employment capacity targets in Ryde and Lane Cove.

Representation

Even assuming a merged council had the maximum of fifteen councillors the number of people represented by each councillor would significantly increase for all council areas. With a population of over 300,000 the changes would be most dramatic for the smaller councils where representation is currently around 2,000 - 4,000 residents per councillor. In the merged council each councillor would represent approximately 20,000 residents. This is considered to be a significant change and unless the merged council can address the apparent loss of representation could have a major negative affect on the community.

Community profile and communities of interest

The councils and their communities have many similar features, and some differences. All six are areas of low socio-economic disadvantage as measured by the SEIFA Index of Disadvantage; with all areas ranked amongst the 20 least disadvantaged council areas in New South Wales and Mosman, Lane Cove, North Sydney and Hunters Hill ranked in the ten least disadvantaged council areas. However, Ryde and Willoughby are more ethnically diverse in comparison to the other areas with just over half of residents born in Australia.

All six council areas belong to a cluster of councils characterised by low unemployment, however measured, reasonably high work availability and high average earnings (NIER, March 2013). Residents of all six areas tend to work in professional occupations and to be employed in similar industries; with professional, scientific and technical services the most common industry of employment.

The following general observations can also be made about the communities:

- Given their boundaries (main arterial roads and foreshore) Hunters Hill and Lane Cove appear to be quite contained communities with strong village identities
- Mosman is also bounded on three sides by harbour however as it contains the main thoroughfare between the city and the Northern Beaches it has a physical divide

- Ryde has a highly multicultural community and this creates identity and communities of interest around culture which is not reported as evident to the same extent in the other LGAs
- All areas report that communities tend to identify around centres or suburbs rather than local government boundaries. The exception being Mosman where the LGA is the suburb.
- There are border crossings between many of the areas for education, retail, medical and employment, with all areas having significant attractors for outside visitation
- There are many examples of regional collaboration between various councils in this group. Mosman has been an active participant and contributor to SHOROC. It is noted that Ryde and Hunters Hill share some particularly interesting relationships and service arrangements including provision of library services by Ryde to Hunters Hill and funding of a skate park

Potential risks

The restructuring of any business activity is always a source of potential risk and the merging of council organisations is no exception. A proper risk assessment and mitigation process is an essential component of any structured merger activity. A preliminary risk analysis has been undertaken highlighting the uncertainty around the actual costs of the proposed merger and the likely financial impact if those costs are higher or lower than anticipated. The key risks which would have the highest financial impacts were identified as the costs of IT consolidation and increases in services and service levels or the introduction of new services.

Notwithstanding the above, this report is not intended to incorporate or deliver a detailed risk management strategy for any merger of the councils. However it is possible to at least identify the major risks involved in the process from a strategic perspective.

Subsequent events and policy decisions

The primary risk is that the efficiencies projected in the business case are not delivered. This can occur for a variety of reasons however the highest risk is that subsequent events are inconsistent with the assumptions or recommendations made during the process.

Those events may arise from regulatory changes between analysis and delivery or subsequent policy decisions about service levels or priorities. As an example, a policy decision to adopt a “no forced redundancies” position after the statutory moratorium expires is unlikely to deliver on the financial savings proposed and is shown by the efficiencies not realised scenario.

Similarly, decisions made subsequent to the merger about the rationalisation of facilities and services may not reduce the cost base of the merged organisation as originally planned.

Appendix A *Fit For The Future Benchmarks*³³

Operating Performance Ratio

Total continuing operating revenue (exc. capital grants and contributions)

less operating expenses

Total continuing operating revenue (exc. capital grants and contributions)

Description and Rationale for Criteria:

TCorp in their review of financial sustainability of local government found that operating performance was a core measure of financial sustainability.

Ongoing operating deficits are unsustainable and they are one of the key financial sustainability challenges facing the sector as a whole. While operating deficits are acceptable over a short period, consistent deficits will not allow Councils to maintain or increase their assets and services or execute their infrastructure plans.

Operating performance ratio is an important measure as it provides an indication of how a Council generates revenue and allocates expenditure (e.g. asset maintenance, staffing costs). It is an indication of continued capacity to meet on-going expenditure requirements.

Description and Rationale for Benchmark:

TCorp recommended that all councils should be at least break even operating position or better, as a key component of financial sustainability. Consistent with this recommendation the benchmark for this criteria is greater than or equal to break even over a 3 year period.

³³ Office of Local Government Fit for the Future Self-Assessment Tool

Own Source Revenue Ratio

Total continuing operating revenue less all grants and contributions

Total continuing operating revenue inclusive of capital grants and contributions

Description and Rationale for Criteria:

Own source revenue measures the degree of reliance on external funding sources (e.g. grants and contributions). This ratio measures fiscal flexibility and robustness. Financial flexibility increases as the level of own source revenue increases. It also gives councils greater ability to manage external shocks or challenges.

Councils with higher own source revenue have greater ability to control or manage their own operating performance and financial sustainability.

Description and Rationale for Benchmark:

TCorp has used a benchmark for own source revenue of greater than 60 per cent of total operating revenue. All councils should aim to meet or exceed this benchmark over a three year period.

It is acknowledged that many councils have limited options in terms of increasing its own source revenue, especially in rural areas. However, 60 per cent is considered the lowest level at which councils have the flexibility necessary to manage external shocks and challenges.

Debt Service Ratio

Cost of debt service (interest expense & principal repayments)

Total continuing operating revenue (exc. capital grants and contributions)

Description and Rationale for Criteria:

Prudent and active debt management is a key part of Councils' approach to both funding and managing infrastructure and services over the long term.

Prudent debt usage can also assist in smoothing funding costs and promoting intergenerational equity. Given the long life of many council assets it is appropriate that the cost of these assets should be equitably spread across the current and future generations of users and ratepayers. Effective debt usage allows councils to do this.

Inadequate use of debt may mean that councils are forced to raise rates that a higher than necessary to fund long life assets or inadequately fund asset maintenance and renewals. It is also a strong proxy indicator of a council's strategic capacity.

Council's effectiveness in this area is measured by the Debt Service Ratio.

Description and Rationale for Benchmark:

As outlined above, it is appropriate for Councils to hold some level of debt given their role in the provision and maintenance of key infrastructure and services for their community. It is considered reasonable for Councils to maintain a Debt Service Ratio of greater than 0 and less than or equal to 20 per cent.

Councils with low or zero debt may incorrectly place the funding burden on current ratepayers when in fact it should be spread across generations, who also benefit from the assets. Likewise high levels of debt generally indicate a weakness in financial sustainability and/or poor balance sheet management.

Asset Maintenance Ratio

Actual asset maintenance

Required asset maintenance

Description and Rationale for Criteria:

The asset maintenance ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance as measured by an individual council.

The ratio provides a measure of the rate of asset degradation (or renewal) and therefore has a role in informing asset renewal and capital works planning.

Description and Rationale for Benchmark:

The benchmark adopted is greater than one hundred percent, which implies that asset maintenance expenditure exceeds the council identified requirements. This benchmark is consistently adopted by the NSW Treasury Corporation (TCORP). A ratio of less than one hundred percent indicates that there may be a worsening infrastructure backlog.

Given that a ratio of greater than one hundred percent is adopted, to recognise that maintenance expenditure is sometimes lumpy and can be lagged, performance is averaged over three years.

Building and Infrastructure Renewal Ratio

Asset renewals (building and infrastructure)

Depreciation, amortisation and impairment (building and infrastructure)

Description and Rationale for Criteria:

The building and infrastructure renewals ratio represents the replacement or refurbishment of existing assets to an equivalent capacity or performance, as opposed to the acquisition of new assets or the refurbishment of old assets that increase capacity or performance. The ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration.

This is a consistent measure that can be applied across councils of different sizes and locations. A higher ratio is an indicator of strong performance.

Description and Rationale for Benchmark:

Performance of less than one hundred percent indicates that a Council's existing assets are deteriorating faster than they are being renewed and that potentially council's infrastructure backlog is worsening. Councils with consistent asset renewals deficits will face degradation of building and infrastructure assets over time.

Given that a ratio of greater than one hundred percent is adopted, to recognise that capital expenditures are sometimes lumpy and can be lagged, performance is averaged over three years.

Infrastructure Backlog Ratio

Estimated cost to bring assets to a satisfactory condition

Total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets

Description and Rationale for Criteria:

The infrastructure backlog ratio indicates the proportion of backlog against the total value of the Council's infrastructure assets. It is a measure of the extent to which asset renewal is required to maintain or improve service delivery in a sustainable way. This measures how councils are managing their infrastructure which is so critical to effective community sustainability.

It is acknowledged, that the reliability of infrastructure data within NSW local government is mixed. However, as asset management practices within councils improve, it is anticipated that infrastructure reporting data reliability and quality will increase.

This is a consistent measure that can be applied across councils of different sizes and locations. A low ratio is an indicator of strong performance.

Description and Rationale for Benchmark:

High infrastructure backlog ratios and an inability to reduce this ratio in the near future indicate an underperforming Council in terms of infrastructure management and delivery. Councils with increasing infrastructure backlogs will experience added pressure in maintaining service delivery and financing current and future infrastructure demands.

TCorp adopted a benchmark of less than 2 per cent to be consistently applied across councils. The application of this benchmark reflects the State Government's focus on reducing infrastructure backlogs.

Reduction in Real Operating Expenditure

Description and Rationale for Criteria:

At the outset it is acknowledged the difficulty in measuring public sector efficiency. This is because there is a range of difficulty in reliably and accurately measuring output.

The capacity to secure economies of scale over time is a key indicator of operating efficiency. The capacity to secure efficiency improvements can be measured with respect to a range of factors, for example population, assets, and financial turnover.

It is challenging to measure productivity changes over time. To overcome this, changes in real per capita expenditure was considered to assess how effectively Councils:

- can realise natural efficiencies as population increases (through lower average cost of service delivery and representation); and
- can make necessary adjustments to maintain current efficiency if population is declining (e.g. appropriate reductions in staffing or other costs).

Assuming that service levels remain constant, decline in real expenditure per capita indicates efficiency improvements (i.e. the same level of output per capita is achieved with reduced expenditure).

Description and Rationale for Benchmark:

The measure 'trends in real expenditure per capita' reflects how the value of inflation adjusted inputs per person has grown over time. In the calculation, the expenditure is deflated by the Consumer Price Index (for 2009-11) and the Local Government Cost Index (for 2011-14) as published by the Independent Pricing and Regulatory Tribunal (IPART). It is acknowledged that efficiency and service levels are impacted by a broad range of factors, and that it is unreasonable to establish an absolute benchmark across Councils. It is also acknowledged that council service levels are likely to change for a variety of reasons however, it is important that councils prioritise or set service levels in conjunction with their community, in the context of their development of their Integrated Planning and Reporting.

Councils will be assessed on a joint consideration of the direction and magnitude of their improvement or deterioration in real expenditure per capita. Given that efficiency improvements require some time for the results to be fully achieved and as a result, this analysis will be based on a 5-year trend.

Appendix B High Level Services Comparison

	Mosman	Lane Cove	Willoughby	North Sydney	Ryde	Hunters Hill
Number of Councillors	7	9	13	11	12	7
Population per Councillor	4283	3777	5627	6295	9233	2070
Number of Equivalent Full Time Employees	161	184	406	383	440	59
Population per staff member	186	185	180	181	252	246
Administration						
Response to customer requests					<ul style="list-style-type: none"> customer service requests actioned within 10 working days 	<ul style="list-style-type: none"> Service level requires initial response to all customer service requests is made within 10 working days
Health						
Solid Waste Management	<ul style="list-style-type: none"> Mosman, Manly, Warringah and Pittwater have agreed a shared service and a jointly owned Resource Recovery Centre General waste fortnightly 	<ul style="list-style-type: none"> General waste weekly Separate paper and cardboard and mixed containers collected fortnightly on alternate weeks Green waste fortnightly 	<ul style="list-style-type: none"> General waste weekly Comingled recycling weekly Green waste weekly Three scheduled Household Clean-ups and one free On-Call Clean-Up per year 	<ul style="list-style-type: none"> General waste weekly Co-mingled recycling weekly Household clean-up service can be booked for fortnightly collection (no apparent limit on number of 	<ul style="list-style-type: none"> General waste weekly Co-mingled recycling fortnightly Green waste fortnightly On-call household clean-up service (5 calls per year) 	<ul style="list-style-type: none"> General waste collected weekly Separate collection of paper and cardboard and mixed containers Green waste fortnightly On-call household clean-up service (2 calls per year)

	Mosman	Lane Cove	Willoughby	North Sydney	Ryde	Hunters Hill
	<ul style="list-style-type: none"> Food waste weekly Co-mingled recycling fortnightly Apartments all bins weekly Bi-annual household clean-up collection E-waste collection periodic 	<ul style="list-style-type: none"> Four free Household Clean-Up per year E-waste and chemical cleanout collection periodic 	<ul style="list-style-type: none"> Chemical cleanout service periodic 	<ul style="list-style-type: none"> bookings per year) Two e-waste collections per year 	<ul style="list-style-type: none"> E-waste council offers on-call service (5 calls per year) 	<ul style="list-style-type: none"> Compost bins and worm farms for sale
Street Cleaning/Graffiti removal	<ul style="list-style-type: none"> the removal of graffiti from Council owned property within one working day of identification; the removal of graffiti from private properties within three working days of identification 	<ul style="list-style-type: none"> The Village Graffiti Reduction Program funds the removal graffiti from businesses in the Lane Cove LGA – free of charge if visible from a public place Council removes graffiti off Council properties 	<ul style="list-style-type: none"> Council removes graffiti from Council properties Graffiti will only be removed from private property by Council if: <ul style="list-style-type: none"> It can be seen from a public road, Public Park or other land the general public uses Its removal can be safely undertaken from the public space without requiring entry onto the subject property 	<ul style="list-style-type: none"> Selected Council-owned and private properties that have to be patrolled regularly and graffiti has to be removed within three days Council and private properties that are not patrolled regularly but once the graffiti is reported, it must be removed within three days Graffiti will only be removed from private property by Council if: <ul style="list-style-type: none"> It can be seen from a public road, 	<ul style="list-style-type: none"> Council has a program to remove all graffiti on public and private land within 24 - 72 hours of it being reported 	<ul style="list-style-type: none"> Council website refers residents to the NSW graffiti prevention website Council removes graffiti from Council properties

	Mosman	Lane Cove	Willoughby	North Sydney	Ryde	Hunters Hill
			<ul style="list-style-type: none"> • Its removal can safely be undertaken by Council's contractor to a maximum height of 3 metres without the aid of scaffolding • • Its removal can safely be undertaken with limited traffic control equipment 	<p>Public Park or other land the general public uses</p> <ul style="list-style-type: none"> • Its removal can be safely undertaken from the public space without requiring entry onto the subject property • Its removal can safely be undertaken by Council's contractor to a maximum height of 3 metres without the aid of scaffolding • Its removal can safely be undertaken with limited traffic control equipment 		
Public Libraries	1 Library <ul style="list-style-type: none"> • Children's activities • Teens activities • Reciprocal borrowing through Shorelink network which links the five 	2 Libraries <ul style="list-style-type: none"> • Children's activities • Community learning • Events and activities programme 	7 Libraries <ul style="list-style-type: none"> • Children's activities • Community learning • Events and activities programme 	1 Library <ul style="list-style-type: none"> • Events and activities like discussion series and book groups • Children's activities 	5 Libraries <ul style="list-style-type: none"> • Internet and email free of charge • Children's activities • Events and activities programme 	<p>Hunters Hill make a financial contribution to Ryde for the provision of library services</p> <ul style="list-style-type: none"> • Internet and email free of charge • Children's activities

	Mosman	Lane Cove	Willoughby	North Sydney	Ryde	Hunters Hill
	Lower North Shore Council Libraries of Lane Cove, Manly, Mosman, Stanton (North Sydney) and Willoughby	<ul style="list-style-type: none"> Reciprocal borrowing through Shorelink network 	<ul style="list-style-type: none"> Reciprocal borrowing through Shorelink network 	<ul style="list-style-type: none"> Reciprocal borrowing through Shorelink network 	<ul style="list-style-type: none"> JP services Council Kiosk Home delivery (mobility) Accessible by free community bus 	<ul style="list-style-type: none"> Events and activities programme JP services Council Kiosk Home delivery (mobility) Accessible by free community bus
Swimming Pools (no.)	<ul style="list-style-type: none"> 1 swimming pools 	<ul style="list-style-type: none"> 3 swimming pools 	<ul style="list-style-type: none"> 2 swimming pools 	<ul style="list-style-type: none"> 1 swimming pool 	<ul style="list-style-type: none"> 1 swimming pool 	<ul style="list-style-type: none"> 1 swimming pool
Parks and Reserves	<ul style="list-style-type: none"> 29 parks and reserves 	<ul style="list-style-type: none"> over 50 parks and reserves 	<ul style="list-style-type: none"> 134 parks and reserves 	<ul style="list-style-type: none"> 189 parks and reserves 	<ul style="list-style-type: none"> 34 parks and reserves 	<ul style="list-style-type: none"> 207 parks and open space areas .
Transport and communication						
- Road length (kms)	<ul style="list-style-type: none"> 94 kilometres of road 	<ul style="list-style-type: none"> 110km of roadway and 	<ul style="list-style-type: none"> 211km of sealed roads 	<ul style="list-style-type: none"> Regional Roads 9.8 km Local Roads 128 km 	<ul style="list-style-type: none"> 321 km of road 	<ul style="list-style-type: none"> 2 km Regional roads 67 km Local roads
- Road sweeping	<ul style="list-style-type: none"> Main roads in Mosman are cleansed at least once per day Residential roads are cleaned once every three weeks 		<ul style="list-style-type: none"> Ten residential areas each of which is cleaned once a fortnight Willoughby shopping centre and Chatswood mall every morning 			<ul style="list-style-type: none"> Street sweeping is carried by Council's contractor Streets are cleaned on a fortnightly roster

	Mosman	Lane Cove	Willoughby	North Sydney	Ryde	Hunters Hill
- Footpaths	<ul style="list-style-type: none"> • 175 kilometres of footpath 	<ul style="list-style-type: none"> • in excess of 150km of public pathways 	<ul style="list-style-type: none"> • 387 km of footpaths within road reserves • 49 km of footpaths within parks • 9.5 km of shared pathways 	<ul style="list-style-type: none"> • 217 km of footpath 	<ul style="list-style-type: none"> • 448km of footpaths 	<ul style="list-style-type: none"> • 87 kms footpaths and cycleways
- Marine facilities	<ul style="list-style-type: none"> • 2 Baths • 3 Jetties • 1 natural 'pool' (Clem Morath Pool) • Seawalls (3.3km) 	<ul style="list-style-type: none"> • Seawalls 	<ul style="list-style-type: none"> • Seawalls 	<ul style="list-style-type: none"> • Seawalls 	<ul style="list-style-type: none"> • Seawalls 	<ul style="list-style-type: none"> • 3 wharfs • 1 boat ramp • 2 tidal baths • seawalls

Appendix C Costs and benefits arising from a merger of Hunters hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby Councils – Detailed Assumptions

Costs and benefits identified below form the basis of the modelling referred to throughout the report. Costs outlined below are one off unless stated otherwise whereas benefits continue to accrue each year unless stated otherwise.

Assumptions have been made using the best available information including analysis of various reports on and estimates of merger costs in other similar situations. This has been supplemented with professional opinion of Morrison Low staff based on experience including with the Auckland Transition Authority.

Queensland Treasury Corporation August 2009 Report

In an August 2009 report³⁴ from the Queensland Treasury Corporation reporting on costs associated with the amalgamation of the Western Downs Regional Council, the report said:

A net cost outcome in the first local government term is likely as local governments will incur most of their amalgamation costs prior to, and in the two to three years subsequent to, amalgamation. These costs then taper off. However, the savings resulting from amalgamation are likely to gradually increase over time through:

- *greater efficiency (i.e., a reduction in costs through improved economies of scale)*
- *Improved decision making capability, and*
- *Improved capacity to deliver services.*

While Western Downs only identified minor potential future benefits, it is likely that benefits will be generated from a reduction in CEO wages, natural attrition and procurement efficiencies etc, while providing existing services at current service standards. It is noted that Western Downs has been able to extend the delivery of certain services across the local government area.

Queensland Treasury also provided comment on the reality that local government is different from businesses and that it can be difficult to measure benefits from mergers on a commercial basis:

Businesses generally undertake amalgamations and mergers on the basis of a number of factors such as cost savings, increased market share, improved synergies and improved decision making capability. Generally, these factors are measured in the context of reduced staff numbers, reduced operating costs, improved profitability, increased market share and higher share prices.

With local government these benefits are more difficult to measure as local governments may utilise savings achieved from improved economies of scale to increase the range and/or to improve the quality of services offered. As a consequence, the cost savings of amalgamation of local governments do not generally show up as improved profitability (i.e., operating surpluses). Similarly, improved decision making capability results in more effective decisions and better outcomes to residents but may not be reflected in a local government's bottom line. This is because local governments, unlike the private sector, are not in the business of making profits. Therefore, it is more difficult to measure the cost savings resulting from amalgamation of local governments than it is for corporations as the benefits will generally be utilised by the amalgamated local government in the provision of services.

³⁴ Queensland Treasury Corporation - Review of Amalgamation Costs Funding Submission of Western Downs Regional Council, August 2009

Alan Morton in his report titled Outcomes from Major Structural Change of Local Government, which was released in July 2007, estimated administrative cost savings from the Cairns, Ipswich and Gold Coast amalgamations of 1992/93 were between 1.1 per cent and 3.1 per cent. The report also stated that the South Australian Government estimated savings of 3.0 per cent to 5.0 per cent of expenditure resulting from amalgamation.

These estimates focused on administrative efficiency rather than the outcomes achieved through improved local government decision making capability. A potential measure of improved local government capability is ratepayer satisfaction. Alan Morton, together with the company Market Facts, undertook a survey of ratepayers of the five amalgamated local governments in 1992/93. The outcome of this survey was very positive and it indicated that over double the number of ratepayers considered the amalgamations were successful compared to those that thought the amalgamations were unsuccessful. This is considered a good outcome considering the main ratepayer concerns surrounding amalgamation are loss of jobs and loss of access to elected officials. QTC has not been asked to comment on improved capability.

The costs and benefits that Morrison Low has modelled for a possible merger of the six councils are described below:

1 Governance and executive team

The formation of a new entity is likely to result in some efficiencies resulting from a new governance model and rationalisation of the existing executive management teams. For the purposes of this review the governance category includes the costs associated with elected members, Council committees and related democratic services and processes, and the executive team.

The table below summarises the expected efficiencies together with the associated timing for governance.

	Staff	Duplicated Services	Elected Members	On Costs
Transition Period	Nil	Nil	Nil	Nil
Short Term (1 to 3 years)	Streamlined Management (General Managers and Directors) Natural attrition (voluntary)	General Managers, Directors, Mayoral/GM support Council/Committee Secretarial Support	Reduced councillors and remuneration	Staff Associated Costs e.g. HR, Accommodation, Computers, Vehicles
Medium Term (3 to 5 years)	Streamlined Management and staff Natural attrition (voluntary)			Staff Associated Costs e.g. HR, Accommodation, Computers, Vehicles
Long Term (5 years plus)				

1.1. Governance (\$820K)

The formation on a new entity is expected to result in efficiencies resulting from a new governance model and a reduction in the number of existing Mayors and Councillors. However, this will depend directly on the adopted governance structure including the number of councillors. Estimated governance costs for the new entity have been based on the Lord Mayor and Councillor fees and expenses of the City of Sydney as reported in the Annual Report 2014. The Independent Review Panel has envisaged a full time Mayor and there will be higher costs associated with such a role than the current Mayor and Councillors of the councils receive. It is assumed that there would be 14 Councillors and a Mayor.

The total governance costs across the councils is based on the respective councils Annual Reports 2013/14 and based on the City of Sydney governance costs (Lord Mayoral Annual fee, councillors fees and expenses incurred , there is the potential ongoing efficiency of \$1.1 million.

1.2. Executive management (\$4.6M)

The formation of a single entity is likely to result in efficiencies due to an overall rationalisation in the total number of executive managers required at the Tier 1 (General Managers) and Tier 2 (Directors). Revised remuneration packages for the new General Manager and Directors for the new entity have been informed and assumed to be similar to that of the City of Sydney executive remuneration packages given the size and scale to that of the proposed new entity.

The General Managers total remuneration for the councils was based on the councils' respective Annual Reports 2013/14, and the amalgamation to a single entity with a single General Manager has the potential saving of approximately \$1.4 million.

In addition there would be a rationalisation of the existing director positions, based on the Annual Reports there are 17 such positions across the councils with the combined remuneration based on the Annual Reports 2013/14. Assuming that the new entity has five director positions, the estimated savings are in the order of \$3.2 million.

It is important to note that while ongoing efficiencies of \$4.6 million have been identified effective from the short term, there is the one off cost of redundancies of approximately \$5.7 million that in our experience is a cost incurred during the transition period. This redundancy cost is based on 38 weeks.

1.3. Rationalisation of services

Under a single entity a number of the existing governance services would be duplicated and there would be an opportunity to investigate rationalising resourcing requirements for a single entity and realise efficiencies in the medium term.

As an example the councils currently have the resources necessary to support the democratic services and processes including council and committee agendas and minutes. Under a new entity there is likely to be a duplication of democratic resources and the new entity would need to determine the number of resources required to deliver this service. The expected efficiencies relative to this area are realised in the Corporate Services Section.

Based on our previous experience one would expect resource efficiencies of between 40 and 60%. The reduction in resources is only likely to occur in the medium term due to the form of employment contracts, however having said that there is the potential not to replace positions vacated in the short term if they are considered to be duplicate positions under the new entity (natural attrition policy). The expected efficiencies relative to this area are realised in the Corporate Services Section.

2 Corporate services

In the formation of a new entity there is likely to be a reduction in staffing numbers across the corporate services in the medium term. The corporate services incorporates most of the organisational and corporate activities such as finance and accounting, human resources, communication, information technology, legal services, procurement, risk management, and records and archive management. Across the councils there is likely to be some element of duplication so there should be efficiency opportunities as it relates to administrative processes and staffing levels.

The potential opportunities for efficiency within the corporate services category are summarised in the table below along with the indicative timing of when the efficiency is likely to materialise.

	Staff	Duplicated Services	Contract/ Procurement	Information Technology	On Costs
Transition Period	Natural attrition (voluntary)				
Short Term (1 to 3 years)	Natural attrition (voluntary)	Finance ICT Communications Human Resources Records			Staff Associated Costs e.g. HR, Accommodation Computers, Vehicles
Medium Term (3 to 5 years)	Streamlined Management (Tier 3) Natural attrition (voluntary)	Customer Services Risk Management			Staff Associated Costs e.g. HR, Accommodation Computers, Vehicles
Long Term (6 years plus)					

2.1. Rationalisation of duplicate services (\$9M)

Consistent with the dis-establishment of six councils and the creation of a single entity, there are a number of back office duplicated services that would be replaced, standardised and simplified. The rationalisation and streamlining of back office services means that there would an opportunity to rationalise financial reporting, business systems, administrative processes and staff numbers. Examples for the rationalisation of corporate services include:

- **Finance** - A reduction in finance service costs with the rationalisation of financial reporting and financial planning with a single, rather than six Resourcing Strategies, Long Term Financial Plans, Asset Management Strategies, Workforce Management Plans , Annual Plans and Annual Reports needing to be prepared, consulted on and printed. In addition the centralisation of rates, accounts receivable, accounts payable and payroll, including finance systems will reduce resourcing requirements and costs.
- **Human Resources (HR)** – The size of the HR resource would be commensurate with the number of FTEs in the new entity based on industry benchmarks. The number of HR resources would be expected to reduce proportionately to the reduction in organisational staff numbers.
- **Communications** – The resourcing would be expected to reduce since there would be a single website and a more integrated approach to communication with less external reporting requirements.

- Customer Services – No reduction in the ‘front of house’ customer services has been assumed on the basis that all existing customer service centres would remain operative under a single entity and the existing levels of service would be retained. However there is potential to reduce the number of resources in the ‘back office’ such as the staffing of the call centre.

The potential efficiency in the corporate services category is difficult to determine largely due to the fact that ICT accounts for a large cost through the transition into the new entity both in terms of resources and actual cost. However it is expected that ICT would be implemented in the medium term and due to existing employment contracts, the corporate service efficiencies would therefore only be realised in the medium term. The assumption underpinning the efficiency for corporate services is a 35%³⁵ reduction in corporate support personnel that has an estimated saving of \$5.3 million. On costs are considered to be included as the figure used are based on total employee costs as reported by the councils.

There is the potential to reduce FTE numbers in the short term through not replacing positions vacated if they are considered to be duplicate positions through the transition and under the new entity (natural attrition policy). Following the end of the natural attrition period redundancies would be applied to reduce staffing levels outlined above.

In order to achieve the opportunities identified would require detailed scoping, investigation and ownership to ensure that they are implemented and realised post amalgamation. The development of a benefit realisation plan would quantify the cost of implementing any identified efficiencies and establish when such efficiencies are likely to accrue.

Redundancy costs have been modelled based on an average of 26 weeks³⁶

3 Areas for further efficiency

Based on the experience from previous amalgamations in local government there are other areas where we would expect there to be opportunity to achieve efficiencies. These areas include management, staff turnover, procurement, business processes, property/accommodation, waste and works units.

	Staff	Duplicated Services	Contract/ Procurement	Information Technology	On Costs
Transition Period					
Short Term (1 to 3 years)	Staff Turnover	Property/ Accommodation Works Units	Printing, stationary, ICT systems/ licences, legal	ICT Benefits	Staff Associated Costs e.g. HR, Accommodation Computers, Vehicles
Medium Term (3 to 5 years)	Streamlined Management (Tier 3 & 4)	ICT Resourcing	Waste	ICT Benefits	Staff Associated Costs e.g. HR, Accommodation Computers, Vehicles
Long Term (5 years plus)					

³⁵ Securing Efficiencies from the Reorganisation of Local Governance in Auckland, Taylor Duigan Barry Ltd, October 2010

³⁶ The Local Government (State) Award provides a sliding scale for redundancy pay-outs from 0 for less than 1 year, 19 weeks for 5 years and 34 weeks for 10years. An average of 26 weeks has therefore been used throughout.

3.1. Management (\$3M)

The extent of efficiencies for Tier 3 and Tier 4 is directly dependent on the organisational structure of the new entity, types of services and the manner in which these services are to be delivered in the future, i.e. delivered internally or contracted out.

The Auckland amalgamation resulted in an FTE reduction of almost 60%² across the total Tier 1 through to Tier 4 positions. While Section 1 addresses the Tier 1 and Tier 2 efficiencies, there is further opportunity for efficiencies in regard to the Tier 3 and Tier 4 managerial positions although these would only be realised in the medium term.

On the basis that six councils are being disestablished and a single entity created, the assumption is that there will be at least a 30% reduction across the existing Tier 3 and Tier 4 positions achieving an ongoing efficiency of \$3M million on remuneration and on costs.

Following the end of the natural attrition period redundancies would be applied to reduce staffing levels outlined above

3.2. Staff Turnover (\$5M)

While the industry average turnover is approximately 9% and on the basis that the new entity adopts a 'natural attrition' policy not to fill positions in the short term, there is an estimated annual efficiency based on applying a modest 3.5% natural attrition. This assessment now takes into account the likelihood of multiple mergers occurring across Sydney and is reduced from the typical range of 4.5%.

3.3. ICT Benefits (\$7.5M)

Without a full investigation into the current state of the six councils ICT infrastructure and systems, and without an understanding of the future state the ICT benefits cannot be quantified at this stage. However benefits would include improved customer experience, operational cost saving and reduced capital expenditure, higher quality of IT service and increased resilience of service provision. It is also necessary to model a value for the benefits to balance the costs that have been allowed for in the transition.

The operational cost savings and reduction of capital expenditure would be as a direct result of rationalising the number of IT systems, business applications, security and end user support from six councils to a single entity. The cost of IT and the number of staff resources required to support it would be expected to decrease over time. FTEs are assumed to reduce by 40%¹ over time in line with reduced IT applications and systems. Without the ICT FTE remuneration for the six councils, the 40% efficiency is unable to be determined at this time.

Through the work undertaken as part of the Wellington reorganisation, Stimpson and Co have undertaken a sensitivity analysis on the ICT costs for two options and based on an ICT cost of \$90 million have estimated the Net Present Value at \$200 million and payback period of 5 years. Without a detailed investigation of systems, processes and the future state of the IT system and support it is not considered possible to model the benefits as arising at a similar rate however to retain consistency with the estimated costs and the basis for them benefits have been modelled as arising over the long term and a rate of \$10M per annum.

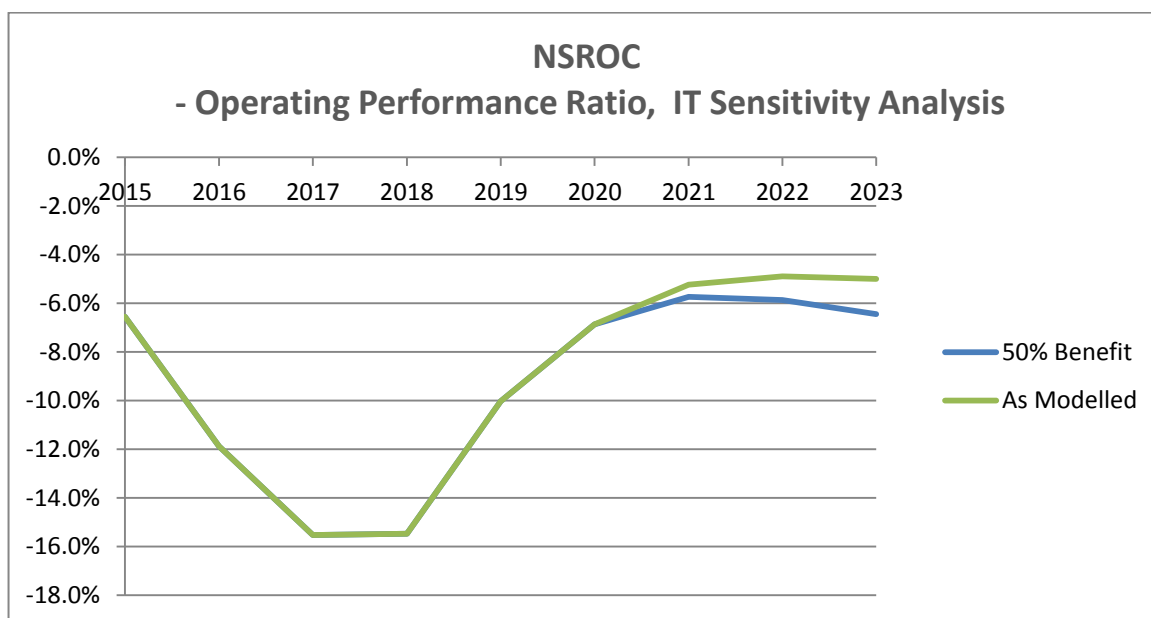
Sensitivity Analysis

Due to the high level of uncertain associated with the realisation of IT benefits one additional scenario has been modelled to demonstrate the overall impact on the financial sustainability of the IT benefits being realised.

The impact on the merged council is set out by reference to the Operating Performance Ratio.

Benefits at 50%

Realising only 50% of the IT benefits affects the merged council's operating performance by approximately \$3.5 million per annum from 2021.



3.4. Materials and contracts (\$5.1M)

The opportunity for efficiencies in procurement is created through the consolidation of buying power and the ability to formalise and manage supplier relationships more effectively when moving from six councils to one. An estimate needs to take into account that the councils currently engage in some collective procurement including through NSROC and SHOROC shared and panel contracts but that the process also identified a large number of services contracted out by the councils which are not aligned or co-ordinated.

The increased scale and size of the infrastructure networks managed by the merged council would in our view lead to opportunities to reduce operational expenditure through making better strategic decisions (as distinct from savings arising from procurement).

Based on the analysis during the project and our experience the combined savings have been modelled in the short term at 1% and rising to 2% and then 3% over the medium and longer term.

3.5. Properties (\$28.4M)

There is an opportunity to rationalise and consolidate the property portfolio through assessing the property needs of the new entity and disposing of those properties no longer required for council purposes. The rationalisation of buildings in the first instance is likely to be corporate accommodation associated with the reduction in staff, other obvious areas would include the work depots (refer to Section 3.7).

The councils have a combined buildings portfolio of over \$698M and for the purposes of modelling the merged council it is assumed that the council would dispose of 5% of the building assets in the medium term. In the longer term savings in properties are achievable but should be carried out in a more strategic manner across the combined entity.

3.6. Works units

Staff (\$2.6M)

Based on our experience of reviewing a large number of works units across NSW we have found significant savings in all organisations that we have reviewed. As such it is reasonable to assume that a reduction in staff in the order of 20% across the works areas will be easily achieved in the medium term to reflect the duplication of services across the depots. We note the very low number of outdoor staff at Mosman.

Redundancy costs have been modelled in for all works staff based on an average of 26 weeks.

Following the end of the natural attrition period redundancies would be applied to reduce staffing levels to those identified above.

Plant and Fleet (\$6M – one off)

Based on our experience of reviewing a large number of works units across NSW, most councils have significantly more plant and equipment than reasonably required to undertake their day to day functions. As such, it is reasonable to assume that a reduction in plant and fleet in the order of 20% would be achievable should there be an amalgamation of councils.

4 Services and Service Levels

Typically merged councils see an increase in staff associated with rises in services and service levels. Research conducted for the Independent Review Panel noted that each of the councils involved in the 2004 NSW mergers had more staff after the merger than the combined councils together³⁷ and an average over the period of 2002/3 to 2010/11 of 11.7%.

An allowance has been made for a 2% increase in staff from year 4 onwards (i.e. after the period of natural attrition).

5 Transition costs

The formation of the new entity from the current state of the six councils to one will require a transition to ensure that the new entity is able to function on Day 1. This section identifies tasks to be undertaken and estimates transitional costs that are benchmarked against the Auckland Transition Agency (ATA) results and the costs as estimated by Stimpson & Co.³⁸ for the proposed Wellington reorganisation.

In the transition to an amalgamated entity there are a number of tasks that need to be undertaken to ensure that the new entity is able to function from Day 1 with minimal disruption to customers and staff. The types of tasks and objectives are summarised in the table below:

³⁷ Assessing processes and outcomes of the 2004 Local Government Boundary Changes in NSW, Jeff Tate Consulting

³⁸ Report to Local Government Commission on Wellington Reorganisation Transition Costs, Stimpson & Co., 28 November 2014

Governance	<ul style="list-style-type: none"> • Developing democratic structures (council committees) • Establishing the systems and processes to service and support the democratic structure • Developing the governance procedures and corporate policy and procedures underlying elected member and staff delegations • Developing the organisational structure of the new organisation
Workforce	<ul style="list-style-type: none"> • Developing the workforce-related change management process including new employment contracts, location and harmonisation of wages • Establishing the Human Resource capacity for the new entity and ensuring all policies, processes and systems are in place for Day 1 • Ensuring that positions required
Finance and Treasury	<ul style="list-style-type: none"> • Ensuring that the new entity is able to generate the revenue it needs to operate • Ensuring that the new entity is able to satisfy any borrowing requirements • Ensuring the new entity is able to procure goods and services • Developing a methodology for interim rates billing and a strategy for rates harmonisation • Developing a plan for continued statutory and management reporting requirements • Developing a financial framework that complies with legislative requirements
Business Process	<ul style="list-style-type: none"> • Planning and managing the integration and harmonisation of business processes and systems for Day 1 including customer call centres, financial systems, telephony systems, office infrastructure and software, payroll, consent processing etc. • Developing an initial ICT strategy to support the Day 1 operating environment that includes the identification of those processes and systems that require change • Developing a longer term ICT strategy that provides a roadmap for the future integration and harmonisation of business processes and systems beyond Day 1
Communications	<ul style="list-style-type: none"> • Ensuring that appropriate communication strategies and processes are in place for the new entity • Developing a communication plan for the transition period that identifies the approach to internal and external communication to ensure that staff and customers are kept informed during the transition period
Legal	<ul style="list-style-type: none"> • Ensuring any legal risks are identified and managed for the new entity • Ensuring that existing assets, contracts etc. are transferred to the new entity • Ensuring all litigation, claims and liabilities relevant to the new entity are identified and managed
Property and Assets	<ul style="list-style-type: none"> • Ensuring that all property, assets and facilities are retained by the new entity and are appropriately managed and maintained • Ensuring the ongoing delivery of property related and asset maintenance services are not adversely impacted on by the reorganisation • Facilitating the relocation of staff accommodation requirements as required for Day 1
Planning Services	<ul style="list-style-type: none"> • Ensuring the new entity is able to meet its statutory planning obligations from Day 1 and beyond • Ensuring that the entity is able to operate efficiently and staff and customers understand the planning environment from Day 1 • Developing a plan to address the statutory planning requirements beyond Day 1
Regulatory Services	<ul style="list-style-type: none"> • Ensuring that Day 1 regulatory requirements and processes including consenting, licensing and enforcement activities under statute are in place • Ensuring that business as usual is able to continue with minimum impact to customers from Day 1 and beyond

Customer Services	<ul style="list-style-type: none"> • Ensuring no reduction of the customer interaction element – either face to face, by phone, e-mail or in writing from Day 1 and beyond • Ensuring no customer service system failures on Day 1 and beyond • Ensuring that staff and customers are well informed for Day 1 and beyond
Community Services	<ul style="list-style-type: none"> • Ensuring that the new entity continues to provide community services and facilities • Ensuring that current community service grant and funding recipients have certainty of funding during the short term

Note - This is not an exhaustive list but provides an indication of the type of work that needs to be undertaken during the transition period.

The transition costs are those costs incurred, during the period of transition, to enable the establishment of the new entity and to ensure that it is able to function on Day 1. The estimated transition costs for establishment of a new entity are discussed below.

5.1. Transition body (\$11M)

In the case of Auckland, the ATA was established to undertake the transition from nine councils to one entity. In order to undertake the transition the ATA employed staff and contractors and it had other operational costs such as rented accommodation, ICT and communications. The cost of the ATA in 2009 was reported at \$36 million and it is important to note that a substantial number of staff were seconded to the ATA from the existing councils to assist with undertaking the transition tasks. The cost of these secondments and support costs was at the cost of the existing councils and not the ATA.

The work undertaken for the reorganisation of Wellington identified the cost of the transition body as \$20.6 million⁴ and on the assumption of FTEs to transition body costs for Wellington, the estimated cost of the transition body for the merger is \$11 million. This figure may be understated and is dependent on the governance structure adopted and other unknown factors that may influence the cost of the transition body. The cost of staff secondment and support costs from existing councils to the transition body is not included in the cost estimate.

In this case there will be additional costs associated with ‘splitting’ Ryde including the staff, assets, finances (including investments, debt, liabilities). An allowance of \$2M has been made for additional costs over and above the typical transitional costs expects in a merger.

5.2. ICT (\$55 - 80M)

The costs associated with ICT for the new entity relate to rationalising the six existing councils ICT infrastructure, business applications, security and end user support for the single entity. The full rationalisation of IT systems based on other amalgamation experience will not occur for Day 1 of the new entity and could take anywhere between three to five years to finalise depending on the complexities of the preferred system. However there are some critical aspects for the new entity to function on Day 1 including the ability to make and receive payments, procurement and manage staff so there are ICT costs incurred during the transition.

Estimating the costs for ICT is inherently difficult due to the complexities associated with integrating systems and applications, and not knowing what the new entity may decide on as a future system. With the limited time to undertake this report the ICT costs have thus been based on the proposed Wellington reorganisation. A number of ICT scenarios were explored by Deloitte³⁹ for Wellington and the WNTA scenario most closely resembles the Northern Sydney situation has an estimated ICT cost of between \$55 million and \$80 million. The estimated cost

³⁹ Wellington Local Government Reorganisation Options – Transition Costs and Benefits for Technology Changes, Deloitte, September 2014

is split between those costs incurred during the transition of \$10 to \$20 million and the implementation costs post Day 1 of \$45 to \$60 million that would be the responsibility of the new entity.

Given the complexity of splitting Ryde the IT costs have been assumed to be at the higher end of the scale and at \$75 million.

5.3. Business Process (existing Council budget)

As part of ensuring the entity is functional on Day 1 is the requirement to redesign the business processes of the existing councils to one that integrates with the ICT systems. This would include the likes of consents, licensing and forms to replace that of the existing councils. In the case of Auckland these tasks were largely undertaken by staff seconded to the transition body, the cost of which was not identified as it was a cost picked up by the nine existing councils.

5.4. Branding (\$2M)

The new entity will require its own branding and as part of this a new logo will need to be designed. Once agreed there will be a need to replace some existing signage of the six councils for Day 1 of the new entity on buildings, facilities and vehicles. In addition it will be necessary to replace the existing website, staff uniforms, letterheads, brochures, forms and other items. The estimated cost for branding is \$2M based on other amalgamation experience.

5.5. Redundancy Costs (\$5.7M)

This is based on a reduction in from six General Managers to one for a merged council and reduction of senior contracted Staff is based on employment contracts with a redundancy period of 38 weeks, and based on the Councils' respective Annual Reports 2013/14.

5.6. Remuneration Harmonisation (\$4M)

The remuneration, terms and conditions for staff would need to be reviewed as part of the transition as there is currently a variation in pay rates and conditions across the six councils. In order to estimate the cost of wage parity for moving to a single entity, the average employee costs for similar councils have been compared to that of the combined councils combined as well as between the six councils.

5.7. Elections

There is a possibility of proportional savings in existing council budgets as instead of six separate elections there will be one for the new entity. However the costs of the election are likely to be higher than for future elections as there will need to be additional communication and information provided to voters to inform them of the new arrangements. The costs will also be dependent on the future governance structure, as was the case in the Auckland amalgamation the election costs were more than the budgeted amounts from the previous councils. For the purposes of the transition costs, no additional budget has been allowed for assuming there is sufficient budget in the six councils.

5.8. Interest

Transitional costs have been assumed to be funded through debt rather than using existing Council reserves. An interest cost of 6% has been applied with the debt repaid from surpluses generated by the merged council in future years. A review of the councils LTFP assumptions showed a range of between 6.2 and 6.5% allowed for as the interest rates. Given the short term nature of the loan a figure of 6% has been used.

Once the merged council produces surpluses then interest at 4% has been applied to cash surpluses. A review of the councils LTFP assumptions showed a range of between 2.5% - 4.5% allowed for as interest on investments.

Appendix D Variation from Efficiencies realised Assumptions

2 Corporate services

2.1 Rationalisation of duplicate services

No reduction in staff for duplicated services meaning no change in staff levels for Finance, HR, Legal, and Communications

3 Areas for further efficiency

3.1 Management

No reduction in staff in management positions e.g. Tier 3 and Tier 4

3.2 Staff Turnover

No natural attrition factored in as the model assumes no reduction in staff numbers is required. There is therefore no logic in applying natural attrition to reduce numbers and the assumption is that staff who leave will be replaced.

3.5 Properties

No rationalisation of council properties

3.6 Works units

Staff

No reduction in staff

Plant and Fleet

No reduction in plant and fleet

Appendix E Further Assumptions

Services and service levels remain the same in the merger unless specifically stated otherwise.

Any costs and benefits (financial, social or otherwise) from an extended governance framework e.g. Community Boards have not been allowed for.

The City of Ryde has been split based on the recommendation of the Independent Review Panel recommendation. No detail was provided by the Panel other than the 'eastern two thirds of Ryde' and a split has been made using logical boundaries conforming to this.

Apportionment of assets, finances and population was then made based on the assumed boundary. The merger include approximately 68% of the population of the existing Ryde Council and 65% of the properties

Appendix F Detailed Community Profile

**The Communities of
Hunters Hill, Lane Cove, Mosman
North Sydney, Ryde Willoughby**

May 2015

achieving
results
in the public sector

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1. INTRODUCTION

A desktop review of the communities of Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde⁴⁰ and Willoughby has been undertaken in order to understand the current demographic composition of the area, the similarities and differences between the council areas, and the interrelationships and communities of interest that currently exist within the area. The key sources of information for the desktop review were ABS Census Data, population, household and dwelling projections prepared by NSW Department of Planning and Environment⁴¹, along with the analysis contained in the *New South Wales Local Government Areas: Similarities and Differences, A report for the Independent Local Government Review Panel* (NIER, March 2013) report⁴².

Communities of interest and geographic cohesion are important considerations for any boundary adjustment process under Section 263 of the Local Government Act 1993. In particular, in the case of a proposal for the amalgamation of two or more areas, there is a need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented (Section 263(e5), Local Government Act 1993).

Communities of interest are more likely to have similar interests and needs from their council, whereas people who do not share a community of interest are more likely to have different needs from their council.

2. SUMMARY OF KEY SIMILARITIES AND DIFFERENCES

There are a number of similarities and differences between the areas, including:

Demographic

- All council areas have a higher proportion of residents with a Bachelors or Higher Degree and a higher Year 12 completion rate than for the Greater Sydney Area
- All six are areas of low socio-economic disadvantage as measured by the SEIFA Index of Disadvantage; with all areas ranked amongst the 20 least disadvantaged council areas in New South Wales and Mosman, Lane Cove, North Sydney and Hunters Hill ranked in the 10 least disadvantaged council areas
- Ryde and Willoughby are more ethnically diverse in comparison to the other areas with just over half of residents born in Australia

Labour Market and Economy

- All six council areas belong to a cluster of councils characterised by low unemployment, however measured, reasonably high work availability and high average earnings (NIER, March 2013)
- Residents of all six areas tend to work in professional occupations and to be employed in similar industries; with professional, scientific and technical services the most common industry of employment

⁴⁰ The whole of Ryde has been included in this report

⁴¹ <http://www.planning.nsw.gov.au/en-au/deliveringhomes/populationandhouseholdprojections/data.aspx>

⁴² http://www.localgovernmentreview.nsw.gov.au/documents/lgr/NSW%20Local%20Government%20Areas_%20Similarities%20and%20Differences%20-%20March%202013.pdf

- North Sydney, Ryde and Willoughby are areas with high concentrations of businesses and employment relative to Hunters Hill, Lane Cove and Mosman

Urban Environment

- North Sydney has a much higher proportion of high density housing, relative to the other council area; with a greater proportion of renters and more group households
- Hunters Hill has a higher proportion of low density housing, relative to the other council areas

3. POPULATION SUMMARY

3.1. Current Base Information

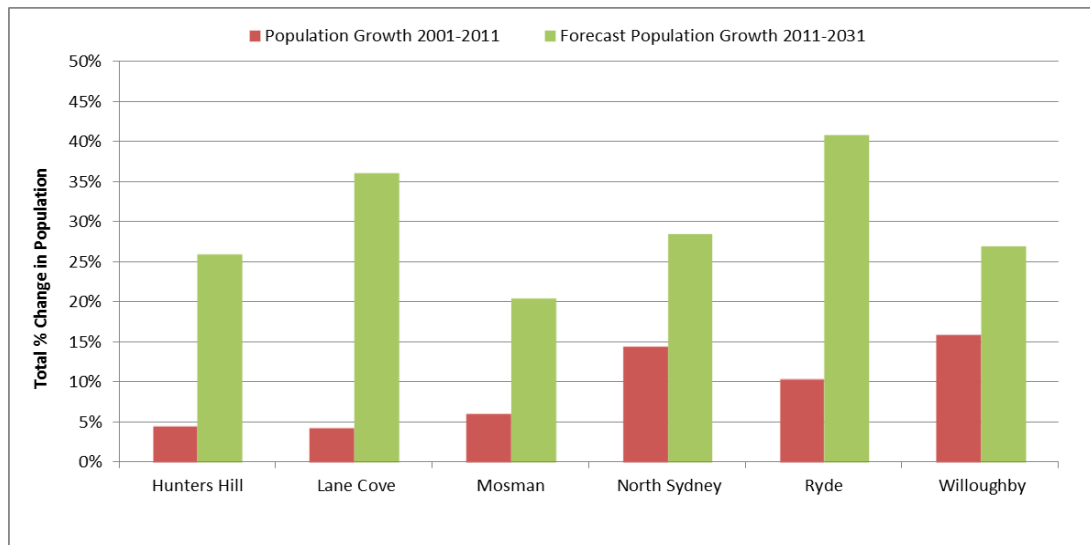
	Population (ERP June 2013)	Number of Households	Land Area (hectares)	Population Density
Hunters Hill	14,491	4635	600	24.15
Lane Cove	33,996	13,280	1,100	30.91
Mosman	29,983	12,896	870	34.46
North Sydney	69,248	34,896	1,090	63.53
Ryde	112,545	41,679	4,065	27.69
Willoughby	73,155	28,019	2,260	32.37
Total	333,418	135,405	9,985	33.39

3.2. Population Growth and Forecasts

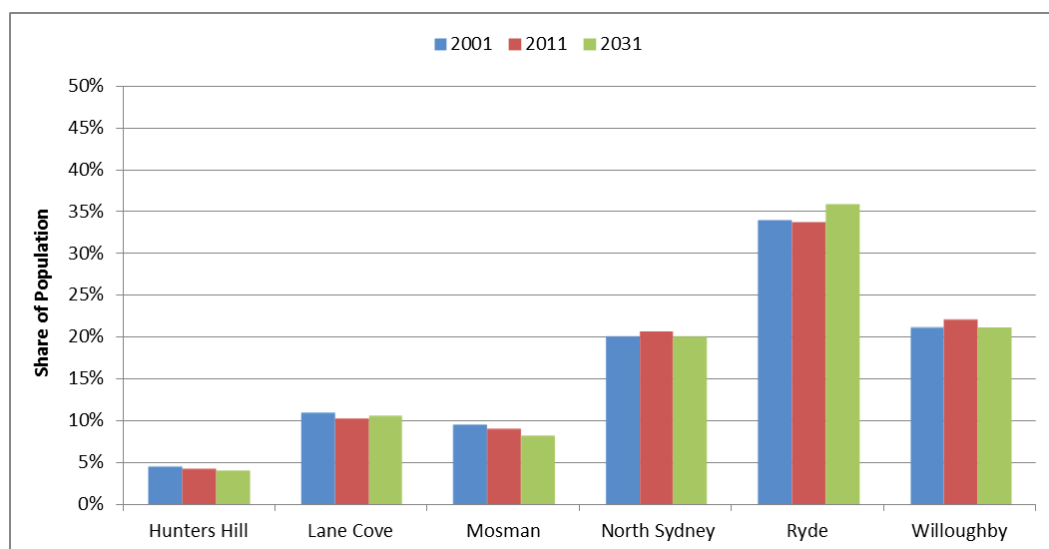
Analysis of the census data and the NSW Department of Planning and Environments Population forecasts has been undertaken to identify the future population growth within the area. All six local government areas (LGAs) will accommodate a share of the State's growth with an overall population increase of 32.3% or around 104,050 people by 2031, across the whole area.

In the 30 year period between 2011 and 2031 Ryde is forecast to experience the highest level of growth at around 41%, followed by Lane Cove with growth of around 36%. North Sydney, Willoughby and Hunters Hill are forecast to experience growth of around 29%, 27% and 26% respectively. Mosman is forecast to grow at a slightly lower rate of around 20% between 2011 and 2031.

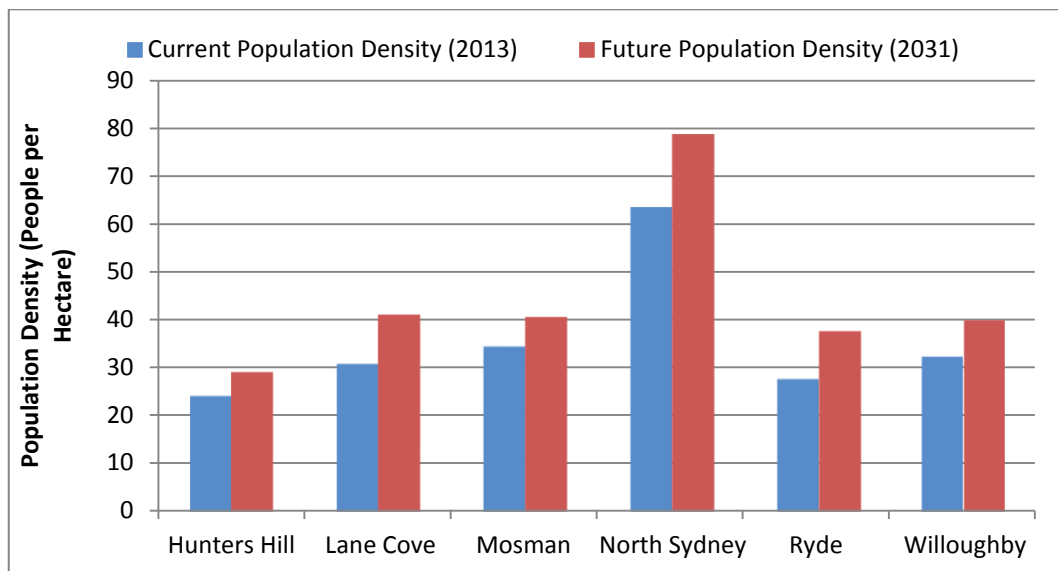
Population growth in Lane Cove, Mosman, Ryde and Willoughby is forecast to be the result of a balance of new births and overseas arrivals. Population growth in North Sydney is forecast to be the result of overseas arrivals, while growth in Hunters Hill is forecast to result from a balance of new births and internal migration (NIER, March 2013).



Ryde will continue to have a greater share of the population across the six Councils and this will increase slightly by 2031.

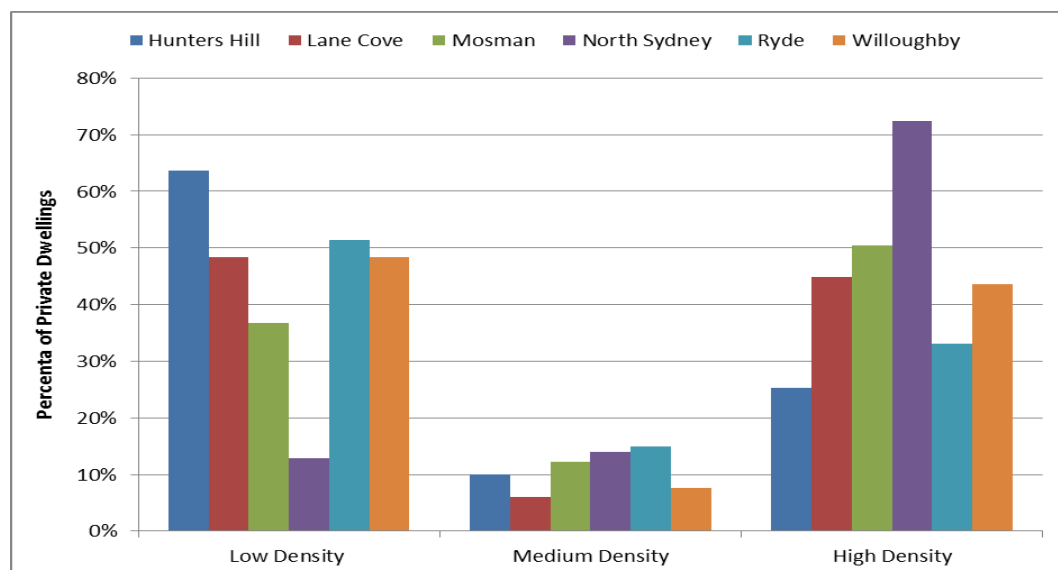


North Sydney has the highest population density at 64 persons per hectare and by 2031 this is expected to be 79 persons per hectare. Population density for Lane Cove, Ryde and Willoughby will increase at a similar rate and is expected to be around 40 persons per hectare by 2031. Hunters Hill will continue to have the lowest population density with around 29 persons per hectare by 2031.

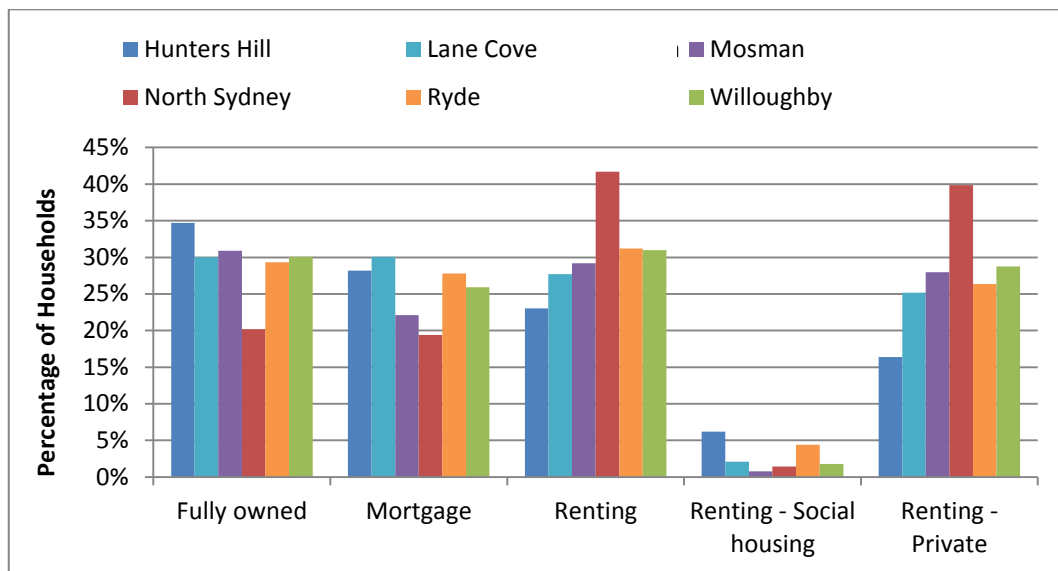


3.3. Dwellings

Hunters Hill has a high proportion of low density housing relative to medium and high density housing. Lane Cove and Willoughby have similar levels of low density and high density housing and relatively little medium density housing. North Sydney has a high proportion of high density housing with almost 75% of housing high density housing.



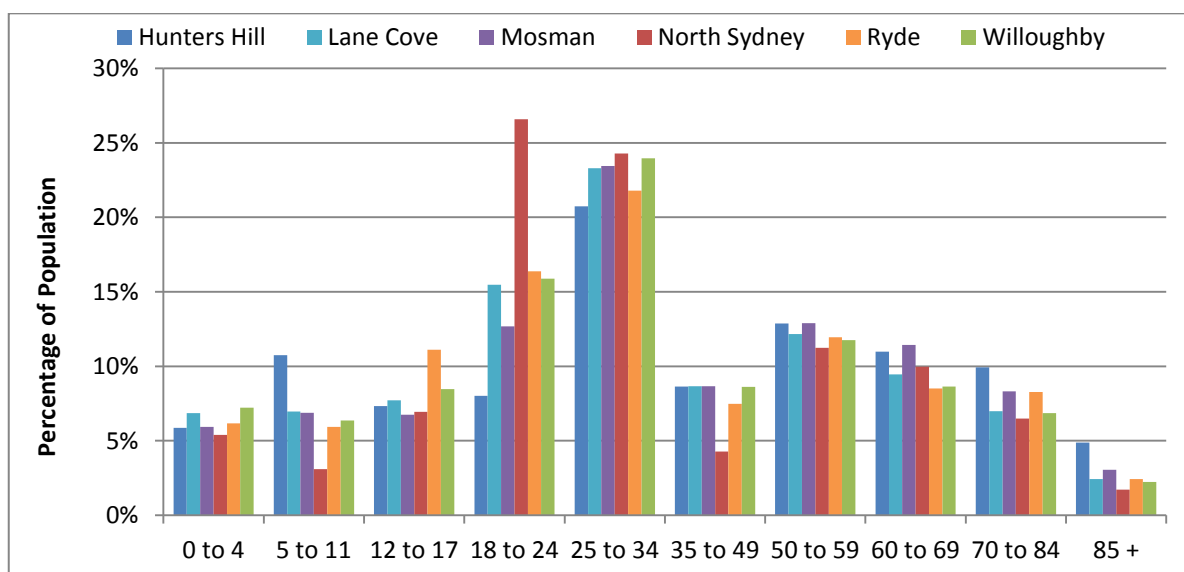
The majority of households either fully own or own their own home with a mortgage. North Sydney has a higher proportion of renters than the other areas. Hunters Hill has the highest proportion of households who own their home outright. Of those who are renting, the majority rent from a private landlord. Hunters Hill has the highest proportion living in rented social housing (6.2%), followed by Ryde (4.4%).



3.4. Age Structure

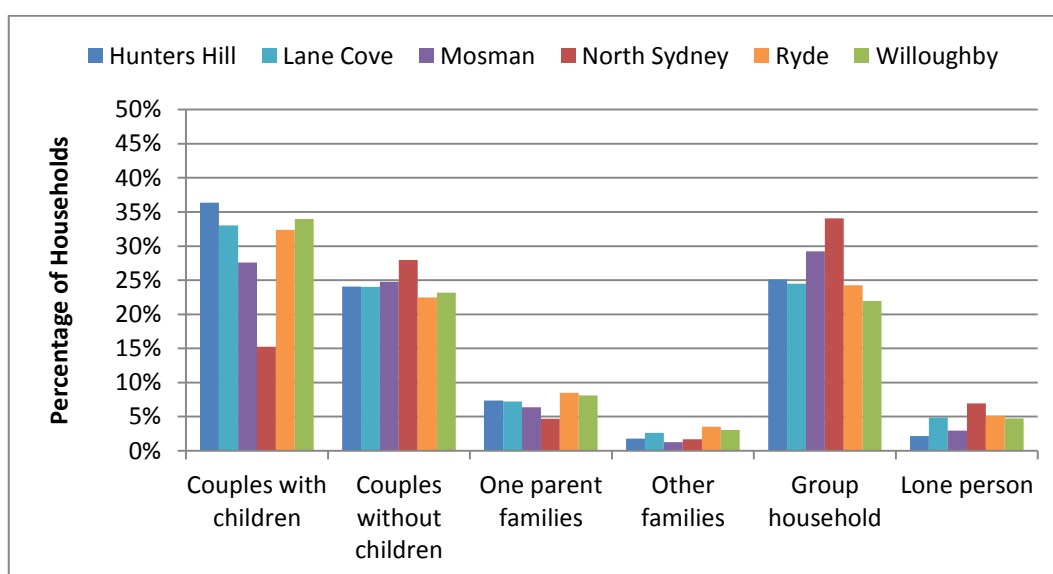
Different age groups have different service needs and preferences. The age structure of a community provides and insight into the level of demand for aged based services and facilities as well as the key issues on which local government will need to engage with other levels of government in representing their community.

Lane Cove, Mosman and Willoughby belong to a cluster of councils that have average proportions of children and elderly and reasonable retention rates for young adults. Hunters Hill belongs to a cluster of councils which have a very high ratio of older residents; this is evident in the relatively high proportion of residents aged 70 years and over. North Sydney and Ryde belong to a cluster of councils with a low ratio of children to adults of parenting age and a low proportion of elderly (NIER, March 2013). North Sydney has a much higher proportion of residents aged 18 to 24 years of age, relative to the other council areas.



3.5. Household Types

North Sydney has the highest proportion of group households (34%) and Willoughby has the lowest (22%). North Sydney also has the highest proportion of couple without children households (28%); in all of the other council areas between 23% and 25% of all households are couples without children. In Hunters Hill, Lane Cove, Ryde and Willoughby couple with children households are most common. All areas have relatively few lone person households and lone parent families.



4. CULTURE

4.1. Birthplace

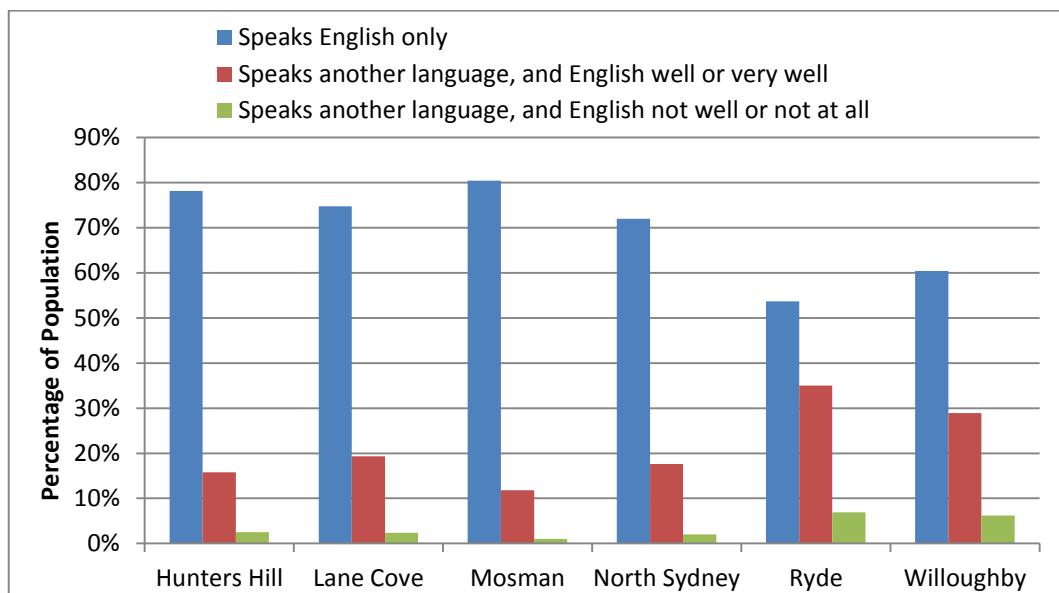
The following table shows the proportion of Australian born residents in each of the four areas and the four most common countries of birth, after Australia, for each of the four council areas. Ryde and Willoughby have the lowest proportion of Australian born of the six council areas and Hunters Hill has the highest. In Hunters Hill, Lane Cove, Mosman and North Sydney England is the most common country of birth after Australia. In Ryde and Willoughby, China is the most common country of birth after Australia.

	Born in Australia	1	2	3	4
Hunters Hill	72.9%	England (4.6%)	China (2.5%)	New Zealand (1.9%)	Italy (1.3%)
Lane Cove	65.9%	England (5.5%)	China (2.9%)	New Zealand (2.5%)	India (1.9%)
Mosman	65.3%	England (9.8%)	New Zealand (3.4%)	United States of America (2.0%)	South Africa (1.9%)
North Sydney	60.0%	England (7.6%)	New Zealand (3.6%)	China (2.4%)	Japan (1.8%)
Ryde	55.7%	China (10.0%)	Republic of Korea (3.5%)	Hong Kong (2.7%)	India (2.7%)
Willoughby	55.5%	China (7.4%)	England (4.5%)	Republic of South Korea (3.5%)	Hong Kong (3.5%)

4.2. Language

In all areas the majority of the population speak only English at home; in Hunters Hill, Lane Cove, Mosman and North Sydney over 70% speak only English at home. Ryde has the highest proportion of residents who speak both English and another language at home (35%) followed by Willoughby (29%).

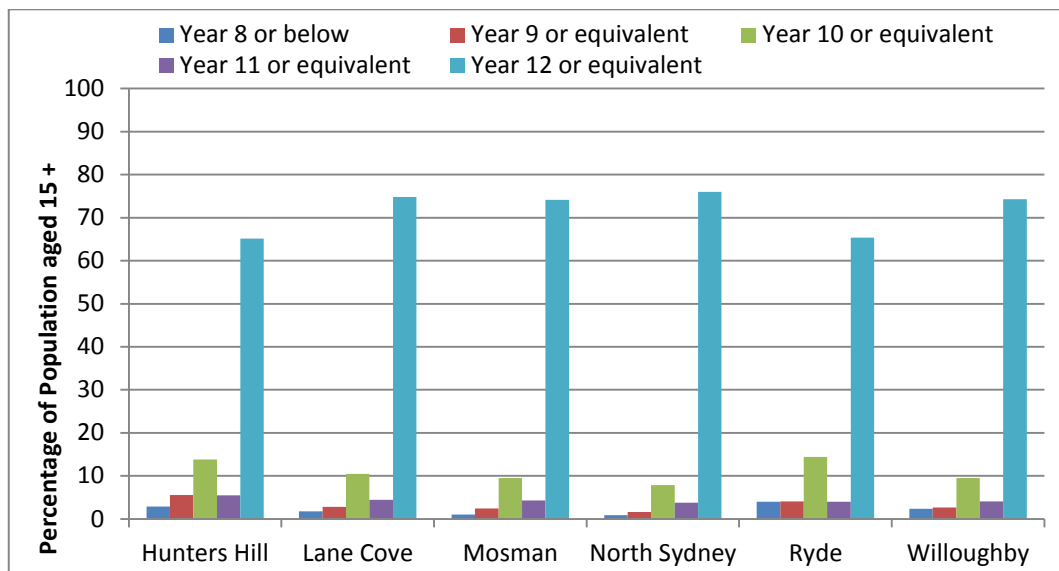
Ryde and Willoughby have the highest proportion of people who speak another language and do not speak English well or at all (7% and 6% respectively).



5. EDUCATION

5.1. School Completion

School completion data is a useful indicator of socio-economic status. Combined with educational qualification it allows an assessment of the skill base of the population. The Year 12 completion rate in Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby is higher than for Sydney as a whole (55%). Of the six areas North Sydney has the highest Year 12 completion rate at 76% and Hunters Hill and Ryde have the lowest Year 12 completion rate at 65%.

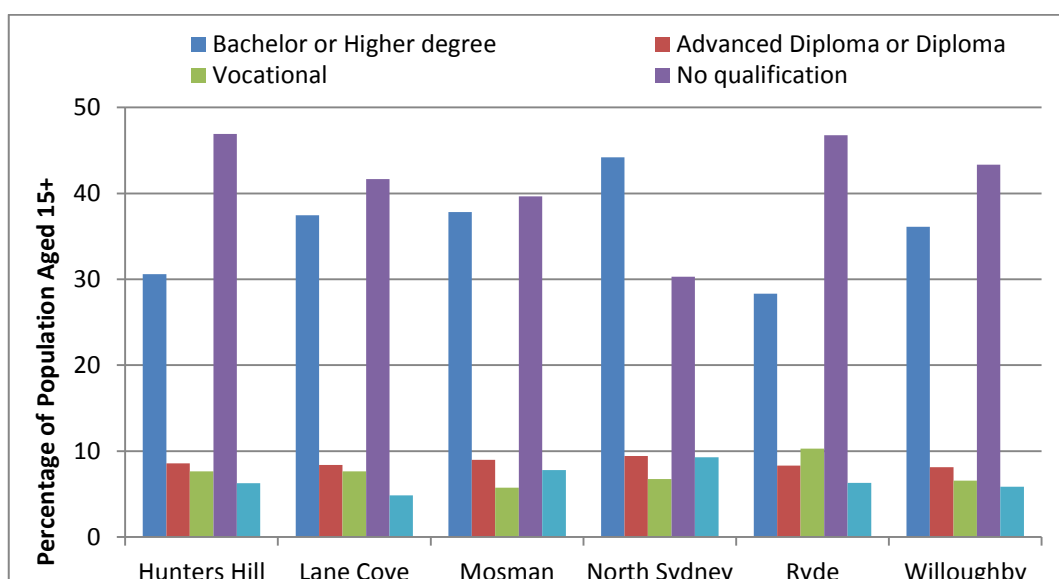


5.2. Post School Qualifications

Post school educational qualifications relate to educational achievement outside primary and secondary school and are an important indicator of socio-economic status.

Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby have a higher proportion of residents with a Bachelors or Higher Degree than for the whole of Greater Sydney (20%).

North Sydney has the highest proportion of residents with a Bachelor or Higher Degree, while Ryde has the lowest proportion of residents with a Bachelor or Higher Degree, of the six council areas. North Sydney (30%) and Mosman (40%) have a lower proportion of residents with no qualifications than Greater Sydney (42%) while Lane Cove has the same proportion of residents with no qualifications as Greater Sydney. Hunters Hill (50%), Ryde (47%) and Willoughby (43%) have a higher proportion of residents with no qualifications than Greater Sydney.



6. LABOUR MARKET

6.1. Employment Status

In all six council areas, over 85% of residents aged 15 years and over are employed, with around 60% in full-time employment. The similarities and differences study found that all six areas belong to clusters of councils characterised by low unemployment, however measured, low social security take up, reasonably high work availability and high average earnings (NIER, March 2013).



6.2. Industries of Employment

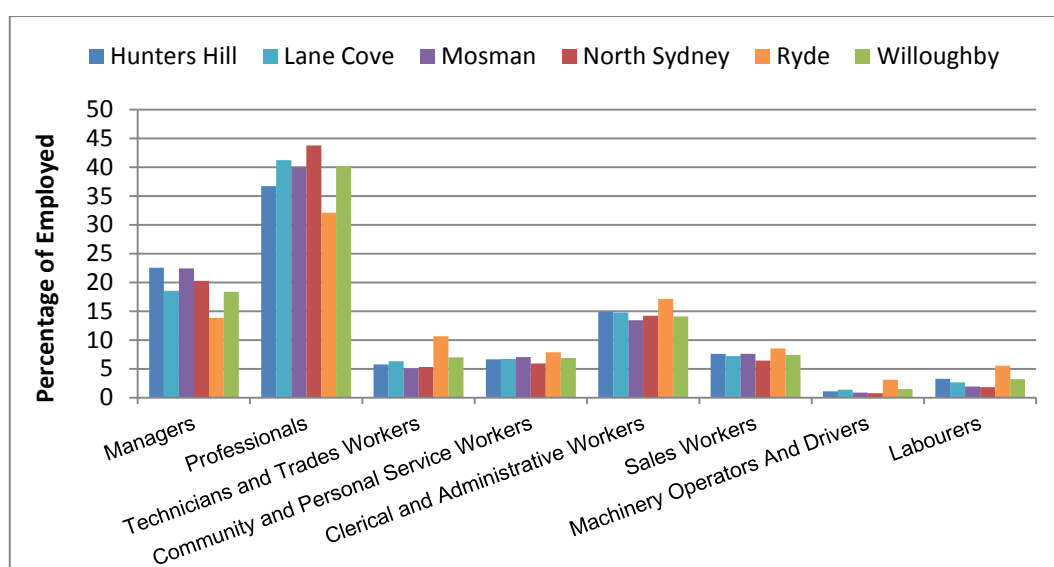
The table below shows the most common industries of employment in each of the areas. Professional, Scientific and Technical Services are the most common industries of employment in all six council areas. Health Care and Social Assistance, Financial and Insurance Services, Education and Training and Retail Trade are also common industries of employment for all areas.

	1	2	3	4	5
Hunters Hill	Professional, Scientific and Technical Services	Health Care and Social Assistance	Financial and Insurance Services	Education and Training	Retail Trade
Lane Cove	Professional, Scientific and Technical Services	Health Care and Social Assistance	Financial and Insurance Services	Education and Training	Retail Trade
Mosman	Professional, Scientific and Technical Services	Financial and Insurance Services	Health Care and Social Assistance	Retail Trade	Education and Training
North Sydney	Professional, Scientific and Technical Services	Financial and Insurance Services	Health Care and Social Assistance	Education and Training	Information Media and Telecommunications

	1	2	3	4	5
Ryde	Professional, Scientific and Technical Services	Health Care and Social Assistance	Retail Trade	Education and Training	Financial and Insurance Services
Willoughby	Professional, Scientific and Technical Services	Financial and Insurance Services	Health Care and Social Assistance	Retail Trade	Education and Training

6.3. Occupations

In all six council areas the majority of residents work in professional occupations. Managers, followed by clerical and administrative workers are the next most common occupational groups.



7. HOUSEHOLD INCOME AND WEALTH

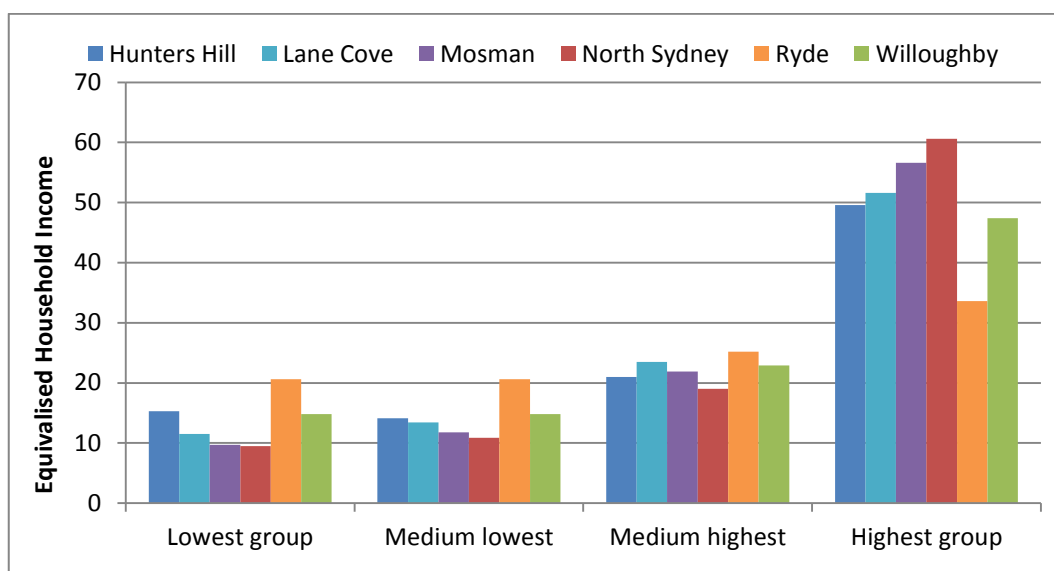
Hunters Hill, Mosman and North Sydney belong to a cluster of councils characterised by high income with wages and salary accounting for around half and property accounting for around a third of disposable income (NIER, March 2013). Lane Cove, Ryde and Willoughby belong to a cluster of councils with wages and salary accounting for a high proportion of disposable income and property income accounting for around 25% of disposable income (NIER, March 2013).

7.1. Equivalised Household Income

Equivalised income puts all households on an equal footing independent of household size and composition to enable a true comparison between areas over time. It is an indicator of the income resource available to a household of standard size and is the best measure of the changing economic fortunes of households living in an area.

Ryde has the highest proportion of households in the lowest two income quartiles while North Sydney has the highest proportion of households in the highest income quartile. The majority of households in Lane Cove (52%), Mosman (56%) and North Sydney (47%) are in the highest

income quartile. Just below half of all households in Hunters Hill (49%) and Willoughby (47%) are in the highest income quartile.



8. SOCIOECONOMIC DISADVANTAGE

The SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of census characteristics. It is a good place to start to get a general view of the relative level of disadvantage of one area compared to others and is used to advocate for an area based on its level of disadvantage.

The index is derived from attributes which reflect disadvantage such as low income, low educational attainment, high unemployment and jobs in relatively unskilled occupations.

Lower scores on the index reflect higher levels of disadvantage, while higher scores indicate greater advantage. The SEIFA index provides a ranking of all 152 NSW council areas, where 1 is the most advantaged.

Mosman is the most advantaged of the six council areas with a rank of 2 in New South Wales. Mosman, Lane Cove, North Sydney and Hunters Hill are all ranked in the top ten least disadvantaged councils in the State.

	SIEFA Rank
Hunters Hill	9
Lane Cove	4
Mosman	2
North Sydney	5
Ryde	20
Willoughby	11

9. LOCAL ECONOMIC FEATURES

9.1. Gross Regional Product

In overall gross terms North Sydney has the largest total economic output followed by Ryde; Hunters Hill has the smallest total economic output in gross terms. North Sydney also has the highest economic productivity relative to population size. However, on a per capita basis Mosman has the highest economic productivity per worker and Ryde has the highest economic productivity per local business.

Willoughby has the lowest economic productivity per worker while Hunters Hill has the lowest economic productivity relative to population size and the lowest economic productivity relative to the number of local businesses.

Local Govt. Area	GRP 2013/14	GRP per Capita Worker	GRP per Capita Population	GRP per Capita Businesses
	\$m	\$	\$	\$
Hunters Hill	756	158,192	52,170	416,759
Lane Cove	3,071	154,159	90,334	725,319
Mosman	1,853	183,975	61,802	460,373
North Sydney	16,138	181,413	233,046	1,115,890
Ryde	14,106	158,070	125,337	1,357,390
Willoughby	9,333	148,757	127,578	826,734

9.2. Size of Workforce

The number of local jobs and the number of businesses in each area is shown in the figure below. Hunters Hill has the lowest number of local jobs and the lowest number of businesses in the area. Ryde has the highest number of local jobs followed by North Sydney while North Sydney has the highest number of businesses in the area followed by Willoughby.

	Local Jobs (2013/14)	Number of Businesses (2012/13)
Hunters Hill	4,779	1,814
Lane Cove	19,921	4,234
Mosman	10,072	4,025
North Sydney	88,957	14,462
Ryde	89,239	10,392
Willoughby	62,740	11,289

10. INTERDEPENDENCE AND ECONOMIC RELATIONSHIPS

As outlined in the similarities and differences report, economic relationships and interdependency between council areas can be mapped by estimating the extent to which employment in each council area depends on economic activity in other council areas. The report concludes that New South Wales is held together by the relationship between each council area and the City of Sydney as a key provider of government and financial services. The City of Sydney also provides, retail, entertainment and other services to the metropolitan area.

10.1. Metro Commuter Clusters

According to the similarities and differences study North Sydney and Mosman belong to the inner ring commuter cluster, where more than 35% of the resident workforce is employed in the City of Sydney. Hunters Hill, Lane Cove, Ryde and Willoughby belong to the middle ring commuter cluster, where around 20<35% of the resident workforce is employed in the City of Sydney (NIER, March 2013).

10.2. Workers' Place of Residence

The most common places of residence for people employed in each of the council areas are shown below. In all four areas the highest proportion of workers also live in the area. Mosman has the highest proportion of workers who also live in the area while North Sydney has the lowest.

For Hunters Hill and Lane Cove, the next highest proportion of workers is drawn from within the Ryde Council area.

	First most common place of residence	Second most common place of residence
Hunters Hill	Hunters Hill - 25.5%	Ryde - 18.59%
Lane Cove	Lane Cove - 18.16%	Ryde - 6.85%
Mosman	Mosman - 34.69%	Warringah - 11.95%
North Sydney	North Sydney - 14.76%	City of Sydney - 6.58%
Ryde	Ryde - 19.80%	Hornsby - 8.93%
Willoughby	Willoughby - 17.70%	Ku-ring-gai - 8.75%

10.3. Residents' Place of Work

The table below shows that Sydney City is the common place of work for residents of Hunters Hill, Lane Cove, Mosman, North Sydney and Willoughby. City of Sydney is the second most common place of work for residents of Ryde.

	Top Place of Work	Second most common place of work
Hunters Hill	Sydney - 26.2%	Hunters Hill - 16.7%
Lane Cove	Sydney - 28.51%	Lane Cove - 17.03%
Mosman	Sydney - 36.61%	Mosman - 20.68%
North Sydney	Sydney - 37.64%	North Sydney - 26.14%
Ryde	Ryde - 27.85%	Sydney - 19.63%
Willoughby	Sydney - 29.75%	Willoughby - 26.19%

10.4. Migration Patterns

The following table shows in-migration from other council areas and out-migration to other council areas for each the four areas, between 2006 and 2011. Migration between different council areas provides some level of evidence of connections between adjacent council areas. Migration data shows that there has generally been some population movement between this grouping of councils. However the Similarities and Differences report notes that Ryde has a stronger connection to Parramatta than to the North Shore councils NIER, March 2013); this is supported by the migration data below.

	In-Migration - Highest Net Gains	Out-migration - Highest Net Losses
Hunters Hill	<ol style="list-style-type: none"> 1. Ryde 2. Canada Bay 3. Leichhardt 	<ol style="list-style-type: none"> 1. Ryde 2. Canada Bay 3. Sydney
Lane Cove	<ol style="list-style-type: none"> 1. North Sydney 2. Willoughby 3. Ku-ring-gai 	<ol style="list-style-type: none"> 1. Willoughby 2. Ryde 3. North Sydney
Mosman	<ol style="list-style-type: none"> 1. North Sydney 2. Ku-ring-gai 3. Sydney 	<ol style="list-style-type: none"> 1. North Sydney 2. Warringah 3. Manly
North Sydney	<ol style="list-style-type: none"> 1. Ku-ring-gai 2. Willoughby 3. Mosman 	<ol style="list-style-type: none"> 1. Willoughby 2. Mosman 3. Sydney
Ryde	<ol style="list-style-type: none"> 1. Parramatta 2. Hornsby 3. Canada Bay 	<ol style="list-style-type: none"> 1. Parramatta 2. Hornsby 3. The Hills Shire
Willoughby	<ol style="list-style-type: none"> 1. North Sydney 2. Ku-ring-gai 3. Sydney 	<ol style="list-style-type: none"> 1. Ku-ring-gai 2. North Sydney 3. Warringah

11. POLITICAL PARTY COMPOSITION

11.1. Local Government

The composition of each elected council is shown in the table below.

	Liberal	Labour	Greens	Independent	Unaligned	Serving Mosman	Residents for Mosman
Hunters Hill				6	1		
Lane Cove	6			3			
Mosman				5		1	1
North Sydney				13			
Ryde	6	3		3			
Willoughby			1	12			

11.2. State and Federal Government

	State		Federal	
	Electoral District/s	Party	Electoral District/s	Party
Hunters Hill	Lane Cove	Liberal	North Sydney	Liberal
Lane Cove	Lane Cove, North Shore	Liberal, Liberal	North Sydney	Liberal
Mosman	North Shore	Liberal	Warringah	Liberal
North Sydney	North Shore, Willoughby	Liberal, Liberal	North Sydney, Warringah	Liberal, Liberal
Ryde	Ryde, Lane Cove	Liberal, Liberal	Bennelong	Liberal
Willoughby	Willoughby, North Sydney	Liberal, Liberal	North Sydney	Liberal

12. COMMUNITIES OF INTEREST OF THE NORTH SHORE COUNCIL AREAS

In addition to understanding the demographic similarities and differences within the North Shore Council areas, a high level review of features of communities of interest was undertaken in consultation with relevant staff from the councils as a way of supplementing the demographic data.

The framework for communities of interest was taken from the *The Concept of Community of Interest*⁴³ discussion paper prepared for the SA Department of Local Government in 1989. This defines a community of interest as:

“A group of people in a residential locality having one or more of the following three dimensions:

- 4 Perceptual – sense of belonging to an areas or locality which can be clearly defined*
- 5 Functional - the ability to meet with reasonable economy the community’s requirements for comprehensive physical and human services*
- 6 Political – the ability of the elected body to represent the interests and reconcile the conflicts of its members”*

Each of these dimensions was explored in respect of the North Shore communities with a view to identifying similarities and differences between communities of interest across the region.

The notes from the workshop follow, however the following general observations are made:

- Given their boundaries (main arterial roads and foreshore) Hunters Hill and Lane Cove appear to be quite contained communities with strong village identities
- Mosman is also bounded on three sides by harbour however as it contains the main thoroughfare between the city and the Northern Beaches it has a physical divide
- Ryde has a highly multicultural community and this creates identity and communities of interest around culture which is not reported as evident to the same extent in the other LGAs
- All areas report that communities tend to identify around centres or suburbs rather than local government boundaries. The exception being Mosman where the LGA is the suburb.
- All the communities tend to become united around issues which are similar across the areas, namely traffic, parking and development
- There are border crossings between many of the areas for education, retail, medical and employment, with all areas having significant attractors for outside visitation
- There are many examples of regional collaboration between various councils in this group. Mosman has been an active participant and contributor to SHOROC. It is noted that Ryde and Hunters Hill share some particularly interesting relationships and service arrangements including provision of library services by Ryde to Hunters Hill and funding of a skate park
- There are emerging communities of interest in different LGAs associated with new developments
- There are differences in council political structures and arrangements particularly around use of committees, public involvement with council meetings, approach to development assessment and political party composition

⁴³ <http://www.dlg.nsw.gov.au/DLG/DLGHome/documents/CommissionsTribunals/bconcept.pdf>

12.1. Perceptual Dimension

- Lane Cove Council residents identify with a strong “village” feel, with Mosman residents associating quite locally as well
- Hunters Hill was reported to not be quite as geographically based, often unsure of where local government boundaries lie
- All councils reported a general trend for residents to associate with “centres” rather than LGAs
- Ryde reported that due to its size its population is generally more spread and not concentrated around localities as much as the other areas
- The more multicultural nature of Ryde sees communities of interest based on cultural groupings
- There are a number of emerging communities of interest that will become increasingly significant over time, including St Leonards in the Lane Cove LGA, as well as Macquarie Park and two Urban Activation Precincts in Ryde
- The impact of transit LGAs was noted, with some areas having major thoroughfares which see large numbers of people passing through, and in some case creating a physical divide within their community. This was noted in Mosman as a key transit route for the Northern Beaches to the City, with Lane Cove having a stronger sense of “my space” from not being impacted by transit routes
- The split of suburbs between LGAs means that communities of interest are spread across local government boundaries
- It was noted that residents are often united around specific interests, which in many cases are very similar. Traffic, parking and urban density are key issues for residents across the LGAs. There are also concerns about loss of representation in amalgamation, and loss of localised decision making, such as on issues of development
- Ryde reported that their community is relatively well informed over planning and development issues, and are quite mobilised on issues of concern, with trees and environment being priorities
- Mosman reported a highly transient population of business workers in high-end rental properties which are hard to connect with, and who generally find their connections through their work rather than specific communities of interest within their LGA
- The following specific communities of interest were noted by the councils:
 - Lane Cove has a strong focus on bushcare and conservation, reporting a strong community of interest around bush. It was also noted that there were an increasing number of young families as well as large proportions of older people, which has created some conflict around use of public space as well as the need to overcome generational divide and isolation. Lane Cove Council has sought to build community identity and belonging through their “Love Where You Live” (work, play, swim) campaign
 - Mosman reported heritage and sporting clubs as issues and interests around which their community clusters. It was also noted that perceptions around wealth and exclusivity seem to create a community of interest however this is to the exclusion of many residents. The issue of social isolation amongst older residents was also noted. The development of their art gallery has seen an increase the development of arts and culture within that community
 - Ryde reported communities of interest around anti-development issues. There is also a strong multicultural presence and identity in Ryde, as well as a focus on cultural festivals. This was in contrast to Lane Cove where there is a high proportion of

residents from different cultural backgrounds but don't seem to cluster or have a strong cultural community feel, with groups less defined than Ryde. Ryde also has a strong focus on combating racism and is also a refugee welcome zone

- Hunters Hill also reported issues around perceptions of wealth and exclusivity, which has created something of a "us and them" feeling to the exclusion of residents such as those in public housing
- A number of the councils reported the existence of marginalised and disadvantaged communities, particularly those clustered through public housing. There are some clusters of communities with mental health issues, as well as frail aged people. The concern was about the lack of transportation and isolation in these communities, and lack of integration with other communities of interest in the LGAs

12.2. Functional Dimension

- Mosman reported that there is a peninsula effect in their LGA, with bounded on three sides by the harbour, with Military Road a physical divider in the area. Hunters Hills is also a peninsula LGA, with a bus service that is meant to meet the ferry but often doesn't
- There is also little point to point transport in Mosman, although a good community bus. It contains a number of destination points for external visitors, but there is not a lot of community space
- The boundaries of Lane Cove LGA are the main arterial roads and the river and harbour, with the village centre concentrating services and facilities. Most services are reported to run from this hub, with no other 'satellite' hubs in other parts of the LGA
- There are no public high schools in Lane Cove which means that this part of the community needs to leave to access school, and many people leave the area to work in the city. Bus services are reportedly poor, and transport down to the river has decreased
- Ryde is reported to have good public transport however hubs have evolved that don't really reflect transport systems so some areas that should be connecting aren't
- Mosman is not a hub in the same way as other areas, more of a strip, with a lack of community space
- Whilst each LGA has a number of facilities or localities that draw cross-boundary use, the following key facilities are noted:
 - Macquarie Park and Macquarie University in Ryde LGA
 - Taronga Zoo and Balmoral in Mosman
 - With the exception of Ryde, all LGAs host New Year's Eve events
 - Hunters Hill has 4 high schools and Mosman 2 (where Lane Cove has none)
 - St Leonards contains a medical hub complementing Royal North Shore Hospital, office and commercial space and light industry
 - Macquarie Park and Top Ryde Shopping Centre are major retail hubs in the Ryde LGA
 - There are two Urban Activation Precincts in the Ryde LGA
- There are numerous examples of regional collaboration across a range of services and functions, including:
 - Shared library services Shorelink, and Hunters Hill and Ryde share library
 - Ryde contributed to the development of a skate park in Hunters Hill
 - Catchment management services shared between Hunters Hill and Ryde
 - Community Visitor Scheme for the Lower North Shore
 - Joint road safety campaigns
 - NSROC – regional waste and sportsgrounds
 - SHOROC – road safety awareness and campaigns, waste, contracts

- DV Network, Child and Family, Youth, Multicultural Interagencies ADS networks
- Children's Services shared facilities and joint initiatives
- Guringai Festival
- It was noted that there is a general preference within communities for particular services or facilities to be housed within the local area

12.3. Political Dimension

- There is political variation across the LGAs with some popularly elected mayors, some mostly independent councils and others party-based
- Some councils have a committee structure and others not, with Lane Cove and Mosman both having an IHAP, whereas development issues are highly contentious for the other councils
- It was noted that many people don't necessarily know where the boundaries are
The following features of information distribution were reported by the councils:
 - Mosman is an active distributor of information to their community through of mailouts and e-newsletters, and has a strong social media and online presence. In addition, the Mosman Daily newspaper is a concentrated local news source to Mosman and North Sydney
 - Ryde has recently undertaken a market segmentation survey and the community indicated that it wants to be informed and engaged. Council still needs to use paper-based information methods even though social media and online is becoming increasingly taken up by the community. Local news coverage is more dispersed than in Mosman, with local papers including the Weekly Times and North Shore Times and the Northern District Times
 - Hunters Hill distributes a quarterly newsletter and reports strong informal political networks with significant access to councillors given the small size of the council area and high levels of representation. Hunters Hill also have the Northern District and Weekly Times as local newspapers, as well as the Village Observer (shared with Lane Cove)
 - Lane Cove Council does not currently utilise social media however there is an "In the Cove" e-newsletter distributed which has a 35% open rate. A number of groups within the community have a social media presence such as Youth and Bushcare. Council also distributes a senior's newsletter. Local news distribution occurs through the North Shore Times and the Village Observer which is concentrated to Lane Cove and Hunters Hill. It was reported that the Lane Cove community is concerned about consultation and engagement and how genuine it is, and Council has identified the need to inform the community
 - In terms of local representation, a couple of points were noted:
 - Ryde reported a shift in representation with increasing numbers of younger councillors, female councillors and with a greater ethnic mix represented. The community is generally quite satisfied with their councillors
 - Mosman has typically had a greater representation from women councillors until the last election
 - Lane Cove reported that their councillors are highly active within the community which is quite reflective of the village feel of the LGA

Appendix G Planning Controls around Natural Environment, Built Heritage and Approach to Growth and Development

The following is based on overarching aims of applicable planning instruments as an indication of:

- protection of the natural environment
- protection of the built environment and built heritage
- general approach to growth and development

	Natural	Built	Approach to Growth
Mosman	Emphasis on natural environment The particular aims of the LEP which relate to the protection of the natural environment are to: <ul style="list-style-type: none"> • recognise, protect and enhance the natural, visual, environmental and heritage qualities of the scenic areas of Mosman and Sydney Harbour and to protect significant views to and from the Harbour • protect, conserve and enhance the landform and vegetation, especially foreshores or bushland, in order to maintain the landscape amenity of Mosman • provide housing opportunities appropriate to environmental constraints while maintaining the existing residential amenity 	Emphasis on built heritage The particular aim of the LEP which relates to the protection of built heritage is to: <ul style="list-style-type: none"> • to protect and conserve the natural, built and Aboriginal cultural heritage of Mosman 	Emphasis on accommodating growth The particular aims of the LEP which relate to accommodating growth are to: <ul style="list-style-type: none"> • provide diverse housing choices and opportunities to cater for changing demographics and population needs • provide business opportunities for a range of uses, including residential, which encourage local employment and economic growth

	Natural	Built	Approach to Growth
North Sydney	<p>Emphasis on natural environment</p> <p>The particular aims of the LEP which relate to the protection of the natural environment are to:</p> <ul style="list-style-type: none"> maintain and protect natural landscapes, topographic features and existing ground levels identify and protect the natural, archaeological and built heritage of North Sydney and ensure that development does not adversely affect its significance minimise stormwater run-off and its adverse effects and improve the quality of local waterways maintain waterfront activities and ensure that those activities do not adversely affect local amenity and environmental quality 	<p>Emphasis on built heritage</p> <p>The particular aims of the LEP which relates to the protection of built heritage are to:</p> <ul style="list-style-type: none"> identify and protect the natural, archaeological and built heritage of North Sydney and ensure that development does not adversely affect its significance ensure that new development is compatible with the desired future character of an area in terms of bulk, scale and appearance maintain a diversity of activities while protecting residential accommodation and local amenity ensure that new development on foreshore land does not adversely affect the visual qualities of that foreshore land when viewed from Sydney Harbour and its tributaries 	<p>Emphasis on accommodating growth</p> <p>The particular aims of the LEP which relate to accommodating growth are to:</p> <ul style="list-style-type: none"> maintain and provide for an increase in dwelling stock, where appropriate provide for the growth of a permanent resident population and encourage the provision of a full range of housing, including affordable housing
Lane Cove	<p>Emphasis on natural environment</p> <p>The particular aims of the LEP which relate to the protection of the natural environment are to:</p> <ul style="list-style-type: none"> preserve and, where appropriate, improve the existing character, amenity and environmental quality of the land to which this Plan applies in accordance with the indicated expectations of the community 	<p>Emphasis on built heritage</p> <p>The particular aim of the LEP which relates to the protection of built heritage is to:</p> <ul style="list-style-type: none"> conserve heritage items control all new buildings to ensure their compatibility with surrounding existing built form and natural environmental character provide a housing mix and density that is compatible with the existing 	<p>Emphasis on accommodating growth</p> <p>The particular aims of the LEP which relate to accommodating growth are to:</p> <ul style="list-style-type: none"> provide a housing mix and density that accords with urban consolidation principles in relation to economic activities, to provide a hierarchy of retail, commercial and industrial activities that enables the employment capacity targets of the

	Natural	Built	Approach to Growth
	<ul style="list-style-type: none"> • protect and, where possible, restore all bushland areas, including all rare and threatened species and communities • protect and, where possible, restore all riparian land along, and the inter-tidal zones and foreshores of, the Lane Cove River and Sydney Harbour and their tributary creeks • protect, maintain and effectively manage public and privately-owned watercourses and areas of riparian land, foreshores and bushland and, where possible, restore them to as close a state to natural as possible • ensure that development does not adversely affect the water quality or ecological systems of riparian land or other areas of natural environment • control all new buildings to ensure their compatibility with surrounding existing built form and natural environmental character 	environmental character of the locality and has a sympathetic and harmonious relationship with adjoining development	Metropolitan Strategy to be met, provides employment diversity and is compatible with local amenity, including the protection of the existing village atmosphere of the Lane Cove Town Centre
Ryde	<p>Emphasis on natural environment</p> <p>The particular aims of the LEP which relate to the protection of the natural environment are to:</p> <ul style="list-style-type: none"> • provide opportunities for a range of housing types that are consistent with adjoining development and the existing environmental character of the locality 	<p>Emphasis on built heritage</p> <p>The particular aims of the LEP which relate to the protection of built heritage are:</p> <ul style="list-style-type: none"> • provide opportunities for a range of housing types that are consistent with adjoining development and the existing environmental character of the locality 	<p>Emphasis on accommodating growth</p> <p>The particular aims of the LEP which relate to accommodating growth are to:</p> <ul style="list-style-type: none"> • in relation to economic activities, to provide a hierarchy of retail, commercial and industrial activities that enable employment capacity targets to be met,

	Natural	Built	Approach to Growth
	<ul style="list-style-type: none"> • identify, conserve and promote Ryde's natural and cultural heritage as the framework for its identity, prosperity, liveability and social development • protect and enhance the natural environment, including areas of remnant bushland in Ryde, by incorporating principles of ecologically sustainable development into land use controls • preserve and improve the existing character, amenity and environmental quality of the land to which this Plan applies 	<ul style="list-style-type: none"> • identify, conserve and promote Ryde's natural and cultural heritage as the framework for its identity, prosperity, liveability and social development 	<p>provide employment diversity and are compatible with local amenity</p> <ul style="list-style-type: none"> • encourage a range of development, including housing, employment and recreation, that will accommodate the needs of the existing and future residents of Ryde
Willoughby	<p>Emphasis on natural environment</p> <p>The particular aims of the LEP which relate to the protection of the natural environment are to:</p> <ul style="list-style-type: none"> • conserve and enhance, for current and future generations, the ecological integrity, environmental heritage and environmental significance of Willoughby • promote an appropriate balance between development and management of the environment, that will be ecologically sustainable, socially equitable and economically viable • identify, protect and enhance environmentally sensitive areas such as native vegetation and fauna, foreshore areas, open space and areas of high scenic landscape value 	<p>Emphasis on built heritage</p> <p>The particular aims of the LEP which relate to the protection of built heritage are to:</p> <ul style="list-style-type: none"> • promote development that is designed and constructed to enhance or integrate into the natural landform and the existing character of distinctive locations, neighbourhoods and streetscapes and contributes to the desired future character of the locality concerned • conserve items of environmental and cultural heritage and to retain the character of heritage conservation areas 	<p>Emphasis on accommodating growth</p> <p>The particular aims of the LEP which relate to accommodating growth are to:</p> <ul style="list-style-type: none"> • provide opportunities for a range of housing choice in Willoughby to cater for changing population needs in accessible locations

	Natural	Built	Approach to Growth
	<ul style="list-style-type: none"> allow development at a scale that is sensitive to environmental constraints control and manage any adverse environmental impacts of development conserve items of environmental and cultural heritage and to retain the character of heritage conservation areas preserve, enhance or reinforce specific areas of high visual quality, ridgelines and landmark locations, including significant gateways, views and vistas 		
Hunters Hill	<p>Emphasis on natural environment</p> <p>The particular aims of the LEP which relate to the protection of the natural environment are to:</p> <ul style="list-style-type: none"> to maintain and enhance biodiversity values by conserving natural features and scenic qualities that distinguish the municipality to maintain a network of open spaces that conserve natural and scenic qualities, as well as providing a variety of active and passive recreation opportunities for residents of the municipality and surrounding areas 	<p>Emphasis on built heritage</p> <p>The particular aims of the LEP which relate to the protection of built heritage are to:</p> <ul style="list-style-type: none"> maintain and enhance the character and identity of established neighbourhoods in Hunters Hill by regulating the use and development of land to conserve Aboriginal heritage and European heritage that influence the character and identity of the municipality 	<p>Emphasis on accommodating growth</p> <p>The particular aims of the LEP which relate to accommodating growth are:</p> <ul style="list-style-type: none"> accommodate a range of housing that will maintain the garden suburb character of the municipality, while responding to the needs of a growing population and changing demographics consolidate housing growth in locations that are well-served by shops, transport and community services

Appendix H Comparison of Community Strategic Plans of the six Councils

Council	Vision	Broader Themes
Mosman	<ul style="list-style-type: none"> • Proud to be Mosman • Protecting our Heritage • Planning our Future • Involving our Community 	<ul style="list-style-type: none"> • Social - Community Wellbeing, Library and Information, Arts and Culture • Environment - Built Environment, Community Spaces, Healthy Environment, Traffic and Transport • Economic - Local Economy • Governance - Leadership and Engagement, Governance and Risk
North Sydney	<ul style="list-style-type: none"> • Shaping a progressive, diverse and vibrant North Sydney community. 	<ul style="list-style-type: none"> • Our Living Environment • Our Built Environment • Our Economic Vitality • Our Social Vitality • Our Civic Leadership
Lane Cove	<ul style="list-style-type: none"> • Lane Cove for a better quality of life. 	<ul style="list-style-type: none"> • Our Society • Our Built Environment • Our Natural Environment • Our Culture • Our Local Economy • Our Council
Ryde	<ul style="list-style-type: none"> • The place to be for lifestyle and opportunity @ your doorstep. 	<ul style="list-style-type: none"> • City of Liveable Neighbourhoods; • City of Wellbeing; • City of Prosperity; • City of Environmental Sensitivity; • City of Connections; • City of Harmony and Culture; • City of Progressive Leadership.
Willoughby	<ul style="list-style-type: none"> • Willoughby: the vital hub of the region, where residential, cultural, economic and environmental interests are respected and balanced, and our communities enjoy a diversity of lifestyles. 	<ul style="list-style-type: none"> • Community and Cultural Life • Natural Environment • Homes • Infrastructure • Economic Activity • Governance
Hunters Hill	<p>In 2030.....</p> <ul style="list-style-type: none"> • Hunters Hill is renowned for its well preserved heritage buildings, sandstone walls, magnificent tree canopy and bushland..... • Architectural excellence is evident throughout Hunters Hill 	<ul style="list-style-type: none"> • Our heritage and built environment • Our community and lifestyle • Our Environment • Moving around • Our Council

Council	Vision	Broader Themes
	<ul style="list-style-type: none"> • There is a strong sense of community • Our Aboriginal heritage and cultural diversity are reflected in a vibrant cultural scene and harmonious community • The broad needs of the community are provided through a range of facilities, services, and events; • Gladesville is the focal point of commerce and our thriving village centres are warm and welcoming....; • Residents and visitors can get where they want to go easily via an integrated public transport system that is cost effective, comfortable, convenient and accessible; • We have upgraded our infrastructure, public facilities, urban spaces and sea walls by taking up opportunities to provide more diverse sources of income; • Hunters Hill has become a jewel in the World's greatest city, Sydney. <p>NOTE – <i>Hunters Hill Council has developed a long and detailed Vision. The above points are example statements extracted to indicate the style and content of the Vision as a whole.</i></p>	

Commentary

The visions and expressed by these six councils vary greatly from a simple eight word sentence in the case of Ryde Council, to Hunters Hill's full page of text. Despite this difference, all of these councils express very similar priorities and desired outcomes in their Community Strategic Plan.

All plans express clear council-focused priorities around themes such as environment, economy, community and leadership. Whilst some have developed their primary thematic headings as neutral statements, others are based on value statements, using these headings to describe desired outcomes.

On the whole however, these six plans denote a group of councils with very similar community priorities and long term goals.

Appendix I Risk Register

Risks arising from merger

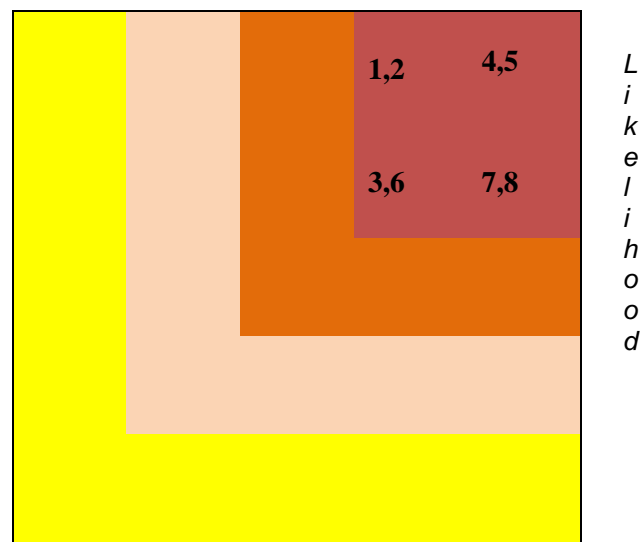
There are a number of significant potential financial and non-financial risks arising from this particular merger that will need to be considered, including the following which have been outlined in this report on page 13.

Risk Description	Inherent Risk (Likelihood)	Residual Risk (Consequence)	Risk Control	Action Plan	Financial Impact
1. Transitional costs may be more significant than set out in the business case (excluding IT costs, see item 3 and separate section)	High	High	Adopt a transition plan that includes and allowance for contingencies.	Prepare and adopt a transition plan that includes an allowance for contingencies	+ or – 10% of identified transitional costs
2. The efficiencies projected in the business case may not be delivered (excluding IT)	High	High	Adopt a transition plan that includes and allowance for contingencies.	Prepare and adopt a transition plan that includes an allowance for contingencies	+ or - \$20% of identified efficiencies
3. The implementation costs maybe higher and the anticipated savings may not be achieved	High	High	Adopt a transition plan that includes and allowance for contingencies.	Prepare and adopt a transition plan that includes an allowance for contingencies	+ 100% or - 25% of identified IT implementation costs
4. Decisions subsequent to the merger about the rationalisation of facilities may not reduce the cost base of the merged organisation as originally planned	Very High	Very High	Complete necessary studies and scoping exercises. Develop appropriate and relevant plans.	Undertake a needs analysis and scoping study for facilities. Develop combined facilities management and asset management plans. Develop a detailed Business Case and Project Plan for implementing merged and shared services. Implement the Project Plan according to an agreed Budget, Timetable and key Milestones.	+ or – 5% of identified savings ⁴⁴ Risk arises more on when action occurs
5. The cultural integration of the five and two thirds council organisations may not go well resulting in low morale, increased staff turnover rate etc. particularly when one of the constituent councils is being split. This would reduce business performance and prolonging the time it takes for the predicted efficiencies to be achieved	Very High	Very High	Adopt organisation values.	Provide the necessary resources to prepare and implement at the earliest opportunity a values statement and an Organisation Development Plan.	Loss of productivity

⁴⁴ Savings identified from rationalisation of plant & fleet do not impact of NPV of costs and savings

Risk Description	Inherent Risk (Likelihood)	Residual Risk (Consequence)	Risk Control	Action Plan	Financial Impact
6. With large size differences between the councils in the merger there is a danger it is seen not as a merger but as a takeover by the larger organisations	High	High	Communication and education programs.	Develop a communications policy and strategy.	Loss of productivity
7. Service levels rise across the merged council, standardising on the highest level of those services that are being integrated including for example the introduction of new services introduced that are not currently delivered in one or more of the former council areas	High	High	Resolve early agreement on service levels and adopt supporting policies.	Prepare and adopt service level policies.	+ or – 5% of total organisational expenditure
8. The financial performance of the merged council is less than that modelled, resulting in the need to either reduce services, find further efficiency gains and/or increase rates to address the operating deficit	High	High	Improved and regular budget reporting	Develop and early adopt a sound financial performance model that provides weekly and monthly reporting.	Consequence of previously identified risks and not an additional financial impact

Heat Map – Merger Risks
Total number of risks=8



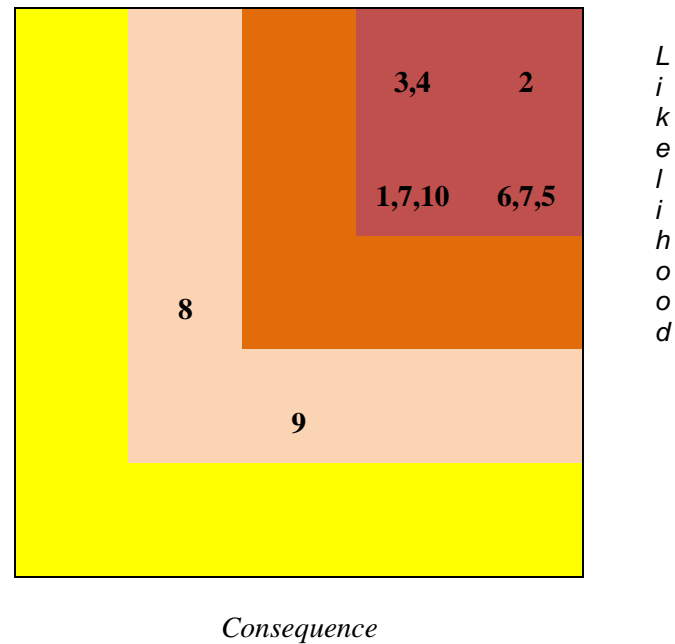
*Consequence****Information technology risks arising from merger***

There are a number of reasons and factors why the actual costs of the IT transition may be lower or higher as outlined in the Deloitte report for Wellington Council on page 5.

Risk Description	Inherent Risk (Likelihood)	Residual Risk (Consequence)	Risk Control	Action Plan	Financial Impact
1. Major modelling assumptions are wrong meaning that The implementation costs maybe higher and the anticipated savings may not be achieved	Moderate	High	Adopt a transition plan that includes an allowance for contingencies.	Prepare and adopt a transition plan that includes an allowance for contingencies	+ 100% or - 25% of identified IT implementation costs
2. Decisions on system requirements and design are consensus driven.	Very High	Very High	Resolve early agreement on service levels and adopt supporting policies.	Prepare and adopt service level policies.	+ or -50%
3. Strong leadership from all Councils leads to adoption of an existing process, which is mature and can be easily increased in scale, accelerating system design.	High	High	Resolve early agreement on service levels and adopt supporting policies.	Prepare and adopt service level policies.	+ or – 30%
4. Existing data is in a good state, and is well understood, so can be quickly manipulated and migrated.	High	High	Adopt a migration plan that includes and allowance for contingencies.	Prepare and adopt a migration plan that includes an allowance for contingencies	– 10% Reduction of staff time
5. There are unseen complexities in data migration.	High	High	Adopt a migration plan that includes and allowance for contingencies.	Prepare and adopt a migration plan that includes an allowance for contingencies	+ 10% Plus additional staff time
6. Councils are unable to free up the internal resources required.	High	High	Adopt a transition plan that includes and allowance for contingencies.	Prepare and adopt a transition plan that includes an allowance for contingencies	+ or – 5%
7. Other council priorities mean full technology amalgamation takes longer then envisioned.	High	High	Adopt a transition plan that includes an allowance for contingencies.	Prepare and adopt a transition plan that includes an allowance for contingencies	+ or – 10%
8. A favourable discount from a vendor is received reducing the resource rates.	Moderate	Moderate	Adopt a transition plan that includes an allowance for contingencies.	Prepare and adopt a transition plan that includes an allowance for contingencies	Consequence of previously identified risks
9. Vendors charge higher rates due to the high risk premium which is carried.	Moderate	Moderate	Adopt a transition plan that includes an allowance for contingencies.	Prepare and adopt a transition plan that includes an allowance for contingencies	Consequence of previously identified risks

Risk Description	Inherent Risk (Likelihood)	Residual Risk (Consequence)	Risk Control	Action Plan	Financial Impact
10. Poor technology decisions result in rework and/or delayed projects	High	High	Adopt a transition plan that includes and allowance for contingencies.	Prepare and adopt a transition plan that includes an allowance for contingencies	Consequence of previously identified risks

Heat Map – IT Risks
Total number of risks=10



Attachment B

Professor Brian Dollery

Compulsion Versus a Collaborative Regional Approach: An Empirical Analysis of Forced Amalgamation versus a Regional and Shared Services Approach

May 2015

COMPULSION VERSUS A COLLABORATIVE REGIONAL APPROACH

May 2015

An Empirical Analysis
of Forced
Amalgamation versus
a Regional and
Shared Services
Approach

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Disclaimer

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EXECUTIVE SUMMARY

Key Findings of the Report

This Report has eight major policy implications for NSW local government reform:

1. Empirical evidence on amalgamation in the literature falls overwhelmingly against forced amalgamation. Indeed, the bulk of the empirical literature shows that shared services and other kinds of inter-council collaboration best secure the advantages of scale.
2. Empirical analysis of the 2000/2004 NSW council amalgamations shows no difference in the performance of merged and unmerged councils using *Fit for the Future* criteria. In an analogous vein, empirical analysis of the 2008 Queensland amalgamations shows that most amalgamated councils now operate under diseconomies of scale. Taken together, this provides convincing empirical case against proceeding with a further round of municipal mergers in NSW in 2015.
3. Critical assessment of the *Fit for the Future* process found it severely flawed in numerous respects: its arbitrary use of financial sustainability ratios (FSRs) and associated benchmark values; its problematic ‘scale and capacity’ approach; unreliable data employed in sustainability assessments; and an incorrect measure employed to assess the operational efficiency of councils. The NSW Office of Local Government

should thus to halt the *Fit for the Future* process and solve these problems before proceeding with the reform program.

4. IPART's (2015) *Methodology for Assessment of Council Fit for the Future Proposals*

– only released on 27 April 2015 – add a further twist to a convoluted reform process.

IPART will replace the Panel of Experts promised in *Fit for the Future* as the assessor of council submissions and its new assessment methodology introduces significant changes to the process. In particular, 'non-rural', 'rural' and 'merged' councils in IPART (2015) replace the 'one size fits all' approach in *Fit for the Future*. Performance benchmarks also now diverge widely between IPART (2015) and *Fit for the Future*. However, the Report demonstrates that the IPART approach is badly flawed and does not correct the problems identified in *Fit for the Future*.

5. By 'changing the rules of the game' IPART has rendered much hard work already done by local councils obsolete. Thus Hunters Hill, Lane Cove and Ryde, which have cooperated fully with the *Fit for the Future* process, undergone self-assessment using the requisite OLG (2014) templates, and engaged in extensive and *bona fide* community consultation, now find that much of this effort has in vain.

6. An empirically investigation of the proposed Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby council mergers in the Report found numerous problems: challenges posed by significant current disparities in rates, fees and charges, and capacities to pay across the six councils; problems determining democratic representation post-merger; apportioning the burden of liabilities inherited by a newly merged council; complications derived from the dismemberment of the City of Ryde;

Commonwealth financial assistance grants post-merger, information disclosure to local residents, and the critical fact that almost all of the North Shore group of councils would be less financially sustainable under the *Fit for the Future* criteria than they had been pre-merger.

7. The Report conducted two modelling exercises to investigate the outcomes of the proposed Sydney mergers: (a) multiple regression analysis showed that the Independent Panel's claims about scale economies proved false and (b) DEA analysis also demonstrated most proposed Sydney amalgamations would yield over-scaled councils too large to efficiently provide local services. Taken together, this shows that there is no empirical justification for the proposed merger of the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby councils.

8. The Report presented a detailed analysis of the socio-economic characteristics of the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby councils. This demonstrated that no common 'community of interest' existed.

7. Following a detailed review of the empirical literature, the Report which found strong evidence that shared services could yield significant benefits. However, not all local services are amenable to regional provision through shared service arrangements.

9. The Report found that shared services represent a superior alternative to forced amalgamation to improve the performance of the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby councils. Moreover, the best method of delivering shared services lay in a variant of the successful Hunter Councils model.

10. The Report thoroughly examined the community engagement programs conducted by Hunters Hill, Lane Cove and Ryde and found that they easily met the community engagement assessment criteria stipulated by IPART (2015) in its *Methodology for Assessment of Council Fit for the Future Proposals*.

CHAPTER 1: INTRODUCTION

1.1 Introduction

The current NSW Government *Fit for the Future* reform process had its genesis in the *Destination 2036* Workshop held in Dubbo on 19th August 2011. Introduced by (then) Minister for Local Government Don Page, *Destination 2036* witnessed the inauguration of the Independent Local Government Review Panel (ILGRP) as well as the Local Government Acts Taskforce. In its April 2013 interim report – entitled *Future Directions for NSW Local Government* – the Independent Panel (2013, p.48) recommended radical compulsory council consolidation across NSW, concentrated largely in the Greater Sydney metropolitan region. With respect to Greater Sydney, *Future Directions* (2013, p.5) observed that it ‘seek[s] to reduce the number of councils in the Sydney basin to around 15, and create major new cities of Sydney, Parramatta and Liverpool, each with populations of 600-800,000’.

The Panel’s specific recommendations included the merger of Auburn, Holroyd, Parramatta and Ryde councils to form the ‘Parramatta group’ of councils, on grounds that the ‘incorporation of Ryde would strengthen western end of “Global Sydney Corridor” and improve socio-economic mix’ of the Parramatta group, although the Panel also suggested part of Ryde could be incorporated in the ‘North Shore group’, consisting of Hunters Hill, Lane Cove, Mosman, North Sydney and Willoughby. The Panel’s (2013, p.45) rationale for merging Ryde with the Parramatta group was as follows:

A major expansion of the City of Parramatta to include Auburn, Holroyd, most or all of Ryde, and areas of Hornsby and The Hills south of the M2. This will create a city with a broad socio-economic mix and with the resources needed to develop a 'second CBD'.

In addition, the Panel (2013, p.48) called for the forced merger of the Hunters Hill, Lane Cove and Mosman councils, together with the eastern part of Ryde, to form the 'North Shore group', even though Mosman did not share a common boundary! This was justified on the argument that there existed a 'close functional interaction and economic/social links between these councils'. The Panel (2013, p.49) also recommended the compulsory consolidation of the North Sydney and Willoughby councils contending that there existed a 'need for integrated strategic planning for Lower North Shore, development of major centres, Sydney Harbour foreshores, etc.'

Despite repeated assurances that it would adhere strictly to 'evidence-based' policy prescription, in *Future Directions* the Panel offered no empirical evidence at all in support of the proposed mergers, including those involving Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby.

The forced merger program advocated in *Future Directions* by the Independent Panel was greeted with dismay by NSW local government. It was attacked on numerous counts, not only because of the absence of any empirical basis for its merger recommendations, but also the poor quality of its commissioned research, particularly

Assessing Processes and Outcomes of the 2004 Local Government Boundary Changes in NSW by Jeff Tate Consulting (2013) (see, for example, NELG, 2013). Instead of assessing the success of the 2004 forced amalgamation in NSW by comparing the subsequent performance of merged and unmerged councils in the same council classification categories against the *NSW Government Comparative Information on NSW Local Government Councils* data, Jeff Tate Consulting (2013) simply consulted (in qualitative terms) some members of five of the amalgamated councils!

After public consultation with local government and other interested parties across NSW, in October 2013 the Panel submitted its final report *Revitalising Local Government*. The main difference between *Future Directions* and *Revitalising Local Government* lay in a shift away from outright compulsory council consolidation to the establishment of a ‘strengthened’ Boundaries Commission. This reinforced Boundaries Commission would be empowered to deliberate on proposals for council amalgamation and make binding recommendations concerning mergers, with or without the consent of affected councils.

However, in common with *Future Directions*, *Revitalising Local Government* continued to insist that municipal mergers were indispensable for improving NSW local government. Furthermore, in its overall assessment of local government financial sustainability in NSW, *Future Directions* (2013, p.6) had argued that ‘it is also clear that the financial base of the sector is in urgent need of repair’, and added that ‘put simply, there are too many councils chasing too few resources’. This theme was

reiterated in *Revitalizing Local Government* where the Panel (2014, p. 720) noted that ‘NSW simply cannot sustain 152 councils’!

Revitalising Local Government (2014, p.104) recommended the merger of Auburn, Holroyd, Parramatta, part of The Hills and ‘about one-third population of Ryde’. The justification advanced in support of this municipal merger was fourfold: (a) ‘close functional interaction and economic/social links between these councils’, (b) ‘need for stronger unified local government to develop Parramatta as second CBD’, (c) ‘Parramatta’s northern boundary is very close to its CBD; relocation to M2 would facilitate planning and improve socio-economic mix and community linkages’ and (d) ‘incorporation of part of Ryde would strengthen link between Parramatta and “Global Sydney Corridor” and improve scope for integrated planning around Epping station’.

Furthermore, *Revitalising Local Government* (2014, p.104) called for the amalgamation of Hunters Hill, Lane Cove, North Sydney, Willoughby and the remaining ‘about two-thirds population of Ryde’. A quadrilateral rationalisation was offered for this proposed merger: (a) ‘projected 2031 population 365,400, including about two-thirds population of Ryde’, (b) ‘close functional interaction and economic/social links between these councils’, (c) ‘need for integrated planning for major centres, Sydney Harbour foreshores, etc.’, and (d) ‘3 of these councils projected to have fewer than 50,000 people in 2031’.

Following the approach adopted in *Future Directions, Revitalising Local Government* offered no empirical evidence in support of its proposed council mergers. This understandably further alienated the NSW local government community, especially those councils targeted for amalgamation.

The NSW Cabinet delayed until early January 2014 before making public *Revitalising Local Government*. In April 2014, after the shock resignation of Premier O'Farrell, incoming Premier Baird reshuffled the NSW Cabinet, replacing *inter alia* Minister for Local Government Don Page with Paul Toole. These events may account for the fact that the NSW Government only formally responded to the recommendations in *Revitalising Local Government* in September 2014 in the form of a *Fit for the Future* policy package.

Under *Fit for the Future*, each local authority must assess itself to determine if it is 'sustainable', 'efficient', 'effectively manages infrastructure and delivers services for communities' and 'has the scale and capacity to engage effectively across community, industry and government' (OLG, 2014a). Assessment reports must be lodged with the NSW Government by 30 June 2015. To assist in this process, the NSW Government has appointed 'expert facilitators' to help local authorities to explore regional collaboration with other councils under newly established Joint Organisations (JOs), to be established following five 'pilot' JOs trialled in early 2015.

Under the *Fit for the Future* program, the ‘eastern two-thirds’ of Ryde is supposed to merge with Hunters Hill, Lane Cove, Mosman, North Sydney and Willoughby, with the remaining ‘western third’ to amalgamate with Auburn, Parramatta and the ‘North Parramatta area of the Hills’, roughly in line with the recommendations of *Revitalising Local Government* (2014).

An Expert Panel will be established to evaluate proposals to determine if councils meet *Fit for the Future* criteria. \$258 million will be provided to councils which voluntarily merge. Councils which are deemed to have satisfied *Fit for the Future* guidelines will enjoy several benefits, including ‘a streamlined IPART process for rate increases above the rate pegging limit’ and interest subsidies on loans for capital expenditure (OLG, 2014, p.15). Councils which are judged not to meet *Fit for the Future* criteria face forced mergers.

In its council amalgamation recommendations, both the deliberations of the Panel and the subsequent NSW Government *Fit for the Future* policy program follow a depressingly well-trodden path. Australian state and territory governments have historically often employed structural reform programs of different degrees of intensity which have almost invariably involved compulsory council consolidation, especially in rural and remote areas of Australia. Thus, over the past twenty years, NSW, Victoria, Queensland, SA, Tasmania and the NT have all witnessed extensive municipal restructuring. To date, WA is the only local government jurisdiction to have escaped forced amalgamation, recently recommended by the now defunct Metropolitan Local

Government Review *Final Report* in July 2012, which proposed a reduction in the number of local authorities in the Greater Perth metropolitan region to a mere 12 local entities. However, the ongoing obsession on municipal amalgamation as the primary policy instrument for local government reform – as evidenced most recently in the *Fit for the Future* program – underlines the traditional view of Australian local government policy makers that ‘bigger is better’ in local governance (Dollery and Crase, 2006).

Against this background, the present Report critically considers in detail the case for merging the Hunters Hill, Lane Cove and Ryde councils under the *Fit for the Future* program, especially the proposed Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby and ‘two-thirds population of Ryde’ amalgamation. The Report not only provides a rigorous empirical examination of the proposed merger, including its impact on financial sustainability and scale economies, but also alternative methods of securing any advantages attendant upon scale, notably joint regional collaboration with other councils through a regional ‘joint organisation’.

1.2 Outline of the Report

The Report itself is divided into nine chapters, each of which considers a separate dimension of the problem.

Chapter 2 provides an assessment of structural reform through council mergers in Australia by way of empirical evidence. Chapter 2 is divided into four main parts. Section 2.2 provides a summary of the international and Australian scholarly research on local government mergers. Section 2.3 describes the magnitude of municipal mergers

in Australia since 1910. Section 2.4 considers the effects of these structural changes on the financial viability of local government through the prism of a series of state-based and national public inquiries into financial sustainability in local government. Chapter 2 ends with some brief concluding remarks in section 2.5.

Chapter 3 provides empirical evaluations of the 2000/2004 NSW council mergers and the 2008 Queensland council amalgamation episode. Chapter 3 is divided into three main parts. Section 3.2 deals with the NSW mergers over the period 2000/2004. Section 3.2.1 provides a critical account of the analysis of the 2004 NSW local government merger program conducted by Jeff Tate Consulting Pty Ltd (2013) for the Independent Panel, which focused on an unrepresentative sample of only five amalgamated entities and involved no quantitative assessment of post-merger performance with unmerged councils. Section 3.2.2 provides an empirical analysis of the 2000/2004 NSW council mergers. Section 3.3 contains an empirical evaluation of the 2008 Queensland forced amalgamation program. Chapter 3 ends in section 3.4 by drawing some policy lessons for the current *Fit for the Future* NSW from the two earlier amalgamation episodes.

Chapter 4 is divided into five main parts. Section 4.2 considers the multitude of problems which have arisen in the *Fit for the Future* criteria for evaluating councils which have derived from arbitrary and often illogical selection of financial sustainability ratios (FSRs) and the associated benchmark values and changes which have been made. Section 4.3 considers ‘scale and capacity’ in *Fit for the Future* and demonstrates severe problems in its approach. Section 4.4 examines the deleterious effects that the use of unreliable data for sustainability assessments has had. Section 4.5

demonstrates that the OLG has employed an erroneous approach to the assessment of efficiency in local government which has serious adverse consequences. Chapter 4 ends with some brief reflections in section 4.6.

Chapter 5 is divided into seven main parts. Section 5.2 considers the difficulties posed the existence of significant current disparities in rates, fees and charges, and capacities to pay across the six councils which were simply ignored by both the Panel and the OLG in the merger recommendations. Section 5.3 discusses the many difficult decisions which must be made regarding changes in democratic representation which will occur should amalgamations proceed. Section 5.4 tackles current and non-current liabilities of each of the six local councils targeted for a North Shore group merger, the total liabilities likely to be inherited by any proposed new amalgamated municipality, and its probable impact on local residents. Section 5.5 assesses the complication derived from the question of how to dismember the City of Ryde financially. Section 5.6 probes the question of the allocation of Commonwealth financial assistance grants post-merger and the difficulties this poses. Section 5.7 considers other problems attendant upon forced mergers, notably the need for full information disclosure in a transparent and democratic manner given the inevitability winners and losers amongst local residents post-amalgamation. Section 5.8 analyses whether merged combinations of the North Shore group of councils would be more financially sustainable under the *Fit for the Future* criteria than they had been pre-merger. Chapter 5 ends with some brief concluding remarks in section 5.9.

Chapter 6 is divided into four main parts. Section 6.2 discusses the inter-relationship between population size and population density in local government and conducts estimations which finds that when councils are stratified as either urban or non-urban, all evidence of scale effects (predicated on population size) disappears. Section 6.3 focuses on a data envelopment analysis of the proposed mergers recommended by the Panel and finds that over two-thirds of the amalgamated entities would be operating with decreasing returns to scale, and just two of the amalgamated entities would be operating at optimal scale if the ILGRP (2013) recommendations were enacted. Section 6.4 examines the proposed North Shore merger and finds that five of the six existing councils currently operate with increasing returns of scale at varying levels of TE and an amalgamated entity would operate with decreasing returns to scale. Chapter 6 ends with some brief concluding remarks in section 6.5.

Chapter 7 is comprised of two main parts. Section 7.2 provides a socio-economic overview of Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby. Chapter 7 concludes in Section 7.3 with a discussion of ‘community of interest’ based on community characteristics and argues that Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby should not be merged.

Chapter 8 is divided into four main parts. Section 8.2 provides a synoptic account of the empirical evidence on shared services in Australia. Section 8.3 provides a summary of the empirical evidence on shared services internationally. Chapter 8 concludes in section 8.4, which considers the policy implications associated with body of evidence.

Chapter 9 is divided into four main parts. Section 9.1 considers the broad implications of the conceptual literature on shared services in local government for the selection of functions to be provided by a joint regional organisation for Hunters Hill, Lane Cove and Ryde and the other North Shore group of councils. Section 9.3 outlines the Hunter Councils model as a desirable design for a joint regional organisation for the councils in question. Section 9.4 sets out a proposed design for a joint regional organisation for these councils drawing on the draft model previously considered by the NSROC and SHOROC groups of councils. Section 9.5 tackles the thorny question of which local functions and local services could be collaboratively delivered by a regional body and provides a survey instrument which can be employed to determine which services to provide. Chapter 9 ends with some brief concluding comments in section 9.6.

Chapter 10 is divided into three main parts. Section 10.2 provides a synoptic review of the approach to evaluating community consultation in IPART's (2015) *Methodology for Assessment of Council Fit for the Future Proposals*. Section 10.3 summarises the community consultation undertaken by Lane Cove, Hunters Hill and Ryde. Chapter 10 ends with some brief concluding remarks in section 10.4.

Chapter 11 is divided into three main parts. Section 11.2 briefly summarises the IPART (2015) *Methodology for Assessment of Council Fit for the Future Proposals*, sets out its evaluative criteria, and compares these with the criteria originally developed by TCorp (2013) and modified in *Fit for the Future*. Section 11.3 considers the numerous

problems inherent in the *Fit for the Future* criteria and the IPART (2015) *Methodology for Assessment of Council Fit for the Future Proposals* assessment technique:

- IPART (2015) assessment methodology for scale;
- IPART (2015) assessment methodology for sustainability;
- IPART (2015) assessment methodology for infrastructure and delivering services; and
- IPART (2015) assessment methodology for efficiency.

Chapter 11 ends with some brief concluding remarks in section 11.4.

The Report concludes in Chapter 12 which is divided into two main parts. Section 12.2 provides a short synoptic review of the chief findings of the Report whereas section 12.3 briefly reiterates the policy implications flowing from the Report.

CHAPTER 2: EMPIRICAL EVIDENCE ON MUNICIPAL MERGERS

Chapter Summary

- Empirical evidence on amalgamations in the academic literature falls overwhelmingly against forced amalgamation.
- Recent Australian empirical studies suggests that there is little, if any, evidence that forced municipal mergers will result in cost-savings.
- The weight of opinion in public inquires suggests that the traditional Australian stress on council mergers has been misplaced.

2.1 Introduction

Notwithstanding the omnipresent use of forced mergers in all Australian local government systems, excepting WA, compulsory council consolidation remains contentious (see, for example, Dollery, Grant and Kortt, 2012). Advocates of forced amalgamation, such as the NSW Independent Panel, typically argue that it represents an effective method of enhancing the operational efficiency of local councils, improving their administrative and technical capacity, generating cost savings, strengthening strategic decision-making and fostering greater political power.

By contrast, opponents of municipal mergers underline the divisive nature of forced amalgamation, the absence of supportive empirical evidence, the equivocal outcomes observed in case studies, and the diminution of local democracy. Furthermore, the case for structural change through municipal mergers is often met with the claim that shared

services represent a superior means of securing any benefits attendant upon council size and its scale of operations (Dollery, Crase and Johnson, 2006). Chapter 2 considers conceptual and empirical evidence on the controversial question of amalgamation in Australian local government, and especially the impact of municipal mergers on the financial sustainability of local authorities, as a means of assessing the likely success of the council amalgamation program proposed in the Independent Panel's *Future Directions* and *Revitalizing Local Government*, as well as the NSW Government's *Fit for the Future* program.

Chapter 2 is divided into four main parts. Section 2.2 describes the magnitude of municipal mergers in Australia since 1910. Section 2.3 provides a summary of the international and Australian scholarly research on local government mergers. Section 2.4 considers the effects of these structural changes on the financial viability of local government through the prism of a series of state-based and national public inquiries into financial sustainability in local government. Chapter 2 ends with some brief concluding remarks in section 2.5.

2.2 Municipal Mergers in Australian Local Government

Structural reform through compulsory council consolidation has been a ubiquitous policy instrument in local government reform since Federation in 1902 (see, for instance, Dollery and Grant 2011; Grant, Dollery and Crase 2009; Marshall 2008; Dollery, Byrnes and Crase 2008; Dollery and Fleming 2006; Aulich 2005; Byrnes and Dollery 2002; Aulich 1999; Vince 1997). Table 2.1 provides a synoptic 'snapshot' of the magnitude of compulsory consolidation through local council numbers over time:

Table 2.1: Number of local councils in Australia, 1910-2012

	1910	1967	1982	1990	1995	2008	2012
NSW	324	224	175	176	177	152	152
VIC	206	210	211	210	184	79	79
QLD	164	131	134	134	125	73	73
SA	175	142	127	n/a	119	68	68
WA	147	144	138	138	144	142	139
TAS	51	49	49	46	29	29	29
NT	0	1	6	22	63	16	16
TOTAL	1,067	901	840	726	841	559	556

Source: DLG [NSW] (2013); DPCD [VIC] (2013); DLGCR&R [QLD] (2013); LGA [SA] 2013; DLG [WA] (2013); DPC [TAS] (2013); DLG [NTG] (2013).

Table 2.1 has several notable features:

- The total number of local authorities in Australia has decreased from 1,067 to 556 (a fall of 48 per cent) between 1910 and 2012.
- The only exception to this trend occurred in the NT, where the number of councils substantially increased from 22 in 1990 to 63 in 1995.
- The timing of municipal merger programs has been uneven across state and territory jurisdictions. For instance, major mergers occurred in NSW in the period between 1967 and 1982 (a reduction from 224 to 175 councils), whereas an analogous amalgamation program occurred in Tasmania over the period 1990 to 1995 (a reduction from 46 to 29 councils). In Victoria, a period of major structural reform took place during the period 1995 to 2007 (a reduction from 184 to 79 councils). In Queensland, major consolidation was implemented in 2007 (a reduction from 125 to 73 councils) and in the NT in 2008 (a reduction from 63 to 16 councils). This distinct lack of uniformity in timing suggests that amalgamation processes are independent of both national economic conditions

and public policy trends at the national level, despite a general bias towards centralisation in the Australian federation (see, for example, Moore 1997).

It should be stressed that these episodes of compulsory consolidation have occurred despite long term population growth in Australia, where average council size – defined as the number of residents per council – has increased markedly. For example, Table 2.2 shows that the average council size for each state and territory jurisdiction (excluding the ACT which has no local government system) has increased between 1910 and 2012. Perhaps one of the most striking features of Table 2.2 is that the average size of councils nationally has grown from 4,147 persons per council to 40,118 persons per council between 1910 and 2012.

Moreover, as shown in Figure 2.1, it is clear that the most populous jurisdictions have, on average, larger councils. For instance, in 2012 the average size of municipalities in Victoria (71,183 persons per council), Queensland (62,467 persons per council) and NSW (47,963 persons per council) lay above the national average of 40,118 persons per council, while the average size of councils in SA (24,335 person per council), WA (17,484 person per council), Tasmania (17,666 person per council) and the NT (14,677 person per council) fall well below the national average.

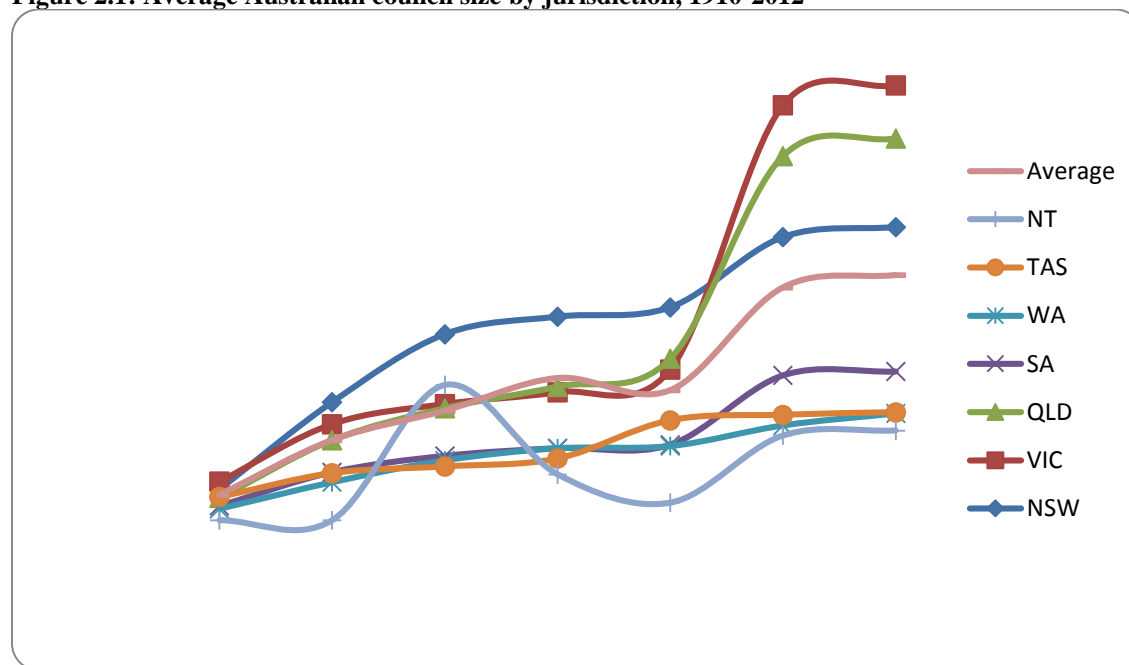
Table 2.2: Average Australian council size by jurisdiction, 1910-2012

	1910			1967			1982			1990			1995			2008			2012		
	Pop	Councils	Pop/Councils	Pop.	Councils	Pop/Councils	Pop	Councils	Pop/Councils	Pop.	Councils	Pop/Councils	Pop	Councils	Pop/Councils	Pop	Councils	Pop/Councils	Pop	Councils	Pop/Councils
NSW	1,643,855	324	5,074	4,329,913	224	19,330	5,328,221	175	30,445	5,862,497	176	33,310	6,168,820	177	34,852	7,041,393	152	46,325	7,290,345	152	47,963
VIC	1,301,408	206	6,318	3,303,606	210	15,731	4,012,687	211	19,017	4,400,707	210	20,956	4,539,796	184	24,673	5,364,796	79	67,909	5,623,492	79	71,183
QLD	599,016	164	3,653	1,715,803	131	13,098	2,456,475	134	18,332	2,928,713	134	21,856	3,303,352	125	26,429	4,349,529	73	59,583	4,560,059	73	62,467
SA	410,169	175	2,344	1,115,926	142	7,859	1,337,783	127	10,534	1,438,882	122	11,794	1,471,245	119	12,363	1,612,002	68	23,706	1,654,778	68	24,335
WA	276,832	147	1,883	896,988	144	6,229	1,354,971	138	9,819	1,624,390	138	11,775	1,749,319	144	12,148	2,204,040	142	15,521	2,430,252	139	17,484
TAS	193,803	51	3,800	377,841	49	7,711	430,974	49	8,795	464,520	46	10,098	474,136	29	16,350	500,278	29	17,251	512,019	29	17,666
NT				64,399		64,399	132,784	6	22,131	165,047	22	7,502	180,479	63	2,865	221,682	16	13,855	234,836	16	14,677
Total /mean	4,425,083	1067	4,147	11,804,476	901	13,102	15,053,895	840	17,921	16,884,756	726	23,257	17,887,147	841	21,269	21,293,720	559	38,093	22,305,781	556	40,118

Source: Table 2.1 (above) and ABS (2007; 2012).

Note: Population figures do not include population for Australian Capital Territory (ACT) since the ACT has no system of local government.

Figure 2.1: Average Australian council size by jurisdiction, 1910-2012



Source:

Source: Table 2.2 (above) and ABS (2007; 2012).

Note: Population figures do not include population for Australian Capital Territory (ACT) since the ACT has no system of local government.

In the amalgamation debate, it is also important to consider Australian local government in international perspective. How does the average size of Australian councils compare with other advanced countries? Table 2.3 sheds light on this question by providing an international comparison of average council size in 2007. Of the 18 countries listed in Table 2.3, the Britain has the largest councils with an average of 143,000 persons per council, whereas France has the smallest councils with an average of 1,500 persons per council. Relative to other OECD nations, Australia has the fourth largest councils with an average of 40,118 persons per council. Put differently, Australian councils are already large by the standards of other advanced countries.

Table 2.3: An international comparison of average council size, 2007

Rank	Country	Number of councils	Average council size*
1	Britain	415	143,000
2	Denmark	98	55,500
3	New Zealand	85	49,000
4	Australia	556	40,118
5	Japan	3,200	39,943
6	Netherlands	441	37,000
7	Portugal	308	34,500
8	Ireland	140	32,050
9	Sweden	290	31,500
10	Belgium	589	18,000
11	Poland	2,793	13,500
12	Finland	416	12,500
13	Canada	3,752	9,000
14	Germany	12,340	6,500
15	United States	71,343	4,000
16	Austria	2,357	3,500
17	Switzerland	2,758	2,500
18	France	36,783	1,500

Source: Adapted from Callanan, Murphy and Quinlivan (2012)

*Number of persons per council

However, the national local government systems listed in Table 2.3 cover a broad range of types of local government arrangements, embracing European systems (Britain, Ireland, France, Germany, Belgium, Switzerland, Austria, Netherlands and Poland), including two from the Nordic zone (Finland and Denmark), as well as federal countries outside of Europe, such as Australia, Canada and the United States, together with unitary states (Japan and New Zealand). There is thus a high degree of functional and other differentiation in the local government systems contained in Table 2.3. Various academic commentators, including Stoker (2010) and Mouritzen and Svava (2002), have pointed out that local government size is not an absolute

measure, but rather a relative measure, if we take into account the functions performed by local authorities

2.3 Empirical Evidence on Impact of Amalgamation

Most empirical work on the impact of amalgamation has been conducted on American local government. Extensive summaries of this work have been provided by Leland and Thurmaier (2006; 2010), Faulk and Hicks (2011) and Faulk and Grassmuck (2012). In general, American researchers have found that mergers have not met expectations in terms of efficiency gains and cost savings. For example, in an assessment of empirical work on whether consolidation produced greater efficiency, Feiock (2004) concluded that mergers had not met their intended economic objectives, but had rather led to increased expenditures. Similarly, in their review of the impact of city-county consolidation programs, Martin and Schiff (2011) found little evidence that municipal consolidation enhanced performance, through either improved service provision or reduced costs for delivering the same services. Leland and Thurmaier (2010) examined nine case studies of amalgamated and comparable unmerged local authorities and concluded that efficiency gains are not a predictable consequence of amalgamation.

These general conclusions have been echoed in the Canadian empirical literature. For instance, in her analysis of Ottawa amalgamations, Reese (2004) noted that remuneration levels increased in the post- merger period, resulting in a net rise in overall council expenditure. In a similar vein, Vojnovic (2000) examined the short-term effects of consolidation among five Canadian councils and found that aggregate costs increased in three of the five local councils.

Scholars have also examined the consequences of local government amalgamation in a number of European countries. For example, contributors to Dollery and Robotti (2008) considered council mergers in France, Germany, Italy and Spain and concluded that amalgamation had not achieved its intended effects. Moreover, in a Special Edition of *Local Government Studies* on European amalgamation programs, Swianiewicz and Mielczarek (2010) drew a similar conclusion with respect to Eastern Europe, Vrangbæk (2010) found much the same with the 2007/09 Danish merger program, Wollmann (2010) concurred in his analysis of the German amalgamation, Hlepas (2010) was scathing in his evaluation of the 1998 and 2008/09 Greek program, and Kreci and Ymeri (2010) drew bleak conclusions from the Macedonian experience. In their analysis of local government reform in Belgium and the Netherlands, De Ceuninck et al. (2010) concluded that council mergers had not met expectations.

The bulk of Australian evidence on the outcomes of amalgamation programs in state and territory local government systems derives largely from public inquiries into local government. As we shall see in section 2.4, a host of recent inquiries into municipal financial sustainability has established that numerous councils in all local government jurisdictions still face daunting financial problems, despite amalgamation. In the light of these findings, Dollery, Byrnes and Crase (2007; 2008) have argued that compulsory merger programs have not only failed as a ‘silver bullet’ for solving systemic financial and other problems in Australian local government, but have also not provided a coordinated regional dimension to local service provision.

In addition to these public inquiries, some empirical work on Australian amalgamation programs has been considered in the academic literature, as well as in consultant reports, although largely of a descriptive nature. In *Councils in Cooperation*, Dollery, Grant and Kortt (2012) provided a detailed evaluation of this work. With some exceptions, such as Soul's (2000) empirical analysis of council size and per capita service costs in NSW, and *Consolidation in Local Government* (2011), the scholarly literature is pessimistic on the efficacy of amalgamation as a means of improving local government efficiency.

In contrast to the marked emphasis the Australian academic literature has placed on a descriptive approach to the assessment of amalgamation through the case studies and the like, a new strand of the Australian literature has focused on empirical investigations using state-wide data. For example, Drew, Kortt and Dollery (2013) critically examined the empirical evidence adduced in favour of radical amalgamation of Tasmanian local authorities in *Local Government Structural Reform in Tasmania*, produced by Deloitte Access Economics (DAE) (2011), and commissioned by the Property Council of Tasmania. They found that if the DAE model is re-estimated – employing alternative functional forms – then the empirical evidence in support of Tasmania council merges evaporates.

Similarly, Drew, Kortt and Dollery (2012) examined whether scale economies exist in local government outlays by analysing the expenditure of 152 NSW councils. When the correlation between population and population density was taken into account, areas are decomposed into subgroups on the basis of density, there is no evidence of scale economies. In Chapter 3 of this

Report, we will examine in detail the outcomes of the 2004 NSW council amalgamation program and the 2008 forced mergers in Queensland.

2.4 Evaluation of Australian Municipal Merger Programs

Over the past two decades Australian local government has been exhaustively evaluated by a series of national and state-based public inquiries, largely focused on municipal financial sustainability. At the national level, the Commonwealth Grants Commission's (CGC) (2001) *Review of the Operation of Local Government (Financial Assistance) Act 1995*, the House of Representatives Standing Committee on Economics, Finance and Public Administration ('Hawker Report') (2004) *Rates and Taxes: A Fair Share for Responsible Local Government*, the PWC (2006) *National Financial Sustainability Study of Local Government* and the Productivity Commission's (PC) (2008) *Assessing Local Government Revenue Raising Capacity* all examined aspects of the financial problems plaguing Australian local government.

At the state level, the South Australian Financial Sustainability Review Board's (FSRB) (2005) *Rising to the Challenge Report*, the Financial Sustainability of NSW Local Government ('Allan Report') (2006) *Are Councils Sustainable?*, the Local Government Association of Queensland (LGAQ) (2006) *Size, Shape and Sustainability Inquiry*, the Western Australian Local Government Association (WALGA) (2006) *Systemic Sustainability Study*, the Local Government Association of Tasmania (LGAT) (2007) *Review of the Financial Sustainability of Local Government in Tasmania*, the Queensland Local Government Reform Commission (QLGRC) (2007) *Report of the Local Government Reform Commission*, and the Queensland Treasury

Corporation (QTC) (2008) *Financial Sustainability in Queensland Local Government* all investigated dimensions of financial viability in their respective state local government systems.

While the overwhelming emphasis in most of these public inquiries fell squarely on financial sustainability in local government, many inquiry reports considered the impact of policies designed to improve the operation of local government and its financial viability, including structural reform through forced amalgamation. We now examine the findings of the public inquiries on the efficacy of compulsory consolidation in chronological order.

2.4.1 Hawker Inquiry (2003)

A striking feature of the Hawker Report (2003) *Rates and Taxes* lay in its sweeping nature. Although originally designed to investigate cost-shifting, its terms of reference were extended to include almost all other aspects of local government (Dollery, 2005). Chapter 5 of *Rates and Taxes* assessed structural reform in terms of ‘amalgamations’ and ‘regional cooperation and resource sharing’. The Hawker Report (2003, p.84) set out two kinds of ‘efficiencies gained by amalgamations’:

- As a general rule, large councils had a ‘more secure and adequate financial base, are better able to plan and contribute to economic development, are more effective community advocates, and interact more effectively with government and business’. In addition, ‘structural reform can deliver economies of scale and can enable councils to employ a wider range of professionals so they can offer a wider range and usually higher quality of services’.

- Amalgamations yielded ‘savings’ as evidenced in the South Australian and Victorian amalgamation episodes, Western Australian projections that structural reform of small councils could produce ‘notional annual savings’ of a total of \$74.4 million or 5.2 per cent of total municipal expenditure and sizeable ‘savings projections’ from five New South Wales mergers.

However, this was followed by an appraisal of ‘why amalgamations may not work’. Three arguments were advanced (Hawker Report, 2003, p.89):

- The ‘multitude of challenges’ confronting ‘small rural councils’ often mean that ‘amalgamations are not viable’.
- Merger was not a panacea; other structural solutions involving ‘mentoring with a larger more prosperous council’ or ‘membership of a regional organization of councils’ are superior.
- ‘Continued cost shifting’ by state governments diminished the efficiency enhancing effects of compulsory consolidation.

The Hawker Report (2003, p.90) put forward two main recommendations:

- Recommendation 13 held that ‘the Commonwealth Grants Commission, in consultation with the LGGCs [Local Government Grants Commissions] in each State, assess the efficiencies of amalgamations or regional cooperation of local government, and use available mechanisms to adjust FAGs [Financial Assistance Grants] for the benefit of the

sector at large'. To promote mergers, 'councils should not be financially penalized through a net loss of FAGs for the benefit of the sector at large'.

- Recommendation 14 held that the Commonwealth 'continue to develop partnership arrangements with local government on the delivery of Federal programs and service delivery; and as appropriate, engage established regional organizations of councils, or similar regional bodies, which have demonstrated capacity, in regional planning and service delivery'.

2.4.2 South Australian Financial Sustainability Review Board (FSRB) (2005)

While the focus of the FSRB (2005) fell squarely on the definition, measurement and assessment of 'financial sustainability', it also considered council size, drawing various conclusions on compulsory amalgamation. The FSRB established that 'there is no strong relationship between a council's organisational size and either a strong financial position or a good annual financial performance' (FSRB, 2005, p.49). Furthermore, 'the size and density of councils played little role in explaining the observed differences in the sustainability of the long-term financial performance and position of councils'. The *Final Report* concluded that 'because relative growth rates, size and density of councils altogether explain only a fraction of the differences observed in the sustainability of the long-term financial performance and position of councils, other financial characteristics must be more important contributors'.

The FSRB (2005, p.85) also assessed the claims made by the SA Local Government Boundary Review Board in the lead up to its structural reform program which decreased the number of local authorities from 118 to 68 after 1995, forecasting 'recurrent savings' of \$19.4 million per

annum and ‘one-off savings’ of \$3.9 million. The FSRB (2005, p.85) found that ‘whether the ongoing savings have in fact continued is a moot point’ since ‘fewer, larger councils are not the instant or easy fix that many would like to believe’, particularly in ‘non-metropolitan areas dominated by the “tyranny of distance” and other impediments’.

In sum, the FSRB (2005, p.85) concluded that ‘amalgamation brings with it considerable costs and often exaggerated benefits’. Alternative models of council cooperation should thus be pursued instead, since there are ‘many intermediate forms of cooperation/integration among councils, with amalgamation being the most extreme (and confronting) form of integration’. The FSRB (2005, p.85) then considered the most promising alternative options and found that numerous ‘voluntary arrangements’ in shared services and joint enterprise had proved successful in the South Australia.

2.4.3 Financial Sustainability of NSW Local Government (‘Allan Report’) (2006)

In common with the bulk of the public inquiries into local government, the Allan Report (2006) in NSW concentrated mainly on fiscal viability. However, Chapter 10 of *Are Councils Sustainable?* examined the putative relationship between council size and council efficiency which frequently underpinned arguments for amalgamation. The *Final Report* observed that ‘past local government amalgamations were based on the primary rationale that larger councils with larger populations could exhibit greater economic efficiencies’ because bigger local authorities would exhibit ‘lower administrative costs, smaller unit costs of representation, increased purchasing power, improved utilization of depots, plant and equipment and draw from a more diverse funding base’ (Allan Report, 2006, pp.259-60). Moreover, the Report (2006,

p.261) observed that uncertainty existed ‘as to whether such a concept has a sound empirical basis’. It concluded that ‘achieving increased economies of scale and greater efficiencies through forcible amalgamation seems questionable and generally not desirable from a local government or community perspective’.

2.4.4 Queensland Size, Shape and Sustainability (SSS) Program (2006)

Chapter 4 of the *Size, Shape and Sustainability: Guidelines Kit* (LGAQ, 2006, pp.4-5)

considered alternative forms of structural reform in Queensland local government. It proposed four different ‘option for change’: ‘Merger/amalgamation’; ‘significant boundary change’; ‘resource sharing through service agreements’; and ‘resource sharing thorough joint enterprise’.

Chapter 4 examined the ‘advantages’ and ‘disadvantages’ of each of these options. With respect to amalgamation, it argued that the benefits which can flow from council amalgamation could include a ‘sufficient resource base’, a reduction in the ‘total costs of government’, scale economies, lower staff levels, an ‘opportunity to review’ operations, rationalization of assets, ‘cross-border’ facility and service utilization, better promotion of economic development, improved growth management, the ‘formalization’ of communities of interest, increased political lobbying power, and potential for ‘full-time’ elected representatives. However, potential costs embraced ‘exposure’ to liabilities of other local authorities, addressing ‘major difference in rates’, fewer grants, high costs of ‘integrating’ constituent councils, dealing with ‘widely differing organisational cultures’, creating ‘differing levels of service in some areas’, diluting existing representation, and the loss of direct representation by ‘small areas’. In addition, Chapter 4 stressed the importance of the ‘voluntary’ nature of any amalgamation proposal to its ultimate success.

2.4.5 Western Australian Systematic Sustainability Study (2006)

While the bulk of the Western Australian (WA) *Systematic Sustainability Study* (2006) (the ‘Report’) was devoted to financial sustainability, council mergers were also considered. Chapter 8 of the Report considered council consolidation as part of the broader range of alternative models of service delivery. The WA Local Government Association (WALGA) (2006) argued that a ‘state/territory’ model and an ‘industry-owned service provider’ which delivered selected services on a regional basis for member councils represented the most promising options. With respect to council amalgamations, the Report noted that ‘there was little prospect that forced amalgamations would achieve any lasting community benefit’ on grounds that ‘there is a growing literature and operating experience to this effect elsewhere in Australia’ (WALGA, 2006, p.70). In short, WALGA (2006) argued that the main benefits which purportedly derived from amalgamation ‘can be obtained by methods other than enforced structural reform’.

2.4.6 PriceWaterhouseCoopers (PWC) Report (2006)

Although the major emphasis in the PWC (2006) *National Financial Sustainability Study of Local Government* fell on local government financial sustainability, it nonetheless considered structural reform. PWC (2006) drew four main conclusions on compulsory council consolidation:

- With respect to state-based inquiry findings on council mergers, PWC (2006, p.15-16) observed that while ‘the sustainability report undertaken in SA indicated that sustainability may be more linked to policy skills rather than size, evidence from other

states indicates that scale, and implicitly size, does assist in improving sustainability’.

Moreover, this ‘divergence in results is largely due to the majority of SA being an unincorporated zone, which would minimise the incidence of rural councils that cover large areas with a small population base and limited opportunities for economies of scale’. However, scale economies could best be achieved through ‘regional or shared service provision, outsourcing, and use of state-wide purchasing agreements’.

- PWC (2006, p.72) noted that whereas ‘structural reform through amalgamations is necessary in some instances, each potential amalgamation needs to be assessed carefully to avoid the risk of simply creating large inefficient councils’. Moreover, it also emphasized that ‘remote councils’ faced ‘higher cost structures’ largely due to the ‘tyranny of distance’, which amalgamation could not alter.
- In section 2.6.2 of its report, PWC (2006, p.75) considered the net impact of Australian municipal merger programs. It concluded that ‘mergers can bring greater financial strength and stability to councils, however, simply merging a number of adjoining unviable councils is unlikely to increase financial sustainability to the stage where there is a single viable council and it may decrease effectiveness and result in greater disputes between councillors based on parochial interests’.
- In its formal recommendations, PWC (2006, p.149) held that ‘efficiency, effectiveness and scale’ could be enhanced by means of regional service provision, shared service arrangements, outsourcing, state-wide purchasing initiatives, and similar initiatives, rather than through compulsory council amalgamation.

2.4.7 Local Government Association of Tasmania (LGAT) (2007)

In common with most other inquiries, LGAT (2007) was focused on financial sustainability. However, in section 6.3 of its report, LGAT (2007, p.65) considered structural reform through mergers and argued that ‘forced amalgamations have limited prospects for achieving lasting community benefit’. Furthermore, whereas small local authorities typically ‘lack administrative and technical capacity compared with larger councils’ and ‘council amalgamations will generate a greater range of services and improved quality of service’, LGAT insisted that the ‘main benefits of amalgamation can usually be obtained by methods other than enforced structural reform’, most often ‘resource sharing and pool-style arrangements’. Following WALGA (2006), LGAT (2007, p.68) recommended that local government in Tasmania should explore the introduction of a ‘state/territory’ model comprising a ‘two-tier local and regional government’ providing some services at local level and others at the regional, level with elected arrangements in place for both systems. In addition, ‘sector-owned service providers’ should be investigated, where these entities could be ‘specially established sector entities’, single councils operating under contract to other local authorities, private sector providers, LGAT or a regional council.

2.4.8 Queensland Local Government Reform Commission (2007)

The specific council amalgamation recommendations of the Queensland Reform Commission (2007) were set out in detail in its *Report of the Local Government Reform Commission*. However, this report provided little justification for the structural reform process. The rationale for the radical program of forced amalgamation was set out by the Queensland Department of Local Government, Planning, Sport and Recreation (DLGPS&R) (2007) in its *Local Government*

Reform: A New Chapter for Local Government in Queensland (Dollery, Wallis and Crase, 2007).

This document argued that the motivation for local government reform in Queensland was ‘not unique to Queensland’. Moreover, it had four main strands: (a) the need to address the ‘medium to long-term sustainability’ in local government; (b) the ‘need for greater collaboration in infrastructure and regional planning’; (c) the need for local councils in Queensland to avoid their current ‘internally focused parochial mindset’ and consider instead the ‘bigger picture’; and (d) the need to reduce the ‘inconsistency of performance and service delivery across the local government sector’ (DLGPS&R, 2007, p.11).

Invoking PWC (2006), it was argued that ‘large numbers of Australian local councils were ‘non-sustainable’, with severe local infrastructure backlogs. These problems were ‘typically more acute in smaller councils’, particularly in ‘rural or remote areas’. Drawing on the financial analysis by the QTC as at March 2007, it noted that 43% of councils fell in the ‘weak’ or below categories. Section 2.4 of *Local Government Reform* emphasised that financial assistance provided to local councils in Queensland by higher tiers of government in terms of per capita grants was the highest in Australia at \$88.50. In Chapter 4, the DLGPS&R (2007, p.39) underlined the problem of securing administrative and technical staff and the impact of this on small non-metropolitan councils. It postulated that ‘large councils with greater financial resources would be significantly better placed to establish robust regionally-based employment frameworks’. Finally, Chapter 5 considered structural reform programs in New Zealand, the Northern Territory, South Australia, Tasmania and Victoria. It concluded that these had been generally successful.

2.5 Concluding Remarks

Chapter 2 of this Report has sought to consider the efficacy of compulsory council consolidation as a means of improving financial viability in Australian local government through the prism provided by eight national and state-based public inquiries into financial sustainability in local government. Given the ubiquity of forced amalgamation in the Australian milieu, the most interesting feature of the deliberations of these inquiries on the question of structural change resides in the fact that they echo scepticism in the academic literature on compulsory council consolidation. Indeed, the weight of opinion in the public inquiries suggests that the traditional Australian stress on council mergers has been seriously misplaced.

While it is true that the Hawker Report (2003) conceded that structural reform could deliver scale economies and amalgamations had evinced savings, mergers were not a ‘panacea’. It recommended that Commonwealth Grant’s Commission methodology should be adjusted to accommodate amalgamation, but called for partnership arrangements with local government through regional organisations of councils and other regional bodies. The FSRB (2005) disputed empirically purported relationships between council size and council performance, as well as questioning claims advanced on the savings generated by amalgamation. It concluded that alternative models of council cooperation should be pursued. The Allan Report (2006) also found that population density – and not population size – represented the dominant component in council cost structures. It recommended that policy instruments other than amalgamation should be employed. Whereas the LGAQ (2006) noted that some benefits could flow from council mergers, it pointed to high costs, and concluded that only voluntary amalgamation held promise.

WALGA (2006) rejected the efficacy of consolidation and argued that state/territory and industry-owned service provider models were more suitable to WA conditions. In its formal recommendations, PWC (2006, p.149) argued that efficiency, effectiveness and scale could best be improved through regional service provision, shared service arrangements, outsourcing, and state-wide purchasing initiatives, rather than by means of council mergers. LGAT (2007) held that forced amalgamations were unlikely to achieve lasting benefits and it recommended resource sharing and ‘pool-style arrangements’, such as state/territory models and sector-owned service providers. In contrast to these other inquiries, the DLGPS&R (2007) presented strong arguments in favour of amalgamation, stressing the greater financial resources available to bigger post-amalgamation councils.

However, a serious shortcoming of these inquiry reports, which is also reflected in the empirical academic literature, is a lack of sophisticated econometric modelling of previous forced merger episodes. Fortunately, an embryonic Australian empirical literature has done some analysis of this question. In Chapter 3 of this Report we consider in detail analyses of two forced amalgamation programs: (a) the 2004 NSW compulsory council consolidation program and (b) the 2008 Queensland forced amalgamation program.

CHAPTER 3: EMPIRICAL ASSESSMENT OF THE 2000/2004 NSW MERGER PROGRAM AND THE 2008 QUEENSLAND MERGER PROGRAM

Chapter Summary

- An empirical analysis of the 2000/2004 NSW council amalgamations shows no difference in the performance of merged and unmerged councils using the *Fit for the Future* criteria.
- An empirical analysis of the 2008 Queensland amalgamations shows that most amalgamated councils now operate under diseconomies of scale.
- Taken together, this provides a convincing empirical case against proceeding with a further round of municipal mergers in NSW in 2015.

3.1 Introduction

Despite the fact that municipal mergers are mired in ongoing controversy, with little support in the empirical literature (see, for instance, *Public Finance and Management*, Special Editions, 13(2) and 13(3), 2013), Australian local government policymakers continue to use forced amalgamation as a major policy instrument. Indeed, over the past two decades, compulsory council consolidation programs have been conducted in every Australian state and territory, with the sole exception of Western Australia, where the Barnett Government recently unsuccessfully attempted to impose mergers on Perth metropolitan councils.

Australian forced amalgamation programs follow a common pattern (Dollery, Grant and Kortt, 2012). In the first instance, a newly-elected state government typically complains publically of

general council inefficiency and its ostensible lack of fiscal viability and then launches ‘independent’ inquiry to examine methods of improving local government. After a period of deliberation, the inquiry usually publishes a discussion paper(s), an interim report and a final report, which almost invariably recommends forced mergers. After perfunctory period of ‘public consultation’, the proposed mergers proceed, despite widespread public opposition.

Once forced amalgamation has taken place, a common pattern is also evident (Dollery, Grant and Kortt, 2012). Ongoing public discontent with council consolidation characteristically continues, often for years, which occasionally results in de-amalgamation (see, for example, De Souza, Dollery and Kortt, 2014). Furthermore, no public reporting of the costs of mergers to affected councils or their local communities occurs, state governments do not undertake assessments of merger outcomes, and no improvement in the operational efficiency or financial viability of merged local authorities is observed. After period of years, the cycle begins again.

As we have seen in Chapter 1, the current NSW local government process closely approximates this pattern. The NSW Government initiated an inquiry into NSW local government led by the Independent Panel immediately after its *Destination 2036* Workshop in Dubbo in August 2011. The Panel published its preliminary thinking in *Better Stronger Local Government: The Case for Sustainable Change* in November 2012, followed by an interim report *Future Directions for NSW Local Government* in April 2013, which recommended drastic council mergers. Its final report *Revitalising Local Government* which was submitted in October 2013, but only made public early in 2014. In common with *Future Directions*, *Revitalising Local Government* claimed that council consolidation was vital for improving NSW local government, although it softened

Future Directions hard-line stance on forced mergers by recommending a strengthened Boundaries Commission consider its proposed council amalgamations on a ‘case-by-case’ basis and make binding recommendations. The NSW Government’s *Fit for the Future* program has subsequently adopted the Panel’s merger recommendations with alacrity and the process is now underway.

A significant problem with both the recommendations of the Panel and the subsequent embrace of its merger proposals in *Fit for the Future* resides in the absence of supporting empirical evidence for council amalgamation in NSW. Indeed, as we have seen in Chapter 2 of this Report, the weight of both the scholarly literature and public inquiries into local government runs strongly against the efficacy of municipal mergers as an instrument of local government reform.

Despite repeated assurances by the Panel that it would adhere to ‘evidence-based’ policymaking, such as its claim in *Revitalizing Local Government* (2013, p.7) that its approach to municipal mergers ‘has been evidence-based and pragmatic, not ideological’, the Panel barely bothered to assess the outcomes of the 2004 NSW forced amalgamation program conducted by the Carr Government. However, with respect to the outcomes of the 2004 amalgamation program, all the Panel actually did was engage the South Australian commercial consultants Jeff Tate Consulting Pty Ltd to conduct a cursory assessment of five merged councils, without even calling for a comparative study of merged and unmerged councils using published official data. As we shall see in Chapter 3, it is thus not at all surprising that the Panel blithely proceeded to recommend council mergers with little knowledge of the effects of amalgamation on councils merged in 2004.

Much the same is true for the 2008 Queensland forced amalgamation program. In 2007 the Queensland Government imposed forced amalgamation with the number of local authorities falling drastically from 157 to just 73 councils. Amalgamation was justified *inter alia* on the assumption that increased economies of scale would generate savings. The failure of the Queensland compulsory council consolidation program to achieve its intended aims should surely have alerted the Independent Panel and the authors of the *Fit for the Future* program to the plethora of problems plaguing forced amalgamation, not to mention the subsequent cases of de-amalgamation.

The purpose of Chapter 3 is twofold:

- In the first place, we empirically assess the performance of municipalities merged in NSW over the period 200/2004 NSW in an effort to determine quantitatively the relative impact of amalgamation on council performance using official data.
- Secondly, we present the findings of the most comprehensive empirical evaluation of the 2008 Queensland amalgamation program yet undertaken.

The NSW amalgamations executed over the period 2000 to 2004 and the 2008 Queensland amalgamations are particularly relevant to the *Fit for the Future* regime. The former merger program is relevant because it occurred in the same jurisdiction as the mergers proposed under *Fit for the Future*, although the different combination of councils was rather complex resulting in limited opportunities to make direct comparisons. By way of contrast, the Queensland

amalgamation episode involved (a) lower levels of boundary complexity, (b) resulted from a single radical program of forced amalgamations consistent with the *Fit for the Future* regime and (c) allow for robust comparisons owing to the wealth of financial and contextual data available to investigators.

The analysis of these two municipal merger programs generates information which would have proved most helpful to NSW policymakers weighing up the likely effects of municipal mergers on council performance. Had thorough empirical analyses been conducted by the Independent Panel, it is highly unlikely that the Panel would have prescribed further municipal mergers in NSW.

Chapter 3 is divided into three main parts. Section 3.2 deals with the NSW mergers over the period 2000 to 2004. Section 3.2.1 provides a critical account of the analysis of the 2004 NSW local government merger program conducted by Jeff Tate Consulting Pty Ltd (2013) for the Independent Panel, which focused on an unrepresentative sample of only five amalgamated entities and involved no quantitative assessment of post-merger performance with unmerged councils. Section 3.2.2 provides an empirical analysis of the 2000/2004 NSW council mergers. Section 3.3 contains an empirical evaluation of the 2008 Queensland forced amalgamation program. Chapter 3 ends in section 3.4 by drawing some policy lessons for the current *Fit for the Future* NSW from the two earlier amalgamation episodes.

3.2 Assessment of 2000/2004 Council Mergers in New South Wales

3.2.1 Jeff Tate Consulting Pty Ltd Analysis

The Panel provided Jeff Tate Consulting Pty Ltd (2013, p.1) with the following terms of engagement:

- ‘Review relevant research into the processes and outcomes of Council amalgamations in NSW and other states over the last 20 years;
- Identify relevant findings from the research to inform an assessment of the processes and outcomes of a sample of recent (2004) amalgamations in NSW;
- Assess the processes and outcomes of a sample of five Council amalgamations that occurred in 2004, considering the following matters:
 - whether each amalgamation has produced positive outcomes;
 - the circumstances, process and/or scale of change required for amalgamations to produce positive outcomes;
 - how significant and lasting the costs and disruption associated with amalgamations were, relative to any benefits;
 - the lessons that can be learned for managing implementation of any future amalgamations or major boundary changes;
 - the lessons that can be learned in terms of barriers and incentives for voluntary or ‘guided’ boundary changes;

- Prepare a report summarising findings from each case study and an overall report for the Panel, taking into consideration its terms of reference’.

Against this background, it should be noted that the 2004 NSW municipal merger program resulted in a fall in the number of local authorities from 174 to 152 entities. A thorough evaluation of the 22 merged entities would have compared their subsequent performance with unmerged councils falling in the same local government classification categories using official NSW local government data, especially the annual *Comparative Information on Local Government Councils*, which contains comparative data by council across a range of indicators. However, so acute was the lack of rigour in the Panel’s terms of engagement surrounding the sample of councils, Jeff Tate Consulting Pty Ltd (2013, p.2) was simply instructed to examine the following five councils:

- ‘Clarence Valley Council (amalgamation);
- Glen Innes Severn Council (amalgamation);
- Palerang Council (amalgamation and associated boundary changes);
- Greater Hume Shire (amalgamation and associated boundary changes); and
- City of Albury (boundary changes associated with the Greater Hume Shire amalgamation)’.

No explanation was advanced in Jeff Tate Consulting Pty Ltd.’s final report *Assessing processes and outcomes of the 2004 Local Government boundary changes in NSW* (2013) or in any of the Panel’s published documents to account for the basis on which these five local authorities were

selected or on how reflective they were of the total population of merged municipalities in NSW. In addition, the discursive ‘research technique’ employed by Jeff Tate Consulting Pty Ltd (2013, p.22) was not only entirely qualitative, but also suffered severely from ‘selection bias’ as attested by the fact that the people ‘interviewed’ were drawn from the new post-amalgamation entities and thus most unlikely to criticise the process which had spawned their current positions:

‘Over 50 people were interviewed either individually or in groups for the case studies of the five Councils selected by the Independent Review Panel. The Council representatives included Mayors, Deputy Mayors, Councillors, General Managers, Directors, middle managers and other staff who had either been through the amalgamation or boundary change process or who have been closely involved since in implementing the new structures and systems’.

Given the absence of rigour in its report *Assessing processes and outcomes of the 2004 Local Government boundary changes in NSW*, it is thus not at all surprising that Jeff Tate Consulting Pty Ltd (2013, p.40) was only able to draw highly imprecise conclusions which can hardly inform policymaking:

‘The research and interviews both confirm that the costs associated with amalgamation are often underestimated. Poor planning and implementation processes combined with legal, industrial and Proclamation restrictions have increased costs, extended the negative impacts associated with amalgamations and hampered the achievement of positive outcomes...However, the 2004 amalgamations have achieved many positive outcomes

despite the restrictions and poor planning and implementation. The positive outcomes include improvements in infrastructure and service delivery, the capacity to tackle larger and more complex projects and issues, greater ability to access external funding, the capacity to speak with a unified voice on behalf of local communities and improved opportunities for staff of Councils’.

3.2.2 Analysis of 2000/2004 NSW Amalgamations

Table 1 provides details of the ten general purpose councils which were subject to amalgamation over the period from 2000 to 2004. Because most of the amalgamations involved the dismembering of constituent councils, many of the empirical evaluations possible for Queensland cannot be performed for this cohort of municipalities. However, we can gauge the success of the merger program by examining and comparing the performance of the cohort of general purpose amalgamated entities against (a) all councils in the jurisdiction and (b) a group of peers selected according to the NSW Office of Local Government classification system.

Table 3.1: NSW General Purpose Councils Merged over 200/2004

Amalgamated Council	Date	Constituent Councils
Albury	26 May 2004	Albury and Hume (part)
Armidale-Dumaresq	21 February 2000	Armidale and Dumaresq
Bathurst	26 May 2004	Bathurst and Evans (part)
Lithgow	26 May 2004	Lithgow, Evans (part), Rylstone (part)
Clarence Valley	25 February 2004	Copmanhurst, Grafton City, Maclean, Pristine Waters
Goulburn-Mulwaree	11 February 2004	Goulburn, Mulwaree (part)
Mid-Western Regional	26 May 2004	Merriwa (part), Mudgee, Rylstone (part)
Queanbeyan	11 February 2004	Queanbeyan, Yarrowlunla (part)
Richmond Valley	21 February 2000	Casino, Richmond River
Tamworth	17 March 2004	Barraba (part), Manilla, Nundle (part), Parry (part), Tamworth

Table 3.2 compares the Financial Sustainability Rating (FSR) of the ten general purpose NSW councils with the FSR for the entire NSW local government system. This comparison clearly demonstrates that the FSR assigned to the two cohorts by TCorp (2013) do not suggest any material difference in performance between the ten general purpose councils which experienced forced amalgamation and the rest of the NSW councils. In fact, the ten general purpose councils under consideration had a higher proportion of sub-standard performance (i.e., ‘very weak’ and ‘weak’) than the rest of NSW councils. By way of contrast, the remaining NSW municipalities had a slightly higher proportion of councils exhibiting acceptable levels of performance (i.e., ‘moderate’, ‘sound’, and ‘strong’). Given the lofty claims made by proponents of municipal reform it is somewhat surprising that the performance of the ten general purpose councils amalgamated in earlier programs is slightly lower than the remainder of the jurisdiction. This data suggests that the 2000-2004 amalgamations may not have been as successful its architects had hoped.

Table 3.2: Comparison of Financial Sustainability Ratings

TCorp (2013) Financial Sustainability Rating	Amalgamated Councils	Rest of Jurisdiction
Very Weak	0	3.5%
Weak	30%	21.8%
Moderate	50%	52%
Sound	20%	21.1%
Strong	0	1.4%
Very Strong	0	0
Total	10	142

A more nuanced result is possible by comparing the individual financial ratio indicators over the three year period in the *Fit for the Future* assessments. In Chapter 3, four of the *Fit for the Future* ratios are defined and employed in exactly the same way as prescribed by the OLG

(2014): Operating Performance, Own Source Revenue, Building and Infrastructure Renewal, and Asset Maintenance ratios.

However, we examined the Infrastructure Backlog ratio over three years instead of one (as per the OLG Council Toolkit 2015) owing to existing evidence of significant ‘gaming’ by councils on this data (see Chapter 4 in this Report). The debt ratio has been dropped entirely owing to the logical flaws in the method adopted by the OLG (2014), which incidentally was in direct contradiction to the advice provided to them by the experts which the OLG had previously commissioned to measure financial sustainability (TCorp, 2013).

We have also altered the expenditure per capita ratio to reflect the functional unit most appropriate to municipal service provision (i.e. households) (see Chapter 4 of this Report). Finally, we have included a measure of staffing ratios which – in the absence of more sophisticated data envelopment analysis – is necessary for an elementary understanding of municipal efficiency (although we stress that this is an empirical compromise required by our efforts to conform to the OLG model).

Table 3.3 details the various ratios of the amalgamated cohort (previously set out in Table 3.1) and the fourteen councils which represent the peer group according to OLG classification. A cursory examination of the data suggests that there is very little difference in the performance of the amalgamated cohort with respect to the peer group (which is consistent with our examination of FSR detailed in Table 3.2).

Table 3.3: Comparison of Fit for the Future Performance

	Operating Performance Ratio			Own Source Revenue Ratio			Employees per Household			Expense per Household		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Amalgamated												
Quartile 1	-11.3%	-10.0%	-11.4%	69.6%	67.0%	60.7%	23.6	23.1	23.7	5,263	5,457	5,535
Median	-7.5%	-5.3%	-4.4%	74.6%	71.8%	65.4%	24.3	24.7	24.9	5,451	5,700	5,717
Quartile 3	-6.4%	-1.5%	-3.0%	78.8%	74.9%	73.1%	25.8	26.3	26.3	5,713	5,884	6,341
Non-Amalgamated												
Quartile 1	-11.1%	-7.7%	-14.8%	73.9%	67.7%	62.3%	21.7	21.9	22.0	5295	5316	5368
Median	-7.3%	-4.9%	-1.4%	76.7%	69.2%	72.5%	24.9	24.5	24.6	5624	6088	5693
Quartile 3	-3.6%	2.5%	2.3%	78.6%	76.5%	75.0%	27.8	28.0	27.0	6366	6629	6532

	Building & Infrastructure Renewal Ratio			Infrastructure Backlog Ratio			Asset Maintenance Ratio		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Amalgamated									
Quartile 1	64.4%	42.5%	32.8%	0.04	0.05	0.05	0.85	0.77	0.63
Median	73.0%	55.9%	51.8%	0.07	0.06	0.12	0.94	0.90	0.95
Quartile 3	81.7%	91.3%	93.4%	0.11	0.11	0.19	1.03	1.09	0.99
Non-Amalgamated									
Quartile 1	39.6%	33.4%	36.5%	0.01	0.02	0.02	0.68	0.74	0.71
Median	57.5%	60.0%	62.8%	0.06	0.07	0.05	0.85	0.88	0.80
Quartile 3	73.7%	106.8%	82.7%	0.08	0.10	0.11	0.95	1.00	1.00

However, a superior way of evaluating whether there is a real difference in performance between the two cohorts is to conduct an analysis of variance (ANOVA). An ANOVA compares the spread of the various financial ratios of individual councils within cohorts (amalgamated and non-amalgamated peers) to the spread of the same financial ratio between cohorts and thus provides a robust statistical test to determine whether there are statistically important differences between the financial ratios of the two cohorts.

Table 3.4: ANOVA of 2014 Fit for the Future Indicators

	Amalgamated	Non-Amalgamated	Differences
Operating Performance Ratio	-0.07 (0.059)	-0.099 (0.116)	No statistically significant difference
Own Source Revenue Ratio	0.744 (0.063)	0.749 (0.073)	No statistically significant difference
Employees per Household	25.016 (3.836)	25.093 (4.401)	No statistically significant difference
Expense per Household	5563.34 (555.23)	5827.50 (698.52)	No statistically significant difference
Building & Infrastructure Renewal Ratio	0.765 (0.293)	0.602 (0.399)	No statistically significant difference
Infrastructure Backlog Ratio	0.084 (0.064)	0.061 (0.060)	No statistically significant difference
Asset Maintenance Ratio	0.947 (0.201)	0.820 (0.175)	No statistically significant difference

The standard deviations in parentheses in Table 3.4 provide an indication of the average variation in each financial ratio of individual councils to the mean financial ratio within the particular cohort. Somewhat predictably Table 3.4 – which details the ANOVA results – finds no statistically significant difference between the two cohorts for each and every one of the seven financial ratios. It should be noted that ANOVA deals with the possibility of sampling error and other statistical noise. What this means is that there is absolutely no empirical basis for supposing that the performance of the amalgamated cohort is in any way superior to their peers. It is worth stressing that this is an ‘inconvenient’ result for proponents of amalgamation, based on sustainability criteria.

Had the Independent Panel approached the question of the outcomes of the 2004 NSW mergers in a technically competent manner, as we have demonstrated in Chapter 3, instead of instructing Jeff Tate Consulting Pty Ltd to use a biased and unrepresentative five council sample, then it would have discovered that the earlier 2000/2004 council mergers did not produce local

authorities exhibiting superior performance as measured using *Fit for the Future* FSR. This would surely have given both the Panel and the NSW Government pause for thought on the desirability of yet more costly council mergers.

3.3 Assessment of 2008 Council Mergers in Queensland

The Queensland amalgamations occurred in 2008 and involved a reduction in the number of councils from 157 to just 73. Apart from similarities relating to the radical scale of reform, the Queensland mergers also shared a number of other aspects with *Fit for the Future*:

- (a) The amalgamation proposals were created in haste with no publicly available empirical analysis to support the contentions of the Local Government Reform Commission (LGRC);
- (b) The merger recommendations involved a significant degree of political subterfuge, notably the alleged ‘independence’ of the inquiry;
- (c) The council consolidation proposals used highly optimistic predictions of economies of scale whilst neglecting the possibility of scale diseconomies; and
- (d) The amalgamation proposals entirely ignored the weight of scholarly evidence on the likely success of municipal boundary reform through compulsory council consolidation (see, for instance, Dollery, Ho and Alin 2008; Dollery, Wallis and Crase 2007).

Given these commonalities, it is instructive to examine the lack of success realised by the Queensland forced mergers, particularly given that the TCorp (2013) financial sustainability ratios bear uncanny similarity to the Queensland Treasury Corporation financial sustainability

assessments utilised by the Commission in forming their recommendations for the Queensland councils (LGRC, 2007, p42).

Drew, Kortt and Dollery (2015) interrogated the financial data of Queensland councils pre- and post-amalgamation to determine whether the radical merger program in fact reaped the economies of scale promised by the LGRC. Table 3.5 details the measures of central tendency for the variables used in the regression analysis. They concluded that the municipal merger program actually resulted in a greater proportion of councils exhibiting diseconomies of scale arising from amalgamations (see Table 3.6 empirical results) which created entities which were simply too large to be run efficiently:

‘Eight percent of councils in 2006/07 (ten councils) -representing 64% of the state’s population - exhibited diseconomies of scale. For the 2009/10 data, the average cost curve remained almost stationary at 99,000 residents per council, but almost 25% of all councils (thirteen councils) were now found to exhibit diseconomies of scale. The compulsory merger program thus increased the proportion of Queensland residents in councils operating with diseconomies of scale to 84%.’

This finding lies in stark contrast to the claims made by the Queensland Reform Commission prior to the amalgamations. Moreover, when the data was categorised according to functional expenditure (roads, waste and parks), it was established that only one of the categories (parks) exhibited any evidence of economies of scale (see Table 3.7). Given that parks expenditure represented only around 5% of total Queensland municipal spending, this suggests that the most

effective public policy response would have been to concentrate on shared service arrangements rather than expensive, disruptive and divisive forced amalgamations. Finally, Drew, Kortt and Dollery (2015) noted the following outcomes three years on from the mergers:

- An increase in real operating expenditure (excluding the effects of inflation) in the order of 4.7% p.a.
- An increase in real council rates (excluding inflation) of 3.1% p.a.
- An increase in council rates of 4.9% p.a. (excluding inflation).

Taken as a whole this suggests that, far from the earlier claims of leaner more efficient local authorities, the Queensland forced mergers actually produced more expensive local government funded in part by higher municipal rates and fees. It is thus impossible to argue that this episode of municipal amalgamation was a success. This is particularly troubling given the similarities between the Queensland amalgamations and the proposed *Fit for the Future* mergers.

Table 3.5: Definitions and Means of Variables (2006/07 n=114; 2009/10 n=57)

Variable	Definition	Mean 2006/07	Mean 2009/10
Expenditure			
Total expenditure	Log of total per capita expenditure	7.59	8.07
Road expenditure	Log of road expenditure per capita	6.31	6.49
Waste expenditure	Log of waste expenditure per capita	3.69	4.05
Parks expenditure	Log of parks expenditure per capita	4.19	4.48
Demographic			
Population	Log of population	8.86	9.51
Population squared	Log of population squared	81.35	95.01
Population density	Population divided by council area (in km ²)	55.34	42.75
Population growth	Four year average population growth	0.01	0.04
Exogenous Controls			
Ha. of agriculture/1000	Hectares of agricultural land divided by 1000	1234.4	2541.36
Average wage	Average wage of taxable individuals	\$35,048	\$51,092
UnN%	Percentage of individuals unemployed	4.78	6.25
ATSI%	Percentage of ATSI individuals	7.06	10.43
NESB%	Percentage of NESB individuals	3.07	3.74
Urban Roads (km)	Distance of urban roads in kilometres	737.81	472.58
Rural Roads (km)	Distance of rural roads in kilometres	1147.15	2174.05
Adults (over 65)%	Percentage of individuals aged over 65	12.04	12.95
Children (under 15)%	Percentage of persons under 15 years of age	21.67	20.86

Table 3.6: Relationship between Queensland Council Expenditure and Population before and after Mergers

	2006/07	2009/10
Population (ln)	-1.641** (0.272)	-2.101** (0.358)
Population squared (ln)	0.071** (0.016)	0.091** (0.020)
Density		
Population growth	-1.620 (2.170)	0.610 (0.760)
Control variables	Yes	Yes
N	114	57
R ²	0.92	0.95

Standard errors in parentheses.

+ p<0.10, * p<0.05, ** p<0.01

Note: Regression Model 2 controls for hectares of agricultural land, average wage, unemployment rate, ATSI and NESB rates, proportion of the population over 65 and under 15, and the kilometres of urban and rural roads.

Table 3.7: Type of QLD Council Expenditure and Population size before and after Mergers

	2006/07			2009/10		
	<i>Roads</i>	<i>Waste</i>	<i>Parks</i>	<i>Roads</i>	<i>Waste</i>	<i>Parks</i>
Population (ln)	-1.095 (1.128)	0.162 (0.615)	-2.383** (0.539)	0.137 (0.897)	-0.335 (0.556)	-3.687** (0.757)
Population squared (ln)	0.042 (0.067)	-0.028 (0.036)	0.128** (0.032)	-0.039 (0.050)	0.018 (0.031)	0.220** (0.042)
Density	-0.001 (0.001)	0.000 (0.000)	-0.000 (0.000)	0.001 (0.002)	0.000 (0.001)	-0.004* (0.002)
Population growth	5.054 (8.997)	-0.293 (4.983)	-2.551 (4.345)	-0.553 (1.961)	-1.393 (1.215)	2.813+ (1.654)
Control variables	Yes	Yes	Yes	Yes	Yes	Yes
N	105	105	101	57	57	57
R ²	0.57	0.43	0.68	0.72	0.67	0.86

Standard errors in parentheses.

+ p<0.10, * p<0.05, ** p<0.01

Note: Regression Model 2 controls for hectares of agricultural land, average wage, unemployment rate, ATSI and NESB rates, proportion of the population over 65 and under 15, and the kilometres of urban and rural roads.

3.3.1 DEA Scale Estimates

A significant reason for the failure of municipal mergers is that they often result in municipal entities which are too large and operate with concomitant diseconomies of scale. Multiple regression analysis, such as the analysis conducted by Drew, Kortt and Dollery (2015) discussed above, can provide an estimate of the optimal scale on the basis of a single proxy for municipal output. This is a relevant technique given that merger architects generally cache recommendations in terms of a single functional unit (in the case of both the Queensland and NSW reforms the functional unit used was population).

However, no one proxy can accurately represent the entire set of outputs generated by councils and this is particularly evident when one considers the diversity of services provided by local authorities. Most services in the local government milieu relate specifically to property (either business or residential), such as rubbish collection, development applications, water and

sewerage provision (where applicable).¹ In addition, the highest single category of functional expenditure relates to municipal road construction and maintenance (PricewaterhouseCoopers, 2007), typically representing over a quarter of operating expenditure. Moreover, road infrastructure costs bear little association to measures of scale approximated by population or the number of households and businesses. Hence it is reasonable to contend that a much more accurate representation of municipal output would be made by consideration of the number of households, number of employing businesses and length of council maintained roads.²

Data envelopment analysis (DEA) is the most appropriate empirical technique for the estimation of municipal efficiency and scale on the basis of multiple proxies for council output. It measures the relative technical efficiency of individual councils with respect to the conversion of inputs (staff and capital) into outputs (number of households, businesses and length of municipal roads).

In addition to its ability to consider multiple outputs, DEA has a number of advantages over other techniques, such as multiple regression analysis:

¹ It is acknowledged that population may be associated with some services provided directly to individuals, such as library services. However, consideration of both population and households distorts the production frontier by effectively double counting (and hence implicitly weighting) certain services. Moreover, population data are estimates in inter-censal periods subject to significant error and volatility (see Drew, Kortt and Dollery (2015) for a thorough examination of DEA specification error).

² This is the preferred output specification adopted by Drew, Kortt and Dollery (2015) in a recent publication which specifically addresses the effect of alternate specification on municipal data envelopment analysis.

- Firstly, it provides point estimates of relative scale based on a consideration of the interactions of all inputs and outputs, rather than a simple population threshold above which diseconomies may occur. This means that analysts can obtain efficiency and scale estimates specific to each council or group of councils.
- Secondly, DEA is non-parametric rather than requiring *a priori* knowledge of a certain functional form, which means that there is little chance of spurious results arising from unknown or unknowable interactions between variables.

In common with Cooper, Seiford and Tone (2007) and Drew, Kortt and Dollery (2015), we estimated:

- (a) The scale of the extant cohort of Queensland councils prior to the amalgamations.
- (b) The scale of Queensland municipal entities subsequent to the amalgamations.

The analysis is based on 2007 financial year data which was the last full period of financial statements prior to the mergers.

Table 3.8 details the results arising from analysis of Queensland councils prior to amalgamation³. Looking at the entire state we can see that a significant proportion of the councils (just over 37%) were operating with large decreasing returns to scale⁴ (DRS) prior to

³ Results exclude Aboriginal and Torres Strait Islander land councils.

⁴ Optimal scale is set at 1. The greater the difference between the scale estimate and 1, the greater the degree of DRS or IRS. For instance a council with DRS of 0.4 is far more over scale than a council with a DRS of 0.9. We present the mean (average) and median scale estimate as alternate measures of the typical scale of Queensland councils.

the amalgamation. However, there were also approximately 56% of Queensland councils which were under-scale immediately before the boundary reform. Similar proportions of scale are also apparent amongst the councils scheduled for amalgamation. Clearly this suggests that the Queensland reforms were unlikely to yield positive results given that just over a third of the councils scheduled for merger were already inefficient due to being over scale. Moreover, it is entirely possible that combinations of councils with increasing returns to scale (IRS) could in fact result in a merged DRS council.

Table 3.8: Scale Results – Pre-Amalgamation 2007

Amalgamation status	Scale	Number	Mean scale	Median scale	Stand. Dev.
Entire State	OS	8	1	1	0
	IRS	69	0.788	0.839	0.194
	DRS	46	0.837	0.862	0.125
Councils to be Amalgamated	OS	8	1	1	0
	IRS	56	0.8036471	0.850625	0.1918306
	DRS	33	0.831551	0.842058	0.0149962

Notes: OS = optimal scale; IRS = increasing returns to scale; DRS = decreasing returns to scale.

Table 3.9 details the scale results arising from DEA of 2007 financial year data based on the post-amalgamation structure of Queensland councils. We focus on the scale estimates for the merged councils which arose from the reform program. Of the 31 entities created by the Queensland municipal reforms, we can see that just over 58% exhibited decreasing returns to scale. This means that over half of the councils created by the LGRC were too large and exhibited inefficient service provision directly as a result of being over-scaled. This result is consistent with the evidence provided by Drew, Kortt and Dollery (2014), but is a more nuanced result since it is based on multiple outputs.

Table 3.9: Scale Results – Post-Amalgamation 2007

Amalgamation status	Scale	Number	Mean scale	Median scale	Stand. Dev.
Amalgamated	OS	2	1	1	0
	IRS	11	0.947	0.975	0.070
	DRS	18	0.889	0.934	0.123
Non-amalgamated Councils	OS	3	1	1	0
	IRS	20	0.691	0.780	0.231
	DRS	3	0.897	0.924	0.065

Notes: OS = optimal scale; IRS = increasing returns to scale; DRS = decreasing returns to scale.

3.3.2. Efficiency of Queensland Councils over Time

Seiford, Cooper and Tone (2007) also propose a technique which can be used to measure the technical efficiency of councils over time. This technique has been applied numerous times in the scholarly literature, including notable contributions by Halkos and Tzeremes (2008, 2009) and Asmild, Paradi, Aggarwall and Schaffnit (2004). It overcomes a limitation of DEA arising from its construction of relative efficiency based on its use of a static efficient frontier formed by peers, which means that cross-sections of DEA cannot otherwise be compared (because they relate to a specific frontier in a particular year). In essence, locally intertemporal DEA (or windows analysis) examines several analyses of indexed data which spans more than one period of time. A moving average is then created for the efficiency scores of each council, which allows for a seamless evaluation of technical efficiency over time.

Figure 3.1 is a graphical representation of the average efficiency over time for the two cohorts of interest in the evaluation of the success of the Queensland mergers. Figure 3.2 is a graphical representation of the alternate measure of typical performance (median) of Queensland councils over the same period.

Figures 3.1 and 3.2 show that (a) efficiency decreased for both cohorts by a significant degree in the period leading up to the mergers and that (b) a negligible difference in the mean efficiency of the two cohorts existed at the start of the amalgamation period. However, since that time the efficiency of the Non-Amalgamated cohort has increased markedly (by both measures of central tendency), whilst the efficiency of the Amalgamated cohort has in fact decreased. Moreover, the gap in performance between the two cohorts is startling and provides clear evidence that the mergers resulted in typically less efficient councils in Queensland.

Figure 3.1: Mean Efficiency of Queensland Councils, 2004-2013

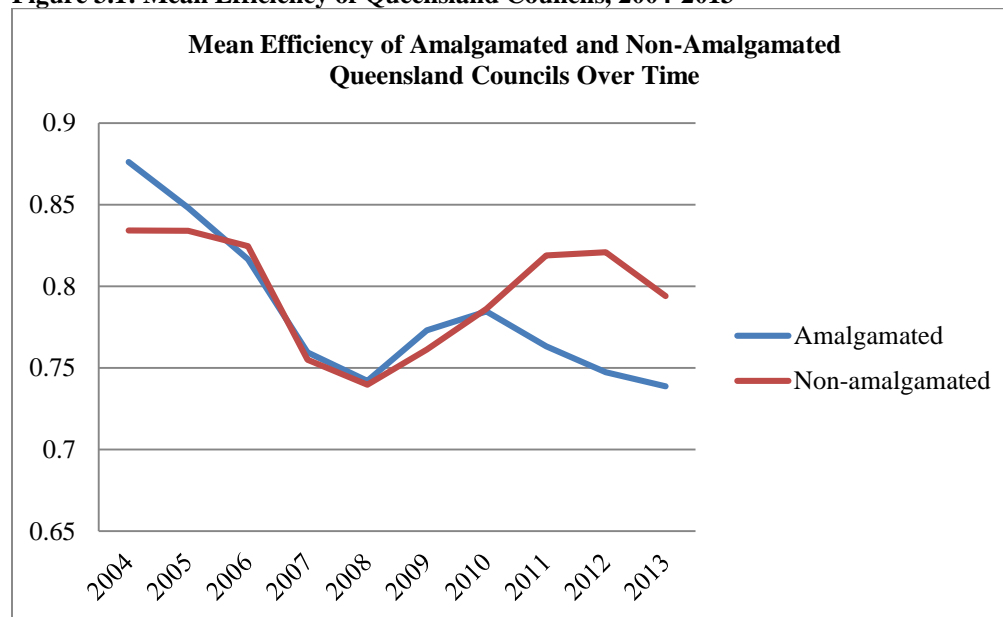


Figure 3.2: Median Efficiency of Queensland Councils, 2004-2013

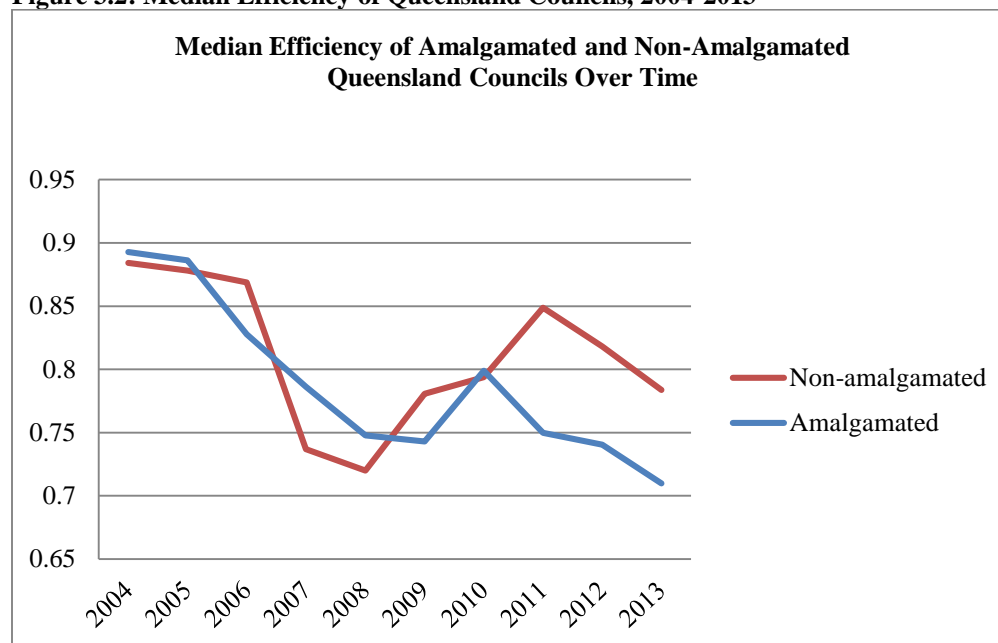
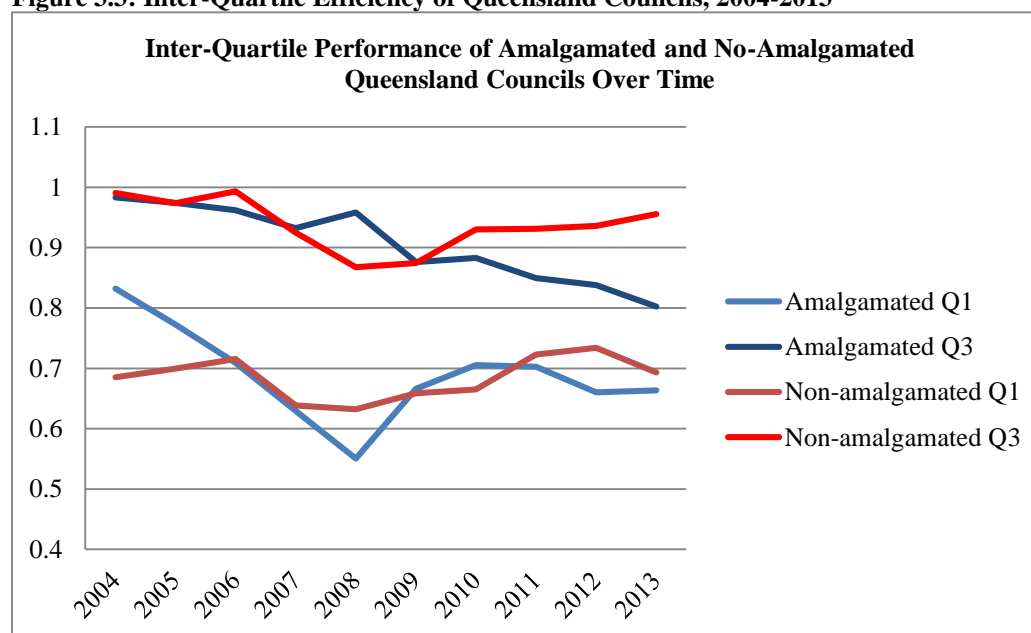


Figure 3.3: Inter-Quartile Efficiency of Queensland Councils, 2004-2013



Finally, Figure 3.3 presents graphical evidence of the efficiency of the top quartile (Q3) and lower quartile (Q1) for the Amalgamated and Non-Amalgamated cohorts. This shows clearly what has happened over the period since the amalgamations: the highest quartile of amalgamated

councils has experienced a marked decrease in efficiency, whilst the lowest quartile of amalgamated councils has improved somewhat, although it still lags behind the performance of Non-Amalgamated councils on this measure.

In essence, forced amalgamation has significantly diminished the performance of the most efficient councils, but has improved the performance of the worst performers. However, we need to be mindful that the typical performance - as measured by either the mean or median – of amalgamated councils is far lower than that of their Non-Amalgamated peers.

3.3.3 Post-Merger De-Amalgamation in Queensland

As we have seen, the empirical analysis presented in Chapter 3 demonstrates that the Queensland forced mergers represented a stunning failure of public policymaking. Moreover, many local residents clearly understood this even without the benefit of the empirical analysis presented in Chapter 3. Thus, after five years of ongoing public agitation and a change of state government, in a landslide win based in part on a promise to allow residents a vote on de-amalgamation, simmering anger over forced amalgamations resulted in four of the entities formed in the 2008 amalgamations receiving approval for de-amalgamation following the municipal referenda conducted in March 2013. In total, nineteen communities petitioned to be de-amalgamated, but only five of the petitions were put to the Boundaries Commissioner and only four de-amalgamation proposals were allowed to proceed to the referendum phase.

In a review of the earlier de-amalgamation of Delatite Shire (in Victoria) Drew and Dollery (2015, p.19) noted that:

Consonant with Oates' (1999) Decentralism Theorem there seems to be a good case to suggest that boundary reform should focus on creating municipalities with as little heterogeneity as possible. Where this does not occur, then it is quite possible that residents from at least one of the former pre-merged entities will perceive a loss in welfare in at least one public service. The degree of diversity between pre-merged entities may predict the likelihood of subsequent de-amalgamation activism – motivation for de-amalgamation could be predicted to be proportional to loss in welfare which in turn is a function of the degree of homogeneity within and heterogeneity between pre-merged municipalities. It is also clear that subsequent de-amalgamation is promoted by having new municipalities constructed by whole portions of previous local government entities and providing even numbers of democratic representatives from previous entities.

It would appear that in most cases the NSW Independent Panel merger recommendations have failed to take note of this important finding. Most of the mergers involve whole entities and it is likely that the eventual political representatives from these former entities will vote as a block as per the experience in both Victorian and Canadian local government (see, for example, Spicer, 2012), thereby creating unstable and unproductive council representation.

Moreover the ILGRP (2013) recommended mergers have lumped together disparate groups of local residents, basically guaranteeing a loss in economic welfare (see Chapter 7 of this Report). This suggests that de-amalgamation is also a real possibility should the *Fit for the Future* program proceed, particularly given that, in common with Queensland, NSW residents have not been given a political voice on council mergers via referenda. Furthermore, the NSW Government has not campaigned for and received a mandate on municipal mergers. Indeed, the NSW Government studiously avoided any mention of local government amalgamation during the election campaign. This prepares the ground for de-mergers.

However, de-amalgamation is not inexpensive. In addition to bearing the original amalgamation costs, where the mean cost for Queensland was \$8.108 million, the break-away councils were also required to wear the cost involved in returning to their former stand-alone state (Drew and Dollery 2014). For example, in the case of Noosa Council the Queensland Treasury Corporation estimated this cost to be \$13.6 million, although it should be noted that the residual council (Sunshine Coast Regional Council) estimated the cost at just over \$23 million (Drew and Dollery 2014).

Thus, excessive haste and poor public policymaking mean that the residents of the four Queensland councils so far de-amalgamated have incurred an entirely unnecessary and avoidable expense in the order of \$20 million (considering both amalgamation and subsequent de-amalgamation costs).

3.4 Lessons for NSW Local Government Reform

A number of lessons can clearly be drawn from the empirical analysis of the 2000/2004 NSW mergers and the 2008 Queensland amalgamation process for NSW local government policymakers:

- Amalgamation proposals must be based on rigorous empirical analysis rather than preconceived ideological presumptions concerning council size and council performance.
- Policymakers must appreciate that optimal economies of scale are often unattainable and may only exist for a limited range of functional expenditure outlays (which can in any event be captured more effectively through shared service arrangements).
- Ill-conceived council mergers can create councils which are too large and thus operate with diseconomies of scale, as in Queensland.
- Well-developed empirical techniques exist to allow policymakers to determine whether proposed merged councils will operate efficiently.
- The financial sustainability assessments undertaken by the Queensland LGRC were seriously flawed.
- It is thus a mistake to use the same flawed LGRC financial sustainability approach to inform the New South Wales *Fit for the Future* Program on council viability.
- Both the Independent Panel and the New South Wales *Fit for the Future* Program erred in ignoring the weight scholarly evidence on the efficacy of municipal amalgamation as a reform instrument.

- As Queensland mergers have has illustrated, poorly designed local government amalgamation could result in subsequent de-amalgamation.
- Local communities should be given a political voice in decisions regarding municipal boundary changes.
- Amalgamating heterogeneous communities results in a loss of economic welfare and encourages de-amalgamation campaigns.
- The real cost of misconceived public policy on local government created in haste and without regard to empirical evidence is borne by the community.

It is unfortunately evident that most of these lessons from the 2000/2004 NSW and 2008 Queensland amalgamation episodes have been neglected by the architects of the *Fit for the Future* program. If decisive action is not taken to mitigate these problems, then it is difficult to see how costly policy errors can be avoided in NSW. Chapter 4 now examines the specific problems associated with the OLG implementation of the *Fit for the Future* program.

CHAPTER 4: EVALUATION OF THE *FIT FOR THE FUTURE* PROGRAM

Chapter Summary

- A critical assessment of the *Fit for the Future* process found that it is flawed in a number of respects: (i) its arbitrary use of financial sustainability ratios; (ii) its problematic ‘scale and capacity’ approach; (iii) unreliable data employed in sustainability assessments; and (iv) an incorrect measure employed to assess the operational efficiency of councils.
- The NSW Office of Local Government should thus to halt the *Fit for the Future* process and solve these problems before proceeding with the reform program.

4.1 Introduction

As we have seen in Chapter 1 of this Report, the proposed municipal mergers in the Greater Sydney region, including the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby amalgamation, derive from the recommendations of the Independent Panel which have largely been endorsed in the NSW Government’s *Fit for the Future* program. Chapter 4 provides a critical assessment of the *Fit for the Future* process which demonstrates conclusively that it is seriously flawed in a number of respects.

Chapter 4 is divided into five main parts. Section 4.2 considers the multitude of problems which have arisen in the *Fit for the Future* criteria for evaluating councils which have derived from arbitrary and often illogical selection of financial sustainability ratios (FSRs) and the associated benchmark values and changes which have been made. Section 4.3 considers ‘scale and

capacity’ in *Fit for the Future* and demonstrates severe problems in its approach. Section 4.4 examines the deleterious effects that the use of unreliable data for sustainability assessments has had. Section 4.5 demonstrates that the OLG has employed an erroneous approach to the assessment of efficiency in local government which has serious adverse consequences. Chapter 4 ends with some brief reflections in section 4.6.

4.2 Shifting Goal Posts: Ratios and Thresholds

In its *Financial Sustainability of the NSW Local Government Sector*, TCorp (2013) summarised a total of ten financial ratios into a single financial sustainability rating (FSR) according to the weights detailed in Table 4.1. These FSRs and ratios were adopted without reservation by the ILGRP (2013a; 2013b) and formed the basis for a number of recommendations relating to financial sustainability of the sector, including potential municipal mergers. The (then) Division of Local Government NSW (now the OLG) also adopted the FSRs without reservation in both the 2011/12 and 2012/13 *Comparative Information on NSW Local Government* annual reports, although it only included seven of the TCorp financial sustainability ratios. Table 4.1 contains definitions of TCorp (2013) financial ratios and Table 4.2 provides details regarding how financial ratios have been subsequently adopted and altered.

Table 4.1: Definitions, Benchmarks and Weightings of TCorp Financial Sustainability Ratios

Variable	Weighting	Benchmark	Definition
Dependent			
Operating ratio	17.5%	>-4%	(Operating revenue † - Operating expenses) / Operating revenue †.
Own Source Revenue ratio	17.5%	>60%	Rates, utilities and charges / total operating revenue ‡.
Unrestricted Current ratio	10.0%	>1.50x	Current assets less restrictions / current liabilities less specific purpose liabilities.
Interest Cover ratio	2.5%	>4.00x	EBITDA / interest expense.
Infrastructure Backlog ratio	10.0%	<0.02x	Estimated cost to bring assets to a satisfactory condition / total infrastructure assets.
Debt Service Cover ratio	7.5%	>2.00x	EBITDA / (principal repayments + borrowing costs).
Capital Expenditure ratio	10.0%	>1.10x	Annual capital expenditure / annual depreciation.
Cash Expense ratio	10.0%	>3.0 months	(Current cash and equivalents / (total expenses - depreciation - interest costs)) x 12.
Buildings and Infrastructure Renewal ratio	7.5%	>1.00x	Asset renewals / depreciation of building and infrastructure assets.
Asset Maintenance ratio	7.5%	>1.00x	Actual asset maintenance / required asset maintenance.

† Revenue excludes capital grants and contributions

‡ Revenue includes capital grants and contributions

Table 4.2: Changes in Financial Sustainability Measures for NSW Local Government

Financial Ratio	TCorp Weighting	Comparative Information Report 2012/13	TCorp Threshold	Fit For The Future
Operating ratio	17.5%	Reported	>-4%	>0.0% over 3 years
Own Source	17.5%	Reported	>60%	>60% over 3 years
Cash Expense	10.0%	Reported	>3.0 months	Abandoned
Unrestricted Current	10.0%	Reported	>1.5	Abandoned
Debt Service	7.5%	Reported	>2.0	0 to 20% over 3 years ⁵
Interest Cover	2.5%	Not reported	>4.0	Abandoned
Infrastructure backlog	10.0%	Reported	<0.02	<2% (unchanged) over just one year
Asset Maintenance	7.5%	Not reported	>1	>100% (unchanged) over 3 years
Building and Infrastructure Renewal	7.5%	Reported	>1	>100% (unchanged) over 3 years
Capital Expenditure	10.0%	Not reported	>1.1	Abandoned
Real Operating Expenditure per Capita	n/a	Reported in nominal terms only according to 8 functional categories	Not considered	No time or threshold in documentation

Source: TCorp (2013); Office of Local Government (2014a), Office of Local Government (2014b)

However, it appears that the OLG has shifted its position on municipal performance indicators.

As we can see from Table 4.2, in its *Becoming Fit for the Future* (OLG 2014b) four of the TCorp FSR ratios have been abandoned, the time horizon for five of the remaining six ratios has been extended, thresholds for two ratios have been significantly revised, ratio weightings have been omitted, a new ratio has been added, and crucially all ratios have been subordinated under the concept of ‘adequate scale and capacity’.

It is possible that the FSR assessments, Capital Expenditure and Cash Expense ratios were abandoned in response to scathing assessments, such as Drew and Dollery (2014a; 2014b), regarding lack of transparency, logical flaws and the corrosive effects of unreliable accrual data

⁵ It is important to note that the OLG has radically altered the definition of this ratio.

on these measures of municipal performance. On the other hand, relinquishing the remaining two ratios appears to be a pragmatic response to the near universal achievement of the respective thresholds: in 2011 only twelve councils failed to meet the unrestricted current ratio, whilst just eight councils failed to achieve the benchmark for the Interest Cover ratio. It is noteworthy that the four omitted ratios had a combined weighting of 32.5% in the original TCorp (2013) FSR.

The second policy shift – involving an extension of the measurement time horizon for five of the six remaining ratios – is a positive initiative which will ameliorate some of the volatility associated with using annual financial statement data. However, there is substantial risk of ‘gaming’, given that 2013 and 2014 financial year report data is used, since these reports were compiled after the March 2013 TCorp Financial Assessments and April 2013 ILGRP report. The opportunities for gaming include depreciation accruals (Pilcher and Van der Zahn 2010; Drew and Dollery 2014b) and estimates on required maintenance and the cost to bring assets to a satisfactory standard contained in Special Schedule 7 and 8. Table 4.3 details the gaming that has occurred on depreciation, estimated cost to bring assets to a satisfactory standard and required annual maintenance estimates (the latter two being derived from Schedule 7).

To produce the estimates of unexpected financial statement items, we followed the general approach of Marquardt and Wiedman (2004) developed from the earlier work of Hribar and Collins (2002) and Mulford and Comiskey (2002). This approach is also consistent with the work of Pilcher and Van der Zahn (2010). In essence, we compared the quantum of the three financial statement items in the 2012/13 and 2013/14 financial statements, making adjustments for changes to the asset base or asset maintenance and renewal.

Table 4.3: Descriptive Statistics for Unexpected Financial Statement Items, 2013/14 Financial Year

Financial Statement Element	Smallest	Largest	Q1	Median	Q3
Entire NSW					
Depreciation	-70.5%	113.1%	-6.3%	0.2%	4.9%
Cost to Bring to Satisfactory Standard	-124.5%	462.8%	-48.6%	-13.5%	8.4%
Required Annual Maintenance	-151.6%	950%	-48.8%	-11.4%	14.1%
Greater Sydney					
Depreciation	-70.5%	27.7%	-6.5%	2.0%	7.1%
Cost to Bring to Satisfactory Standard	-124.5%	345.6%	-36.7%	-9.0%	9.7%
Required Annual Maintenance	-127.1%	723.3%	-29.4%	1.4%	32.9%
Outside Greater Sydney					
Depreciation	-65.5%	113.1%	-6.0%	-0.1%	3.8%
Cost to Bring to Satisfactory Standard	-102.6%	462.8%	-49.9%	-13.7%	8.2%
Required Annual Maintenance	-151.6%	950%	-51.3%	-13.3%	6.8%

Table 4.3 clearly demonstrates that a great deal of gaming has occurred, particularly in the unaudited schedule 7 items, where the typical (median) unexplained change to estimates is a reduction in excess of 10%. Moreover, the Q1 results demonstrate that a quarter of councils have reduced their estimates of the cost to bring assets to a satisfactory standard and required annual maintenance by almost half! It is clear that many local authorities may have manipulated data to enhance their *Fit for the Future* assessments and this is particularly concerning for the case of the Infrastructure Backlog ratio, which the OLG have decided to assess on the basis of a single year. As Bevan and Hood (2006, p.533) have noted, ‘complete specification of targets and how performance will be measured almost invites reactive gaming by managers of service providing units’.

In this regard it is clear that the OLG and TCorp specified the target for this ratio and the benchmark for some well in advance of the production of the 2014 Financial Statements. It is equally clear that the majority of the councils participated in reactive gaming. The problems with

this are twofold. Firstly, the integrity and usefulness of the Infrastructure Backlog ratio has been completely undermined, and the integrity of three other ratios significantly diminished.

Secondly, the minority of councils that did not participate in reactive gaming may well be punished as a result of their integrity. As LeGrand (2003) has observed, performance targets implicitly assume that the service population is comprised of ‘knights’ rather than ‘knaves’ (LeGrand 2003). However, when pressure is brought to bear and opportunity is provided the balance of knights and knaves will change, and in this case the balance has shifted to such a degree that no confidence can now be placed in the Asset Maintenance ratio and Infrastructure Backlog ratio (Bevan and Hood, 2006). In sum, Schedule 7 estimates and depreciation accruals directly affect four of the retained ratios (Infrastructure Backlog, Operating, Asset Renewal and Asset Maintenance ratios).

The third policy shift – concerning changes to performance thresholds for the operating and debt service ratios – is more difficult to explain than the other changes. With respect to the Operating Ratio, a very large proportion of councils already failed to meet the existing benchmark: 55 councils in 2009, 57 in 2010 and 89 councils in 2011 (TCorp 2013). Accordingly, raising the benchmark to break-even would seem to cast doubt on the fitness of the great majority of councils (since 115 councils failed to achieve break-even status in 2011).

Two explanations seem plausible. Firstly, the OLG may be signalling to councils that expenditure reduction is an absolute imperative: it should be noted in this regard that property taxes in NSW are pegged, many fees are regulated and intergovernmental grant revenue has been

frozen for a period of three years. This obviously leaves little opportunity to address the ratio from a revenue perspective. Alternatively, the OLG may be seeking to restrict the number of councils which can access the benefits promised to *Fit for the Future* entities, such as access to low cost debt facilities, 'streamlined' development planning and 'unshackling' from the rate peg. In so doing, the OLG may be seeking to limit the pecuniary and potential political costs associated with *Fit for the Future* councils.

The second threshold to change is the Debt Service Ratio. However, this is only part of the story for a close examination of the *Fit for the Future Self-Assessment Tool* (2014) reveals a number of significant changes which are not disclosed in the other literature. Firstly, the OLG has changed the definition of the ratio. The ratio definition in the *Self-Assessment Tool* (2014) is 'cost of debt service (interest expense & principal repayments) / total continuing operating revenue (excluding capital grants and contributions')'. Previously the cost of debt was the denominator and EBIDTA (Earnings before interest, depreciation and amortisation) was the numerator. In addition, the *Self-Assessment Tool* (2014) deems councils with no debt to be not financially sustainable as a result of the lower bound of the benchmark (greater than 0)!

Why exactly zero debt would be financially unsustainable is beyond logic and at complete odds with the entire scholarly literature. Apart from being illogical the lower bound of the threshold also produces some perverse results. Firstly, payables which are unsecured liabilities generally owed to suppliers are treated differently to debt, which is also classified as a liability and may be unsecured (but will generally be owed to a financial institution). Drawing this distinction means that the OLG believes that owing money to a financial institution is somehow preferable to

owing money to a supplier, even though the former will require the payment of interest, while the latter might be a prudent way of managing cash flows that avoids the payment of interest (although interest may be part of the supplier's terms).

Secondly, councils (such as Lane Cove) which miss the benchmark owing to an absence of debt could easily meet the benchmark by drawing up a secured loan for a nominal amount and paying it back the next week! Clearly, this would produce no benefit for the local community and achieve no material enhancement – in real terms – to the council's financial sustainability, yet such an act would suddenly mean that Lane Cove (and other councils like it) would be deemed *Fit for the Future* on this criterion.

We should also note that the change to the Debt Service ratio is in direct contradiction to the approach taken by TCorp(2013) which the OLG had earlier commissioned to assess financial sustainability (and which the ILGRP (2013) endorsed). It would be instructive to know why the OLG has decided against the expert advice provided to it by TCorp and instead produced an illogical and indefensible measure of debt serviceability. Moreover, the upper bound of the benchmark (20%) would also seem to punish councils which aggressively reduce debt through high principal repayments or which use debt wisely to manage the lumpy cash flows (grants and quarterly rates) associated with the local government sector. It is curious that the definition adopted by the OLG is at odds with definitions employed for comparable measures in most standard texts (see for instance, Horngren et al. 2006; Ross et al. 2009). In so doing, the OLG appears to be measuring the *proportion* of revenue employed to service and reduce debt rather

than the *ability* to service debt (measured by TCorp (2013)). Clearly, the *ability* to service debt is the most relevant ratio for assessing financial sustainability.

In addition, it appears that the OLG (2014b) has dispensed with the ratio weightings originally applied by TCorp (2013). This may not be problematical given that no justification was ever given for the arbitrary weights applied by TCorp (2013) (Drew and Dollery 2014a). Moreover, reallocating the abandoned 32.5% of FSR and adding a new performance indicator would have made the exercise difficult, whilst subordinating all indicators to the criteria of ‘adequate scale and capacity’ seems to make weightings rather redundant.

The new performance indicator seeks to measure efficiency and it is defined by the OLG as real operating expenditure over time. There are a number of problems associated with this measure, not least that it fails to measure efficiency. Accordingly, we consider this in more detail in Section 4.7 of Chapter 4 of this Report.

The final change to the OLG use of financial sustainability as a measure of council performance lies in its assertion that ‘right scale and capacity’ is the predominant concern which councils must address in assessing *Fitness for the Future* submissions and the OLG specifically refers councils to the Panel’s recommendations in relation to this matter. Councils which do not have ‘adequate scale and capacity’ are required to prepare a council merger proposal (OLG 2014b). Councils which meet ‘adequate scale and capacity’ are referred to the seven performance criteria discussed above. It is thus clear that ‘adequate scale and capacity’ is the pivotal criterion in the *Fit for the Future* program. This presents an apparently insolvable dilemma for councils in the

position where adjacent municipalities are either deemed to be of adequate scale and capacity and/or *Fit for the Future*, or where adjacent councils are simply uninterested in merger. The OLG is yet to explain the rationale for having councils complete merger proposals where all potential merger partners are *Fit for the Future* or are not interested in ‘voluntary’ amalgamation.

4.3 Scale and Capacity

The ILGRP (2013b) recommendations for Greater Sydney metropolitan councils were couched in terms of 2036 population projections which *prima facie* make it difficult to assess present scale and capacity. However, the Panel’s preferred scale for Greater Sydney councils can be gleaned from the mean population of the ILGRP (2013b) proposed mergers which was 323,072 (median 291,350) in 2036 projection terms. For rural councils, the Panel (2013b: 40) stated that ‘populations of less than 5,000 will not normally be sufficient’ and that ‘councils with populations between 5,000 and 10,000 should be kept under review to ensure that they maintain the capacity required to be “standard” local governments’. These statements – along with the pre-eminence attributed to them by the OLG (2014b) – necessarily imply an empirically testable claim that economies of scale occur in the population domain proposed.

Table 4.4: Evidence of Economies of Scale, 2009-2013

	NSW	Urban Councils	Non-Urban Councils
Population squared⁶	-0.00006** (0.00002)	-0.00001 (0.00001)	-0.0026 (0.0116)
Population	0.0360** (0.0078)	0.0053 (0.0080)	0.3196 (0.4264)
Density	-1.4355** (0.3410)	0.3550 (0.4781)	-3.4553* (1.4253)
Exogenous controls?	Yes	Yes	Yes
N	152	81	71
Coefficient of Determination	0.5925	0.3944	0.5685

Exogenous controls include: proportion of individuals over 65 or under 15 years of age, proportion of ATSI persons, average wage, unemployment rate, total length of roads (kms) and the percentage of NESB individuals.

+ p<0.10, * p<0.05, ** p<0.01

Table 4.4 presents a panel regression of total expenditure (less depreciation) per capita against population size and density over the five year period 2009-2013. The model specification is consistent with Drew, Kortt and Dollery, (2014a) and Drew and Dollery, (2014a). The empirical evidence for the entire NSW local government sector suggests the presence of a local *maxima* at 308,790 (significant at the 1% level): that is, per capita expenditure increases up to this population threshold and decreases after this point. However, density is also a statistically significant regressor (at the 1% level) which may suggest conflation leading to a spurious result (Holcombe and Williams 2009).

The accepted treatment of conflation is to stratify the data: in this case we have used the Australian Classification of Local Government urban/non-urban codes which are compatible with the OLG classifications. When the entire NSW population of councils is stratified into urban and non-urban municipalities, then all evidence of economies of scale disappears. This is

⁶ Population and Population squared were scaled down by a factor of 1,000. Expenditure per capita and population density have been transformed (ln).

consistent with the findings of Drew, Kortt and Dollery (2014a) and Holcombe and Williams (2009), wherein stratifying councils according to categories associated with density disentangles its conflation with population, thus producing a more accurate picture of the presence of economies of scale. In this case it appears that *a priori* evidence of economies of scale may have been largely illusory. If this is the case, then the entire premise behind *Fit for the Future* is *void ab initio*.

It is hardly surprising that no robust evidence of economies of scale exists when NSW councils are stratified. This is largely because councils produce a heterogeneous mix of goods and services, some of which have no likely association with scale. For instance, ‘labour-intensive services, such as council rangers and health inspectors, generate few scale economies due to their idiosyncratic work patterns in which an increased volume of services may simply require a correspondingly larger number of workers’ (Drew, Kortt and Dollery 2014a: 635). Even for capital intensive services, such as road construction, where scale economies are more likely, it is not reasonable to expect that the optimal size for the various functions will be comparable: they may simply negate one another.

Finally, considerable doubt has been created as to whether population size is a suitable proxy for local government output in Australia (Drew and Dollery 2014c). The number of households aligns far better with the unit of actual service provision and it is less volatile and more accurate in inter-censal periods. Thus the OLG may well be conducting its structural reform agenda on an entirely fallacious unit of scale and capacity (Drew and Dollery 2014c).

4.4 Unreliable Data for Sustainability Assessments

From the outset TCorp (2013) has held significant reservations regarding the reliability of data critical to the financial ratios that it employed in measuring the financial sustainability of the local government sector. In relation to estimates used in the calculation of the asset maintenance and infrastructure backlog ratios, TCorp (2013: 66) noted that:

‘TCorp’s review process has shown an inconsistency in the approach of Councils to calculating the data included in these Schedules, particularly Schedules 7 and 8. Without a high level of confidence in the data presented, it is more difficult to make informed decisions.’

With respect to the depreciation data used, which is critical to the calculation of the operating ratio and asset renewal ratios, TCorp (2013, p.49) also expressed reservations:

‘Councils with a higher FSR generally have a lower average rate of depreciation and depreciation represents a lower percentage of total expenses. These two observations are consistent across most of the rating groups so that the stronger the FSR rating, the lower the depreciation rate and the lower the proportion of depreciation as a percentage of total expenses.’

Drew and Dollery (2014a) conducted ANOVA which validated the suspicions expressed by TCorp (2013) and illustrated the constitutive implications of inconsistent depreciation accruals through a sensitivity analysis on the operating ratio. They found that:

‘When depreciation accruals were adjusted to the median depreciation to infrastructure ratio, this resulted in 38 (out of 152) councils’ benchmark status changing. In the case of adjusting depreciation accruals to the median depreciation to IPPE ratio, the status of 42 councils was altered...The results were largely consistent with expectations: ‘weak’ and ‘very weak’ councils tended to move up to benchmark levels whereas ‘sound’ councils moved down. Movements in the ‘moderate’ councils were approximately even.’

Accordingly, it seems likely from both the scholarly evidence and the concerns expressed by TCorp (2013) that four of the six ratios retained by the OLG (2014b) are distorted by unreliable data. Moreover, two of the three financial statement periods chosen by the OLG to assess *Fit for the Future*⁷ were produced after the TCorp (2013) and ILGRP (2013a) reports which largely revealed the structural reform implications arising from financial ratio data, thereby opening up the possibility of ‘gaming’ by municipal officials. This essentially represents an invitation to councils to distort the data via reactive gaming (Bevan and Hood 2006) – an invitation which Table 4.3 (presented earlier) demonstrates most councils grasped. There must thus be serious questions regarding the reliability of the data that forms the foundations of the *Fit for the Future* assessments, questions that the OLG (2014c: 13) acknowledge in its decision to assign a new

⁷ For the OLG (2014) efficiency measure two of the five financial statements were produced after the initial TCorp (2013) and ILGRP (2013a) reports.

role to the Auditor General to ‘give communities the assurance they deserve on how councils are managed financially’.

However, these matters do not represent the entire set of problems associated with the data used to assess council fitness. Reviews to rating practices, grant allocations and problems with ABS statistical data also represent threats to the objective assessment of a council’s future prospects. The ILGRP (2013b, p.41) noted that the 36-year old rate-capping regime imposed on councils by the NSW Government had resulted in ‘a broader equity issue concern[ing] the wide variation between local government areas in the level of rates paid as a proportion of property values’ and that ‘the rate-pegging system in its present form impacts adversely on sound financial management’.

A measure of the extent of equity concerns can be established by reviewing Table 4.5 which examines the residential taxation effort according to the five broad categories of council described in the Australian Classification of Local Government system. Residential taxation effort measures the residential taxes levied by NSW municipalities as a proportion of the total income accruing to individuals residing in the municipal area. Data for residential rates was extracted from the notes to the Income Statement of each of the 2012 local council audited financial statements. Total annual income was obtained from the latest ABS data: the 2012 National Regional Profile. Residential taxation effort ranged from 0.209% to 2.497% with a median of 0.956% and a mean of 0.998%. Thus some council revenue is constrained to less than a tenth of their peers as a result of the rate-capping regime. The ILGRP (2013b) was thus correct

in highlighting the effect of rating practices (largely outside of the control of councils) on financial sustainability.

The OLG (2014c) seems to have accepted this argument and it has promised a review of rating practices. However, the question arises as to whether *current* assessments should be made on councils given that there is an accepted need for *future* rate revenue reform: after all three of the six ratios retained by the OLG will be directly affected by changes to rating practices.

Table 4.5: ANOVA Results for Taxation Effort All NSW Councils, 2012

	Prob>F	Agricultural (Ag)	Fringe (Fr)	Metropolitan (Met)	Regional (Reg)	Remote (Rem)	Differences
Taxation Effort (%)	0.000	0.807 (0.302)	1.201 (0.233)	0.844 (0.213)	1.422 (0.346)	0.551 (0.000)	Fr>Ag** Fr>Met** Reg>Ag** Reg>Met** Reg>Rem*

+ p<0.10, * p<0.05, ** p<0.01

A similar situation exists for intergovernmental grant allocations. Drew and Dollery (2014d) have demonstrated that grant transfers are not allocated on a full horizontal equalisation basis as legislated in the Local Government (Financial Assistance) Act 1995. Moreover, Table 4.6 demonstrates that municipal size is a statistically significant determinant of NSW Local Government Grant Commission allocations, despite the fact that size in itself is irrelevant to the principles of horizontal equalisation. In fact, the most relevant determinant – average wage of residents – is associated with an increase in the allocation of financial assistance grants which is the exact opposite of the horizontal equalisation principles enshrined in the federal legislation! The ILGRP (2013b, p.45) has suggested that ‘consideration needs to be given to the option of redistributing more funds to the most needy councils and communities’.

The OLG (2014c, p.13) has promised to ‘consider opportunities to direct Financial Assistance Grants to communities with the greatest need’. This essentially concedes that the NSW LGGC has not allocated grants according the existing commonwealth legislation and confirms the results detailed in Table 4.6. Given that NSW council own-source revenue averages less than 60%, changes to grant allocation methods would have a large effect on the financial sustainability of municipalities. It is clear that this problem is acute and must be addressed *before* an objective assessment of future fitness can be made.

Table 4.6: Determinants of Financial Assistance Grants Allocated by the NSW Local Government Grants Commission 2009-2013

	NSW
Households (ln)	0.4778** (0.0781)
Average wage (ln)	0.1861** (0.0173)
Road length (sqrt)	0.0096+ (0.0056)
N	152
Coefficient of Determination	0.8071

Exogenous controls include: density, proportion of ATSI and NESB residents, proportion of individuals under 15 years of age, proportion of individuals over 65 years of age, number of employing businesses.

+ p<0.10, * p<0.05, ** p<0.01

Finally, problems with ABS population data inputs have the potential to seriously undermine the relevance and reliability of the OLG’s (2014b) preferred measure of municipal efficiency for a number of reasons. Firstly, publication of ABS population data by local government area is typically delayed by a few years. For instance, as at mid-March 2015 the latest estimate of municipal population size available was for 2012, although the OLG used a *projected* estimate of 2013 population available in the April 2014 ABS Regional Population Growth report. However, the *projected* population data is clearly provided with the caveat that it is a ‘*preliminary* figure or series subject to revision’ (ABS, 2015). Moreover, the revisions can be quite significant – for

instance in the latest release of the Regional Population Growth data (released on the 31st March, 2015) the 2013 *provisional* data has been revised. These revisions are important because they could easily change the linear trend result which the OLG erroneously uses to measure efficiency (see section 4.5 below). For example, Snowy River had its population estimate reduced by 1.7% in the recent revision and Cooma-Monaro had its population estimate increased by 0.89%.

What this means is that the OLG in their *Fit for the Future Toolkit* is using data which the ABS itself has revised after noting that it is not correct. It is also important to remain cognisant of the fact that even the revised population data in inter-censal periods is nothing more than an estimate: for instance, a recent study by the ABS identified errors in inter-censal estimates ranging from 15.2% (for statistical areas with less than 2,000) to 2.4% error (in statistical areas with populations greater than 20,000)⁸ (Drew and Dollery 2014c). In fact, ‘throughout 2013, the ABS conducted a one-off exercise to revise (recast) population estimates for a longer time period, back to 1991. This was necessary due to a significant improvement in the methodology used to estimate net undercount in the 2011 Census’ (ABS, 2015). Finally, serious doubt has been cast on the practice of using population as a proxy for local government size in service provision of goods and services given that ‘services to property’ (i.e. households and businesses) dominate in the Australian municipal milieu (Drew and Dollery 2014c).

⁸ The ABS uses statistical areas as the basis for calculating the populations of local government areas. Multiple statistical areas may be combined to arrive at the population size for a given municipality.

4.5 Incorrect Measure of Efficiency

Problems with the OLG (2014b) ‘efficiency’ ratio go far beyond the considerable obstacles presented by unreliable and untimely population inputs: there are also unresolved matters relating to the definition of efficiency, indexing of financial data, contraindications with other ratios, failure to control for service quality and service sufficiency and the use of a completely erroneous method to establish the direction of expenditure over time.

Perhaps the most alarming aspect of the OLG’s (2014b) ‘efficiency’ measure is that it does not measure efficiency *per se*. Technical efficiency is a measure of how inputs (such capital and labour) are combined to produce a set of outputs. Major outputs must be specified carefully according to the local government services actually produced. As we have seen, population size as a proxy for council output is deficient in Australian local government context, given its focus on ‘services to property’ (i.e. households and businesses), with its core functions aimed at local planning, domestic waste removal, provision of local infrastructure (predominately local roads) and water and wastewater in some regional and rural municipalities (Drew and Dollery 2014c). The number of households and business entities is a superior measure of many types of service provision (such as solid waste disposal) than population. Moreover, given that road infrastructure is the single largest cost for Australian local government, representing approximately a quarter of functional expenditure, it is important that the length of roads be included as an output. As noted in Chapter 3, there is only a very weak association (Pearson correlation coefficient -0.266) between population and municipal road length and the direction of the association is in fact negative (i.e. higher population is associated with smaller road commitments). Thus any analysis

which employs population as the sole proxy for municipal output is likely to produce spurious results.

The appropriate statistical technique to assess technical efficiency for multiple inputs and outputs is data envelopment analysis (DEA) and to assess trends in technical efficiency over time locally inter-temporal DEA would be indicated. Real expenditure over time can only capture one output (which does not reflect the heterogeneous nature of local government services) and thus is best described as per capita expenditure containment. It is most certainly not a measure of efficiency.

The use of financial data from multiple time periods (five under the OLG model) also raises the thorny problem of converting nominal financial data into real quantum. The OLG uses data from the 2010, 2011, 2012, 2013 and 2014 financial years in its assessment of municipal efficiency. However, it has elected to deflate all five years of data: annualised CPI is used for years 2010 and 2011, whilst annualised Local Government Cost Index is used for 2012 through to 2014 (OLG 2014d) (all deflators are rounded to one decimal place).

This strategy presents a number of problems. Firstly, it was entirely unnecessary to deflate the 2010 financial year data and this decision simply introduces avoidable rounding and measurement error into the algorithm (which as we will see below is extremely important given the sensitivity of the OLG's flawed linear trends analysis). Secondly, it is not acceptable to use two entirely different indexes to deflate continuous data. Thirdly, for comparative purposes it would have been more useful to *inflate* data to 2014 dollars rather than *deflate* data (given the high leverage of the 2014 data it is particularly important that this data point be free of avoidable

error – inflating rather than deflating the data would have reduced the error on this leverage point⁹). Finally, use of annualised growth in indexes imputes and compounds rounding error: given the sums involved (measured in tens of millions of dollars), and the use of five compounding periods, the resultant error is likely to be very significant. A much better strategy would have been to employ the actual index numbers in calculations.

The OLG (2014b) ‘efficiency’ measure is contraindicated to the other ratios. In essence, in order to address Infrastructure Backlog, Asset Maintenance and Building and Infrastructure ratios, it is necessary to increase rates of expenditure. Yet in so doing, a council will record a reduction in the OLG preferred measure of efficiency. This obviously sets up an insolvable dilemma for municipal management. Moreover, the OLG (2014b) measure of efficiency fails to address service quality and service sufficiency. This is a significant problem given the potential for comparisons to be drawn between councils delivering vastly different levels of services.

Furthermore, even within a given council, service quality is unlikely to remain static over a five year period thus making it very difficult to make reasonable comparisons of costs. With respect to service sufficiency, the measure of efficiency chosen sets up a perverse incentive to discontinue services. Taken in the extreme a council could – on this measure alone – demonstrate that it was *Fit for the Future* by producing no future services at all: a measure which would meet the OLG criterion but most certainly would not that of residents!

Finally, the methodological technique used to assess the trend in per capita expenditure is completely flawed. This is because the OLG has chosen to fit a linear regression (they may not

⁹ This is particularly important given the fact that this last data point already contains material error attributable to the use of *provisional* data which has since been revised as well as the failure to continue the practice of using an average of the two boundary years for this last financial period.

have realised that this is what the Microsoft Excel command they used was doing) to the per capita expenditure data (which as we have seen already contains significant error). As any undergraduate text will attest, there are a number of assumptions which must be satisfied in order for a linear regression to be sensible. Of these, two rather obvious assumptions are most pertinent to the errors that the OLG has made. The first assumption 'is that the dependent variable can be calculated as a linear function of a specific set of independent variables' (Kennedy, 2003, p.48). The second assumption – implied by the former – is that the model has been specified correctly: that is, that all relevant independent variables have been included.

Unfortunately, neither of these key assumptions has been met and this produces results which are incoherent. To illustrate the point, consider the per capita expenditure data for a combined Hunters Hill, Ryde, Lane Cove, Willoughby, North Sydney and Mosman entity (Figure 4.1). Figure 4.1 was produced from the *Fit for the Future* toolkit output (see Chapter 5 for further details). Moreover, we note that similar distributions exist for Willoughby, Hunters Hill and North Sydney's individual *Fit for the Future* assessments (and thus the same comments apply to each of these councils). From Figure 4.1, one can clearly see that the fundamental assumption of linear regression – that the relationship is linear – is not satisfied by this (and we would contend, most other local authorities') data set. There is no doubt that the data is best described by a polynomial function. A measure of the explanatory power of the model is given by the coefficient of determination (0.007): that is, the model produced explains less than one percent of the data (see Figure 4.1)! Similarly, the model for Willoughby and Hunters Hill also explains less than one percent of the data, whilst North Sydney's model explains just 7.5%. It is thus undoubtedly incorrect to try to fit a linear model to these council's per capita expenditure data.

The first assumption of linear regression has not been met and it is thus completely incorrect to try to fit a linear trend to the data as the OLG has attempted to do. As a result the linear trend estimate is completely unstable.

Suppose we change the 2012 financial year result to something ridiculous, such as a zero per capita expenditure for the year. Because of the leverage values and the functional form of the distribution, the gradient of the trend line¹⁰ does not budge even though the council's per capita expenditure has been significantly altered! However, by contrast, if we lift the first data point by just 0.6%, then the amalgamated entity is suddenly deemed to have decreasing expenditure over time and is *Fit for the Future* on this criteria. This is particularly disturbing given the errors in the population data, compounded rounding errors, truncation errors and errors in the indexing of financial statement data that plague the OLG Toolkit!

Moreover, the second assumption is also invalid. If one conducts a statistical test for specification error – often referred to as the F test or ‘junk’ regression statistic – all four regressions indicate specification error (i.e. that the regression is junk). This is hardly surprising because as we have demonstrated above councils do not produce people: they produce a heterogeneous mix of services which is best represented by the number of households, number of employing business and length of council maintained roads. Accordingly, the OLG ‘efficiency’ measure is indisputably mis-specified, or in econometric parlance simply ‘junk’.

¹⁰ The OLG uses the gradient of the trend line to assess whether a council is fit. If the gradient is positive the council does not meet the benchmark. However, if the gradient is negative the council is deemed to have met the benchmark. Curiously, no importance is placed on the magnitude of the gradient or the dependent intercept – which is in itself a flaw of the OLG approach.

There are many other flaws in the evaluation of per capita trend conducted by OLG which would take volumes to elaborate. However, it is not necessary to spend further time on the matter given the failure of the OLG model to conform to fundamental assumptions of econometric theory which are expounded on in every undergraduate econometrics text.

Figure 4.1: Distribution of Expenditure Per Capita for the Amalgamated Entity, 2010-2014

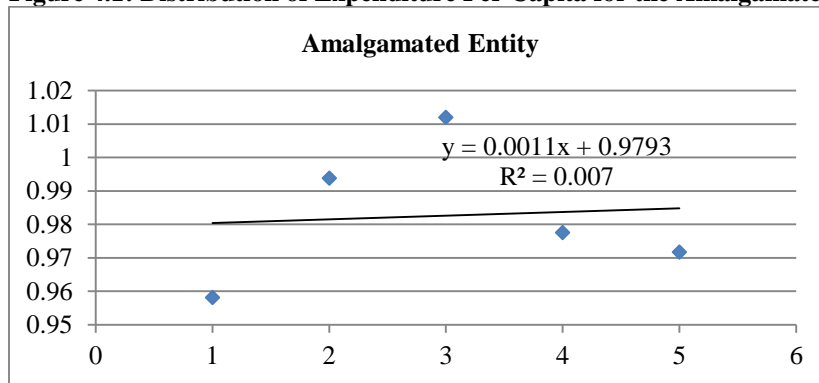


Figure 4.2 Illustrating the Instability of the Amalgamated Linear Trend, 2010-2014

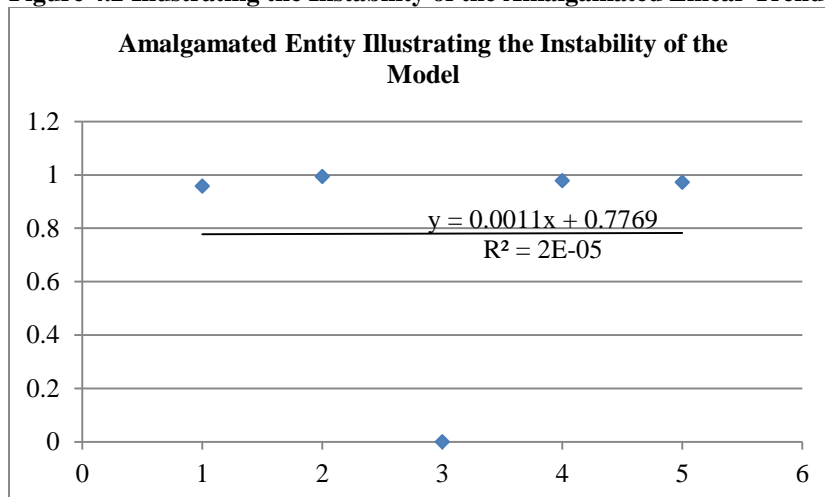
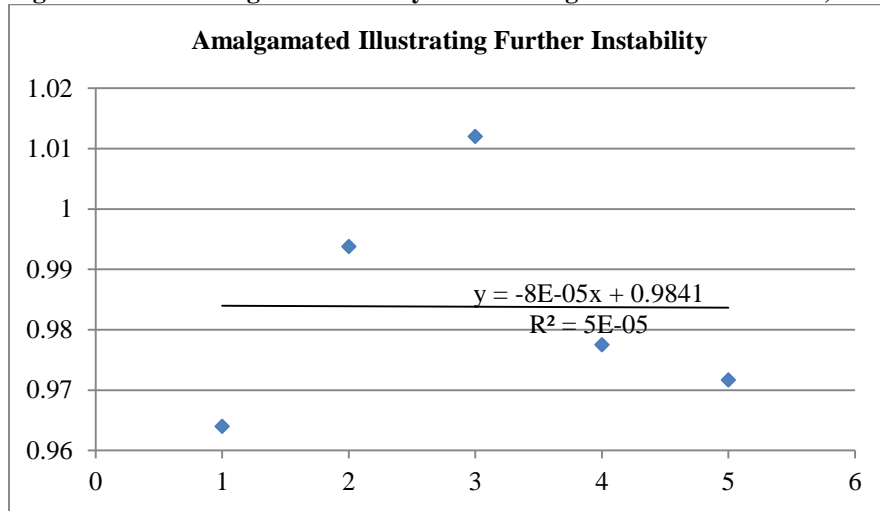


Figure 4.3 Illustrating the Instability of the Amalgamated Linear Trend, 2010-2014



4.6 Recommendations

The OLG (2014b; 2014c; 2014d) *Fit for the Future* documentation creates the distinct impression that the program has been rushed in the aftermath of a shock change of Premier in early 2014 and subsequent Cabinet reshuffle in order that the new Premier be well placed to implement structural reform plans after the March 2015 election. If this assumption is correct, then the NSW Government is intent on following the oft-trod path of previous state governments in NSW, Victoria, Western Australia and Queensland in which forced mergers have been implemented early in the respective term of office. It seems this is done to abate political damage by putting as much time as possible between unpopular structural reform and subsequent state polls. However, in the present case in NSW, in its rush to get a structural reform framework out in time, the NSW Government has blundered badly in its *Fit for the Future* program, as we have demonstrated in Chapter 4.

We have identified a number of errors which seem to derive from the harsh time constraints imposed on the OLG by the NSW Government. For instance, the efficiency measure hastily employed does not measure efficiency. Moreover, the method for indexing nominal data is clearly flawed and the approach taken to establishing the direction of the trend over time is ridiculous. The haste made in responding to the ILGRP (2013b) inquiry has also meant that no empirical evidence has been tendered to substantiate the Panel's assertion that substantial scale economies exist in NSW local government service provision, much less its claim that current municipal size is 'under-scale'. Likewise, the rush to articulate the criteria adopted in *Fit for the Future* has meant little time or appetite to investigate recent developments in the scholarly literature which clearly demonstrate that population size is not a suitable proxy for local government output.

Had this been done thoroughly, then it would have become evident that the population data which forms the foundation of both the OLG (2014b) scale and capacity criteria and efficiency measurement is not sufficiently reliable for public policy making purposes (particularly in intercensal years) in NSW local government. It would also have uncovered the pernicious effects of unreliable accounting accruals on the financial sustainability ratios employed by the OLG. Finally, had sufficient time been available, remedial action might have been taken on Schedule 7 and 8 data which TCorp (2013) had already identified as problematic.

The rush to press forward with structural reform of local government also means that decisions will be taken without knowing the outcome of ‘unfinished business’. This relates principally to reviews of local government rating and grant allocation practices which will result in significant changes to the revenue streams of NSW local authorities. It is hard to understand how a council’s *Fitness for the Future* can be assessed without reference to significant changes to revenue policies.

CHAPTER 5: FINANCIAL ANALYSIS OF PROPOSED MERGERS

Chapter Summary

- An analysis of the proposed mergers identified a range of problems associated with: (i) significant disparities in rates, fees and charges among the six councils; (ii) complications in determining democratic representation post-merger; (iii) apportioning the burden of liabilities inherited by a newly merged council; (iv) complications derived from the dismemberment of the City of Ryde; (v) the Commonwealth financial assistance grants post-merger, and (vi) information disclosure to local residents.
- The key finding from this analysis is that almost all of the North Shore group of councils would be less financially sustainable under the *Fit for the Future* criteria than they had been pre-merger.

5.1 Introduction

As we have seen in Chapter 1 of this Report, in line with the recommendations of the Panel in *Revitalising Local Government* (2014), under the *Fit for the Future* program, the ‘eastern two-thirds’ of Ryde is supposed to merge with Hunters Hill, Lane Cove, Mosman, North Sydney and Willoughby, with the remaining ‘western third’ to amalgamate with Auburn, Parramatta and the ‘North Parramatta area of the Hills’. No empirical analysis was undertaken by either the Panel or the NSW OLG to support these proposed mergers, despite repeated claims by the Panel that it would adhere to ‘evidence-based’ policymaking.

Chapter 5 seeks to undertake the empirical analysis of the proposed mergers which the Panel should have done had it been competently run. As we will demonstrate in Chapter 5, should these proposed municipal mergers progress, they will generate a number of severe difficulties for decision makers and affected councils alike. With respect to the proposed Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby amalgamation, Chapter 5 will establish that revenue structures, political representation, liabilities and infrastructure burdens all differ significantly amongst these six councils proposed for amalgamation. A merger will clearly create winners and losers, and the distribution of gains and losses attendant upon amalgamation must necessarily be decided as a result of a political process, with local residents having little direct say in the matter. In addition, there are also significant problems associated with merger proposals which dismember Ryde council. Once again, the result will be winners and losers. Finally, by the OLG's own reckoning¹¹, an amalgamation of the six councils into a North Shore group— as per the Panel's recommendation – will result in a *less Fit for the Future* entity (when compared to existing municipal structures) in all but one instance. In fact it is fair to say that the proposed merger would result in an amalgamated entity that is – by the OLG's own criteria – clearly *unfit* for the future!

Chapter 5 is divided into seven main parts. Section 5.2 considers the difficulties posed the existence of significant current disparities in rates, fees and charges, and capacities to pay across the six councils which were simply ignored by both the Panel and the OLG in the merger recommendations. Section 5.3 discusses the many difficult decisions which must be made regarding changes in democratic representation which will occur should amalgamations proceed.

¹¹ The OLG Toolkit was used to evaluate the *Fitness for the Future* of the proposed amalgamated entity.

Section 5.4 tackles current and non-current liabilities of each of the six local councils targeted for a North Shore group merger, the total liabilities likely to be inherited by any proposed new amalgamated municipality, and its probable impact on local residents. Section 5.5 assesses the complication derived from the question of how to dismember the City of Ryde financially. Section 5.6 probes the question of the allocation of Commonwealth financial assistance grants post-merger and the difficulties this poses. Section 5.7 considers other problems attendant upon forced mergers, notably the need for full information disclosure in a transparent and democratic manner given the inevitability winners and losers amongst local residents post-amalgamation. Section 5.8 analyses whether merged combinations of the North Shore group of councils would be more financially sustainable under the *Fit for the Future* criteria than they had been pre-merger. Chapter 5 ends with some brief concluding remarks in section 5.9.

5.2 Differences in Rates, Charges and Capacity to Pay

Table 5.1 details the average residential and business rates levied by each of Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby. Table 5.1 clearly demonstrates that there is a significant difference in extant municipal taxation, arising in part from the cumulative effects of an almost four decade long rate pegging regime. However, for more meaningful comparison one needs to compare the municipal rates with respect to the value of the land, although comparisons are confounded by the problem of high rise residential developments (see ILGRP (2013, p.40)¹². When this is done it is clear that in order for the same rate revenue to be generated from the lowest rating council (Mosman) as the highest (Ryde), there would need to be an increase in the revenue generated per dollar of land of just over 70%.

¹² It is acknowledged that many councils use a combination of base rate and *ad valorem*. However, for comparative purposes the tax paid per dollar value of land is the appropriate quantum.

Depending on the approach taken to redistribute the land based taxation burden following the proposed amalgamation, there will certainly be winners and losers. On the basis of this analysis, it would appear that the residents of Hunters Hill and Mosman will likely be in the latter category. Moreover, there will also need to be adjustments made to the fee structure for a range of services. For instance, the average domestic waste charge in North Sydney would need to be raised by over 67% to bring it in line with the charge incurred by Willoughby residents.

However, the question naturally arises as to the capacity of residents to bear additional municipal tax and fee burdens. Because of the incidence of high-density residential developments, and the fact that municipal taxation in Sydney has been regressive for a number of years owing to the property bubble, it is necessary to construct a different measure in order to accurately assess local resident's capacity to bear municipal burdens. In this regard, residential revenue effort measuring the proportion of municipal taxes and fees expressed as a percentage of income accruing to residents in the local government area gives a good sense of the ability of residents to bear increases to rates and charges. The importance of this sort analysis is evident if one compares the fourth and fifth columns of Table 5.1. Thus whilst Hunters Hill council extracts a much lower rate of taxation per dollar value of land¹³ than North Sydney council, it is clear that the residents of Hunters Hill do not have the same capacity to bear increases in their local government tax burden as do their neighbours in North Sydney.

¹³ Based on OLG data appearing in the 2012-2013 comparative report. It should be borne in mind that the rates quoted will be different to the actual rate charged to individual land owners owing to the confounding effect of base rates, high-density residential complexes and *ad velorum* charges (where applicable).

Table 5.1: Differences in the Rates, Charges and Capacity to Pay in Targeted Councils

Council	Avg Residential Rate	Avg Business Rate	Total Rate Revenue/ Total Land Value (\$000)¹⁴	Avg Domestic Waste Charge	Residential Revenue Effort¹⁵
Hunters Hill	1379.15	863.51	1.666	416.01	0.9088
Lane Cove	1130.89	4157.15	2.507	370.52	1.1049
Ryde	645.62	6992.46	2.509	363.38	1.1177
Willoughby	828.97	5941.70	2.472	439.10	0.9296
Mosman	1181.45	2593.59	1.452	432.79	0.8143
North Sydney	513.40	2961.57	2.298	262.00	0.6563

Source: Office of Local Government Measuring LG Performance 2012-13.

The point is that the question of how to re-distribute municipal burdens in an amalgamated local authority is far more complex than simply ensuring all residents pay the same taxation rate (per dollar value of land). One also needs to consider how other fees and charges add to the total municipal burden and the capacity of residents to pay. All of these difficult decisions have been blithely ignored by both the Panel and the OLG. However, the outcome of any amalgamation must necessarily involve winners and losers and it is not unreasonable to suggest that the losers are at least informed about the extent of the likely losses and have a say as to whether they are prepared to accept same.

5.3 Changes in Political Representation

It is also apparent that there are many weighty decisions to be made regarding changes in democratic representation which is likely to occur should amalgamation proceed as per the

¹⁴ We have inverted the OLG data to make for more meaningful comparisons. This data is derived from the OLG 2012-13 report and we cannot guarantee its accuracy. Moreover the figure will be different to the actual rate charge levied per dollar value of land owing to the confounding nature of high rise development rate charges, base rates and *ad velorum*. However, irrespective of the individual methods which councils use to charge rates the quantum expressed in the table represents the total rate revenue extracted as a function of the value of land and is thus the fairest unit of comparison between municipalities. Differences in the approach taken to levy rates thus simply reflect the relative distribution of the charges amongst individual residents within the existing council boundaries.

¹⁵ 2012 Residential revenue effort owing to ABS data limitations.

Panel's recommendation. Table 5.2 details the number of councillors and rate of democratic representation for each of the six municipalities.

Table 5.2: Political Representation in Target Councils

Council	No. of Councillors	Population per Councillor
Hunters Hill	7	2020
Lane Cove	9	3747
Ryde	12	9233
Willoughby	13	5533
Mosman	7	4229
North Sydney	13	5209

Source: Office of Local Government Measuring LG Performance 2012-13

With respect to Table 5.2, the first observation relates to the surprising degree of variation in political representation that exists under the current municipal structure. For instance, the residents of Hunters Hill have over four times the democratic representation as the residents of Ryde. Clearly there will thus need to be some adjustment to the democratic representation which the residents of a potential amalgamated entity might expect. The question is how much adjustment is reasonable?

If we were to adopt the entirely reasonable proposition that the residents of an amalgamated entity should have the same average level of democratic representation as existed under the previous municipal structures, then this would require a staggering 61 councillors and result in a council chamber about two-thirds of the size of the NSW Legislative Assembly! On the other hand, if we believe that residents should receive the level of representation currently afforded to the citizens of Hunters Hill, then we would finish with a council comprising 145 councillors! This serves to underline the point that unless the NSW Government believes that local democracy should be diminished, a merged entity would be unwieldy and, if previous scholarly work is a guide, it will also prove politically unstable (Spicer, 2015).

Since it is highly unlikely that the NSW Government would ever allow 61 councillors, it follows that if the Government presses ahead with amalgamations, then it is implicitly endorsing lower levels of democracy. This policy implication doesn't even appear to have been considered by the architects of *Fit for the Future*, much less clearly articulated.

5.4 Liabilities and the Local Infrastructure Backlog

Table 5.3 details the current and non-current liabilities of each of the six local councils targeted for the North Shore group merger, as well as the total liabilities likely to be inherited by any proposed new amalgamated municipality. In order to facilitate easy comparison, we have also expressed each of the items in per household terms. Financial data is derived directly from the 2014 audited Financial Statements. One again it is evident that there is a good deal of variation between the six existing councils and, yet again, this means that any proposed amalgamation will necessarily create winners and losers. For instance, the total liability per household of Willoughby residents will *decrease* by about \$1,500, whilst residents of Ryde will find themselves with over \$600 per household of *additional* liabilities following amalgamation.¹⁶

¹⁶ Current assets and non-current assets may offset this increase in liabilities a little. However, the experience from previous municipal boundary change suggests that non-current assets often require significant write downs, or cannot be used or sold due to obsolescence (for example previous municipal IT assets). Moreover non-current assets can exert a lasting negative cash flow due to maintenance and renewal needs (see, for instance, Drew and Dollery 2015).

Table 5.3: Differences in Liabilities in Targeted Councils (\$000)

Council	Current Liabilities	Current Liabilities per Household¹⁷	Non-Current Liabilities	Non-Current Liabilities per Household	Total Liabilities per Household
Hunters Hill	5,317	1.151	182	0.039	1.19
Lane Cove	16,030	1.303	128	0.010	1.313
Ryde	30,312	0.773	4,958	0.126	0.899
Willoughby	28,057	1.107	49,264	1.944	3.051
Mosman	14,134	1.306	9,380	0.867	2.173
North Sydney	28,734	0.984	278	0.010	0.994
Amalgamated Entity	122,584	1.009	64,190	0.528	1.537

Source 2013-14 Audited Financial Statements.

This serves to underline the problems with the proposed merger on equity grounds. It can hardly be described as ‘fair and reasonable’ for some local residents to have their share of municipal liabilities almost doubled as a result of a decision arbitrarily made by a higher tier of government to compulsorily consolidate their council! Moreover, in some instances the liabilities have been accrued as a result of paying for services which existing residents have already consumed. A merger would thus mean that the costs of these services have been ‘exported’ to people outside of the municipality which elected to consume the services.¹⁸ Finally, the fact that most residents do not have access to this information¹⁹ and will probably not be given a direct democratic voice in the decision to assume higher liabilities seems particularly wrong in a western democratic society, such as Australia.

However, other financial burdens will also be assumed by the residents of the existing municipalities under the proposed amalgamation structure. For instance, Special Schedule 7 of the most recent Financial Statements details the infrastructure backlog which residents will be

¹⁷ Estimated households based on 2011 census adjusted for subsequent new dwelling approvals.

¹⁸ Although where debt is associated with non-current assets future residents of the amalgamated entity may get to consume some portion of the assets they have been forced to partly fund.

¹⁹ Due to high information costs or lack of accounting skills.

burdened with under any amalgamation arrangement. In a recent press release, Minister Toole claimed that it was ‘plainly ridiculous’ to consider the cost to bring assets back to a satisfactory standard as a liability for residents associated with council mergers²⁰. However, this statement by the Minister can only be true if he does not expect the assets in any merged council to ever be brought to a satisfactory standard, or if he believes the data in Schedule 7 of the Financial Statements to be untrue²¹. If the Minister has no expectation that assets will ever be brought to a satisfactory standard in amalgamated entities, then this suggests that he does not expect amalgamated entities to be in a position to address their infrastructure backlogs. Given that the Minister has justified the *Fit for the Future* program in part on the grounds that it is required to address critical infrastructure backlogs, this would seem to be an extraordinary position to take. The statement by the Minister is thus either illogical or a further example of the pains which the NSW Government has gone to in order to ensure local residents do not become aware of the inconvenient facts which underlie municipal amalgamation.

We present the relevant data obtained from the financial statements in per household terms in Table 5.4 to facilitate comparison. Two important conclusions can be drawn from the estimates of the cost required to bring assets to a satisfactory standard. Firstly, the proposed merger would result in winners and losers. For instance, residents of Lane Cove will find themselves firmly in the latter category should the amalgamation proceed, with an almost doubling of their household infrastructure burden. Secondly, the data clearly falsifies the OLG claim that inadequate levels of debt result in infrastructure, given that the two councils which fail the debt ratio on the basis of

²⁰ Western Advocate, March 4, 2015.

²¹ As noted in Chapter 4 there are good grounds for doubting the veracity of many estimates – however, if the figures need to be revised then they would undoubtedly need upward revision.

having no relevant debt are also the two councils with the lowest per household levels of costs to bring municipal assets to a satisfactory standard!²²

Table 5.4: Council Differences in Infrastructure Deficits and Maintenance Costs

Council	Cost to Bring to Satisfactory Standard	Cost to Bring to Satisfactory Standard per Household	Required Maintenance	Required Maintenance per Household
Hunters Hill	7,800	1.688	1,503	0.325
Lane Cove	7,028	0.571	10,254	0.834
Ryde	56,416	1.439	15,752	0.402
Willoughby	38,034	1.501	20,518	0.810
Mosman	8,639	0.798	3,097	0.286
North Sydney	15,310	0.524	12,363	0.423
Amalgamated Entity	133,227	1.097	63487	0.523

Source 2013-14 Audited Financial Statements

5.5 Problems and Challenges in Dismembering Ryde

One particularly thorny problem which both Panel and the OLG have ignored revolves around the question of how to dismember the City of Ryde should the Panel's recommendations be adopted. This is a difficult problem which will undoubtedly result in winners and losers. As noted by Drew and Dollery (2014; 2015), there are a number of approaches which can be taken. Moreover, each approach will have significant constitutive implications for the financial sustainability of the two separate entities which emerge from the dismembering of Ryde. Specifically decisions need to be made about the allocation of the following assets, liabilities and labour:

²² The OLG in its notes to the Debt Service ratio – which incidentally, measures the proportion of revenue used to service and repay debt rather than the ability to service debt – also state that the inadequate use of debt may force councils to raise rates to higher levels. However, this is a rather strange assertion given that rates have been pegged for almost four decades! It should be noted that neither Lane Cove nor North Sydney have applied for special rate variations in the latest rounds of IPART determinations.

- Immovable municipal assets
- Movable assets
- Staff
- Liabilities associated with staff
- Other liabilities.

It has generally been presumed that immovable municipal assets are the simplest element to distribute. However, as the empirical literature on de-amalgamation has demonstrated, this is far from the truth. For example, the financial sustainability problems which Benalla experience following the de-amalgamation of Delatite Council in 2002 derived from the division of immovable assets. In the Delatite case immovable assets were simply allocated to the emerging council in which the asset geographically resided. However, this presents equity problems where assets are not equally dispersed in the same proportion as rateable property revenue was extracted, which is unlikely to ever be the case, or where ‘greenfield’ sites have been provided with relatively new infrastructure which was principally funded by the entire cohort of municipal residents. Furthermore, geographically uneven asset maintenance and infrastructure backlogs, which also undoubtedly exist, can create an uneven distribution of future infrastructure burdens unless great care is taken.

The distribution of moveable assets also presents problems for the *Fit for the Future* reform architects. As the designers of the Delatite Shire’s de-amalgamation discovered, it is not as simple as dividing up the assets in proportion to the rate revenue extracted from the divided

council. This is because many assets' book values unfortunately do not reflect their actual fair value, many assets do not have a viable market (for example, IT software or hardware created specifically for Ryde), and some assets (such as artworks) are inextricably linked with fixed assets. For instance, Benalla Council was hit particularly hard by write downs on assets following de-amalgamation of Delatite which significantly affected its financial position (Drew and Dollery 2015).

Staffing also presents a thorny problem in the context of council dismemberment. Firstly, there is the pressing problem regarding *what proportion* of staff to allocate to which emerging entity, especially since any over allocation will prove detrimental to the financial viability of the emerging entity (Drew and Dollery 2014). Secondly, there is the much more sensitive matter of *which* staff members to allocate to which entity. For instance, it is entirely likely that differences in productivity, experience, seniority and future work intentions exist amongst staff and that a bias in allocation (whether intentional or not) could diminish the financial sustainability of one of the emerging councils. Moreover, if liabilities associated with these staff, such as leave entitlements, are not handled carefully, then this will also significantly affect future financial sustainability. Finally, the allocation of existing liabilities also presents formidable problems for the architects of Ryde's dismemberment. The difficulty arises chiefly because some of the liabilities will be associated with specific moveable and fixed assets, some with services already consumed and it is unlikely that accountants will be able to accurately identify which liabilities are associated with which asset or service. Even if this could be done, it is not at all clear how

anyone could determine what proportion of the quantum of principal repayments relates to which asset or service and whether the proportion previously allocated was equitably applied.²³

Thus, we once again see that the thoughtless recommendations of the Panel yield potentially serious equity and sustainability questions unanswered. Moreover, the endorsement of the recommendations of the Panel by the NSW Government clearly demonstrates that it either does not understand the gravity of the decisions which must be made or it does not wish local residents to know whether they will be winners or losers as a result of the proposed merger.

5.6 Other Complications: Financial Assistance Act

An additional problem which the OLG has thus far failed to address is the question of the allocation of Commonwealth financial assistance grants. As at 7 February 2006, a variation under subsection 6(4) of the federal legislation has been in force. In essence the proclamation states that where two or more local governing bodies are amalgamated, the grant allocation for the subsequent four years must be equal to the sum of the quantum that the bodies would have received had they remained separate entities.

This presents a number of difficult problems for the NSW Government. Firstly, as we detailed in Chapter 4, the NSW Government has recently implicitly acknowledged its failure to allocate financial assistance grants in the past according to the federal legislation. As a result, it has asked for grants to be redirected to communities with the greatest need. However, the proclamation

²³ For instance the bulk of principal repayments made by a council in a given year might have been disproportionality allocated to a liability associated with a specific asset (on strategic considerations) which is geographically located in a certain emerging council. However, had the principal repayments been allocated in a different manner (perhaps in proportion to the fair value of the fixed assets) then an entirely different set of liability balances may have resulted.

under subsection 6(4) requires of the NSW Government that it is lawfully obliged to maintain current levels of grant funding for a large proportion of the councils in NSW²⁴. This will thwart its attempts to finally distribute Commonwealth intergovernmental grants according to the legislated horizontal fiscal equalisation principles because a significant proportion of the grant allocations will have been legislatively pre-determined.

Secondly, the reason why the proclamation came in to force in the first place is because grant allocations to amalgamated councils were typically significantly lower than the sum of previous financial assistance grants their individual constituent councils. This means that in all likelihood grant revenue for merged entities four years out from amalgamation will be significantly less than that which they would have received had the amalgamation not proceeded. Given the reliance of councils on financial assistance grants, this has important implications for long term financial sustainability.

Finally, failure to flag this matter in financial sustainability assessments and the *Fit For the Future* literature represents further evidence of the rushed manner in which the Panel, the and the NSW Government have approached the weighty question of council mergers.

5.7 Other Complications: Too Little Information

There are significant additional problems which must be resolved through a political process, either in a transparent and democratic manner or an opaque process conducted behind closed doors. Moreover, there are no simple answers and there will undoubtedly be a number of winners and losers.

²⁴ Depending on how many of the recommended amalgamations proceed.

Our contention is that the high information costs and rushed process means that most local residents in the six targeted North Shore group of councils will not even know the implications arising from the proposed merger until they are sent a new and significantly higher rates assessment, try to contact a local councillor, observe lower levels of road and other infrastructure maintenance diverted to areas of greater need, or discover that their personal share of municipal non-current liabilities has increased by a factor of over 50 times²⁵!

5.8 Simulation of Impact of Proposed Merger on Fit for the Future Ratios

Table 5.5 details the results arising from *Fit for the Future* assessments undertaken for this Report using the OLG Toolkit for all six existing councils in the North Shore group (Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby).

Table 5.5 Existing Council Fit for the Future Assessments

F4F Criteria	Hunters Hill	Lane Cove	Ryde	Willoughby	Mossman	North Sydney
Operating Performance	No	Yes	No	Yes	No	No
Own Source	Yes	Yes	Yes	Yes	Yes	Yes
Renewal	No	Yes	No	No	Yes	No
Backlog	No	Yes	No	No	No	No
Maintenance	Yes	Yes	No	No	No	No
Debt Service	Yes	No	Yes	Yes	Yes	No
OpEx per capita over time	No	Yes	Yes	No	Yes	No
Number of Yes	3	6	3	3	4	1

Table 5.6 provides details of *Fit for the Future* assessments for three alternate merger scenarios.

Despite the fatal flaws which we have already outlined in relation to the OLG Toolkit in Chapter 4 of this Report, we elected to use it in order to conclusively demonstrate that on the OLG's own

²⁵ As per the scenario for existing residents of Lane Cove.

evaluation instrument an amalgamated entity will be less financially sustainable than the majority of existing local authorities.

Table 5.6: Fit for the Future Simulations of Merger Scenarios

F4F Criteria	Amalgamated All Six Councils²⁶	Amalgamated (Five Councils Only)	Amalgamated (Five plus 2/3rds of Ryde)
Operating Performance	No (-0.001)	Yes (0.000) ²⁷ Care should be exercised here – see footnote	No (-0.001)
Own Source	Yes (81.67)	Yes (83.71)	Yes (82.39)
Renewal	No (91.60)	No (89.26)	No (91.0)
Backlog	No (4.79)	No (4.13)	No (4.63)
Maintenance	No (86.75)	No (84.01)	No (85.99)
Debt Service	Yes (2.90)	Yes (3.65)	Yes (3.10)
OpEx per capita over time	No (0.0011)	No (0.0033)	No (0.0016)
Number of Yes	2	3	2

Table 5.6 has been constructed according to three scenarios:

- (a) All six councils;
- (b) Five councils (excluding Ryde); and
- (c) The five councils plus two-thirds of Ryde.

This has been done to deal with the ambiguity associated with the Panel/OLG recommendations.

A comparison of the results indicates that the amalgamated entity will be no more financially sustainable - according to the OLG's own flawed model - than the current local councils. Indeed, in all likelihood all but one council will experience a decrease in financial sustainability. This is

²⁶ Includes *Fit for the Future* amalgamation incentive and amalgamation expenditure (based on indexed costs from Queensland amalgamations). The amalgamation incentive offered under *Fit for the Future* exceeds the indexed amalgamation costs.

²⁷ Whilst the Toolkit Benchmark and Results page states that the operating performance ratio is the 'average over 3 years' this is actually not the case. What the OLG Toolkit actually calculates is the cumulative ratio over 3 years which comes to 0.000310368. The average ratio over 3 years is in fact -0.002333, which would fail to achieve this benchmark. The OLG needs to be clear about what it means to calculate and the reasons for their decision so that an accurate assessment can be made for this benchmark.

conclusive evidence refuting claims by both the Panel and the OLG that council mergers would improve financial sustainability.

It should be stressed that the estimates for the merged entity exaggerate its financial sustainability because (a) they do not embody the direct costs of the process of merging the constituent councils which will involve millions of dollars, as we know from the 2008 Queensland amalgamation process; (b) they do not contain the significant additional expense arising from the diseconomies of scale which our empirical analysis conclusively demonstrates in Chapter 6; and (c) nor do they include an estimate of the higher costs which will inevitably result from upward adjustments in service quality to ‘harmonise’ it across the new entity.

Previous empirical work in the scholarly literature has demonstrated that service quality is invariably raised to the level of the highest service quality amongst merging councils (see, for instance, Steiner 2003; Dur and Staal 2008). This makes intuitive sense given that it would be difficult politically to require citizens to accept lower service standards. If the expected increase in service quality occurs, then it will result in most services being provided at a higher unit cost (concomitant with higher unit quality). This will make the amalgamated entity even less *Fit for the Future* than it currently appears in our simulation. Finally, the amalgamated *Fit for the Future* assessment does not include the significant write-downs of asset values that have accompanied previous boundary changes (Drew and Dollery 2015e) nor does it include the reduction in grant revenues which will likely occur four years after the merger.

In sum, even under the OLG's own criteria an amalgamation will result in a less sustainable merged municipality. Moreover, in all likelihood the actual performance of an amalgamated entity will be far worse than indicated, for the reasons set out above. We can thus only wonder as to why the Panel or the OLG or ILGRP did not perform the simulation analysis presented in Chapter 6 before recommending council mergers involving the North Shore group.

5.9 Conclusion

Chapter 5 has examined the proposed council mergers associated with the North Shore group of councils from several different perspectives. We have pondered (a) the difficulties posed the existence of significant current disparities in rates, fees and charges, and capacities to pay across the six councils which were ignored in the OLG in the merger recommendations; (b) the many difficult decisions to be made regarding changes in democratic representation post-merger; (c) the total liabilities likely to be inherited by any proposed new amalgamated municipality and its impact on local residents; (d) the complications derived from the dismemberment of the City of Ryde; (e) Commonwealth financial assistance grants post-merger; (f) the need for full information disclosure to local residents; and most importantly (g) whether merged combinations of the North Shore group of councils would be more financially sustainable under the *Fit for the Future* criteria than they had been pre-merger.

It is dismaying that neither the Panel nor the OLG had even considered most of these problems, never mind offered sound solutions. However, our most important finding in Chapter 5 is that almost all of the North Shore group of councils would be less financially sustainable under the *Fit for the Future* criteria than they had been pre-merger!

CHAPTER 6: ECONOMIC MODELLING OF PROPOSED MERGERS

Chapter Summary

- Economic modelling demonstrates that: (i) the Independent Panel’s claim about scale economies proved false and that forced amalgamations will not produce cost-savings; and (ii) the Sydney amalgamations would yield over-scaled councils too large to efficiently provide local services.
- Taken together, the economic modelling shows that there is no empirical justification for the proposed merger of the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby councils.

6.1 Introduction

As we noted in Chapter 3 and Chapter 4 of this Report, there are two main methods employed in the scholarly literature to assess municipal merger proposals. The ‘standard’ approach is to conduct a multiple regression analysis of expenditure per capita against population, whilst controlling for relevant exogenous factors. The more recent and more nuanced approach is to conduct a data envelopment analysis (DEA) of the existing and proposed municipal structures in order to ascertain relative scale and efficiency estimates. In Chapter 6, we produce a separate analysis following each approach in order to form robust conclusions on the likely results arising from the proposed merger of the North Sydney group of councils.

Chapter 6 is divided into four main parts. Section 6.2 discusses the inter-relationship between population size and population density in local government and conducts estimations which finds that when councils are stratified as either urban or non-urban, all evidence of scale effects (predicated on population size) disappears. Section 6.3 focuses on a data envelopment analysis of the proposed mergers recommended by the Panel and finds that over two-thirds of the amalgamated entities would be operating with decreasing returns to scale, and just two of the amalgamated entities would be operating at optimal scale if the ILGRP (2013) recommendations were enacted. Section 6.4 examines the proposed North Shore merger and finds that five of the six existing councils currently operate with increasing returns of scale at varying levels of TE and an amalgamated entity would operate with decreasing returns to scale. Chapter 6 ends with some brief concluding remarks in section 6.5.

6.2 Regression Technique for Estimating Optimal Council Size

Drew and Dollery (2014) provide a useful explanation of scale economies in the context of local government service provision:

‘In essence, scale economies examine how the average total cost changes as the level of production increases (Drew et al. 2012). If the average total cost decreases as output increases, then economies of scale are said to be in existence. Conversely, if average total cost increases with greater output, then diseconomies of scale are in evidence... In the context of local government, economies of scale occur largely as a result of specialization, improved purchasing power, and greater utilization of capital plant. However, as a local

government entity expands difficulties coordinating and monitoring service provision mount, often resulting in increased average costs (Drew et al. 2013).’

Multiple regression analysis of per capita expenditure seeks to identify the domain of economies of scale with respect to municipal size. There is good reason to believe that the best proxy for Australian municipal size might be the number of households within the council boundary (Drew and Dollery 2014). However, because the ILGRP (2013) recommendations have been couched in terms of population, we have decided to use this as the proxy for municipal output so that we can engage fully in the current public policy debate.

Table 6.1 provides details of the regressand and regressor for the five year fixed-effects multiple regression analysis. Time invariant regressors have been excluded from Table 6.1 given that fixed effects regression does not provide output for them. Fixed-effects regression is widely considered to be the most plausible regression model when the sample exhausts the entire population (as it does in the present case) (Brooks, 2008). Moreover, the fixed-effects model has an advantage over other techniques given that it controls for unknown and unknowable omitted time invariant variables (Stock and Watson, 2011). Thus fixed effects regression is resistant to the two principal concerns in cross-section regression: omitted variable bias and the possibility of drawing the sample from an unrepresentative year.

The model specification employed in our econometric analysis can be expressed as follows:

$$E_{it} = \alpha_i + \beta_1 P_{it} + \beta_2 X_{it} + \mu_{it} \quad t=1\dots 5$$

Where E is the natural log of expenditure per capita²⁸, P is a vector of population variables (i.e. population size, population sized squared and population density), X is a vector of exogenous control variables (i.e. average income of taxable individuals, percentage of persons over 65 years of age, proportion of persons under 15 years of age and total length of local government roads) and μ is an idiosyncratic error. The subscript it refers to the i^{th} council entity and the t^{th} year. Log transformations were employed to counter skewness in expenditure per capita, population density and average wage data.

Population density was included in recognition of the effects of density on economies of scope and scale (Drew and Dollery, 2014). Controls for age demographics (the proportion of persons under 15 years of age and over 65 years of age) were included in recognition that certain age groups are observed to place greater demands on different types of local government services, such as playgrounds and libraries. Average taxable income was included as a proxy for socioeconomic status, consistent with the literature (see, for instance Drew, Kortt and Dollery, 2015). Finally, the total length of local government roads was included on the basis that road expenditure represents the largest single component of Australian municipal expenditure (PricewaterhouseCoopers 2006, p.63).

²⁸ Depreciation and loss on disposal of asset costs have been excluded owing to the chaotic nature of depreciation accruals in NSW local government (Pilcher 2002; Drew and Dollery 2015).

Table 6.1: Definitions and Measures of Central Tendency for Regression Variables

Variable	Definition	Mean
Expenditure per capita (ln)	Expenditure less depreciation and asset disposals divided by the municipal population (transformed by natural log)	0.3418
Population	Number of residents residing in the council area scaled down by a factor of 1,000	46.928
Population Squared	Scaled population data squared	5553.93
Under 15	Percentage of individuals residing in the council under the age of 15	19.5612
Over 65	Percentage of individuals residing in the council over the age of 65	16.1913
Population density (ln)	Number of people per square kilometre (transformed by natural log)	2.9437
Average wage (ln)	Average wage of individuals residing in the local government area (transformed by natural log)	10.6326
Length of roads (sqrt)	Length of council maintained roads (transformed by square root)	29.1095

Three fixed-effects regressions were conducted and their results are detailed in Table 6.2. The first model examines data from the entire state and predicts diseconomies of scale up to a maxima of 308,790 residents, after which time per capita expenditure is predicted to decrease. However, population density is also highly significant (at the 1% level). This suggests conflation between population size and population density (which also explains the presence of a local maxima rather than a local minima as expected). This is hardly surprising when one considers that, in general, as population size increases population density also increases. For example, rural councils, such as Uralla (population 6,281; population density 1.94 people per square kilometre), tend to have low populations and low population density, whereas inner city municipalities, like Blacktown (population 317,598; population density 1323.32 people per square kilometre) tend to have the reverse situation. As a result, it is difficult to know whether the statistically significant data arising from an unstratified regression are a reflection of scale economies or economies of density.

Following Holcombe and Williams (2008) and Drew, Kortt and Dollery (2014), we thus conducted a further two regressions, stratified according to the Australian Classification of Local Government schema which is broadly consistent with the OLG classification groups. What we found was that when councils were stratified as either urban or non-urban, all evidence of scale effects (predicated on population size) disappeared. Thus the econometric evidence is at odds with the unsubstantiated assertions of the ILGRP (2013) that larger councils (predicated on population size) are ‘more robust organisations that can generate increased resources through economies of scale and scope, and then “plough back” efficiency gains into infrastructure, services and other benefits for their communities’ (ILGRP 2013, p.32).

The empirical evidence that we have presented in section 6.2 of Chapter 6 is not surprising given the heterogeneous range of services and goods produced by NSW councils. Since each service has a different capital and labour intensities, it is thus highly unlikely that the optimal service size for any two services (such as libraries and garbage collection) will coincide. As a consequence, economies of scale in one service may simply be negated by diseconomies of scale in other services.

However, as we noted in Chapter 4, regression analysis is a rather blunt empirical instrument. It is thus informative to conduct a data envelopment analysis (DEA) on NSW municipal data in order to (a) better approximate the actual council outputs; (b) assess the scale effects of the proposed ILGRP amalgamations; and (c) understand the efficiency implications of the proposed North Shore group merger.

Table 6.2: Evidence of Economies of Scale, 2009-2013

	Model 1 - NSW	Model 2 - Urban Councils	Model 3 - Non-Urban Councils
Population squared²⁹	-0.00006** (0.00002)	-0.00001 (0.00001)	-0.0026 (0.0116)
Population	0.0360** (0.0078)	0.0053 (0.0080)	0.3196 (0.4264)
Density	-1.4355** (0.3410)	0.3550 (0.4781)	-3.4553* (1.4253)
Exogenous controls?	Yes	Yes	Yes
N	152	81	71
Coefficient of Determination	0.5925	0.3944	0.5685

Exogenous controls include: proportion of individuals over 65 or under 15 years of age, proportion of ATSI persons, average wage, unemployment rate, total length of roads (kms) and the percentage of NESB individuals.

+ p<0.10, * p<0.05, ** p<0.01

6.3 Data Envelopment Analysis

Data Envelopment Analysis (DEA) allows for a more nuanced estimation of municipal scale and efficiency. Unlike regression analysis, DEA can accommodate multiple outputs, it does not require *a priori* specification of functional form, and it specific point estimates for each council or amalgamated entity. Technical efficiency (TE) is assessed in terms of the ability of a council to convert inputs (staff and capital) into a set of outputs (number of households, number of employing businesses and length of municipal roads) (see Drew, Kortt and Dollery (2015) for the justification of the DEA specification employed). The actual calculation employs linear programming to create an efficient frontier (comprised of the councils which most efficiently convert inputs into outputs) and then estimates relative efficiency of councils lying in the interior of the efficiency frontier according to their distance from the frontier. Two estimations of TE are commonly employed in the literature: the constant returns to scale (CRS) model and the variable returns to scale (VRS) model. The latter model adjusts efficiency estimates to account for scale effects: that is, the VRS model ensures that an inefficient council is only evaluated against

²⁹ Population and Population squared were scaled down by a factor of 1,000. Expenditure per capita and population density have been transformed (ln).

councils of a similar size. As a result, VRS scores are greater than or equal to CRS estimates of TE.

The constant returns to scale (CRS) algorithm is detailed below:

$$\begin{aligned} \min \theta, \lambda \quad & \theta \\ \text{s.t.} \quad & -y_i + Y\lambda \geq 0, \\ & \theta x_i - X\lambda \geq 0, \\ & 11'\lambda = 1 \\ & \lambda \geq 0 \end{aligned}$$

where y_i is a vector of outputs and x_i is a vector of inputs, θ is a scalar (the efficiency score for each council) and λ a vector of constants. The subscript i refer to the i th council and the inequalities ensure non-negative weights. The CRS specification evaluates inefficient councils against any peer on the frontier, irrespective of size. The variable returns to scale (VRS) algorithm is achieved by adding the convexity constraint $11'\lambda = 1$ so that inefficient councils are only evaluated against municipalities of a similar size. Under both estimates efficient councils are given a score of 1 and inefficient councils assigned a score between 0 and 1. Scale estimates are simply the quotient of CRS and VRS efficiency scores and a third estimate (non-increasing returns to scale (NIRS)) is made by imposing the restriction $11'\lambda \leq 1$ so that the nature of the scale inefficiency can be determined.

Table 6.3 presents the measures of scale for the existing municipal structures calculated according to 2013 data (the extent of ABS data on employing businesses). The first set of scale estimates summarise all NSW councils and the second set of estimates refer to the subset of councils proposed for amalgamation (ILGRP, 2013). What is interesting is that five of the

councils proposed for amalgamation are already at optimum scale, whilst all councils proposed for amalgamation currently exhibit decreasing returns to scale (i.e. their technical efficiency is diminished by being too large). Moreover, where two or more councils exhibiting increasing returns to scale are merged, it is entirely possible that the resultant entity will be over-scaled.

Table 6.3: Scale Results: Pre-Amalgamation 2013

Amalgamation status	Scale	Number	Mean scale	Median scale	Stand. Dev.
All NSW councils	OS	10	1	1	0
	IRS	107	0.913673	0.961648	0.10653
	DRS	35	0.908377	0.942027	0.090211
Councils to be Amalgamated	OS	5	1	1	0
	IRS	50	0.900444	0.96389	0.119421
	DRS	7	0.941517	0.965585	0.058392

Notes: OS = optimal scale; IRS = increasing returns to scale; DRS = decreasing returns to scale.

Table 6.4 details the scale results based on DEA estimates in which it is presumed that all of the ILGRP (2013) amalgamation recommendations proceed (this approach follows Drew, Kortt and Dollery (2015) and Cooper et al. (2007)). We have summarised the results for ‘amalgamated’ and ‘non-amalgamated’ entities separately in order to facilitate comparisons. What we find is that over two-thirds of the amalgamated entities would be operating with decreasing returns to scale, and just two of the amalgamated entities would be operating at optimal scale if the ILGRP (2013) recommendations were allowed to proceed as planned. This result should serve as a warning against the presumption that larger councils will necessarily be more efficient.

Table 6.4: Scale Results: Post-Amalgamation 2013

Amalgamation status	Scale	Number	Mean scale	Median scale	Stand. Dev.
Amalgamated	OS	2	1	1	0
	IRS	5	0.984367	0.989982	0.014536
	DRS	15	0.874822	0.883753	0.067295
Non-amalgamated Councils	OS	5	1	1	0
	IRS	60	0.903707	0.92987	0.091257
	DRS	24	0.911952	0.95821	0.090048

Notes: OS = optimal scale; IRS = increasing returns to scale; DRS = decreasing returns to scale.

6.4 Efficiency Comparison for Proposed North Shore Merger

The techniques employed above generate a good understanding of the deleterious results that might be expected for the NSW local government sector if the ILGRP (2013) recommendations based on ideological presumption – rather than sound empirical analysis – are allowed to proceed. However, because the two sets of DEA estimates are constructed according to relative efficiency frontiers, it is not possible to make direct comparisons between pre- and post-amalgamation municipal structures.

One way of dealing with the relative frontier problem is to examine the pre- and post-amalgamation structures for a specific proposal within a single DEA (see, for instance, the pioneering work of Cooper *et al.* 2007). Table 6.5 compares the TE for the stand-alone and amalgamation scenarios for the six North Shore group of councils which have been the focus of this Report. Thus, the DEA conducted to produce the results in Table 6.5 utilises data for 153 councils: the 152 existing NSW councils plus an additional entity formed from the proposed North Shore group amalgamation (ILGRP 2013). Under this method we can compare the

efficiency implications arising from the specific case of amalgamating the six councils into a putative North Shore group.

What we find is that five of the six existing entities currently operate with increasing returns of scale at varying levels of TE. The sixth council (North Sydney) lies on the efficient frontier and it is operating at optimal scale. An amalgamated entity (along the lines proposed by the ILGRP (2013)) would operate with decreasing returns to scale and an efficiency of just over 0.797. The proposed merger would result in a significant decrease in efficiency for the Ryde and North Sydney councils and a slight decrease in efficiency for the Lane Cove municipality. Put differently, amalgamation would result in lower levels of efficiency for three of the councils and a barely perceptual improvement for a fourth council (Hunters Hill). Given the high transformation costs, disruption to services, decrease in democracy, the redistribution of council liabilities, and the decrease in financial sustainability which will accompany the proposed amalgamation, it is more than a little disconcerting that the proposed merger will only result in a material improvement in efficiency for two of the councils involved (Mosman and Willoughby).

Table 6.5: Comparison of Technical Efficiency and Scale under Non-Amalgamation and Amalgamation Scenarios

Council	Technical Efficiency³⁰	Scale	Returns to Scale
Hunters Hill	0.788491	0.788491	Increasing
Lane Cove	0.826471	0.931865	Increasing
Ryde	0.96163	0.992882	Increasing
Willoughby	0.742302	0.987825	Increasing
Mosman	0.621084	0.901788	Increasing
North Sydney	1	1	Optimal
Amalgamated Entity	0.797484	0.797484	Decreasing

³⁰ These TE scores are CRS estimates as it is important that we do not make upward adjustments to mitigate the effect of scale – the whole purpose of this analysis is to determine whether a larger municipal structure would be more efficient.

6.5 Concluding Remarks

We have conducted analysis of the likely outcomes arising from amalgamation according to the two principal techniques employed in the empirical literature on local government: multiple regression analysis and data envelopment analysis. The results of the multiple regression analysis suggests that the ILGRP's (2013) unsubstantiated assertions of economies of scale – according to their preferred functional unit of population size – are completely illusory. Moreover, our DEA (using the multiple outputs of number of households, number of employing businesses and length of municipal roads) provides empirical evidence that the vast majority of proposed amalgamations will result in over-scaled councils which are too large to efficiently provide municipal goods and services. Finally, our DEA of the efficiency and scale implications arising from the proposed amalgamation of the North Shore group of councils suggests that there would be deleterious implications for three of these local authorities' efficiency should the proposed merger proceed.

In sum, there is no empirical justification for the proposed merger. Indeed, were the amalgamations to proceed as proposed by the Panel, the people of NSW can expect less efficient municipal services arising from ill-informed mergers resulting in councils which are too large to make the best use of capital and labour inputs.

CHAPTER 7: SOCIO-ECONOMIC CHARACTERISTICS OF THE HUNTERS HILL, LANE COVE, MOSMAN, NORTH SYDNEY, RYDE AND WILLOUGHBY COUNCILS

Chapter Summary

- This chapter presented a detailed analysis of the socio-economic characteristics of Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby councils.
- This analysis shows that there are noticeable differences in the socio-economic profiles among these councils.
- Given the differences between these councils the proposed merger cannot be mounted on ‘community of interest’ arguments.

7.1 Introduction

In Chapter 7, a descriptive analysis will be undertaken to examine the socio-economic characteristics of Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby. More specifically, the analysis will centre on comparing: age distributions and population projections, birth and fertility rates, labour force characteristics, family dynamics, income support, education levels, overweight and obesity, mental health conditions, health risk factors and health service utilisation.

Arguments in favour of council amalgamation are often based on the notion of ‘community of interest’. However, the empirical analysis presented in Chapter 7 indicates that these local communities have sharply different characteristics. This means that the proposed merger of

Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby cannot be based on ‘community of interest’ considerations.

Chapter 7 is comprised of two main parts. Section 7.2 provides a socio-economic overview of Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby. Chapter 7 concludes in Section 7.3 with a discussion of ‘community of interest’ based on community characteristics and argues that Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby should not be merged.

7.2 Council Characteristics

There are 38 metropolitan NSW councils based on the current local government boundaries in Sydney. These 38 councils, which constitute ‘Greater Sydney’, can be divided into:

- 17 outer Sydney councils (Figure 7.1) of which Ryde council is a member; and
- 21 inner Sydney councils (Figure 7.2) of which Hunters Hill, Lane Cove, Mosman, North Sydney, and Willoughby are members.

Figure 7.1: Outer Sydney Councils (n = 17)



Source: NSW Government, Department of Premier and Cabinet.

Figure 7.2: Inner Sydney Councils (n = 21)



Source: NSW Government, Department of Premier and Cabinet.

An overview of council characteristics in terms of population, land area, population density, and for Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby is reported in Table 7.1.

Table 7.1: Overview of Council Characteristics

Council	Population	Area sq. km	Population Density
Hunters Hill	14,663	6	2,444
Lane Cove	33,976	10	3,398
Mosman	29,414	9	3,268
North Sydney	65,318	10	6,532
Ryde	107,307	40	2,683
Willoughby	70,705	22	3,214
Greater Sydney	4,003,847	3,694	1,084

Source: PHIDU (2015)

With respect to population, Ryde has the largest population with 107,307 people followed by Willoughby (70,705 people), North Sydney (65,318 people), Lane Cove (33,976 people), Mosman (29,414 people) and then Hunters Hill (14,663 people). In terms of land area, Ryde council accounts for 40 square kilometres, followed by Willoughby (22 square kilometres), Lane Cove and North Sydney (both 10 square kilometres), Mosman (9 square kilometres) and then Hunters Hills (6 square kilometres). With respect to population density (i.e., the number of people divided by the land area in square kilometres, North Sydney has the highest population density at 6,532 persons per square kilometre, followed by Lane Cove (3,398 persons per square kilometre), Mosman (3,268 persons per square kilometre), Willoughby (3,214 persons per square kilometre), Ryde (2,683 persons per square kilometre) and then Hunters Hill (2,444 persons per square kilometre).

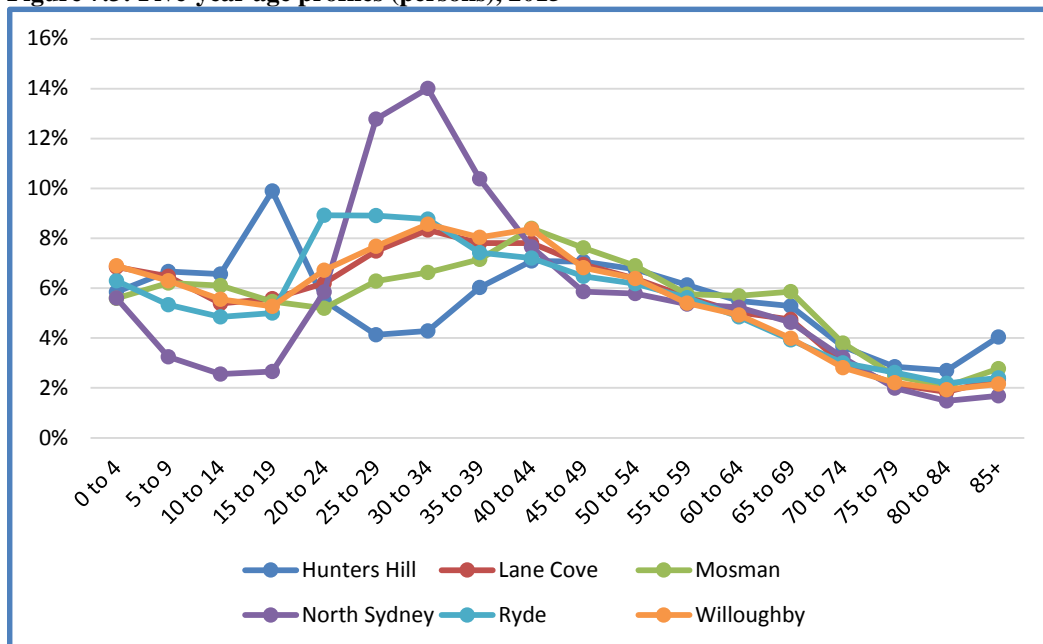
In considering Table 7.1, it is worth noting that Ryde is by far the largest councils in terms of both population size and geographical area (and the second smallest in terms of population density). At first blush, this suggests that Ryde council is significantly different from the other councils (at least in terms of population size and geographical area).

7.2.1 Age Distributions and Population Projections

The five-year age profiles for Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby councils are presented in Figure 7.3. With respect to the age distribution in Figure 7.3 the following points are noteworthy:

- North Sydney has the greatest proportion of people in the age groups spanning **25 to 39** and the lowest proportion of people in the age groups spanning **5 to 19**;
- Hunters Hill has the greatest proportion of people in the age group **15 to 19** and the lowest proportion in proportion of people in the age groups spanning **25 to 39**; and
- Ryde has the highest proportion of people in the age group **20 to 24**.

Figure 7.3: Five-year age profiles (persons), 2015

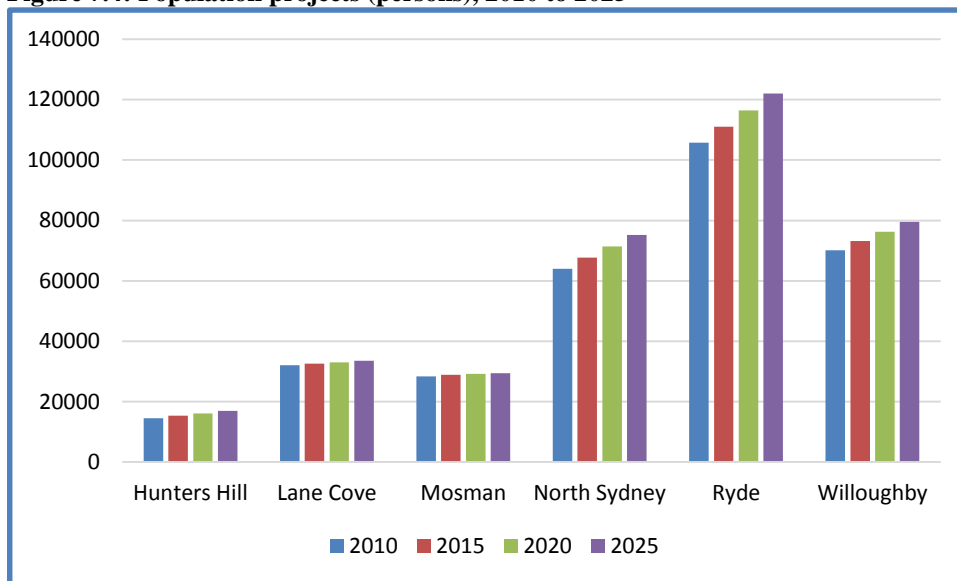


Source: PHIDU, Social Health Atlas of Local Governments Areas (2015)

Knowledge of these different age profiles is particularly important from a planning and service delivery perspective. Different age profiles require different planning and service delivery strategies. In other words, the requirements of North Sydney and Hunters Hill differ markedly from the needs of the other councils targeted in the proposed merger.

However, it is important to note that these age profiles may change over time due to changing population structures and growth rates at the local government area level. For planning and service delivery purposes it is often informative to consider population projections at the local government level (Figure 7.4).

Figure 7.4: Population projects (persons), 2010 to 2025



Source: PHIDU, Social Health Atlas of Local Governments Areas (2011)

For Hunters Hill, it is projected that between 2010 and 2025 the population will increase by 17%, which equates to an annual growth rate of 0.9%. For Lane Cove, it is anticipated that population will increase by 5%, which equates to an annual growth rate of 0.29%. For Mosman, it is

expected that the population will increase by 4%, which equates to an annual growth rate of 0.23%. For North Sydney, it is projected that the population will increase by 17%, which equates to an annual growth rate of 1.01%. For Ryde, it is estimated that the population will increase by 15%, which equates to an annual growth rate of 0.89%. Finally, for Willoughby, it is anticipated that the population will increase by 13%, which equates to an annual growth rate of 0.79%. Thus, Lane Cove and Mosman have the lowest annual population growth rates (at 0.29% and 0.23% respectively), while North Sydney and Ryde have the highest annual population growth rates (at 1.01% and 0.89% respectively).

However, it is possible that the population projections for Hunters Hill and Lane Cove may, over time, be reversed. This is because Lane Cove is currently experiencing unprecedented growth having recently approved 3,200 units with an average occupancy rate of 1.9 persons (or an additional 6,080 people). This, in turn, could substantially raise the population growth rate for Lane Cove over the period 2010 to 2025 so that it is greater than the current Hunters Hill population projection of 17%.

Although these local population projections provide useful insights, it is important to emphasise that these estimates need to be viewed with caution. Population projects are based on extrapolating current trends and are best viewed as ‘what if’ scenarios (i.e. what would happen to the local population if current growth rates persisted in the absence of any external factors). It is important to note that population projections do not take account of current or future local government policy initiatives, which may stimulate or inhibit local population growth.

7.2.2 Birth and Fertility Rates

Two factors underpinning population growth are the number of births and the fertility rate.

According to the Population Health Development Unit at the University of Adelaide, the total fertility rate (birth rate) for Australia from 2011 is 1.88 children. Estimates of the number of births and the fertility rate for Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby from 2011 are reported in Table 7.2

Table 7.2: Births and Fertility Rates, 2011

Council	<u>2011</u>	
	Births	Total fertility rate
Hunters Hill	147	1.85
Lane Cove	446	1.69
Mosman	364	1.65
North Sydney	1,084	1.39
Ryde	1,375	1.60
Willoughby	981	1.65
Australia	301,617	1.88

Source: PHIDU, Social Health Atlas of Local Governments Areas (2015)

While the fertility rates for Hunters Hill (1.85 children) is broadly similar to the Australian rate of 1.88 children, the fertility rates for Lane Cove (1.69 children), Mosman (1.65 children), Ryde (1.60 children) and Willoughby (1.65 children) are noticeably lower. Finally, it is worth highlighting that the fertility rate for North Sydney (1.39 children) is well-below the Australian average (1.88 children).

7.2.3 Labour Force Characteristics

Details of the labour force characteristics for Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby are reported in Table 7.3. Looking across Table 7.3, there are some noticeable differences between the unemployment rates and labour force participation rates. In the first instance, the unemployment rates for Lane Cove (3.3%), Mosman (2.9%) and North Sydney (2.9%) were well below the national unemployment rate of 6%. Comparatively low unemployment rates were also observed for Hunters Hill (4.6%) and Willoughby (4.3%). On the other hand, the unemployment rate for Ryde (6.2%) was considerably higher, but nonetheless comparable to the national unemployment rate (6%).

With respect to labour force participation rates, the participation rates for Lane Cove (70%), Mosman (67%), North Sydney (77%), Ryde (68%) and Willoughby (69%) were higher than the national labour force participation rate of 65%. On the other hand, the labour force participation rate for Hunters Hill (62%) was noticeably lower than the national labour force participation rate (65%). Finally, the highest rates of female labour force participation were observed for North Sydney (67%) and Lane Cove (63%), whereas the lowest female labour force participation rate was observed for Hunters Hill (52%).

Table 7.3: Labour Force Participation, 2014

2014			
Unemployment	Number	Labour force	% unemployed
Hunters Hill	340	7,324	4.6
Lane Cove	647	19,350	3.3
Mosman	475	16,601	2.9
North Sydney	1,361	47,393	2.9
Ryde	3,952	63,859	6.2
Willoughby	1,761	40,962	4.3
Australia	732,709	12,277,789	6.0
2014			
Labour force participation	Number	Population aged 15 years and over	% labour force participation
Hunters Hill	7,324	11,726	62
Lane Cove	19,350	27,635	70
Mosman	16,601	24,615	67
North Sydney	47,393	61,339	77
Ryde	63,859	93,992	68
Willoughby	40,962	59,449	69
Australia	12,277,789	18,760,524	65
2014			
Female labour force participation	Number	Females aged 15 years and over	% female labour force participation
Hunters Hill	2,878	5,521	52
Lane Cove	8,491	13,386	63
Mosman	6,713	12,184	55
North Sydney	19,520	29,173	67
Ryde	25,470	44,782	57
Willoughby	16,859	28,719	59
Australia	4,971,658	8,857,519	56

Source: PHIDU, Social Health Atlas of Local Governments Areas (2015)

7.2.4 Family Dynamics

Family dynamics is another socio-economic dimension that can be used to better understand the characteristics of local communities. The data contained in Table 7.4 is based on the most recent estimates prepared by the Population Health Development Unit at the University of Adelaide.

While these estimates are from 2011, they can nonetheless foster some broad insights into the

characteristics of family dynamics Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby.

Table 7.4: Family Dynamics, 2011

Council	% single parent families	% jobless families
Hunters Hill	11.1	5.8
Lane Cove	11.5	4.0
Mosman	12.6	5.4
North Sydney	14.0	4.9
Ryde	13.0	7.1
Willoughby	11.2	6.2
Australia	21.3	13.3

Source: Social Health Atlas of Local Governments Areas (2015)

In Australia as a whole, it was estimated that single parent families with children aged less than 15 years accounted for 21.3% of *all* total families with children under 15 years. Across all six local government areas in Table 7.4, the percentage of single parent families was considerably lower than the national average. Among these six councils, North Sydney (14%) and Ryde (13%) had the highest rates of single parent families, while Hunters Hills (11.1%) had the lowest rate.

A further conventional measure of family dynamics is the number of ‘jobless families’ (i.e. parent(s) not employed with children under 15 years). In 2011, it was estimate the 13.3% of Australian families were classified as being jobless. Across all six councils, the rate of ‘jobless families’ was again well below the national average. The rate of ‘jobless families’ was highest for Ryde (7.1%), but noticeably lower for North Sydney (4.9%) and Lane Cove (4%).

7.2.5 Income Support

Table 7.5 presents the percentage of residents in Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby receiving income support in 2012/2013. The following income support categories are covered in Table 7.5: (i) Age Pension (AP), (ii) Disability Support Pension (DSP), (iii) Long-Term Unemployed Benefit (LTUB), and (iv) Youth Unemployment Benefits (YUB).

Table 7.5: Income Support, 2012/2013

Council	% AP	% DSP	% LTUB	% YUB
Hunters Hill	42.3	2.5	1.0	n.a.
Lane Cove	37.3	1.6	1.0	0.6
Mosman	25.7	1.1	0.7	n.a.
North Sydney	33.9	1.3	0.9	0.6
Ryde	63.8	3.1	1.7	0.7
Willoughby	42.8	1.6	1.1	0.5
Australia	72.5	5.5	4.0	4.0

Source: Social Health Atlas of Local Governments Areas (2015)

Notes: (i) Age pension (AP); (ii) Disability Support Pension (DSP); (iii) Long term unemployed (LTUB) 16-64; and (iv) Youth unemployment benefits (YUB) 16-24.

In 2012/2013, an estimated 72.5% of Australians of pensionable age received the Age Pension. While considerably lower than the national average, the Age Pension rate in Ryde (63.8%) was substantially higher than the other councils listed in Table 7.5. At the other end of the spectrum, Mosman (25.7%) had by far the lowest Age Pension rate among this group of councils.

In Australia, the proportion of people receiving a Disability Support Pension (DSP) was 5.5%. While considerably lower than the national average, DSP rates for Ryde and Hunters Hill were noticeably higher than the DSP rates for Lane Cove, Mosman, North Sydney, and Willoughby.

In Australia as a whole, the proportion of individuals in receipt of long-term unemployment benefits (LTUB) was 4.0%. Across all six councils, the LTUB rate is broadly comparable and considerably lower than the national average. Finally, whereas the proportion of all Australians on Youth Unemployment Benefits (YUB) was 4.0%, all six councils in Table 7.5 had extremely low rates of persons on Youth Unemployment Benefits.

7.2.6 Participation in Education

Details of the most recently available analysis of educational participation for Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby are reported in Table 7.6.

Table 7.6: Participation in Education, 2011/2012

Full-time participation in secondary school education at age 16	Full-time participation at age 16	People aged 16	% full-time participation at age 16
Hunters Hill	272	286	95
Lane Cove	344	377	91
Mosman	254	285	89
North Sydney	282	350	81
Ryde	892	1,031	87
Willoughby	607	679	89
Australia	225,238	284,761	79

Participation in vocational education and training	Number	Rate per 100	SR
Hunters Hill	466	3.4	40
Lane Cove	1,169	3.6	42
Mosman	801	2.9	35
North Sydney	2,158	3.1	37
Ryde	5,994	5.2	62
Willoughby	2,560	3.6	43
Australia	1,909,544	8.4	100

Source: Social Health Atlas of Local Governments Areas (2015)

Of particular interest in Table 7.6 is the: (i) percentage of full-time participation in secondary school education at age 16, and (ii) the standardised ratio (SR) for participation in vocational education and training. In 2011, the proportion of all Australians aged 16 and engaged in full-

time secondary school education was 79%. The participation rate in full-time second school education was not only similar across all six local government areas, but also substantially higher than the national average.

The standardised ratio (SR) is ‘benchmarked’ against the Australian average, which is set at 100. The SR is relatively easy to interpret. For example, consider the Hunters Hill SR of 40. This means that participation in vocation education and training in Hunters Hill is 60% *lower* than the Australian average [i.e., $(40/100-1)*100$]. Comparable interpretations can be made for the other councils listed in Table 7.6. However, it needs to be borne in mind that while all six councils fall below the national average, the vocational education and training participation rate for Ryde (5.2 per 1,000) is noticeably higher than the participation rates for the other five councils.

7.2.7 Overweight and Obesity

The prevalence of overweight and obesity is another important dimension that can be used to understand the local characteristics and health services needs of local communities (Table 7.7). The medical literature has clearly demonstrated that overweight and obesity are independent risk factors for a range of serious medical conditions, including Type 2 diabetes, elevated cholesterol levels, hypertension, coronary heart disease, musculoskeletal disorders, and several cancers.

Looking across Table 7.7 it is worth noting that the proportion of Australian men who were classified as either being overweight or obese was 42.2% and 27.5% respectively. The proportion of Australian women who were classified as either being overweight or obese was 28.2% and 27.5% respectively.

Table 7.7: Overweight and Obesity 2011-13 (estimates)

Council	Overweight males, 18+		Obese males, 18+		Overweight females, 18+		Obese females, 18+	
	Rate per 100	SR	Rate per 100	SR	Rate per 100	SR	Rate per 100	SR
Hunters Hill	44.9	106	22.0	80	27.0	96	15.4	56
Lane Cove	42.9	102	17.1	62	25.6	91	9.4	34
Mosman	43.6	103	16.7	61	26.9	95	10.9	40
North Sydney	41.9	99	16.4	60	25.5	90	10.1	37
Ryde	42.2	100	23.6	86	24.5	87	14.2	52
Willoughby	42.8	101	18.1	66	24.6	87	9.0	33
Australia	42.2	100	27.5	100	28.2	100	27.5	100

Source: Social Health Atlas of Local Governments Areas (2015)

Across all six councils, the proportion of overweight weight was comparable to the national average. While the proportion of obese men across all six councils is considerably lower than the national average (27.5%), Hunters Hill (22%) and Ryde (23.6%) have a noticeably higher proportion of obese men compared to other councils. A similar for pattern is also observed for overweight and obese women across these six councils.

7.2.8 Mental Health

Mental health costs Australia a great deal. There are the human costs, such as time lost to disability; financial costs to the economy as a result of lost productivity brought on by mental health conditions; and also expenditure by governments and individuals to combat the illness. In 2002-03, the total expenditure on mental health services across all levels of government and the private sector totalled \$3.3 billion (Senate Select Committee on Mental Health, 2006).

The data presented in Table 7.8 are estimates based on self-reported survey responses that have been compiled by the Population Health Development Unit. While these estimates are based on

self-diagnosis rather than clinical assessment by a health professional, these data nonetheless provide a useful insight into the impact of mental health conditions in local communities.

Table: 7.8: Mental Health 2011-2013 (estimates)

Council	Males with mental and behavioural problems		Females with mental and behavioural problems	
	Rate per 100	SR	Rate per 100	SR
Hunters Hill	12.3	102	12.0	79
Lane Cove	12.1	100	12.0	80
Mosman	12.0	100	12.6	83
North Sydney	12.9	108	13.0	86
Ryde	13.1	109	13.0	86
Willoughby	12.6	105	12.2	81
Australia	12.0	100	15.1	100

Source: Social Health Atlas of Local Governments Areas (2015)

In 2011-13, the proportion of Australian men and women who identified themselves as having mental and behavioural problems was 12% and 15.1% respectively. For men, the rate of mental and behavioural problems was comparable to the national average for the majority of councils listed in Table 7.8, although the rates for Ryde (13.1%) and North Sydney (12.9%) were noticeably higher. For women, the rate of mental and behavioural problems across all councils was considerably lower than the national average (15.1%).

7.2.9 Health Risk Factors

Lifestyle factors, such as smoking and alcohol consumption, can lead to an increased risk of a variety of chronic diseases including cancer, diabetes and heart disease. The data presented in Table 7.9 presents the estimates for: (i) current smokers 18 years and over; and (ii) alcohol consumption at levels considered to be a high risk to health for persons 18 years and over.

Table 7.9: Health risk factors 2011-13 (estimates)

Council	Current smokers, persons 18 years and over		Alcohol consumption at levels considered to be a high risk to health, persons aged 18 years and over	
	Rate per 100	SR	Rate per 100	SR
Hunters Hill	11.5	64.1	4.5	97.2
Lane Cove	8.7	48.3	4.0	85
Mosman	9.0	50.1	3.9	84.1
North Sydney	10.0	55.5	4.4	95.5
Ryde	10.6	59.3	4.1	89.2
Willoughby	8.7	48.2	4.0	85
Australia	18.0	100	4.7	100

Source: Social Health Atlas of Local Governments Areas (2015)

In relation to smoking rates, the 2011-13 smoking rate in Australia was 18% for persons 18 and over. Across all local government areas listed in Table 7.9, the smoking rate was considerably lower than the national average. Lane Cove and Willoughby had the lowest proportion of smokers (8.7%), while the highest rates of smokers was observed for Hunters Hill (11.5%) and Ryde (10.6%). Alcohol consumption at levels considered to be a high risk to health is the second health risk factor presented in Table 7.9. Across all local government areas, the ‘high risk’ alcohol consumption estimates were well below the national average.

7.2.10 Health Service Utilisation

Health care services utilisation for Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby is reported in Table 7.10. More specifically, Table 7.10 shows (i) the number of GP services utilised per 100,000 people and (ii) the standardised ratio (SR) for each local government area.

Table 7.10: Health Service Utilisation, 2009/2010

Council	GP services	
	Rate per 100,000	SR
Hunters Hill	441903.3	81
Lane Cove	457873.8	84
Mosman	454592.4	83
North Sydney	440845.1	81
Ryde	546602.2	100
Willoughby	484900.2	89
Australia	545012.2	100

Source: Social Health Atlas of Local Governments Areas (2015)

Looking across Table 7.10, the following points are worth noting. First, GP service utilisation for Ryde is consistent with the national rate of service utilisation. Second, all other local government areas listed in Table 7.10 have GP service utilisation rates well below the national average.

7.3 Conclusion

Arguments presented in support of council mergers are often grounded on the notion of ‘community of interest’, which according to Fulcher (1989, p.7) encompasses: (i) a ‘sense of belonging to an area or locality which can be clearly defined’, (ii) the ability to meet the community’s ‘physical and human services’, and (iii) the ability of the ‘elected body to represent the interests’ of its members. Thus, councils with similar ‘community of interest’ profiles represent a stronger rationale for council amalgamation compared to those councils with markedly dissimilar ‘community of interest’ profiles.

However, given the differences between Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby the proposed merger cannot be mounted on ‘community of interest’ arguments.

For instance, it is worth noting that – when compared to the other councils – **Ryde** has:

- The **largest** population;
- The **largest** geographic area;
- The **highest** proportion of people in the age group **20 to 24**;
- The **highest** level of unemployment;
- The **highest** percentage of jobless families;
- The **highest** percentage of people of pension age receiving the Age Pension;
- The **highest** rate of participation in vocational education and training; and
- The **highest** rate of GP service utilisation.

Thus, the observed differences in the socio-economic profiles between Ryde and the other local government areas means that different planning and service delivery strategies will need to be implemented for each local government area. In other words, the community needs and priorities for Ryde will differ significantly from the community needs and priorities for the other councils. Thus, given these differences, there is no ‘community of interest’ imperative to proceed with a merger, which may also inadvertently lead to a widening of these socio-economic differences if ‘inner-Sydney’ local government strategies are pursued at the expense of ‘outer-Sydney’ local government strategies.

CHAPTER 8: EMPIRICAL EVIDENCE ON SHARED SERVICES IN LOCAL GOVERNMENT

Chapter Summary

- A detailed review of the empirical literature finds strong evidence that shared services could yield significant benefits (and cost-savings) to participating councils.
- Successful shared services arrangements typically include IT services, human resources and waste management.
- However, it need to be borne in mind that not all local services are amenable to regional provision through shared service arrangements.

8.1 Introduction

Chapter 8 summaries the extant empirical evidence on shared services in terms of both cost-savings and other economic benefits, as well as identifying which specific local government functions and services may benefit most from shared services arrangements.

Chapter 8 is divided into four main parts. Section 8.2 provide a synoptic account of the empirical evidence on shared services in Australia. Section 8.3 provides a summary of the empirical evidence on shared services internationally. Chapter 8 concludes in section 8.4, which considers the policy implications associated with body of evidence.

8.2 Empirical Evidence on Shared Services in Australian Local Government

It is somewhat surprising that there are a limited number of empirical studies that have investigated the economic effects of shared services arrangements in the Australian context. To date, the existing empirical literature is comprised of evidence drawn from three surveys, four case studies, and a literature review undertaken by KM Management Consulting (KMMC) (2005) for the Local Government Association of Queensland (LGAQ). However, this small body of empirical evidence still suggests that shared services may offer a range of economics and social benefits to participating councils in the Australian milieu. For convenience, this empirical evidence is summarised in Table 8.1.

Table 8.1: Australian Empirical Evidence on Shared Services Arrangements

Publication	Method	Sample	Summary of Main Findings
Lawson (2007)	Survey	34 South Australian Councils	Identified seven service areas with the greatest resource sharing opportunities, as well as some impediments to implementation of shared services.
Burow Jorgensen & Associates (2006)	Survey	55 WA Local Councils	92% of councils were engaged in resource sharing in various areas, including waste collection, recycling and disposal, human resource, information technology, road works, library facilities and so on.
Byrnes (2005)	Survey	19 NSW Metropolitan and Regional Councils	Identified eight services most suitable for resource sharing and seven services that should be provided locally.
Dollery & Byrnes (2006)	Case study	Walkerville Council, SA	Listed nine regional co-operative agreements Walkerville had entered into and provided estimates of benefits.
Dollery, Burns & Johnson (2005)	Case study	Armidale Dumaresq, Uralla, Guyra and Walcha Councils, NSW	Strategic Alliance of the Councils brought substantial benefits/savings through collaboration in the number of areas.
Local Government Association of Queensland (2005)	Case study	Wellington, Blayney and Cabonne Strategic Alliance, NSW	The Alliance achieved \$720,000 savings in first ten month of operation through co-operative arrangements, joint purchases and staff and resource sharing.
Dollery, Marshall, Sancton & Witherby (2004)	Case study	Riverina Eastern Regional Organisation of Councils (REROC), NSW	REROC achieved savings of \$4.5 million through reduced duplication, joint tendering, regional lobbying and co-operative sharing of resources.
KMMC (2005)	Literature Review	Not applicable	Identified six services most able to be successfully delivered through regional services units and three services most suited to delivery on a shared regional basis

Source: Adapted from Dollery and Akimov (2008).

The first study listed in Table 8.1 is a survey conducted by Lawson (2007). In this study, Lawson (2007) collected data from 34 South Australian councils regarding their participation in the delivery of local services. In the analysis of survey responses, Lawson (2007) found that:

1. Although the prospect of financial benefits was a main reason for entering into shared services agreements, only a small number of councils actually realised cost-savings; and
2. Expected financial benefits were not the only reason for entering into shared services agreements (other reasons included the prospect of securing access to a wider range of services).

Moreover, the six most common areas for shared services that were identified by Lawson (2007) included:

- Waste management
- Town planning
- Joint purchasing of physical assets
- 'Back-office' operations
- IT services
- Financial services.

In a 2006 survey of metropolitan and rural councils in WA, Burow Jorgensen and Associates (BJA) reported that 92% of councils surveyed had participated in shared services arrangements and that such arrangements were more commonplace among regional and remote councils. The authors of the report also identified that the most common shared services arrangements included:

- Waste management
- IT services
- Personnel resources
- Health and planning
- Library services
- Land management services.

In another survey of NSW councils, Byrnes (2005) identified the following local services that were considered suitable by respondents for shared delivery. These local service included:

- Fire protection
- Emergency services
- Health and planning
- Toxic plants and weeds
- Waste management and water
- Local markets and sale yards.

Furthermore, Byrnes (2005) also identified the following areas that respondents considered were best provided 'in-house' by councils. These services included:

- Public toilets
- Public halls

- Parks and gardens
- Property development.

The four case studies presented in Table 8.1 provide tangible examples of successful shared services arrangements between councils that have resulted in cost-savings. The first case study listed in Table 8.1 by Dollery and Byrnes (2006) examined that situation of SA Walkerville Council and its experience with shared service delivery involving neighbouring councils. More specifically, the Walkerville Council entered into nine agreements with a number of municipalities to jointly provide the following services:

- Waste collection
- Home care
- Crime deterrence
- Library service
- Health and planning
- Inspections.

Dollery and Byrnes (2006) reported – at the time – that the CEO of the Walkerville Council had estimated that the shared services arrangements entered into by the Council had resulted in an annual cost-saving of \$138,180. In another case study, Dollery, Burns and Johnson (2005) also assessed the NSW Strategic Alliance Model that was developed by the Armidale Dumaresq, Guyra, Uralla and Walcha councils. In essence, the authors of this study concluded that:

“The movement to shared services should generate economies of scale and reduce duplication. The Strategic Alliance has estimated that in the administrative core services areas, such as IT, finance, human resources, payroll, records, supplies, stores, plant and GIS, some 10 positions (representing 2.3 per cent total employment) could be abolished in the first instance and redeployed into other value adding positions, realizing around \$800k in additional savings. Over the longer term, 18 positions were believed initially achievable yielding \$1,450k in savings. However, it has been learned thus far in implementing the organizational development projects that even greater savings will be achieved that can be reinvested into value adding areas” (Dollery, Burns and Johnson, 2005, p.18).

However, the major drawback with this case study is that it only presented *potential cost-savings* as opposed to *actual cost-savings* that could have been achieved under the NSW Strategic Alliance Model. Nevertheless, this case study still serves to highlight that potential cost-savings could be substantial.

The third case study listed in Table 8.1 is the 2005 Queensland Local Government Association discussion paper entitled *Size, Shape and Sustainability*. In this discussion paper, the strategic alliance between three rural NSW councils – Wellington, Blayney, and Cabonne was identified as a successful example of a shared services arrangement. The discussion paper reported that cost-savings of \$720,000 has been achieved during the first ten months of that the strategic alliance was in operation.

The final case study listed in Table 8.1 was conducted by Dollery, Marshall, Sancton and Witherby (2005). In this paper, the authors examined the Riverina Eastern Regional Organisation of Councils (REROC) resource sharing arrangements. Under this shared services arrangement it was estimated that \$4.5 million in cost-saving accrued to the 13 participating NSW councils between 1998 and 2003.

The final study in Table 8.1 is a literature review conducted by KMMC (2005). This report argued in support of the provision of shared services by Queensland councils based on its review of the literature. However, the report failed to realise the difference between shared services models in local governments *per se* and all levels of government. This omission resulted in a large number of peripheral references and a deficiency of concrete examples to highlight the potential benefits of shared services arrangements in milieu of local government.

8.3 International Empirical Evidence on Shared Services in Local Government

Internationally there is a growing corpus of empirical evidence on the shared services arrangements. Table 8.2 summarises a representative selection of studies from the UK and US that highlight the numerous benefits that may accrue to councils that participate in shared services arrangements.

Table 8.2: International empirical evidence on shared services arrangements

United Kingdom			
Publication	Method	Sample	Summary of findings
Murray et al. (2008)	Case studies	15 English Councils	Some smaller councils benefited from shared services arrangements
CLG [England] (2006a; 2006b; 2006c; 2006d; 2006e)	Case studies	73 Local Councils 81 Local Councils 69 Local Councils 80 Local Councils 64 Local Councils	Shared services arrangements were one of the approaches to efficiency gains.
PWC (2005)	Case studies	Two rural councils	Councils achieved top quartile performance and achieved cost-savings.
United States			
Publication	Method	Sample	Summary of findings
Hawkins and Feiock (2011)	Logistic regression	75 US municipalities	Joint ventures are more likely when: (i) local benefits are combined with a 'mayor-council' form of government or (ii) when wider benefits are sought under a 'manager-council' form of government.
LeRoux and Carr (2010)	Quantitative case study	44 local governments in Wayne County, Michigan	Municipalities cooperate more extensively on local public services such as waste disposal. Councils are also likely to enter into inter-local agreements when senior managers belong to the same professional associations.
LeRoux and Pandey (2011)	OLS regression	134 large US municipalities	Municipalities with managers motivated by career advancement are more likely to pursue inter-local service delivery.
Chen and Thurmaier (2010)	Ordered logistic regression	US municipalities in the Iowa	Inter-local agreements increase the effectiveness and efficiency of local services.
Hawkins (2010a)	Logistic regression	206 US municipalities	Cooperation on joint ventures for economic development between local governments is influenced by range of factors including high levels of social capital and frequent communication.

Table 8.2 (cont.)			
United States			
Publication	Method	Sample	Summary of findings
Hawkins (2010b)	Multinomial logistic regression	206 US municipalities	Evidence indicates that ‘mayor-council’ forms of local government as opposed to ‘council-manager’ form of government are more likely to pursue and form ‘developmental’ joint ventures (e.g. two local councils agree to develop vacant land spanning the councils’ borders).
Kwon and Feiock (2010)	Heckman probit regression	Various US local municipalities	Intergovernmental services agreements can be characterised as a two-step process. First, communities consider whether to collaborate or not. Second, the likelihood of entering into an inter-local agreement is conditional upon the likelihood that a community has a preference for collaboration.
Hawkins (2009)	Descriptive and inferential statistical analysis	206 US local government municipalities	Identifies prospects/barriers for the establishment of joint ventures.
LeRoux and Carr (2007)	Logistic regression	Municipalities in Michigan	Local economic factors, policy and planning, networks, population growth, and characteristics of communities in the area adjoining the local government may help explain cooperation.

Source: Adapted from Dollery and Akimov (2008).

To begin with many British councils have reported that the introduction of shared services has reduced cost and led to improvements in service, particularly in the areas of ‘back office’ functions (Communities and Local Government [England] 2006a; 2006b; 2006c; 2006d; 2006e). In a similar vein, the consultancy report prepared by PriceWaterhouseCoopers (2005) on the Anglia Revenue Partnership – a shared services hub established for citizens in two rural councils – reported that these councils not only performed better but had accumulated considerable cost-

savings. Finally, the study by Murray, Rentell and Geere (2008) examined the benefits of procurement shared services arrangements for 15 councils and found that some smaller councils benefitted from shared services arrangements, particularly with respect to joint procurement.

A wide range of studies have empirically examined shared services arrangements in the United States. To begin with, Hawkins (2009) identified that the most common reasons for establishing a shared services arrangement include: (i) improving a council's competitive advantage; (ii) securing resources that would not otherwise be obtainable; and (iii) taking advantage of economies of scale. In similar vein, it not surprising that Chen and Thurmaier (2010) reported that the equitable sharing of benefits among partaking councils was crucial to the success of shared services arrangements.

Additional studies conducted by Hawkins (2010a, 2010b) have examined: (i) the circumstances under which councils were likely to establish shared services arrangements; and (ii) the role that institutional arrangements play in encouraging the establishment of shared services arrangement. For example, Hawkins (2010a) identified that cooperation on economic development shared services arrangements between councils is influenced by a whole host of factors, which include regular communication and high levels of social capital. With respect to institutional arrangements, Hawkins (2010b) found that a 'mayor-council' form of government is more likely to participate in 'developmental' joint ventures (as opposed to a 'council-manager' form of government). One possible reason for this finding is that such arrangements may provide 'a way for elected officials to claim for the benefits that can be directed to certain constituent groups' (Hawkins, 2010b, p.382). In another study, Hawkins and Feiock (2011) found empirical

evidence to substantiate the proposition that previous shared services arrangement positively influence on the probability of entering into a future cooperative venture.

Shared services arrangements in the US have also been examined by LeRoux and Carr (2007), LeRoux and Pandey (2011) and LeRoux and Carr (2010). To begin with, LeRoux and Carr (2007) examined cooperative practices on public service (like sewerage) among Michigan municipalities. In their study, LeRoux and Carr (2007) argued that cooperation among councils is motivated by a whole host of factors including: (i) the attributes of neighbouring communities, (ii) population growth, and (iii) economic factors. In a subsequent study, LeRoux and Carr (2010) examined cooperative arrangements among 44 Michigan councils. In their study, the authors found that councils were more likely to participate in cooperative arrangements for the provision of local public services like water management (as opposed to provision community-based activities like ‘parks and recreation’). In another study, LeRoux and Pandey (2011) discovered that larger councils were more likely to pursue shared services arrangements if their senior bureaucrats were motivated by career advancement.

Finally, the study by Kwon and Feiock (2010) examines shared services arrangement as a two stage process. More specifically, Kwon and Feiock (2010) use a two-part regression model to consider with communities wish to partake in shared services arrangements and, in the second stage, consider the probability of entering into such an agreement conditional upon the likelihood that a community has a predilection for such an arrangement. The authors report that – in the first stage – inter-local cooperation is ‘likely to be considered in relatively affluent cities experiencing population declines and economic conditions’ while in the second stage, ‘at large’ election of

councillors and former agreements were predictive of communities entering into such arrangements (Kwon and Feiock, 2010, p.881).

Thus, by way of summary, the findings from the empirical literature suggest that shared services arrangements can lead cost-savings and improve service delivery although some services appear to be more conducive to shared services arrangements than other (Dollery, Grant and Kortt, 2012).

8.4 Implications of the Empirical Evidence on Shared Services

While the findings summarised above differ in their scope, it is still possible to draw some broad inferences:

- Shared services arrangements can enhance local service delivery;
- Some services seem to be more conducive to shared services arrangements;
- Successful shared services arrangements typically include IT services, human resources and waste management;
- Successful shared services arrangements can vary significantly;
- Barriers to shared services arrangements can be challenging to address; and
- Barriers to shared services arrangements include: (i) loss of control, (ii) competing objectives, (ii) uncertain benefits, (iv) and increasingly complex management and administrative processes.

Thus, from a policy perspective, a critical question arises: which local services are best suited to shared services arrangements? While the empirical literature provides some guidance on this matter, it is nonetheless important to consider the common aspects of local services, given the plethora of services that are produced by the local government sector. A useful starting point is the extensive work that was conducted by Allan (2001; 2003) and the NSW Independent Inquiry into Local Government (NSW LGI, 2006) led Allan to identify the following six aspects:

- (i) 'Low core capability';
- (ii) 'High supplier availability'
- (iii) 'Low task complexity'
- (iv) Significant scale economies;
- (v) 'Specialized technology'; and
- (vi) 'Low asset specificity'.

'Core capability' refers to the 'steering' and not 'rowing' capacities of councils like service monitoring. Without this core capability, councils may not be in a position to properly discharge their statutory requirements. Thus, shared services arrangements should only be considered for low core capabilities. In addition, the absence or presence of potential contractors is another aspect that needs to be considered since if shared services arrangements fail, then an appropriate exit strategy is needed. Along similar lines, Allan (2001, 40) has stated that 'complex tasks are difficult to monitor, hard to measure for inputs and require unique expertise to monitor' and are therefore not generally suitable for shared services arrangements. The question of economies of

scale also comes into play on whether to enter into a shared services agreement. For example, the costs of purchasing an IT system makes these particular services well-suited to shared services arrangements. Finally, Allan (2001: 40) also recommends that ‘where a task requires an expensive and specific asset it may be more cost effective for the council to provide the asset’ and thus a suitably designed shared services model can assist in apportioning high fixed costs.

With respect to which services are best suited to shared services arrangements, Allan (2001: 46) contends that ‘there is no reason as to why most core community services’, such as road maintenance and domestic waste as well as ‘backroom support services’, including finance and IT should not be ‘delivered or arranged by a central administration unit owned and controlled by several councils’. However, Allan (2001) added two vital qualifications to this conclusion: (i) that each council should secure performance agreements which detail ‘specific rights and obligations’ and (ii) that the shared service entity should be overseen by a board of directors comprised from all councils.

CHAPTER 9: COUNCIL COLLABORATION THROUGH JOINT REGIONAL BODY

Chapter Summary

- Shared services represent a superior alternative to forced amalgamation to improve the performance of the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby councils.
- The best method of delivering shared services lies in a variation of the successful Hunter Councils model.

9.1 Introduction

In this Report we have considered in detail the empirical evidence on the efficacy of municipal mergers as an instrument of local government reform. Given the weight of empirical evidence in the international and Australian scholarly literature, together with the unanimity found in the Australian national and state inquiries into local government sustainability, we conclude that forced mergers have not met expectations.

In addition, as we saw in Chapter 4, the *Fit for the Future* process is severely flawed in a number of respects, not least in its approach to the evaluation of financial sustainability and council efficiency. Furthermore, as we have demonstrated in Chapter 5, the *Fit for the Future* merger proposals involving Hunters Hill, Lane Cove and Ryde will not improve financial sustainability under the *Fit for the Future* criteria, nor will they generate scale economies, as we show in Chapter 6. Indeed, a merged North Shore group of councils would produce diseconomies of

scale. Furthermore, demographic, socio-economic and other data emphatically underline the absence of an overarching community of interest amongst these councils, as Chapter 7 demonstrated. In sum, we have seen that there is an overwhelming evidential basis for rejecting the proposed council mergers and instead pursuing more promising alternative approaches to improving council performance, notably regional council collaboration through a joint regional body.

Chapter 8 provided a detailed discussion of the Australian and international empirical evidence on both scale economies and shared services in local government. While the empirical evidence shows that scale and scope economies do exist in selected municipal functions and services, these are concentrated in comparatively few services, which are mostly capital intensive. In a similar vein, although shared services are preferable to forced amalgamation, the empirical evidence demonstrates that they are not a ‘silver bullet’ which can cure all the ills of local government. Indeed, financial constraints, especially rate-pegging in NSW and a large local infrastructure backlog, necessarily imply that more funding be made available to local government, in the form of additional ‘own-source’ revenue, greater inter-governmental transfers, and more borrowing for capital investment.

Against this background, Chapter 9 considers the optimal approach to inter-council collaboration involving Hunters Hill, Lane Cove and Ryde, other local authorities comprising the North Shore group of councils, as well as a few additional spatially aligned councils. In Australian local government, literally dozens of different kinds of shared service arrangements have been implemented across the country, many displaying a high degree of ingenuity, often in trying

circumstances in remote areas (see Dollery, Grant and Kortt (2012) for a detailed analysis of these arrangements).

However, shared service delivery models differ considerably in terms of the success they have enjoyed in terms of cost effectiveness, the range of services offered, and the quality of these services. In Chapter 9 we consider the conceptual foundations for council collaboration through regional entities, we examine the Hunter Councils model as a relevant successful case study for designing a joint regional organisation suitable for the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde, and Willoughby group of councils, and then we set out a draft joint regional body structure for these councils along the lines of the model already discussed by NSROC and SHOROC councils.

Chapter 9 is divided into four main parts. Section 9.2 considers the broad implications of the conceptual literature on shared services in local government for the selection of functions to be provided by a joint regional organisation for Hunters Hill, Lane Cove and Ryde and the other North Shore group of councils. Section 9.3 outlines the Hunter Councils model as a desirable design for a joint regional organisation for the councils in question. Section 9.4 sets out a proposed design for a joint regional organisation for these councils drawing on the draft model previously considered by the NSROC and SHOROC groups of councils. Section 9.5 tackles the thorny question of which local functions and local services could be collaboratively delivered by a regional body and provides a survey instrument which can be employed to determine which services to provide. Chapter 9 ends with some brief concluding comments in section 9.6.

9.2 Conceptual Foundations for Council Collaboration and Shared Services

In his pioneering *Governing Local Public Economies*, Oakerson (1999, p.7) distinguished between local service *provision* and local service *production* and demonstrated that different criteria apply to these conceptually different functions. The *provision* of local services involves determining whether to provide a particular service, the regulation of local activities, the accretion of adequate revenue to pay for the service, the quantity and quality of local services to be provided, and how these services should be produced. By contrast, *production* involves the actual creation of a product or the rendering of a service rather than its financial provision.

In local government, the main implication of the conceptual separation of provision from production resides in the fact that local authorities enjoy a choice between different vehicles for producing local goods and local services. Oakerson (1999, p.17/18) has identified seven generic possibilities for linking provision with production in local government service delivery:

1. '*In-house production*' occurs where a local council arranges its own production. For example, a council organises its own production along traditional 'in-house' grounds.
2. '*Coordinated production*' takes place where two or more local councils coordinate production activities. For instance, the health inspection departments of two adjoining councils cooperate on activities affecting both jurisdictions.
3. '*Joint production*' where two or more adjacent councils organise a single production unit as in, for example, invoice processing or joint printing.

4. '*Intergovernmental contracting*' takes the form of one council horizontally contracting local services from a separate council or vertically with a state or national government agency, such as work undertaken on road maintenance for the NSW Government by councils.
5. '*Private contracting*' where a private for-profit firm undertakes production for a council, as in the contracting out of domestic waste collection.
6. '*Franchising*' where a council gives a commercial producer the exclusive right to produce a given service from which local residents can purchase the service.
7. '*Vouchering*' where a council sets quality standards as well as the level of provision, but allows households to select their own producer using a municipal voucher.

In addition to these possibilities, Warner and Hefetz (2008) have added *local services provided by unpaid local volunteers*. This often occurs in the form of co-production where unpaid volunteers use council resources, such as vehicles, to provide a service, like caring for environmentally sensitive wetlands or cleaning up garbage in public parks and waterways.

While the voluminous empirical literature on council collaboration and shared services is varied, as we have seen in Chapter 8, it is nevertheless possible to draw some broad inferences:

- (a) Whereas shared services arrangements can enhance the efficiency of local service delivery, some local services are more adaptable to shared services arrangements.
- (b) Successful shared services arrangements commonly include 'back-office' services, IT services, human resources and waste management.

- (c) Successful shared services arrangements can vary significantly from case to case, even where the same services are produced, and there is thus not a single optimal model.
- (d) Barriers to shared services arrangements can be difficult to surmount and include the ‘loss of control’, competing objectives, ill-defined or uncertain benefits, and expensive and convoluted management and administrative processes.

These general considerations should thus be taken into account when developing policies that are intended to advance the efficiency of local government service delivery. However, a vital question that arises is which local services are most suited to shared service arrangements? While the empirical literature provides the necessary information to answer this question, it is also informative to consider the generic attributes of local services, given the variety of services produced by local authorities.

For instance, the work conducted by Allan (2001; 2003) and the NSW Independent Inquiry into Local Government (NSW LGI, 2006) led by him identified the following six attributes: ‘Low core capability’; ‘high supplier availability’; ‘low task complexity’; significant scale economies; ‘specialized technology’; and ‘low asset specificity’. ‘Core capability’ refers to the ‘steering’ and not ‘rowing’ capacities of local municipalities like service monitoring. In the absence of this core capability, local municipalities may not in a position to fittingly discharge their statutory obligations. Shared service arrangements should thus only be considered for low core capabilities. Moreover, the absence or presence of prospective contractors is another factor that needs to be considered since if shared services arrangements fail, then an appropriate exit strategy needs to be put in place. However, in large cities, such as Sydney, the absence of

prospective contractors is unlikely to be a problem. Allan (2001, 40) has also made the case that 'complex tasks are difficult to monitor, hard to measure for inputs and require unique expertise to monitor' and are therefore not generally not deemed suitable for shared services arrangement. The question of scale economies also comes into play on whether deciding to enter into a shared services agreement. For instance, the costs of purchasing and upgrading IT systems make these particular services well-suited to shared services arrangements. Finally, Allan (2001, p.40) also suggests that 'where a task requires an expensive and specific asset it may be more cost effective for the council to provide the asset' and thus an appropriately designed shared services model can assist in allocating high fixed costs.

With regard to which services and functions are most suited to shared services arrangements, Allan (2001, p.46) argues that 'there is no reason as to why most core community services', such as road maintenance and domestic waste, as well as 'backroom support services', including finance and IT, should not be 'delivered or arranged by a central administration unit owned and controlled by several councils'. Nevertheless, Allan (2001) added two vital caveats to this generic conclusion: (a) that each participating council should secure performance agreements which detail 'specific rights and obligations' and (b) that the shared service entity should be overseen by a board of directors comprised of mayors or general managers from all participating councils.

9.3 Hunter Councils

9.3.1 Genesis and Structure of Hunter Councils

Hunter Councils - more formally termed the Hunter Regional Organisation of Councils - is a regional organisation of councils in NSW comprising the Cessnock, Dungog, Gloucester, Great Lakes, Lake Macquarie, Maitland, Mid-Western Region, Muswellbrook, Newcastle, Port Stephens, Singleton and the Upper Hunter councils, with almost 700,000 residents. Hunter Councils engages in various regional advocacy and shared services initiatives. At a more detailed level, Hunter Councils engages in political advocacy through the operation of the Board of Hunter Councils, which consists of the Mayors of its eleven member councils. In addition, Hunter Councils has a number of business units managed by the general managers of member councils.

Shared service entities under the Hunter Councils include: Environmental programs; training and development through the Local Government Training Institute; large-scale purchasing by the Regional Procurement Division Records Management; film and television attraction and approval services managed by Screen Hunter Central Coast; consultancy services, such as economic development strategies; legal services; and engineering and project management services.

Hunter Councils (2013, pp.11/12) attributes its success to the fact that its shared service activities have been run on strictly commercial lines and member councils 'have not been asked to provide

up-front capital'. Furthermore, its focus 'has always been on reducing costs to member councils', while concurrently ensuring the 'timeliness, quality and relevance' of its services. In addition, because of the commercial success of Hunter Councils, 'member contributions were eliminated some years ago with the only exception being a minor contribution to grant funded environmental programs that are invariably valued at more than \$5 million per annum'. Moreover, Hunter Councils has constantly sought new business opportunities, but only where there has been a 'clear business case for each opportunity and growth/investment has only occurred when the organisation has a demonstrated capacity to fund in the long-term any debt that might be generated'. Finally, Hunter Councils contends it has offered 'value for money and access to services and expertise not necessarily available to larger councils let alone one of our small regional councils', which has been a 'critical factor in guaranteeing commitment and in establishing and maintaining credibility with stakeholders'.

9.3.2 Council of Mayors Model

In structural terms, Hunter Councils presently consists of two entities: Hunter Councils Ltd and Hunter Councils Inc. Each operates under an entirely different organisational structure. Thus Hunter Councils Ltd is a company limited by guarantee under the *Corporations (New South Wales) Act 1990* whereas Hunter Councils Inc. is an incorporated association under the *Associations Incorporation Act 2009*.

Hunter Councils Inc. is controlled by a Board consisting of the Mayors from each of its member councils. The Board of Mayors controls its policy-making, strategic and advocacy functions.

However, as we shall see, while Hunter Councils Inc. has long run some business entities, these will be transferred to the Hunter Councils Ltd under plans presently afoot.

By contrast, Hunter Councils Ltd is controlled by a Board consisting of the General Managers from each of the member councils. The Board of General Managers controls the remaining business and operational functions and reports formally to the Mayors at Hunter Councils Inc. Hunter Councils Ltd is thus subject to direction from Hunter Council Inc. Hunter Councils Ltd is the umbrella entity for a series of limited companies established under the *Corporations (New South Wales) Act 1990* to provide a range of beneficial services, mostly on a commercial basis, enabling shared services and strategic alliances to develop as required. Hunter Councils Ltd also provides these services outside the Hunter region.

Both Hunter Councils Inc. and Hunter Councils Ltd are self-funding. This includes all employee and operational costs. At present approximately sixty people are employed by Hunter Councils in total.

9.3.3 Proposed Restructured Hunter Council Model

Under plans to restructure Hunter Councils, the entity would adopt a ‘Council of Mayors’ model (Hunter Councils, 2013). The existing Hunter Councils Inc. would be closed and its assets transferred to Hunter Councils Ltd. A Hunter Council of Mayors would be formed under the *Associations Incorporation Act 2009* as an Incorporated Association. It would focus largely on high-level policy, regional strategy, regional decision-making, and regional advocacy. Hunter

Councils Ltd would continue the operational arm of Hunter Councils and fund the Hunter Council of Mayors, to which it would report on a formal basis.

At a more specific level, the restructuring process would enable the Hunter Council of Mayors to control the following functions:

- Ten year planning based on each of the member councils' community strategic plans;
- 'Whole of region' advocacy and intergovernmental relations;
- Strategic regional and subregional planning;
- Regional and subregional infrastructure and transport planning;
- Regional economic development strategy;
- Regional waste strategy;
- Regional social and cultural strategy; and
- Regional high end corporate services provision.

By contrast, Hunter Councils Ltd would manage the following functions:

- An annual business plan formally endorsed by the Council of Mayors;
- Local Government Training Institute;
- Environment Division operations;
- Local Government Legal;
- Engineering,

- Asset Management and Land Use Planning Services;
- Regional Procurement;
- Strategic Consultancy Services;
- Visitor Economy Hunter;
- Hunter Records Storage; and
- Council capacity building and support services.

Under the restructuring proposal, it is hoped that enabling legislation will be introduced through the *Local Government Act 1993* to establish the Council of Mayors model. This revised Act would then specify the following:

- The roles adopted by councils collaboratively and at a regional and/or sub-regional level;
- Underpin the formation of a regional body by a grouping of clusters of councils to fulfil regional and sub-regional roles; and
- Establish the foundations for formal agreements between regional bodies and the NSW Government on regional roles.

9.4 Northern Sydney Metropolitan Regional Body

As we have seen in section 9.3 of this Report, the existing Hunter Councils structure has performed well, not only in terms of its regional advocacy and coordination role, but also in economic terms through its subsidiary business entities. Furthermore, the proposed restructuring of Hunter Councils represents a promising avenue for preserving the current

strengths of Hunter Councils, whilst improving its governance structure and enhancing its relationship with the NSW Government. This suggests that a joint regional body for the North Shore group of councils, including additional neighbouring municipalities, should follow the Hunter Council model. Indeed, ongoing discussions along these lines have already been held between NSROC and SHOROC, which together represent the majority of councils in the Northern metropolitan region of Sydney.

The Northern Sydney Regional Organisation of Councils (NSROC) comprises the Hornsby, Hunter's Hill, Ku-ring-gai, Lane Cove, North Sydney, Ryde and Willoughby local authorities. NSROC itself consists of a Board with 14 members consisting of the Mayor and one other nominated Councillor from each NSROC council; an Executive comprising a President and two Vice-Presidents nominated by the Board, a General Managers Advisory Group (GMAC), and the NSROC secretariat consisting of an Executive Director and Executive Assistant.

The Shore Regional Organisation of Councils (SHOROC) consists of the Manly, Mosman, Pittwater and Warringah councils. SHOROC itself comprises a Board of Mayors and General Managers of the four member councils, supported by the SHOROC Executive Director and its secretariat.

Earlier discussions between NSROC and SHOROC had seen the emergence of a proposed 'Northern Sydney Council Collaboration Model' which has many of the characteristics of the Hunter Council model. However, discussions on the progression of this model had

become dormant, no doubt in part due the fact that the ‘Joint Organisation’ model proposed by the Independent Panel had not been defined or its proposed characteristics made public. However, the envisaged draft Northern Sydney Council Model would possess the same basic governance structure as the Hunter Council model: A North Sydney Council of Mayors would operate as the overall strategic regional decision-making body, alongside a Northern Sydney Regional Services Group overseen by General Managers of the member councils, and supported by a Northern Sydney Council secretariat.

The proposed North Sydney Council of Mayors would focus on ‘whole-of-region’ advocacy and intergovernmental relations; strategic sub-regional land use and infrastructure planning; regional Community Strategic Planning; Regional Action Plans; Regional economic development, waste and environment, social and cultural strategies.

The Northern Sydney Regional Services Group would run collaborative projects aimed at improved financial sustainability and enhanced council capacity of voluntarily participating councils. It would offer a specific range of shared services on a commercial basis to member councils, as well as other local authorities, public sector entities and private firms, which willingly wish to participate.

The structural separation of the North Sydney Council of Mayors from the Northern Sydney Regional Services Group facilitates the separation of regional strategic and advocacy functions (which would be obligatory for all member councils), from regional resource sharing, shared services and joint service delivery functions (where council participation is voluntary on an ‘opt-

in opt-out' basis). It also enables the Northern Sydney Regional Services Group to operate on a commercial for-profit basis without any constraint from member councils which do not want to use particular services which may be offered.

The actual establishment of the Northern Sydney Council Collaboration Model with its North Sydney Council of Mayors and the Northern Sydney Regional Services Group has been placed in abeyance pending the outcome of the *Fit for the Future* program which will formalize the structure of local government in NSW, including the north Sydney metropolitan region. In addition, further clarity is required from NSW Government regarding its specific plans for Joint Organisations, especially with regard to any planned legislative changes.

However, the success of the Hunter Council model has demonstrated that the Northern Sydney Council Collaboration Model should also consider adopting its financial self-sufficiency platform. Under an arrangement of this kind, surpluses generated by the Northern Sydney Regional Services Group should in the first instance be used to support the costs associated with the operation of the North Sydney Council of Mayors and the Northern Sydney Council Collaboration Model secretariat. Any remaining surplus should then be distributed amongst member councils, after funds have been deducted to support new initiatives and attendant investments.

9.5 Suitable Functions and Services for Collaborative Service Provision

Chapter 8 of this Report provided a comprehensive empirical evaluation of the benefits which could flow from shared service arrangements between groups of local authorities derived from

the empirical literature. Moreover, as we have seen in section 9.3 of Chapter 9, highly successful shared service models already exist in NSW local government, especially Hunter Councils, which can be used as the basis for the design of a model of council collaboration among the north Sydney councils.

However, while this provides valuable insights into successful shared service arrangements elsewhere, it cannot simply be transplanted into the precise circumstances facing north Sydney municipalities since local factors typically play a key role in determining which services are suitable for resource-sharing, shared service agreements and other modes of council collaboration in a given regional area. Furthermore, it should be emphasised willing voluntary participation by member councils is an essential ingredient of success, as we have seen in the case of Hunter Councils.

For these reasons, it is recommended that north Sydney councils which will join the proposed Northern Sydney Council Collaboration Model be invited to participate in a survey of all General Managers and Mayors of its member councils. This survey would seek to determine:

- (a) The extent of existing resource-sharing and shared service arrangements between member councils and how well they operate.
- (b) The views of General Managers and Mayors on possible future resource-sharing, shared service and other collaborative initiatives which could prove successful if offered through a Northern Sydney Council Collaboration Model.

(c) The views of General Managers and Mayors on which specific functions and services offer the greatest prospects of success if they were provided through the Northern Sydney Council Collaboration Model on a collaborative basis.

To this end, a well-developed survey instrument is provided in Table 9.1 which can be used for this purpose. It has previously been successfully applied to other constellations of councils in other Australian state jurisdictions. The results of the survey can then be employed by the Northern Sydney Council Collaboration Model Board to identify promising avenues for collaboration and to plan further resource-sharing and shared service initiatives.

Table 9.1: Products and Services Review for Suitability of Shared Services Instrument

Products and Services Review for Suitability of Shared Services												
Section	Product/Service	High Potential for early success	Suitable for Shared Services? (Mark "E" for existing shared services)				How the service delivery is best performed?				Where the policy management should be controlled?	
			High	Med	Low	No	Local	Sub - Regional	Regional	External	Local	Regional

By way of a concrete example of how the survey instrument outlined in Table 9.1 should be employed, Table 9.2 lists some generic service categories, such as ‘Ranger Services’, ‘Community Safety Crime Prevention (CSCP)’, ‘Health Services’ and ‘Community Services’, and the sub-categories associated with each of these generic service functions. In this way, the instrument contained in Table 9.1 can be tailored to suit the specific circumstances of particular groups of councils, including the ‘Northern Sydney Council Collaboration Model’.

Table 9.2: Products and Services Review for Suitability of Shared Services: Example

Products and Services Review for Suitability of Shared Services - Community Development (1)												
Section	Product/Service	High Potential for early success	Suitable for Shared Services? (Mark "E" for existing shared services)				How Service Delivery is best performed?				Where Policy Management should be controlled?	
			High	Med	Low	No	Local	Sub - Regional	Regional	External	Local	Regional
Ranger Services	Education, compliance and enforcement of Local, State and Federal Laws (Dog Act, Litter Act, Bushfires Act, Off-road Vehicles Act, Parking Local Laws, Fines Enforcement Regulation, Emergency Management Act).	Y	X						X			X
	Emergency Management Plans/Recovery Plan, Testing Plans - scenario based, Stakeholder relationships, LEMC & DEMC representation (SES, FESA, POLICE)	Y	X						X		X	
	Investigations / Prosecutions, non-compliance of Laws, illegal dumping, dog attacks, illegal burning, fire prevention contraventions, parking, barking dogs.			X					X			X
	Dog Pound					X	X					X
Community Safety Crime Prevention (CSCP)	Support FESA / SES / Police emergency management/recovery		X						X			X

Products and Services Review for Suitability of Shared Services - Community Development (2)												
	Provide crime prevention advice to residents			X				X				X
	Reporting of maintenance issues				X			X			X	
	Support community based activities and events			X				X			X	
	Community Safety Crime Prevention Plan											
	Graffiti Strategy and Management					X			X			X
	Neighbourhood Watch Program			X					X			X
	Community based events / workshops on various crime prevention topics (leavers presentations, parents seminars, safety for seniors, CCTV, home security talks, shopping centre displays).					X			X		X	
Health Services	Food management services											
	Food hygiene controls/audits		X						X			X
	Food sampling program		X						X			X
	Food safety and hygiene education		X						X			X
	Approval of new premises		X						X			X
	Compliance											

Products and Services Review for Suitability of Shared Services - Community Development (3)												
	Noise management				X		X				X	
	Hazardous materials		X						X			X
	Monitor contaminated sites		X									X
	Public building audits	Y	X						X			X
	Notifiable disease investigations		X							X		X
	Disease and pest control											
	Resident rat bait program			X						X		X
	Midge control/treatment			X						X	X	
	Mosquito management/monitoring			X						X	X	
	Public swimming pool audits	Y	X						X			X
	Provision and management of facilities for child health clinics					X				X		X
	Health promotion services (resource development, program design and delivery)		X							X		X
	Approval for black & grey water systems		X						X			X
Community Services	Home and Community Care				X			X			X	

Products and Services Review for Suitability of Shared Services - Community Development (4)												
	Immunisation (infant)				X					X		X
	Library Services											
	Library Reference & Information Service			X					X			X
	Library Resources					X	X				X	
	Housebound Library Delivery Service			X					X			X
	Regional Library Service			X					X			X
	Library - common server and software		X							X		X
	Museums & Local History											
	Local History Service			X				X			X	
	Gallery Exhibitions				X				X			X
	Collections Management - Museums & Local History				X			X			X	
	Local Museums				X		X				X	
Community Development	Community Event Management			X			X				X	
	Community Calendar of Festivals and Events		X						X			X
	Events Package to assist community groups with events			X				X				X

Products and Services Review for Suitability of Shared Services - Community Development (5)												
	Volunteer Recognition / Information & Referral Service			X			X					X
	Family Support Programs			X					X			X
	Coordination of various Youth programs, Events & forums			X				X			X	
	Senior Citizen Support and activities			X				X			X	
	Publication of Senior Information Directory			X				X			X	
	Coordinate Aged Services Provider Network			X				X			X	
	Document and Review Disability Access and Inclusion Plan	Y	X						X			X
	Provision of ID Profile (demographic information)			X					X			X
	Aboriginal liaison and information			X				X				X
	Community Development			X				X			X	

9.6 Conclusion

Chapter 9 has built on the review of the empirical literature on shared services in Chapter 8 to consider council collaboration as the main structural alternative to forced mergers for Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde, Willoughby and other northern Sydney councils wishing to participate in resource-sharing, shared services and other forms of regional collaboration. Section 9.2 demonstrated that sound analytical foundations exist for separating service provision from service production in contemporary local government, with several different available modes of delivering local services, including inter-council collaboration. However, work by Allan (2001; 2003), the NSW Independent Inquiry into Local Government (NSW LGI, 2006) and others has shown that not all local services are amenable to joint provision or production.

The question of the most appropriate organisational design for inter-council collaboration amongst Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde, Willoughby and other northern Sydney councils was tackled in section 9.3 of Chapter 9, which examined the structure of the current Hunter Council model, as well as plans to restructure Hunter Councils. Given the success of the Hunter Councils model, together with the fact that it services a comparable aggregate population to that which would be served by as north Sydney cooperative entity, it was argued that the Hunter Council model be taken as a broad template for the design of a north Sydney regional body.

Section 9.4 of Chapter 9 evaluated the draft Northern Sydney Council Collaboration Model which had been drawn up after discussions between the NSROC and SHOROC groups of councils, but had become dormant pending the outcome of the *Fit for the Future* process. It was argued that the Northern Sydney Council Collaboration Model represented a close approximation of the Hunter Council model and thus represented a suitable regional collaborative model for the northern Sydney group of councils. However, section 9.5 argued that the optimal selection of council functions and services to be provided collaborate was not furnished by simply establishing a designated organisational model.

To this end, section 9.5 provided a survey instrument in Table 9.1 which could be used by a Northern Sydney Council Collaboration Model Board to (a) pinpoint promising avenues for inter-collaboration and to (b) plan further resource-sharing and shared service initiatives. Table 9.2 demonstrated by way of example how the survey instrument could be applied in practice.

CHAPTER 10: COMMUNITY CONSULTATION BY LANE COVE, HUNTERS HILL AND RYDE COUNCILS

Chapter Summary

- All three local authorities initiated ongoing and extensive community engagement processes from the early stages of the *Destination 2036* reform.
- Local residents of Lane Cove, Hunters Hill and Ryde overwhelmingly oppose council mergers.
- Local communities prefer the ‘joint organisational’ (JO) approach to achieving the benefits of scale and capacity.

10.1 Introduction

Given the strong democratic foundations of Australian local government, local authorities govern with the consent of local communities and attempt to provide local services in accordance with local community demand. In this respect, the Local Government Act empowers local councils to plan and manage local services in consultation with their respective local communities. It is thus obvious that extensive community consultation should occur prior to local authorities submitting *Fit for the Future* submissions to the OLG for adjudication by IPART under its *Methodology for Assessment of Council Fit for the Future Proposals*.

The need for extensive community consultation has been emphasised at every stage of the current NSW local government reform process. For example, in its final report *Revitalising Local Government*, the Independent Panel (2013b, p.56) observed that ‘all services provided

by a council must meet defined performance outcomes and quality and cost standards developed by the council in consultation with local communities and key stakeholders'. The Panel (2013b, p.74) also contended that while 'the State government's currently unfettered right to impose amalgamations and major boundary changes more or less at will should be limited', and it was essential that 'any amalgamation or major boundary change should be preceded by careful analysis of the issues to be addressed and all the options available', there must be 'full community consultation'.

The NSW OLG (2014) also stressed the need for comprehensive community consultation. It observed that 'all councils are encouraged to work with their community, including council staff, in preparing their Proposals'. This meant that 'councils that are preparing a Template 1 Merger Proposal will need to explain how they have discussed the potential benefits and costs of the proposal with their community and considered their concerns', with a minimum 28 day public exhibition period required for merger proposals'. Similarly, 'councils preparing a Template 2 or 3 Proposal may wish to draw on consultation that have recently completed for their Integrated Planning and Reporting requirements, or undertake a specific consultation', adding that 'it is up to each council to decide, based on the details of their Proposal'.

By contrast, in its *Methodology for Assessment of Council Fit for the Future Proposals*, IPART (2015, p.36-37) explicitly noted that it would formally evaluate community consultation by local authorities as part of its overall assessment of council submissions under the *Fit for the Future* process. Furthermore, IPART set out its approach to evaluate community consultation. Against this background, Chapter 10 outlines IPART methodology for assessing community consultation and then considers the community consultation undertaken by Lane Cove, Hunters Hill and Ryde councils.

Chapter 10 is divided into three main parts. Section 10.2 provides a synoptic review of the approach to evaluating community consultation in *Methodology for Assessment of Council Fit for the Future Proposals*. Section 10.3 summarises the community consultation undertaken by Lane Cove, Hunters Hill and Ryde. Chapter 10 ends with some brief concluding remarks in section 10.4.

10.2 Community Consultation in IPART's (2015) Methodology

In its *Methodology for Assessment of Council Fit for the Future Proposals*, IPART (2015, p.36) notes that its Terms of Reference 'ask us to include an assessment of the consultation process undertaken by the council as part of our assessment of council FFTF proposals. It goes on to observe that the Independent Panel 'considered that a policy on boundary changes based on evidence based assessments should include full community consultation'. Furthermore, the 'OLG's FFTF guidance material also identifies how councils may use findings from community consultation to assist in identifying benefits and costs for proposals', with the OLG specifically requiring councils to 'provide evidence on community consultation regarding any proposed merger or new 'rural council' structures'. This should involve 'evidence of council resolutions' which support amalgamation and the public exhibition of merger proposals 'for at least 28 days as part of their community consultation'.

On its part, IPART (2015, p.36) formally declared that it would adopt the following approach:

‘We will assess a council’s consultation process with reference to the OLG guidance materials. We will also consider how balanced was the information that is provided to the community. That is, whether it promoted only the benefits or only the costs of a particular option, or instead informed the community about both the costs and benefits of one or more options’.

However, IPART (2015, p.36) explicitly acknowledged a variety of methods could be employed in community consultation in order to secure community views. Different approaches included the following:

- ‘Exhibiting options or proposals for comment
- a mail-out to all ratepayers with a reply-paid survey
- fact sheets and media releases
- an online survey or a random survey of ratepayers, appropriately stratified to capture the population characteristics of the LGA, and
- public meetings, listening posts, or resident workshops’.

Given the multitude of alternative approaches, IPART (2015, p.36-37) recommended that ‘councils should choose methods that reflect the issues that need to be consulted upon’. For instance, a Merger Proposal would ‘require input from residents in multiple councils regarding the implications of change, whereas a Council Improvement Proposal, where the ILGRP recommended that a council already had sufficient scale and capacity, would require more limited consultation, if any’. In essence, ‘the nature and extent of the consultation should be commensurate with the significance of the changes involved in the proposal and

the possible impacts on the community’. In addition, IPART (2015, p.37) noted that it will ‘also consider the resources of the council in assessing consultation’.

10.3 Community Consultation by Lane Cove, Hunters Hill and Ryde Councils

We now consider in detail the community consultation undertaken by Lane Cove, Hunters Hill and Ryde.

10.3.1 Lane Cove

Lane Cove has undertaken extensive consultation with its local community. Table 10.2 provides a summary of these community consultation efforts:

Table 10.1: Community Consultation by Lane Cove

Date	Action Taken	Outcome	Comment
May 2013	Special Edition newsletter mailed to ratepayers highlighting local government reform and promoting community information session.	Delivered to 10,000+ ratepayers.	Lane Cove began its conversation with the community in 2013. It was one of the few councils that provided direct communication to all residents regarding the proposed reforms in 2013 meaning that this has been on the agenda within the community for some time.
12 June 2013	Community information session and community consultation.	100+ residents attended.	Residents raised concerns regarding potential loss of democracy, sense of community and engagement and impact on the quality of facilities and services. This was reflected in Council’s response to the <i>Future Directions</i> consultation paper.
July 2014	New Council website launched.	Local government reform on website homepage under ‘Hot Topics’ providing access to <i>Future Directions</i> paper etc.	Members of the community could access to shortcuts to all relevant information on the NSW Government’s plan.
15 September 2014	Council Meeting.	Council resolution to oppose forced amalgamation and request meeting with Minister for Local Government.	
26 September 2014	E-newsletter invitation to public meeting.	7,600+ emails sent. 34% open rate = 2,590 residents read email.	
3 October 2014	Reminder e-newsletter to public meeting.	7,600+ emails sent. 33% open rate = 2,510 residents read email.	
8 October 2014	Public meeting.	100+ residents attended.	Similar themes as 2013 – local democracy, loss of sense of

			community, impacts on efficiencies and access to staff/Councillors.
13 October 2014	Council Meeting.	Resolution included to initiate a public awareness campaign that highlights the most important issues for our community and reasons for Council's decisions.	
16 October 2014	Meeting with Minister for Local Government.	Copy of the presentation made to the Minister available on Council's website.	
29 October 2014	E-newsletter Update to the community on Local Government Reform.	7,500+ emails sent. 35% open rate = 2640 residents read email.	
October 2014	Council website – <i>Fit for the Future</i> page.	<i>Fit for the Future</i> logo, details and link to State government reports provided to the community.	Council has continued to ensure that the community has access to State government resources to inform their decisions on the issue.
October 2014	Article in <i>The Village Observer</i> on <i>Fit for the Future</i> .	Distribution to 19,000 people monthly.	Council works with the Editor on articles which are of significant interest to the community.
January 2015	E-newsletter notification of Extraordinary Council Meeting regarding <i>Fit for the Future</i> .	7,100+ emails sent. 40% open rate = 2,800 read email.	
21 January 2015	Extraordinary Council Meeting re <i>Fit for the Future</i>	13 members of the public attended to speak on the matter. Council resolved to involve and engage the community in a communications campaign.	
January 2015	<i>North Shore Times</i> coverage on the Council meeting.	Keeping local residents informed of the reforms.	Council liaises with the media on issues of importance to the local community.
March 2015	Keep Councils Local.	Council updated its website and provided an update on the recent activities of Council including meeting with other Councils.	This campaign reflected the concerns expressed by residents during earlier public meetings.
March 2015	Mayoral Column update in <i>The Village Observer</i> .	Distribution to 19,000 people monthly. Updating the community on Council's upcoming activities re <i>Fit for the Future</i> .	A Lane Cove-based publication that has a high readership amongst the local community.
March 2015	Article in <i>The Village Observer</i> on <i>Fit for the Future</i> .	Distribution to 19,000 people monthly. Raising community awareness of the issue.	Council works with the Editor on articles which are of significant interest to the community.
25 March 2015	Letter to ratepayers.	The Mayor wrote to over 10,000 ratepayers to provide them with information on the <i>Fit for the Future</i> campaign and Council's upcoming consultation process including public meeting on 7 May 2015.	
April 2015	Mayoral Column update in <i>The Village Observer</i> .	Distribution to 19,000 people. Updating the community on Council's upcoming activities re <i>Fit for the Future</i> .	A Lane Cove-based publication that has a high readership amongst the local community.

April 2015	Quarterly Newsletter.	Front page update on proposed reforms. Sent to 10,000+ ratepayers and distributed online and in hardcopy at local facilities.	
29 April 2015	E-newsletter to residents regarding public meeting.	7,100+ emails sent. 25% open rate = 1,775 read email.	
20-17 April 2015	Recruitment for Deliberative Poll.	600 participants agreeing to take part in Deliberative Poll.	Aim is to produce a snapshot of the wider community's views.
7 May 2015	Public Meeting on <i>Fit for the Future</i> .		
8 May 2015	Public Survey launched.		This is an opt-in survey that includes the same information as the deliberative poll i.e. all options. The information will be kept separate to the poll results.
15 May 2015	Letters to ratepayers.	The Mayor wrote to over 10,000 ratepayers to provide them with information on the <i>Fit for the Future</i> campaign and Council's upcoming consultation process including public meeting on 7 May 2015.	
18/25 May 2015	Deliberative Poll conducted.		

It is obvious from Table 10.1 that Lane Cove has taken concerted and vigorous action with respect to community consultation from the outset of the NSW local government reform process. Indeed, Lane Cove was one of the few local authorities which began a 'conversation' with its local community as far back as October 2013. In the initial stages, Lane Cove prepared and distributed a special edition newsletter for its residents. Since then Lane Cove has held two council public information sessions – one in 2013 and one in 2014 – with a further public meeting held on 7 May 2015 to provide an overview of the options available to the Lane Cove community. No less than five Lane Cove Council resolutions have been made during this time reflecting Lane Cove Council's consistent rejection of forced amalgamations and directing Lane Cove staff to engage with the community on the *Fit for the Future* package.

Electronic newsletter distribution has provided information to the Lane Cove community with an average of 2,400 local residents opening emails directly associated with *Fit for the Future*. There have been at least five e-newsletters distributed to date. In addition, the Lane Cove Council website has provided consistent updates on the *Fit for the Future* package and Lane Cove has secured a regular presence in the local monthly newspaper *The Village Observer*. Lane Cove also joined the *Keep Councils Local* campaign which aimed to engage the local community on questions surrounding the *Fit for the Future* package so that the local community was aware of the proposed changes.

More recently, Lane Cove has been providing its local community with an opportunity to express its views, with the Lane Cove Mayor writing to ratepayers to encourage them to participate during May 2015 in a public meeting and an online survey. Lane Cove Council is also running a deliberative poll to capture the wider views within the community.

In adopting its approach to community consultation, Lane Cove was mindful that it should first fully inform its local community of the *Fit for the Future* program, present it with alternative possibilities and then canvass local opinion. In this spirit, Lane Cove continued to update its local community on the progress of Lane Cove Council's actions in response to the NSW Government's initiative. With community feedback at two public meetings (held in 2013 and 2014) highlighting the community's concerns around local representation and reduced services under the proposed model by the NSW Government, Lane Cove sought to find an alternate solution that brought together the scale and efficiencies of the NSW Government's proposal while retaining the local community's interest in keeping Lane Cove as an independent local authority.

Lane Cove did not survey its local community until it could provide alternative solutions which addressed the concerns raised by its residents. Accordingly, Lane Cove Council waited until it had expert analysis of the options available to the community before asking for their response on all proposals. In the interim, Lane Cove kept a steady presence in the community from newsletters, direct mail-outs and media coverage to ensure that the local community is aware and engaged in the reform process. Lane Cove's website has always included the NSW Government's information to ensure that the local community had ready access to the proposed changes. Lane Cove also joined the *Keep Councils Local* campaign as a means of generating interest in the *Fit for the Future* changes so that when it was time to run the community consultation the local community would be well aware of the questions at hand.

With expert information to hand, Lane Cove will be running both an opt-in survey and a deliberative poll. The information will be the same in both surveys with the results analysed separately so that they can provide a more robust snapshot of the wider community and those keen to have their say on the matter. Both surveys will require respondents to read through each of the options presented to ensure they are making an informed decision about their Lane Cove Council's future. The results will be available in June 2015 following the deliberative polling and online survey.

10.3.2 Hunters Hill

In Common with Lane Cove, Hunters Hill has also undertaken extensive consultation with its local community. Table 10.2 provides a summary of these community consultation efforts:

Table 10.2: Community Consultation by Hunters Hill

Date	Action Taken	Outcome	Comment
06/15/2015	Public Consultation Meeting.	The community group <i>Save Hunters Hill Municipality Coalition</i> outlining their positive involvement and attendance at key community meetings.	Information and data catch session. Key questions to be asked at this meeting regarding <i>Fit for the Future</i> options.
April/May 2015	Radio Interviews.	Council's Mayor responding to key questions regarding likely impacts on residents as a result of the Independent Review Panel recommendations.	Building community awareness.
June 2014 – May 2015	1. Advertisements and editorials in local newspapers. 2. Website updates.	Raising awareness of <i>Fit for the Future</i> criteria and deadlines. Providing current updates on State Government requirements.	Building community awareness and understanding about what 'Fit for the Future' means. Ensuring the community realise the resource impacts of the Independent Panel Report and Fit for the Future requirements.
March/April	Letter to every household from the Mayor providing background information and inviting residents to attend the Public Consultation Session on 6 May 2015 and published on Council web site.	Awareness raised on the issues facing Hunters Hill should a merger take place.	
March 2015	Council Newsletter distributed to every household in Hunters Hill and published on Council web site.	Awareness raised of the State Government's proposal for voluntary mergers.	Building community awareness and understanding about what 'Fit for the Future' means.
March 2014	Newsletter to every household and published on Council web site.	Advising that the final reports of the Independent Local Government Review Panel and the Local Government Acts Taskforce were released in January 2014 and that the reports are available at www.localgovernmentreview.nsw.gov.au Both the Government and report say 'no change' IS NOT an option. The report recommends the merger of the following Councils into a larger regional council: 1. Hunters Hill 2. Lane Cove	Council made a submission as did a number of community members. In responding to this report the focus then is on alternatives such as collaboration and joint organisations, consistent with Council's previous

		<p>3. Mosman 4. North Sydney 5. Ryde (part) 6. Willoughby</p> <p>Council has taken the view (supported by the community), that a merger or amalgamation is not an appropriate outcome of the local government reform agenda.</p>	<p>position.</p> <p>Urgent consideration of two principal recommendations relating to mergers and regional collaboration and joint organisations therefore take on a more significant role.</p> <p>These are:</p> <p>Recommendation 41: Evidence based response to merger proposals; and</p> <p>Recommendation 43: Establishing Joint Organisations (JOs).</p>
July 2013	Newsletter to every household advising outcome of public meeting and update. Published on Council web site.	<p>Council holds to its position and resolutions:</p> <ul style="list-style-type: none"> • No forced amalgamations. • Work with other councils through. <p>NSROC to deliver services on a regional basis (e.g. waste collection and disposal) and to create greater economies of scale.</p>	Building community awareness.
June 2013	Public meeting (250 in attendance).	<p>A gathering of 250 people attended the meeting resulting in the following resolutions being passed by an overwhelming majority.</p> <p>1. That Hunters Hill Municipality retains its independence and historic boundaries.</p> <p>2. That the NSW Government recognises and protects the significant character and heritage values of Hunters Hill Municipality and the whole of the State.</p> <p>3. That the NSW Planning 'White Paper' and draft Bill, the Metropolitan Strategy and the Local Government Review Panel final discussion papers do not reflect the following goals in the NSW Government's State Plan 'NSW 2021':</p> <p>Goal 32 'People to have a real say and be Involved in localised decision making'; and</p>	Building community awareness.

		<p>Goal 27 ‘Recognising and protecting the State’s most significant heritage places and values’, and that these discussion papers should be withdrawn, given their current flawed content.</p> <p>The Municipality of Hunters Hill must indeed retain its independence and historic boundaries and the NSW Government should recognise and protect the significant character and heritage values of this historic Municipality and many others in accordance with its own State Plan (Goal 27).</p> <p>Government should recognise and protect the significant character and heritage values of this historic Municipality and many others in accordance with its own State Plan (Goal 27).</p> <p>Government should recognise and protect the significant character and heritage values of this historic Municipality and many others in accordance with its own State Plan (Goal 27).</p>	
March 2013	Newsletter to every household and published on Council web site.	<p>Advice to residents that Hunter’s Hill Council is firmly opposed to any proposed amalgamations and recently joined with our regional partners at the Northern Sydney Regional Organisation of Councils (NSROC) in adopting in part the following position:</p> <p>Point 1 Local government reform should include mechanisms that allow councils to undertake cooperative activities more easily and efficiently. Our Councils hold the NSW Government to its pre-election promise of no forced amalgamations. We believe that reform should introduce changes that enable real improvements, without the need for mandatory amalgamations.</p> <p>Point 2 Mandatory amalgamations may not be the best solution for better local councils. Amalgamations may not solve the fundamental problems facing us. A larger council will still face the pressures of increased service demand from a restricted financial base. Amalgamation experiences in other jurisdictions have created great upheaval. As councils are merged, service levels, contracts, wages and technologies must be harmonised, creating substantial transitional costs.</p>	Building community awareness.

		<p>Point 3 A key element for successful change is support by the community. If communities of interest are either fractured or pushed together in artificial groupings this will diminish community well-being. Reshaping councils into standard populations or geographic areas will not correspond to the uneven distribution of infrastructure, economic and employment centres. Nor will it create alignment with inconsistent State and Federal agencies' operational boundaries.</p> <p>Point 4 In the NSROC region there are historically established communities with continuing separate identities. The financial management of our councils is sound, as recently verified by the NSW Treasury Corporation. As a Regional Organisation of Councils we have a history of successful collaboration and have achieved valuable outcomes for our communities through cooperation.</p> <p>Point 5 We seek and support reform that will strengthen our capacity as individual councils to engage in collaboration that delivers improved value for money and is in the best interests of our communities. ...With greater flexibility we can improve our operations while maintaining local participation and democracy to our constituents under our existing boundaries (a full copy of the statement is available at www.nsroc.com.au). For detailed information on the current state of play visit the following web site: www.savehuntershill.org To have your say please visit the Local Government Independent Review web site: www.independentreview.nsw.gov.au Updates on the review process can also be found on Council's web site: www.huntershill.nsw.gov.au</p>	
2012 December	Newsletter to every household and published on Council web site.	The Independent Local Government Review Panel is responsible for providing recommendations to Government on key actions relating to governance, structure and financial sustainability to improve the strength and effectiveness of Local	Building community awareness.

		<p>Government in NSW.</p> <p>The recently released publication 'Better, Stronger Local Government - The Case for Sustainable Change', was tagged by media as a means for the State Government to embark on metropolitan amalgamation that included Hunter's Hill Council.</p> <p>It is vital that Council and the Hunters Hill community participate and respond to any discussion papers put out by the Independent Review Panel, or Local.</p>	
2012 May	Newsletter to every household and published on Council web site.	<p>A review of local government in NSW - have your say!</p> <p>The NSW State Government has appointed an Independent Local Government Review Panel to develop options to improve the effectiveness of local government in NSW. The review will drive key directions identified in the Destination 2036 initiative.</p> <p>The panel will investigate and identify options for:</p> <ol style="list-style-type: none"> 1. Governance models 2. Structural arrangements 3. Boundary changes. <p>In considering the above options, needs of local communities, delivery of services and infrastructure, financial sustainability, local representation, decision making and boundary changes will all be reviewed.</p> <p>The panel will spend the next 12 months holding discussions with the widest possible range of people and organisations throughout NSW. The panel will consult widely with the local and broader community.</p> <p>For further information and to have 'your say' visit:</p> <p>www.localgovernmentreview.nsw.gov.au</p> <p>Submissions close on 14 September 2012. The Panel will make its final report in July 2013.</p>	Building community awareness.
2012	Resident Telephone Survey.	83.5% of residents felt renewing and maintaining footpaths, kerbs and roads was of high importance in maintaining current Council service levels.	This survey was conducted to determine whether residents would support a SRV for infrastructure

			maintenance and renewal.
2009	Resident Survey	>90% of residents were satisfied or very satisfied with waste, aging & disability & cultural services, community building, environmental education & council information. Footpaths, road maintenance, traffic, street cleaning building & development were rated by >30% of residents as not satisfied.	This survey was conducted to update surveys undertaken in 2001, 2002, 2003 & 2004.
2003	Resident Survey.	80% of residents said 'No' to a proposed merger with Ryde City Council.	This survey was undertaken to determine if residents of Hunter's Hill Council would agree to merge with Ryde City Council.

It is abundantly clear from Table 10.2 that Hunters Hill Council has taken the view (supported by the community and draft independent reports) that an amalgamation is not an appropriate outcome of the *Fit for the Future* process for Hunters Hill.

In responding to the Independent Panel (2013b) Revitalising Local Government report, Hunters Hill considered alternatives such as 'standing alone', merging, collaboration and Joint Organisation (JO) models. However, in Hunters Hill's response to the *Fit for the Future* criteria, it was resolved to pursue both regional collaboration in determining the viability of mergers and a Joint Regional Authority model based on maintaining existing boundaries using a shared services model with neighbouring councils. These two options are listed below:

- During October and November 2014, Mayors and General Managers of the Northern Sydney Councils recommended for a merger(s) in *Revitalising Local Government* agreed in principle with the draft collaboration model for the purpose of ongoing discussion with neighbouring councils. Hunters Hill Council further endorsed this strategy and the engagement of consultants – on a joint basis – to undertake a business

case analysis of the Independent Panel's recommendation for Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby and Ryde to merge (with costs to be on a shared funding basis). Independent consultants Morrison Low were subsequently appointed to assess the likely social, environmental, financial and governance outcomes that merging of Hunters Hill, the eastern two thirds of Ryde, Lane Cove, North Sydney, Willoughby and Mosman Councils would have.

- Simultaneously, Hunters Hill, Ryde and Lane Cove agreed to appoint consultants – on a joint basis – to further investigate options for an alternate Joint Regional Authority model. It is envisaged that this will benefit the business case to meet the 'scale and capacity' criteria set out by the Independent Panel, as well as providing high level financial efficiencies via shared funding to each participating council.

The exploration of an alternative proposal to form a Joint Regional Authority (JRA) of neighbouring councils has indicated that Hunters Hill Council will be well positioned to achieve the NSW Government's key objectives.

Hunters Hill Council is one of the initial local government areas in New South Wales (1861), and the only one of the original councils to have essentially kept its historic boundaries. In 2011, it celebrated 150 years with its community. Hunters Hill Council contains more heritage listed items per head of population than any other area in NSW, and many significant natural areas, including Boronia Park and Kelly's Bush. The historic boundaries of the Parramatta and Lane Cove Rivers, as well as Punt, Victoria and Pittwater Roads, remain today as Hunters Hill's natural and relevant boundaries. The 'community of interest' and 'sense of belonging' are extremely strong in Hunters Hill Council. This is evidenced by the

large number of local community and cultural groups, and the great spirit and determination of its residents to save it from amalgamation, as witnessed by the Save Hunters Hill Municipal Coalition.

Due to its strong history, heritage and community of interest Hunters Hill Council felt strongly about examining each option in detail to assess and understand the likely impacts that the NSW Government's recommendations would have at a local level. To this end reports by Percy Allen and Associates, Professor Brian Dollery, SGS Economics and Morrison Low made it clear that Hunters Hill Council's performance would best be enhanced by a Joint Regional Authority. In this regard, SGS Economics (2015) observed that 'the Joint Regional Authority scenarios can achieve efficiency advantages by getting the most return (relative to cost) out of the resources used in strategic planning, decision making and through operation of the organisation.'

The Hunters Hill community have a history of strong public demonstration and support of no forced amalgamations. As far back as 2003, over 80% of residents opposed a proposed forced amalgamation. Council received survey feedback, over 200 telephone calls and 100 protestors opposing the possible merger of Hunters Hill. A similar community sentiment exists in 2015 with a strong and vocal community group *Save Hunters Hill* launching a website and supporting Hunters Hill Council in developing a strong Joint Regional Authority model, which would see the heritage of its natural and built environment maintained.

In broad terms the economic advantages that could be achieved by a Joint Regional Authority can be characterised by the following:

- Enhanced strategic plans for land and infrastructure with the same or fewer staff, administrative and capital resources;
- Savings from economies of scale in the joint use of development decision making resources;
- Achieving economies of scale and scope from the operation of a shared services facility (managing rates, shared procurement, major facilities charging and management); and
- Rapidly and accurately achieve targeted subregional land use, infrastructure, social and economic development outcomes.

At a local level some of the key benefits to Hunters Hill using this model would be:

- Improved utilisation of existing local facilities;
- More efficient urban development patterns as better plans are made and investment decisions are more consistent with these plans;
- Amplified benefits from pooled grant funding;
- More effective achievement of social plan outcomes;
- Enhanced policy and grant funding success (leading to a more rapid achievement of funding priorities);
- Delayed or avoided new capital expenditure for planned state infrastructure;
- A more rapid adjustment towards identified objectives or alleviating social exclusion; and
- Free up Council to focus on services that are done best locally.

Across Sydney, there is growing community concern about the impact of forced council amalgamations. ‘Mega-councils’ mean loss of representation on planning, which ultimately takes local decision-making away from crucial community matters. By contrast, there is a consensus that a Joint Regional Authority will provide a superior method of improving council performance to deal with local issues and boost our capacity to tackle subregional priorities.

10.3.3 Ryde

In common with Lane Cove and Hunters Hill, the City of Ryde has actively engaged and communicated with its local community since the Independent Panel was commissioned by Minister for Local Government Page in June 2012 as a result of the *Destination 2036* initiative.

Following the Panel’s request for feedback on their *Future Directions* report in April 2013, Ryde has communicated extensively and consulted vigorously with its local community to ensure it ‘listened’ to the community’s views.

With respect to *Future Directions*, Ryde undertook the following consultation in May/June 2013 in formulating its response:

- Survey conducted on Ryde’s website which received 255 responses;
- Telephone survey of 600 Ryde residents; and
- Community Meeting on 3 June 2013 with 140 attendees.

The results of the surveys and community consultation undertaken were as follows:

Telephone Survey: 56% of residents were not very or not at all supportive of amalgamations.

If required to give a response of their preferred amalgamation preference, 48% preferred a merger to the east, with 38% still opposing amalgamations.

On Line Survey: 65% of residents were not very or not all supportive of amalgamations. If required to give a response of their preferred amalgamation preference, 47% preferred a merger to the east, with 36% still opposing amalgamations.

Community Meeting: 71% were not very or not at all supportive of amalgamations. If required to give a response of their preferred amalgamation preference, 47% preferred a merger to the east, with 27% still opposing amalgamations. In addition, 57% did not support the western third of Ryde being merged with Parramatta, Auburn and Holroyd Councils. The meeting also did not accept as true the Panel's recommendation that the amalgamation proposed with Parramatta, Holroyd and Auburn Councils would enable Ryde to become more financially sustainable, with 86% disagreeing. Finally, 79% of attendees disagreed with the Panel that mergers would result in greater efficiencies in the delivery of services to Ryde.

Based on this feedback from the community, Ryde Council endorsed its submission to be lodged back to the Panel, opposing the proposed mergers. Ryde Council also resolved to engage an appropriate external party to undertake a 'desktop review' of all publicly available information in critically evaluating the Panel's proposed mergers. This review was undertaken by SGS Economics which concluded that the City of Ryde remained strongest by

‘standing alone’ and clearly demonstrated a lack of ‘community of interest’ in the proposed merger with councils to the west of Ryde.

Between August 2013 and June 2014, the City of Ryde internally undertook a rigorous review of its operations together with an education program for councillors of Ryde’s financial position. This comprised 9 councillor workshops and three reports to Ryde Council. It also included a number of internal cost control measures being taken, which resulted in an annual ongoing saving of \$1.9 million from its operations. This was mainly achieved through the reduction of 14 full-time positions. A further \$0.6 million was projected in future revenue that projected annual ongoing efficiency savings at \$2.5 million.

In June 2014, due to a better understanding of its projected financial position, Ryde Council authorised the Acting General Manager to undertake a comprehensive community engagement program with the local community to explain its financial position, as well as the likely impacts on Ryde’s services and service standards, if its financial position was not addressed. This ‘conversation’ with the community included the option of a possible Special Rate Variation (SRV) application over the rate-peg.

The Community Engagement Program occurred over August and September 2014. As a result of Ryde Council’s adoption of the Community Engagement Plan to meet the requirements of a proposed SRV application, it implemented the engagement strategy. The consultation program also included details of the proposed impacts of each option and that any proposed SRV application would be complemented by an annual efficiency saving totalling \$2.5 million in generating adequate annual funding for Ryde’s asset renewal and

maintenance requirements. It should be noted that no funds from any of the SRV options would be used to address the refurbishment of the Civic Centre.

The key options that were included in the Community Engagement program were as follows:

Option A: DECLINE IN SERVICES (Approximate 3% rate-peg increase): Option A would be no additional rate increase for the next 4 years, commencing 2015/16 other than the estimated rate-peg increase of 3% each year. This would mean no additional investment in local infrastructure or facilities and would thus lead to a reduction in service levels and possible cuts in services.

Option B: MAINTAIN SERVICES (Approximate 7% increase (including rate-peg)): Option B would be an average annual 7% rate increase for the next 4 years, commencing 2015/16 (including the rate peg increase of around 3%) to maintain services at their current level, and provide additional money for renewing Ryde's infrastructure. It would not be sufficient to undertake all maintenance required, but would be enough to renew all assets that are rated as 'Condition 5' and some assets that are in 'Condition 4.'

Option C: UPGRADE SERVICES (Approximate 12% increase (including rate-peg)): Option C would be an average annual 12% rate increase for the next 4 years, commencing 2015/16 (including the rate peg increase of around 3%) to maintain services at their current level and provide further money for renewing the Ryde's infrastructure. It would still not be sufficient to undertake all repairs and maintenance needed, but would be enough to renew all assets that are rated as 'Condition 5' and most assets that are in 'Condition 4'

Summary of Community Survey Results: The community survey results are a combination of both the voluntary votes (i.e. votes lodged either through the reply-paid postcard or the online portal) and the random telephone survey. Due to the difference in the base size of the two survey methods (i.e. voluntary votes n=2,883 and random telephone survey n=655), the random telephone survey result was weighted up in order to provide a true representation of the average. This means that results from both survey methods are evenly represented in Table 10.3.

Table 10.3: Survey Results

Option A:	Supporting no increase at all in the rates over and above the rate peg	42.3% Community support
Option B & C:	Supporting either a 7% or 12% increase, inclusive of the rate peg	57.7 % Community support

In preparing the community engagement strategy for this proposed SRV, Ryde referred to Criterion 2 of the IPART SRV application guidelines indicates what councils must undertake in ensuring that ‘the community is aware of the need and extent of a rate rise’. In essence, ‘councils should canvas alternatives to a rate rise, the impact of any rises upon the community and the council’s consideration of the community’s capacity and willingness to pay rates’.

To this end the community engagement strategy addressed the following areas in line with the IPART requirements:

- Community’s awareness of the proposal;
- Level of community engagement in the proposal;
- Community’s willingness to pay increased rates; and
- Community’s capacity to pay the proposed increase.

To provide further validity to the data, comparisons against neighbouring councils which have received an SRV approval from IPART in recent years were also included.

Ryde Council referred to the IPART guidelines which state that all SRV applications must demonstrate that ‘the council has demonstrated an appropriate variety of engagement methods to ensure community awareness and input into the special variation process’. In addition, IPART expects local councils to select and execute methods which reflect the size and impact of the proposed rate increase and the resources of the council.

To this end, Council developed and executed a comprehensive eight week strategy that included:

- A 12-page information brochure mailed directly to over 30,000 residential ratepayers;
- Soft copies of the brochure emailed to over 200 real-estate agents for distribution to non -residential ratepayers (which totals approximately 5,000 properties);
- Brochure translated in to the Ryde’s top five languages;
- A dedicated website that included an online Q&A portal;
- A dedicated phone number for community enquiries;
- 3 town hall community meetings, where the proposed SRV options were presented and workshopped with the community; and
- 16 information booths at various times and days during the eight week consultation period.

Local community members could provide feedback in a variety of ways including:

- Return of the reply paid postcard;
- Online vote through the dedicated engagement portal; and
- Contacting customer service to register a vote over the phone.

Comparison of Engagement Strategy against other Councils

An analysis of the engagement approaches and statistics of other councils which have undertaken an SRV process have been compared to the City of Ryde's approach and are detailed in Table 10.4.

Table 10.4: Engagement approaches, City of Ryde

	City of Ryde	Ku-ring-gai (2011)& (2013/14)	Lane Cove (2011/12)	Holroyd (2014/15)	Auburn (2010/11)	Warringah (2014/15)	Parramatta (2011/12)	North Sydney (2011)	Willoughby (2012/13)	Hunters Hill (2012/13)	Against the other Councils
Mail out	30,211			36,000		6,000		32,813		5,092	Above Average
Mail In	2,408			2017		151		3163		0	Above Average
Postal Response Rate (%)	8%			6%		3%		10%			Above Average
Online Response	475	37	174			419	37		911	160	Above Average
Random phone survey respondents	655	400	400	400	400	400	505	600		400	Above Average
Awareness (%)	61%	50% /37%		42%							Above Average
Support (%) for proposed SRV*	57.7%			37.2%			77.9%			40.2%	Within the acceptable range

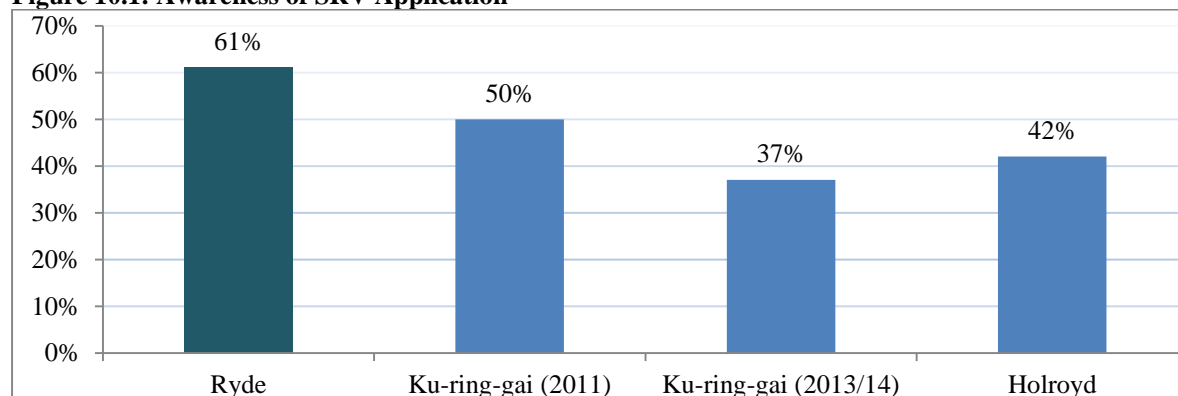
* Average value of voluntary and random survey results

Table 10.4 shows that the City of Ryde's approach compares favourably on how it has engaged with its community on this matter. The 57.7% support represents those members of the local community which support either Option B or Option C. In general, Table 10.4 indicates a significantly high awareness of the SRV proposal in the City of Ryde community.

According to the random telephone survey, with 95% confidence and $\pm 3.8\%$ margin of error, the majority (61%) of the rate payers in Ryde are aware of the SRV proposal.

The City of Ryde strongly compares with other councils on the local community's awareness of a proposed SRV application as detailed in Figure 10.1.

Figure 10.1: Awareness of SRV Application



As at 30 September 2014, Ryde received over 2,883 voluntary votes (2,408 postal votes and 475 online votes) with 655 telephone survey respondents, reflecting a high level of community engagement. In comparison to the neighbouring councils, Ryde has achieved the most responses by telephone surveys, second highest response rate via postal votes, and third most votes via online (Figures 10.2 to 10.7 below).

Figure 10.2: Number of Mail-Outs (Brochures, Letters, Booklets)



Figure 10.3: Number of Postal Votes Received

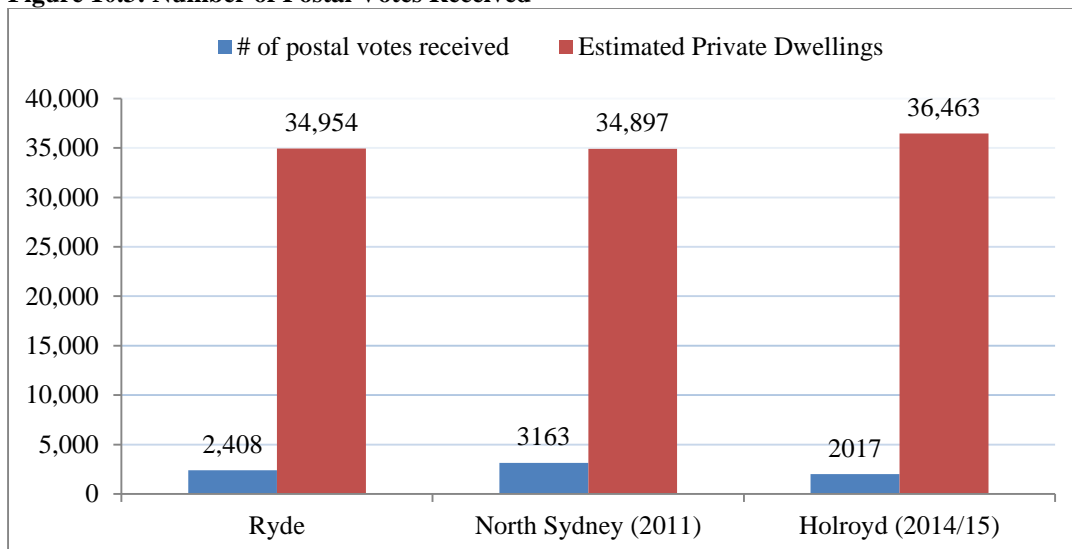


Figure 10.4: Response Rate by Mail



Figure 10.5: Online Votes

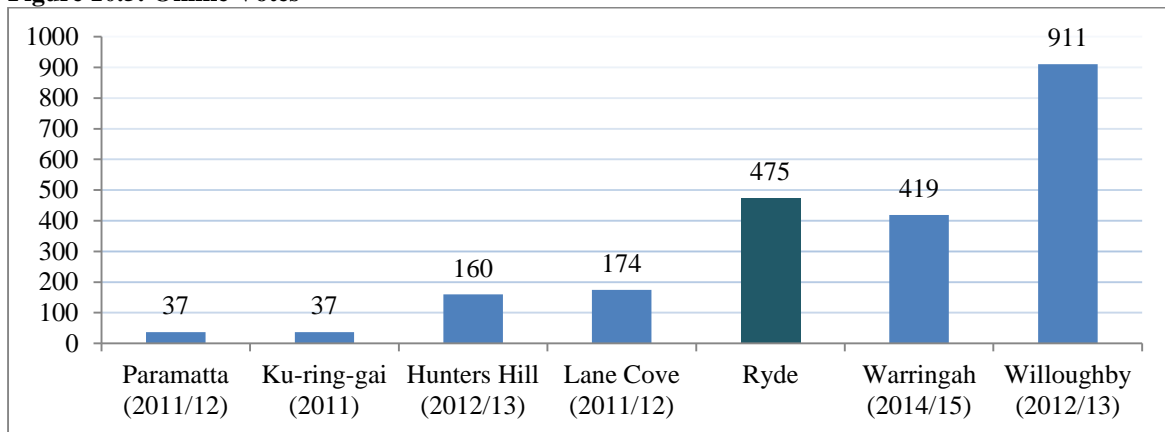
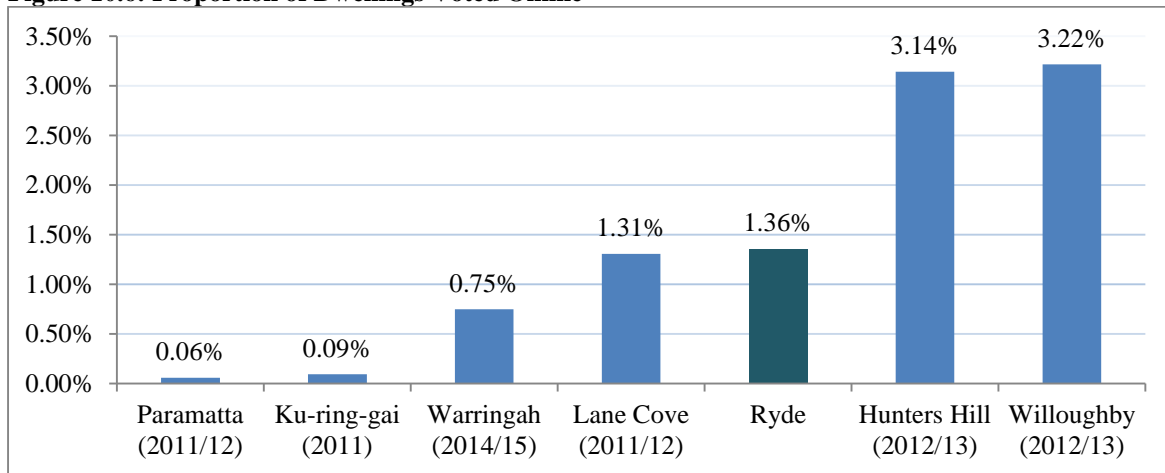
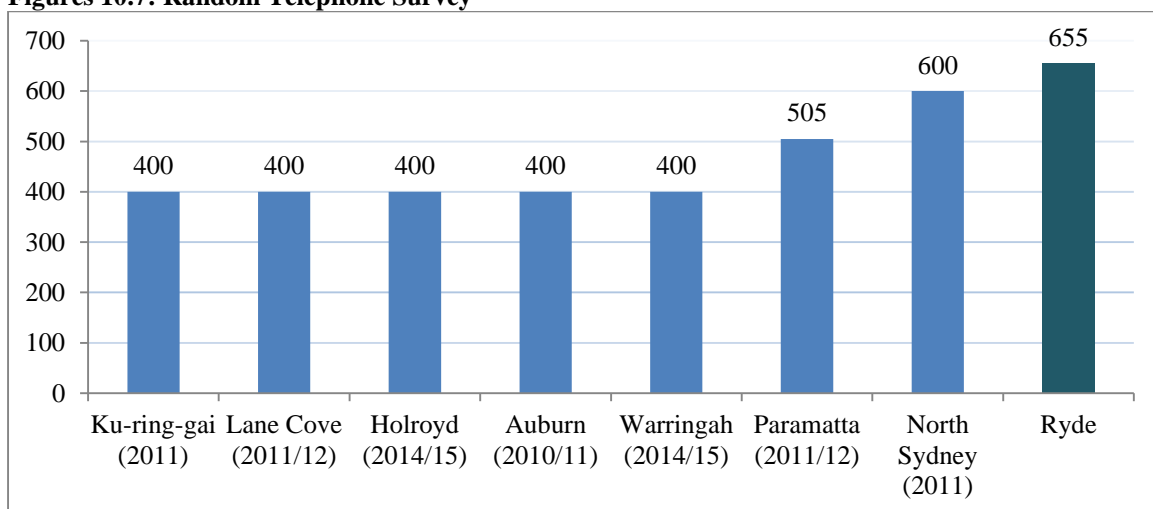


Figure 10.6: Proportion of Dwellings Voted Online



Figures 10.7: Random Telephone Survey



Reviewing community support and willingness to pay, the comparison pool was reduced from the original nine councils to three councils: Holroyd, North Sydney and Hunters Hill. These three councils were chosen for this comparison due to the similarity in both the type of submission and also the community engagement strategy undertaken.

As can be seen from Table 10.5, Holroyd, North Sydney and Hunters Hill undertook similar engagement strategies. Whilst Warringah also undertook an equally comprehensive strategy, its voting methods differed from Ryde and the other three councils. It was difficult to make accurate comparisons against the Warringah results.

Table 10.5: Community Support and Willingness to Pay

	City of Ryde	Ku-ring-gai (2011)& (2013/14)	Lane Cove (2011/12)	Holroyd (2014/15)	Auburn (2010/11)	Warringah (2014/15)	Parramatta (2011/12)	North Sydney (2011)	Willoughby (2012/13)	Hunters Hill (2012/13)	Against the other Councils
Mail out	30,211			36,000		6,000		32,813		5,092	Above Average
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Postal Response Rate (%)	8%			6%		3%		10%			Above Average
Online Response	475	37	174			419	37		911	160	Above Average
Random phone survey respondents	655	400	400	400	400	400	505	600		400	Above Average
Awareness (%)	61%	50% /37%		42%							Above Average
Support (%) for proposed SRV*	57.7%			37.2%			77.9%			40.2%	Within the acceptable range

* Average value of voluntary and random survey results

The comparison councils made the following applications as shown in Table 10.6:

Table 10.6: Council Applications

COUNCIL	SRV APPLICATION/IPART DETERMINATION
Hunters Hill Council (2012/13) Parramatta Council (2011/2012)	Applied and received IPART approval for SRV of 10.4% for 10 years in 2012/13. Applied and received approval from IPART to increase its general income by: <ul style="list-style-type: none"> • 4.3% in 2011/12 • 4.3% in 2012/13 • 9.2% in 2013/14.3.
Holroyd Council (2014/2015)	These increases represent a cumulative increase of 18.79% for these 3 years. Applied and received IPART approval for SRV of 8% for 3 years then 7% for 2 years, or a cumulative increase of 44.22% over the next 5 years.

In general, councils showed similar trends from the random telephone surveys, receiving more support for the SRV in contrast to the voluntary votes (via postal and online voting).

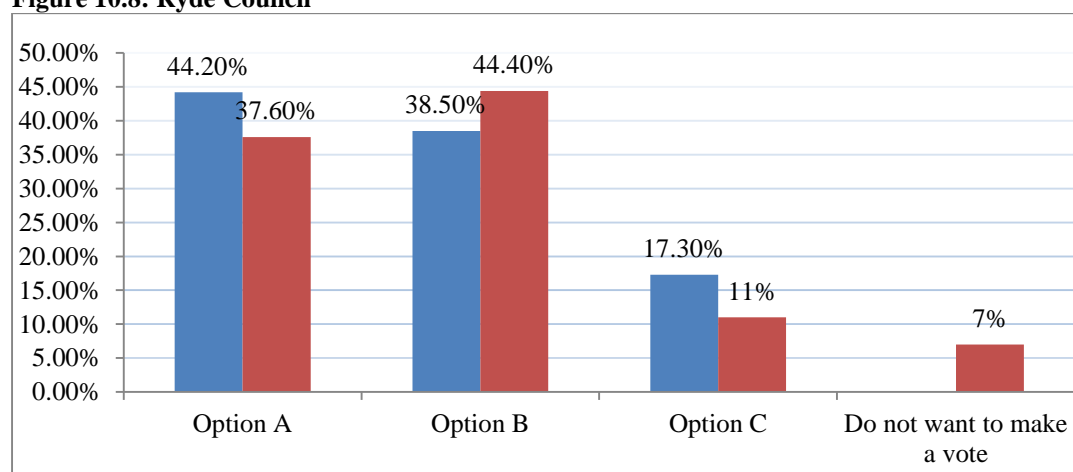
This is due to the non-biased measure of the random sampling that allows a more representative view of the wider community.

Using an average of the two measures (voluntary votes and random sampling), 57.7% of the community, would support either of Ryde's Option B or C, with 41.5% supporting Option A (i.e., SRV of 7% per year for 4 years). These results are in line with the comparable councils' range of 37% to 77.9%, previously approved by IPART, as shown in Table 10.7 below.

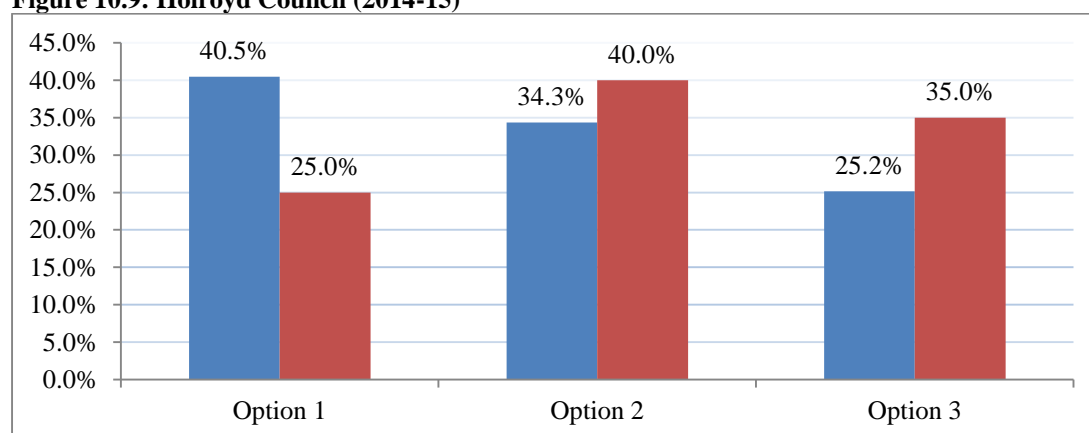
Additional details are provided in Figures 10.8 to 10.11.

Table 10.7: Proposed Options

COUNCIL	PROPOSED SRV OPTIONS
Hunters Hill Council (2012/13)	Option 1 - Against the continuance of infrastructure levies. Option 2 - Rate peg increase and continuance of special rates. Option 3 - Support a rate peg increase, continuance of special rates and an operations catch-up increase to the general rate of 2%.
Parramatta Council (2011/2012)	Option 1 – Reduction in community services and infrastructure. Option 2 - Modest increase in Council ordinary rates (on average \$10 per year over four years).
Holroyd Council (2014/2015)	Option 1 - Not in support of a SRV. Option 2 - Special Variation of 8% for 3 years then 7% for 2 years. Option 3 - Special Rate Variation of 9% for 6 years.

Figure 10.8: Ryde Council

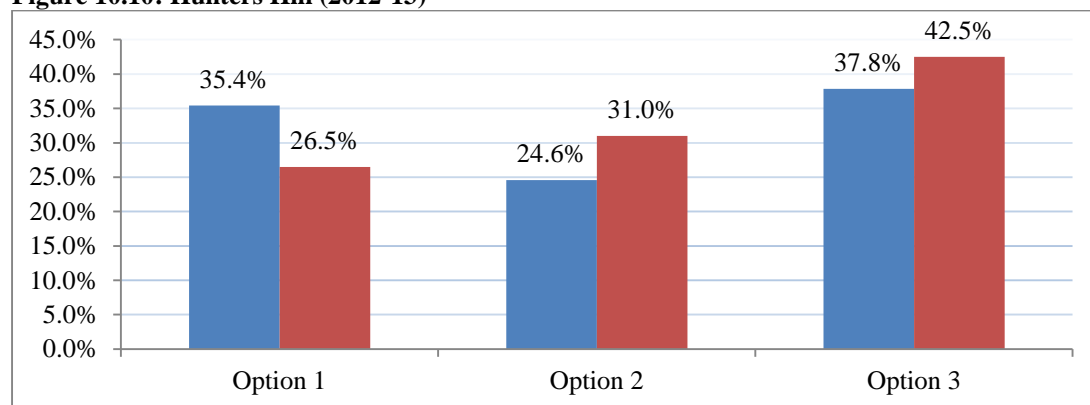
Voluntary (blue) = 2732; Random (red) = 655

Figure 10.9: Holroyd Council (2014-15)

Voluntary (blue) = 2096; Random (red) = 400

Note: IPART approved Option 2- SRV of 8% for 3 years then 7% for 2 years.

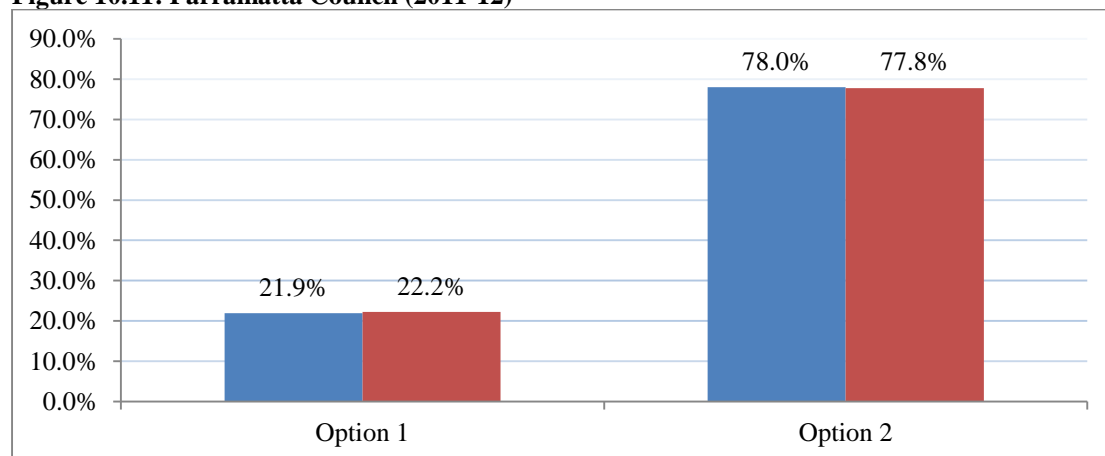
Figure 10.10: Hunters Hill (2012-13)



Voluntary (blue) = 175; Random (red) = 416

Note: IPART approved Option 3 – 10.4% for 10 years in 2012/13. This option was presented to the community as “Rate peg increase, a new levy equivalent to the previous levy and operations catch up increase to the general rate of 2”.

Figure 10.11: Parramatta Council (2011-12)



Voluntary = 664 (blue); Random (red) = 505

Note: IPART partially approved Option 2 – An accumulative increase of 18.79% for 3 years. This option was presented to the community as a “Modest increase in Council ordinary rates” (increase of average \$10 per year over four years).

In general, while there are variations between the councils compared, the Ryde’s results of 57.7% of the community supporting an SRV to 42.3% for no change are positive and in line with the results of the other councils surveyed.

As a result of the results from the Community Engagement Program, Ryde approved making an SRV application to IPART in February 2015. It is presently awaiting the outcome of its application.

In respect of *Fit for the Future*, the Ryde determined its position and how it would respond at its Extra-Ordinary Council meeting on the 17 February 2015. Since this resolution, Ryde Council has taken the following initiatives, either exclusively to its own community or jointly with Lane Cove and Hunter's Hill on the Joint Regional Authority (JO) option.

These initiatives were to ensure the Ryde community fully understood the proposed implications for Ryde Council: it is proposed that Ryde be split into two 'mega-councils' to the east and west, if the recommendations in the *Fit for the Future* program are implemented by the NSW Government.

As a result of Lane Cove and Hunter's Hill joining Ryde to investigate the JO proposal, a number of joint initiatives were taken as part of a joint community engagement strategy, including

- Letters to the community by the Mayors with a supporting brochure;
- Publicity campaign on forced amalgamation;
- Community Meetings – Coordinated by the City of Ryde and facilitated by
- Urbis; and
- Joint Community survey that will be commenced on 18 May 2015.

In addition, the Mayors of each council were interviewed by the *Northern District Times*, followed by articles and press releases in the *Northern District Times* relating to key components of the *Fit for the Future* program. The Mayors of both Ryde and Hunter's Hill were also recently interviewed by 2RRR.

Following the Ryde community meeting, with an attendance of approximately 100 residents, the results from the meeting were as follows:

- How supportive are you of the City of Ryde Council being split and merged: 11.0%;
- How supportive are you of the City of Ryde standing alone: 84.0%; and
- How supportive are you of Council exploring the possibility of a Joint Organisation: 83.8%.

These results show strong opposition to Ryde being split and merged and for Ryde to 'stand alone'. While the vote was strong, the participants at the meetings were also supportive of Ryde exploring a JO.

Ryde's results at the community meeting also are consistent with the results that it has received to its on-line survey which has been running since 10 March 2015. A total of 1,153 responses have been received which shows 81% do not support the NSW Government's *Fit for the Future* program which would split Ryde into two 'mega-councils'. Ryde's results are strikingly similar to the results at both the Hunter's Hill and Lane Cove community meetings.

Table 10.8: Community Meeting Results

	Hunter's Hill (%)	Lane Cove (%)
How supportive of being merged	17.8	7.0
How supportive of standing alone	73.4	85.5
How supportive of exploring a JO	86.0	82.2

As can be seen from Table 10.8, both Hunter's Hill and Lane Cove results are consistent with the results achieved by Ryde. All support each council 'standing alone' and to explore the possibility of a JO.

In addition to this communications/engagement strategy, Ryde has also undertaken extensive initiatives in further informing its community of the proposal to dismember Ryde. These included:

- Direct mailing all ratepayers on 10 March 2015 with a letter from the Mayor and supporting brochure;
- Advertising in the Northern District Times on 3 March, 11 March and 18 March 2015;
- Banners on buildings and at locations throughout the City of Ryde;
- 2 week campaign at the end of April for advertising in Adshel Bus Shelters;
- Dedicated placement on Council's website on home page and landing page;
- Place the 'Ryde Says No Campaign' to all email signatures from 20 March 2015;
- Placed 'Ryde Says No' on 70 banner poles from 23 March 2015 in Ryde and Macquarie Park;
- Published articles in the e-Newsletter from March that were distributed on 2 February 2015 and 3 March 2015;

- Also forwarded e-Newsletter to extended list of people who had signed up for Fit for the Future updates on Ryde website (14,955 people);
- Various Mayoral radio interviews on Sydney Metropolitan radio stations during March and April;
- General Manager has sent regular updates to all staff;
- This initiative has been prominent in Council's social media, both on Facebook and Twitter;
- Various media releases in Local and National press during the months of March and April; and
- Various speaking engagements by the Mayor and General Manager during March and April.

In sum, the evidence presented under section 10.3.3 demonstrates conclusively that the extensive Community Engagement program that Ryde has initiated with its community since 2013 that has included the Independent Panel's reports, Ryde's *Financial Future* initiative that resulted in Council approving a SRV application and responding to the NSW Government's *Fit for the Future* program. Table 10.9 summarises the efforts taken by Ryde Council:

Table 10.9: Community Consultation by Ryde

Date	Action Taken	Outcome	Comment
May 2013	Community Survey (Telephone)	<p>450 respondents</p> <p>When prompted, 54% of the community supported as a first preference for City of Ryde Council to develop a long term resourcing strategy that would maintain services and facilities, and increase rates sufficiently to cover increased provision of these to serve the growing population. 24% supported a strategy that would enhance services and facilities, and increase rates.</p> <p>Only 22% of residents wanted to retain rates and</p>	

		reduce Council services as a first option. 54% of residents nominated it their lowest preference.	
3 June 2013	Community Meeting Local Council Amalgamations	<p>135 attendees Discussed Independent Local Government Review Panel's recommendations</p> <p>44.6% of respondents not at all supportive of City of Ryde being amalgamated with other nearby Councils.</p> <p>If the community had to choose, 47.1% of respondents would prefer a merger with Willoughby, Lane Cove and Hunters Hill.</p> <p>78.9% of respondents strongly agree that it is important to retain a sense of local identity within the City of Ryde.</p> <p>67.8% think that an amalgamation will have a negative impact on services in their local area.</p> <p>83.1% have the opinion that it is important that their local representatives are familiar with their area and its specific needs.</p>	
25 June 2013	Council Report Response to Independent Local Government Review Panel's Report	<p>Council endorsed Council's response to the Independent Local Government Review Panel's Report.</p> <p>Council also endorsed for a consultant to be engaged to undertake a desktop review of the Panel's amalgamation proposal.</p>	
August 2013 – June 2014	9 x Councillor Workshops City of Ryde's Financial Future, using TCorp's financial sustainability ratings as a basis of discussions	<p>In April 2014:</p> <ul style="list-style-type: none"> • Council resolved to proceed with the Action Plan, including Stage 1 of the Community Engagement Program; and • Council resolved to engage an independent organisation to undertake an assessment of the City of Ryde's performance against other similar sized Councils and industry benchmarks <p>In June 2014:</p> <ul style="list-style-type: none"> • Council endorsed completing a comprehensive Community Engagement Program, which included the possibility of an SRV application 	
October 2013	Independent Local Government Review Panel Revitalising Local Government Final Report	Independent Local Government Review Panel issues final report	
25 February 2014	Council Report - SRV	Council resolved for the GM to report back on short, medium and long term propositions in regards to the City of Ryde's financial future and to detail the proposed community engagement strategy	
22 April 2014	Council Report – SRV	Council resolved to proceed with the Action Plan, including Stage 1 of the Community Engagement	PWC was engaged

		<p>Program</p> <p>Council also resolved to engage an independent organisation to undertake an assessment of the City of Ryde's performance against other similar sized Councils and industry benchmarks</p>																	
24 June 2014	Council Report - SRV	Council endorsed for the GM to complete the remaining stages of the community engagement program, and for the results of the engagement to be reported back to Council.																	
July – September 2014	<p>Community Workshops / Interactions</p> <p>Various locations, within the City of Ryde, including 3 public community forums</p>	<p>57.7% of the community supported an increase of up to 12% to ensure Council maintains services, service standards and address the annual funding shortfall for asset renewals</p> <p>3,538 responses received:</p> <table border="1"> <tr> <th></th><th>SERVICE LEVEL</th><th>RATE</th><th>Rate Payer Support</th></tr> <tr> <td>OPTION A</td><td>DECLINE IN SERVICES</td><td>3% rate peg</td><td>42.3%</td></tr> <tr> <td>OPTION B</td><td>MAINTAIN SERVICES</td><td>7% including rate peg</td><td>43.1%</td></tr> <tr> <td>OPTION C</td><td>UPGRADE SERVICES</td><td>12% including rate peg</td><td>14.6%</td></tr> </table>		SERVICE LEVEL	RATE	Rate Payer Support	OPTION A	DECLINE IN SERVICES	3% rate peg	42.3%	OPTION B	MAINTAIN SERVICES	7% including rate peg	43.1%	OPTION C	UPGRADE SERVICES	12% including rate peg	14.6%	
	SERVICE LEVEL	RATE	Rate Payer Support																
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OPTION B	MAINTAIN SERVICES	7% including rate peg	43.1%																
OPTION C	UPGRADE SERVICES	12% including rate peg	14.6%																
October 2014	Minister for Local Government released the Fit for the Future Initiative																		
11 November 2014	Council Report SRV Application – including updated information relating to Council's Infrastructure Assets	Council endorsed for IPART to be notified of Council's intention to make a SRV application.																	
November 2014 – February 2015	A number of discussions between Northern Sydney Councils – <i>Fit for the Future</i>	<p>Meeting of Mayors, General Managers across Northern Sydney Councils.</p> <p>Received Councillor feedback</p>																	
10 February 2015	Council Report Draft Four Year Delivery Plan 2014-2018 (including One Year Operational Plan 2014/2015)	Council endorsed making an SRV application																	
17 February 2015	Extraordinary Council Meeting Council Report "Fit for the Future – City of Ryde's Response"	<p>Council resolved to reject the Panel's recommendations and to investigate a Joint Organisation alternative.</p> <p>RESOLUTION: (Moved by The Mayor, Councillor Pickering and Councillor Salvestro-Martin)</p>	Extraordinary Council Meeting																

		<p>(a) <i>That the City of Ryde reaffirm its rejection to the recommendations as detailed in the Independent Panel's final report that proposes to split the City of Ryde partly between Parramatta, Holroyd and Auburn Councils with the balance being amalgamated with Councils to the east and north, comprising Hunters Hill, Lane Cove, Mosman, North Sydney and Willoughby Councils;</i></p> <p>(b) <i>That the City of Ryde complete Template 2 – Council Improvement Proposal, to demonstrate that the City of Ryde is sustainable in its own right;</i></p> <p>(c) <i>That in addition to completing Template 2, Council also endorse investigating a modified Joint Organisation (regional body) proposal to meet the State Government's scale and capacity criteria, on the basis that there are other Councils in northern Sydney interested in participating in this proposal with the City of Ryde;</i></p> <p>(d) <i>That the City of Ryde endorse undertaking a shared community engagement strategy with those Councils that confirm interest in exploring a modified Joint Organisation (regional body) proposal as detailed in part (c) above;</i></p> <p>(e) <i>That Council endorse the General Manager writing to the Mayor and General Manager of the Councils that attended the Symposium, to confirm their Council's position by Wednesday 18 March 2015, in respect of parts (c) and (d) above;</i></p> <p>(f) <i>That the City of Ryde endorse a business case (cost benefit analysis) being undertaken of the Independent Panel's recommendation for the Councils of Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby and Ryde to amalgamate (costs to be on a shared funding basis); and</i></p> <p>(g) <i>That the General Manager write to the Mayor and General Manager of Parramatta, Auburn and Holroyd Councils to formally advise that the City of Ryde rejects the Independent Panel's recommendations for the western area of the City of Ryde to</i></p>	
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		<p><i>merge with Parramatta, Auburn and Holroyd Councils and to advise that Council is exploring other options as detailed above.</i></p> <p><i>(h) That the City of Ryde, as soon as possible, commence a community information strategy to bring the specific predicament of this Council to the attention of our community.</i></p>	
March 2015	Community Telephone Survey <i>Fit for the Future Initiative</i>	450 respondents.	
March – April 2015	Awareness Campaign	City of Ryde issues letters to residents, increased media presence, banners across the City of Ryde LGA.	
March 2015	Community Poll Online	<p>1,100 residents to date have responded:</p> <ul style="list-style-type: none"> • 81% against amalgamations • 19% support amalgamations 	
May 2015	Community Meetings	<p>Community meetings to gain community feedback on <i>Fit for the Future</i> plus Council's response, including a Joint Organisation proposal:</p> <ul style="list-style-type: none"> • City of Ryde – 5 May 2015 • Hunters Hill – 6 May 2015 • Lane Cove – 7 May 2015 	
May 2015	Joint Council Community Survey Telephone	<p>Proposed to be undertaken mid May 2015:</p> <ul style="list-style-type: none"> • 450 City of Ryde residents • 450 Lane Cove residents • 250 Hunters Hill residents 	

10.4 Conclusion

Chapter 10 has considered the efforts by Lane Cove, Hunters Hill and Ryde to engage extensively with their respective local communities on the options confronting them under the NSW Government's *Fit for the Future* program. We have demonstrated that all three local authorities instigated ongoing community engagement processes from the initial stages of the Destination 2036 reform initiative. These community engagement processes have not only been extraordinarily thorough and comprehensive, but also provided striking evidence that the local residents of Lane Cove, Hunters Hill and Ryde overwhelmingly oppose council mergers. It also provided compelling evidence that these communities much preferred the JO approach to achieving the benefits of scale and capacity.

In its *Methodology for Assessment of Council Fit for the Future Proposals*, IPART (2015, p.36/37) set out criteria against which local authorities community engagement efforts would be assessed, including clear evidence of comprehensive engagement, ‘evidence of council resolutions’ on amalgamation, the public dissemination of merger proposals, and the use of a variety of methods, such as disseminating options or proposals for comment, mail-outs, fact sheets and media releases, online surveys, random surveys of ratepayers, public meetings, listening posts, and workshops. We have seen in Chapter 10 that Lane Cove, Hunters Hill and Ryde easily meet these criteria.

CHAPTER 11: IPART'S *METHODOLOGY FOR ASSESSMENT OF COUNCIL FIT FOR THE FUTURE PROPOSALS*

Chapter Summary

- The publication of IPART's (2015) *Methodology for Assessment of Council Fit for the Future Proposals* on 27 April 2015 added a further twist to the local government reform process in NSW.
- Not only will IPART now replace the Panel of Experts promised in the OLG's (2014) *Fit for the Future* documentation as the assessor of council submissions due on 30 June 2015, but *Methodology for Assessment of Council Fit for the Future Proposals* also introduces significant changes to the basis of the assessment process.
- The most important change resides in the differentiation between 'non-rural', 'rural' and 'merged' councils in IPART (2015) and the 'one size fits all' approach in *Fit for the Future*.
- In this chapter we demonstrate that not only due these changes fail to address the difficulties in the *Fit for the Future* performance criteria and benchmarks, but they also contain additional flaws.

11.1 Introduction

As we have spelled out in this Report, the NSW local government *Fit for the Future* reform program has become increasingly convoluted with ongoing and significant changes being made to the criteria with which local authorities are to be assessed. Indeed, Chapter 4 in this Report considered in detail the nature of many of these earlier changes, which had occurred between the publication of the Independent Panel's (2013a; 2013b) *Future Directions* interim

report, its *Revitalizing Local Government* final report and the NSW OLG's (2014b) *Fit for the Future* documentation, and demonstrated numerous problems with the criteria employed and their associated benchmarks. Chapter 4 also demonstrated how rushed and ill-considered the reform process had become. Under the *Fit for the Future* process all NSW local councils have to submit a merger proposal, 'council improvement' proposal, or a Rural Council proposal to the NSW OLG by 30 June 2015 using templates issued by the NSW OLG.

In yet another abrupt and startling twist to an already convoluted and rushed reform process, the Independent Pricing and Regulatory Tribunal's (IPART) (2015) *Methodology for Assessment of Council Fit for the Future Proposals; Local Government Consultation Paper April 2015* was released on 27 April 2015, a mere two months before the 30 June 2015 deadline for proposals to be submitted to the NSW OLG. The NSW OLG's (2014b) *Fit for the Future* program had earlier set out the six criteria and associated benchmarks which local authorities had to address in the submissions to the OLG. *Fit for the Future* had also specified that an Expert Panel would be established to assess all submissions from local councils and make recommendations to the OLG.

The sudden and entirely unexpected publication of IPART's (2015) *Methodology for Assessment of Council Fit for the Future Proposals* rendered much of the *Fit for the Future* process obsolete. For example, IPART – together with South Australian commercial consultant John Comrie – would now replace the proposed Expert Panel as the assessor of council submissions. In addition, the criteria contained in *Fit for the Future* were modified and augmented in *Methodology for Assessment of Council Fit for the Future Proposals*!

At a stroke, *Methodology for Assessment of Council Fit for the Future Proposals* thus placed NSW local government in invidious circumstances. Across NSW, local authorities, including Hunters Hill, Lane Cove and Ryde councils, have spent many months and millions of dollars consulting with their local communities and preparing merger, ‘council improvement’ and Rural Council proposals on the basis of the *Fit for the Future* process and its criteria.

Many of these efforts were now rendered obsolete. Furthermore, too little time now remained for councils to once again go through a thorough community engagement process and carefully prepare submissions using the new *Methodology for Assessment of Council Fit for the Future Proposals*.

Against this background, Chapter 11 sets out the new process and criteria embodied in IPART’s (2015) *Methodology for Assessment of Council Fit for the Future Proposals*, differentiating it from the OLG’s (2014a) *Fit for the Future* program, and then providing a critical assessment of *Methodology for Assessment of Council Fit for the Future Proposals*. In so doing, Chapter 11 demonstrates that *Methodology for Assessment of Council Fit for the Future Proposals* not only fails to remedy the severe problems in the *Fit for the Future* program, but also is awash with further deficiencies itself.

Chapter 11 is divided into three main parts. Section 11.2 briefly summarises *Methodology for Assessment of Council Fit for the Future Proposals*, sets out its evaluative criteria, and compares these with the criteria originally developed by TCorp (2013) and modified in *Fit for the Future*. Section 11.3 considers the numerous problems inherent in the *Fit for the*

Future criteria and the IPART (2015) *Methodology for Assessment of Council Fit for the Future Proposals* assessment technique:

- IPART (2015) assessment methodology for scale;
- IPART (2015) assessment methodology for sustainability;
- IPART (2015) assessment methodology for infrastructure and delivering services; and
- IPART (2015) assessment methodology for efficiency.

Chapter 11 ends with some brief concluding remarks in section 11.4.

11.2 Methodology for Assessment of Council Fit for the Future Proposals Structure

IPART (2015, p.43) have been instructed in its terms of reference to assess each council's fitness with 'consistency, fairness and impartiality'. However, the terms of reference also require IPART (2015, p.43) to 'be consistent with the Government's local government reform agenda, as outlined in the *Fit for the Future* documentation'. This last requirement places great constraints on IPART because the *Fit for the Future* (FFTF) program has severe deficiencies, as we demonstrated in Chapter 4 of this Report.

Table 4.2 in Chapter 4 of this Report set out the performance criteria developed by TCorp (2013), employed by the Independent Panel and then modified in the *Fit for the Future* process. Table 4.2 is reproduced as Table 11.1 below:

Table 11.1: Changes in Financial Sustainability Measures for NSW Local Government

Financial Ratio	TCorp Weighting	Comparative Information Report 2012/13	TCorp Threshold	Fit For The Future
Operating ratio	17.5%	Reported	>-4%	>0.0% over 3 years
Own Source	17.5%	Reported	>60%	>60% over 3 years
Cash Expense	10.0%	Reported	>3.0 months	Abandoned
Unrestricted Current	10.0%	Reported	>1.5	Abandoned
Debt Service	7.5%	Reported	>2.0	0 to 20% over 3 years
Interest Cover	2.5%	Not reported	>4.0	Abandoned
Infrastructure backlog	10.0%	Reported	<0.02	<2% (unchanged) over just one year
Asset Maintenance	7.5%	Not reported	>1	>100% (unchanged) over 3 years
Building and Infrastructure Renewal	7.5%	Reported	>1	>100% (unchanged) over 3 years
Capital Expenditure	10.0%	Not reported	>1.1	Abandoned
Real Operating Expenditure per Capita	n/a	Reported in nominal terms only according to 8 functional categories	Not considered	No time or threshold in documentation

Source: TCorp (2013); Office of Local Government (2014a), Office of Local Government (2014b)

As we noted in Chapter 4, the performance indicators in Table 11.1 changed significantly between the TCorp (2013) and the *Fit for the Future* process: some indicators were simply abandoned, and weightings, thresholds and benchmarks modified, often with little or no explanation.

Table 11.2 illustrates the differences between the *Fit for the Future* performance indicators and those proposed in *Methodology for Assessment of Council Fit for the Future Proposals*.

Table 11.2: *Fit for the Future* and IPART (2015) Performance Criteria

Criteria and measure	Benchmark	IPART Non-Rural	IPART Rural	IPART Merged
Scale and Capacity	ILGRP recommendations	ILGRP recommendations or merger broadly consistent with ILGRP or Sound argument for no structural change	Demonstrates it has considered merger option and has strategies to enhance capacity.	Not applicable.
Sustainability				
Operating Performance Ratio	Greater or equal to break-even over 3 years	Must meet within 5 years.	Plan to meet within 10 years	Must meet within 5 years (non-rural). Plan to meet within 10 years (rural).
Own Source Revenue Ratio	Greater than 60% over 3 years	Must meet within 5 years.	Plan to improve within 5 years & consideration of FAGs	Must meet within 5 years (non-rural). Plan to improve within 5 years & consideration of FAGs (rural)
Building and Asset Renewal Ratio	Greater than 100% over 3 years	Meet or improve within 5 years.	Met or improve within 5 years.	Meet or improve within 5 years.
Effective infrastructure and service management				
Infrastructure Backlog Ratio	Less than 2% over 3 years	Meet or improve/inform within 5 years	Meet or improve/inform within 5 years	Meet or improve/inform within 5 years
Asset Maintenance Ratio	Greater than 100% averaged over 3 years	Meet or improve/inform within 5 years	Meet or improve/inform within 5 years	Meet or improve/inform within 5 years
Debt Service Ratio	Greater than 0% but less than or equal to 20% over 3 years	Meet within 5 years	Meet within 5 years	Meet within 5 years
Efficiency				
Real Operating Expenditure	A decrease in Real Operating Expenditure per capita over time	Must demonstrate operational savings (net of IPR supported service improvements) over 5 years.	Must demonstrate operational savings (net of IPR supported service improvements) over 5 years.	Must demonstrate operational savings (net of IPR supported service improvements) over 5 years but may not be practical in short term

Source: IPART (2015)

Just as significant differences exist between TCorp (2013) and the *Fit for the Future* performance criteria, so too substantial differences are evident between *Fit for the Future* and IPART (2015), as we see can see from Table 11.2. A major difference resides in the

differentiation between ‘non-rural’, ‘rural’ and ‘merged’ councils in IPART (2015) and the ‘one size fits all’ approach in *Fit for the Future*. In addition, the benchmarks which must be met diverge widely between IPART (2015) and *Fit for the Future*.

This presents obvious and acute problems for councils which have already undertaken *Fit for the Future* analysis of their performance on existing *Fit for the Future* criteria and associated benchmarks. Quite apart from the procedural problems derived from ‘changing the rules of the game’ towards the end of the process, it also means that local authorities have a bare two months to assess their performance under the new IPART (2015) benchmarks. It need hardly be noted that this is a chaotic way of conducting public policymaking.

11.3 Problems in *Methodology for Assessment of Council Fit for the Future Proposals*

In addition to these problems there are severe problems embedded in the *Fit for the Future* program which are replicated in *Methodology for Assessment of Council Fit for the Future Proposals*.

In the first place, in common with the *Fit for the Future*, the IPART (2015) *Methodology for Assessment of Council Fit for the Future Proposals* is characterised by an absence of any controls for the external constraints facing councils over which they can exercise no control. Put simply, external constraint refers to the exogenous challenges which a municipality faces in providing local services (Andrews et al. 2005). Since local authorities typically face different external circumstances, they are nonetheless judged according to the same performance benchmarks. For instance, it is ridiculous to suggest that Manly (with 105km of roads, an average wage of \$87,682, indigeneity at 0.3% and average density of 3,097 individuals/km²) faces the same problems as Penrith (with 970km of roads, an average wage

of \$49,046, indigeneity at 3% and density of 462 individuals/km²). Yet this is the approach taken in the *Fit for the Future* program and now *Methodology for Assessment of Council Fit for the Future Proposals*.

Secondly, as we saw in Chapter 4 of this Report, both the *Fit for the Future* program and *Methodology for Assessment of Council Fit for the Future Proposals* use data fraught with problems. IPART (2015, p.26) recognised these data problems and observed that ‘we consider some flexibility is required when considering some benchmarks more than others to take account of particular issues, e.g., data integrity issues’. However, more than ‘flexibility’ will be required to make any reliable assessment of ‘fitness for the future’ given the extent of the problems in the data. The corrosive nature of the data distortions have been demonstrated in the scholarly literature (Drew and Dollery, 2015a). At least two significant additional sources of error are introduced by the OLG’s (2014) use of population data for its so-called ‘efficiency’ ratio: (i) population estimates in inter-censal years are simply estimates and not objective data and (ii) the *Fit for the Future* toolkits use 2013 *projected* population data which the Australian Bureau of Statistics (ABS) had clearly labelled ‘preliminary figure[s] or series subject to revision’ (ABS, 2015).

In addition, errors in logic continue to plague some *Fit for the Future* ratios, as we saw in Chapter 4. IPART (2015, p.31) recognised the logical flaws in at least one ratio when it observed that ‘we should note that the benchmark for the Asset Maintenance Ratio is based on the underlying assumption that previous underspending has occurred, which has resulted in the infrastructure backlog for councils being greater than 2%’. Thus ‘should a council continuously exceed the Asset Maintenance target by spending more on maintenance than is

required (i.e., the ratio is $> 100\%$), this may also indicate the council is not efficiently managing its assets’.

There are a number of difficulties raised by this acknowledged logical flaw. Firstly, there are a large number of councils which claim to have an infrastructure backlog ratio of less than 2% and indeed to be ‘fit for the future’ councils must demonstrate that this is the case. It thus follows that – according to this statement – a council demonstrating ‘fitness’ on the Infrastructure Backlog Ratio will simultaneously demonstrate inefficient Asset Management if they also meet the latter benchmark! Secondly, IPART/OLG propose to use the *Fit for the Future* ratios as a long-term performance management device, even after the ratios have served their purpose of providing an ersatz rationalisation for a politically motivated forced amalgamation program. However, by IPART’s (2015) own admission the continual achievement of this ratio benchmark will actually indicate that councils are not ‘efficiently managing’ their assets.

A further problem resides in the fact that the architects of *Fit for the Future* – the OLG (2014) and ILGRP (2013a; 2013b) – have still not provided a satisfactory empirical evidence that amalgamation is the panacea to the NSW municipal ‘sustainability crisis’ that they claim it to be. Consequently, it may well come as a surprise to most NSW residents that the NSW Government has embarked on the ‘most significant investment the State has ever made in the local government sector’ (Toole 2014) - predicated on enhancing the sustainability of the local government sector through mergers - without actually conducting a rudimentary examination of whether amalgamations do enhance sustainability!

However, as we saw in Chapter 3 of this Report, an examination of a stratified sample of the 2000/2004 Carr Government amalgamated councils found that there was no statistically significant difference in the sustainability of merged and unmerged councils. Moreover, Drew, Kortt and Dollery (2013) conducted an empirical examination of the outcomes from the Queensland (Qld) 2007/8 amalgamations and found evidence to suggest that the forced amalgamations were generally deleterious for Queensland local government. Moreover, Chapter 3 provided compelling evidence that the efficiency of Queensland merged councils was lower than their unmerged peers over the period under review.

IPART (2015, p.32) acknowledged that mergers of NSW councils will *reduce* efficiency when it stated that ‘some discretion will apply to Merger Proposal councils in the short term as this measure may be affected by the transition to new arrangements that may require additional spending to achieve future efficiencies’. The obvious question raised by this statement is how long should local residents wait to see an improvement in efficiency subsequent to a merger? The rather convenient answer for the NSW Government is that residents should wait for at least five years, placing expected improvement into the period *after* the next state election! However, empirical evidence by Drew, Kortt and Dollery (2015b) suggests that residents will never see any improvement in efficiency arising from the proposed amalgamations.

According to IPART’s (2015) methodology, different types of councils are held to different standards of ‘fitness’. In particular, rural councils are held to a lower standard of ‘fitness for the future’ than their metropolitan cousins. For instance, IPART (2015, p.8) has extended the time horizon for the Operating Performance Ratio by 5 years for rural councils and even then

rural councils are only required to ‘plan to meet’ the benchmark. Moreover, on the critical matter of scale, rural councils will be assessed as having met the criterion where ‘the council’s clearly demonstrates the strategies to enhance its capacity to a more sustainable level’ (IPART 2015, p.25). Simultaneously, IPART (2015) provide ‘flexibility’ for merged councils on Capital Sustainability and note that improvement in efficiency of merged councils ‘may not be practical’ in the short term. It is thus puzzling that IPART (2015) repeatedly claims that it will assess council’s *Fit for the Future* proposals in a ‘consistent’ manner! This may well suggest political imperatives at play to ensure the continued political support of the National Party for the NSW Government. Politics aside, this raises the question as to why residents of metropolitan councils deserve a higher standard of municipal ‘fitness’ than the residents of rural councils.

At the technical level, serious questions have been raised as to whether the rural/urban distinction has any meaning in terms of environmental constraint in local government. In this regard, Drew and Dollery (2015c) note that empirically robust methods for categorising councils combine nominally urban and rural councils when forming homogenous groups. This indicates that the distinction between rural and urban councils has little public policy meaning. The OLG (2014) has sought to list a number ‘rural council characteristics’ as if a clear distinction can be made, or indeed can be meaningful. However, this list lacks quantitative measures and many nominally urban municipalities equally fit a number of the criteria. We list the rural characteristics in Table 11.3 below, along with some of the decidedly odd implications which flow from the application of these criteria:

Table 11.3 Characteristics of Rural Councils

Characteristic	Implication
Small and static or declining population spread over a large area	What is a large area? Does a council cease to be rural simply because it's population has grown marginally (assuming of course that the population estimates are reliable)
Local economies that are based on agricultural or resource industries.	How exactly does one conceive 'based'. In terms of geographical area dominated by the select industries, or by the proportion of people employed directly or indirectly in the industry?
High operating costs associated with a diverse population and limited opportunities for return on investment?	Once again, the criteria lack quantitative measures. For instance Penrith is almost seven times less dense than Manly, yet few would categorise Penrith as rural (we assume 'diverse' is meant to refer to density rather than ethnic or religious diversity)! How is return on investment conceived – in terms of community satisfaction, projected savings or actual ROI? If the latter this raises the thorny question as to whether municipalities should be producing private goods (such as child care).
High importance of retaining local identity, social capital and capacity for service delivery	Firstly, many urban councils have made the argument that amalgamation will destroy local identity and social capital (see, for instance, Holroyd). Secondly, the OLG and Sansom (2015) have argued that amalgamation is necessary to <i>increase</i> capacity – so how can <i>retaining</i> capacity also be used as an argument by IPART and the OLG for not merging rural councils?
Low rate base and high grant reliance	As Abelson and Joyeux (2015) have argued this is an erroneous measure of financial sustainability because councils have had their rate revenue pegged for well over three decades! Moreover, the OLG has recently conceded that grant allocations have not been made according to the horizontal equalisation principals enshrined in federal legislation (see also Drew and Dollery 2014a). Therefore, how can this be regarded as a valid criteria for deciding whether a council is rural or not? Moreover, the logic flaws contained in the indicator apply equally to urban councils.
Difficulty in attracting and retaining skilled and experienced staff	Firstly, this presumes that rural councils do in fact have difficulty with staffing (despite there being no empirical data to support the claim). Secondly, if this is to be taken as an indicator that a council is rural it implicitly assumes that urban councils do not face difficulty with staffing – once again, a claim made in the absence of empirical evidence.
Challenges in financial sustainability and provision of adequate services and infrastructure.	This is a rather curious criteria for determining whether a council is rural or not given that the ILGRP (2013), OLG (2014) and Minister Toole have been loudly proclaiming that the entire NSW municipal sector is facing a financial sustainability and infrastructure crisis! If, as implied by this statement, the government believes that the challenges apply only to rural councils then there is clearly no longer a case for urban amalgamation!
Long distance to major (or sub) regional centre	Once again this criterion suffers from a lack of detail. How does IPART/OLG conceive 'long' – in terms of kilometres or travelling time? The criterion also exhibits a circuitous argument given that it is first necessary to identify non-rural councils before rural councils can be definitively recognised.
Limited opportunities for mergers	Yet another criterion which applies equally to rural and urban councils and lacks sufficient detail for judgements to be made. All councils in NSW have neighbours and therefore all councils in NSW have more or less equal opportunities for merger. Moreover, if the criterion is conceived in terms of willing partners, or merger partners which would enhance sustainability, then all urban <i>and</i> rural councils face limited opportunities.

Forecasts of performance are problematic. Both the ‘council improvement’ and ‘Rural Council’ templates require councils to make specific forecasts of performance for each of the subsequent four years. In addition, IPART (2015, p.34) makes the following rather odd request of all councils:

We consider councils should provide as much relevant information or data as is required to support the proposals. Therefore, we consider it would be helpful if a longer time series of data to include 2014-15 and 2015-16 is provided by all councils lodging proposals (no matter the type of the proposal). We consider that the additional two years of data would provide us with a better picture of the trend in council performance relative to the benchmarks. *The additional two years of data should be available from councils’ annual reporting requirements and could be provided without imposing an unreasonable burden* (emphasis added).

We agree that a longer time series may assist with assessment of some ratios, assuming that data distortions could be corrected. However, it appears that either IPART is not aware that 2014/15 and 2015/16 reports cannot exist at present or it has inordinate faith in the budgeting forecasting ability of councils. Moreover, as we have seen, the *Fit for the Future* templates imply a touching faith in forecasting and budgeting practice accuracy. It further implies an empirically testable claim that budget data in NSW municipalities contains a relatively low degree of error.

Table 11.3 details the accuracy of budget projections made by councils in both the 2013 and 2014 financial statements. What is immediately clear is that the average council (i.e. median result) has an absolute budget error of around 8% of actual revenue. Furthermore, there is evidence of a wide variation from the average. For instance, 25% of councils had errors in excess of 16% in 2013 and one council missed the mark by 60%! It should be noted that many of the ratios employed by IPART (2015) are extremely sensitive to variation (particularly the ‘efficiency’ ratio). Moreover, it should be borne in mind that these errors are for forecasts which are made *only one year in advance*. It is thus not unreasonable to suggest that the accuracy of forecasts made two years in advance (to provide IPART with its requisite longer time series), or four years in advance (for the *Fit for the Future* templates) will have errors so large as to make the forecasts effectively worthless. Moreover, according to ‘Goodhart’s Law’, ‘any observed statistical regularity will tend to collapse once pressure is placed on it for control purposes’ (Bevan and Hood, 2006, p.521). This means that forecasts made in the current atmosphere of ‘target terror’ (Coulsen 2009) will be extremely unreliable. If IPART does require a longer time series of data, then the sensible approach would be to use data from earlier periods (i.e. the 2011 and 2010 financial years) for most ratios.

Table 11.2: Accuracy of NSW Municipal Budget Projections (Deviance of Actual Result to Budgeted Item)*

Budget Item	Smallest	Largest	Quartile 1	Median	Quartile 3
Entire State 2013					
Operating Revenue Budget Error	-29.903	68.282	3.768	9.958	18.353
Operating Expenditure Budget Error	-24.513	60.798	-1.873	2.059	7.927
Operating Result Budget Error*	0.006	60.017	3.646	7.487	16.029
Entire State 2014					
Operating Revenue Budget Error	-32.337	40.563	-0.890	4.931	11.414
Operating Expenditure Budget Error	-31.788	41.738	-3.341	0.799	6.096
Operating Result Budget Error*	0.105	76.412	4.003	8.273	13.862

* This budget error is expressed as a percentage of actual revenue and is reported in absolute terms.

The ILGRP ‘preferred options’ -now referred in IPART (2015, p.15) as ‘merger recommendations’ - were based in large part on the Department of Infrastructure (2013) report *NSW in the Future: Preliminary 2013 Population Projections* (ILGRP 2013). This raises an important question as to whether it is wise to base decision-making on *preliminary* forecasts made 18 years into the future, especially given the low rate of accuracy inherent in ABS population estimates for inter-censal base years.

Unfortunately, very little work has been done in assessing the accuracy of local government area (LGA) forecasts. An exception to this is Wilson and Rowe (2011) who examined Queensland LGA forecasts. They found a mean absolute percentage error for three separate 15 year forecasts of Queensland’s entire set of LGA’s in the order of 14.6%, suggesting that it is not wise to place too much confidence in long-term population forecasts. It follows that the basis for the ILGRP’s (2013) deliberations on NSW metropolitan councils is not sound. It is thus concerning that the Panel’s ‘preferred options’ are now being cast as ‘merger recommendations’ by IPART (2015, p.15). Moreover, it is entirely likely that the ILGRP ‘preferred options’ and subsequent OLG and IPART endorsements of the preferred options as ‘merger recommendations’ have been made on the incorrect functional unit for municipal goods and service production.

Drew and Dollery (2014d) have established that household and business data is more reliable, less volatile and more relevant than population data. This follows from the fact that the preponderance of municipal functions focus on ‘services to property’ rather than ‘services to people’. Moreover, use of a population measure of scale and capacity implies that business entities do not contribute to revenue or place demands on local services! The neglect of

business – particularly for regional centres – also means that spill-over effects are not being adequately considered. In addition, population is negatively correlated with the length of council-maintained roads (since the Pearson correlation coefficient equals -0.2659). The use of population data thus not only ignores the single largest expenditure function of NSW municipal government (PriceWaterhouseCoopers, 2006), but actively discriminates against councils with a large road infrastructure. Finally, it is the number of households and employing businesses that a council has control over (through development applications and economic development efforts) and not organic population growth.

Even if we were to concede that population was the appropriate functional unit for NSW local government policy purposes, there is still the inconvenient fact that neither TCorp (2013), the ILGRP (2013a; 2013b), the OLG (2014) nor IPART (2015) have provided any evidence to suggest that there is an association between population size and the various measures of municipal sustainability which have been employed to date.

As we have seen in Chapter 6 of this Report, panel regression of the 2009/2011 TCorp financial sustainability ratios only indicates associations for population size for non-Sydney councils (and then only for two of the ten ratios examined). There is in fact no evidence of an association between population size and financial sustainability for Greater Sydney councils when a time series analysis is conducted. Thus, this is further evidence against the ideologically imposed scale criteria.

Drew and Dollery (2015d) have also empirically demonstrated that there is no association between population size and municipal expenditure. Hence, it has now been empirically demonstrated that the assumption of economies of scale pervading the Panel's (2013a;

2013b) reports are completely illusory. This recent empirical evidence is consistent with the earlier work of Drew, Kortt and Dollery (2014c) which was available to the Panel at the time that it prepared its final report).

According to IPART (2015), its sustainability criteria include the operating performance, Own Source revenue and building and infrastructure renewal ratios, which are set out in Table 6.1 of this Report. Two of these ratios are heavily dependent on data which is still the subject of ‘unfinished business’, whilst the integrity of the data relating to the third ratio is under serious question. It is important to note these deficiencies given IPART’s (2015, p.29) assertion that it will ‘consider that ensuring councils are financially sustainable, and being able to show this will occur into the future, is fundamental to demonstrating a council is FFTF’.

Yet future revenue flows from both rates and FAGs cannot be predicted with any degree of confidence given that the outcomes from the proposed review of rating practice and changes to ensure FAGs are distributed to councils with the greatest need are still to be completed. As Abelson and Joyeux (2015) note, it is not reasonable to hold councils accountable for revenue streams for which they have very little control. Local government residential taxation effort³¹ lacks inter-municipal equity and has constrained an important stream of own-source revenue as noted by the ILGRP (2013) and illustrated in Table 7.2 in this Report. In fact, residential taxation effort ranged from 0.209% through to 2.497% with a mean of 0.998%. Thus the long-standing rate-capping regime has constrained the local tax revenue of some councils to just one tenth of their peers. This suggests that if rate-capping is removed – a likely outcome

³¹ Residential taxation effort is defined as the proportion of residential rates levied by a municipality expressed as a percentage of total annual incomes accruing to residents residing in the council boundary and is the preferred measure of municipal fiscal burden in the literature – see, for instance Ladd and Yinger 1989.

of the NSW Government's review – then the Operating Performance and own-source ratios of some councils might be altered quite significantly.

It also seems unreasonable to suggest that FAG revenues 'provide a stable income for rural councils' (IPART, 2015, p.29) but not urban municipalities. FAGs will not be a stable source of revenue for *any* NSW council owing to (a) the 'unfinished business' relating to more equitable allocations and (b) the fact that the Commonwealth Government has frozen FAGs for a period of three years, which means FAGs will be reduced in real terms for each of the subsequent three years. Moreover, there is no certainty that the Commonwealth Government will not attempt to extend the freeze or make further cuts to FAGs given the pressures on the Commonwealth's budget. In addition, the reasoning behind the Own Source ratio seems to be that 'a council's ability to raise its own revenue insulates it from a fall in revenue from sources that are outside its control' (IPART, 2015, p.29). Thus for IPART (2015, p.29) to argue that rural councils can rely on an external source of income seems to contradict the entire purpose of the ratio.

Finally 'sustainability' ratios also present significant problems for IPART if it is to assess councils with 'consistency, fairness and impartiality' (IPART, 2015, p.43). This is largely because the data relied on for the ratio has been the subject of 'earnings management' and it is thus not reliable (Pilcher and Van der Zahn 2010; Drew and Dollery 2015a). In addition, climatic factors and natural disasters may affect the ratio, thus requiring very careful analysis given little comparability across the sector. It is also clear that municipal efforts to address this ratio will have negative implications for the Operating Performance ratio which presents a rather difficult problem for councils seeking to demonstrate future fitness.

As we have seen earlier in Chapter 11, the ratios employed to assess Infrastructure and Delivery of Services are subject to enormous levels of data distortion. It is thus hard to imagine that any methodology could be used to assess these criteria with ‘consistency, impartiality and fairness’ (IPART 2015, p.3). Of greatest concern is the Infrastructure and Backlog ratio which was compiled according to just a single year of data well after it had become known that the data would be used as an important ratio for the assessment of ‘future fitness’. Moreover, the data is unaudited (as is the data for the Asset Maintenance ratio) and thus it cannot be claimed that there is any basis for reasonable assurance.

It is hardly surprising that auditors have deliberately excluded Special Schedule 7 from their opinions in the past given that it relies on completely subjective assessments. For instance, the following definitions are employed to determine what a ‘satisfactory standard’ and what is ‘required maintenance’: ‘Satisfactory refers to estimated cost to bring assets to a satisfactory condition as deemed by Council. Required Maintenance is what should be spent to maintain assets in a satisfactory standard’.

The definition falls far short of Bird et al. (2005) requirement for a competent performance management program and invites ‘reactive gaming’ owing to the fact that (a) it does not commit the council to any particular future action, (b) it is defensible given that it is based on professional judgement, (c) it does not require a ‘real’ transaction with second parties (Copeland, 1968, p.102). Moreover, the breadth of municipal infrastructure, along with the detailed engineering knowledge required to assess maintenance needs, suggests that it would be extremely difficult for an audit team to provide reasonable assurance on the Schedule 7

items. Without some sense of assurance of accuracy in the data, the two ratios which depend upon it are worthless.

In addition, the Asset Maintenance Ratio is subject to an obvious flaw in logic. To achieve benchmark status a council must demonstrate that it is spending more on asset maintenance than what is required! We have already noted this problem earlier, along with the unconvincing attempt by IPART to try to justify it. If IPART (2015) is successful in extending the *Fit for the Future* assessments to include an additional two years of data (taking this ratio up to five years of data), then the unsatisfactory nature of the benchmark will be further highlighted. Perpetual reporting of the Asset Maintenance Ratio against the existing benchmark clearly would not make any sense.

The Debt Service Ratio is problematic. It should be noted that the OLG (2014) disregarded NSW Treasury Corporation advice on the definition of this ratio and thereby eroded the ratio's utility. It no longer measures the ability to service debt as indicated by its formal name, but rather measures the proportion of revenue that a council devotes to principal and interest repayments.

This is most unsatisfactory for several reasons. Firstly, this discourages councils from reducing interest expenditure through high principal repayments even though councils are being directed by the 'efficiency' ratio to reduce expenditure. Secondly, the ratio in its current form actively insists that councils not currently in debt take on debt! However, this lower bound benchmark for the ratio (0.0%) encourages some rather perverse behaviour for councils which currently have no debt. For instance, a council with no debt may become 'fit for the future' by taking out a loan large enough to be recognised in the financial statements

and either (a) make interest only repayments and take no action to employ the capital for productive purposes or (b) repay the loan the next week!

The reasoning employed by the OLG (2014) for requiring councils which have no need for debt to take on debt is that councils should ‘use debt wisely to share the life-long cost of assets and avoid excessive rate increases’ (IPART, 2015, p.31). However, as we have demonstrated, councils can meet the benchmark without using debt according to the IPART (2015) prescription.

Moreover, if the object is to use debt with the aim of intergenerational equity on long-lived assets then this presents a number of problems. Firstly, requiring councils to share intergenerational costs henceforth imposes inequities on previous generations which paid for assets which continue to have a useful life beyond this point in time. Secondly, it assumes that debt will be used for capital projects rather than operational expenditure without any assurance that this will be the case. Third, the OLG/IPART objective assumes that the life of the asset will be closely correlated with the term of the debt without any reason to suppose this will be the case!

There are a number of other problems which plague the OLG/IPART ‘efficiency’ ratio (which does not measure efficiency). These problems include the population data employed in the calculations, the method used to deflate data and the method used to assess the direction of expenditure trend. With respect to the population data, the OLG (2014) have introduced significant and avoidable error by using 2013 *projected* population estimates. Firstly, as we have seen earlier, population data in inter-censal periods already have significant error associated with them and this error typically increases with temporal

distance from the last census (2011). Secondly, the projected population estimates were never meant to be anything other than a guide and were clearly labelled ‘preliminary figure[s] or series subject to revision’ (ABS, 2015). Thirdly, the figures have in fact been revised and many of the revisions are quite significant. Given the high leverage of ‘efficiency’ data points even a very small error could result in a completely different assessment on this criterion.

The OLG/IPART ‘efficiency’ ratio is also deficient as a result of the method used to deflate the nominal expenditure data. Firstly, it is not acceptable to use two entirely different indexes to deflate continuous data. Secondly, use of annualised growth in calculations imputes and compounds rounding error (given the sensitivity of the empirical method erroneously used to calculate the trend in expenditure per capita even relatively small errors could result in the wrong conclusions being drawn from the data). Thirdly, it was entirely unnecessary to deflate the 2010 financial year data and this decision simply introduced avoidable rounding error. The final – and fatal – problem associated with the OLG/IPART efficiency measure is the empirical method chosen to establish the direction of expenditure/capita trend. The OLG toolkit employs linear regression to establish whether expenditure per capita is rising or falling. Unfortunately, the use of linear regression to establish the direction of the trend is completely flawed owing to the fact that it breaks the key assumption of linear regression that the data association has a linear functional form!

11.4 Conclusion

As we have seen in Chapter 11, the surprise publication of IPART’s (2015) *Methodology for Assessment of Council Fit for the Future Proposals* on 27 April 2015 added a further twist to an already convoluted local government reform process in NSW. Not only will IPART now replace the Panel of Experts promised in the OLG’s (2014) *Fit for the Future* documentation

as the assessor of council submissions due on 30 June 2015, but *Methodology for Assessment of Council Fit for the Future Proposals* also introduces significant changes to the basis of the assessment process. The most important change resides in the differentiation between ‘non-rural’, ‘rural’ and ‘merged’ councils in IPART (2015) and the ‘one size fits all’ approach in *Fit for the Future*. In addition, the benchmarks which must be met diverge widely between IPART (2015) and *Fit for the Future*. In Chapter 11 we have demonstrated that not only due these changes fail to address the difficulties in the *Fit for the Future* performance criteria and benchmarks, but they also contain additional flaws.

Apart from the procedural inequities inherent in ‘changing the rules of the game’ towards the end of the reform process, local councils now have only two months to assess their performance under the new IPART (2015) benchmarks. It goes without saying that this is a chaotic way of conducting public policymaking. It also means that councils which have cooperated fully with the *Fit for the Future* process, undergone self-assessment using the requisite OLG (2014) templates, and engaged in extensive and *bona fide* community consultation, such as Hunters Hill, Lane Cove and Ryde, now find that all their efforts have been largely in vain.

CHAPTER 12: CONCLUSION

12.1 Introduction

This Report has considered in detail the proposed merger of Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby local authorities, which had been recommended by the Panel in both its *Future Directions* and *Revitalising Local Government* reports, under the NSW Government's *Fit for the Future* program. Chapter 12 seeks to provide a brief summary of the major findings of the Report, together its chief recommendations.

Chapter 12 is divided into two main parts. Section 12.2 outlines the key findings of the Report whereas section 12.3 briefly considers its major policy implications.

12.2 Major Findings of the Report

The Report comprised a short introductory Chapter 1, followed by ten substantive chapters, each examining a different dimension of the recommended municipal mergers affecting the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby local councils.

Chapter 2 considered the available empirical evidence on municipal mergers in local government against the historical background that Australian local government policymakers have traditionally relied heavily on council amalgamation as an instrument of reform.

Chapter 2 demonstrated that the weight of both the Australian and international scholarly literature was decidedly sceptical of the ability of compulsory consolidation to improve council performance. Indeed, the empirical literature is awash with evidence that municipal

mergers are expensive and frequently counterproductive in terms of improving the operational performance of local authorities. Section 2.4 of Chapter 2 considered the effects of these structural changes on the financial viability of local government through the prism of a series of Australian state-based and national public inquiries into financial sustainability in local government. Given the popularity of forced amalgamation in the Australian milieu, the most interesting feature of the deliberations of these inquiries resides in the fact that they echo scepticism in the academic literature on compulsory council consolidation. Indeed, the weight of opinion in the public inquiries contends that the traditional Australian stress on council mergers has been seriously misplaced. For example, in NSW the Allan Report (2006) found that population density – and not population size – represented a pivotal component of council cost structures. It recommended that policy instruments other than amalgamation should be employed, notably shared service arrangements.

Chapter 3 of this Report provided detailed empirical analyses of two recent Australian forced amalgamation episodes: The 2004 NSW compulsory council consolidation program and the 2008 Queensland forced amalgamation program. The analysis of the NSW council mergers considered ten general-purpose councils which were subject to amalgamation over the period from 2000 to 2004. Chapter 3 compared the performance of this cohort of general purpose amalgamated entities against (a) all councils in NSW and (b) a group of peer councils selected according to the NSW Office of Local Government classification system using the TCorp (2013) Financial Sustainability Rating (FSR) employed in the *Fit for the Future* program. This comparison yielded no significant statistical differences in performance between merged and unmerged councils demonstrating that, despite all the expense and disruption, the 2000/04 mergers made no material difference to council performance on the *Fit for the Future* criteria. Chapter 3 also examined the 2008 Queensland amalgamations

which involved a reduction in the number of councils from 157 to just 73. Drew, Kortt and Dollery (2015) conducted an econometric analysis and concluded that the mergers had resulted in a greater proportion of councils exhibiting diseconomies of scale arising from amalgamations, which created entities which were simply too large to be run efficiently. Chapter 3 employed a DEA analysis to examine scale and found that – of the 31 entities created by the Queensland mergers – over 58% exhibited decreasing returns to scale. This result is consistent with the evidence provided by Drew, Kortt and Dollery (2015), but is a more compelling result since it is based on multiple outputs. Finally, Chapter 3 compared the efficiency of non-amalgamated with amalgamated Queensland councils through time. It found that the latter group performed worse than the non-amalgamated councils providing clear evidence that the mergers had resulted in typically less efficient councils in Queensland!

Chapter 4 provided a critical assessment of the *Fit for the Future* process. It found that the criteria for evaluating councils had been derived from an arbitrary and often illogical selection of financial sustainability ratios (FSRs) and the associated benchmark values. Moreover, Chapter 3 exposed severe problems with ‘scale and capacity’ approach in *Fit for the Future*. Section 4.4 laid bare the deleterious effects that the use of unreliable data for sustainability assessments had had. Finally, section 4.5 demonstrated that the OLG had employed an erroneous approach to the assessment of efficiency in local government which has had serious adverse consequences for its assessment of operational efficiency.

Chapter 5 empirically investigated the proposed council mergers associated with the North Shore group of councils from several different perspectives. It found numerous problems, including (a) the difficulties posed the existence of significant current disparities in rates, fees and charges, and capacities to pay across the six councils which were ignored in the OLG

merger recommendations; (b) the many tough decisions which would have to be made regarding changes in democratic representation post-merger; (c) the total liabilities likely to be inherited by any proposed new amalgamated municipality and its impact on local residents; (d) the complications derived from the dismemberment of the City of Ryde into two parts; (e) Commonwealth financial assistance grants post-merger; (f) the need for full information disclosure to local residents; and most importantly (g) almost all of the North Shore group of councils would be less financially sustainable under the *Fit for the Future* criteria than they had been pre-merger. Chapter 5 argued that it is dismaying that neither the Independent Panel nor the OLG had even considered most of these problems, never mind offered sound solutions.

Chapter 6 conducted an empirical analysis of the likely outcomes arising from amalgamation according to the two main econometric methods employed in the empirical literature on local government: multiple regression analysis and data envelopment analysis (DEA). The results of the multiple regression analysis showed that the Panel's (2013) unsubstantiated assertions of economies of scale – based on population size – are completely illusory. Moreover, the DEA analysis (using the number of households, number of businesses and road length) demonstrated that the vast majority of proposed amalgamations would yield over-scaled councils too large to efficiently provide local services. Finally, the DEA in Chapter 6 of the efficiency and scale implications arising from the recommended merger of the North Shore councils showed that it would reduce the efficiency of these local authorities should the merger proceed. In sum, the empirical analysis in Chapter 6 showed that there is no empirical justification for the proposed merger of the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby local councils.

Chapter 7 examined the socio-economics of the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby councils. This descriptive analysis, which was based on data compiled by the Population Health Information Development Unit at the University of Adelaide, identified some stark difference between some of these local authorities and thereby proving that no common ‘community of interest’ exists.

Chapter 8 summarised the key literature from Australia and abroad on shared services arrangements in local government. In summary, this literature provides strong evidence that shared services can yield substantial benefits to local government, although not all local government services are suitable to shared service provision.

Chapter 9 used the literature review on shared services in Chapter 8 to consider council collaboration as the main structural alternative to forced mergers. Section 9.2 demonstrated that sound analytical foundations exist for separating service provision from service production in contemporary local government, with numerous alternative modes of delivering local services, including inter-council collaboration. However, work by Allan (2001; 2003), the NSW LGI (2006) and others demonstrated that only some local services are open to joint provision. Section 9.3 examined the Hunter Council model as the most successful operational example of inter-council collaboration in NSW. It was argued that the Hunter Council model should be taken as a template for the design of a north Sydney regional body. Section 9.4 evaluated the draft Northern Sydney Council Collaboration Model which had been drawn up after discussions between the NSROC and SHOROC groups of councils, arguing that it represented a close approximation of the Hunter Council model and was thus a suitable regional collaborative model. Finally, section 9.5 provided a survey instrument which could

be used by a Northern Sydney Council Collaboration Model Board to determine promising avenues for inter-collaboration and plan further initiatives.

Chapter 10 considered the question of community engagement by local councils with their local communities on alternatives under the *Fit for the Future* process. Both the *Fit for the Future* process and the later IPART (2015) *Methodology for Assessment of Council Fit for the Future Proposals* require local authorities to consult widely with their local communities. In addition, IPART explicitly noted that it would formally evaluate community consultation by local authorities as part of its overall assessment of council submissions under the *Fit for the Future* process. Furthermore, IPART set out its approach to evaluate community consultation. Chapter 10 examined the IPART methodology for assessing community consultation, considered the extensive community consultation undertaken by Lane Cove, Hunters Hill and Ryde councils, and found that they had all easily met the IPART criteria for community consultation.

Chapter 11 provided a detailed evaluation of the IPART (2015) *Methodology for Assessment of Council Fit for the Future Proposals* approach. It compared the *Methodology for Assessment of Council Fit for the Future Proposals* evaluative criteria and performance benchmarks against the criteria originally developed by TCorp (2013) and modified in *Fit for the Future* and found that significant differences had emerged. Furthermore, Chapter 11 considered the numerous problems inherent in the *Fit for the Future* criteria identified in Chapter 4 of the Report and found that the IPART (2015) *Methodology for Assessment of Council Fit for the Future Proposals* assessment technique had failed to remedy these problems. In addition, Chapter 11 found that severe problems existed with the following elements in the IPART evaluation approach: its methodology for the assessment of scale, its

methodology for the assessment of sustainability, its methodology for infrastructure and delivering services assessment, and its assessment methodology for efficiency.

12.3 Major Policy Implications of the Report

The analysis performed in this Report has eight major policy implications for local government policymakers.

(a) The weight of empirical evidence on municipal mergers in the scholarly literature and the Australian national and state public inquiries into local government falls overwhelmingly against forced amalgamation. This body of evidence holds that shared services and other forms of council collaboration provide a superior method of securing the advantages of greater scale.

(b) Comprehensive empirical analysis of the 2000/2004 NSW compulsory council consolidation program in the Report demonstrated that there is no statistical difference in the performance of merged and unmerged councils under the *Fit for the Future* criteria. Similarly, a detailed investigation of the outcomes of the 2008 Queensland forced amalgamation program demonstrated that a majority of amalgamated councils now operated with diseconomies of scale. These two analyses thus provide convincing empirical case against proceeding with a further round of municipal mergers in NSW in 2015.

(c) Detailed critical assessment of the *Fit for the Future* process found it severely flawed in numerous respects, not least its arbitrary use of financial sustainability ratios (FSRs) and associated benchmark values, significant problems with its ‘scale and capacity’ approach, problems with unreliable data employed in sustainability assessments, and an incorrect

measure employed to assess the operational efficiency of councils. This provides a powerful argument for the NSW Office of Local Government to halt the *Fit for the Future* process and deal with these problems before proceeding.

(d) IPART's (2015) *Methodology for Assessment of Council Fit for the Future Proposals* – only released on 27 April 2015 – add a further twist to a convoluted reform process. IPART will replace the Panel of Experts promised in *Fit for the Future* as the assessor of council submissions and its new assessment methodology introduces significant changes to the process. In particular, 'non-rural', 'rural' and 'merged' councils in IPART (2015) replace the 'one size fits all' approach in *Fit for the Future*. Performance benchmarks also now diverge widely between IPART (2015) and *Fit for the Future*. However, the Report demonstrates that the IPART approach is badly flawed and does not correct the problems identified in *Fit for the Future*.

(e) By 'changing the rules of the game' IPART has rendered much hard work already done by local councils obsolete. Thus Hunters Hill, Lane Cove and Ryde, which have cooperated fully with the *Fit for the Future* process, undergone self-assessment using the requisite OLG (2014) templates, and engaged in extensive and *bona fide* community consultation, now find that much of this effort has in vain.

(f) A comprehensive empirically investigation the proposed Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby council mergers found numerous problems, including the challenges posed by significant current disparities in rates, fees and charges, and capacities to pay across the six councils, problems determining democratic representation

post-merger, the burden of the total liabilities inherited by a newly merged council, complications derived from the dismemberment of the City of Ryde, Commonwealth financial assistance grants post-merger, a lack of full information disclosure to local residents, and the critical fact that almost all of the North Shore group of councils would be less financially sustainable under the *Fit for the Future* criteria than they had been pre-merger. This underlines the foolishness of proceeding with the proposed merger.

(g) The Report conducted two modelling exercises to investigate the outcomes of the proposed mergers. The results of the multiple regression analysis showed that the Panel's (2013) claims about scale economies proved false. The DEA analysis also demonstrated that the vast majority of proposed amalgamations would yield over-scaled councils too large to efficiently provide local services. Taken together, these empirical analyses show conclusively that there is no empirical justification for the proposed merger of the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby councils.

(h) The Report presented a detailed analysis of the socio-economic characteristics of the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby councils. This demonstrated stark differences between some of these local authorities thereby proving that no common 'community of interest' existed.

(i) A detailed review of the literature on shared services in local government was undertaken in the Report which found strong evidence that shared services could yield significant benefits. However, not all local services are amenable to regional provision through shared service arrangements.

(j) The Report found that shared services represent a superior alternative to forced amalgamation to improve the performance of the Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby councils. It investigated the best methods of delivering shared services and established that the Hunter Councils model represented an optimal approach. The draft Northern Sydney Council Collaboration Model - drawn up by the NSROC and SHOROC groups of councils - was based on the Hunter Councils model and it provided a sound institutional basis for council collaboration amongst the North Shore group. The Report presented an instrument which the Board of the proposed Northern Sydney Council Collaboration Model could use to determine which local services to provide collaboratively and which to retain 'in-house'.

(k) The Report thoroughly examined the community engagement programs conducted by Hunters Hill, Lane Cove and Ryde and found that they easily met the community engagement assessment criteria stipulated by IPART (2015) in its *Methodology for Assessment of Council Fit for the Future Proposals*.

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Attachment C

SGS Economics and Planning

Review of ILGRP's Structural Change Options.

October 2013

Review of ILGRP Structural Change Options



Final Report

City of Ryde Council

October 2013

Independent insight.



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EXECUTIVE SUMMARY

Background

This report has been commissioned by City of Ryde Council to evaluate the Independent Local Government Review Panel's LGRP's preferred option to consolidate Sydney metropolitan Councils.

The ILGRP proposed amalgamation of Auburn, Holroyd, Parramatta Councils and that a Greater Parramatta Council would also include all (or in a variation most of) the City of Ryde. The ILGRP states that the amalgamated Council would create a city with a broad socio-economic mix and with the resources needed to facilitate the further development of Sydney's 'second CBD.' The inclusion of Ryde in this grouping also reflect metropolitan planning that promotes links between Parramatta and the employment growth occurring in the Global Economic Corridor (including Macquarie Park).

This high level analysis is a desktop review of the publicly available information, and input from the Council staff project group.

Options for structural change

The ILGRP proposed option has been compared in this report with a variety of other options, including the base case which is the retention of current local government boundaries. Options considered include:

- **Base case:** current local government boundaries continued.
- **Option 1** (ILGRP preferred option): the amalgamation of Auburn, Holroyd, Parramatta and Ryde and moving northern boundary of Parramatta and Western Ryde to M2.
- **Option 1A:** as per option 1 but without the East Ward of Ryde in the amalgamated LGA boundaries.
- **Option 2** (North Shore Option): the amalgamation of Hunters Hill, Lane Cove, Ryde and Willoughby. This is one of the preferred options identified by the Ryde community in consultations.

These options range in population and employment from the current (2011) Ryde LGA population of approximately 110,000 to 520,000 population for the ILGRP option (option 1).

POPULATION PROJECTION (ERP) BY OPTION

Amalgamated Council Area	2011	2016	2021	2026	2031	2036	2041	2046	Change 2011 - 2046	AAGR 2011 - 2046
Base case	110,122	114,758	121,212	127,082	133,509	140,406	147,799	155,819	45,697	1.0%
Option 1	520,956	562,997	589,174	612,904	639,213	667,645	698,385	731,924	210,968	1.0%
Option 1A	495,266	535,772	560,307	582,866	607,957	635,058	664,492	696,606	201,340	1.0%
Option 2	230,305	240,373	251,481	261,348	272,334	284,235	297,131	311,230	80,925	0.9%

Source: BTS, (2012), SGS calculation, AAGR (Average Annual Growth Rate).

Strategic context

This report briefly touches on travel time mapping, household travel patterns and journey to work patterns. These show that the City of Ryde is within the ILGRP catchment of 30-45 minutes from the regional centre of Parramatta as well as from the major centre of Chatswood. However, the patterns of household travel trips from Ryde residents show a tendency to move to the north and east, as opposed

to strong linkages to the western LGAs and Parramatta. In regards to journey to work patterns strong linkages form the north and west into Ryde for employment occur.

TCorp financial performance indicators

The first part of the financial analysis is based on the TCorp indicators of financial sustainability. These have been calculated against the benchmark for each council under the base case below. The figures displayed are the averages across the four years from 2009-2012, or for as many years as data was available.

COUNCIL INDICATOR PERFORMANCE BY BENCHMARK

	Councils in ILGRP's option				North Shore Councils			Benchmark
	Ryde	Auburn	Holroyd	Parramatta	Hunters Hill	Lane Cove	Willoughby	
Operating ratio	-0.01	0.01	-0.09	-0.02	-0.08	0	0.01	-0.04
Cash/expense cover ratio	4.53	5.08	1.28		27.48	1.15	1.47	3
Unrestricted current ratio	4.16	2.34	5.65	2.19	3.45	4.72	4.31	1.5
Own source operating revenue ratio	0.61	0.69	0.69		0.77	0.72	0.68	0.6
Debt service cover ratio	25.54	5.78	9.75	2.19	3.03		3.01	2
Interest cover ratio	78.09	15.7	241.48	4.41	16.19		4.07	4
Infrastructure backlog	0.09	0.15	0.07	0.04	0.16	0.06	0.1	0.02
Asset maintenance ratio	1.01	0.64	0.6	0.64	1.05	0.84	0.72	1
Infrastructure renewals ratio	0.75	0.55	0.68	0.8	0.49	0.88	0.77	1
Capital expenditure ratio	2.58	1.52	1.08	1.2	0.94	1.8	6.84	1.1

Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

The table below contains a summary of TCorp performance indicators of the different options. Because the TCorp report for Parramatta was prepared during 2011/12, the report only contains the financial data up to the financial year ended 30 June 11. As a result, ratios below are calculated using the 2010/11 financial data contained in the relevant TCorp reports.

Performance on financial and infrastructure status indicators is assessed based on the TCorp benchmarks. Based on the results below, both base case and option 2 would fail to meet four out of nine benchmarks, while a combined council under option 1 would not meet three.

OPTION PERFORMANCE ON INDICATORS AGAINST BENCHMARK

	Base case	Option 1	Option 2	Benchmark
Operating ratio	0.00		-0.03	>-0.04
Cash/expense cover ratio	1.60		4.54	>3
Own source operating revenue ratio [^]	0.68		0.70	>0.60
Debt service cover ratio	29.76		4.70	>2.00
Interest cover ratio	92.68		13.58	>4.00
Infrastructure backlog	0.10		0.09	<2%
Asset maintenance ratio	0.98		0.81	>1.00
Infrastructure renewals ratio	0.48		0.58	>1.00
Capital expenditure ratio	1.58		1.13	>1.10

Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

[^] OSOR figures for Option 1 are omitted, as the value of this ratio is not reported in the TCorp report prepared for Parramatta.

The table below provides a summary of each option's performance on financial and infrastructure status indicators, relative to the other options. The figures displayed are rankings, with 1 denoting the highest performing council and 3 denoting the lowest. Again, the highest performing option for each indicator is shaded. The bottom line of the table indicates the average rank of each option across the different indicators. This suggests that based on financial sustainability indicators, the base case performs the best, followed by option 2. It should be noted that the potential savings and costs associated with amalgamation, and their impact on these indicators, has not been considered in this comparison.

RANKING OF THE FINANCIAL INDICATORS BY OPTION

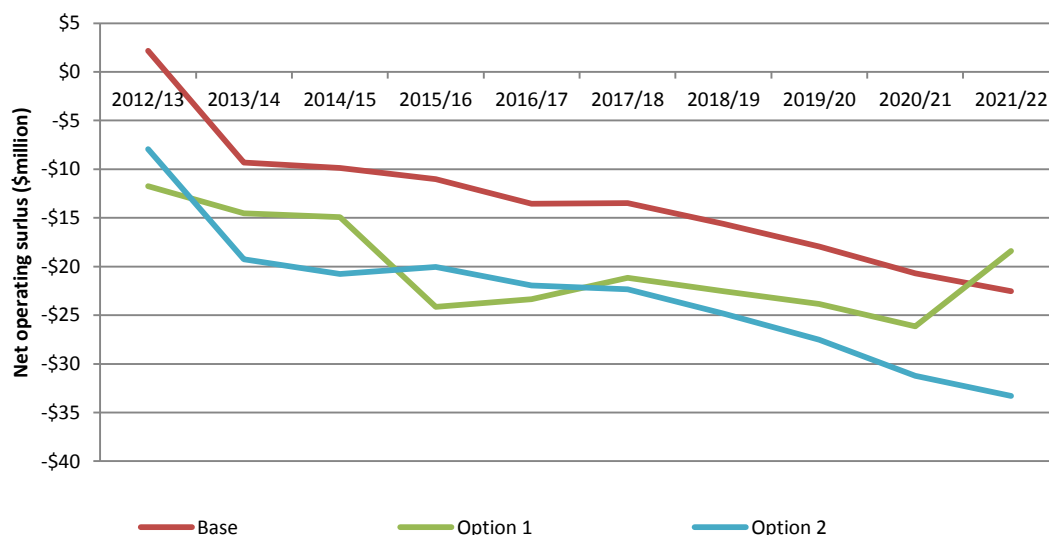
	Base case	Option 1	Option 2
Operating ratio	1	3	2
Cash/expense cover ratio	3	1	2
Own source operating revenue ratio	2		1
Debt service cover ratio	1	3	2
Interest cover ratio	1	2	3
Infrastructure backlog	2	1	3
Asset maintenance ratio	1	3	2
Infrastructure renewals ratio	3	1	2
Capital expenditure ratio	2	3	1
Average ranking	1.8	2.1	2.0

Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

Financial forecast by option

Based on the financial forecast prepared by each relevant council, we have compiled a consolidated operating surplus/deficit (before capital) forecast for the amalgamation options, as shown in the graph below. Note that the forecast excludes net gains/losses on asset disposals, whilst including depreciation.

NET OPERATING RESULT BEFORE CAPITAL OVER 10 YEARS BY OPTION, \$MILLION



Source: SGS estimates, 2013; using the LTFPs prepared by each council.

The following table compares the present value of the operating surplus before capital for each option. Using a discount rate of 4 percent per annum (that is the current interest rate from a commercial bank), the present value of the operating result ranges from -\$101 million under base case to -\$180 million under option 2. However, the relatively higher operating deficit under options 1 and 2 could be due to the size of the combined council.

To eliminate this effect, we have expressed the PV of the operating surplus before capital as a *proportion* of the projected operating revenue excluding capital (see last column). Based on this indicator, Option 1 performs better than option 2 and base case and is projected to experience a total operating deficit which represents 4 percent of the projected operating revenue (excluding capital) over 10 years. Again, the better performance of option 1 is largely a result of the positive operating surplus indicated in Parramatta's LTFP.

PRESENT VALUE OF THE OPERATING SURPLUS OVER 10 YEARS, \$MILLION

	PV of the operating result before capital	PV of the operating revenue excluding capital	Net operating result before capital/operating revenue excluding capital
Base	-\$101	\$820	-12%
Option 1	-\$160	\$3,830	-4%
Option 2	-\$180	\$2,141	-8%

Source: Calculated by SGS, 2013; using the Long Term Financial Plan made publicly available by each Council.

As the asset renewal backlog and the debt level vary by option, the present value of the projected operating surplus/deficit has been calculated by option, after reducing the infrastructure backlog and borrowings. This is shown in the following table.

PRESENT VALUE OF THE OPERATING SURPLUS AFTER REDUCING INFRASTRUCTURE BACKLOG AND BORROWINGS, \$MILLION

	Base case	Option 1	Option 2
PV of the operating surplus	-\$101	-\$160	-\$180
- After reducing infrastructure backlog	-\$180	-\$416	-\$327
- After reducing infrastructure backlog +borrowings	-\$184	-\$521	-\$335

Source: Calculated by SGS, 2013; using the 2011/12 financial statement made publicly available by each Council.

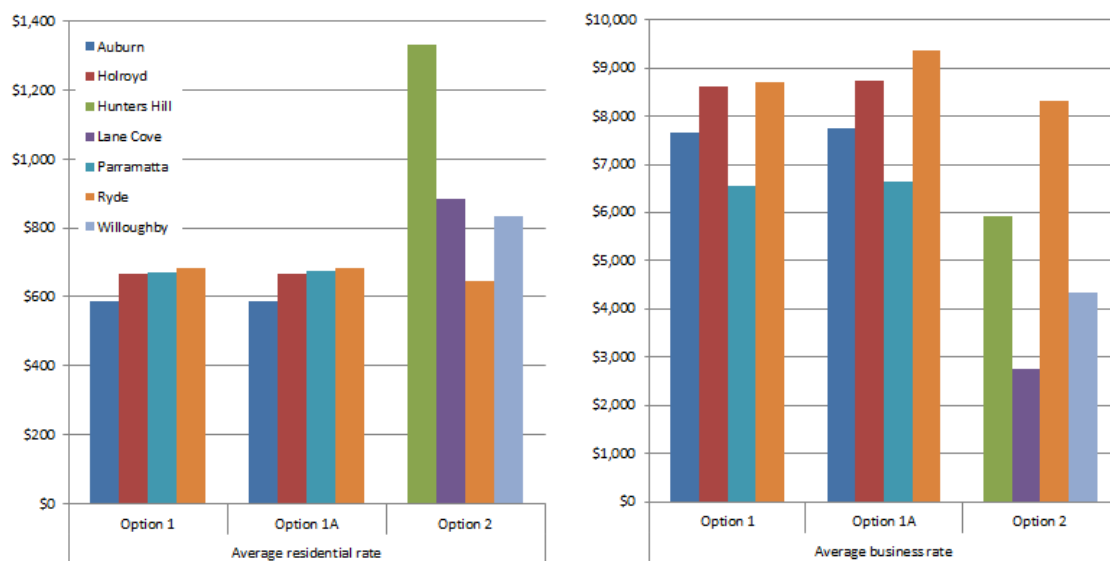
Impact on rating

The report assesses the likely impact on rating, as a result of structural change. The key concern expressed by Council was whether the relatively high land values in Ryde would lead to Ryde residents and business paying a greater proportion of the total rates within a combined Council area.

The average rates were assessed on a per property basis with total rate income being maintained. SRVs for individual Councils were excluded from this comparison and would continue to apply to part of an amalgamated Council. Two scenarios were considered, with 50 percent and 20 percent respectively of the total rates under each option to derive a base rate.

The following table shows the average residential and business rates by option and LGA, if the base amount will contribute 50 percent of the total rates.

AVERAGE ANNUAL RATES BY OPTION AND LGA, ASSUMING BASE AMOUNT CONTRIBUTES 50 PERCENT OF THE TOTAL RATES

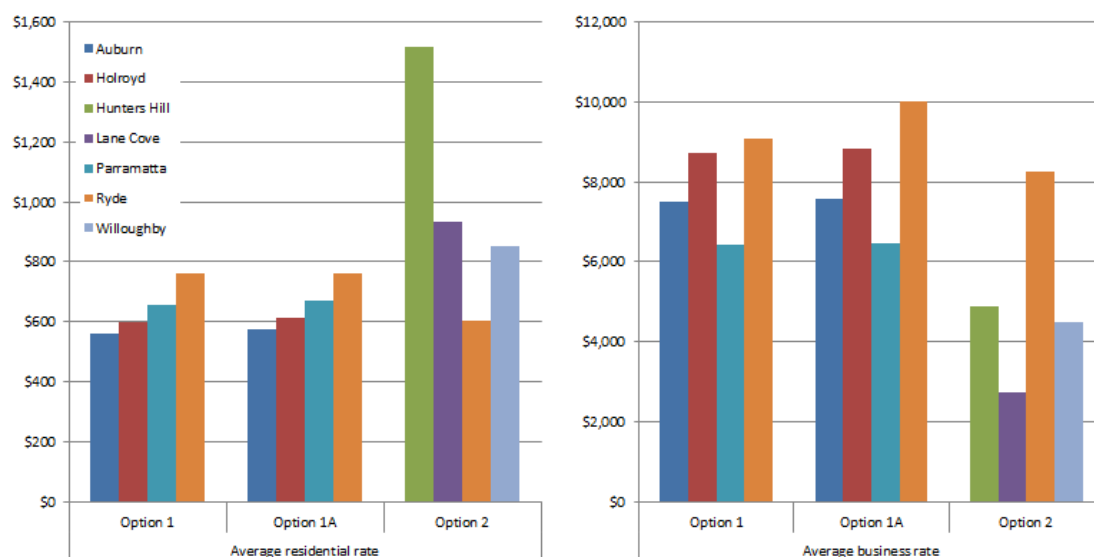


Source: estimated by SGS, 2013

Compared to Holroyd, ratepayers in Ryde would expect to pay around \$20 more in residential rates and around \$80 more in business rates per rateable property, under option 1. On the other hand, under option 2 ratepayers in Ryde would expect to pay around \$700 less in residential rates, but around \$2400 more in business rates compared to Hunters Hill.

The following table shows the average residential and business rates by option and LGA, if the base amount will contribute only 20 percent of the total rates.

AVERAGE ANNUAL RATES BY OPTION AND LGA, ASSUMING BASE AMOUNT CONTRIBUTES 20 PERCENT OF THE TOTAL RATES



Source: estimated by SGS, 2013

In this case, ratepayers in Ryde, compared to Auburn, would expect to pay around \$200 more in residential rates and around \$1500 more in business rates, under option 1. On the other hand, ratepayers in Ryde, compared to Hunters Hill, would expect to pay around \$900 less in residential rates, but around \$3500 more in business rates under option 2.

Whilst there is a variation in rates based on changes in property values across the options, it is clear that a high base rate of 50 percent minimises these differences. In addition the equitable distribution is maintained if property value is seen as an indicator of change in ability to pay.

Conclusion

In conclusion a number of options have been developed and tested in a desktop review for potential change to the structure of local government for the City of Ryde. This report mainly focuses on a number of financial factors including TCorp financial sustainability indicators, considerations of financial projections and operating surplus or deficits over a 10 year period and impact on rates. In addition some limited work on spatial analysis of accessibility, major centres and communities of interest (through household travel patterns) have been identified.

The following major points summarise the analysis:

Base case (current LGA boundaries)

- The current City of Ryde performs better than the options 1 and 2 in regards to TCorp financial sustainability indicators.
- Ratio of operating deficit to operating revenue is highest (worst) for City of Ryde compared to options 1 and 2.
- Impact on rates not applicable.
- Current LGA boundaries.

Option 1 (ILGRP proposal)

- Option 1 performs worse than option 2 in regards to TCorp financial sustainability indicators (and worse than the base case).
- Ratio of operating deficit to operating revenue is lowest (best) for Option 1 compared to base case and option 2.
- Impact on rates for Ryde area is that higher average rates per property for residential and business than grouping of Councils, to maintain total rate income.
- Accessible within 30-45 minutes from the Parramatta CBD, weaker household travel patterns between Ryde and Parramatta, stronger journey to work linkages between NW and Ryde (Macquarie Park in particular).

Option 1A (ILGRP variation)

- Same as above for financial performance.
- Financial performance 1A has not been assessed due to lack of sub-LGA information.
- As above, except that east ward in City of Ryde has been linked with North Shore Council grouping.

Option 2 (North shore)

- Option 2 performs better than option 1 in regards to TCorp financial sustainability indicators (but not as well as base case).
- Ratio of operating deficit to operating revenue for option 2 is higher (worse) than Option 1 but is lower (better) than the base case).
- Impact on rates for Ryde area is that lower average rates per property for residential and business than grouping of Councils, to maintain total rate income.
- Accessible within 30-45 minutes from the Chatswood CBD, stronger household travel patterns between Ryde and North Shore and to North.

This report does not identify a preferred option. The information is to inform Council review of the ILGRP preferred option.

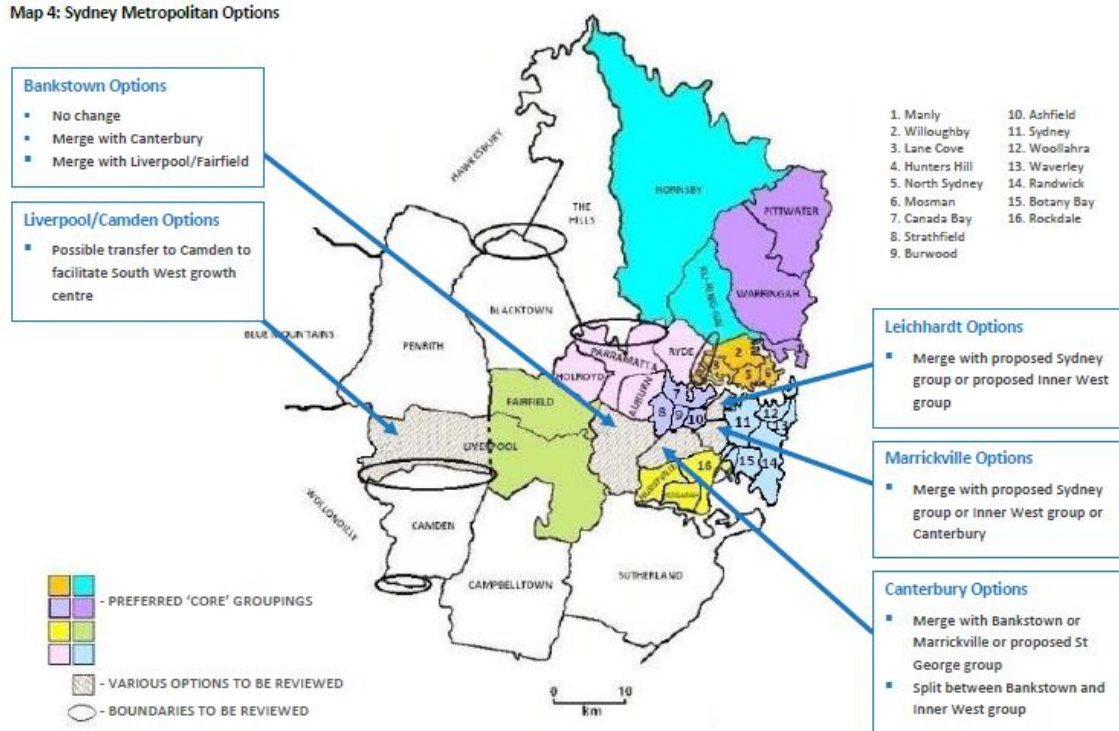
1 INTRODUCTION

The NSW Local Government Minister announced the establishment of an independent expert panel to investigate structural arrangements for councils across NSW. The Independent Local Government Review Panel (ILGRP) is currently investigating ways to create stronger and better councils for the future. The review is to achieve key strategic directions identified in the Destination 2036 initiative and support the broader objectives for NSW as outlined in NSW 2021: A Plan to Make NSW Number One (the State Plan).

The Panel has released its' latest report - "Future Directions for NSW Local Government – Twenty Essential Steps" in April 2013. This report identifies a reshaping of metropolitan governance arrangements and consolidation of local government in the Sydney metropolitan area. The preferred option for discussion, at this stage of the review, is shown below (ILGRP April 2013).

FIGURE 1. PREFERRED OPTION FOR LOCAL GOVERNMENT STRUCTURAL CHANGE

Map 4: Sydney Metropolitan Options



Source: ILGRP, 2013

Under the preferred option, the ILGRP report proposed amalgamation of Auburn, Holroyd, Parramatta Councils and that a Greater Parramatta Council would also include all (or most of) the City of Ryde. The ILGRP state that the amalgamated Council will create a city with a broad socio-economic mix and with the resources needed to facilitate the further development of a 'second CBD.' The inclusion of Ryde in this grouping also reflect metropolitan planning that promotes links between Parramatta and the employment growth occurring in the Global Economic Corridor (including Macquarie Park).

1.1 Scope of the work

SGS Economics and Planning was engaged by City of Ryde to evaluate the ILGRP's proposal and to undertake a desktop review of the publicly available information. The scope of this work includes:

- Review of the preferred ILGRP option and identification with Council of additional options (including no change) for structural change to be tested.
- Establish a base case of the current local government areas in all the identified options, including Auburn, Holroyd, Hunters Hill, Lane Cove, Parramatta, Ryde and Willoughby LGAs. This base case will use financial assessment reports prepared by TCorp (2013) regarding each LGA and the Long Term Financial Plans (LTFPs) published by councils.
- Conduct a strategic analysis regarding matters of relevance when considering local government boundaries, limited in scope for this report to analysis of broad communities of interest and accessibility as shown by travel time mapping for major centres, household travel patterns (regarding non-work trips) and journey-to-work patterns.
- Complete an initial financial analysis of the various options identified for structural reform. As part of this financial analysis, a consolidated financial forecast for all the options will be prepared based on the LTFPs published by each individual council and a present value of the projected operating surplus over 10 years will be calculated and compared between the options. Where relevant data is publicly available, the TCorp indicators are used to compare the financial sustainability of the different options. Lastly, a broad assessment will be carried out to understand the impact on levels of residential and business rates under various amalgamation options.
- Preparation of report for Council consideration.

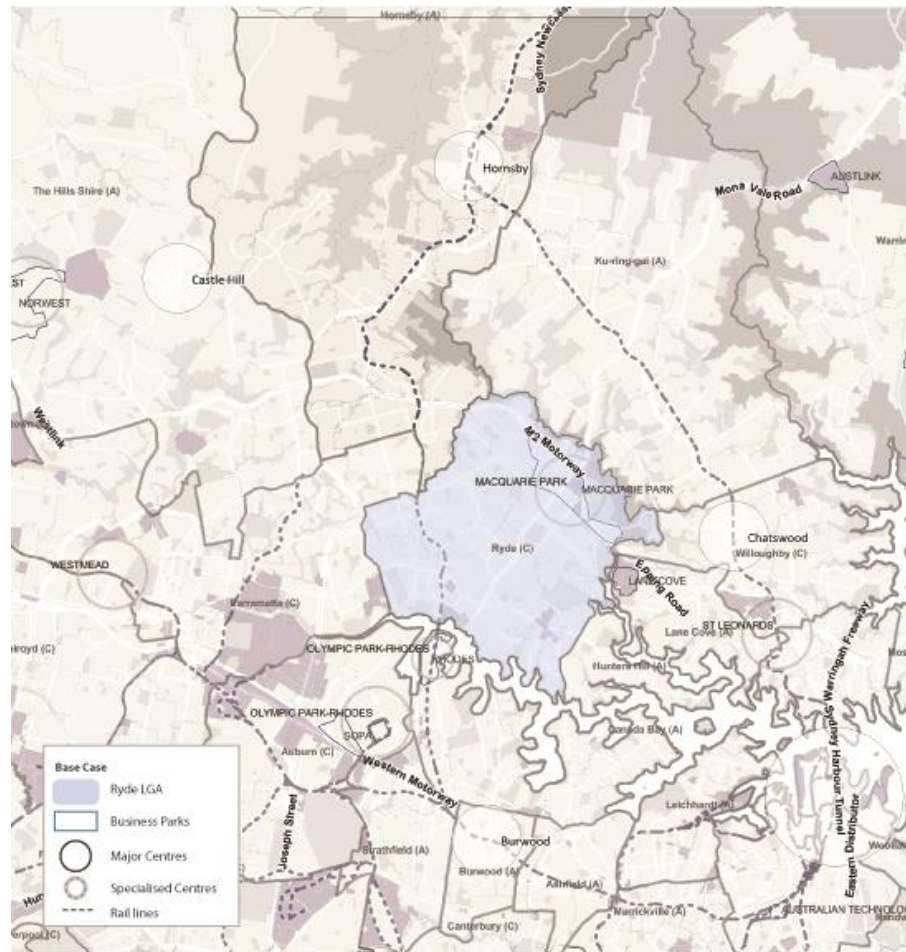
2 OPTIONS FOR STRUCTURAL CHANGE

Following discussions with the Council project management group, four options for structural change to local government boundaries have been identified. These include the ILGRP preferred option. These options are:

- **Base case:** current local government boundaries continued.
- **Option 1** (ILGRP preferred option): the amalgamation of Auburn, Holroyd, Parramatta and Ryde and moving northern boundary of Parramatta and Western Ryde to M2.
- **Option 1A:** as per option 1 but without the East Ward of Ryde in the amalgamated LGA boundaries.
- **Option 2** (North Shore Option): the amalgamation of Hunters Hill, Lane Cove, Ryde and Willoughby. This is one of the preferred options identified by the Ryde community in consultations.

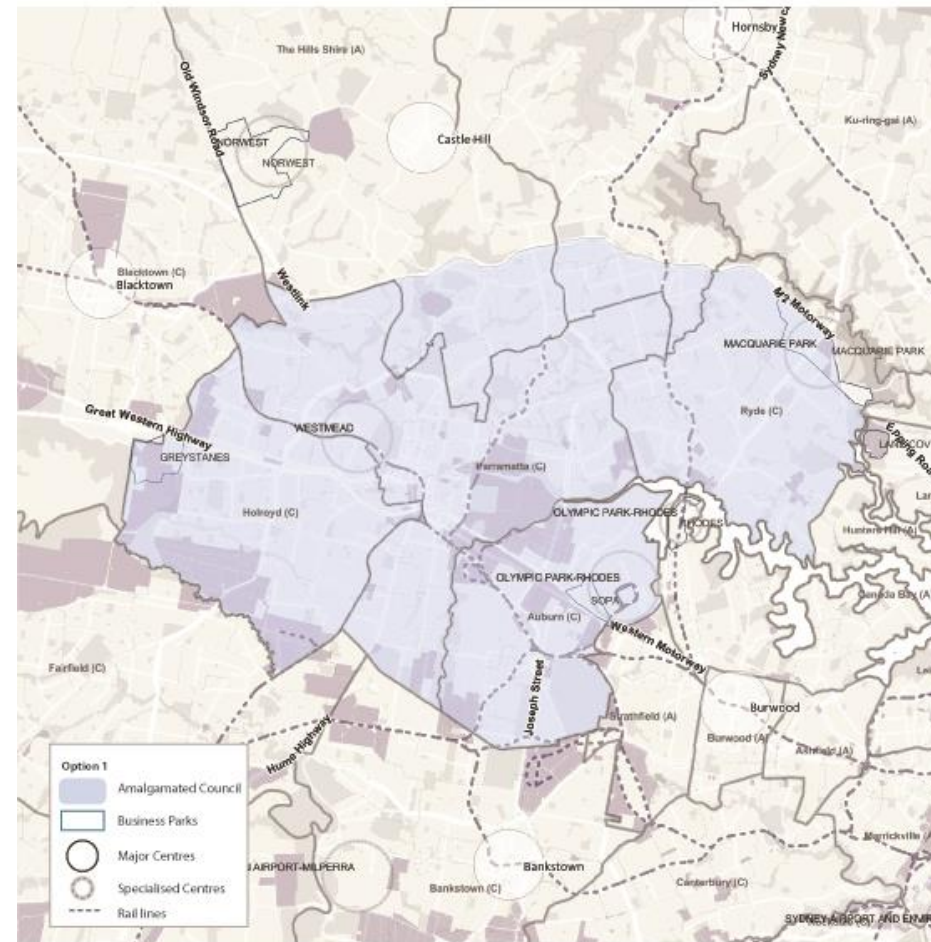
The boundaries of these options are illustrated in the following figures.

FIGURE 2. BASE CASE



Source: SGS Economics and Planning, 2013

FIGURE 3. OPTION 1 (ILGRP PREFERRED OPTION)



Source: SGS Economics and Planning, 2013

The map illustrates the proposed Amalgamated Council area in Western Sydney, shaded in light blue. Key features include:

- Suburbs and Localities:** The map covers areas from The Hills Shire (A) in the north to Sydney Airport and Enmore in the south, and from Blacktown in the west to Macquarie Park in the east. Specific suburbs labeled include Blacktown (C), Greystanes, Westmead, Parramatta (C), Olympic Park-Rhodes, Auburn (C), Burwood, and Banksia.
- Infrastructure:** Major roads shown include the Great Western Highway, Westlink, M4 Motorway, and Western Motorway. Rail lines are indicated by dashed lines.
- Centres and Landmarks:** Major centres are marked with circles, including Blacktown (C), Parramatta (C), Olympic Park-Rhodes, and Auburn (C). Specialised centres are marked with dashed circles, such as Greystanes and Westmead.
- Legend:** A legend in the bottom left corner defines the symbols used:
 - Option 1a:** The overall proposed council area.
 - Amalgamated Council:** Represented by a light blue shaded area.
 - Business Parks:** Represented by a light blue outline.
 - Major Centres:** Represented by a solid circle.
 - Specialised Centres:** Represented by a dashed circle.
 - Rail Lines:** Represented by a dashed line.

[illegible]

Population and employment projections

The following tables show the employment and population projections (prepared by Bureau of Transport Statistics) within the amalgamated council area by option. According to these forecasts, the amalgamated council area under option 1 (i.e. ILGRP's preferred option) is projected to have approximately 732,000 residents and be the location for 411,450 local jobs by 2046.

TABLE 1. POPULATION PROJECTION (ERP) BY OPTION

Amalgamated Council Area	2011	2016	2021	2026	2031	2036	2041	2046	Change 2011 - 2046	AAGR 2011 - 2046
Base case	110,122	114,758	121,212	127,082	133,509	140,406	147,799	155,819	45,697	1.0%
Option 1	520,956	562,997	589,174	612,904	639,213	667,645	698,385	731,924	210,968	1.0%
Option 1A	495,266	535,772	560,307	582,866	607,957	635,058	664,492	696,606	201,340	1.0%
Option 2	230,305	240,373	251,481	261,348	272,334	284,235	297,131	311,230	80,925	0.9%

Source: BTS, (2012), SGS calculation, AAGR (Average Annual Growth Rate).

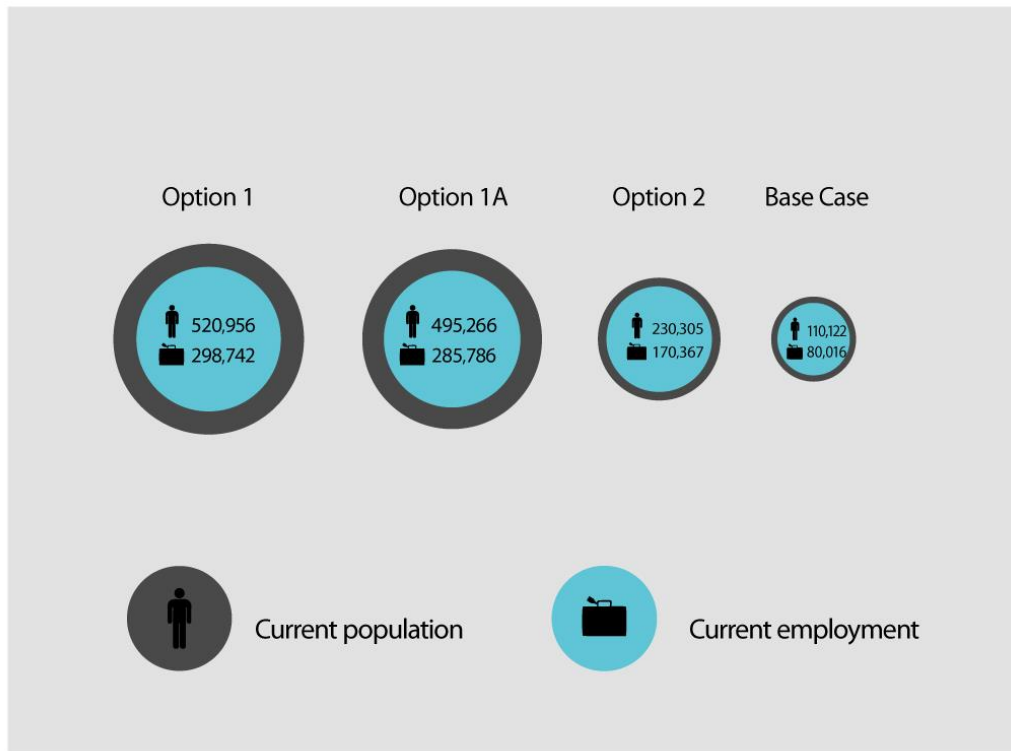
TABLE 2. EMPLOYMENT PROJECTION (PERSONS) BY OPTION

Amalgamated Council Area	2011	2016	2021	2026	2031	2036	2041	2046	Change 2011 - 2046	AAGR 2011 - 2046
Base case	80,016	85,165	89,631	93,942	97,840	101,652	105,873	110,100	30,084	0.9%
Option 1	298,742	318,111	334,983	352,170	366,351	380,848	395,807	411,450	112,708	0.9%
Option 1A	285,786	304,698	321,267	338,206	352,141	366,360	380,886	395,927	110,141	0.9%
Option 2	170,367	180,673	190,062	198,738	206,661	214,638	223,083	231,990	61,623	0.9%

Source: BTS, (2012), SGS calculation, AAGR (Average Annual Growth Rate).

These figures are shown in the following diagram, which represents the relevant population and employment size of the options being assessed.

FIGURE 6. POPULATION AND EMPLOYMENT BY OPTION, 2011



Source: SGS 2013

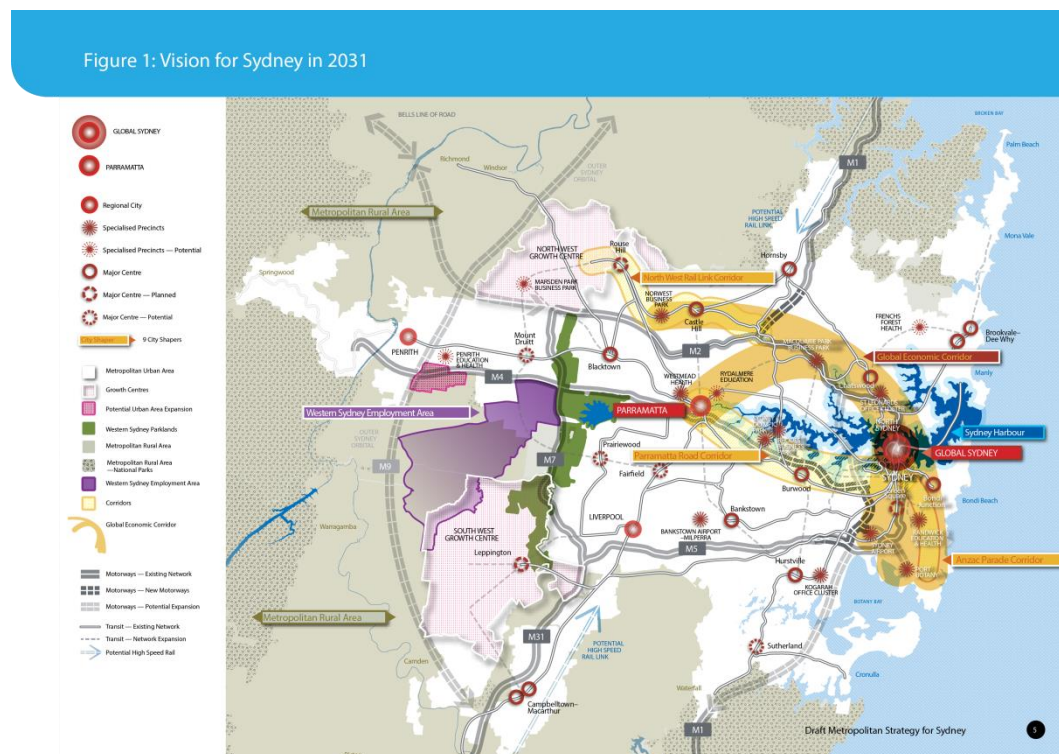
3 STRATEGIC CONTEXT

The scope for review of the strategic context in this project is limited. As a result this section focuses on the analysis of travel time issues to consider a key point raised by the ILGRP regarding accessibility within metropolitan councils allowing for access to a central administrative centre in 30-45 minutes. In addition whilst a full analysis of communities of interest is outside the scope of this report, household travel patterns for shopping, social/recreation and education as well as journey to work patterns have been considered. These represent some key social and economic linkages for communities and start to understand the structure of the metropolitan area. The reflection of a functional planning area and also communities of interest that reflect local social and economic linkages (as opposed to regional) are an important consideration in identification in review of local government administrative boundaries.

3.1 Metropolitan context

The metropolitan planning context, locates the City of Ryde as part of the Global Economic Corridor. This major employment corridor connects the Ports/Airport, Sydney-North Sydney CBDs, and to the north including Chatswood and Macquarie Park. Linkages are seen developing for the Global Economic Corridor to the metropolitan 'second CBD' of Parramatta areas.

FIGURE 2. DRAFT METROPOLITAN PLAN VISION



Source: DP&I 2013

In the recent Draft Metropolitan Strategy for Sydney to 2031 (DP&I 2013), the implementation of the plan is seen through sub-regional planning. The draft sub-regions include the City of Ryde in a 'central' sub-region which includes LGAs to the east (north and south of the harbour). Parramatta is seen in a 'west central – north west' sub region. These sub-regions are draft at this stage, and may change.

FIGURE 3. DRAFT METROPOLITAN PLAN SUB-REGIONS



Source: DP&I 2013

The alignment with metropolitan planning objectives and sub-regional planning areas, to be used for implementation of metropolitan planning objectives and providing direction for local plans, is only been briefly noted.

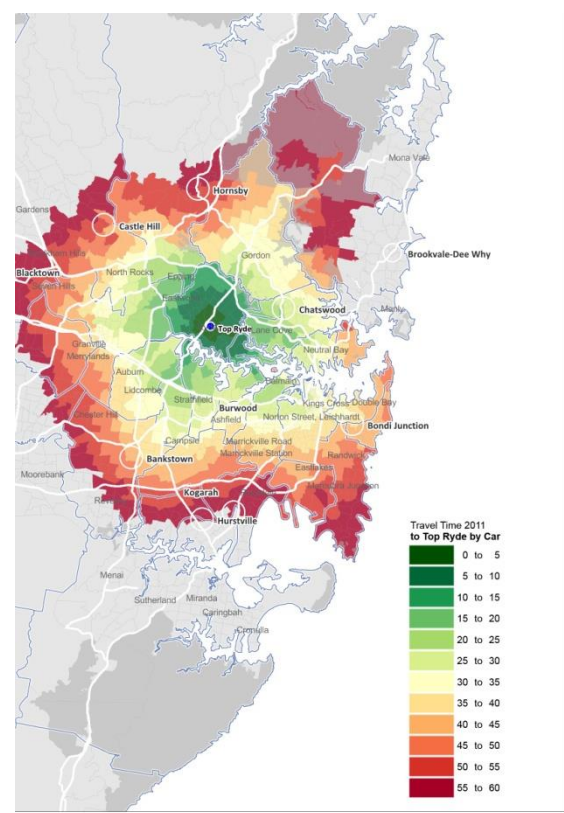
3.2 Travel time mapping

Travel time mapping has been completed to illustrate the relationship between centres and major employment areas and access (and service catchments) from the surrounding areas. This has been completed for car use as well as for public transport. The travel time mapping is an indicator of the potential service catchments and the accessibility of centres and assists in developing an understanding of functional regions.

The ILGRP (2012) suggested that in the metropolitan area a travel time of 30-45 minutes from the administrative centre of an LGA was a suitable scale to consider for 'local' government.

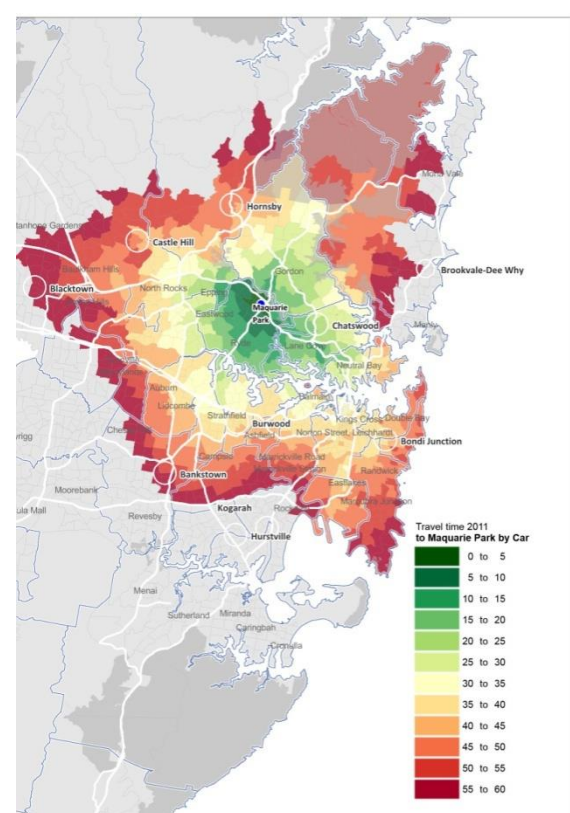
The travel time mapping for car/vehicle use shows 5 minute intervals up to one hour to the centre. Note that the travel time is to the nominated centre destination from a point.

FIGURE 6. TRAVEL TIME BY CAR (AM PEAK) TO TOP RYDE SHOPPING CENTRE



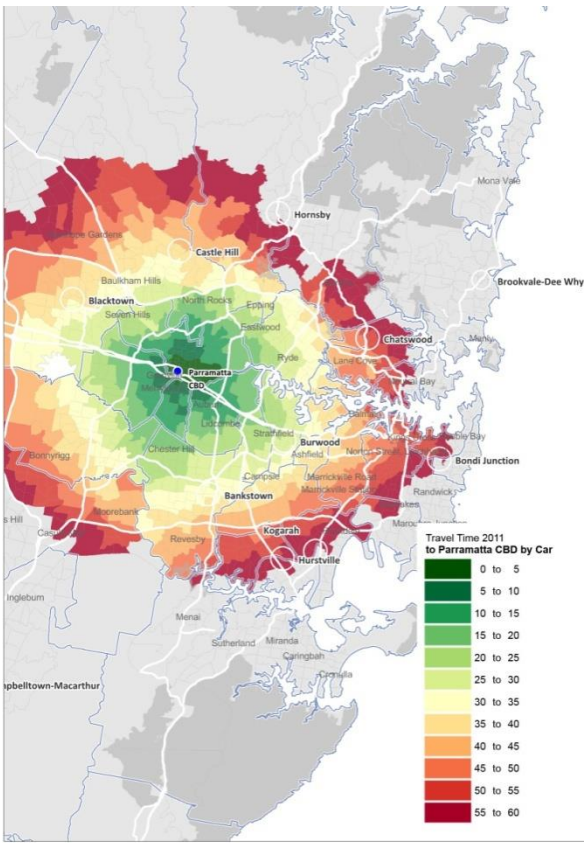
Source: SGS Economics and Planning, 2013

FIGURE 7. TRAVEL TIME BY CAR (AM PEAK) MACQUARIE PARK



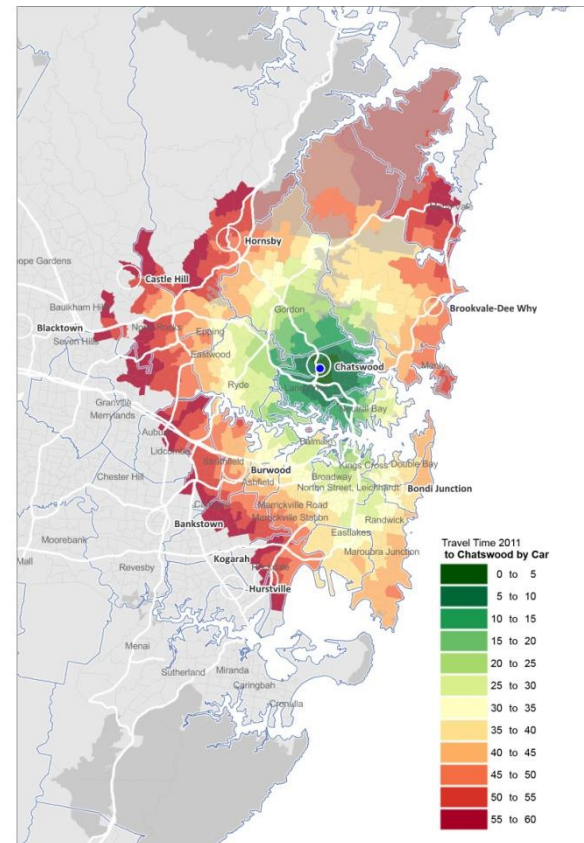
Source: SGS Economics and Planning, 2013

FIGURE 8. TRAVEL TIME BY CAR (AM PEAK)
TO PARRAMATTA



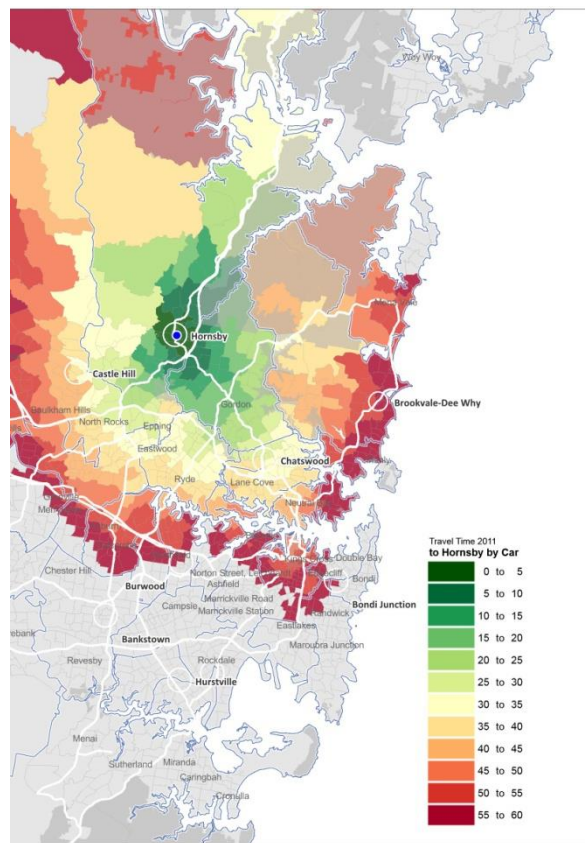
Source: SGS Economics and Planning, 2013

FIGURE 9. TRAVEL TIME BY CAR (AM PEAK)
TO CHATSWOOD



Source: SGS Economics and Planning, 2013

FIGURE 10. TRAVEL TIME BY CAR (AM PEAK)
TO HORNSBY

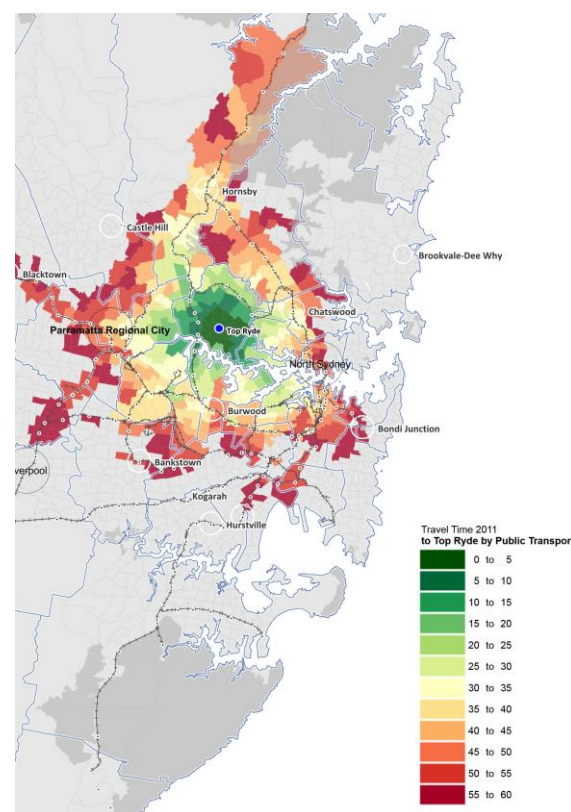


Source: SGS Economics and Planning, 2013

The travel time mapping for car trips illustrates an east - west connectivity for centres in Ryde LGA, and that regional /major centres of Parramatta to the west and Chatswood to the east are accessible from Ryde within 30-45 minutes at AM peak by car. When considering the travel times form Parramatta as a regional centre and Chatswood as a major centre, the location of Ryde LGA has good access from both centres.

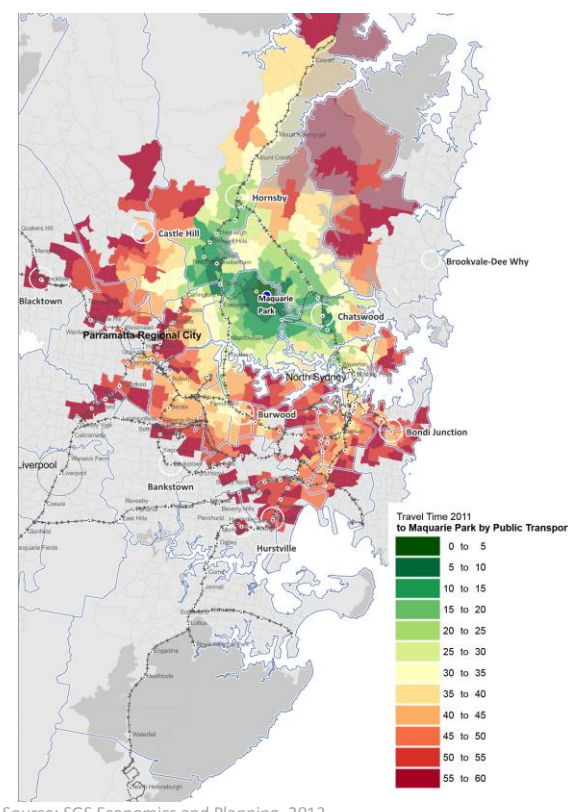
The travel time mapping for public transport shows 5 minute intervals up to 1 hour, and does not include waiting times and walking to public transport.

FIGURE 11. TRAVEL TIMES BY PUBLIC TRANSPORT TO TOP RYDE SHOPPING CENTRE



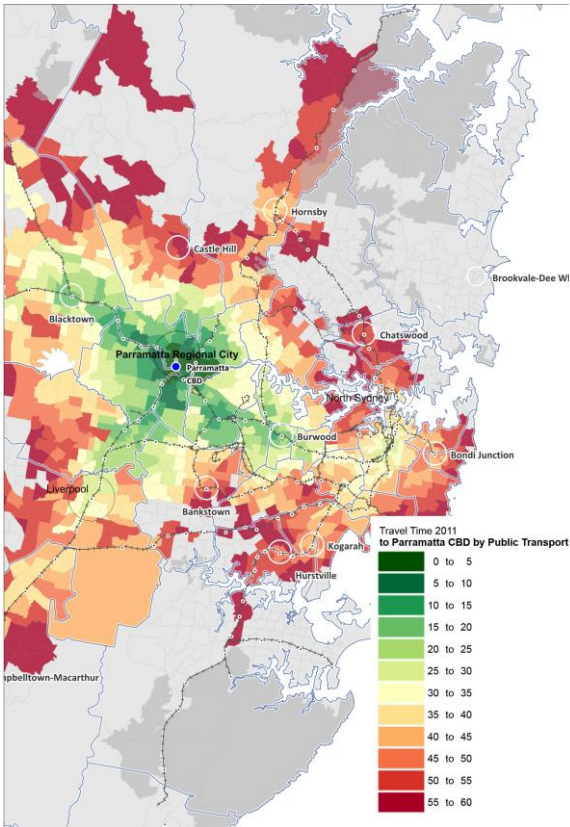
Source: SGS Economics and Planning, 2013

FIGURE 12. TRAVEL TIMES BY PUBLIC TRANSPORT TO MACQUARIE PARK



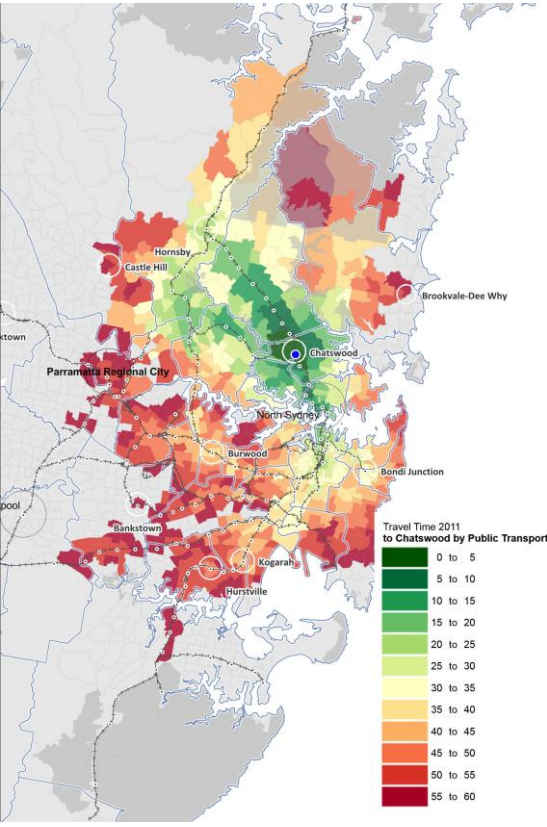
Source: SGS Economics and Planning, 2013

FIGURE 13. TRAVEL TIMES BY PUBLIC TRANSPORT TO PARRAMATTA CBD



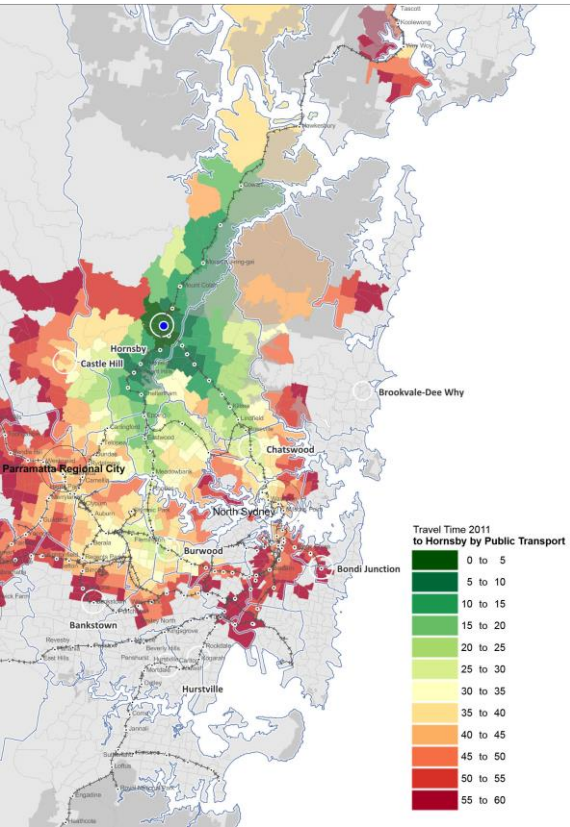
Source: SGS Economics and Planning, 2013

FIGURE 14. TRAVEL TIMES BY PUBLIC TRANSPORT TO CHATSWOOD



Source: SGS Economics and Planning, 2013

FIGURE 15. TRAVEL TIMES BY PUBLIC TRANSPORT TO HORNSBY



Source: SGS Economics and Planning, 2013

The public transport accessibility mapping illustrate overall strong connections between Ryde LGA and the east, through the Chatswood to Epping rail extension. The current transport connections to Parramatta by public transport are weaker without a Parramatta to Epping rail connection.

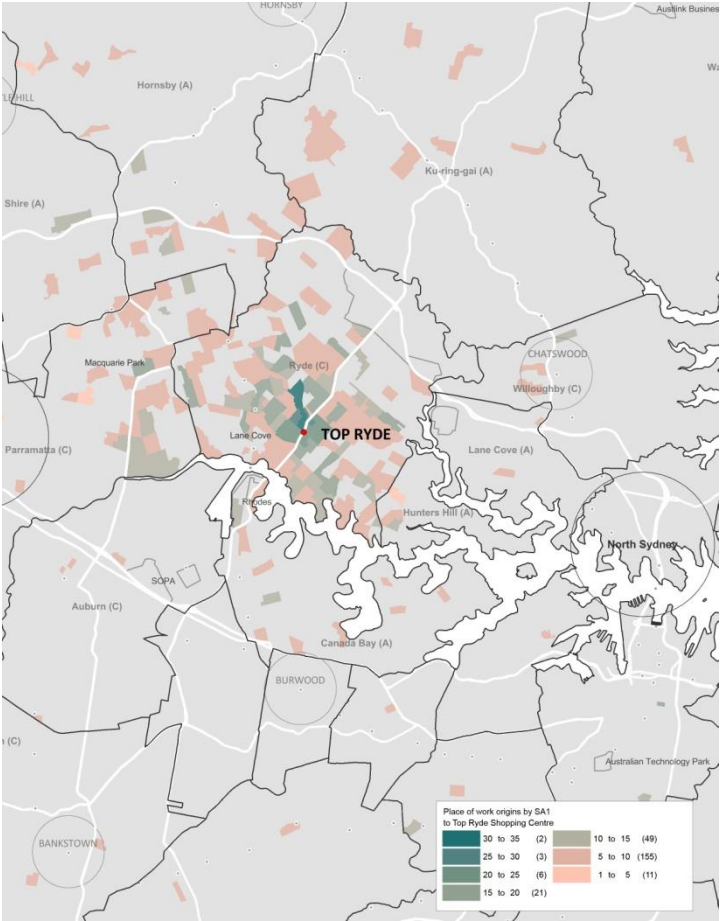
3.3 Journey to work patterns

A second way to look at communities of interest is through identification of the spatial patterns of where people work and where they live. This is assessed through the use of BTS journey to work data.

Journey to work data has been mapped for major employment centres:

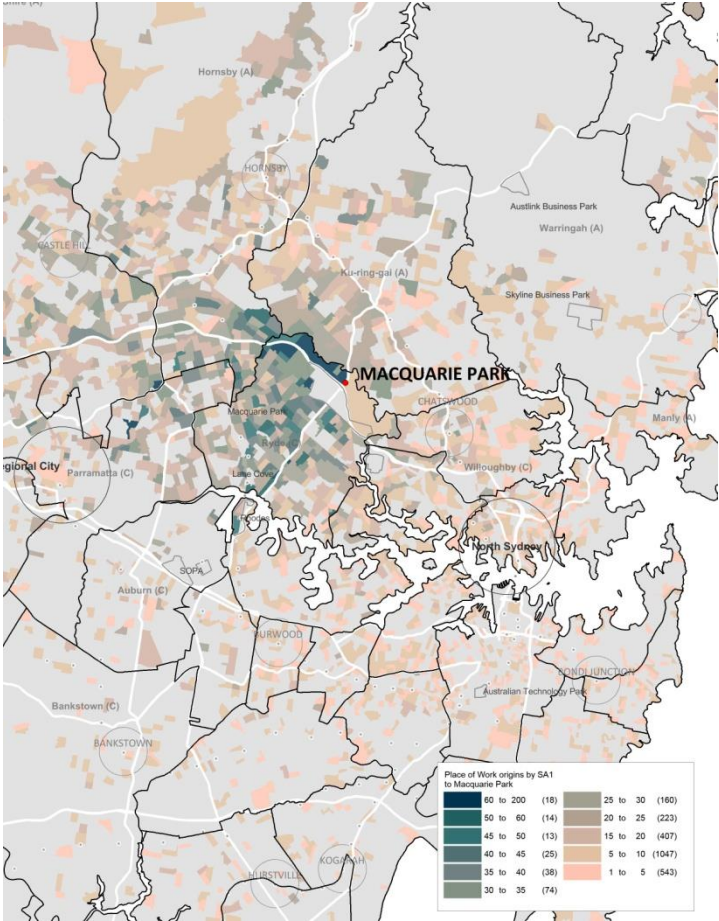
- Top Ryde shopping centre
- Macquarie Park
- Parramatta CBD
- Chatswood, and
- Hornsby.

FIGURE 16. JOURNEY TO WORK TO TOP RYDE SHOPPING CENTRE



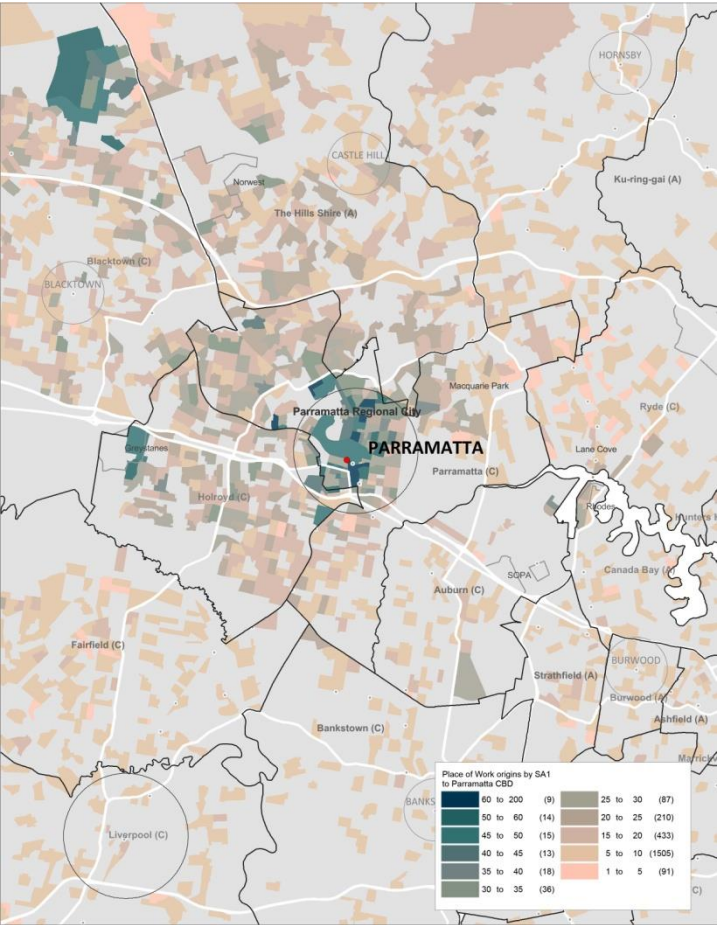
Source: SGS Economics and Planning, 2013

FIGURE 17. JOURNEY TO WORK TO MACQUARIE PARK



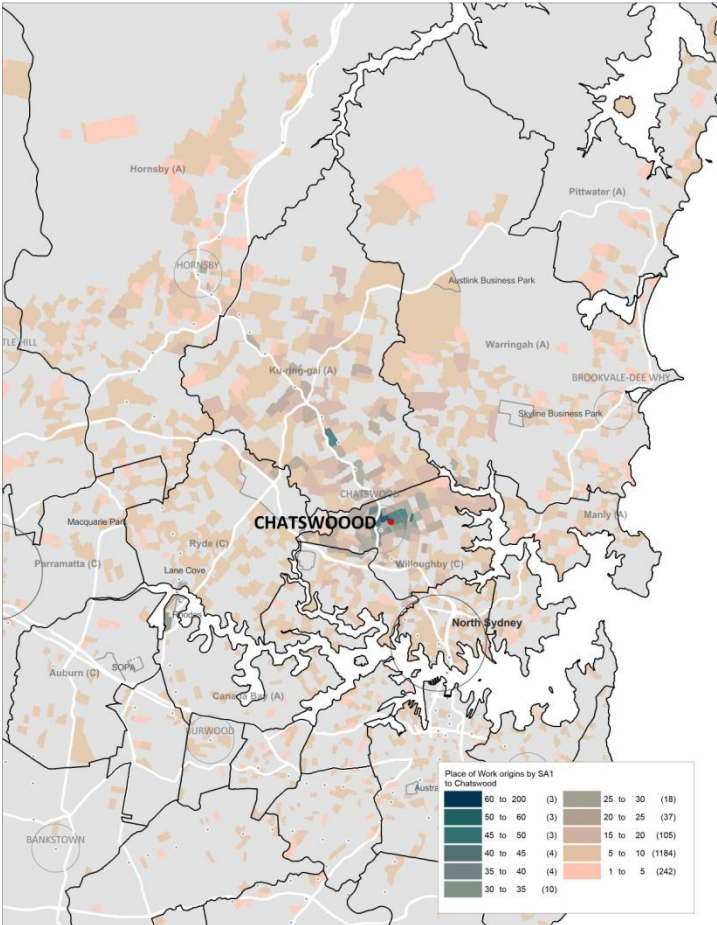
Source: SGS Economics and Planning, 2013

FIGURE 18. JOURNEY TO WORK TO PARRAMATTA CBD



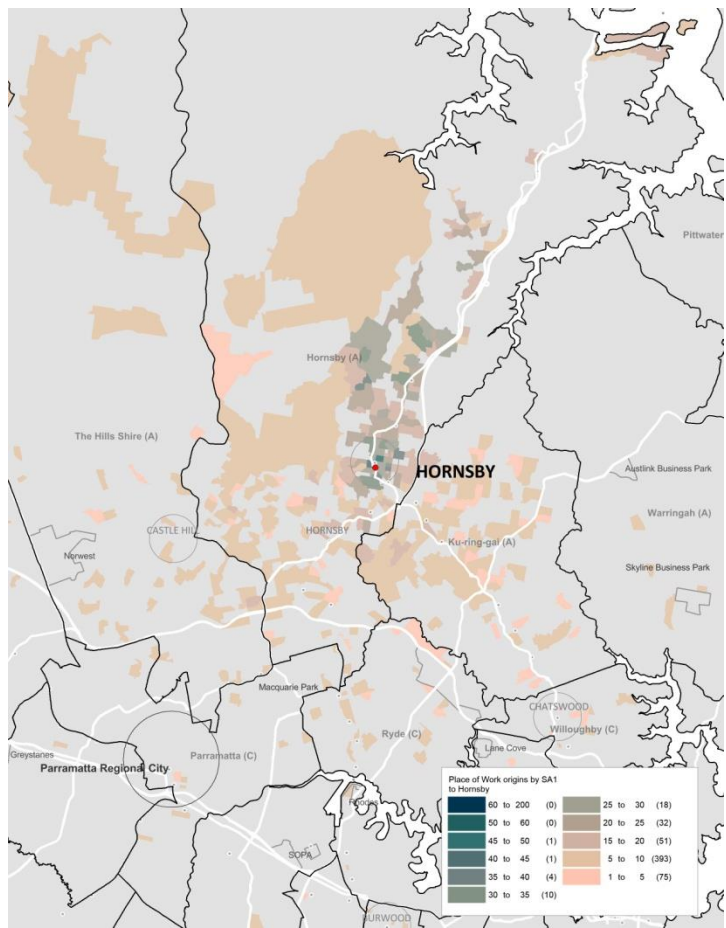
Source: SGS Economics and Planning, 2013

FIGURE 19. JOURNEY TO WORK TO CHATSWOOD



Source: SGS Economics and Planning, 2013

FIGURE 20. JOURNEY TO WORK TO HORNSBY



Source: SGS Economics and Planning, 2013

In terms of connections between where people live and work, there is a strong connection between people working at Macquarie Park and living locally within Ryde or in the adjoining LGAs to the immediate north or from the west – including Parramatta, Hornsby and the Hills Shire. People employed at Parramatta come from a broader regional catchment, including from Ryde LGA.

Meanwhile, workers employed within the major centre of Chatswood are largely travelling from adjacent suburbs along the upper and lower north shore of Sydney, including lesser numbers from parts of Ryde LGA.

3.4 Household travel patterns

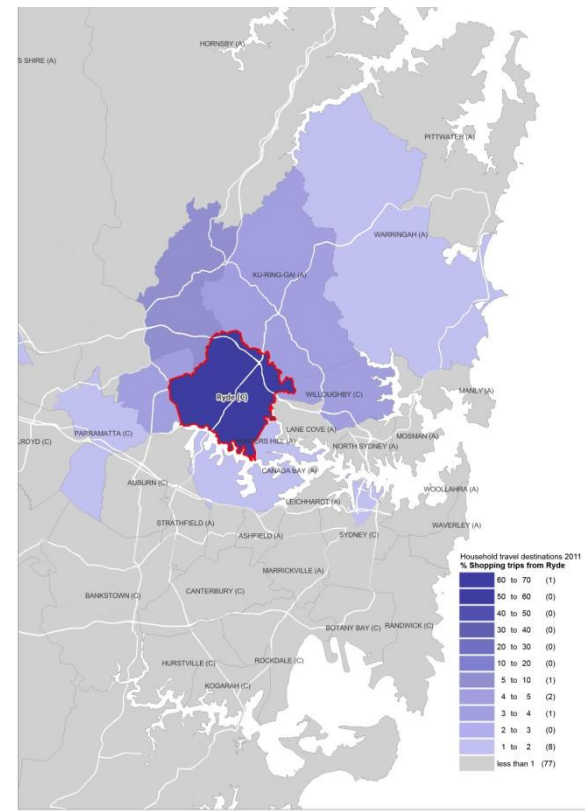
The final analysis looks at the spatial patterns for communities of interest through use of patterns of household travel.

The following maps show the number of trips for the purposes of shopping, social, and education originating from Ryde, Parramatta and Willoughby LGAs. This can be seen as an indicator of local communities of interest and the relationship between where people live and do their shopping and other local activities. The data was sourced from Sydney Household Travel survey, conducted by the Bureau of Transport Statistics.

The household travel survey data shows destinations of trips from residents in Ryde, Parramatta and Willoughby LGAs.

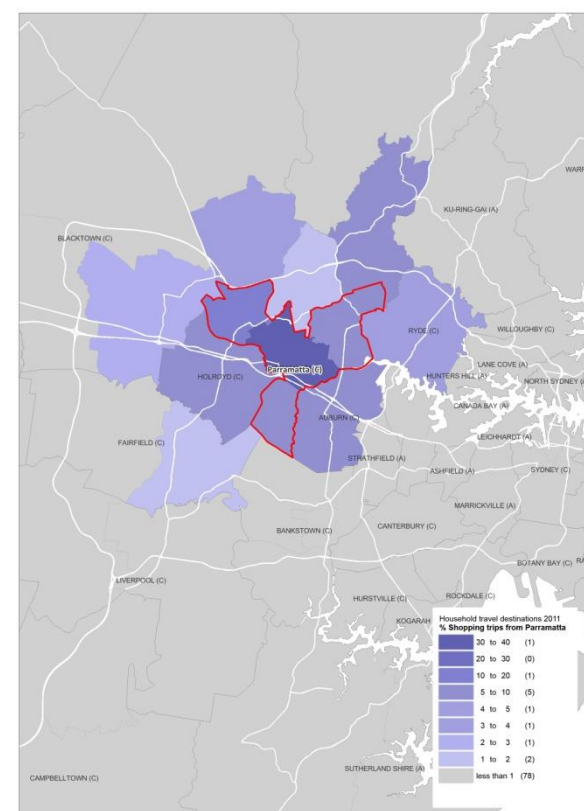
As highlighted in the following mapping, shopping trips are generally dominated by the location of major regional shopping centres (for example such as Westfield) in nearby LGAs. This can include for example Hornsby Westfield, Macquarie Centre, Parramatta Westfield and Top Ryde City Shopping Centre. Shopping trips from Ryde LGA generally move to the north and east. This pattern is also reproduced in regards to social trips. Education trips are heavily contained within the origin and its contiguous LGAs.

FIGURE 21. HOUSEHOLD TRAVEL PATTERNS – SHOPPING TRIPS – RYDE



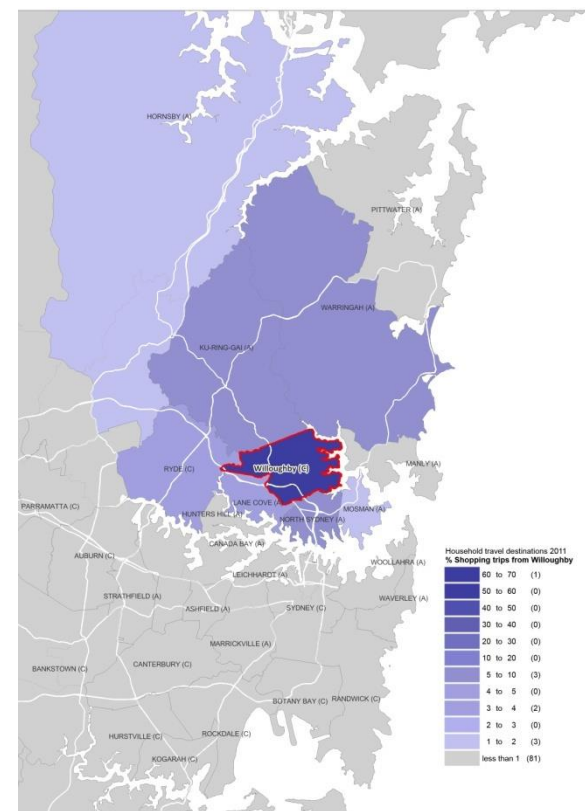
Source: SGS Economics and Planning, 2013

FIGURE 22. HOUSEHOLD TRAVEL PATTERNS – SHOPPING TRIPS –PARRAMATTA



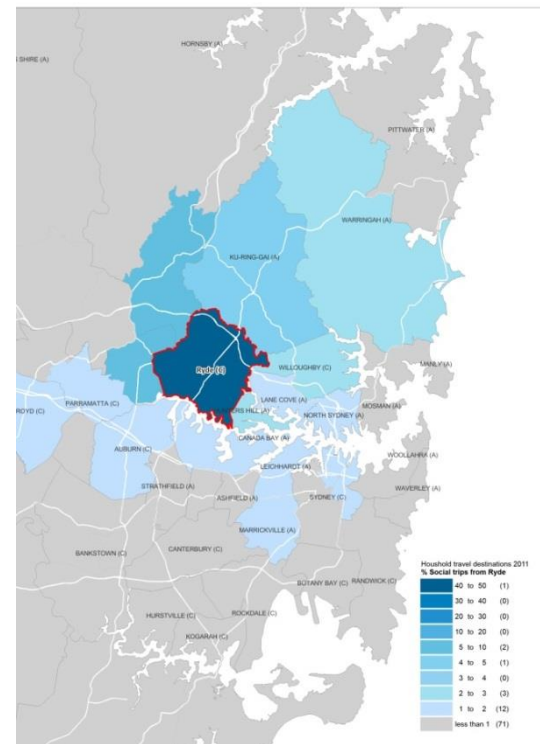
Source: SGS Economics and Planning, 2013

FIGURE 23. HOUSEHOLD TRAVEL PATTERNS – SHOPPING TRIPS - WILLOUGHBY



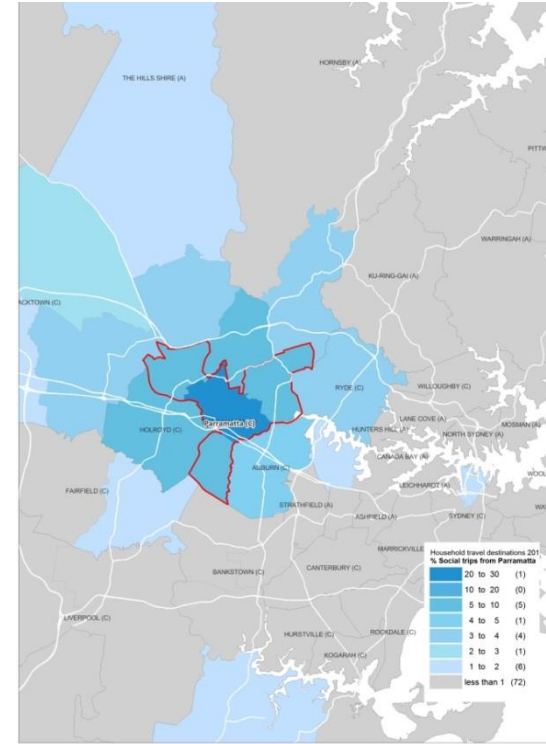
Source: SGS Economics and Planning, 2013

FIGURE 24. HOUSEHOLD TRAVEL PATTERNS – SOCIAL TRIPS – RYDE



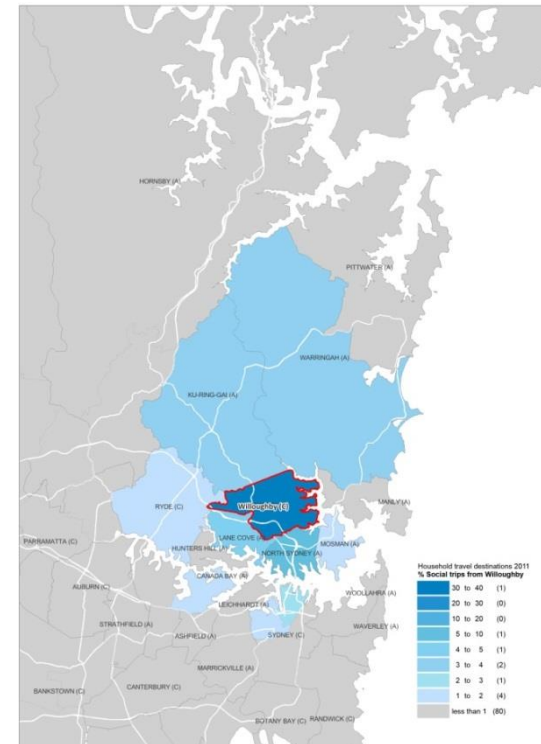
Source: SGS Economics and Planning, 2013

FIGURE 25. HOUSEHOLD TRAVEL PATTERNS – SOCIAL TRIPS – PARRAMATTA



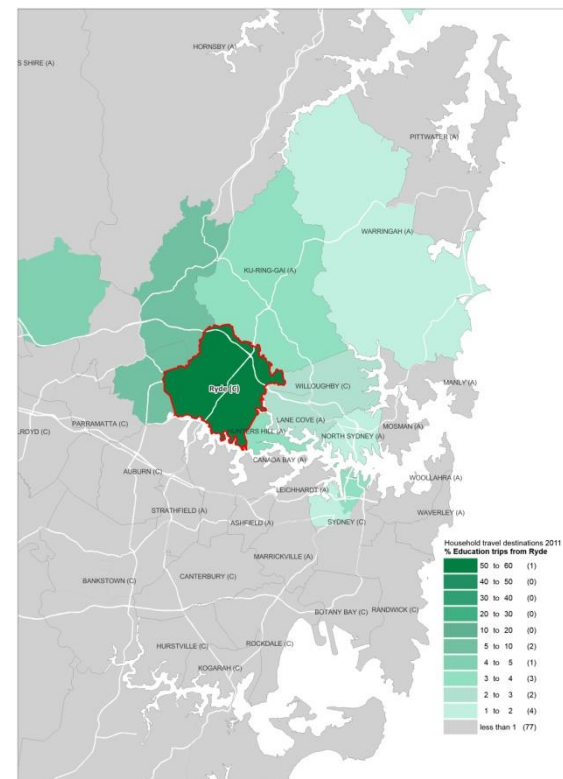
Source: SGS Economics and Planning, 2013

FIGURE 26. HOUSEHOLD TRAVEL PATTERNS – SOCIAL TRIPS – WILLOUGHBY



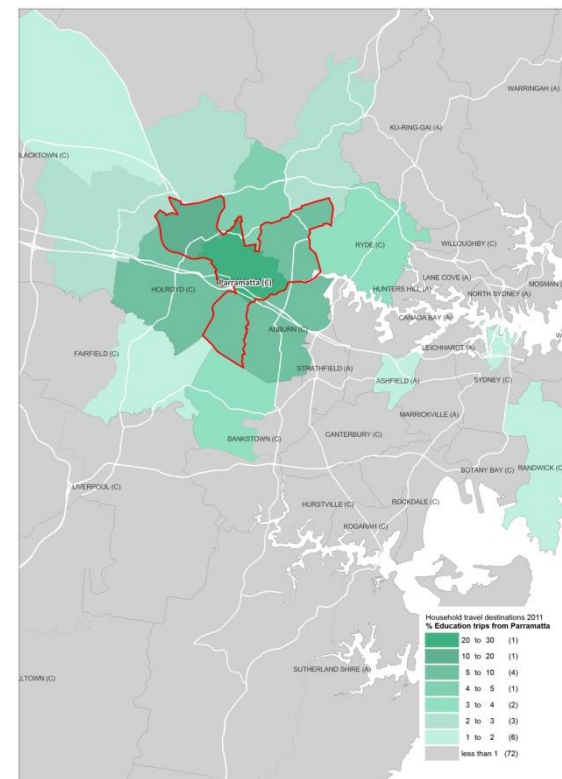
Source: SGS Economics and Planning, 2013

FIGURE 27. HOUSEHOLD TRAVEL PATTERNS – EDUCATION TRIPS – RYDE



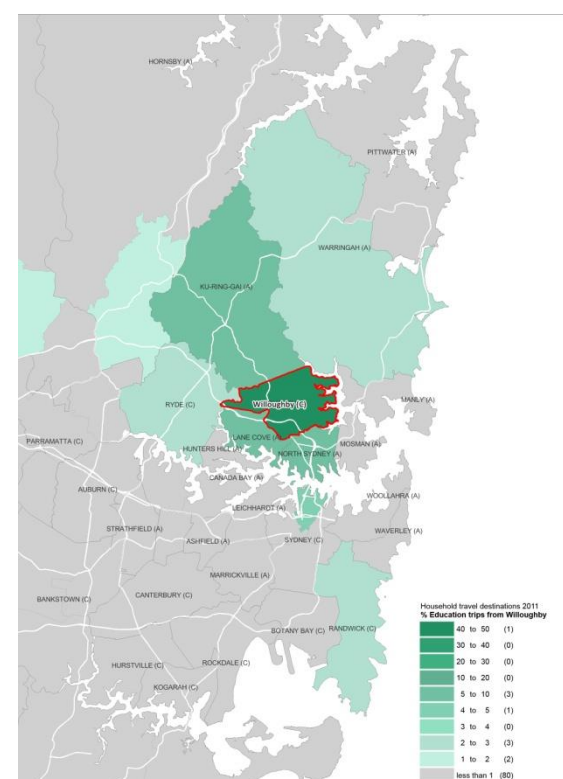
Source: SGS Economics and Planning, 2013

FIGURE 28. HOUSEHOLD TRAVEL PATTERNS – EDUCATION TRIPS –PARRAMATTA



Source: SGS Economics and Planning, 2013

FIGURE 29. HOUSEHOLD TRAVEL PATTERNS – EDUCATION TRIPS – WILLOUGHBY



Source: SGS Economics and Planning, 2013

4 BASE CASE

This section identifies and compares the key indicators for the councils identified in the ILGRP's preferred option:

- Auburn
- Holroyd
- Parramatta
- Ryde

In addition, as option 2 considers the amalgamation of Ryde and the North Shore councils, the information regarding the following councils is also included in the comparison.

- Hunters Hill
- Lane Cove
- Willoughby.

The information presented in the following sections is compiled using publicly available documents and the recent report by TCorp on financial sustainability. This review is to understand revenue and cost structure of each council and to compare the rates/charges, service costs and current and long-term financial sustainability between the seven councils under the base case (that is without amalgamation). The financial information gathered is summarised in the following sections, and forms the base case.

It should be noted that this is a desktop analysis of information available publicly, and has not involved discussions with the individual councils concerning specific service provision costs and issues. As such, it is a high level analysis and would be impacted by any inaccuracies or variations in approach to reporting.

4.1 LGA & local council profile

The following table compares key attributes of the LGAs and functional aspects of the local councils being considered. In geographic terms, Ryde is one of the larger council areas, nearly four times the size of Lane Cove and seven times the size of Hunters Hill. It also has the second highest population after Parramatta.

In terms of functional attributes of the Council, Ryde has the fourth highest number of FTE staff. Given its large population, this translates to fairly low per capita service expenditure, with only Auburn having lower expenditure per capita. In line with the size of its rate base, Ryde generates the second highest figure for annual revenue out of the seven Councils.

Of the seven councils, Ryde has the highest infrastructure backlog. In part this reflects its large portfolio of infrastructure assets. The total value of council infrastructure in Ryde exceeds that of Parramatta. When the backlog is taken as a percentage of total infrastructure value, Ryde performs roughly in the middle of the councils under consideration.

TABLE 3. LGA AND COUNCIL PROFILE COMPARISON

	Councils in ILGRP's option				Other North Shore Councils		
	Ryde	Auburn	Holroyd	Parramatta	Hunters Hill	Lane Cove	Willoughby
Locality & Size							
Locality	Sydney Outer	Sydney Outer	Sydney Outer	Sydney Outer	Sydney Inner	Sydney Inner	Sydney Inner
Area	40.5 km ²	32.5km ²	40.2km ²	61km ²	6km ²	10.5 km ²	23 km ²
DLG Group	3	3	3	3	2	2	2
Demographics							
Population as at 2011 [^]	103,038	73,738	99,163	176,355	13,215	31,510	67,356
% under 20	22.00%	26% (under 18)	27.00%	25.00%	28%	24.4%	24.2%
% between 20 and 59	59.00%	65.5% (18-59)	56.00%	59.00%	47%	56.8%	63.4%
% over 60	15.00%	8.6% (over 65)	17.00%	16.00%	25%	18.8%	12.4%
Council operations							
Number of employees (FTE)	427	284	454	740	59	174	445
Annual revenue	\$90.0m	\$58.1m	\$77.5m	\$175m	\$12.6m	\$36.7m	\$84.9m
Infrastructure							
Roads	321 km	238km	333km	519km	69km	110.0 km	211 km
Bridges	26 400,000m ² (footpaths)		19		1	16.0 km (river foreshore)	71
Infrastructure backlog value	\$78.9m	\$50.1m	\$49.4m	\$77m	\$3.7m	\$21.3m	\$50.6m
Total infrast. value	\$896.6m	\$479.0m	\$585.2m	\$629m	\$56.8m	\$264.8m	\$424.8m

Source: compiled by SGS, 2013; using publicly available TCorp Financial assessment reports prepared for the Division of Local Government.

[^]These are estimated resident population (ERP) published by ABS at the time when the Tcorp reports were prepared for each council. They are not as up-to-date as the population numbers reported in Table 4.

4.2 Service costs and rates

The table below compares the service costs, broken down by function or activity, amongst the seven councils. Ryde currently incurs total service expenditure (including depreciation) of \$834 per capita; with just over 20 percent associated with its administration function. This proportion is slightly below the average across all the councils. Ryde's per capita service expenditure is the second lowest out of the seven councils.

On a per capita basis, Ryde Council is able to service its population relatively cost-effectively. Its residential rates are lower, while its business rates are somewhat higher than other councils in the region.

TABLE 4. SERVICE COSTS BY FUNCTION AND ACTIVITY

	Councils in ILGRP's option				Other North Shore Councils		
	Ryde	Auburn	Holroyd	Parramatta	Hunters Hill	Lane Cove [^]	Willoughby
Estimated Resident Population (2011)	108,371	78,286	103,869	174,554	13,880	31,510	71,637
Service function (\$ '000)							
Governance	\$1,355	\$430	\$1,458	\$2,469	\$1,231	\$2,915	\$1,639
Administration	\$19,854	\$11,390	\$20,475	\$86,030	\$3,055	\$4,399	\$21,189
Public order and safety	\$4,919	\$1,723	\$2,130	\$5,917	\$677	\$1,251	\$3,938
Health	\$546	\$452	1,056	\$750	\$111	\$1,020	\$1,013
Environment		\$10,914	\$14,539		\$2,490	\$6,017	\$17,797
Community services and education	\$3,170	\$2,681	\$10,969	\$8,493	\$591	\$2,821	\$7,033
Housing and community amenities	\$26,265	\$4,707	\$7,540	\$25,411	\$1,286	\$1,397	\$5,848
Recreation and culture	\$20,495	\$11,587	\$16,366	\$26,140	\$2,128	\$10,489	\$22,584
Mining, manufacturing and construction	\$640	\$396	\$1,039	\$5,709	\$50	\$1,285	\$1,281
Transport and communication	\$12,559	\$11,118	\$15,049	\$10,722	\$2,672	\$4,521	\$12,873
Economic Affairs	\$622	\$193	\$1,672	\$2,961	\$1	\$0	\$1,326
Total service costs (\$ '000)	\$90,425	\$55,591	\$92,294	\$174,601	\$14,292	\$36,115	\$96,521
Per capita total service cost (\$)	\$834	\$710	\$889	\$1,000	\$1,030	\$1,146	\$1,347

Source: compiled by SGS, 2013; using publicly available Council documents.

[^]Lane Cove population based on ABS figures as in Table 3

The table below compares the rates of the seven councils. It shows that Ryde has the second lowest residential rates after Auburn, and the second highest business rates after Parramatta. Broadly, the pattern of rates in Ryde is more similar to the LGAs of Auburn, Holroyd and Parramatta than it is to the North Shore LGAs of Lane Cove and Hunters Hill.

TABLE 5. ANNUAL RATES AND CHARGES 2010-11

	Average Residential Rate	Average Business Rate
Auburn	\$552	\$6,218
Holroyd	\$637	\$4,983
Hunters Hill	\$1,270	\$856
Lane Cove	\$994	\$3,107
Parramatta	\$697	\$9,509
Ryde	\$610	\$6,737
Willoughby	\$775	\$5,147

Source: NSW Division of Local Government, *Comparative information on NSW Local Gov. Councils 2010/11, 2012.*

4.3 Financial forecasts

Based on the Long Term Financial Plans (LTFPs) published by each council and the information provided by Ryde Council, we have compiled a 10-year operating surplus forecast for each council, as shown in the chart below.

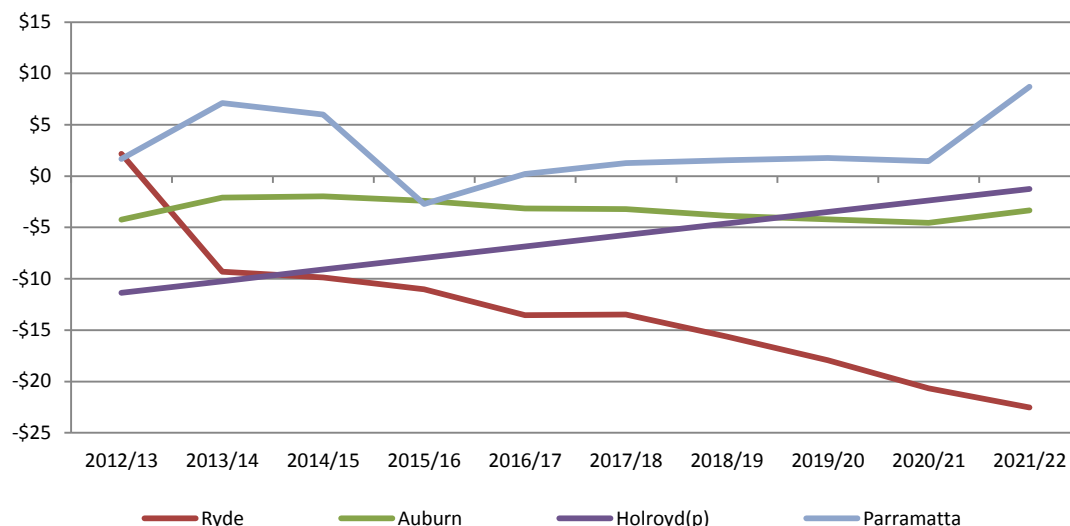
However, due to the lack of the publicly available LTFP for Holroyd Council, we have prepared a forecast for its operating surplus, primarily based on the historical trend from 2009 to 2012.

The following figures compare the forecast net operating results before capital for the four councils included in ILGRP's option as well as all the seven councils considered.

In each forecast, the net operating surplus/deficit is calculated by subtracting the operating expenditure from the operating income. The operating income mainly comprises rates and charges income, operating grants and contributions, while the operating expenditure largely consists of employee costs, materials and contractual services and depreciation.

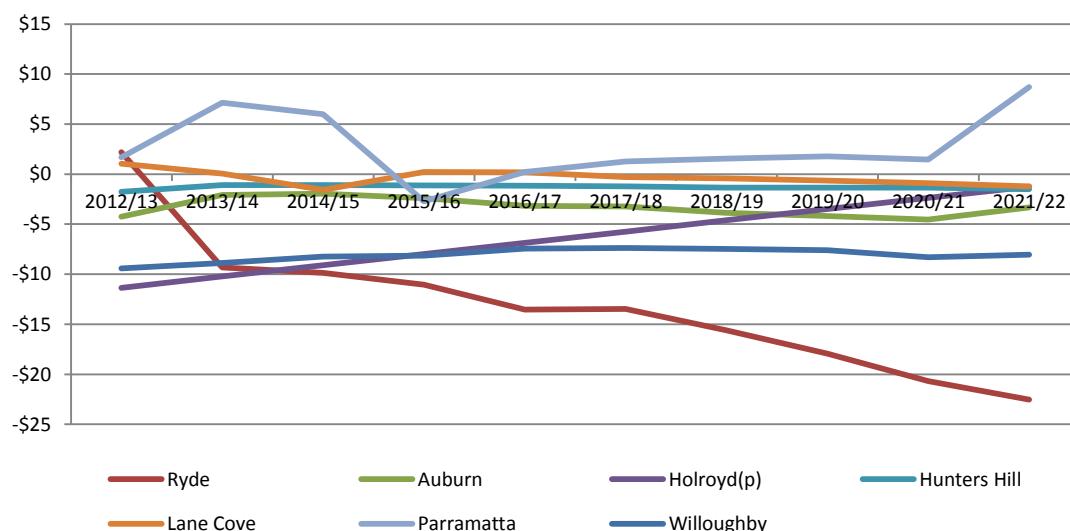
As per the income statement compiled by TCorp for each council, the forecast net operating result shown above excludes any grants and contributions for capital purposes and any net gains/losses on asset disposals. Therefore, the net operating surplus/deficit represents the funds available **after** funding the depreciation, but before the capital contributions/grants and asset sales.

FIGURE 30. FORECAST OPERATING SURPLUS (MILLION \$), 2012/13 – 2021/22, FOR COUNCILS IN ILGRP'S OPTION



Source: Compiled by SGS, 2013; using the information provided by City of Ryde Council and Long Term Financial Plans, made publicly available by other councils.

FIGURE 31. FORECAST OPERATING SURPLUS (MILLION \$), 2012/13 – 2021/22, FOR ALL SEVEN COUNCILS CONSIDERED



Source: Compiled by SGS, 2013; using the information provided by City of Ryde Council and Long Term Financial Plans, made publicly available by other councils.

Although the charts above show a declining operating deficit for Holroyd over time, it is worth noting that the asset depreciation in Holroyd has been growing rapidly from \$9.8 million in 2009 to \$23 million in 2012. If this trend continues, Holroyd will see a very sharp decline in its net operating result. However, for the purpose of the base case analysis, we have assumed its appreciation to remain constant at the 2012 level (\$23 million per annum).

Ryde is forecast to experience an increasing operating deficit over time, resulting in a total operating deficit of around \$131.8 million over 10 years. This indicates that Ryde would not be able to generate sufficient operating income to cover its growing operating expense, particularly the depreciation.

After funding the depreciation, all other councils, except Parramatta, are forecast to return an operating deficit, although the total deficit over 10 years is considerably lower compared to Ryde.

On the other hand, it seems that Parramatta will be able to fully fund its operating expenses including depreciation using its operating revenue, resulting in a total operating surplus of \$27 million over 10 years.

4.4 Financial indicators

Six key financial indicators are used to compare the financial performance of the seven councils. Each indicator is discussed, and comparisons are conducted against benchmarks. The indicators are based on financial assessments conducted by TCorp, and pertain to performance from 2009 to 2012 (where available).

Most financial management indicators suggest that Ryde Council is performing above the benchmarks. Ryde performs in the middle to upper range of its counterparts on most criteria.

Operating ratio

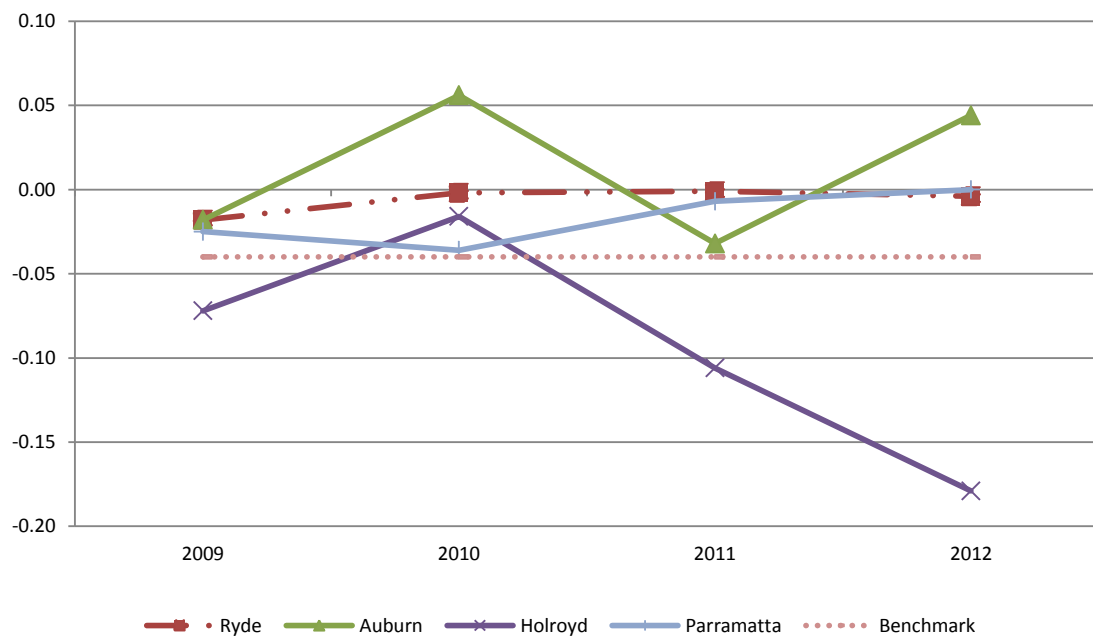
Benchmark: Better than negative 4%

Ratio: (operating revenue excluding capital grants and contributions – operating expenses) / operating revenue excluding capital grants and contributions.

Aim: This ratio measures a council's ability to contain operating expenditure within operating revenue.

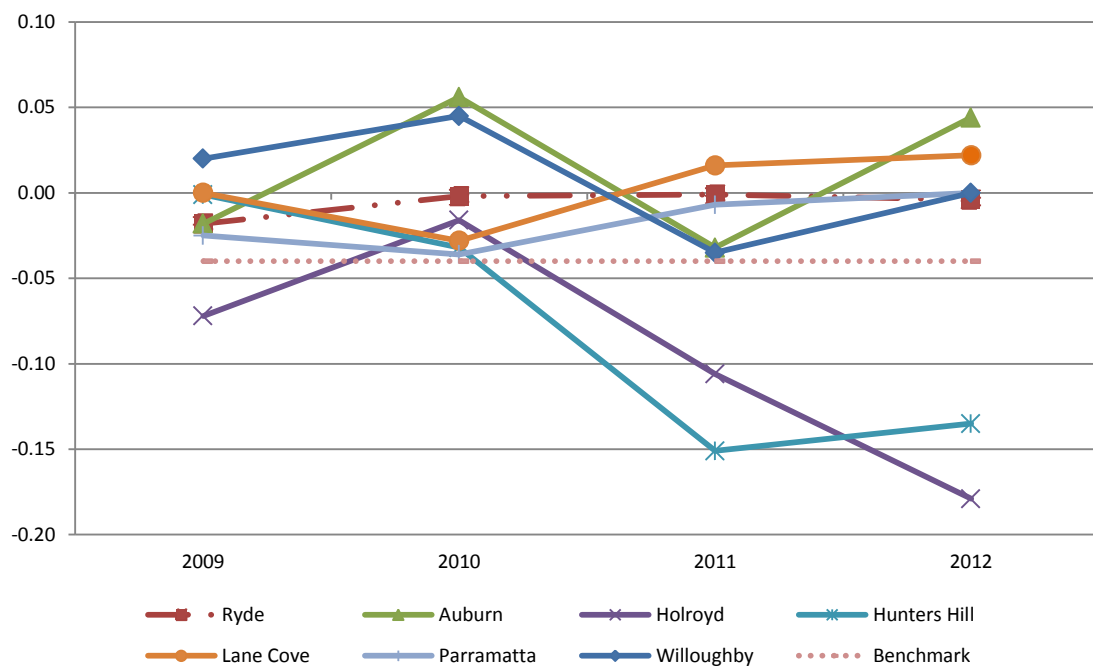
The following figures shows the Operating Ratio (OR) for the four councils included in ILGRP's option as well as all the seven councils considered. The benchmark figure is given by the dotted line, and Ryde is the semi-dotted red line. This shows that Ryde has consistently performed above the benchmark (positive ratio), roughly in the middle of the range of its counterparts.

FIGURE 32. OPERATING RATIO FOR COUNCILS INCLUDED IN ILGRP'S OPTION



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

FIGURE 33. OPERATING RATIO FOR ALL SEVEN COUNCILS CONSIDERED



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

Cash Expense Cover Ratio

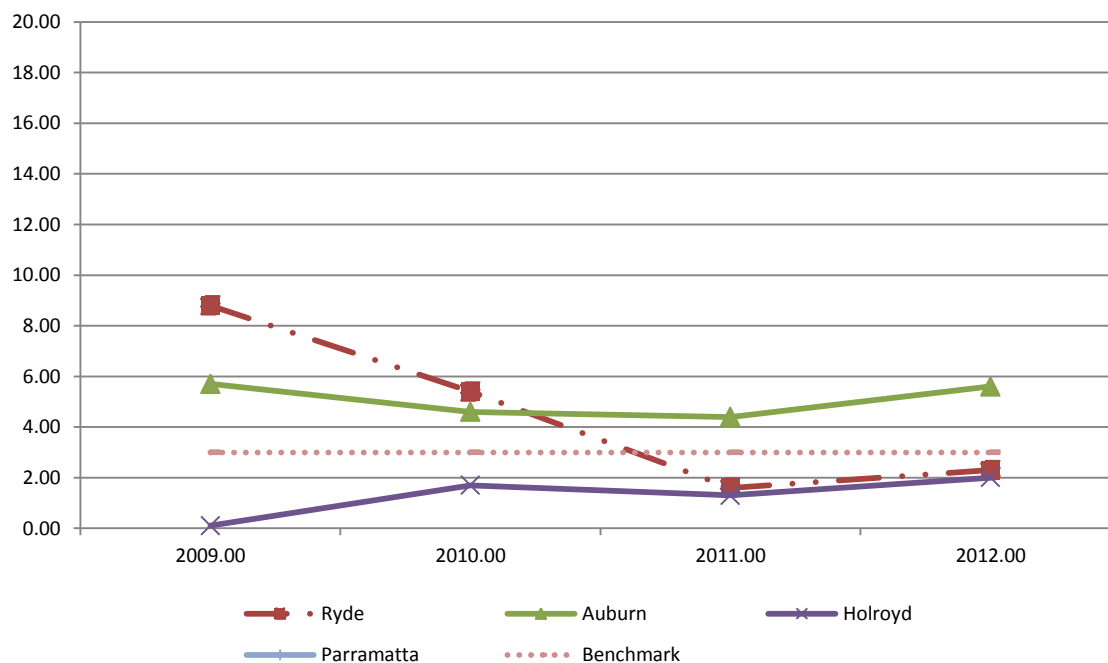
Benchmark: Greater than 3.0 months

Ratio: current year's cash and cash equivalents / (total expenses – depreciation – interest costs)*12

Aim: This liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.

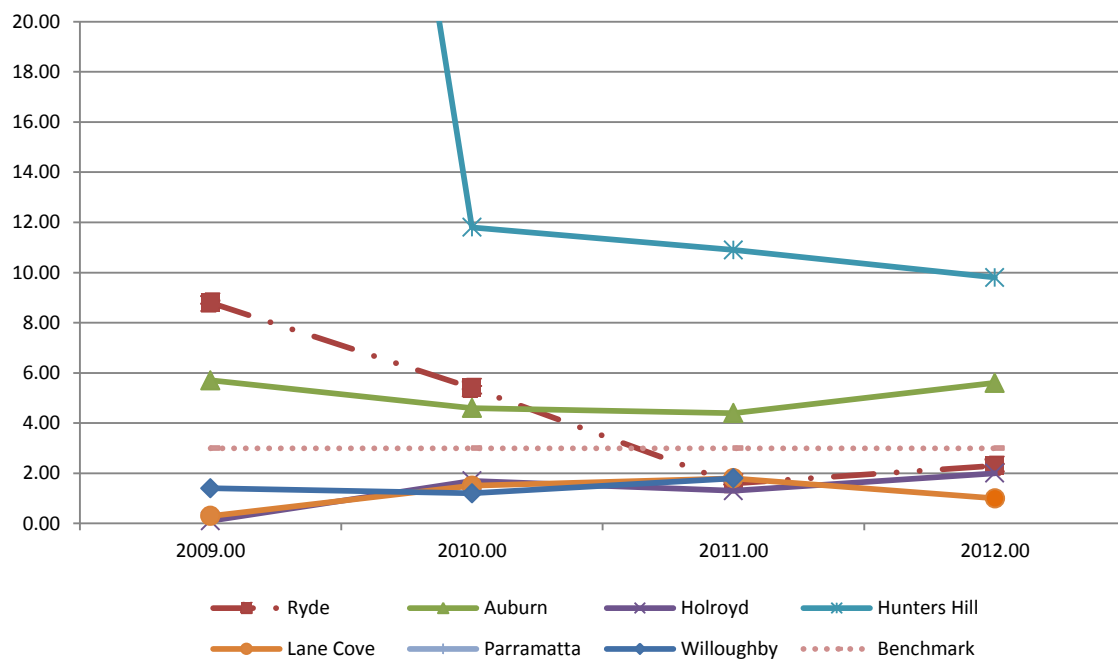
The following figures show the Cash Expense Cover Ratio (CECR) for the four councils included in ILGRP's option as well as the seven councils considered. The benchmark figure is given by the dotted line, and Ryde is the semi-dotted red line. Ryde over-performed against the benchmark of three months of liquidity for 2009 and 2010, but underperformed in 2011 and 2012. Of the seven councils, Hunters Hill has achieved the highest CECR ratio from 2009 to 2012, followed by Auburn and Ryde.

FIGURE 34. CASH EXPENSE COVER RATIO FOR COUNCILS INCLUDED IN ILGRP'S OPTION



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

FIGURE 35. CASH EXPENSE COVER RATIO FOR ALL SEVEN COUNCILS CONSIDERED



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

Unrestricted Current Ratio

Benchmark: 1.5¹

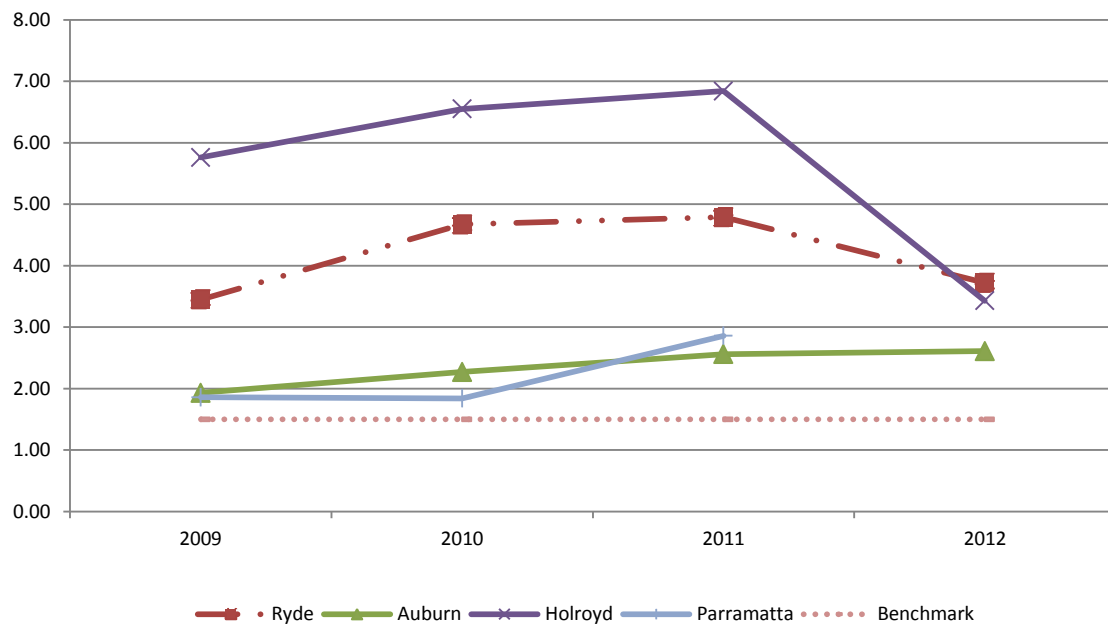
Ratio: Current assets less all external restrictions / current liabilities less specific purpose liabilities

Aim: The UCR is specific to local government and is designed to represent a council's ability to meet debt payments as they fall due.

The following figures show the Unrestricted Current Ratio (UCR) for the four councils included in ILGRP's option as well as the seven councils considered. The benchmark figure is given by the dotted line, and Ryde is the semi-dotted red line. These show that Ryde has been performing well above the benchmark of 1.5, ranging from 3.5 to 4.8 over the last few years, and suggests that Ryde has a strong ability to meet its short-term debt payments. In the most recent figures (2012), Ryde has the highest performance out of all seven councils (except Holroyd) against this benchmark.

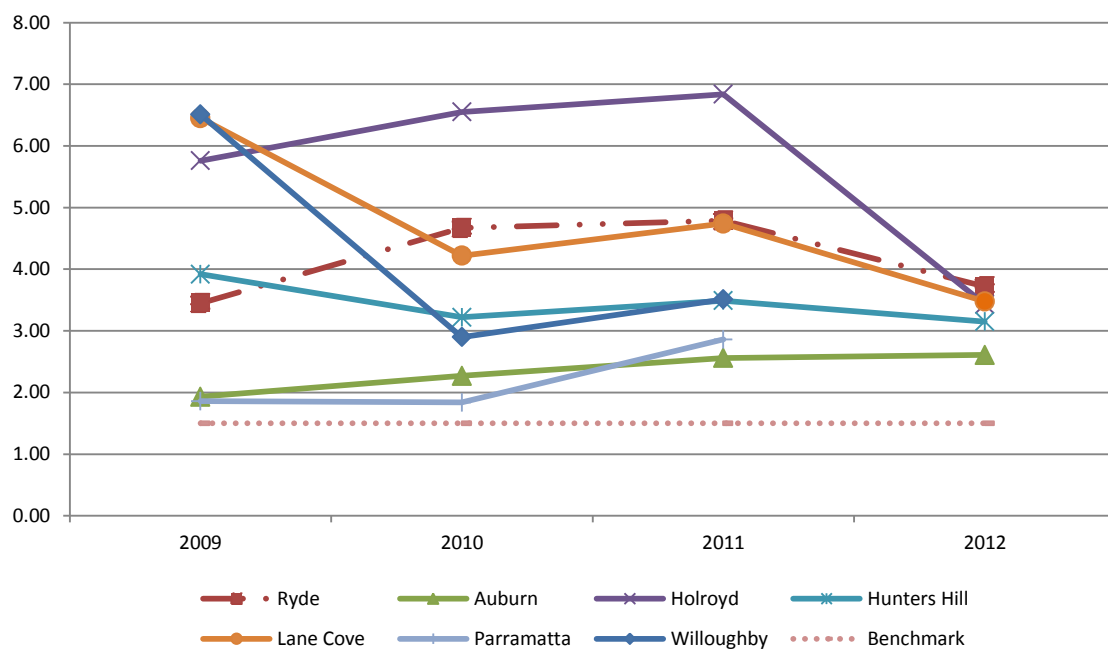
¹ This is based on based on IPART December 2009 Revenue Framework for Local Government report.

FIGURE 36. UNRESTRICTED CURRENT RATIO FOR COUNCILS INCLUDED IN ILGRP'S OPTION



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

FIGURE 37. UNRESTRICTED CURRENT RATIO FOR ALL SEVEN COUNCILS CONSIDERED



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

Own Source Operating Revenue Ratio (OSOR)

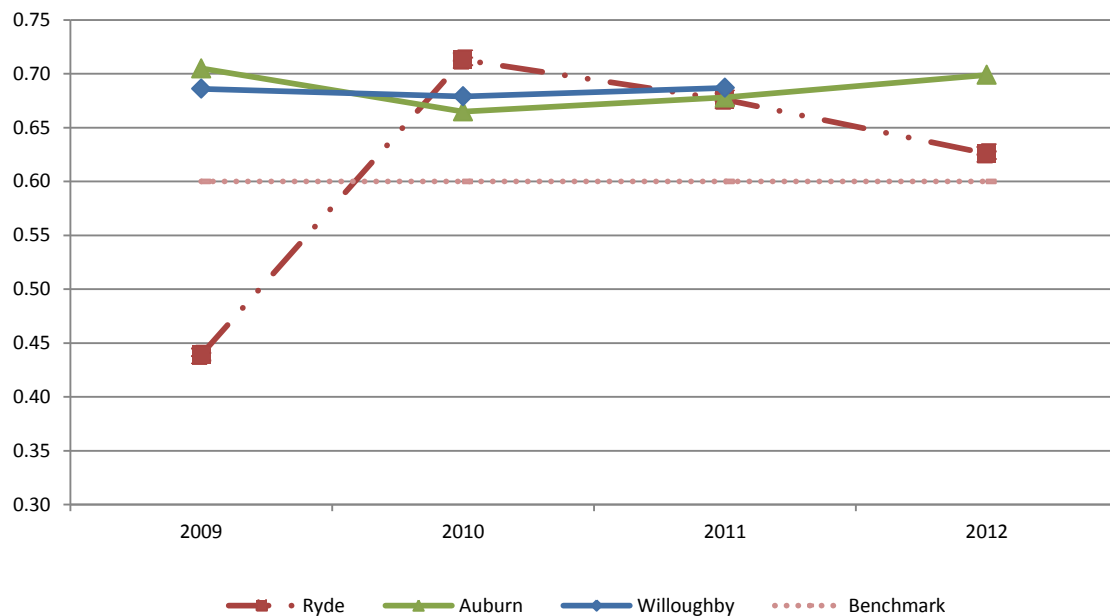
Benchmark: Greater than 60%

Ratio: rates, utilities and charges / total operating revenue (inclusive of capital grants and contributions)

Aim: measure the level of a council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A council's financial flexibility improves the higher the level of its own source revenue.

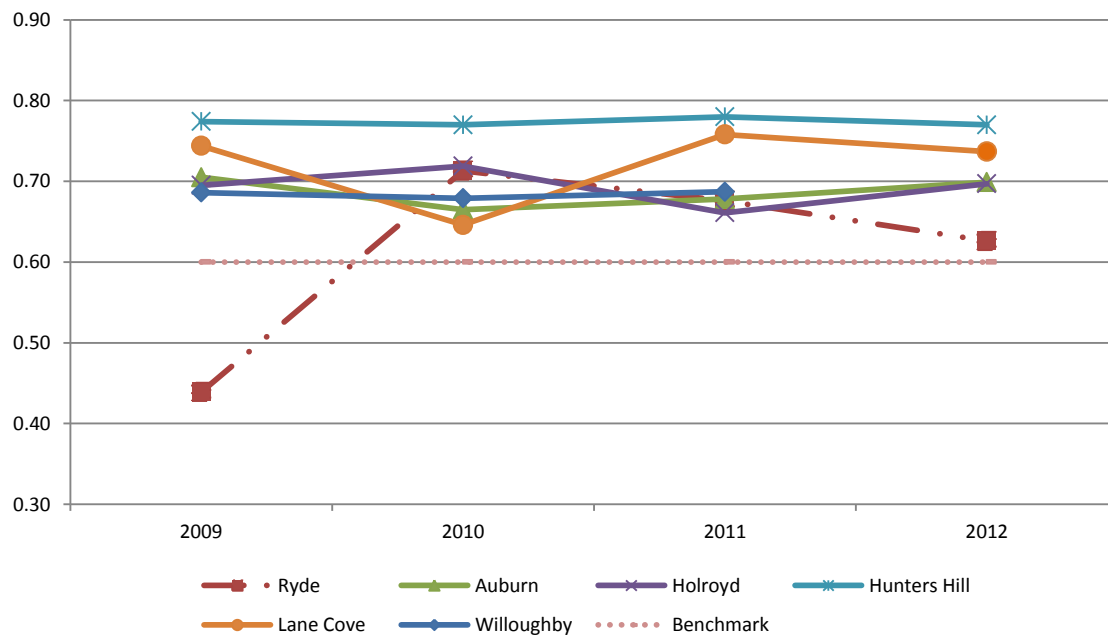
The following figures show the Own Source Operating Revenue Ratio (OSOR) for the four councils included in ILGRP's option as well as the seven councils considered. The benchmark figure is given by the dotted line, and Ryde is the semi-dotted red line. Ryde performed below the benchmark of 60% in 2009, but has exceeded this ratio in subsequent years. Relative to its counterparts, Hunters Hill has the highest performance on this benchmark out of the seven Councils. This suggests that the rates, utilities, and charges make up a relatively higher proportion to its operating revenue base, rendering it less dependent on external funding sources for its operations. Note that Parramatta's OSOR is not included in the TCorp report and therefore is not shown in the following two figures.

FIGURE 38. OWN SOURCE OPERATING REVENUE RATIO FOR COUNCILS INCLUDED IN ILGRP'S OPTION



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

FIGURE 39. OWN SOURCE OPERATING REVENUE RATIO FOR ALL SEVEN COUNCILS CONSIDERED



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

Debt Service Cover Ratio (DSCR)

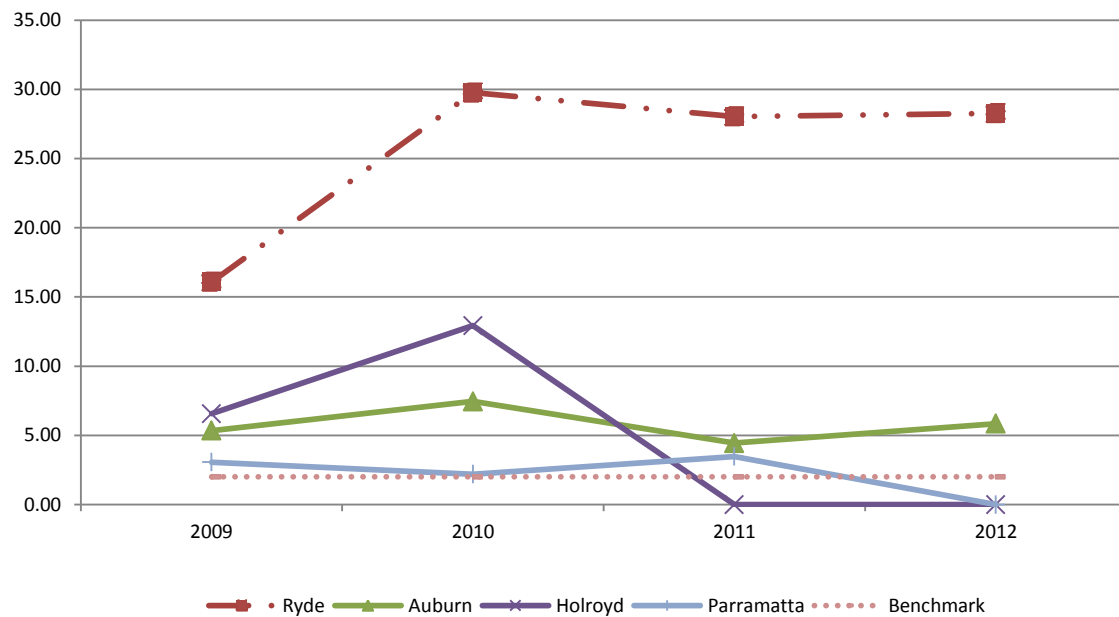
Benchmark: Greater than 2.0

Ratio: operating results before interest and depreciation (EBITDA) / principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement)

Aim: measure the availability of cash to service debt including interest, principal and lease payments

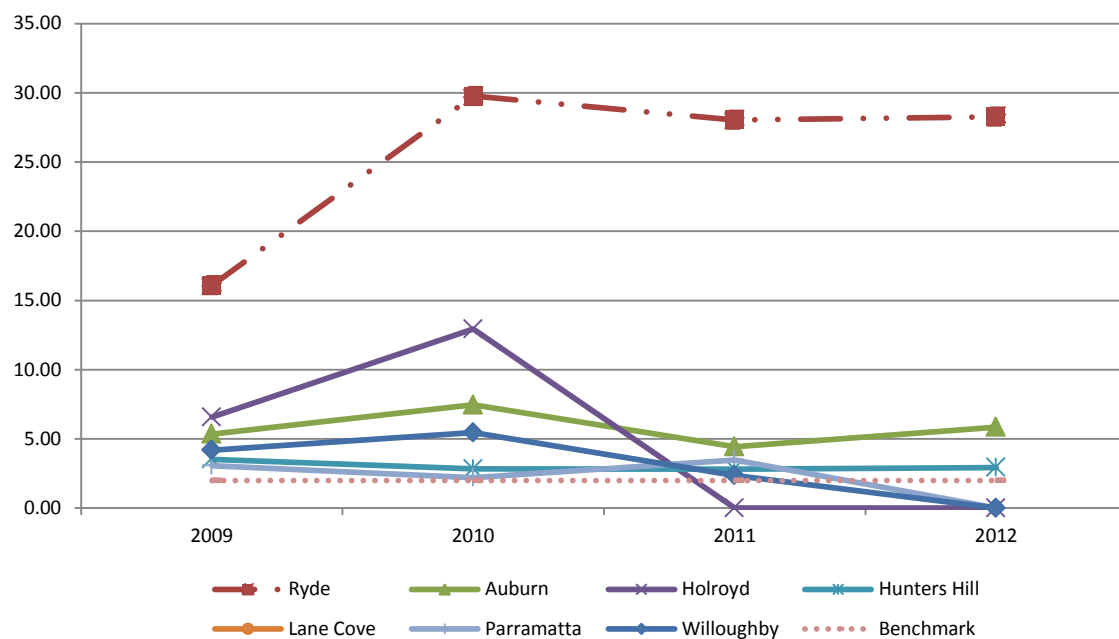
The following figures show the Debt Service Cover Ratio (DSCR) for the four councils included in ILGRP's option as well as the seven councils considered. The benchmark figure is given by the dotted line, and Ryde is the semi-dotted red line. Ryde has consistently performed well above the benchmark of 2, significantly outperforming all of its counterparts.

FIGURE 40. DEBT SERVICE COVER RATIO FOR COUNCILS INCLUDED IN ILGRP'S OPTION



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

FIGURE 41. DEBT SERVICE COVER RATIO FOR ALL SEVEN COUNCILS CONSIDERED



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

Interest Cover Ratio (ICR)

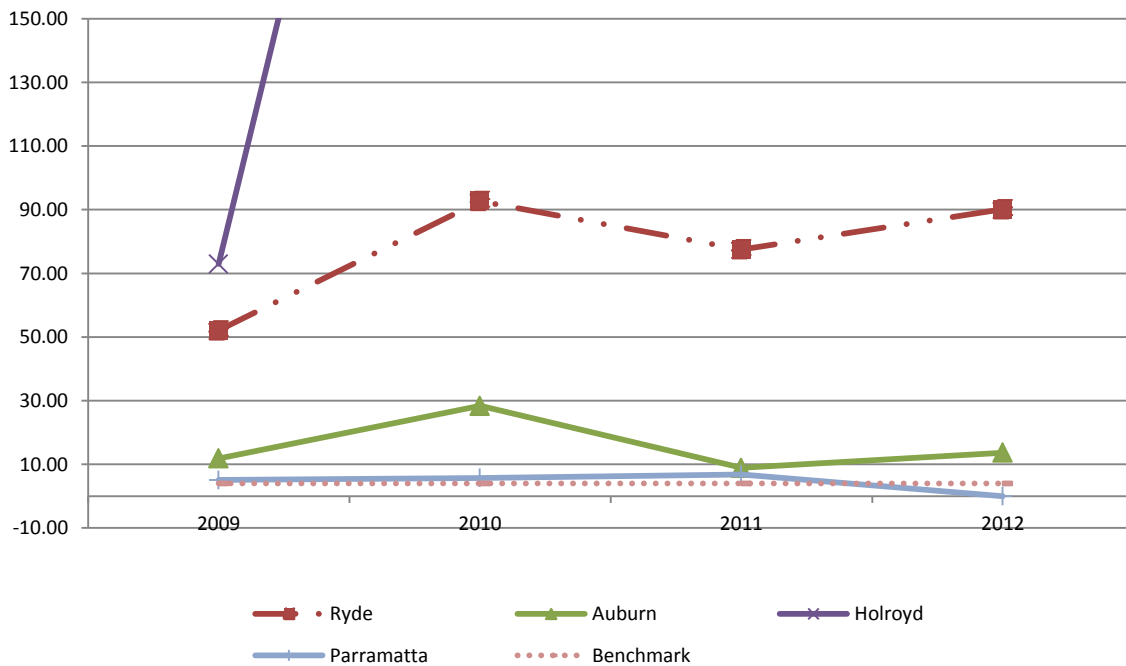
Benchmark: Greater than 4.0

Ratio: EBITDA / interest expense (from the income statement)

Aim: indicates the extent to which a council can service its interest bearing debt and take on additional borrowings. It measures the burden of the current interest expense upon a council's operating cash.

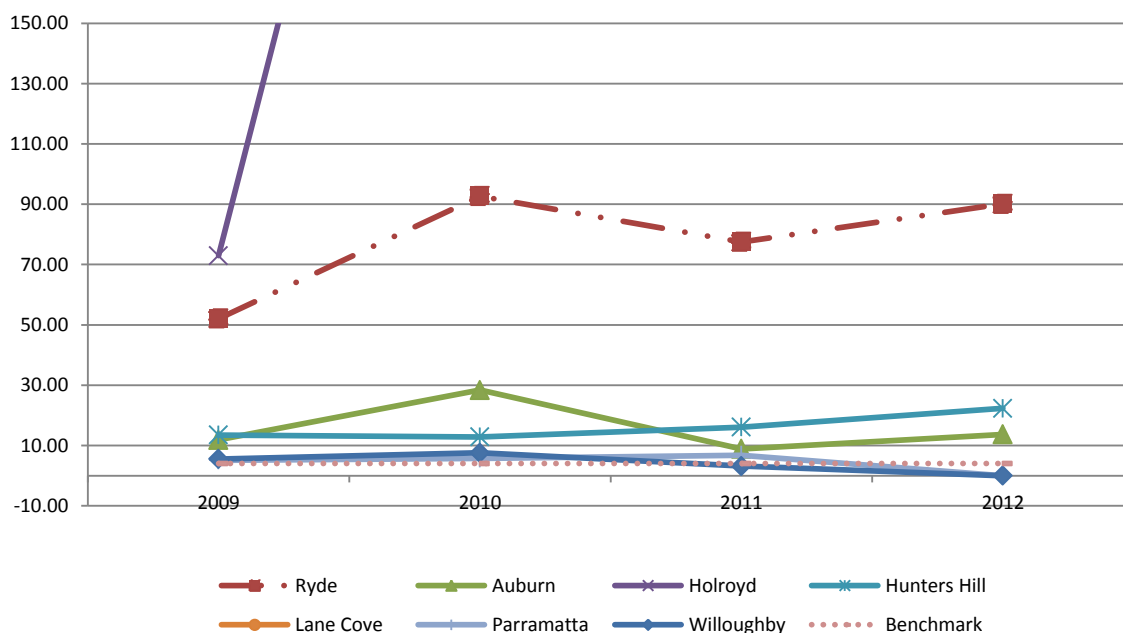
The following figures show the Interest Cover Ratio (ICR) for the four councils included in ILGRP's option as well as the seven councils considered. The benchmark figure is given by the dotted line, and Ryde is the semi-dotted red line. Ryde has consistently performed well above the benchmark of 4, and has done significantly better than all of its counterparts other than Holroyd.

FIGURE 42. INTEREST COVER RATIO FOR COUNCILS INCLUDED IN ILGRP'S OPTION



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

FIGURE 43. INTEREST COVER RATIO FOR ALL SEVEN COUNCILS CONSIDERED



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

4.5 Infrastructure status indicators

Four key infrastructure status indicators are used to compare the infrastructure status of the seven councils. Each indicator is discussed, and comparisons are conducted against benchmarks. The indicators are based on financial assessments conducted by TCorp, and pertain to performance from 2009 to 2012 (where available).

Most indicators suggest that Ryde Council has been meeting infrastructure status benchmarks. Ryde has been maintaining and renewing its large base of infrastructure assets in order to keep them close to a satisfactory level.

Building and infrastructure backlog ratio (BR)

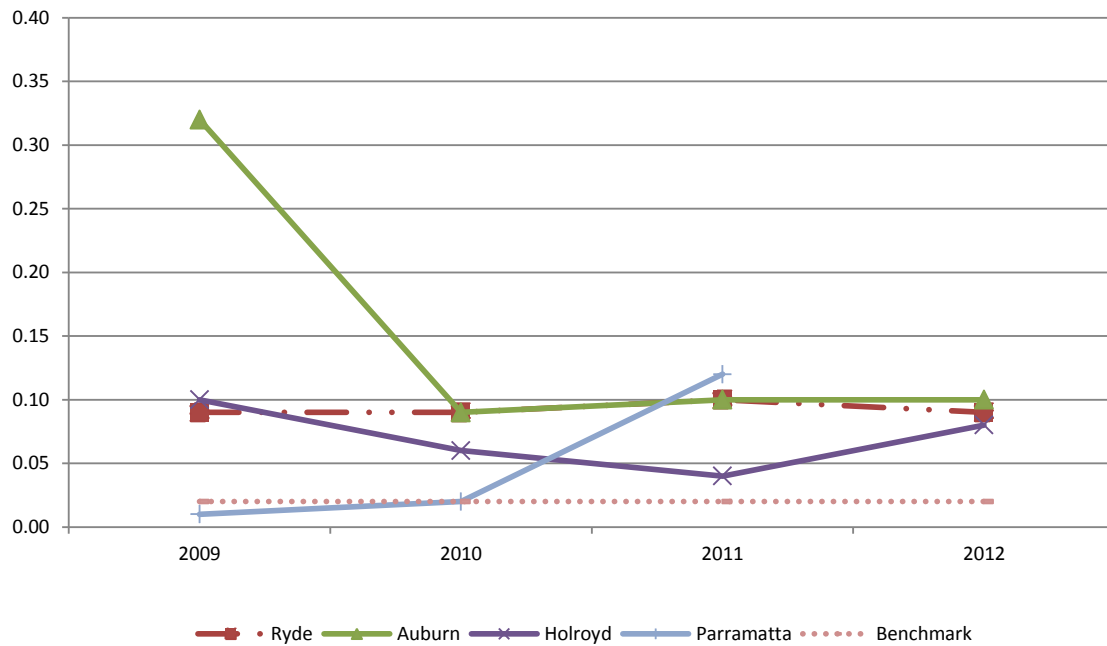
Benchmark: Less than 0.02

Ratio: estimated cost to bring assets to a satisfactory condition / total infrastructure assets

Aim: show what proportion the backlog is against total value of a council's infrastructure.

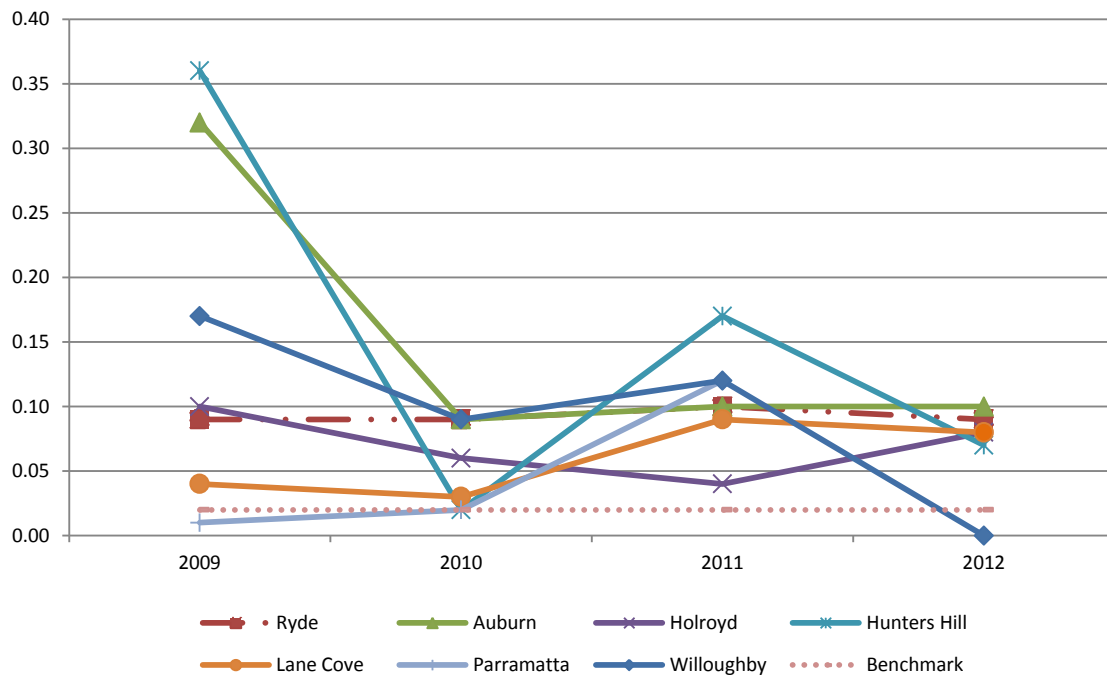
The following figures show the Building and Infrastructure Backlog Ratio (BR) for the four councils included in ILGRP's option as well as the seven councils considered. The benchmark figure is given by the dotted line, and Ryde is the semi-dotted red line. Ryde, along with almost all of its counterparts, has consistently failed to meet this benchmark. However, from 2009 to 2012, all councils except Parramatta have lowered their infrastructure backlog as a proportion of total value of their infrastructure, and as of 2012, all councils (where data is available) kept this ratio below 10 percent.

FIGURE 44. BUILDING AND INFRASTRUCTURE BACKLOG RATIO FOR COUNCILS INCLUDED IN ILGRP'S OPTION



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

FIGURE 45. BUILDING AND INFRASTRUCTURE BACKLOG RATIO FOR ALL SEVEN COUNCILS CONSIDERED



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

Asset maintenance ratio (AR)

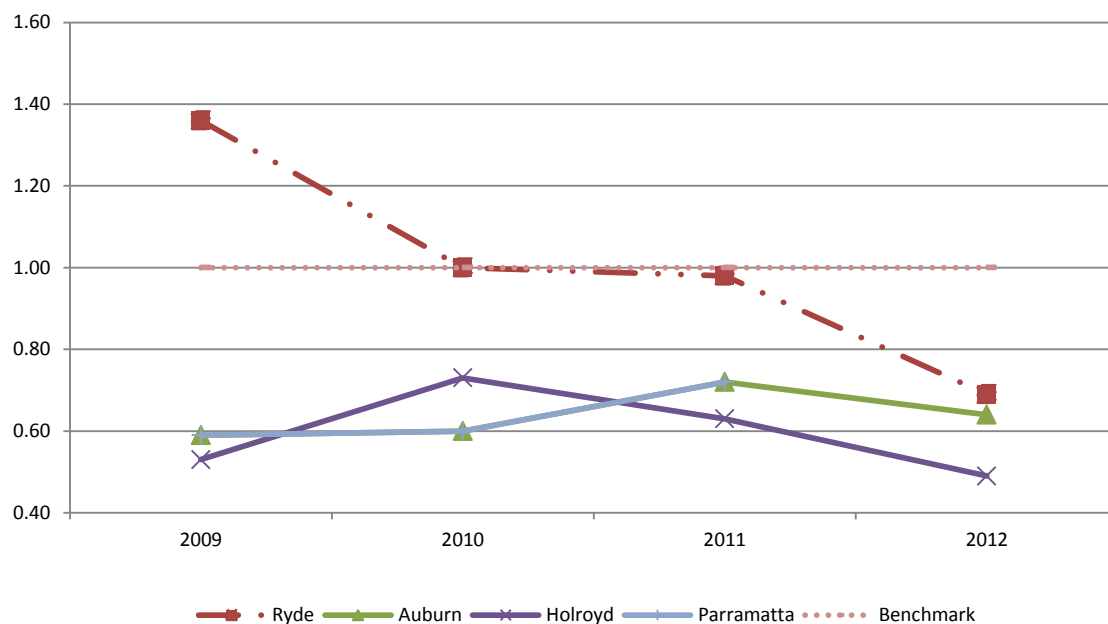
Benchmark: Greater than 1.0x

Ratio: actual asset maintenance / required asset maintenance

Aim: To compare actual versus required annual asset maintenance. A ratio of above 1.0 indicates that the council is investing enough funds within the year to stop the infrastructure backlog from growing.

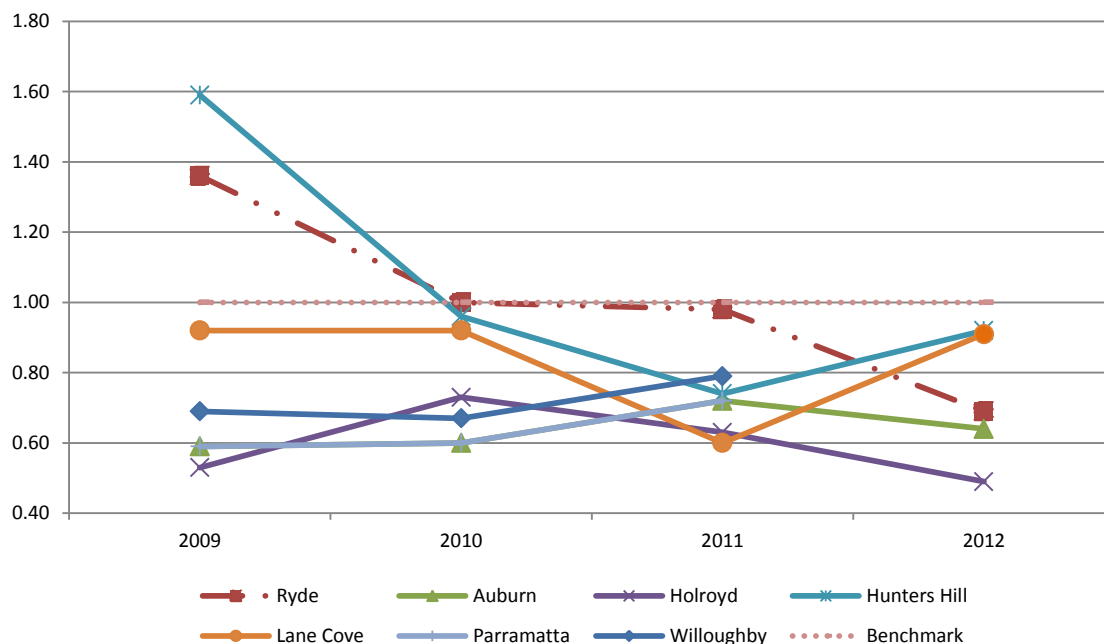
The following figures show the Asset maintenance ratio (AR) for the four councils included in ILGRP's option as well as the seven councils considered. The benchmark figure is given by the dotted line, and Ryde is the semi-dotted red line. As of 2012, none of the Councils were meeting the benchmark in terms of keeping up with required level of asset maintenance (ratio greater than one). Ryde has slipped from a ratio of 1.4 in 2009 to 0.7 in 2012. However, in relative terms, the North Shore councils outperformed the Western Sydney councils as of 2012.

FIGURE 46. ASSET MAINTENANCE RATIO FOR COUNCILS INCLUDED IN ILGRP'S OPTION



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

FIGURE 47. ASSET MAINTENANCE RATIO FOR ALL SEVEN COUNCILS CONSIDERED



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

Building and Infrastructure Renewals Ratio (BIRR)

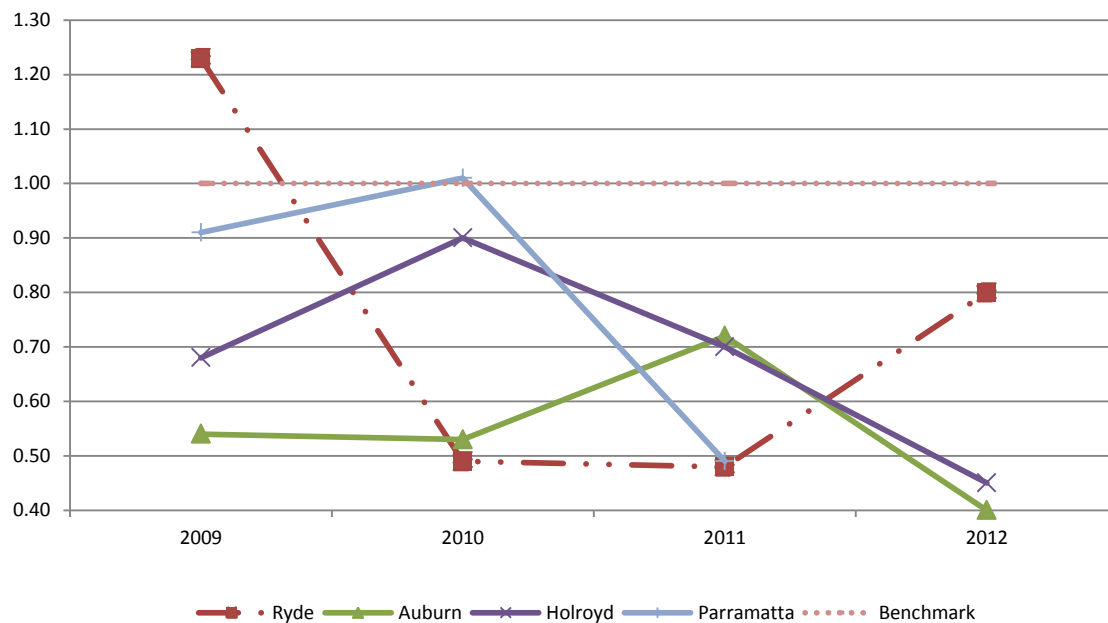
Benchmark: Greater than 1.0x

Ratio: Asset renewals / depreciation of building and infrastructure assets

Aim: To compare the proportion spent on infrastructure asset renewals and the asset's deterioration measured by its accounting depreciation. Asset renewal represents the replacement or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets or the refurbishment of old assets that increase capacity or performance.

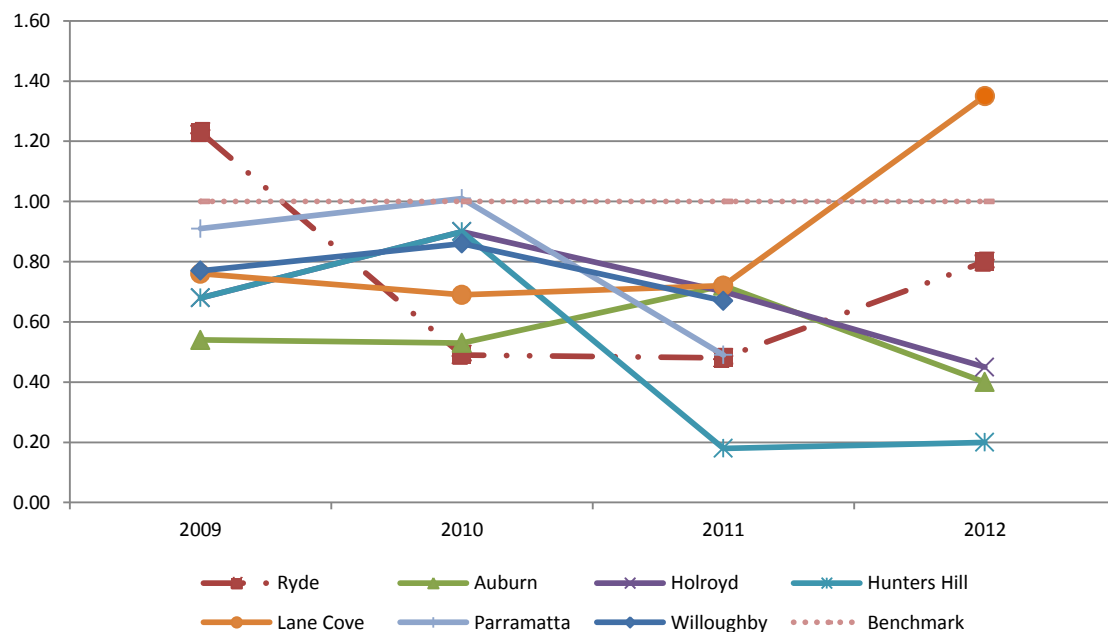
The following figures show the Building and Infrastructure Renewals Ratio (BIRR) for the four councils included in ILGRP's option as well as the seven councils considered. The benchmark figure is given by the dotted line, and Ryde is the semi-dotted red line. This shows that Ryde has been performing below the benchmark, along with all of its counterparts. This suggests that all councils considered have not been consistently renewing its assets in order to keep up with depreciation. However, as of 2012, Ryde performed much better on this measure than any of the other Councils under consideration.

FIGURE 48. BUILDING AND INFRASTRUCTURE RENEWALS RATIO FOR COUNCILS INCLUDED IN ILGRP'S OPTION



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

FIGURE 49. BUILDING AND INFRASTRUCTURE RENEWALS RATIO FOR ALL SEVEN COUNCILS CONSIDERED



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

Capital expenditure Ratio (CER)

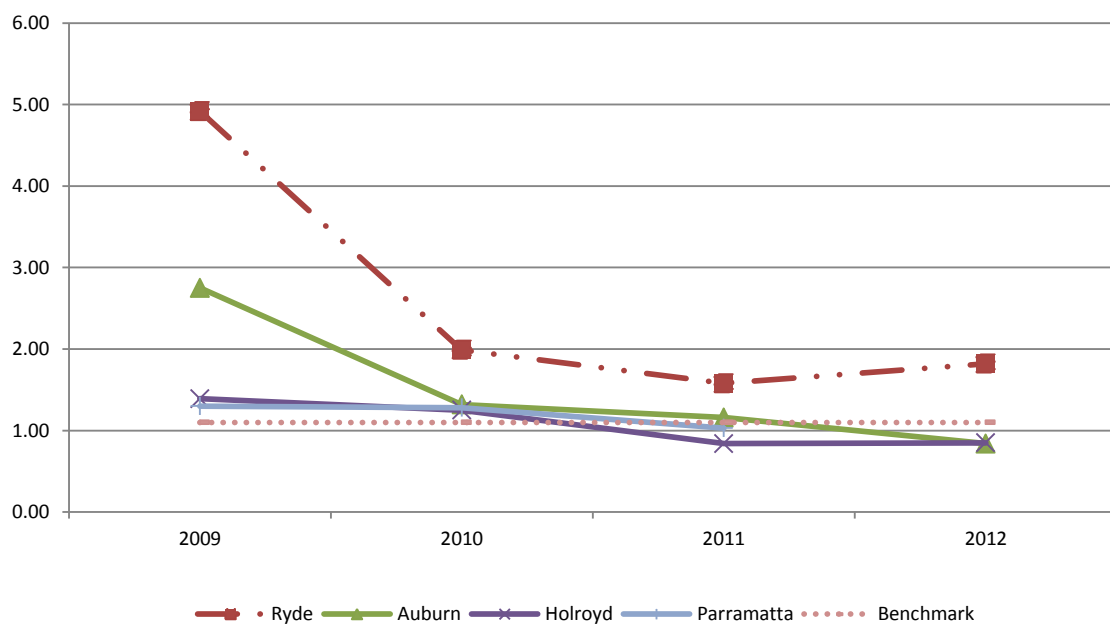
Benchmark: Greater than 1.1

Ratio: annual capital expenditure / annual depreciation

Aim: This indicates the extent to which a council is forecasting to expand its asset base with capital expenditure spent on both new assets, and replacement and renewal of existing assets.

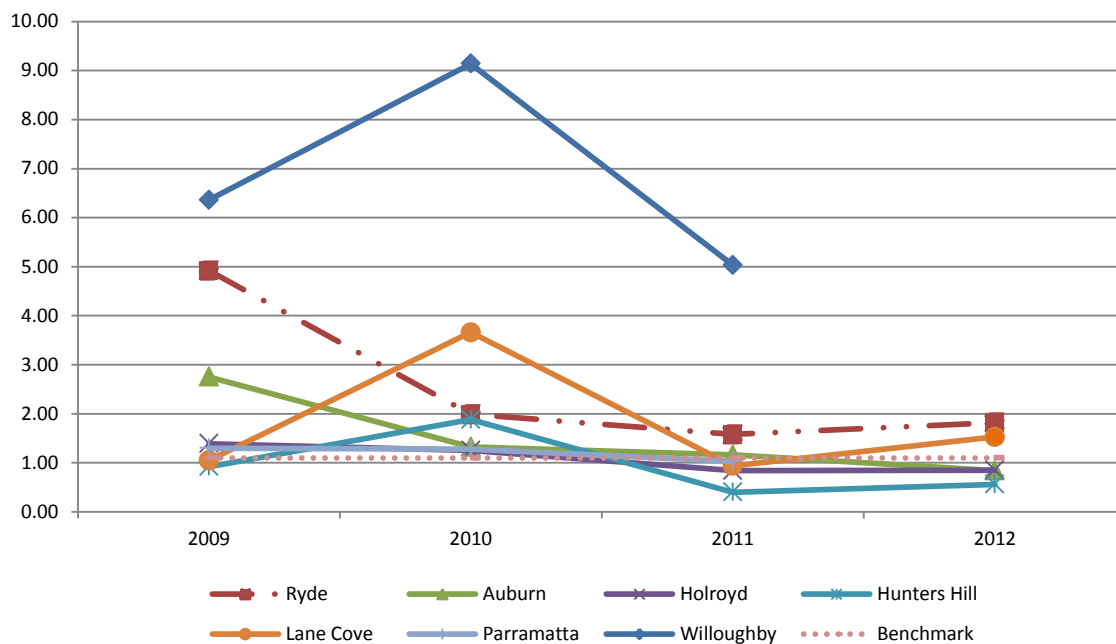
The following figures show the Capital expenditure Ratio (CER) for the four councils included in ILGRP's option as well as the seven councils considered. The benchmark figure is given by the dotted line, and Ryde is the semi-dotted red line. This shows that Ryde has consistently performed above the benchmark, and done better than most of its counterparts (except Willoughby). Overall, Ryde's performance in this criterion indicates that Ryde has consistently been investing funds for capital expenditure.

FIGURE 50. CAPITAL EXPENDITURE RATIO FOR COUNCILS INCLUDED IN ILGRP'S OPTION



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

FIGURE 51. CAPITAL EXPENDITURE RATIO FOR ALL SEVEN COUNCILS CONSIDERED



Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

4.6 Summary of TCorp indicators

The table below contains a summary of Council performance on financial and infrastructure status indicators. The figures displayed are the averages across the four years from 2009-2012, or for as many years as data was available. The top two performing councils for each indicator are shaded in green.

TABLE 6. AVERAGE COUNCIL INDICATOR COMPARISON

	Councils in ILGRP's option				North Shore Councils			Benchmark
	Ryde	Auburn	Holroyd	Parramatta	Hunters Hill	Lane Cove	Willoughby	
Operating ratio	-0.01	0.01	-0.09	-0.02	-0.08	0	0.01	-0.04
Cash/expense cover ratio	4.53	5.08	1.28		27.48	1.15	1.47	3
Unrestricted current ratio	4.16	2.34	5.65	2.19	3.45	4.72	4.31	1.5
Own source operating revenue ratio	0.61	0.69	0.69		0.77	0.72	0.68	0.6
Debt service cover ratio	25.54	5.78	9.75	2.19	3.03		3.01	2
Interest cover ratio	78.09	15.7	241.48	4.41	16.19		4.07	4
Infrastructure backlog	0.09	0.15	0.07	0.04	0.16	0.06	0.1	0.02
Asset maintenance ratio	1.01	0.64	0.6	0.64	1.05	0.84	0.72	1
Infrastructure renewals ratio	0.75	0.55	0.68	0.8	0.49	0.88	0.77	1
Capital expenditure ratio	2.58	1.52	1.08	1.2	0.94	1.8	6.84	1.1

Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

The table below contains the same average figures as above. But this time, cells shaded in red indicate that the Council is not meeting the performance benchmark for this indicator.

TABLE 7. COUNCIL INDICATOR PERFORMANCE BY BENCHMARK

	Councils in ILGRP's option				North Shore Councils			Benchmark
	Ryde	Auburn	Holroyd	Parramatta	Hunters Hill	Lane Cove	Willoughby	
Operating ratio	-0.01	0.01	-0.09	-0.02	-0.08	0	0.01	-0.04
Cash/expense cover ratio	4.53	5.08	1.28		27.48	1.15	1.47	3
Unrestricted current ratio	4.16	2.34	5.65	2.19	3.45	4.72	4.31	1.5
Own source operating revenue ratio	0.61	0.69	0.69		0.77	0.72	0.68	0.6
Debt service cover ratio	25.54	5.78	9.75	2.19	3.03		3.01	2
Interest cover ratio	78.09	15.7	241.48	4.41	16.19		4.07	4
Infrastructure backlog	0.09	0.15	0.07	0.04	0.16	0.06	0.1	0.02
Asset maintenance ratio	1.01	0.64	0.6	0.64	1.05	0.84	0.72	1
Infrastructure renewals ratio	0.75	0.55	0.68	0.8	0.49	0.88	0.77	1
Capital expenditure ratio	2.58	1.52	1.08	1.2	0.94	1.8	6.84	1.1

Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

The table below contains a summary of Council performance on financial and infrastructure status indicators, this time relative to the other councils under consideration. The figures displayed are rankings, with 1 denoting the highest performing council and 7 denoting the lowest. Again, the two highest performing councils for each indicator are shaded. The bottom line of the table denotes the average rank of each council across the different indicators.

TABLE 8. AVERAGE COUNCIL INDICATOR RANKINGS

	Councils in ILGRP's option				North Shore Councils		
	Ryde	Auburn	Holroyd	Parramatta	Hunters Hill	Lane Cove	Willoughby
Operating ratio	4	1	7	5	6	3	2
Cash/expense cover ratio	3	2	5		1	6	4
Unrestricted current ratio	4	6	1	7	5	2	3
Own source operating revenue ratio	6	4	3		1	2	5
Debt service cover ratio	1	3	2	6	4		5
Interest cover ratio	2	4	1	5	3		6
Infrastructure backlog	4	6	3	1	7	2	5
Asset maintenance ratio	2	5	7	6	1	3	4
Infrastructure renewals ratio	4	6	5	2	7	1	3
Capital expenditure ratio	2	4	6	5	7	3	1
Average ranking	3.2	4.1	4	4.6	4.2	2.8	3.8

Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

In summary, the tables above indicate that,

- Ryde is one of the top two performing councils for **four** out of 10 TCorp indicators, whereas all other councils (except Lane Cove) are in the top two for only **two or three** indicators.
- Ryde only fails to meet **two** out of 10 TCorp benchmarks, whereas none of other six councils are meeting these two benchmarks.
- Out of the seven councils, Ryde is ranked at an average position of **3.2** in terms of 10 TCorp indicators. This is a higher average performance than any other council apart from Lane Cove.

5 FINANCIAL ANALYSIS OF OPTIONS

In addition to the comparison of baseline financials, we have completed a high-level financial analysis of the options.

A key focus of the financial analysis is to compare the financial performance of different options, including the base case (that is City of Ryde remains in current boundaries). As with the base case analysis, this comparison focuses on the performance indicators used in the TCorp report, but also assesses the aggregate financial forecast, debt levels and infrastructure backlog to be borne by a combined council. The financial analysis has been completed using the publicly available information regarding each council, including the TCorp reports (used in the previous section), council's financial statements and LTFPs. Note that option 1A is not included in the comparison, due to the lack of sub-LGA financial data.

As part of the financial analysis, we have examined the likely impacts of amalgamation options on the ratepayers in Ryde LGA. This assessment considers the difference in the land values between the relevant LGAs and the resultant distribution of total *ad valorem* rates across an amalgamated council area. The average residential and business rates within the current administrative boundaries are estimated for each amalgamation option.

5.1 TCorp financial performance indicators

The table below contains a summary of TCorp performance indicators of the different options. Note that the Unrestricted Current Ratio is not reported below, as council's specific purpose liabilities are not included in the TCorp report.

The other nine ratios are derived by aggregating the relevant financial figures from the most recent TCorp reports for which data is available for all of the relevant councils. In fact, because the TCorp report for Parramatta was prepared during 2011/12, the report only contains the financial data up to the financial year ended 30 June 11. As a result, ratios below are calculated using the 2010/11 financial data contained in the relevant TCorp reports.

Performance on financial and infrastructure status indicators is assessed based on the TCorp benchmarks. Cells shaded in red below indicate that the Option is not meeting the TCorp benchmark for this indicator. Based on the results below, both base case and option 2 would fail to meet four out of nine benchmarks, while a combined council under option 1 would not meet three.

TABLE 9. OPTION PERFORMANCE ON INDICATORS AGAINST BENCHMARK

	Base case	Option 1	Option 2	Benchmark
Operating ratio	0.00	-0.03	-0.02	>-0.04
Cash/expense cover ratio	1.60	4.54	2.21	>3
Own source operating revenue ratio [^]	0.68		0.70	>0.60
Debt service cover ratio	29.76	4.70	10.41	>2.00
Interest cover ratio	92.68	13.58	8.96	>4.00
Infrastructure backlog	0.10	0.09	0.11	<2%
Asset maintenance ratio	0.98	0.81	0.83	>1.00
Infrastructure renewals ratio	0.48	0.58	0.55	>1.00
Capital expenditure ratio	1.58	1.13	2.36	>1.10

Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

[^] OSOR figures for Option 1 are omitted, as the value of this ratio is not reported in the TCorp report prepared for Parramatta.

The table below provides a summary of each option's performance on financial and infrastructure status indicators, relative to the other options. The figures displayed are rankings, with 1 denoting the highest performing council and 3 denoting the lowest. Again, the highest performing option for each indicator is shaded. The bottom line of the table indicates the average rank of each option across the different indicators.

Of the three options, the base case performs the best (with the lowest rank) on average on financial and infrastructure status indicators, followed by option 2.

TABLE 10. RANKING OF THE FINANCIAL INDICATORS BY OPTION

	Base case	Option 1	Option 2
Operating ratio	1	3	2
Cash/expense cover ratio	3	1	2
Own source operating revenue ratio	2		1
Debt service cover ratio	1	3	2
Interest cover ratio	1	2	3
Infrastructure backlog	2	1	3
Asset maintenance ratio	1	3	2
Infrastructure renewals ratio	3	1	2
Capital expenditure ratio	2	3	1
Average ranking	1.8	2.1	2.0

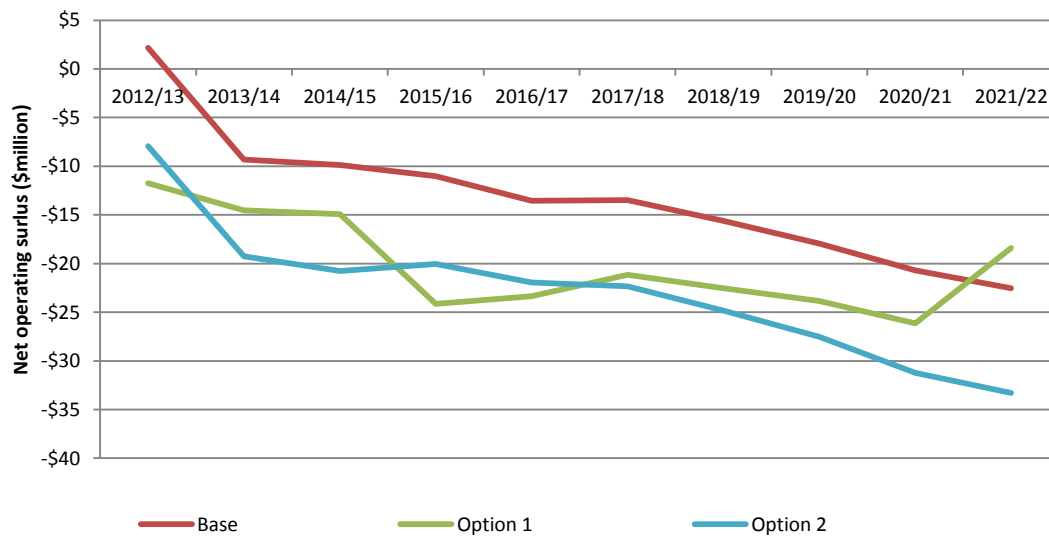
Source: Compiled by SGS, 2013; using TCorp Financial assessment reports for each Council, made publicly available by the Division of Local Government.

5.2 Financial forecasts by option

Based on the financial forecast prepared by each relevant council (see section 4), we have compiled a consolidated operating surplus (before capital) forecast for the amalgamation options. Note that the forecast excludes any grants and contributions for capital purposes and net gains/losses on asset disposals.

The chart below compares the projected net operating result before capital between the options. Due to the increase in the net operating deficit shown in Ryde's LTFP, both options 1 and 2 are forecast to experience a growing operating deficit over the 10 year to 2021/22. Since it is foreseen that Parramatta will return a positive operating surplus over time, option 1 (which includes Parramatta) performs slightly better than option 2 particularly beyond 2017/18.

FIGURE 52. NET OPERATING RESULT BEFORE CAPITAL OVER 10 YEARS BY OPTION, \$MILLION



Source: Compiled by SGS, 2013; using the Long Term Financial Plan made publicly available by each Council.

The following table compares the present value of the operating surplus before capital for each option. Using a discount rate of 4 percent per annum (that is the current interest rate from a commercial bank), the present value of the operating result ranges from -\$101 million under base case to -\$180 million under option 2. However, the relatively higher operating deficit under options 1 and 2 could be due to the size of the combined council.

To eliminate this effect, we have expressed the PV of the operating surplus before capital as a *proportion* of the projected operating revenue excluding capital (see last column). Based on this indicator, Option 1 performs better than option 2 and base case and is projected to experience a total operating deficit which represents 4 percent of the projected operating revenue over 10 years. Again, the better performance of option 1 is largely a result of the positive operating surplus indicated in Parramatta's LTFP.

TABLE 11. PRESENT VALUE OF THE OPERATING SURPLUS OVER 10 YEARS, \$MILLION

	PV of the operating result	PV of the operating revenue	Net operating result/operating revenue
Base	-\$101	\$820	-12%
Option 1	-\$160	\$3,830	-4%
Option 2	-\$180	\$2,141	-8%

Source: Calculated by SGS, 2013; using the Long Term Financial Plan made publicly available by each Council.

5.3 Infrastructure backlog and debt

As with the financial forecast, we have combined each relevant council's infrastructure backlog and borrowings to derive the following aggregate figures for each option.

The table below shows that an amalgamated council under option 1 needs to address a total infrastructure backlog of around \$256 million, which is around \$109 million higher than the combined backlog under option 2.

In terms of external debts, option 1 would have over \$105 million borrowings on its balance sheet, of which \$85 million is currently borrowed by Parramatta Council. This is significantly higher than the combined debt levels under the other options.

TABLE 12. COMBINED INFRASTRUCTURE BACKLOG AND BORROWINGS, \$'000

	Base case	Option 1	Option 2
Infrastructure backlog	\$78,887	\$255,639	\$146,478
Borrowings (current + non-current)	\$3,904	\$105,055	\$8,488

Source: Calculated by SGS, 2013; using the 2011/12 financial statement made publicly available by each Council.

The following table shows the present value of the projected operating surplus by option, after reducing the infrastructure backlog and borrowings.

TABLE 13. PRESENT VALUE OF THE OPERATING SURPLUS AFTER REDUCING INFRASTRUCTURE BACKLOG AND BORROWINGS, \$MILLION

	Base case	Option 1	Option 2
PV of the operating surplus	-\$101	-\$160	-\$180
- After reducing infrastructure backlog	-\$180	-\$416	-\$327
- After reducing infrastructure backlog + borrowings	-\$184	-\$521	-\$335

Source: Calculated by SGS, 2013; using the 2011/12 financial statement made publicly available by each Council.

Amongst the three options, option 1 would return the highest net deficit of \$521 million (in NPV) due to its high level of combined infrastructure backlog and borrowings.

On the other hand, base case (that is City of Ryde itself) would return a relatively low operating deficit of \$184 million (in NPV), after paying off the debt and infrastructure backlog.

5.4 Impact on rating – review of legal framework

Part of the brief for this desktop review is to help Council understand the likely impact on rating, especially the ratepayers in Ryde, as a result of structural change. The key concern expressed by Council is that with the relatively higher land values in Ryde, compared to the other LGAs included in the ILGRP's option, residents and businesses in Ryde would be paying a greater proportion of the total rates within a combined council area under the ILGRP's option.

The sub-section below provides an overview of the current framework for the Local Government rating system in NSW, including the principles for application of Council rating and different elements of the ordinary rates.

Section 491 of the Local Government Act 1993 sets out the main income sources for NSW local government, including:

- rates
- charges
- fees
- grants
- borrowings, and
- investments.

Although varying between councils, the main financial resource of a council has traditionally been ordinary rating revenue (DLG, 2007).

The types of rates that can be made by a council (s.492 LG Act 1993) are:

- ordinary rates, and
- special rates.

An ordinary rate is required for all rateable property in each LGA. Other characteristics of an ordinary rate are:

- Can be differentiated into 4 categories (and sub-categories) including farmland, residential, mining and business.
- Can be wholly calculated as an ad valorem rate, or as a base amount (which can be up to 50% of the value from the category) plus an ad valorem amount.
- The ad valorem amount can be different for different categories.
- The term ad valorem means "to the value" and is commonly applied to a tax imposed on the value of property. Ad valorem rates are a tax based on the value of property and in NSW are imposed by local councils for municipal services.

A special rate can be made in addition to the ordinary rate for part, or all, of an LGA. By virtue of section 495(2), the special rate is to be levied on such rateable land in council's area as, in council's "opinion": benefits or will benefit from the works, services, facilities or activities; or contributes or will contribute to the need for the works, services, facilities or activities; or has or will have access to the works, services, facilities or activities.

Whereas council must make and levy an ordinary rate each year, council has discretion as to whether or not to make and levy one or more special rates.

In addition to rates, the LG Act also enables Councils to raise revenue from the making and levying of charges. Charges are in addition to the ordinary or special rate and may be annualised or based upon levels of usage. A charge may be for a specific service provided by council (e.g. domestic waste management) and may be set at a level to enable part or full cost recovery.

Principles for application of rating

The Council rating and revenue raising manual (NSW DLG, 2007:14) identifies two guiding criteria to establish "fairness" or "appropriateness" of rates. These criteria are:

- *The extent to which those who receive the benefits of council's services also pay for those services - the so called "benefit principle".*
- *The extent to which those who pay for council's services have the ability to pay for those services - the so called "ability to pay principle".*

The manual discusses these criteria of benefit and ability to pay (DLG,2007:14-15):

It goes without saying that a rate which is fair when judged by the benefit principle may not be fair according to the ability to pay principle, and vice versa.

At best, the value of land can be said to "approximate" ability to pay. The value of land (particularly land which is not income producing) is often no indication of the means of the owner. A rate based solely on the value of rateable land ignores the cost and value of common services and facilities from which all properties benefit, regardless of their rateable value. In many local government areas the making of a wholly ad valorem based rate could be seen by owners of highly valued land as causing unacceptably uneven distribution of the costs of local government because they might have to bear a higher share of the total rate burden than the owners of lower valued land.

The Local Government Act 1993 seeks to give councils more options and greater flexibility in the types and the nature of the rates and charges that may be made and levied. For example, choosing to levy a special rate as an adjunct to an ordinary rate and/or choosing to structure a rate with a base amount may represent a successful method for a council to use to flatten the incidence of rates across ratepayers, and thus reduce the magnitude of variations in rate levies between different properties of varying rateable value.

The opposite alternative of a rate based solely on land value may have been deemed unacceptable because the resulting rating burden it would have created, if used, would have departed too greatly from the "benefit" or, "ability to pay" principles.

Much debate on local government finance emphasises equity. No one can deny the importance of equity considerations. However, efficiency considerations are also important.

Ultimately, each council has to decide for itself what combination of rates, charges and fees (and pricing policies) is "appropriate" for its area and its community. The annual statement of revenue policy will ensure that the community has access to sufficient information to enable it to judge the appropriateness of council's proposals (i.e. is the service actually required) and to determine whether it is receiving "value for money" (i.e. would a less costly service produce acceptable results).

Sub-Categories

Sub-categories may be determined for example for residential land according to whether the land is 'rural residential land' or within a 'centre of population'.

This categorisation does not permit council to determine sub-categories solely or predominantly on the basis of land value, whether on a property-by-property basis or otherwise (DLG, 2007:22). This should be achieved through structure of rates to include base amounts, while not disturbing the land valuation relativities between parcels of land.

A council may determine sub-categories for the "business" category, including a sub-category as 'a centre of activity'. A 'centre of activity' for example could comprise a business or town centre, industrial estate or other concentration of like activities such as a business park (DLG, 2007: 26).

There is also the opportunity to address mixed-use development. Mixed Development Apportionment Factors (MDAFs) are established to provide a rating option for mixed development lands - councils can rate parcels of land with both residential and business uses proportionally according to those uses. MDAF are determined by the Valuer General.

Setting base amount

A base charge is a fixed fee levied equally against all properties. Rates based on property value are then levied to provide the additional revenue required by the council. The effect is to reduce the influence that property values have in determining the relative amounts paid by different ratepayers.

Where council resolves to make an ordinary or special rate with a two part structure (i.e. with a base amount), the base amount may be uniform or may vary between categories or sub-categories: section 499. However, whatever the amount of the base amount, it must apply uniformly to all rateable land subject to the rate (or category or sub-category of rate in the case of an ordinary rate).

If council decides to impose a base amount, it must be specified in the resolution making the rate: section 499(1). This is a requirement which is mandatory so as to affect the validity of the rate. In addition, in the resolution that specifies a base amount of a rate, or the base amount of a rate for a category or sub-category of an ordinary rate, council must state (DLG, 2007:37):

- the amount in dollars of the base amount, and
- the percentage of the total amount derived from the base amount from each category or sub-category (section 537).

If council makes a rate with a 2 part structure, the application of the base amount for the rate (or category or sub-category of the rate) must not produce more than 50% of the total amount payable by the levying of the rate (or category or sub-category of the rate):

Setting the *ad valorem* amount

Irrespective of whether or not council specifies a base amount, the *ad valorem* amount of a rate is to be levied on the land value of all land that is to be rateable to the rate (section 498) and the rate in the dollar is to apply uniformly (DLG, 2007:37):

- in the case of an ordinary rate - to the land value of all rateable land in the area within the category or sub-category of the rate, and
- in the case of a special rate - to the land value of all rateable land in the area or such rateable land as is specified by council in accordance with section 538.

The *ad valorem* amount of the ordinary rate may be the same for all categories or it may be different for different categories: section 528(1).

In accordance with section 498(3) and 499(4) parcels of land must have the same *ad valorem* and/or base rate as other parcels of land in the same category or sub-category unless the land values of the parcels were last determined by reference to different base dates and the Minister approves the different *ad valorem* amounts. This also applies to minimum rates under section 548(8) of the Act.

Minimum amounts of rates

The decision as to whether a council will or will not use minimum rates is entirely left to the discretion of each council.

If a council resolves to specify one or more minimum amounts of a rate, the size of any minimum amount must not exceed the limits provided for in Local Government (General) Regulation 2005, unless special Ministerial approval for a higher amount has been granted. The minimum rate is currently \$474. The minimum amount of a special rate is \$2.

Possible rating structures

In summary, rates should be predominantly determined via the *ad valorem* method. An ordinary or special rate may comprise one of the following three structures only:

- an *ad valorem* rate only
- an *ad valorem* rate subject to a minimum amount, or
- an *ad valorem* rate plus a base amount (which rises up to 50% of the income from the particular rate).

This makes it clear that any particular ordinary rate for a category or sub-category, or any special rate may not have both a base amount and minimum amount applied to it. Therefore, it is up to the discretion of a council to use minimum or base rates in their rating structure.

5.5 Assessment of the impact on rates

In order to understand the likely impact on rates in the current Ryde area, we have estimated the average residential and business rates within each of the relevant LGAs that would form part of the amalgamated council. Based on the comparison of these average rates, the influence that property values have in determining the relative amounts paid by different ratepayers in different LGA is assessed.

This assessment utilises a number of key assumptions regarding the rating structure as follows:

- the total ordinary rates income to be levied by a larger council post the amalgamation is equal to the aggregate of the rates currently levied by the relevant LGAs for residential and business categories
- retention of current special rates by current LGAs
- no minimum rate specified by a larger council, and
- the base amount is set at 50 percent (i.e. the maximum level) of the total rates to be levied by a larger council, leaving another 50 percent for the ad valorem amount. This is to minimise the impact that the property values would have on the distribution of the total rates across different areas. A sensitivity test to this distribution is also conducted, based on a base amount set at 20 percent of the total amount.

Total rates income

At first, we have compiled the total residential and business rates levied by each relevant council in 2011/12, using council's financial statement. These are shown in the table below.

TABLE 14. TOTAL RESIDENTIAL AND BUSINESS RATES BY COUNCIL IN 2011/12, \$'000

	Auburn	Holroyd	Hunters Hill	Lane Cove	Parramatta	Ryde	Willoughby
Total ordinary rates	28,893	32,880	6,210	18,953	84,039	42,507	37,985
Residential	13,220	22,474	6,005	13,893	42,154	29,755	21,332
Business	15,673	10,406	205	5,060	41,885	12,752	16,653

Source: Compiled by SGS, 2013; using the financial statement made publicly available by each Council.

Special rate variation

Some of the councils above have requested a special rate variation (SRV) for their ordinary rates in 2011/12. The table below shows that IPART have approved special rate variations for Auburn, Lane Cove and Parramatta Councils for 2011/12. The table also indicates the additional increase in rates income by which these councils can increase their general income above the rate peg (2.8 percent for 2011/12).

According to IPART, Lane Cove have been approved to increase their rates by 10.24 percent in 2011/12, which is around 7.5 percent over the rate peg set by IPART.

TABLE 15. APPROVED INCREASE ABOVE THE RATE PEG IN 2011/12

	Auburn	Lane Cove	Parramatta
Approved total increase in rates	6.00%	10.24%	4.30%
Increase above the rate peg	3.20%	7.44%	1.50%

Source: Summary of variations requested by councils and decisions by IPART, 2011.

As the SRV approved by IPART only applies to a specific (current) Council area, the additional rates income associated with the SRV are not distributed across any amalgamated council area for the purpose of this analysis. As such, the additional increase above the rate peg has been removed from the total rates income indicated in Table 14. The following table shows the total residential and business rates by council in 2011/12, without any of the SRVs approved by IPART.

TABLE 16. TOTAL RESIDENTIAL AND BUSINESS RATES BY COUNCIL IN 2011/12, WITHOUT SRVS, \$'000

	Auburn	Holroyd	Hunters Hill	Lane Cove	Parramatta	Ryde	Willoughby
Total ordinary rates	27,997	32,880	6,210	17,641	82,797	42,507	37,985
Residential	12,810	22,474	6,005	12,931	41,531	29,755	21,332
Business	15,187	10,406	205	4,710	41,266	12,752	16,653

Source: estimated by SGS, 2013.

The table below shows the aggregate rates income under the different amalgamation options. Option 1, which considers an amalgamation of Auburn, Holroyd, Parramatta and Ryde, would have generated total rates of \$186 million in 2011/12. This is about \$13 million higher than the rates generated by option 1A, which does not contain the East Ward of Ryde.

TABLE 17. TOTAL RESIDENTIAL AND BUSINESS RATES BY OPTION IN 2011/12, WITHOUT SRVS, \$'000

	Option 1	Option 1A	Option 2
Total ordinary rates	186,181	173,834	104,343
Residential	106,570	95,564	70,023
Business	79,611	78,270	34,320

Source: estimated by SGS, 2013.

Setting the base and *ad valorem* amount

As the total rates are assumed to be split equally between the base and *ad valorem* amount, we have spread:

- 50 percent of the total rates under each option over all rateable land parcels within an amalgamated council area to derive a base rate, and
- 50 percent of the total rates under each option over the total value of all rateable land to derive an *ad valorem* rate.

Note that the derived base and *ad valorem* rate are for per parcel of rateable land, which may differ from the per property rates where multiple properties (e.g. strata units) occupy a same land parcel.

The table below shows the total number and value of rateable land parcels under each option. These estimates are obtained using the LEP zoning layers published by DP&I and the Valuer General database.

TABLE 18. TOTAL NUMBER AND VALUE OF RATEABLE LAND UNDER EACH OPTION

	Option 1	Option 1A	Option 2
No. of rateable land parcels			
Residential	101,006	92,161	51,823
Business	7,363	7,090	3,020
Value of rateable land			
Residential	\$41,236,425,762	\$35,746,920,122	\$38,255,836,491
Business	\$9,715,454,590	\$9,495,867,090	\$4,768,738,720

Source: estimated by SGS, 2013

The estimated base and *ad valorem* rates are provided in the table below. Again, these rates assume that the base amount would contribute 50 percent of the total ordinary rates income.

TABLE 19. BASE AND AD VALOREM RATES BY OPTION AND SUB-CATEGORY, ASSUMING AN EQUAL SPLIT

	Option 1	Option 1A	Option 2
Residential			
Base rate	\$527.54	\$518.46	\$675.60
Ad Valorem rate	\$0.13	\$0.13	\$0.09
Business			
Base rate	\$5,406	\$5,520	\$5,682
Ad Valorem rate	\$0.41	\$0.41	\$0.36

Source: estimated by SGS, 2013

The table below shows the alternative base and ad valorem rates, if the base amount is to be set at 20 percent of the total rates. The higher ad valorem rate would significantly increase the difference in rates to be paid by owners of properties with different values.

TABLE 20. BASE AND AD VALOREM RATES BY OPTION AND SUB-CATEGORY, THE BASE AMOUNT SET AT 20 PERCENT OF THE TOTAL RATES

	Option 1	Option 1A	Option 2
Residential			
Base rate (per land parcel)	\$211.02	\$207.39	\$270.24
Ad Valorem rate (per cent of land value)	\$0.21	\$0.21	\$0.15
Business			
Base rate (per land parcel)	\$2,162	\$2,208	\$2,273
Ad Valorem rate (per cent of land value)	\$0.66	\$0.66	\$0.58

Source: estimated by SGS, 2013

Average rates per rateable property

By applying the ad valorem rate to the average value of rateable property in each relevant LGA, we have then derived the average ad valorem amount per rateable property within each of the LGAs that form part of the options. Together with the average base rate identified earlier, we have calculated the average residential and business rates per rateable property within each current LGA under the different amalgamation options.

The following table shows the average residential and business rates by option and LGA, if the base amount will contribute 50 percent of the total rates.

Compared to Holroyd, ratepayers in Ryde would expect to pay around \$20 more in residential rates and around \$80 more in business rates per rateable property, under option 1. On the other hand, under option 2 ratepayers in Ryde would expect to pay around \$700 less in residential rates, but around \$2400 more in business rates compared to Hunters Hill.

TABLE 21. AVERAGE ANNUAL RATES BY OPTION AND LGA, ASSUMING BASE AMOUNT CONTRIBUTES **50 PERCENT** OF THE TOTAL RATES

	Auburn	Holroyd	Hunters Hill	Lane Cove	Parramatta	Ryde	Willoughby
Residential rate							
Option 1	\$585	\$665			\$671	\$684	
Option 1A	\$589	\$668			\$677	\$683	
Option 2			\$1,332	\$883		\$644	\$834
Business rate							
Option 1	\$7,645	\$8,618			\$6,551	\$8,691	
Option 1A	\$7,749	\$8,732			\$6,641	\$9,354	
Option 2			\$5,935	\$2,750		\$8,330	\$4,353

Source: estimated by SGS, 2013

The following table shows the average residential and business rates by option and LGA, if the base amount will contribute only 20 percent of the total rates.

In this case, ratepayers in Ryde, compared to Auburn, would expect to pay around \$200 more in residential rates and around \$1500 more in business rates, under option 1. On the other hand, ratepayers in Ryde, compared to Hunters Hill, would expect to pay around \$900 less in residential rates, but around \$3500 more in business rates under option 2.

TABLE 22. AVERAGE ANNUAL RATES BY OPTION AND LGA, ASSUMING BASE AMOUNT CONTRIBUTES **20 PERCENT** OF THE TOTAL RATES

	Auburn	Holroyd	Hunters Hill	Lane Cove	Parramatta	Ryde	Willoughby
Residential rate							
Option 1	\$560	\$600			\$657	\$760	
Option 1A	\$573	\$613			\$672	\$764	
Option 2			\$1,516	\$934		\$602	\$852
Business rate							
Option 1	\$7,493	\$8,738			\$6,418	\$9,066	
Option 1A	\$7,561	\$8,815			\$6,476	\$10,025	
Option 2			\$4,891	\$2,746		\$8,242	\$4,485

Source: estimated by SGS, 2013

6 CONCLUSION

In conclusion a number of options have been developed and tested in a desktop review for potential change to the structure of local government for the City of Ryde.

This report mainly focuses on a number of financial factors including TCorp financial sustainability indicators, considerations of financial projections and operating surplus or deficits over a 10 year period and impact on rates. In addition some limited work on spatial analysis of accessibility, major centres and communities of interest (through household travel patterns) have been identified.

In conclusion the following major points summarise the analysis:

Base case (current LGA boundaries)

- The current City of Ryde performs better than the options 1 and 2 in regards to TCorp financial sustainability indicators
- Ratio of operating deficit to operating revenue is highest (worst) for City of Ryde compared to options 1 and 2.
- Impact on rates not applicable.
- Current LGA boundaries.

Option 1 (ILGRP proposal)

- Option 1 performs worse than option 2 in regards to TCorp financial sustainability indicators (and worse than the base case).
- Ratio of operating deficit to operating revenue is lowest (best) for Option 1 compared to base case and option 2.
- Impact on rates for Ryde area is that higher average rates per property for residential and business than grouping of Councils, to maintain total rate income.
- Accessible within 30-45 minutes from the Parramatta CBD, weaker household travel patterns between Ryde and Parramatta, stronger journey to work linkages between NW and Ryde (Macquarie Park in particular).

Option 1A (ILGRP variation)

- Same as above for financial performance
- Financial performance 1A has not been assessed due to lack of sub-LGA information.
- As above, except that east ward in City of Ryde Ryde has been linked with North Shore Council grouping.

Option 2 (North shore)

- Option 2 performs better than option 1 in regards to TCorp financial sustainability indicators (but not as well as base case).
- Ratio of operating deficit to operating revenue for option 2 is higher (worse) than Option 1 but is lower (better) than the base case).
- Impact on rates for Ryde area is that lower average rates per property for residential and business than grouping of Councils, to maintain total rate income.
- Accessible within 30-45 minutes from the Chatswood CBD, stronger household travel patterns between Ryde and North Shore and to North.

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Attachment D

SGS Economics and Planning

Northern Sydney Joint Organisation Business Case.

May 2015

Northern Sydney Joint Organisation: Business Case



Draft Final Report

Ryde, Lane Cove and Hunters Hill Councils
May 2015

Independent insight.



This report has been prepared for May 2015. SGS Economics and Planning has taken all due care in the preparation of this report. However, SGS and its associated consultants are not liable to any person or entity for any damage or loss that has occurred, or may occur, in relation to that person or entity taking or not taking action in respect of any representation, statement, opinion or advice referred to herein.

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EXECUTIVE SUMMARY

Overview

Establishing a Joint Organisation (JO) involving Ryde, Lane Cove and Hunters councils is an economically viable proposition, where the sub-regional scale planning and shared services roles of the separate councils are invested in the JO. The performance of the JO is further enhanced with more councils participating.

Background

The State Government has proposed to create a new amalgamated Northern Sydney Council through the amalgamation of six Councils: 1) Ryde, 2) Hunters Hill, 3) Lane Cove, 4) Mosman, 5) North Sydney, and 6) Willoughby.

The nominated Councils do not support this proposed amalgamation. As an alternative, Ryde, Hunters Hill, and Lane Cove Councils have proposed to establish a Joint Organisation (JO) to undertake the following subregional functions:

1. Subregional land use and infrastructure planning
2. Subregional community and cultural planning
3. Subregional economic development and tourism
4. Joint subregional advocacy
5. Joint strategic procurement initiatives, and
6. Joint subregional service delivery.

Scope and objectives

SGS Economics & Planning (SGS) was commissioned to articulate how these functions would operate under the JO transfer proposal and to describe the **strategic capacity enhancements** that would be generated; the ultimate goal of State Government.

SGS was also tasked with performing a **cost benefit analysis** of moving from the current situation to the proposed JO. That is, SGS's analysis takes a broad community perspective, and therefore considers the gamut of economic, social and environmental costs and benefits generated by moving the subregional functions to the JO.

It is noted that SGS's analysis does not cover the transfer of the 5) Joint strategic procurement initiatives and 6) Joint subregional service delivery functions to the JO, acknowledging that these are highly complex arrangements that need to be informed by further detailed investigations.

Options assessed

The cost benefit analysis has identified, quantified and contrasted over time the costs and benefits of moving from the existing situation (base case) to two alternative JO options as follows:

- **Base case:** each Council continues to undertake subregional functions separately;
- **Option 1:** 3 Councils (Ryde, Hunters Hill, Lane Cove) transfer subregional functions to a JO; and
- **Option 2:** 6 Councils (Ryde, Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby) transfer subregional functions to a JO.

Outcomes expected

If the subregional planning functions are transferred to a JO, there are likely to be improvements in targeting and achieving the shared spatial planning outcomes sought by the Councils collectively. This includes:

- The development of better plans for land use and infrastructure development;
- More efficient decision making in relation to planning and development proposals; and
- A more rapid advancement towards targeted subregional land use, infrastructure, social and economic development outcomes.

Ultimately this will mean that the urban development that occurs across the subregion will be managed in a better manner, ensuring that the functionality, productivity and liveability of the subregion is maintained over time. Importantly, no assumption has been made about changing the overall rate of urban development, but improvements can be expected in terms of the spatial location of development and its infrastructure servicing. These improvements apply to the three participating councils, and would be greater if six councils were to participate in the JO.

Achieving Strategic Capacity

The transfer of subregional functions to a JO would lift the capacity of the participating Councils to achieve a subregional strategic agenda – while boosting each individual council's ability to achieve the local outcomes of their Community Plan. The JO is a customised approach to achieving Strategic Capacity, and the associated benefits, without the disruption and costs of amalgamation (as outlined in the reports by Morrison Low, Brian Dollery and Percy Allen and Associates). The JO would achieve each of the elements of Strategic Capacity as summarised below.

More robust revenue base and increased discretionary spending Resources to cope with complex and unexpected change

The Joint Organisation would represent 216,000 to 427,000 people by 2031 (3 or 6 councils respectively). The effect of the JO would be to reduce demand on the capital of participating councils, enable them to depreciate assets more efficiently and offer greater surpluses to invest in infrastructure and enhanced services. This would also improve the participating council's capacity to make provision for and fund complex and unexpected change.

The JO would achieve public resource savings and more effectively deploy funds by: streamlining forward planning and development sequencing (including using pooled funds under a single s94 plan), improving utilisation of facilities across council boundaries and delaying new capital expenditure as a result.

Scope to undertake new functions and major projects

The strategic planning capacity to deliver and assess projects comparable in scale to, for example, Ryde's urban renewal precincts would be available across all councils participating in the JO. Potential new projects and functions would include economic development of specialised hubs, transport precincts and town centre redevelopment across local government boundaries.

Knowledge, Creativity and innovation Advanced skills in strategic planning and policy development

The combined strategic planning staff resources of the JO would deliver economies of scope - as teams are able to avoid duplication, share knowledge, research resources and develop team size which enables specialisation. Enhanced in-house skills in transport and economic development planning will be valuable in delivering transit oriented urban renewal projects to achieve the subregional planning agenda, and realise the economic benefits of an efficient city structure.

Effective regional collaboration

A JO would build on economies of scale and institutionalise collaboration amongst participating councils for procurement, accessing grants, service delivery including the joint use of facilities.

The JO would provide a framework to enter into a single contract for services rather than multiple contracts across the participating councils. As a single entity it would be more competitive in accessing grant funding. It would collect larger bundled grant funds and have the flexibility to deploy matching council expenditure in the right place and right time to more rapidly achieve community plan outcomes.

Credibility for more effective advocacy

By 2031, the JO could represent up to 15% of Sydney's population and an even higher proportion of its jobs (assuming all six councils participated). The JO would adopt single clear positions across its councils for rating, funding infrastructure priorities, economic hubs and social planning agenda. This represents a less parochial and more powerful bloc of interest to argue for subregional priorities (e.g. light rail, economic development prospectus).

Capable partner for State and Federal agencies

The JO would serve as a single point of contact for State and Federal Government to identify shared positions on regional planning, economic development and social policy issues. This would replace the need for individual negotiations with up to six separate councils. This is critical for the smooth delivery of subregional strategy and social policy targets in partnership with NSW Government.

In addition shared subregional positions supported by an evidence base would provide a stronger justification for flow on planning and investment decisions for State infrastructure

High quality political and managerial leadership

The JO would be constituted by a board/council of Mayors from the constituent councils. They would be serviced by a secretariat and have access to pooled strategic planning resources and a shared services entity responsible for those services for which there are clear economies of scale. Accountabilities for the JO and its shared service facility would be established under the Local Government Act. The JO would be equipped to focus on subregional imperatives and would leave individual councils better placed to lead their local constituents.

Costs and benefits

The transfer of subregional functions to a JO would give rise to ***once off establishment costs*** for the JO (year 1), as well its ***ongoing operating costs***.

It has been assumed that the current operating costs associated with delivering the subregional functions across each of the participating Councils simply transfers to the JO upon its establishment. Some overlap has been assumed in years 1 and 2 (25% of existing operating costs), i.e. to overcome teething problems, but no operating cost efficiencies have been factored in after this period. This is an inherently conservative assumption, as efficiencies could well be generated through the JO's relative economies of scale and scope.

Two key benefits have been identified:

- The ***acceleration of more efficient urban development and infrastructure provisioning***, as the JO plays a significant role in enabling this transition. There is significant evidence that the spatial form of development impacts economic, social and environmental outcomes in the Australian context.¹ Our analysis simply assumes that the preferred form of future development for Sydney over the long term

¹ SGS Economics & Planning (2005) and (2011); Centre for International Economics (2010) and (2012), amongst numerous others.

(to 2031) applies at the subregional level, i.e. future housing and employment are increasingly accommodated into town centres, and that the array of benefits that result from this are accelerated by the JO (i.e. by 5 years).

This array of benefits includes the net benefits generated by savings in costs associated with infrastructure provisioning, transport congestion, environmental pollution, along with unlocking the benefits of improved workforce productivity (agglomeration economies) and land use efficiencies.

Another way of articulating this benefit is to say that the risks of the subregion not developing in the most efficient locations are ameliorated by the operations of the JO.

- **Private sector appeals savings (from more effective planning decisions):** It is anticipated that significant planning and development decisions will be made at the subregional level, ensuring that these decisions are consistent with adopted subregional policy. In turn, the cost of decisions related to planning proposals and the private costs of appeals, which act to ultimately overturn inconsistent decisions, are avoided.

Historic rates of Planning Proposals and Class A appeals, and the rate at which appeals are upheld, have been used, as has the assessed avoided private sector cost of each appeal (~\$22,500).

Results generated

A discounted cashflow analysis, comparing the costs and benefits over a 15 year period (2016 to 2031), has been used to evaluate the merit of moving from the Base Case to Option 1 and Option 2.

	OPTION 1	OPTION 2
NET PRESENT VALUE (NPV) (Note: if NPV is positive, the option is worth pursuing)	\$523,044	\$3,401,971
BENEFIT COST RATIO (BCR) (Note: if BCR >1, the option is worth pursuing)	1.5	2.4
INTERNAL RATE OF RETURN (IRR) (Note: if IRR > discount rate, the option is worth pursuing)	17%	31%

Note: a real discount rate of 7% has been utilised.

Option 1 (3 councils participating) has a strongly positive NPV and BCR greater than 1. The results are further enhanced when considering the participation of 6 councils in the JO (Option 2). The results of this economic analysis do not take account of the strongly positive impact of including the estimated 10-20% operating cost savings from the adoption of a shared service arrangement.

Sensitivity analysis

The results of the sensitivity analysis highlight that in terms of downside risk, the largest threats to the viability of the JO rests with:

- Operating cost penalties, i.e. if significant duplication exists amongst the JO and participating Councils;
- The failure of the JO to accelerate the movement towards more efficient urban development and infrastructure provisioning patterns; and
- The failure of the JO to remedy inconsistent decisions with respect to Planning Proposals and Development Applications.

Having said that, most of the assumptions invoked are inherently conservative, and there appears to be more upside potential (i.e. for additional benefits) than there is downside risk.

Distributional assessment

The distributional assessment indicates that ratepayers will bear any incremental establishment and operating costs, while the benefits will be more widely spread, with benefits accruing to local residents, commuters, workers, businesses and developers, as well as local and State infrastructure provisioning agencies.

Based on this it does not appear that moving to the JO will impose any disproportionate inequities amongst stakeholders.

Conclusions

Based on the above analysis, SGS concludes that:

- The move to the JO is both viable and advantageous. That is, the benefits outweigh the costs considerably, and the improvements to strategic capacity are significant; and
- The net benefits associated with Option 2 outweigh that of Option 1. That is, the JO will be much more worthwhile if the six Councils transfer their subregional functions to it.

For the JO to be most effective, participating Councils should not be able to 'opt out' of key decisions. That is, they all must sign up to the subregional transfer of functions, and in turn, the plans and policies that the JO develops and the decisions it makes in governing in line with these plans and policies.

The analysis demonstrates that the JO represents a customised approach to achieving scale and capacity and, given the disruption and costs associated with amalgamations, offers net benefits that amalgamations are unlikely to be able to match.

1 INTRODUCTION

1.1 Project background

Fit for the Future

On 10 September 2014 the NSW Government released its response to the final recommendations of the Independent Local Government Review Panel (Revitalising Local Government April 2014) and the Local Government Acts Taskforce.

The NSW Government packaged its response under the banner of 'Fit for the Future' (FFF). For details see <http://www.fitforthefuture.nsw.gov.au/>

All NSW councils (except those in the Far West) have been requested to undertake a self-assessment, then prepare a road map to become 'Fit for the Future' and submit it to the State Government by 30 June 2015.

The criteria to be considered and applied to the assessments are:

1. Financial sustainability
2. Effectively managing infrastructure and delivering services for communities
3. Efficiency – value for money, and
4. Scale & capacity – to engage effectively across community, industry and government.

NSW councils must initially demonstrate how they meet the scale and capacity criteria before moving onto the other criteria. IPART have now been appointed by the State Government to evaluate council proposals against these criteria.

Northern Sydney recommendations

The State Government's current proposal, emanating from the aforementioned process, is to create a new amalgamated Northern Sydney Council through the merger of Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby Councils. That is, the Government has supported the Independent Local Government Review Panel's recommendation that in Northern Sydney scale and capacity can only be achieved by merging the 6 councils (or some similar merger).

The participating councils resolved to:

- Reject the Independent Panel's recommended amalgamation of Ryde with the other five councils;
- Complete Template 2 – Council Improvement demonstrating how Council intends to address the Fit for the Future criteria on a standalone basis; and
- Investigate a modified Joint Organisation (regional body) proposal to enhance its position in meeting the State Government's scale and capacity criteria.

1.2 Project objectives

The participating Northern Sydney Councils have commissioned SGS Economics & Planning (SGS) to prepare a business case that can be provided to the Office of Local Government (OLG) as part of Council's Fit for the Future Submission.

The project's objective was to investigate and prepare a business case on the costs and benefits that would be generated by the formation of a joint regional body for Northern Sydney which would enhance the subregion's scale and capacity in undertaking the following functions:

1. Sub-regional land use and infrastructure planning
2. Sub-regional community and cultural planning
3. Sub-regional economic development and tourism
4. Joint strategic procurement initiatives
5. Joint subregional advocacy, and
6. Joint subregional service delivery.

SGS has been asked to prepare the material for points 1 to 3 and 5 above. Others are expected to prepare the material relating to points 4 and 6 (Percy Allen and Associates). SGS has been asked to compile an overall business case.

The OLG, in its information provided on Fit for the Future, has stated that the business case must:

- Provide a high level strategic and economic appraisal of the feasibility of the proposed JO; and
- Consider the factors set out in Section 263 of the Local Government Act 1993, including undertaking due diligence to assess any high level risks of the proposed Joint Organisation to enable the participating Councils to make a decision to proceed to a Joint Organisation.²

1.3 Project approach

SGS has developed this business case for the proposed Northern Sydney Joint Organisation (JO) by performing a high level strategic and economic appraisal. This has included working with the Councils to:

- Describe how specified regional functions are likely to be performed under the base case (current) scenario and under the JO scenario;
- Assess how the key elements of 'strategic capacity' are supported by moving from the base case to the JO scenario;
- Identify and describe the economic costs and benefits of moving from the base case to the JO scenario;
- Quantify how the identified costs and benefits evolve over time (i.e. over a 10-20 year period);
- Assess how these quantified costs and benefits compare in present day terms using discounted cashflow analysis and, in doing so, generating a variety of performance measures; and
- Document the processes, results and implications of the aforementioned tasks into a concise, professional report.

² Effectively this means examining how a proposal affects the areas concerned in terms of: 1) financial impacts on residents and ratepayers, 2) community of interests and geographic cohesion, 3) historical and traditional values, 4) attitudes of the residents and ratepayers, 5) elected representation patterns, 6) council's ability to provide adequate, equitable and appropriate services and facilities, 7) council employment levels, 8) the impact on rural communities, and other factors of relevance.

2 SCENARIO SPECIFICATION

This section highlights how the regional functions are likely to be undertaken across the Councils of Northern Sydney under the base case (current) scenario and under a Joint organisation (JO) scenario, i.e. with either three (Ryde, Hunters Hill, Lane Cove) or the entire six (adding Mosman, North Sydney, Willoughby) Northern Sydney Councils potentially participating. It also highlights how the establishment of the JO will deliver costs and benefits, as envisaged by the Councils.

Local planning and development decisions remain with the individual councils under all scenarios.

2.1 Base case scenario

As per the project objectives, the subregional functions that are proposed to be performed by the JO with the aim of enhancing the subregion's scale and capacity include:

- Subregional land use and infrastructure planning
- Subregional community and cultural planning
- Subregional economic development and tourism
- Joint strategic procurement initiatives
- Joint subregional advocacy, and
- Joint subregional service delivery.

Consequently, under the base case scenario, each of these functions will continue to be undertaken separately by each council with limited subregional cooperation, as follows:

Strategic Planning/ Infrastructure

- Subregional Plans - strategic subregional land use planning
- Local and State Infrastructure Planning
- Local Environment Plans (LEPs), Plan making, Development Contribution Plans (DCPs)
- Separate council s94 Plans
- Place making – including cross border issues
- Strategic planning research
- No obligation to seek views of other councils

Statutory Planning

- Development Approvals (DAs) (meetings, mediation and approvals) remain with councils
- Separate council Independent Hearing & Assessment Panels (IHAPs) remain
- Joint Regional Planning Panels (JRPP) remains for major DAs

Community Planning

- No collaboration on corporate / community plan preparation
- Social and transport strategies (e.g. Bike Plans) do not integrate across borders

- Different fees / costs for facilities among different councils

Subregional Economic Development

- No coordinating role of Northern Sydney Regional Organisation of Councils (NSROC)
- No specialisation among councils for different skill sets

No Joint Subregional Advocacy, Representations & Campaigns

- Individual council approach re: funding/ rating policy, governance
- No shared State liaison, other referrals or consultation

Governance and Organisation Structure

- Separate councils and staffs - staff numbers and roles unchanged on same awards
- NSROC remains as currently staffed and funded
- Joint procurement for a range of services currently occurs across NSROC (e.g. Asphalt, Waste).

2.2 Joint Organisation scenario

Under the JO scenario there would be much more commonality in approach, coordination and centralisation of the subregional functions below.

The JO scenario assumes the involvement of at least the three councils of: Ryde, Hunters Hill and Lane Cove (Option 1). The JO scenario could be extended to include up to six council members of NSROC (Option 2: also potentially North Sydney, Willoughby and Mosman).

Strategic Planning/ Infrastructure

Common strategic planning on subregional planning / infrastructure matters:

- Single endorsed approach to subregional plan priorities and content
- Agreed centres hierarchy /collaboration promoting subregional hubs (e.g. bulky goods, education precincts)
- Single endorsed set of priorities on State infrastructure (e.g. preferred location and scale of education, health, sport, transport and social infrastructure)
- Shared approach to local infrastructure planning - recognising spare capacity within and across borders
- Single subregional LEP and DCP harmonisation (i.e. common design standards)
- Single subregional s94 Plan (i.e. larger total fund / more flexibility / better liquidity)
- Shared strategic planning research resources
- Obligated to seek views of other councils on matters with the potential to be of subregional interest
- For 3 councils - the scope for subregional scale strategic planning is somewhat limited to border planning issues and stronger infrastructure capacity utilisation among the 3 councils involved
- For 6 councils - the scale is equivalent to the majority of Sydney's North subregion and benefits would be realised across a wide range of strategic and infrastructure planning parameters.

Subject to agreement and decisions by the member councils the JO provides the opportunity for a shared Independent Hearing and Assessment Panel to decide medium size local development applications in accordance with jointly adopted council planning and development policies. All councils within a region would continue to have a say in appointing the Joint Regional Planning Panel (JRPP) that decides major

development applications of a regional nature. The outcome would be development decisions that work to deliver a broader subregional planning agenda.

Statutory Planning

Over time, subject to agreement by member councils, it is anticipated that statutory planning and approval powers would transition to more centralised JO authority on major DAs – potentially replacing role of JRPP. Other elements of the approvals regime could be as follows:

- Small DAs (<\$5M) remain with councils under existing arrangements
- Medium DAs (\$5M-\$20M) assessed / determined by shared single IHAP under delegated authority
- Large DAs (>\$20M) assessed / determined by JO
- For 3 councils – a shared single IHAP would be considered
- For 6 councils – there is the potential for NSROC (as a JO) to structure itself to take on the role of the JRPP for large DAs

Corporate and Social Planning

- Collaboration on corporate and community plan preparation
- Integrated Community Plans
- Joint approach to local implementation of State social policy targets and agendas (e.g. youth policy)
- Pooled grant funding for subregional facilities (e.g. SSHAP, Metro Greenspace)
- A JO would build on economies of scale and institutionalise collaboration amongst participating councils for procurement, accessing grants, service delivery including the joint use of facilities.
- Common fees for facilities
- The nature and benefits of joint community planning are scalable upwards from 3 to 6 councils

Subregional Economic Development

- Coordinating role of JO:
 - Common subregional economic development plan
 - Shared prospectus for investment / development
 - Council specialisation - identification and promotion of a council for best practice
 - Shared support for identified clusters/hubs for a skill or industry
- Although scalable upwards from 3 to 6 councils – the full advantages of joint regional economic development effort would be achieved as the scale of cooperation approached 6 councils and addressed issues and initiatives spanning most of Northern Sydney

Joint Subregional Advocacy, Representations and Campaigns

- Representations and campaigns on key policy, funding and governance issues
- Single point of approach to State / Federal Government on subregional matters (e.g. Light rail routes)
- Shared promotion of a common set of grant funding opportunities
- No change to approach to rating
- The impact of joint subregional advocacy would be scalable upwards from 3 to 6 councils

Governance and Organisation Structure

- Separate councils and staffs remain in place – with the assumption that strategic planning staff are engaged via the JO
- For 3 councils – NSROC remains to service non-participating councils (scalable model required)

- For 6 councils – NSROC fully subsumed into JO - funding and resourcing as per NSROC (included CEO/ 2.6 EFT seconded staff – and including Executive Director)
- JO structured as a board or council of Mayors - with the authority of a County Council responsible for subregional planning matters and issues crossing boundaries.
- The service delivery functions of the JO would be executed via a Regional Services Group (RSG a corporate entity / company limited by guarantee)(refer Percy Allen and Associates)

2.3 Summary of enhanced performance of JO scenarios relative to base case

The JO scenarios can achieve efficiency advantages by getting the most return (relative to cost) out of the resources used by the JO in strategic planning, decision making and through operation of the organisation.

The JO can also be more effective in targeting and achieving the shared spatial planning outcomes sought by the councils acting together. The economic advantages of a JO can be characterised under the efficiency and effectiveness categories below.

Plan Making Efficiency

A JO is expected to prepare enhanced strategic plans for land use and infrastructure with the same or fewer staff, administrative and capital resources - where there is:

- Integration and prioritisation of shared planning and infrastructure priorities – leading to more streamlined forward planning and development sequencing
- Savings from infrastructure investment prioritisation – avoiding duplication of infrastructure planning processes in the subregion
- Savings from shared research – avoiding duplicated effort and enabling economies of scope as expertise develops
- Savings from joint planning for social outcomes, economic development and tourism – avoiding duplication and inconsistency
- Savings and flexibility in infrastructure contributions planning via a common s94 plan and fund pool

The plan making capacity of the JO would be enhanced by the economies of scope and scale experienced among the participating councils in delivering major projects and precincts outlined in Section 3.2 (Scope to undertake new functions and major projects).

Decision Making Efficiency

Savings are expected to arise from economies of scale in the joint use of development decision making resources such as a shared IHAP. Economies of scope are also expected as council staff and resources are able to specialise and up-skill in major development assessment. Potential decision making efficiencies include:

- Cost savings from reduced appeals / mediations resulting from more consistent and expert DA assessment
- Savings from avoided duplication of assessment mechanisms including a shared Independent Hearing and Assessment Panel (IHAP)
- Potential for JRPP costs to be reduced by transfer of certain assessments to JO
- Single point of approach on major decisions involving State and Federal Government (e.g. rating, grants)

Operating Cost Efficiency

A JO would achieve economies of scale and scope from the operation of a shared services facility (managing rates, shared procurement, major facilities charging and management – especially where the involvement of all 6 councils could lead to the absorption of NSROC functions within the JO). However there would be:

- Once off establishments costs for new JRA and Shared Services arrangement (much less cost if converted NSROC)
- Additional meeting costs for JO (Board/Council of Mayors - County Council)

More Effective Plan Outcomes

There is potential for a JO to more rapidly and accurately achieve targeted subregional land use, infrastructure, social and economic development outcomes associated with:

- Delayed or avoided new capital expenditure for planned state infrastructure (e.g. schools, hospitals)
- Improved utilisation of existing local facilities (including sharing capacity across subregion)
- More efficient urban development patterns as better plans are made and investment decisions are more consistent with these plans (and antagonistic development is avoided)
- Increased agglomeration economies with improved place management - a more rapid adjustment towards identified objectives (e.g. knowledge clusters at Macquarie Park, TODs at Epping, mixed use outcomes at St Leonards etc.) or alleviating social exclusion.
- Travel time, vehicle operating cost and emission savings – associated with clearer subregional centres hierarchy and more effective transport systems
- More effective achievement of social plan outcomes - clearer prioritisation of social policy implementation from integrated community plans and joint approach to State social policy targets (e.g. youth policy)
- Amplified benefits from pooled grant funding for subregional facilities (e.g. SSHAP, Metro Greenspace)
- Enhanced policy and grant funding success – leading to more rapid achievement of funding priorities – e.g. single point of approach to State / Federal Government on regional matters (e.g. Light rail funding)

3 ACHIEVING STRATEGIC CAPACITY

The section provides a high level assessment of how the proposed JO improves the Northern Sydney region's strategic capacity by examining the elements of strategic capacity as identified by the ILGRP.

3.1 Elements of Strategic Capacity

According to the ILGRP the concept of 'strategic capacity' highlights the need for councils: to

- Shift their focus towards a more strategic view of their operations
- Have the ability to respond to the diverse and changing needs of different communities, and
- Take on new functions or deliver improved services in order to meet those needs.

This implies a move to larger, more robust organisations that can generate increased resources through economies of scale and scope, and then 'plough back' efficiency gains into infrastructure, services and other benefits for their communities.

The ILGRP defines the key elements of 'strategic capacity' as follows:

- More robust revenue base and increased discretionary spending
- Scope to undertake new functions and major projects
- Ability to employ wider range of skilled staff
- Knowledge, creativity and innovation
- Advanced skills in strategic planning and policy development
- Effective regional collaboration
- Credibility for more effective advocacy
- Capable partner for State and federal agencies
- Resources to cope with complex and unexpected change
- High quality political and managerial leadership.

Scale to undertake strategic programs / projects

Scope to engage expert staff and advance skills

Influence for effective regional collab. / advocacy

The JO offers the prospect of achieving these elements, and the associated benefits, without the disruption and costs of amalgamation (as outlined in the reports by Morrison Low, Brian Dollery and Percy Allen and Associates). In fact a JO represents a customised approach to addressing these strategic capacity elements, as outlined below.

3.2 Assessment of JO proposal against elements

More robust revenue base and increased discretionary spending Resources to cope with complex and unexpected change

Population and housing growth is not directly proportional to a council's revenue base, however the projections shown in

Table 1 give an indication of the scale of growth in the subregion to 2031. An extra 47,000 dwellings and 104,000 people are expected over a 20 year period (for six participating councils).

Table 1: LGA Population and DWELLING PROJECTIONS 2011-31

LGA	2011	2011	2031	2031
	Population	Dwellings	Population	Dwellings
Ryde	108,700	44,050	153,000	62,950
Hunters Hill	13,900	5,400	17,500	7,200
Lane Cove	33,250	13,900	45,250	18,850
North Sydney	66,750	37,000	85,750	47,850
Mosman	29,350	13,750	35,350	16,900
Willoughby	71,150	29,050	90,300	37,700
Total	323,100	143,150	427,150	191,450

Source: Department of Planning and Environment (2014) LGA Population, Housing and Dwelling Projections (final)

The financial sustainability of the councils participating in a Joint Organisation is discussed separately by Morrison Low. As an example of the benefits from such an approach, evidence from the WBC Strategic Alliance (of Central West Councils) indicates savings of \$5.7M arising from joint tenders and funding, shared teams and collaboration on over 55 projects in the last 12 years.

The Joint Organisation would offer public resource savings and the ability to more effectively deploy s94 funds for local infrastructure via:

- Streamlined forward planning and development sequencing (new provision of better sequenced and coordinated infrastructure)
- Delayed or avoided new capital expenditure for planned state infrastructure (e.g. schools, hospitals)
- Improved utilisation of existing local facilities (including sharing capacity across the subregion – e.g. sports fields, community centres, health centres, regional libraries)
- Agreed infrastructure investment prioritisation - avoiding duplication within the subregion
- Savings from shared research – avoided duplication and economies of scope/ specialisation
- More effective collection and deployment of s94 funds under single s94 Plan (i.e. larger total fund/ more flexibility / better liquidity)

The effect of the JO would be to reduce demand on the capital of participating councils, enable them to depreciate assets more efficiently and offer greater surpluses to invest in enhanced services. This would also improve the participating council's capacity to make provision for and fund complex and unexpected change.

Scope to undertake new functions and major projects

The participating councils already have a demonstrated track record in delivering major mixed use redevelopment projects linked with transport infrastructure (e.g. Top Ryde City, Herring Road and North Ryde Station Urban Activation Precincts). The strategic planning capacity to deliver and assess comparable projects would be available across all councils participating in the JO. The capacity to make strategic plans more efficiently and effectively under the JO (see Section 2.3) would lead to clearer project priorities and more streamlined forward planning and development sequencing for major projects.

Councils in Northern Sydney already have a track record in a range of shared services, these capabilities would be enhanced and better shared amongst the participating councils via a JO. Current examples of collaboration include:

- Synthetic turf playing field strategy
- Regional asphalt tender
- Regional waste disposal tender
- Regional community recycling centre
- Aboriginal heritage program
- Metropool insurance and risk scheme
- Shorelink regional library support services

- Northern Sydney internal audit service
- Family day care
- Emergency management committee
- State Emergency Service

Potential new or enhanced projects and functions facilitated by a JO could include:

- More complex and larger mixed use urban renewal projects (e.g. Urban Activation Precincts)
- Town centre redevelopment across local government boundaries
- Land use and supporting infrastructure planning for major transport infrastructure (e.g. light rail, busways and new heavy rail station precincts)
- Economic development of specialised employment / health / education hubs (e.g. North Ryde / Macquarie Park)
- Assessment by the JO of major DAs currently assessed via JRPP

Knowledge, creativity and innovation

Advanced skills in strategic planning and policy development

The combined strategic planning staff resources of a JO (involving 3 councils) would exceed 13 FTEs. At this scale a range of economies of scope become possible as teams are able to avoid duplication, share knowledge and research resources and develop critical mass for specialisation.

Enhanced in-house skills in key disciplines such as transport and economic development planning will be valuable in delivering transit oriented urban renewal projects needed to achieve the Metropolitan Strategy agenda. The resulting advantages of a JO stemming from the adoption of consistent subregional planning priorities would include:

- More efficient urban development patterns (or the acceleration thereof), as more progressive and regionally focussed plans are made, decisions are more likely to be consistent with these plans, and as private sector investment is better harnessed to these ends.
- Travel time, vehicle operating cost and emission savings – associated with clearer subregional centres hierarchy and more effective transport systems
- Avoided negative externalities of major development – by consultation and shared priorities avoiding antagonistic development
- Increased agglomeration economies with improved place management - a more rapid adjustment towards identified objectives (e.g. knowledge clusters at Macquarie Park, TODs at Epping, mixed use outcomes at St Leonards etc.) or alleviating social exclusion.

Effective regional collaboration

The benefits of regional collaboration are widely spread, with benefits accruing to local residents, commuters, workers, universities, hospitals, businesses and developers as well as local and state infrastructure and service providers.

The JO will enhance collaboration in subregional planning via shared plan making and infrastructure priorities outlined in Section 2.3 (Plan Making Efficiency). A shared focus on environmental planning priorities and a single LEP would improve interaction with the development industry. Regional collaboration on corporate and social planning and economic development initiatives (including Regional Action Plans, refer Section 2.2) also deliver a clearer and more consistent message to the subregional community and business enabling better targeted and more timely action and investment to achieve the outcomes of these plans.

A JO would also build on economies of scale and institutionalise collaboration amongst participating councils for procurement, accessing grants, service delivery including the joint use of facilities.

There are already shared procurement strategies for materials such as asphalt and resource recovery. The JO would provide a framework through a board/council of Mayors and statutory / corporate entity (i.e. shared services group) to enter into a single contract for services rather than multiple contracts across the participating councils.

A JO would be able to receive grant funding and deploy funds according to shared strategic priorities. As a single entity it would use evidence from all member councils to offer more integrated grant applications in support of project funding from the Sharing Sydney Harbour Foreshore Access Program and Metropolitan Greenspace Programs. The JO would collect larger bundled grant funds and have the financial flexibility to deploy matching council expenditure in the right place and right time to more rapidly achieve community plan outcomes.

A case study of an effective regional collaboration is summarised in the box below.



Track record of the WBC Alliance

Four regional councils from Central West NSW have operated in a strategic alliance for 12 years. They claim savings and efficiencies of over \$5.7M arising from joint tenders and funding, shared teams and the completion of over 55 collaborative projects¹ including:

- Common engineering guidelines
- IT projects (\$400K savings)
- asset plan framework and templates (\$90K savings)
- plant and fleet management
- joint training and sharing of specialised staff
- joint road contracts

A strategic alliance operates as a co-operative relationship among councils pursuing a set of common goals while remaining independent of each of other. They are not required to 'opt in' on every key decision but frequently cooperate. The WBC Alliance submission to the ILGRP indicates that the councils may take the relationship further and are considering the potential of a County Council structure.

Credibility for more effective advocacy

A JO could advocate for the shared interests of between 216,000 and 427,000 people by 2031 (across 3 to 6 participating LGAs respectively). This would represent around 8 to 15% of Sydney's population and an even higher proportion of its jobs. The JO would adopt single clear positions across its councils for rating, funding infrastructure priorities, economic hubs and social planning agenda. This represents a less parochial and more powerful bloc of interest to argue for common priorities in the subregion such as:

- Preferred route for light rail / BRT proposals
- Station sites / public domain improvements for precincts affected by a second harbour rail crossing
- Shared economic development prospectus – including support for specialised economic hubs in the subregion (eg Macquarie Park)
- Social policy priorities - including affordable housing provision in urban renewal areas

Capable partner for State and federal agencies

The JO would serve as a single point of contact for State and Federal Government to identify shared positions on regional planning, economic development and social policy issues. This would replace the need for individual negotiations with up to six separate councils.

The State Government has indicated that the preparation and delivery of subregional strategies in partnership with local government will be critical to achieve the Metropolitan Strategy growth planning agenda. The subregional strategies will need to allocate housing and job growth targets between subregions

and among LGAs within them. The determination by a JO of shared positions supported by an evidence base would be very productive and highly appreciated by State Government. It would provide stronger justification for flow on investment decisions for State infrastructure.

The benefits for state infrastructure planning will also be substantial as a shared understanding of regional capacity and potential is reflected in better subregional planning. For example, shared subregional positions on where future development should occur or which centres are prioritised for an employment focus, will be highly beneficial for the State Government in planning for infrastructure.

The NSW Government relies on councils to deliver on key state social policy targets, including elements of youth policy, community health and affordable housing delivery. A JO represents a more effective and consistent partner in the achievement of social policy outcomes.

High quality political and managerial leadership

The JO would be constituted by a board/council of Mayors from the constituent councils. They would be serviced by a secretariat and have access to pooled strategic planning resources and a shared services entity responsible for those services for which there are clear economies of scale. The subregional mandate of the board would generate a focus that transcends individual local government boundaries and broadens the scope for high quality decision making. This would improve the understanding and ability of the board to relate to the State Government's agenda.

The more frequent interaction of mayors and GMs through the JO would also involve pooling of their collective knowledge and expertise with the prospect of economies of scope.

Percy Allen and Associates recommend that the JO could be constituted to include:

- A Regional Council of Mayors (constituted as a County Council) to conduct regional advocacy and lobbying and to engage with the State Government in regional growth planning and related decisions.
- A Regional Shared Services Centre (potentially registered as a Company Limited by Guarantee and governed by a Board of Council GMs) to provide shared services to its member Councils and other prospective clients as well as staff and an independent Regional Planning Panel (potentially located within the County Council) to assess regional development applications.

Percy Allen and Associates note that such an approach is superior to merging Councils because it:

- Focuses on regional imperatives rather than everything
- Merges only those functions that benefit from centralisation
- Drives efficiencies by making shared services market contestable
- Frees up councils to focus on services that are done best locally, and
- Avoids the enormous cost and disruption of mass amalgamations.

According to Percy Allen and Associates a well designed and carefully implemented Shared Services arrangement offers enhanced capacity potential and recurrent cost savings of approximately 10-20% pa, (after major establishment costs including IT have been absorbed), These savings have not been quantified in detail as yet and would be an additional benefit to those identified in the cost benefit analysis in the section that follows.

Accountabilities for the JO and its shared service facility would be established under the Local Government Act. There is precedent in the Hunter where an existing ROC (Hunter) has been using a State Incorporated Association (Hunter Councils Inc) to undertake regional advocacy and a wholly owned Public Company Limited by Guarantee (Hunter Councils Ltd) to perform shared services functions.

4 COST BENEFIT ANALYSIS

This section applies a strict cost benefit analysis (economic appraisal) framework to the stakeholder reported cost and benefits, before moving onto concisely identifying, describing, quantifying and contrasting relevant (community) welfare costs and benefits. Discounted cashflow analysis is used to generate performance measures, which are subsequently assessed for sensitivity.

4.1 Overall approach

The ultimate objective of the cost benefit analysis (CBA) is to provide an assessment of the broad welfare impacts that result from moving from the base case scenario to each of the JO scenarios, when taking an integrated perspective across economic, social and environmental considerations.

The CBA eliminates any duplication that is present in the stakeholder identified costs and benefits presented in Section 2, and also removes any 'transfer effects' (between societal groups); focussing the analysis on how 'aggregate' welfare is enhanced. It then attempts to quantify and monetise (i.e. express in dollar values) as many of the identified costs and benefits as possible.

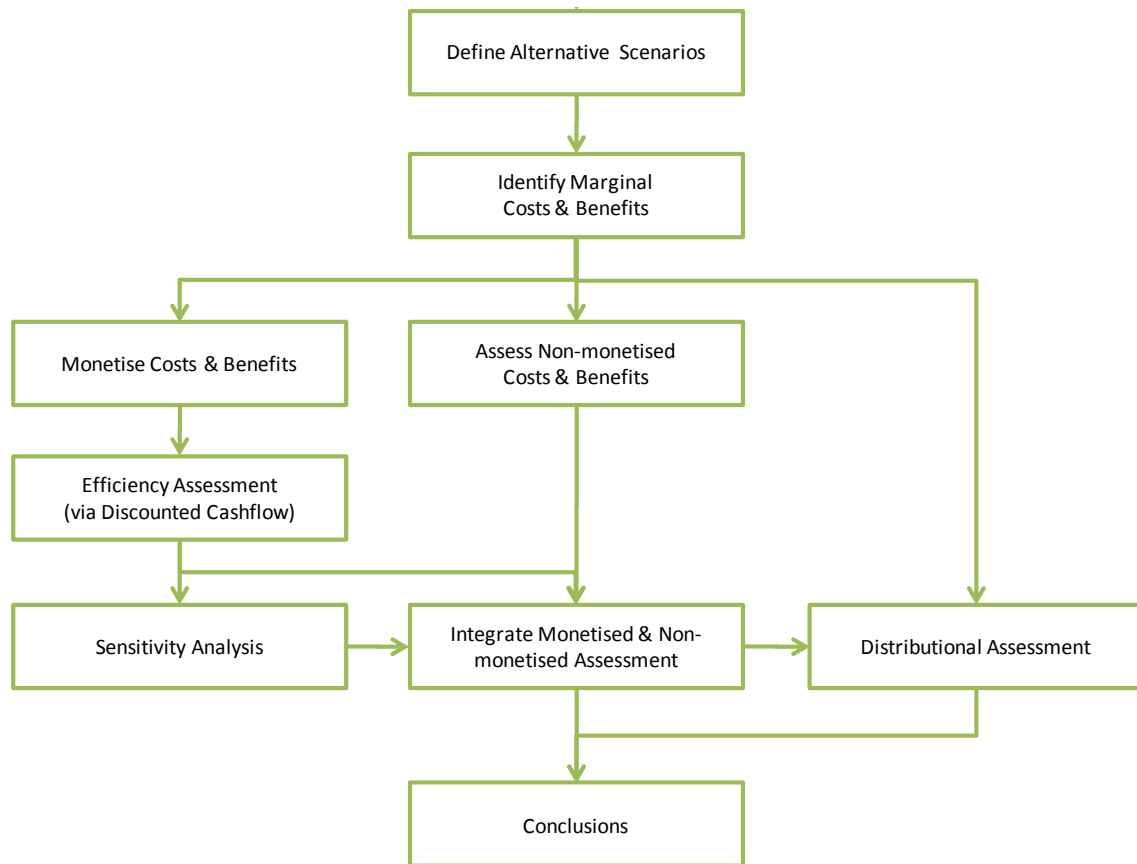
If the assessed benefits of moving from the base case to the JO scenario outweighs the costs, this will indicate that its establishment is worth pursuing. Similarly, if the six Council JO scenario generates a higher rate of net benefits (i.e. benefits minus costs) than the three Council JO scenario, then it will be rightly regarded as a superior regionalisation option from a community welfare perspective.

In performing the CBA, it is noted that:

- Not all costs and benefits can be adequately quantified and monetised. This can reflect their inherent intangibility. It also means that those impacts that cannot be adequately monetised must be integrated into an overall assessment where they can be compared with monetised costs and benefits.
- The distribution of costs and benefits may not be evenly experienced throughout the community, leading to socially inequitable outcomes. A potentially 'efficient' assessment, where benefits outweigh costs, may be rendered unworkable if social 'equity' is significantly compromised (or if those adversely affected cannot be appropriately compensated for their losses).

The approach adopted by the CBA takes both of these issues into consideration (refer figure overleaf).

FIGURE 1 APPROACH TO COST BENEFIT ANALYSIS



4.2 Distilled list of costs & benefits

After reviewing the list of stakeholder identified cost and benefits, SGS has distilled the following list of incremental costs linked with moving from the base case scenario to each of the JO establishment scenarios:

Incremental costs

Once off JO establishment costs

The once off costs of establishing the JO.

These costs are likely to include establishing the preferred legal framework for the JO, as well as its governance, performance, management, administrative support, reporting and funding arrangements.

The participating Councils have advised that these arrangements are well developed throughout the subregion through the existing functioning of the IHAP, JRPP and NSROC (all of which will effectively be replaced by the functioning of the JO).

It has been assumed that the once off establishment costs of the JO are as follows:

TABLE 2: JO ESTABLISHMENT COSTS

	3 Council JO (Option 1)	6 Council JO (Option 2)
Establishment costs	\$200,000	\$300,000
Timing of costs	Year 1	Year 1

Source: Consultation with Ryde, Hunters Hill and Lane Cove Councils.

Recurrent JO operating costs

These costs include the ongoing operating costs of the JO less the cost savings generated for participating Councils in terms of the subregional planning functions taken off their hands.

In this analysis SGS has assumed, in consultation with the 3 participating Councils, that there will be no operating costs impacts, as functions will directly transfer to the JO in year 1. However, for the sake of conservatism, even though the aim will be to minimise all forms of duplication, SGS has assumed that there will be a 25% operating cost penalty in years 1 and 2, i.e. to account for any teething problems that might eventuate.

The calculation of this penalty is based on the current full time equivalent staff numbers invested in the subregional planning functions at each participating Council. The table below profiles these existing costs for the 3 participating Councils, with an average salary level of \$100,000 p.a. applied to each FTE along with a loading of 30% for on costs.

TABLE 3: RECURRENT COSTS FOR EXISTING SUBREGIONAL FUNCTIONS

Recurrent costs	Staff full time equivalents (FTE)	Recurrent costs
Ryde	8.5	\$1,105,000
Hunters Hill	2	\$260,000
Lane Cove	3	\$390,000

Source: Consultation with Ryde, Hunters Hill and Lane Cove Councils.

These costs have been increased by a factor of 2.5 for Option 2, i.e. the six participating Councils, reflecting the scale of the overall operating costs for Mosman, North Sydney and Willoughby, as published in their annual financial returns to the OLG.

Incremental benefits

More efficient urban development/ infrastructure provisioning

This relates to the Northern Sydney constituent Councils effectively 'buying into' the key elements of the Northern Sydney urban/ infrastructure development strategy.

This would lead to local plans better aligning with regional priorities, local development approval decisions better reflecting these regional priorities, and the improved ability to place management key locations within the urban fabric towards their ultimate development aspirations.

Ultimately this would lead to a more efficient pattern of urban development that would generate savings in terms of:

- Infrastructure provisioning savings

- Transport congestion savings
- Reduced environmental costs
- Land use change efficiencies, and potentially
- Industry agglomeration/ clustering benefits.

Effectively this benefit can be seen as the benefits of bringing forward this efficient urban development pattern or the ameliorated risk of it not eventuating because of inconsistent policy, planning and investment decisions.

To broadly quantify these benefits SGS has scaled the outputs of the work undertaken by CIE for the Department of Planning and Infrastructure (August 2012)³.

This work assessed the costs and benefits of alternative ways of accommodating growth in Sydney's established areas (between 2016 and 2031) under a variety of scenarios, including:

- Base case (baseline) where growth follows the current trends established in the projections from the Bureau of Transport Statistics for employment, population and dwelling growth. Under this base case, 56% of new dwellings and 69% of new jobs were projected to be located in-centres, with the remaining shares being accommodated outside of centres.
- Balanced centres – where this growth in dwellings and employment is focused on local centres and strategic centres, with little growth across dispersed infill areas. Under this scenario, 80% of new dwellings and 100% of new jobs were projected to be located in-centres, with the remaining shares being accommodated outside of centres.

SGS believes that these scenarios accord well with what is likely to occur in Northern Sydney under the base case and JO scenarios respectively.

The CIE assessed that for each new dwelling accommodated in the established areas of Sydney, moving from a baseline spatial distribution to the balanced centres distribution would generate a net benefit of ~\$1,800 per dwelling (in Net Present Value terms).

These benefits were comprised by the net effect under the headings of:

- Infrastructure provisioning costs, which covered the comparative costs of water and sewerage, primary and secondary education, health and municipal infrastructure
- Transport infrastructure and congestion costs (travel time costs)
- Environmental costs covering the GHG emissions, air and noise pollution that is generated by dwelling mix and transport patterns that result under each scenario
- Social impacts covering the promotion of more active travel patterns (health savings) and reduced social exclusion (by improving accessibility)
- Productivity spill-overs (or the economic productivity effects) that are driven by transport accessibility changes, and
- Land use change impacts which relate to the value that is unlocked by changes in land use zonings under each scenario.

SGS has applied these benefits to the forecast growth in dwellings in Northern Sydney under each JO scenario. That is, given that the NPV\$1,800 assessed applied across all of Sydney (2016-31), this value has

³ CIE (2012) Costs and benefits of alternative growth paths for Sydney focussing on existing urban areas (for DP&I)

been scaled back to the proportion of future growth that will be accommodated in Option 1 (~4%) and Option 2 (~8%).

Moreover, SGS has assumed that without the JO, the preferred form of development in Northern Sydney is likely to be delayed, i.e. by (say) 5 years. This delay reflects the capacity of a JO to better integrate subregional land use and infrastructure planning to achieve earlier major infrastructure investment and more rapidly establish a planning and development decision regime in line with the best performing growth scenario in the CIE (2012) study. The table below summarises the assumptions:

TABLE 4: KEY ASSUMPTIONS: JO ACCELERATED URBAN DEVELOPMENT/ INFRASTRUCTURE PROVISIONING EFFICIENCIES

	3 Council JO (Option 1)	6 Council JO (Option 2)
Net benefit per additional dwelling (2016-2031)	NPV\$73.20	NPV \$146.40
Acceleration of benefits due to operations of JO	5 years	5 years

Note: The CIE (2012) assessment follows a recognised methodology that has been in other jurisdictions. For example, other studies have examined the costs and benefits of shifting development patterns across urban areas in metropolitan Melbourne (SGS 2005), the Lower Hunter (SGS 2014), Sydney (CIE 2010) and south east Queensland. These studies have unanimously found that a more consolidated, strategic development pattern generates benefits that significantly outweigh the costs.

Across these studies changes to development patterns have been found to generate benefits from improved public transport utilisation, congestion cost savings, infrastructure cost savings, reduced environmental emissions and pollution, workforce productivity enhancements, improved housing and social choice and unlocked land value.

In 2001, SGS prepared a business case calculating the benefits to the planning process associated with the PlanFirst reforms. This project asserted that the planning system provides the basis for the aforementioned benefits to occur. The PlanFirst business case found that a more efficient and effective planning process would see an acceleration of these benefits of some 10 years.

More efficient development approvals

This benefit relates to the savings generated to the community by ensuring that planning and development approval decisions are in accordance with regional priorities/ policies. In essence that means avoiding the transaction costs that are unnecessarily incurred in the statutory planning process for development projects which accord well with regional priorities.

The cost savings that arise for local and state government that might be generated under the JO scenarios have already been captured in the recurrent cost estimates above. What still needs to be captured is the savings generated for development proponents who effectively avoid unnecessary appeals because of poor decisions made in the course of the Planning Proposal and DA processes.

The table below shows the number of Planning Proposals and Class 1 appeals that have occurred and been upheld across the relevant councils over the past 3 years.

TABLE 5: PLANNING PROPOSALS & CLASS 1 APPEAL RATES (& APPEAL UPHELD RATES)

	Number of pre-gateway reviews			Number of pre-gateway reviews upheld			Percentage of pre-gateway reviews upheld		
	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
Ryde	0	0	4	0	0	2	n.a.	n.a.	50%
Hunters Hill	0	0	0	0	0	0	n.a.	n.a.	n.a.
Lane Cove	0	0	0	0	0	0	n.a.	n.a.	n.a.
Willoughby	0	2	0	0	1	0	n.a.	50%	n.a.
North Sydney	0	1	0	0	1	0	n.a.	100%	n.a.
Mosman	0	0	0	0	0	0	n.a.	n.a.	n.a.

Source: Department of Planning and Environment, 2015

	Number of Class 1 appeals determined			Number of Class 1 appeals upheld			Percentage of Class 1 appeals upheld		
	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
Ryde	0	1	1	0	1	0	n.a.	100%	0%
Hunters Hill	5	0	0	0	0	0	0%	n.a.	n.a.
Lane Cove	7	2	5	6	1	2	86%	50%	40%
Willoughby	4	11	7	1	6	5	25%	55%	71%
North Sydney	5	15	12	4	10	2	80%	67%	17%
Mosman	3	8	7	0	4	5	0%	50%	71%

Source: Department of Planning and Environment, 2015

Based on the tables above, it appears that:

- Across the 3 participating Councils, approximately 8 appeals are made each year, with ~50% of these appeals being upheld, and
- Across the 6 Northern Sydney Councils, approximately 32 appeals are made each year, with ~50% of these appeals being upheld.

The appeal savings have been monetised assuming that these quantities and rates continue into the future (i.e. annually until 2031), and applying the VPELA advised cost saving of \$20,000 to \$25,000 per 2 day appeal hearing.

4.3 Discounted cashflow analysis

Discounted cashflow analysis contrasted the aforementioned costs and benefits over the 2016 to 2031 period. A discount rate of 7% real was adopted.

The table below presents the performance measures that were generated for each option.

TABLE 6: KEY PERFORMANCE MEASURES

	3 Council JO (Option 1)	6 Council JO (Option 2)
NET PRESENT VALUE (NPV) (Note: if NPV is positive, the option is worth pursuing)	\$523,044	\$3,401,971
BENEFIT COST RATIO (BCR) (Note: if BCR >1, the option is worth pursuing)	1.5	2.4
INTERNAL RATE OF RETURN (IRR) (Note: if IRR > discount rate, the option is worth pursuing)	17%	31%

The results indicate that moving to Option 1 is worthwhile but moving to Options 2 generates significantly superior returns. This is not surprising given that Option 2 covers the vast bulk of the entire Northern Sydney subregion, whereas Option 1 covers only a comparatively small subset of the subregion.

4.4 Sensitivity assessment

The table below highlights how the BCR changes for Options 1 and 2 given varying changes in the underlying assumptions.

TABLE 7: BCR RESULTS: VARYING ASSUMPTIONS

	3 Council JO (BCR)	6 Council JO (BCR)
Original analysis	1.5	2.4
Discount rate reduced to 4% real	1.7	2.8
Discount rate increased to 10% real	1.3	2.1
Establishment costs reduce by 50%	1.7	2.5
Establishment costs increase by 50%	1.4	2.2
Recurrent cost penalty (years 1 and 2) changes to 0%	7.9	19.6
Recurrent cost penalty (years 1 and 2) changes to 50%	0.8	1.3
JO accelerates more efficient urban development/ infrastructure provisioning by 10 years	2.1	3.2
JO accelerates more efficient urban development/ infrastructure provisioning by 0 years	0.7	1.2
More efficient development approvals benefit increases by 50%	1.8	2.9
More efficient development approvals benefit decreases by 50%	0.7	1.1

The results of the sensitivity analysis highlight that in terms of downside risk, the largest threats to the viability of the JO rests with:

- Operating cost penalties, i.e. if significant duplication exists amongst the JO and participating Councils
- The failure of the JO to accelerate the movement towards more efficient urban development and infrastructure provisioning patterns, and
- The failure of the JO to remedy inconsistent decisions with respect to Planning Proposals and Development Applications.

Having said that, most of the assumptions invoked are inherently conservative, and there appears to be more upside potential (i.e. for additional benefits) than there is downside risk.

4.5 Distributional assessment

The table below illustrates who bears the costs and who experiences the benefits of moving towards the JO.

It suggests that the local ratepayers will bear any incremental establishment and operating costs, i.e. through municipal rates or through sacrificed municipal services elsewhere. The benefits are more widely spread, with benefits accruing to local residents, commuters, workers, businesses and developers, as well as local and State infrastructure provisioning agencies.

TABLE 8: DISTRIBUTIONAL ASSESSMENT

Cost bearer	
Establishment costs	Local/ subregional ratepayers
Operating cost penalties	Local/ subregional ratepayers

Beneficiaries	
More effective urban development/ infrastructure provisioning	Local/ subregional residents, commuters, workers, and businesses, as well as local & State infrastructure provisioning agencies
More efficient development approvals	Local residents, local developers

Based on this it does not appear that moving to the JO will impose any disproportionate inequities amongst stakeholders.

5 CONCLUSIONS

Based on the assumptions and the analysis presented in previous sections, SGS concludes that:

- The move to the JO is both viable and advantageous. That is, the benefits are likely to outweigh the costs considerably, and the improvements to strategic capacity are significant.
- The net benefits associated with Option 2 outweigh that of Option 1. That is, the JO will be much more worthwhile if the six Councils transfer their subregional functions to it.

For the JO to be most effective, participating Councils should not be able to opt out. That is, they all must sign up to the subregional transfer of functions, and in turn, the plans and policies that the JO develops and the decisions it makes in governing in line with these plans and policies.

The analysis demonstrates that the JO represents a customised approach to achieving scale and capacity and, given the disruption and costs associated with amalgamations, offers net benefits that amalgamations are unlikely to be able to match.

APPENDIX A: STAKEHOLDER IDENTIFIED COSTS & BENEFITS

Representatives of each of the Northern Sydney Councils, after articulating how the regional functions of the JO would enable better regional cooperation by function, identified the following potential costs and benefits of establishing the JO.

Strategic Planning / Infrastructure

Public resource savings (effective and efficient infrastructure planning)

- Streamlined forward planning and development sequencing (new provision better sequenced / coordinated infrastructure)
- Delayed or avoided new capital expenditure for planned state infrastructure (e.g. schools, hospitals)
- Improved utilisation of existing local facilities (including sharing capacity across subregion)
- Agreed infrastructure investment prioritisation - avoiding duplication within subregion
- Savings from shared research – avoided duplication and economies of scope/ specialisation

More effective use of s94 funds

- More effective collection and deployment of s94 funds under single s94 Plan (i.e. larger total fund/ more flexibility / better liquidity)

Efficient subregional settlement patterns and targeted place management

- More efficient urban development patterns (or the acceleration thereof), as better plans are made, decisions are more likely to be consistent with these plans, and as private sector investment is better harnessed to these ends.
- Travel time, vehicle operating cost and emission savings – associated with clearer subregional centres hierarchy and more effective transport systems
- Avoided negative externalities – by consultation and shared priorities avoiding antagonistic development
- Increased agglomeration economies with improved place management - a more rapid adjustment towards identified objectives (e.g. knowledge clusters at Macquarie Park, TODs at Epping, mixed use outcomes at St Leonards etc.) or alleviating social exclusion.

Statutory Planning

Public and private resource savings as planning certainty is improved

- Costs of mediation / appeals reduced – more efficient development approvals. A % enhancement in efficiency on the current level of building activity
- Resourcing cost savings from a single IHAP
- JRPP costs transferred to JO – no net saving

Community and Cultural Planning

Better value for State Government in social plan delivery

- More effective achievement of social plan outcomes - clearer prioritisation of social policy implementation activity across subregion – from integrated community plans and joint approach to local implementation of State social policy targets and agendas (e.g. youth policy)
- Amplified benefits from pooled grant funding for subregional facilities (e.g. SSHAP, Metro Greenspace)

More efficient utilisation of community / cultural / sport facilities

- Common fees for facilities

Economic development and tourism

Increased economic activity in NSW economy from reduced delay and more development consistent with an efficient urban structure.

- Additional and more effective investment in economic development - common priorities via single subregional economic development plan

Economies of scope from economic development specialisation

- From council specialisation in aspects of economic development (e.g. IT/ Bulky goods/ education hubs)

Joint regional advocacy

Enhanced policy and grant funding success – leading to more rapid achievement of valued outcomes

- Shared promotion of a common set of funding priorities - improved success via single point of approach to State / Federal Government on regional matters (e.g. Light rail)

Governance and Structure

JO establishment and operating costs

- Once off establishments costs for new JO and Shared Services arrangement (much less cost if converted NSROC)
- Additional meeting costs for JO (Board of Mayors / County Council)
- Three councils in JO - additional operating costs (as NSROC costs for non JO councils remain) – all six councils no net change because JO replaces NSROC.

SGS has reflected on this list of costs and benefits this to distil relevant items for inclusion in the economic appraisal (cost benefit analysis) presented in Section 4.

APPENDIX B: DISCOUNTED CASHFLOWS

Option 1 – Discounted cashflow

	Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
INCREMENTAL COSTS																	
Establishment costs		\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Recurrent cost penalties (duplication)		\$438,750	\$438,750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$638,750	\$438,750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
INCREMENTAL BENEFITS																	
More efficient urban development/ infrastructure provision		\$0	\$0	\$215,545	\$215,545	\$215,545	\$215,545	\$230,975	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
More efficient development approvals		\$0	\$0	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Total		\$0	\$0	\$305,545	\$305,545	\$305,545	\$305,545	\$320,975	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
NET BENEFITS		-\$638,750	-\$438,750	\$305,545	\$305,545	\$305,545	\$305,545	\$320,975	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
NET PRESENT VALUE		\$523,044															
BENEFIT COST RATIO		1.5															
INTERNAL RATE OF RETURN		17%															

Option 2 – Discounted cashflow

	Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
INCREMENTAL COSTS																	
Establishment costs		\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Recurrent cost penalties (duplication)		\$1,128,862	\$1,128,862	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$1,428,862	\$1,128,862	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
INCREMENTAL BENEFITS																	
More efficient urban development/ infrastructure provision		\$0	\$0	\$767,107	\$767,107	\$767,107	\$767,107	\$772,992	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
More efficient development approvals		\$0	\$0	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000
Total		\$0	\$0	\$1,127,107	\$1,127,107	\$1,127,107	\$1,127,107	\$1,132,992	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000
NET BENEFITS		-\$1,428,862	-\$1,128,862	\$1,127,107	\$1,127,107	\$1,127,107	\$1,127,107	\$1,132,992	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000	\$360,000
NET PRESENT VALUE		\$3,401,971															
BENEFIT COST RATIO		2.4															
INTERNAL RATE OF RETURN		31%															

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Attachment E

Percy Allan & Associates Pty Ltd

A Regional Joint Organisation Structure.

May 2015

A Regional Joint Organisation Structure For North Shore Councils



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Sydney

7th May 2015

Terms of Reference

Percy Allan & Associates was engaged to prepare a report on *“possible legal and organisational structures for a Regional Joint Organisation of Councils with the pros and cons for each option”* as part of a wider brief by consultants to investigate a Joint Regional Body for North Shore councils.

Executive Summary

This report first outlines necessary policies to keep Sydney a liveable and affordable city in the face of strong population growth.

It then outlines how a Regional Joint Organisation (RJO) providing shared advocacy, planning and other services would contribute to this end.

Such a partial merger is superior to a full amalgamation of Councils because it:

- Focuses on regional imperatives rather than everything,
- Merges only those functions that benefit from centralisation,
- Drives efficiencies by making shared services market contestable,
- Frees up councils to focus on services that are done best locally, and
- Avoids the enormous cost and disruption of mass mergers.

This report recommends that the existing Northern Sydney Regional Organisation of Councils (NSROC) be upgraded to form:

- A Regional Council of Mayors (RCOM), constituted as a County Council, to conduct regional advocacy and lobbying and to engage with the State Government in regional growth planning and related decisions; and
- A Regional Shared Services Centre (RSSC), registered as a Company Limited by Guarantee and governed by a Board of Council GMs, to provide shared services to its member councils and other prospective clients as well as staff an independent Regional Planning Panel (RPP), located within the County Council, to assess regional development applications.

To ensure the RSSC is customer responsive and cost efficient it should:

- Negotiate Service Level Agreements (SLAs) with each client council,
- Report to a supervisory board of client council GMs,
- Distribute its profits as a price rebate on client councils' purchases, and
- Become market contestable for shared services after five years (i.e. have a sunset clause on its exclusive franchise contract with member councils).

The appendices which are included in the main report cover shared services operating procedures and the advantages and disadvantages of alternative legal structures for regional local government bodies.

Glossary of Terms

- ACELG: Australian Centre for Excellence in Local Government
- CEO: Chief Executive Officer
- GM: General Manager
- IPART: Independent Pricing and Regulatory Tribunal
- ILGRP: Independent Local Govt Review Panel
- LPP: Local Planning Panel
- RCC: Regional County Council
- RCOM: Regional Council of Mayors
- RJO: Regional Joint Organisation
- ROC: Regional Organisation of Councils
- RPP: Regional Planning Panel
- RSSC: Regional Shared Services Centre

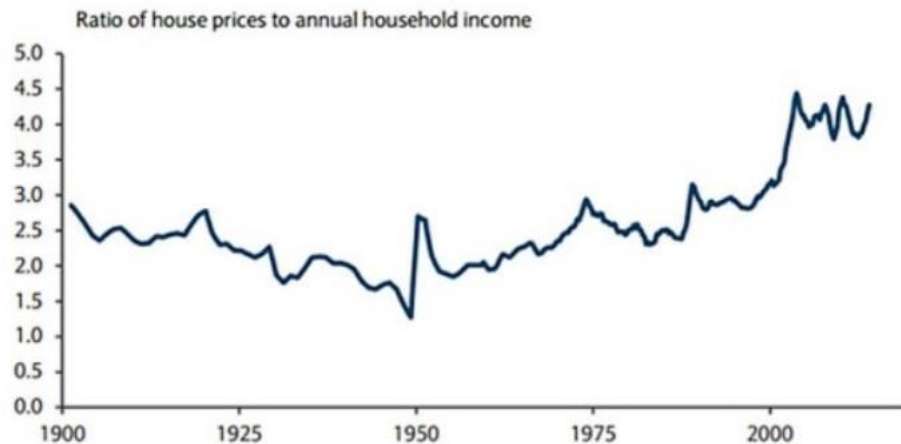
Disclaimer

This report contains general information about possible legal forms for a Regional Joint Organisation (RJO) and Regional Shared Services Centre (RSSC). The information is not legal advice, and should not be treated as such. Local Councils should obtain professional legal advice before implementing any of these structures.

A Better Way Forward

Australian home ownership is becoming unaffordable and the predicament is most acute in Sydney.

Home prices are almost back at their all-time high as a share of household income



Source: Australian Bureau of Statistics, Real Estate Institute of Australia, RP Data-Rismark, Stapledon, Barclays Research

How many years
of annual income
will it cost you to
buy a house?



Average house prices by state
compared with average annual
salary by state.

SOURCE: BARCLAYS

To make Sydney a liveable and affordable city in the face of strong population growth the State Government should forget council amalgamations and focus instead on the imperatives of boosting dwelling supply and improving public mobility by:

- Planning and funding public and private transport corridors,
- Concentrating development close to major transport hubs,
- Making developed areas mixed use to reduce car dependency, and

- Merging only council services that benefit from regionalisation.

Such a strategy requires metropolitan wide initiatives driven by the State Government in cooperation with local councils. Some are already underway while others have still to be started.

- Re-zone major Sydney transport corridors and hubs in suburbs ripe for urban renewal (see next chart) for multi-use purposes to create vibrant self-contained villages where people can live, work, shop and enjoy themselves without having to travel outside their neighbourhood,
- Require councils to introduce form-based codes to regulate the relationship between building facades and the public realm, the form and mass of buildings in relation to one another, and the scale and types of streets and blocks (Note: this reform has already been enacted),
- Require all council development applications to be allocated (by value) for determination by expert local and regional planning panels independent of politicians so as to separate policy application (by independent adjudicators) from policy making (by councillors) thereby removing perceived conflicts of interest.
- Require councils to use asset depreciation provisions and reserves for their intended purpose (i.e. renewing degraded infrastructure),
- Require councils to fund infrastructure rehabilitation and renewals by increasing their average net financial liabilities ratio¹ from an average of 4% to a range of 40% to 80%,
- Replace rate pegging with a cap on local government operating expenditure so that any future real growth in revenues is devoted to correcting the displacement of capital spending over many decades and to contribute to a regional fund to assist with the cost of providing essential utility infrastructure to greenfield sites , and
- Require councils to form regional shared services cooperatives for those back and front office activities that would benefit from economies of scale and scope to free up councillors and management of existing councils to focus more on client and place needs requiring customised solutions.

The Australian Productivity Commission* gave the following Sydney LGAs a low social capital rating. This makes them early candidates for multi-use style urban renewal so as to improve their liveability:

- Burwood, Strathfield, Auburn and Holroyd (negative social capital score: average 56.8%, range of 54%-60%)
- Fairfield, Bankstown and Liverpool (negative social capital score: average 52.3%, range 49%-54%)
- Rockdale and Botany (negative social capital score: average 55%, range 53%-57%)

* Based on negative or don't know answers to public survey of affinity with local community (APC Report, Performance Benchmarking of Australian Business Regulation, April 2011, Vol 2, page 610)

These reforms will require Councils in distinct regions forming a Joint Organisation to undertake regional advocacy, planning and development and a Shared Services Centre to undertake tasks done best on a larger scale.

Such an approach is superior to merging Councils because it:

- Focuses on regional imperatives rather than everything,
- Merges only those functions that benefit from centralisation,
- Drives efficiencies by making shared services market contestable,
- Frees up councils to focus on services that are done best locally, and
- Avoids the enormous cost and disruption of mass amalgamations.

The rest of this report explores optimal organisational and legal structures for a Regional Joint Organisation and Shared Services Centre.

A Regional Joint Organisation

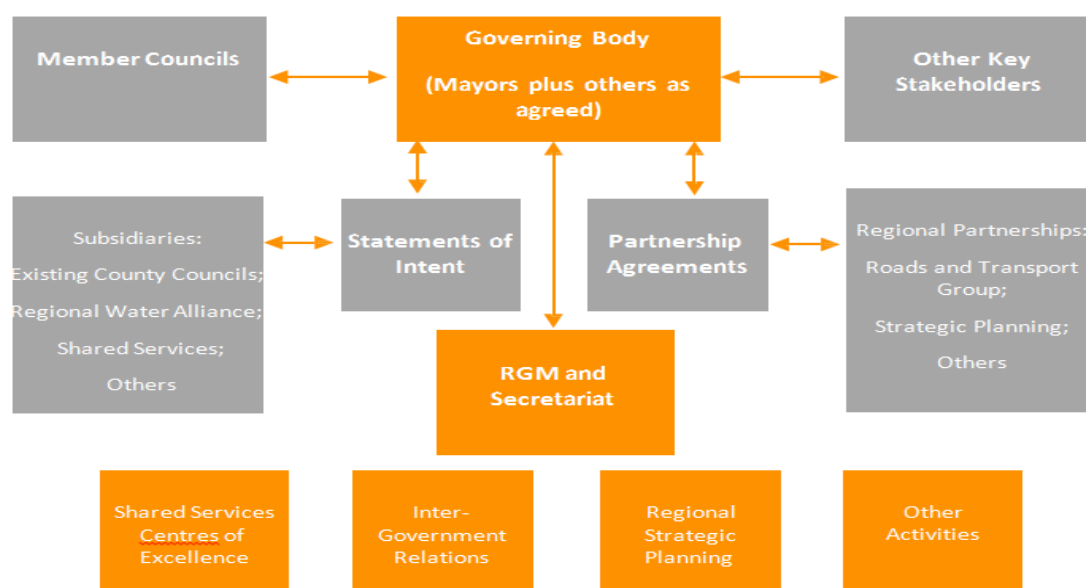
- Fit for the Future proposed regional Joint Organisations for non-metropolitan NSWⁱⁱ, but did not preclude their formation within the Sydney metropolis.
- A Regional Joint Organisation (RJO) would be compatible with the Local Government Act given that an existing ROC (Hunter) has been using a State Incorporated Association (Hunter Councils Inc) to undertake regional advocacy and a wholly owned Public Company Limited by Guarantee (Hunter Councils Ltd) to perform shared services functions.
- In NSW, like most Australian states, there are limits on local government's power to establish companies. In contrast, New Zealand councils have full authority to do so and this is proving a useful enabler of shared services activity.
- Local councils in the Hunter Valley obtained Ministerial approval in the 1990s to establish Hunter Councils Ltd so the same should be possible for other councils in this state.

According to a study by the ACELGⁱⁱⁱ:

- An important issue is the extent to which provision is in place for post-establishment governance (of local government owned companies).
- England provides this through guidance issued by the Secretary of State.
- In New Zealand the Local Government Act establishes a comprehensive framework based largely on central government's state-owned enterprises regime.
- In Australia, apart from specific provisions in South Australian legislation, there is virtually no formal framework regulating post-establishment governance.

The ILGRP saw a regional Joint Organisation being broadly structured as follows:

Figure 7: Model Structure for Joint Organisation



Source: ILGRP, *Revitalising Local Government - Final Report of the NSW Independent Local Government Review Panel*, October 2013, page 84

A **Public Company** or **Cooperative** structure is best suited for operating a RSSC because it is more operationally flexible and economically competitive than a County Council structure.

A public company limited by guarantee (with councils acting as guarantors rather than contributing share capital) would be preferable to a cooperative which is based on equality of member contributions, rights and benefits. Such equality may not be practicable given differences in resource capacity and service needs of member councils.

Commercial contestability is important not only for retaining Council membership, but also expanding sales to other clients in the public and private sectors.

However, a **County Council** is better suited for regional planning functions where regulatory powers are required.

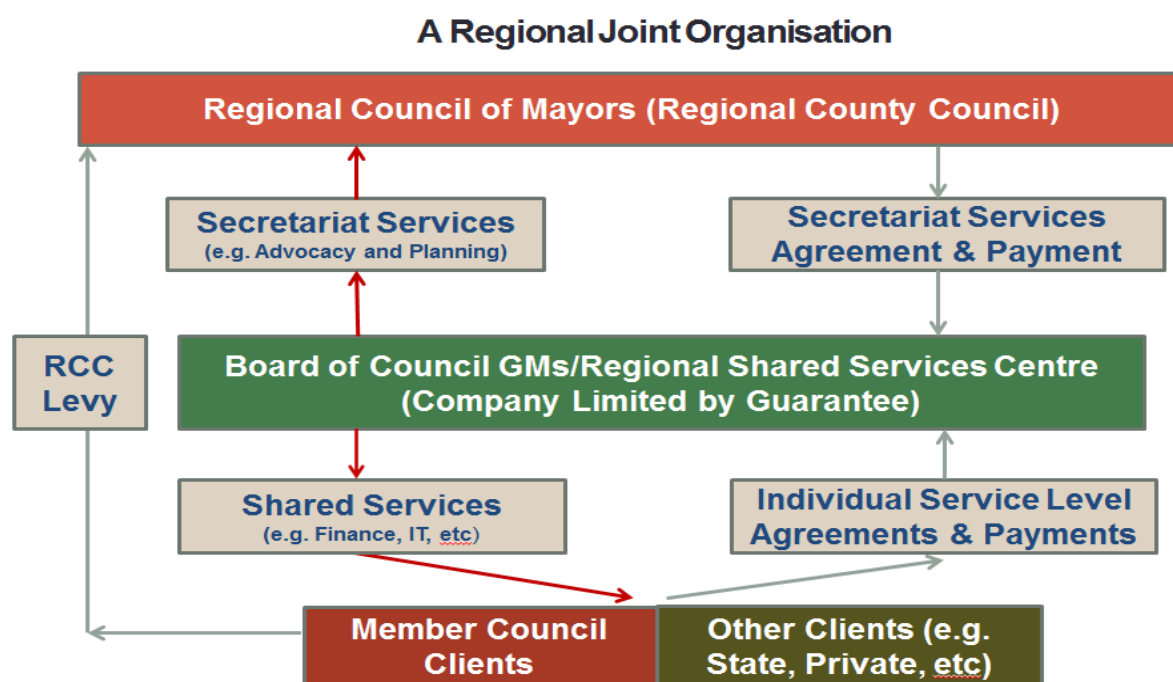
Also the County Council model by giving an existing ROC (reconstituted as a RJO) a statutory basis would give it greater authority when making submissions to state and federal government agencies.

For these reasons a RJO could seek a two-part legal structure to create three bodies:

- A **Regional Council of Mayors (RCOM)**, constituted as a County Council, to conduct regional advocacy and lobbying and to engage with the State Government in regional growth planning and related decisions; and
- A **Regional Shared Services Centre (RSSC)**, registered as a Company Limited by Guarantee and governed by a Board of Council GMs, to provide shared services to its member Councils and other prospective clients as well as staff an independent **Regional Planning Panel (RPP)**, located within the County Council, to assess regional development applications.

Such a structure would:

- Satisfy the ILGRPs preference to establish a Regional Council of Mayors (RCOM) in place of a Regional Organisation of Councils (ROC) within a County Council framework^{iv};
- Satisfy the need for a Regional Planning Panel (RPP) to have statutory powers;
- Satisfy the commercial reality that a Regional Shared Services Centre (RSSC) can only operate viably as a public company.



Source: Percy Allan & Associates Pty Ltd

A Shared Services Centre

The first step would be to undertake an enquiry to identify local council corporate support and front-line services that exhibit sufficient economies of scale and scope to suggest they would be more efficient and effective to produce on a collective rather than individual council basis.

The second step would be to decide which of these services should be transferred to the RSSC on a trial basis. The RSSC may operate on either a centralised or distributed production model.

A separate report (Percy Allan & Associates, *A Shared Services Centre Migration Plan For North Shore Councils*, May 2015, page 4) examined services within private and public sector organisations that had proven most suitable for sharing. It found that those parts of finance, personnel, procurement, systems and other forms of corporate support that involved routine, generic, high-volume and transaction-based work offered the best scope for process improvement and cost savings.

A distributed or networked RSSC could involve each member council providing one or more shared services on behalf of the RSSC. Such an approach has both pluses and minuses.

The RSSC would have its own management structure with a CEO appointed by the RSSC cooperative board consisting of the General Managers (GMs) of member Councils of the Regional Organisation of Councils (ROC).

Each individual council through its general manager would negotiate a services contract (i.e. Services Level Agreement) with the CEO of the RSSC.

As a cooperative the RSSC would pay a “dividend” to each council member commensurate with the value of services sold to it (similar to the Co-op Bookshop which is the largest cooperative in Australia).

The Shared Service Centre would adopt many of the features of a “corporatised” state entity, though if it chooses to be a not-for-profit entity its return on capital would be distributed to member councils in the form of either service price discounts or an annual membership rebate (similar to the Co-op Bookshop, Australia’s largest cooperative).

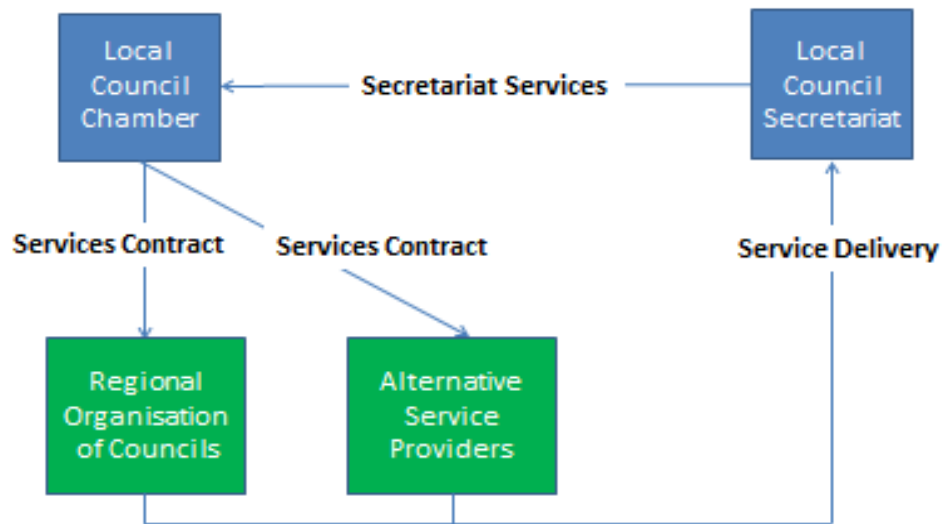
Service discounts to those who actually buy the services from the RSSC (i.e. branch or divisional procurement officers within Councils) may attract greater customer loyalty than an annual rebate or dividend to a Council as a whole (i.e. paid to its finance section).

An explanation of how a “corporatised” RSSC would operate is provided in the Appendix of the main report.

After say five years, each council would be given the discretion to buy services from any provider, public, not-for-profit or private. Shifting business to alternative providers would mean forfeiting cooperative dividends. Nevertheless such a sunset clause would put the RSSC on notice that unless it performed efficiently and effectively it could expect to lose custom once its five year exclusive contract expired.

Where a community wanted a smaller council for better place management of its services and infrastructure such a contract model would allow municipal councils to be established on neighbourhood precinct lines without sacrificing economies of scale and scope.

After Five Years Local Council free to negotiate service contracts with Alternative Service Providers



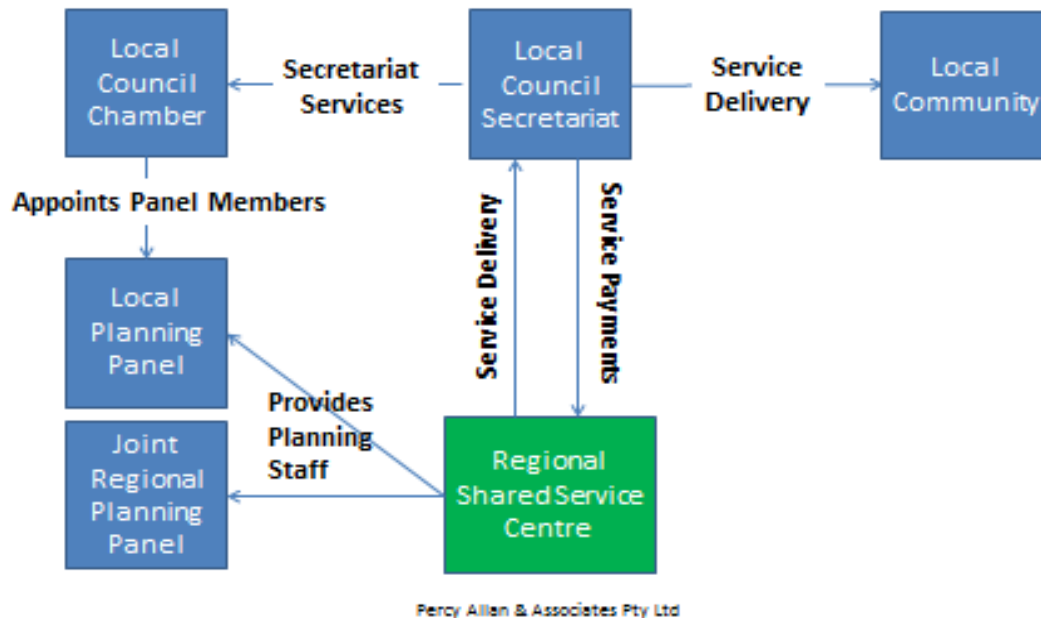
Percy Allan & Associates Pty Ltd

3

Local & Regional Planning Panels

- Each council would appoint an independent Local Planning Panel (LPP) to decide all local development applications in accordance with council planning and development policies. All councils within a region would continue to have a say in appointing the Regional Planning Panel (RPP) that decides development applications of a regional nature.
- The RSSC would have an ongoing mandate to provide professional staff to assist the local and regional planning panels with fees charged for providing such planning expertise set by the NSW Independent Pricing and Regulatory Tribunal (IPART).

Local Council sets Local Planning Policies and appoints Members to Local and Regional Planning Panels



Conclusion

This report recommends that the existing Northern Sydney Regional Organisation of Councils (NSROC) be upgraded to form:

- A Regional Council of Mayors (RCOM), constituted as a County Council, to conduct regional advocacy and lobbying and to engage with the State Government in regional growth planning and related decisions; and
- A Regional Shared Services Centre (RSSC), registered as a Company Limited by Guarantee and governed by a Board of Council GMs, to provide shared services to its member Councils and other prospective clients as well as staff an independent Regional Planning Panel (RPP), located within the County Council, to assess regional development applications.

To ensure the RSSC is customer responsive and cost efficient it should:

- Negotiate Service Level Agreements (SLAs) with each client council,
- Report to a supervisory board of client council GMs,
- Distribute its profits as a price rebate on client councils' purchases, and
- Become market contestable for shared services after five years (i.e. have a sunset clause on its exclusive franchise contract with member councils).

Appendices (see main report):

- **RSSC Operating Procedures**
- **County Councils**
- **Public versus Private Agencies**
- **Possible Legal Structures**
- **Pros and Cons**
- **County Council Legislation**
- **Termination Process in a County Council versus a Public Company**

ⁱ The net financial liabilities (NFL) ratio of a council means its net liabilities (total liabilities less (i) unrestricted cash and investments, (ii) any restricted cash and investments matching restricted liabilities, and (iii) receivables) expressed as a percentage of total operating revenue. A NFL ratio up to 60% should be compatible with an investment grade (single-A) credit rating provided a council had a minimum operating surplus/total operating revenue of 2.5% and a minimum unrestricted current assets/unrestricted current liabilities ratio of 1.25.

ⁱⁱ NSW Office of Local Government, *Fit for the Future - a Blueprint for the future of Local Government*, Sept 2014, page 11.

ⁱⁱⁱ ACELG, *Consolidation in Local Government, A Fresh Look*, Vol 1: Report, May 2011, page 41

^{iv} Note that the ILGRP's preference was for regions outside the Sydney metropolitan area to form Joint Organisations using a County Council structure. However, under the Local Government Act, County Councils are also permissible for regions within the metropolitan area.

Attachment F

Percy Allan & Associates Pty Ltd

Shared Service Centre Migration Plan.

May 2015

A Shared Services Centre Migration Plan For North Shore Councils



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Sydney

12th May 2015

Terms of Reference

Percy Allan & Associates Pty Ltd was commissioned to identify possible council functions with economies of scale and scope and propose a roadmap and timetable to transfer them to a jointly owned shared services centre.

Executive Summary

This report explains what shared-services are and then recounts common mistakes in introducing shared service centres (SSCs) as well as the benefits of doing so correctly.

A successful SSC for North Shore Councils should improve the quality, timeliness and responsiveness of most back-office services and achieve unit cost savings of 10% initially rising to possibly 20% after transitioning from an exclusive franchise to open market contestability.

Initial cost savings (rising to \$2m per annum by year 4) would be used to defray capital and operating establishment costs (including staff redundancies and new hires). Once these sunk costs were met, potential ongoing savings of \$2m to \$4m a year could be returned to member councils as price rebates on services purchased from the SSC. Cost savings are expressed in 2014/15 prices.

The report explores the organisational, legal and governance structures for a SSC, outlines an Action Plan for implementing a SSC for North Shore Councils and proposes a sequence and timetable for transferring corporate functions such as planning, finance, personnel, procurement, systems and support services to such a centre.

The Action Plan involves 15 steps, which are each explained in the report:

- 1.** Agree on Concept
- 2.** Adopt Vision Statement
- 3.** Endorse Business Case
- 4.** Appoint Leadership
- 5.** Adopt Project Plan
- 6.** Communicate Vision
- 7.** Design Model
- 8.** Analyse Gaps
- 9.** Establish SSC
- 10.** Knowledge Transfer
- 11.** Go Live
- 12.** Office Stabilisation
- 13.** Project Review
- 14.** Celebrate Outcome
- 15.** Regular Reviews

Finally, the report outlines critical factors for achieving a successful SSC based on lessons from both the public and private sectors and proposes three steps for commencing the journey to shared services:

- Obtain the formal agreement of a core group of Local Councils and the State Government to the concept of a Regional Joint Organisation (RJO) with a Shared Services Centre (SSC) as a better alternative to Council Mergers for achieving Fit for the Future outcomes.
- Appoint a SSC Steering Group, CEO and Specialist Consultant to develop a detailed Business Case and Project Plan for implementing a RJO and SSC for formal approval by the participating Councils and the Minister for Local Government.
- Implement the Project Plan according to an agreed Budget, Timetable and key Milestones.

Glossary of Terms

- CEO – Chief Executive Officer
- IT – Information Technology
- ITC – Information Technology and Communication
- KPI –Key Performance Indicator
- NSROC – Northern Sydney Regional Organisation of Councils
- OHS – Occupational Health and Safety
- PC – Personal Computer
- RJO – Regional Joint Organisation
- SLA – Service Level Agreement
- SSC – Shared Services Centre

Shared Services

A local government Shared Services Centre (SSC) is the provision of one or more services to a group of local councils by one member of the group or by a joint organisation owned and controlled by the group.

Amalgamation is an extreme form of shared services where every activity of a group of councils is centralised in a new administrative body reporting to a single new council.

There is no compelling evidence that centralising all local council activities in a single mega-council produces cost efficiencies. That's because with scale some activities obtain economies while others develop diseconomies.

Hence the most efficient path for local government is to share those activities that benefit from size while keeping in-house those activities done best on a small scale.

Activities most suited for sharing are (a) high volume repetitive transactions with standardised inputs, outputs and work processes and (b) activities that require strategic analysis and advice at a regional rather than local level.

Private and public sector services that have been most receptive to sharing are routine generic activities in finance, personnel, procurement, systems and other forms of corporate support.

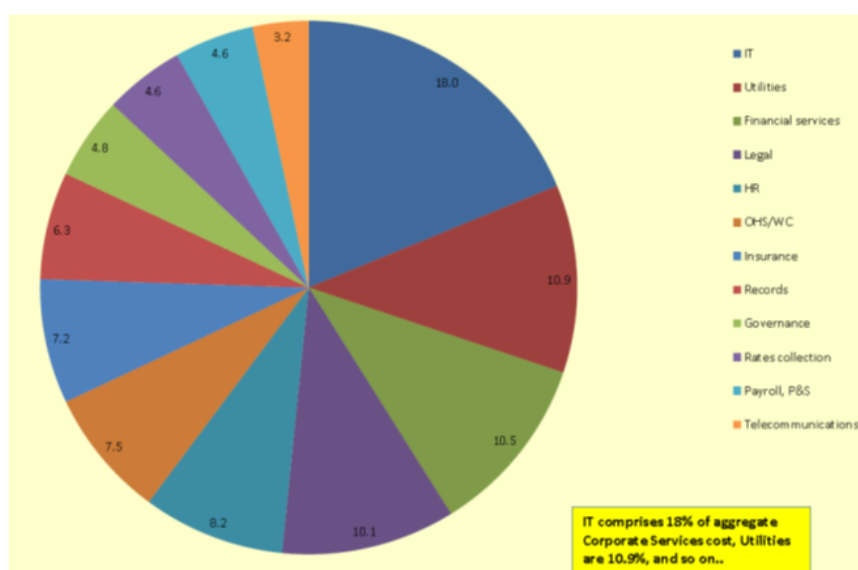
Prime examples in each category are listed below.

- **Finance:** Accounts Receivable, Accounts Payable, General Ledger, Billing and Rates Collections, Travel and Expense Reimbursement and Treasury Management
- **Personnel:** Payroll, Employee Benefits, Workers Compensation Insurance, Training and Education, Time and Leave Administration and OHS Compliance.
- **Procurement:** Requisitions Management, Receiving, Sourcing and Vendor Management, Stationery and Stores, Asset Registers, Property and Fleet Management, Leasing, Property Insurances, Cleaning, Utilities and Telecommunications.
- **Systems:** Desktop Support, Telecommunications, Data Centre Operations, Hardware/Software Acquisitions and Disaster Recovery.
- **Corporate:** Legal, Security, Printing, Records and Archives, Call Centre and Library Services.
- **Planning:** Local and regional urban planning and development application processing when shared capture economies of scope (i.e. benefit from planners working and brainstorming collectively rather than disparately and considering regional and local impacts together).

Potential Shared Services Cost Savings

The following chart shows a percentage breakdown of corporate service costs within the six councils that comprise the Northern Sydney Regional Organisation of Councils (NSROC). As can be seen IT, utilities, financial services, legal, HR, OHS/WC and insurance make up over three quarters of corporate services expenditure. Records, governance, rates collection, payroll and telecommunications comprise the balance.

Percentage Breakdown of Corporate Service Costs within NSROC Councils



Source: Benchmarking Plus, *NSROC Corporate Services Benchmarking for FYE June 2012*, slide 12

Based on a benchmarking study of corporate services within NSROC Councils, adopting the practices of the lowest cost Council might generate savings of 7.8% within the total group and as much as 25.2% for the highest cost council.ⁱ

Research by the late Professor Simon Domberger found that outsourcing of in-house services to contestable providers typically generated savings of around 20% of their original cost.ⁱⁱ

If a SSC was organised and operated as a genuine commercial enterprise with the prospect of its services being opened to market competition within five years then total cost savings of 10% (\$2m per annum) on all corporate services (other than governance) should be a realistic initial target. Ultimately savings of 20% might be possible after the SSC transitioned from having an exclusive franchise to being exposed to market contestability.

Initial cost savings (rising to \$2m per annum by year 4) would be used to defray capital and operating establishment costs (including staff redundancies and new hires). Once these sunk costs were met, potential ongoing savings of \$2m to \$4m a year could be returned to member councils as price rebates on services purchased from the SSC. Cost savings are expressed in 2014/15 prices.

SSC Mistakes and Successes

Many SSCs fail because they:

- Lack partner commitment and support,
- Have unrealistic expectations (overambitious goals),
- Pursue cost savings at the expense of service standards,
- Underestimated the cost and effort required to succeed,
- Don't have a compelling business case,
- Lack project leadership, planning and technical competency,
- Don't agree on service levels in advance of implementation,

- Share complex services not amenable to standardisation,
- Centralise activities before redesigning their processes,
- Adopt IT systems centrally that don't interface locally,
- Migrate to shared services before piloting the migration plan,
- Introduce shared services concurrently, rather than sequentially,
- Do inadequate change management planning to help staff cope (i.e. retraining, transferring, relocating, recruiting and retrenching staff),
- Are situated within a bureaucracy antithetical to running a business,
- Don't face the prospect of contestability to make them efficient, and
- Are not accountable to a board appointed by their customers.

Yet successful SSCs deliver the following benefits:

- Efficiency – reduces unit costs of routine transactions by standardising their work processes and desktop systems, consolidating their operations in a lower rent location and aggregating their volume to exploit economies of scale.
- Quality – reduces transaction errors by standardising work practices and ITC systems, reducing decision control points, documenting office procedures and reporting regularly against agreed transaction service benchmarks.
- Service – improves service level timeliness and responsiveness by forcing client agencies to more clearly specify their exact needs, reporting regularly against SLAs and compliance and complaints handling mechanisms.
- Specialisation – enables back-office functions to have dedicated expertise and management applied to their operations and frees up client agencies to focus on their core tasks.
- Careers – improves career prospects for transaction-oriented staff by offering a bigger work environment and opportunities to learn best practice processes and cutting edge technologies with dedicated supervisors.
- Technology – allows leading edge ITC systems to be employed at lower cost, with closer maintenance and more frequent upgrades by consolidating them centrally.
- Compliance – improves compliance with audit, tax, OHS and other regulatory requirements by upgrading and standardising record-keeping and consolidating reporting.
- Performance – improves performance of client agencies by standardising management reports to enable inter-agency performance comparisons.

SSC Structures

A SSC needs organisational, legal and governance structures:

Organisational Structure: A SSC can be either (a) a single Hub consolidating and providing all services to be shared, or (b) a disbursed Network of existing Council back offices each taking a lead role in providing a particular group of services to be shared. A Hub may be either an existing council back-office or a new organisation dedicated exclusively to shared service provision.

Legal Structure: If an existing Council back office is used (either as a single Hub or a Network partner) then shared services will be provided under existing Local Government employment and operating

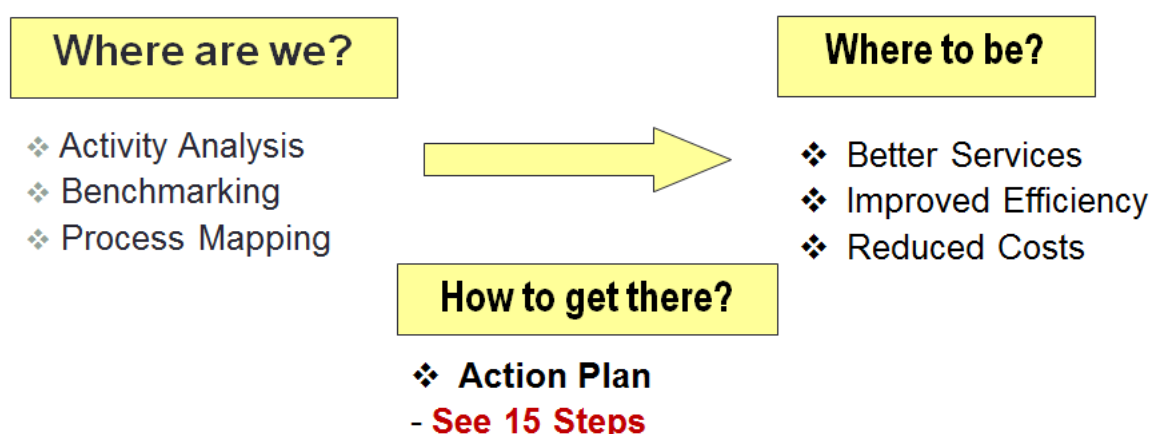
conditions. By contrast a new self-standing Hub, with the permission of the Minister for Local Government, could be organised as a Company Limited by Guarantee (such as Hunter Councils Ltd).

Governance Structure: If a SSC is located within an existing Local Council it will be part of a Council's administrative back-office and thereby accountable to the General Manager via a senior Council executive (e.g. Corporate Services, Finance or HR Director). If it is a self-standing business organised as a Company Limited by Guarantee its CEO would report to a Board of Directors appointed by member councils.

Recommendation: The lesson of state governments is that SSCs located within general purpose government departments have not exhibited the business culture, operational flexibility and market contestability to deliver the ambitious cost savings and service improvements originally envisaged in their business plans.ⁱⁱⁱ For this reason it is proposed that a dedicated SSC organised as a Company Limited by Guarantee be given serious consideration (see separate report by Percy Allan & Associates Pty Ltd, *A Regional Joint Organisation Structure For North Shore Councils*, Sydney, 5th May 2015).

Action Plan

To migrate to a SSC involves three stages; establishing the existing baseline, envisaging future outcomes and an Action Plan of fifteen implementation steps.



The 15 steps to implementing a shared services centre are:

1. Agree on Concept

- Who are members – foundation or open membership or both?
- What is objective – cost efficiency, service effectiveness or both?
- What to expect – adopt SLAs or savings targets or both?

2. Adopt Vision Statement

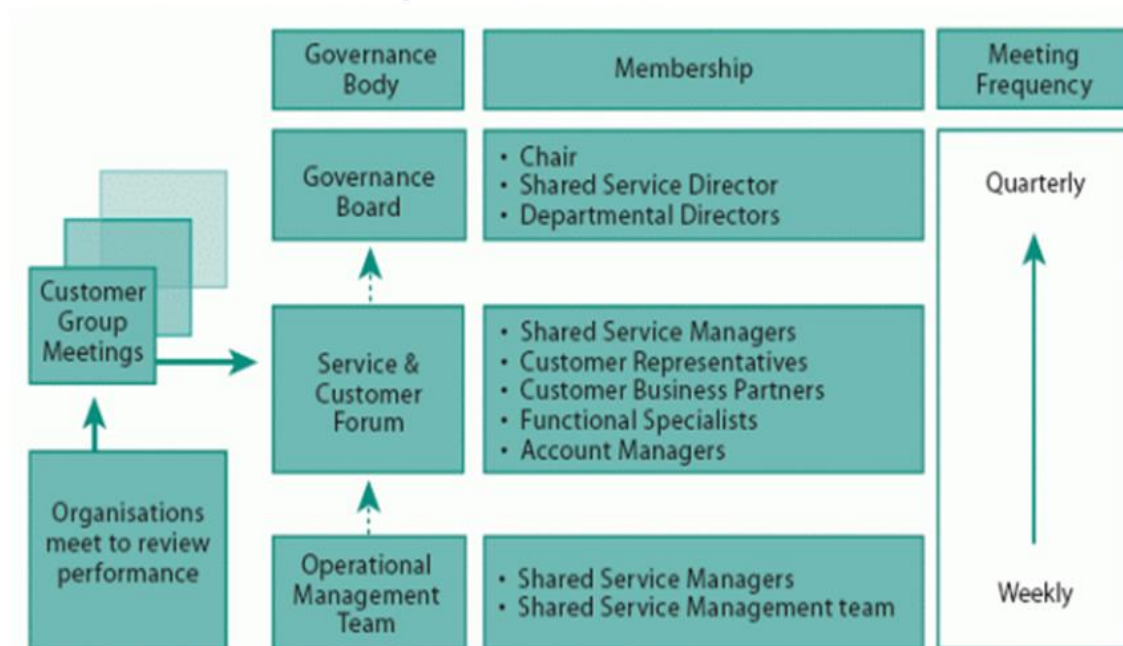
- What services to share – corporate or front-line services or both?
- How to share services – cooperative hub or administrative network?
- Who will fund project – initial investment and ongoing costs?

3. Endorse Business Case

- What will it cost – initial capital versus ongoing operating costs?
- What will be charged – operating or economic cost based?

- c. What will be saved – cost or time savings or both?
4. **Appoint Leadership** (see next chart 1 on Proposed Structure)
 - a. Who will be Steering Group (Board) – Council GMs or other Executives?
 - b. Who will drive project – newly appointed or seconded SSC CEO?
 - c. Who will be project team – existing or new staff and consultants?

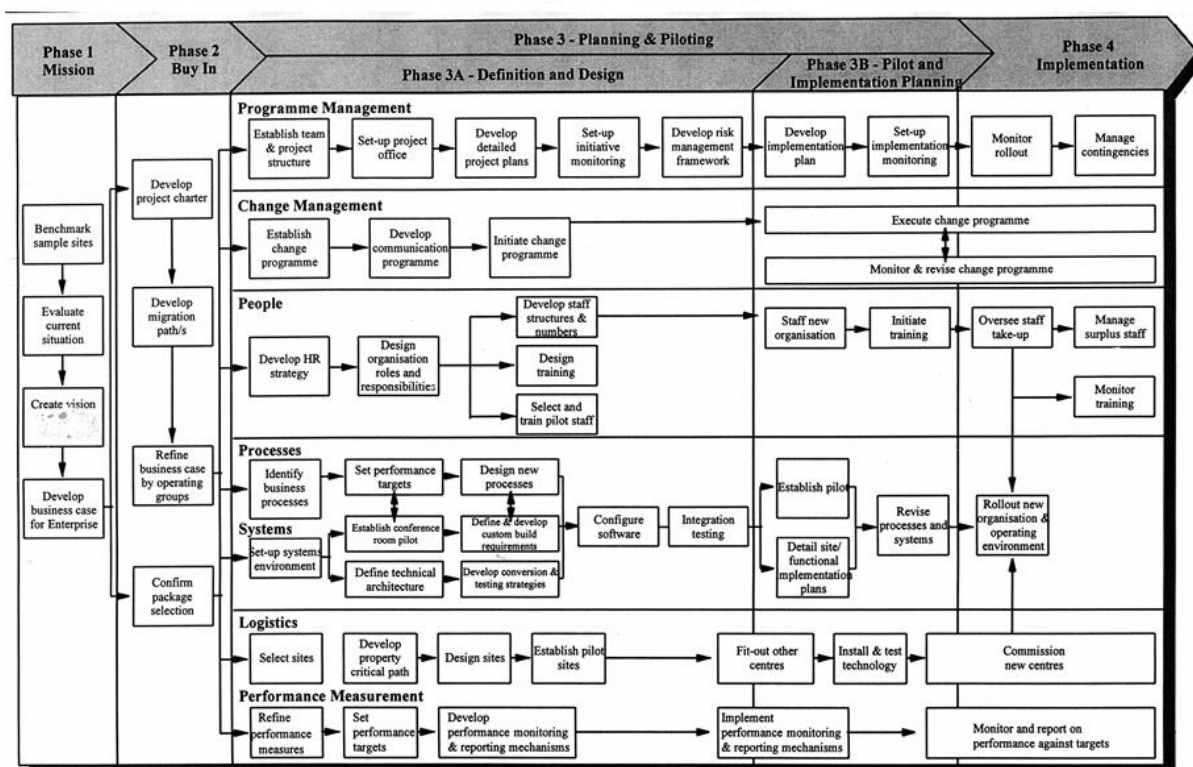
Chart 1: Proposed Governance Structure



Source: <http://www.sourcingmag.com/designing-your-organization-for-bpo-and-shared-services/>

5. **Adopt Project Plan** (see next chart 2 for Proposed Plan)
 - a. What stages – vision, buy-in, planning, design, building, testing, rollout?
 - b. What elements – management, staffing, structure, reporting, processes, systems, telecommunications, suppliers, legal, tax, logistics and KPIs?
 - c. What timeframe – project timetable, task delegations and milestones?

Chart 2: Proposed Project Plan



Source: © Percy Allan & Assoc. Pty Ltd, 2015

6. Communicate Vision

- What is blue print – high level strategy and timetable?
- What will be its impact – on staffing, up-skilling and office location?
- What retention incentives – migration and post-migration phases?

7. Design Model

- Proposed system infrastructure – what software (e.g. Oracle or SAP) and hardware (e.g. IBM, HP or Dell)?
- Proposed process maps – best practice or existing practice?
- Proposed service level agreements – quantity, quality and prices?

8. Analyse Gaps

- Staffing levels – Existing versus proposed systems?
- Unit costs – Existing versus proposed activity based costs?
- Timeliness – Existing versus proposed processes?

9. Establish SSC

- Obtain premises – Existing office network or new office centre?
- Install infrastructure – New systems integration with legacy systems for data centres, fibre networks and desktop PCs?
- Hire staff – train and transfer existing staff or hire new staff or do both?

10. Knowledge Transfer

- Train staff – common terminology and new procedure manuals?
- Migrate knowledge – from existing to new or seconded SSC staff?
- Migrate data – to new or existing systems?

11. Go Live

- Pilot project – simultaneous or staggered trials?
- Rollout project – simultaneous or staggered introduction?
- Finalise service level agreements – refine or renegotiate original drafts?

12. Office Stabilisation

- a. Surplus staff – redeploy, offer voluntary redundancy or retrench?
- b. Surplus assets – reuse, sell or scrap legacy systems/vacant offices?
- c. Client interface – formal or informal SSC/ client liaison?

13. Project Review

- a. Budget targets – were capital and operating budgets met?
- b. Savings targets – were unit cost benchmarks achieved?
- c. Service targets – were quality targets met?

14. Celebrate Outcome

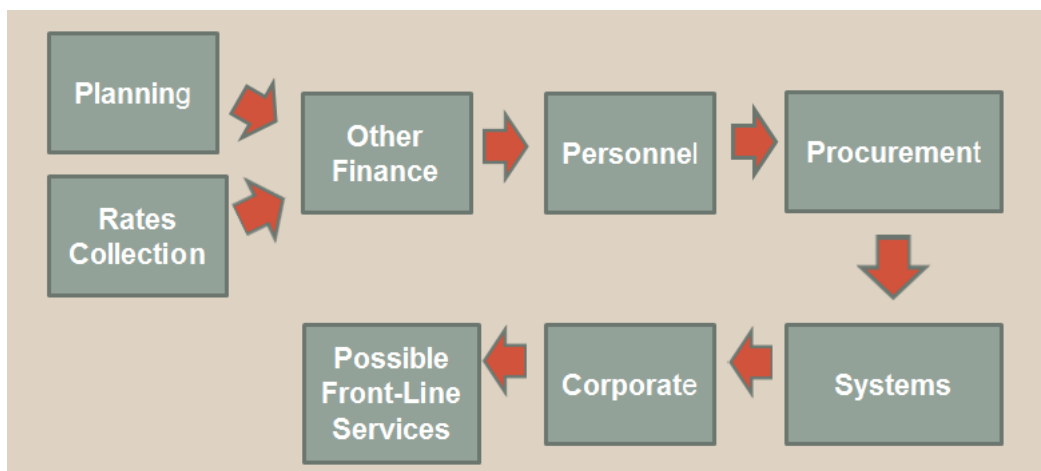
- a. Publishing case study – what was sought versus achieved?
- b. Issue media release – invite Minister to media conference
- c. Hold celebration – for all who contributed to project's success.

15. Regular Reviews

- a. Weekly reviews – are finance and KPI targets being met?
- b. Monthly reviews – any breaches of service level agreements?
- c. Annual reviews – are all statutory returns and reports in order?

Shared Service Sequencing

It is proposed that the migration to shared services be staged as follows with the Action Plan piloted using well-recognised activities such as Urban Planning and Rates Collection.



Timetable

Implementing the 15 steps and transferring planning and rates collection to the SSC could take around 12 months. Thereafter the migration of each subsequent service might take 3-6 months. All corporate services identified should be able to be migrated over a 2.5 to 3.5 year period.

This may seem a long time, but the widely publicised failure of shared services at a state level has been attributed to them being “*adopted in a hurry*”. Sufficient attention to detail concerning people, process and system issues is critical for getting a SSC’s architecture right.^{iv}

SSC Lessons

Based on the past experience of SSCs in both the public and private sectors, critical success factors for a local government SSC are:

- Establish reliable baseline data on prospective shared services
- Agree on the key outcomes expected from a SSC
- Formulate a convincing business case for a SSC
- Commit sufficient funding and other resources to the project
- Obtain stakeholder endorsement of the business case
- Appoint a SSC Steering Group and CEO to drive the project
- Make SSC a self-standing business enterprise with business KPIs
- Make SSC a company limited by guarantee like Hunter Councils Ltd
- Make SSC ultimately accountable to a Board appointed by its clients
- Guarantee SSC a captive clientele for a limited period (max 5 years)
- Pay dividends according to client capital and/or custom contributions
- Select a specialist SSC consultancy to advise on the project
- Adopt a proven phased migration plan to implement the SSC
- Identify major project risks and ways to mitigate them.
- Measure cost and performance of a service before sharing it
- Negotiate SLAs and chargeback formula before migrating to a SSC
- Clarify respective tasks of SSC and client agencies in advance
- Agree on how staff transfers and redundancies will be handled
- Determine how to motivate top performers to stay
- Pursue a change management/communication strategy from outset
- Agree on standardising complex processes before sharing them
- Invest sufficiently in an IT platform to support agreed processes
- Focus on SSC client buy-in, not just structures, processes and IT
- Regularly review progress and learn from mistakes
- Publicise and celebrate completion of each Action Plan milestone
- Regularly measure, monitor, evaluate and report on SSC outcomes
- Regularly survey member clients' satisfaction with SSC performance

Conclusion:

The **first step** is to obtain the formal agreement of a core group of Local Councils and the State Government to the concept of a Regional Joint Organisation (RJO) with a Regional Shared Services Centre (RSSC) as a better alternative to Council mergers for achieving Fit for the Future outcomes.

The **second step** is to appoint a SSC Steering Group, CEO and Specialist Consultant to develop a detailed Business Case and Project Plan for implementing a RJO and SSC for formal approval by the participating Councils and the Minister for Local Government.

The **third step** is to implement the Project Plan according to an agreed Budget, Timetable and key Milestones.

A successful SSC for North Shore Councils should improve the quality, timeliness and responsiveness of most back-office services and achieve unit cost savings of 10% initially rising to possibly 20% after transitioning from an exclusive franchise to open market contestability. Savings would be used in the first five years to defray capital establishment costs before being returned to member councils as price discounts.

Appendices (see main report)

- What are Shared Services?
- Local Government Functions
- Corporate Support Services
- Why Share Services?
- What Services to Share?
- Typical Shared Services
- SSC Organisational Structure
- SSC Risks
- SSC Critical Success Factors
- SSC Lessons
- SSC Migration Planning
- Questions asked of SCCs
- Best Practice SSC Processes
- Service Level Agreement
- SSC KPI Monitoring
- SSC Case Studies
- Key Concepts
- Activity Analysis
- Process Re-engineering
- NSW Government SSC Model
- NSW Premier's Dept Corporate Overheads
- Review Today Corporate Overhead Analysis
- Savings from Outsourcing
- Selected References

ⁱ See Benchmarking Plus, *NSROC Corporate Services Benchmarking for FYE June 2012*, slide 10

ⁱⁱ See section on *Savings from Outsourcing* in main volume of report.

ⁱⁱⁱ For overviews of the performance of Australian state government shared services centres see:

- Dollery, Brian and Grant, Bligh, *Tortoises and Hares: The Race to Shared Services Across Australian State and Territory Jurisdictions*, International Journal of Public Administration, 2010, 33: 1, 43-54 <http://www.tandfonline.com/doi/abs/10.1080/01900690903188792#.VTgXh2ccQuQ>
- Australian Institute of Management (AIM), *Shares Services in the Public Sector, A Triumph of Hope over Experience*, White Paper, August 2012 <https://www.aim.com.au/sites/default/files/downloads/AIM-Research-Shared-Services-Public-Sector.pdf>
- ACELG, *Legal and Governance Models for Shared Services in Local Government*, Interim Report, May 2012 http://www.acelg.org.au/system/files/publication-documents/1337646438_Legal_and_Governance_Models_for_Shared_Services_3.pdf
- Dollery, Brian, Grant, Bligh and Kortt, Michael, *Councils in Cooperation – Shared Services and Australian Local Government*, The Federation Press, Sydney, 2012
-

^{iv} Dollery, Brian and Grant, Bligh, *Tortoises and Hares: The Race to Shared Services Across Australian State and Territory Jurisdictions*, *International Journal of Public Administration*, 33:43–54, 2010, page 52.

Attachment G


Community Meetings Live Polling Results - City of Ryde, Hunter's Hill, Lane Cove.

May 2015

FIT FOR THE FUTURE

COMMUNITY WORKSHOP: LIVE POLLING | RYDE




LIVE POLLING

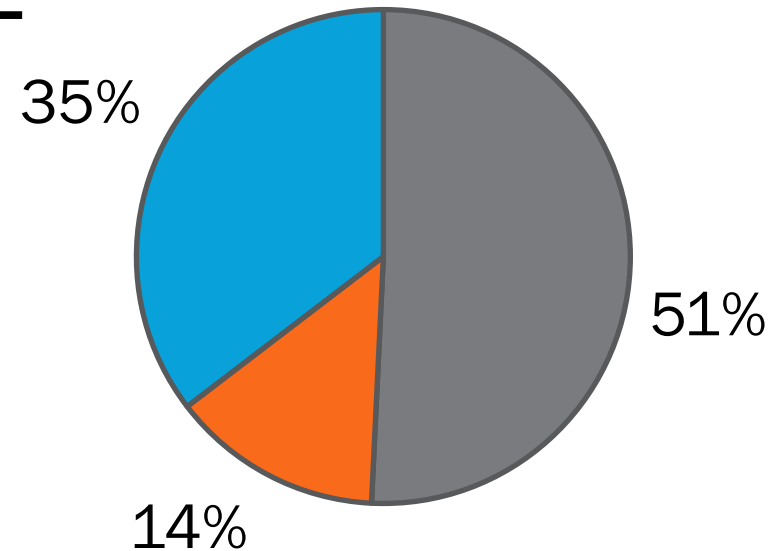
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 - ✓ **After reading the question please wait for the facilitator to ask you to vote**
 - ✓ **Please click the number on your keypad that matches the response you wish to register**
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HOW LONG HAVE YOU LIVED WITHIN THE RYDE LOCAL GOVERNMENT AREA?

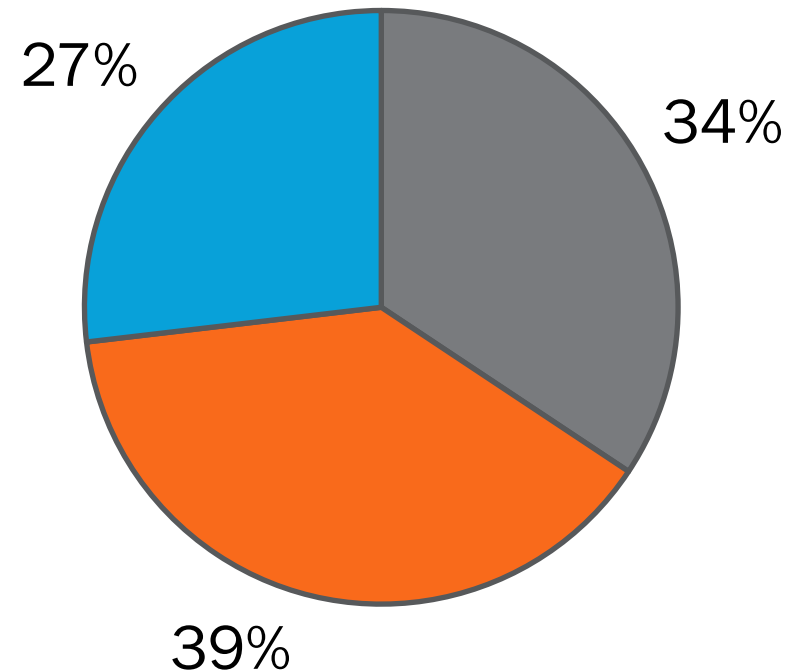
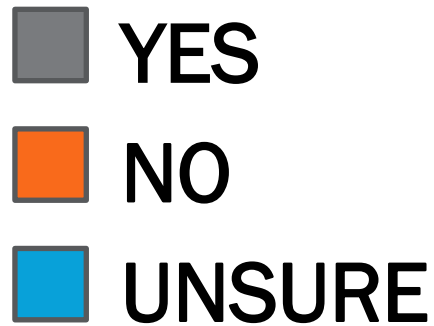


DO YOU FEEL YOU HAVE A GOOD UNDERSTANDING OF WHAT AMALGAMATION MAY MEAN FOR THE CITY OF RYDE COMMUNITY?

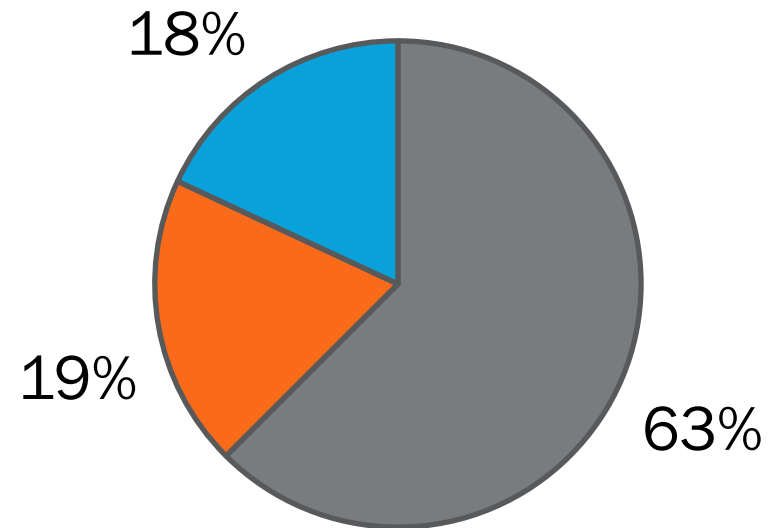
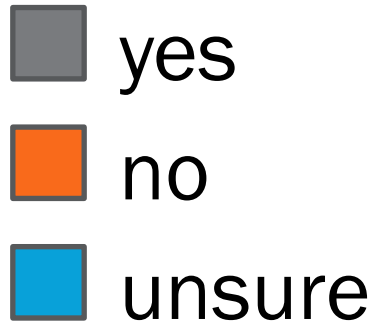
-  YES
-  NO
-  UNSURE



**DO YOU CURRENTLY FEEL YOU HAVE ENOUGH
INFORMATION TO FORM AN OPINION ON THE
BEST OPTION FOR YOUR COMMUNITY?**

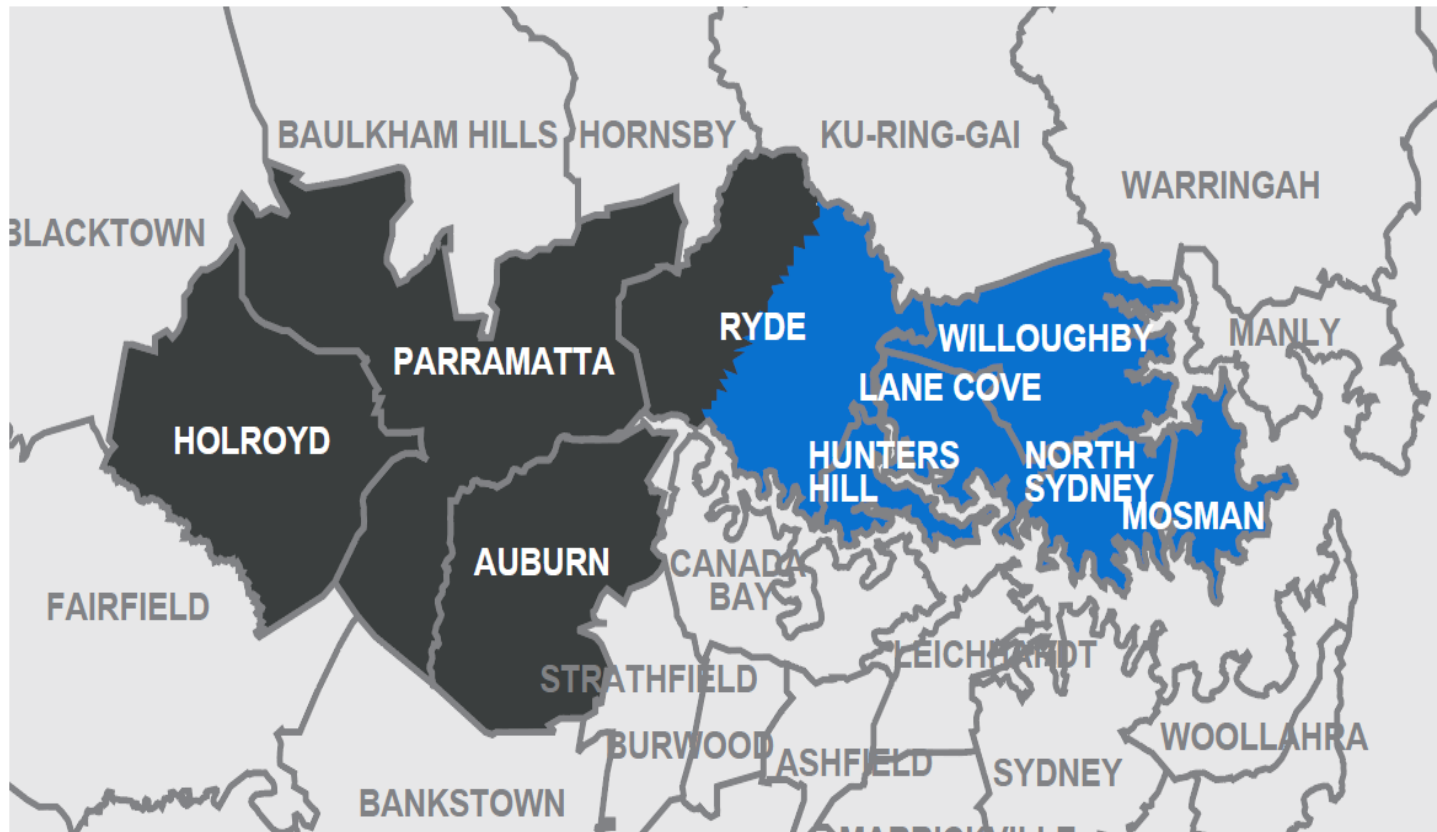


**DO YOU FEEL COUNCIL HAS PROVIDED YOU
WITH ENOUGH INFORMATION TONIGHT FOR
YOU TO FORM AN OPINION ON
THE BEST OPTION FOR
YOUR COMMUNITY?**



OPTION 1:

The State Government proposal is for Ryde to be split and merged into two super Councils with the eastern two thirds of Ryde to merge with Willoughby, Lane Cove, Hunter's Hill, North Sydney & Mosman Councils and the remaining western third of the City of Ryde to be merged with Parramatta, Holroyd and Auburn



OPTION 1:

HOW SUPPORTIVE ARE YOU OF COUNCIL BEING SPLIT AND MERGED INTO TWO NEW MEGA COUNCILS?

1. completely supportive



3%

2. supportive



1%

3. somewhat supportive



7%

4. not very supportive



6%

5. not at all supportive

83%

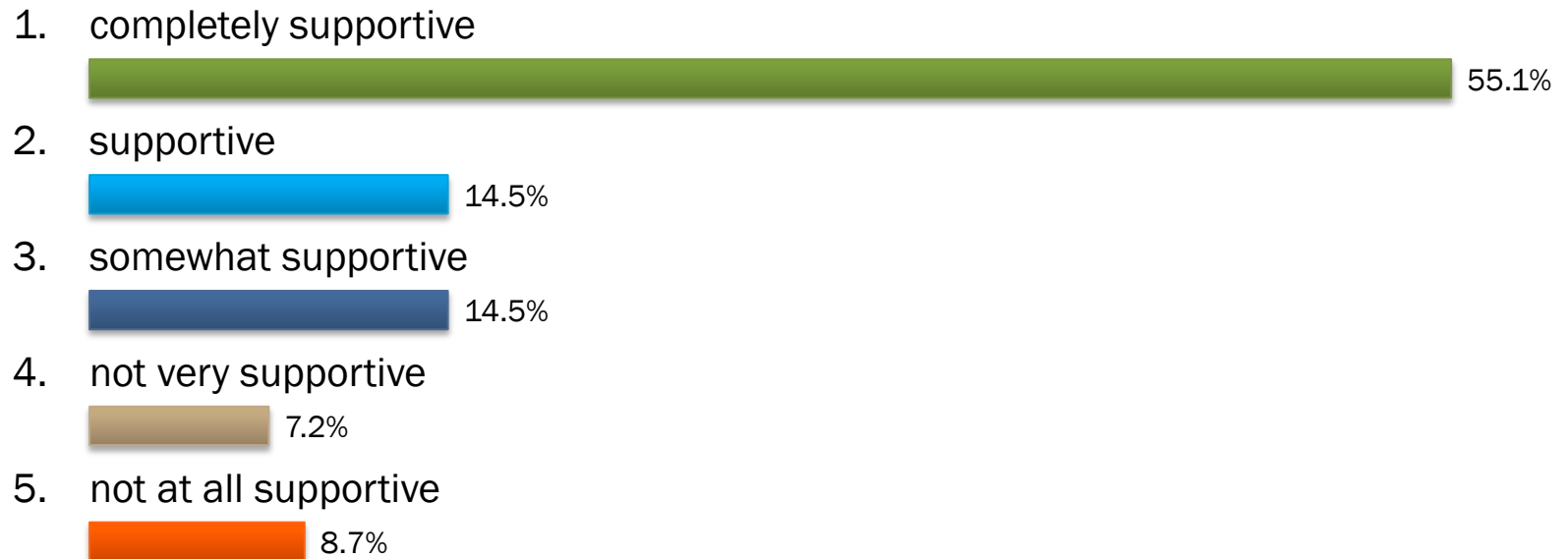
OPTION 2

Council believes it should not be amalgamated with other councils, and that it should be able to stand alone and continue to deliver effective and efficient services to its community , as a Council in its own right



OPTION 2:

HOW SUPPORTIVE ARE YOU OF THE CITY OF RYDE STANDING ALONE?



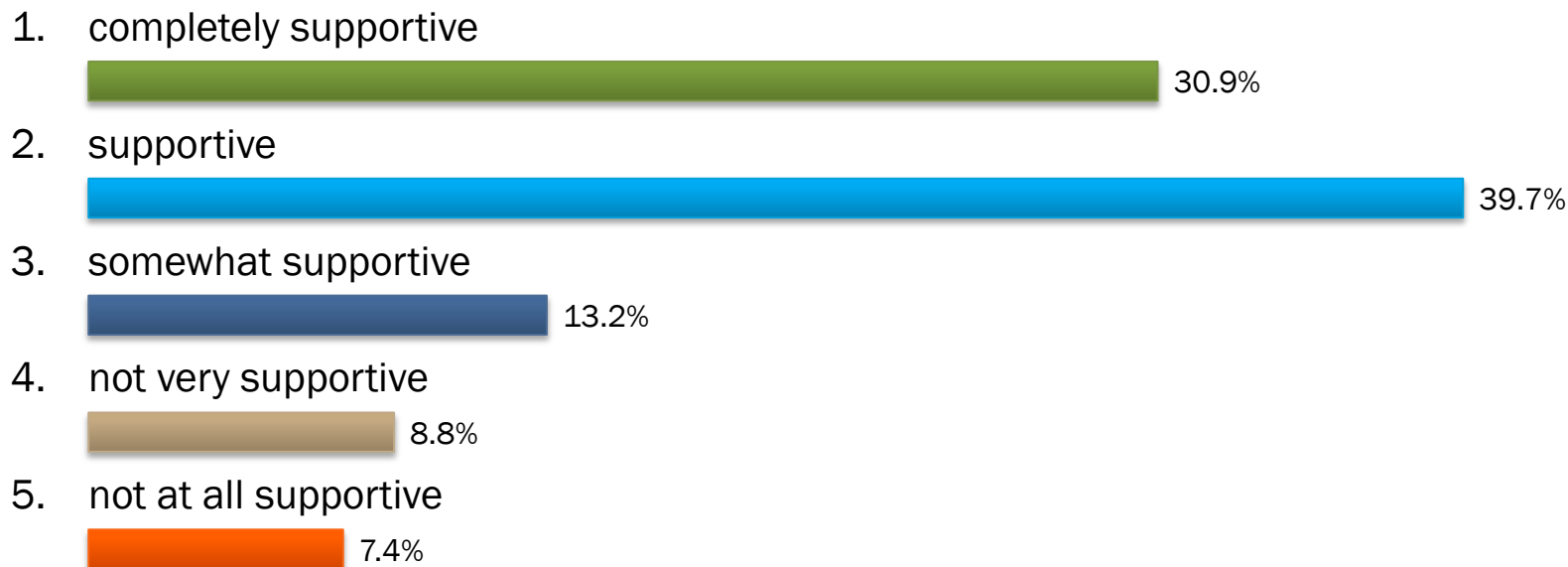
OPTION 3:

Additional to option 2, City of Ryde has approached a number of northern Sydney Councils to explore the opportunities where all Councils could work together to achieve better outcomes for each of the Council's individually and for the region, through the formation of a joint regional body being known as a “Joint Organisation”



OPTION 3


ADDITIONAL TO OPTION 2, HOW SUPPORTIVE ARE YOU OF COUNCIL EXPLORING THE POSSIBILITY OF A JOINT ORGANISATION WITH A NUMBER OF OTHER COUNCILS WITHIN THE NORTHERN SYDNEY REGION?



FIT FOR THE FUTURE

COMMUNITY WORKSHOP: LIVE POLLING | HUNTER'S HILL

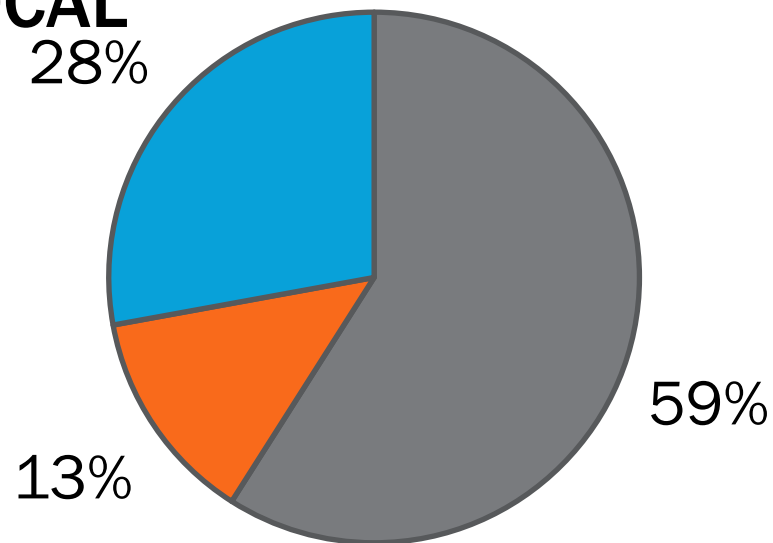
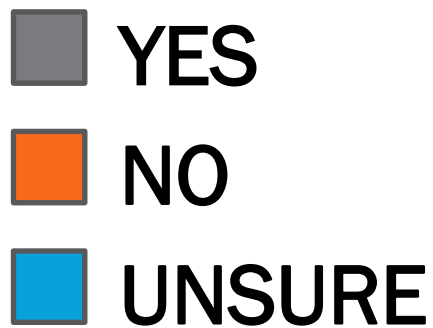
LIVE POLLING

- ✓ Please get your keypads ready
 - ✓ After reading the question please wait for the facilitator to ask you to vote
 - ✓ Please click the number on your keypad that matches the response you wish to register
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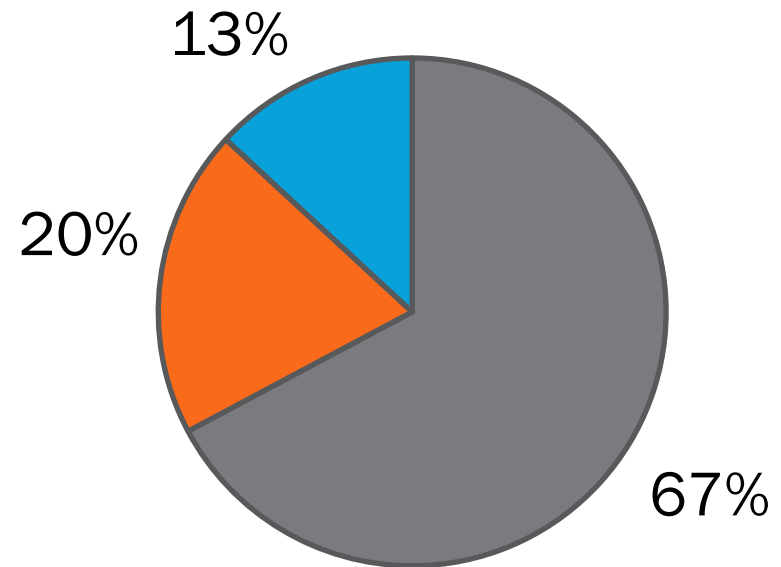
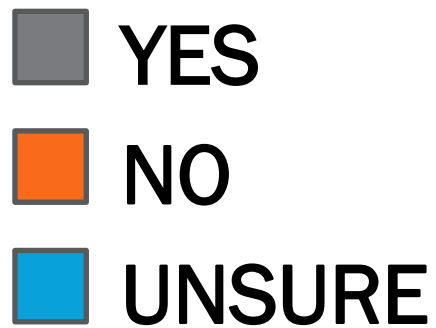
HOW LONG HAVE YOU LIVED WITHIN THE HUNTERS HILL LOCAL GOVERNMENT AREA?



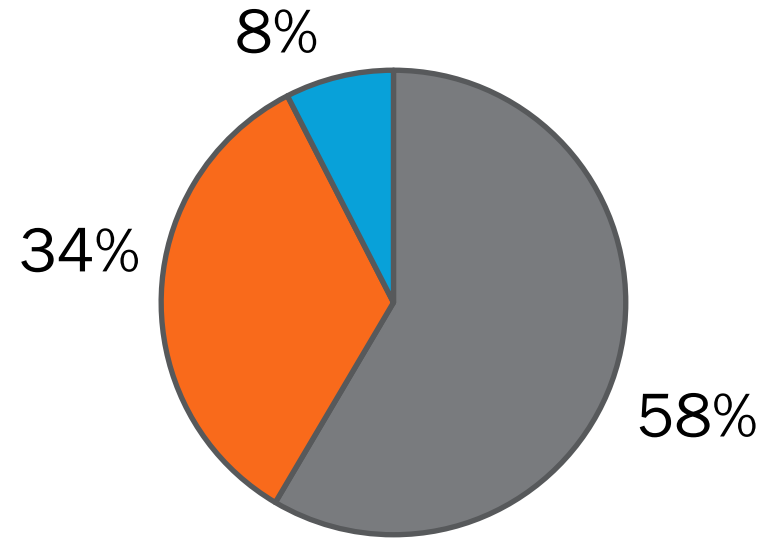
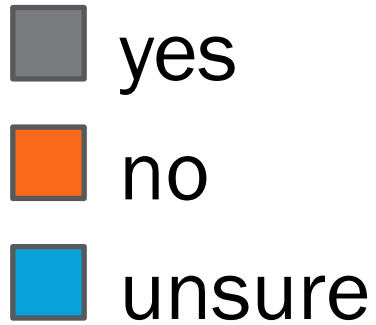
**DO YOU CURRENTLY FEEL THAT YOU HAVE A
GOOD UNDERSTANDING OF THE ISSUE OF
AMALGAMATION FACING YOUR LOCAL
COUNCIL?**



**DO YOU CURRENTLY FEEL YOU HAVE ENOUGH
INFORMATION TO FORM AN OPINION ON THE
BEST OPTION FOR YOUR COMMUNITY?**

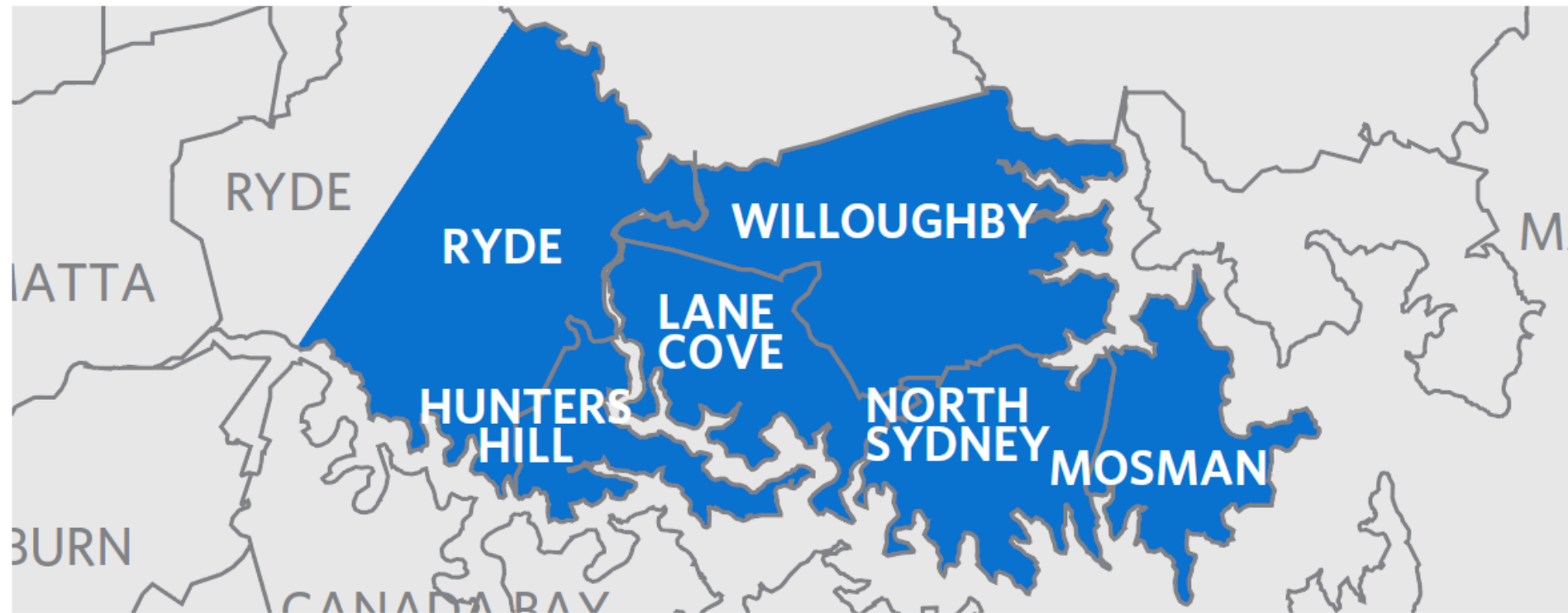


**DO YOU FEEL COUNCIL HAS PROVIDED YOU
WITH ENOUGH INFORMATION TONIGHT FOR
YOU TO FORM AN OPINION ON
THE BEST OPTION FOR
YOUR COMMUNITY?**



OPTION 1:

The State Government proposal is for Hunters Hill to be merged with a number of Northern Sydney region Councils (see below) to form a ‘super council’ with a population of approximately 365,000



OPTION 1:

HOW SUPPORTIVE ARE YOU OF COUNCIL BEING MERGED INTO A NEW SUPER COUNCIL?



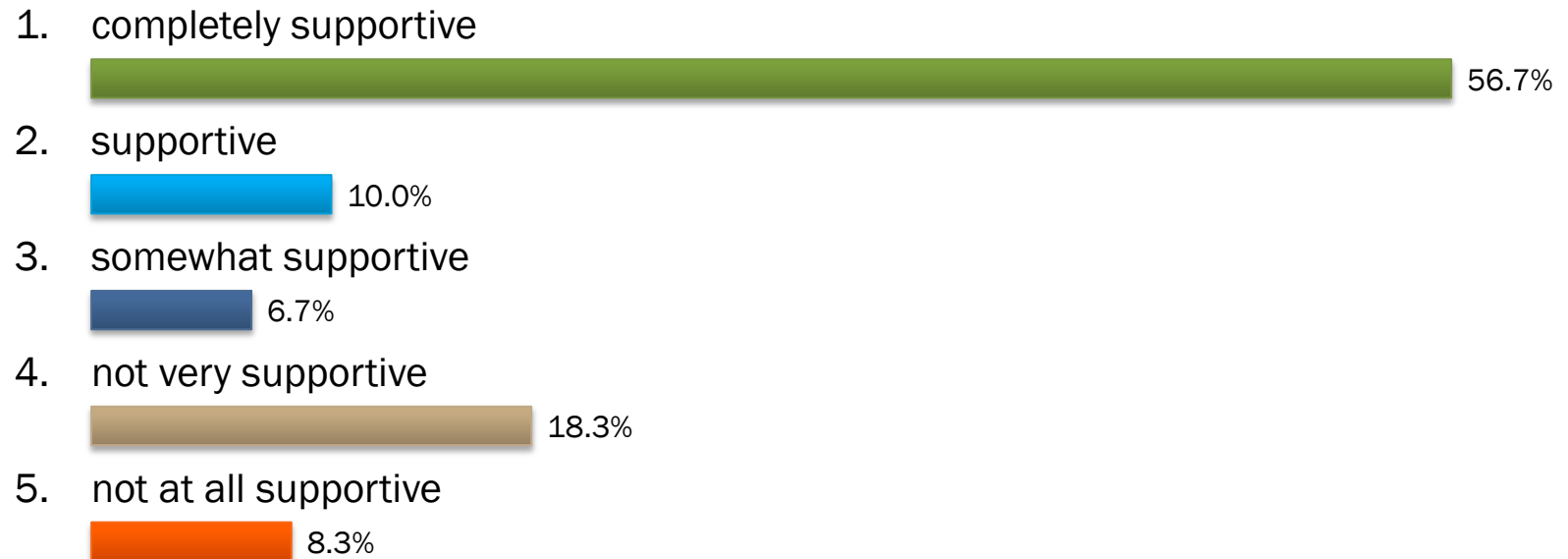
OPTION 2

Council believes it should not be amalgamated with other councils, and that it should be able to stand alone and continue to deliver effective and efficient services to its community as a Council in its own right



OPTION 2:

HOW SUPPORTIVE ARE YOU OF HUNTERS HILL COUNCIL STANDING ALONE?



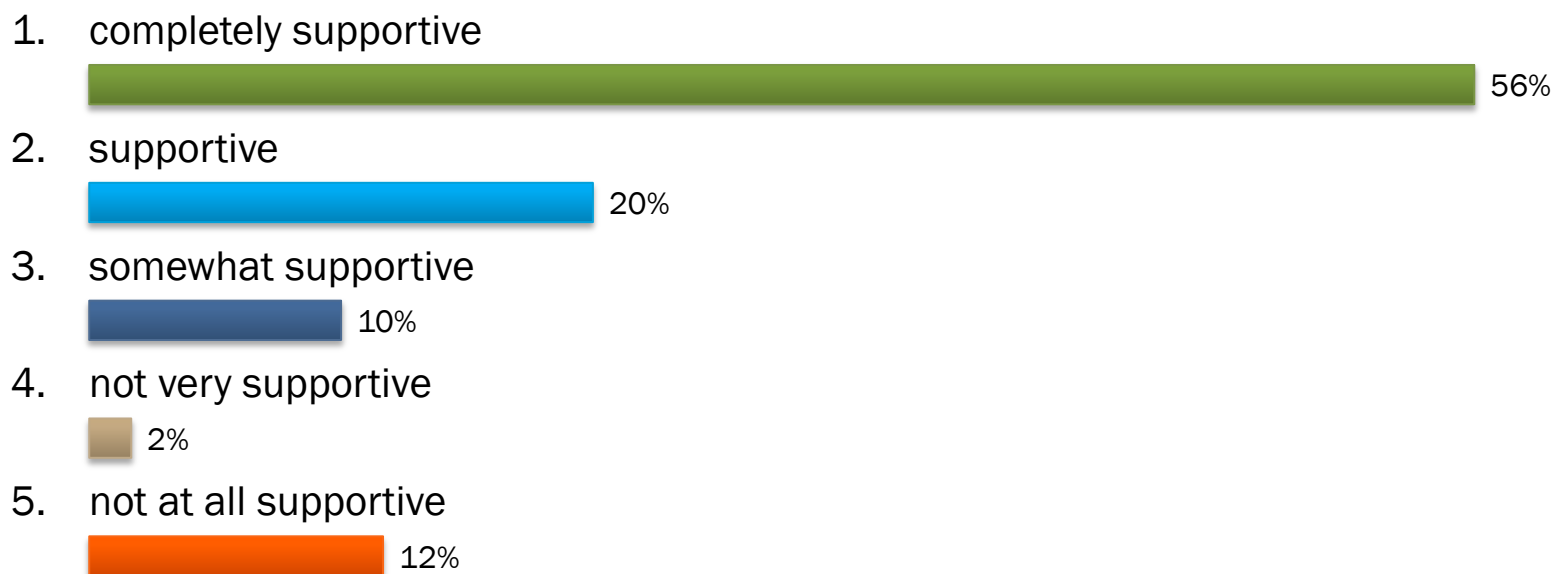
OPTION 3:

Additional to option 2, Hunters Hill Council has approached a number of North Sydney Councils to explore the opportunities where all Councils could work together to achieve better outcomes for each of the Council's individually through the formation of a joint regional body being known as a “Joint Organisation”



OPTION 3


ADDITIONAL TO OPTION 2, HOW SUPPORTIVE ARE YOU OF COUNCIL EXPLORING THE POSSIBILITY OF A JOINT ORGANISATION WITH A NUMBER OF OTHER COUNCILS WITHIN THE NORTH SYDNEY REGION?



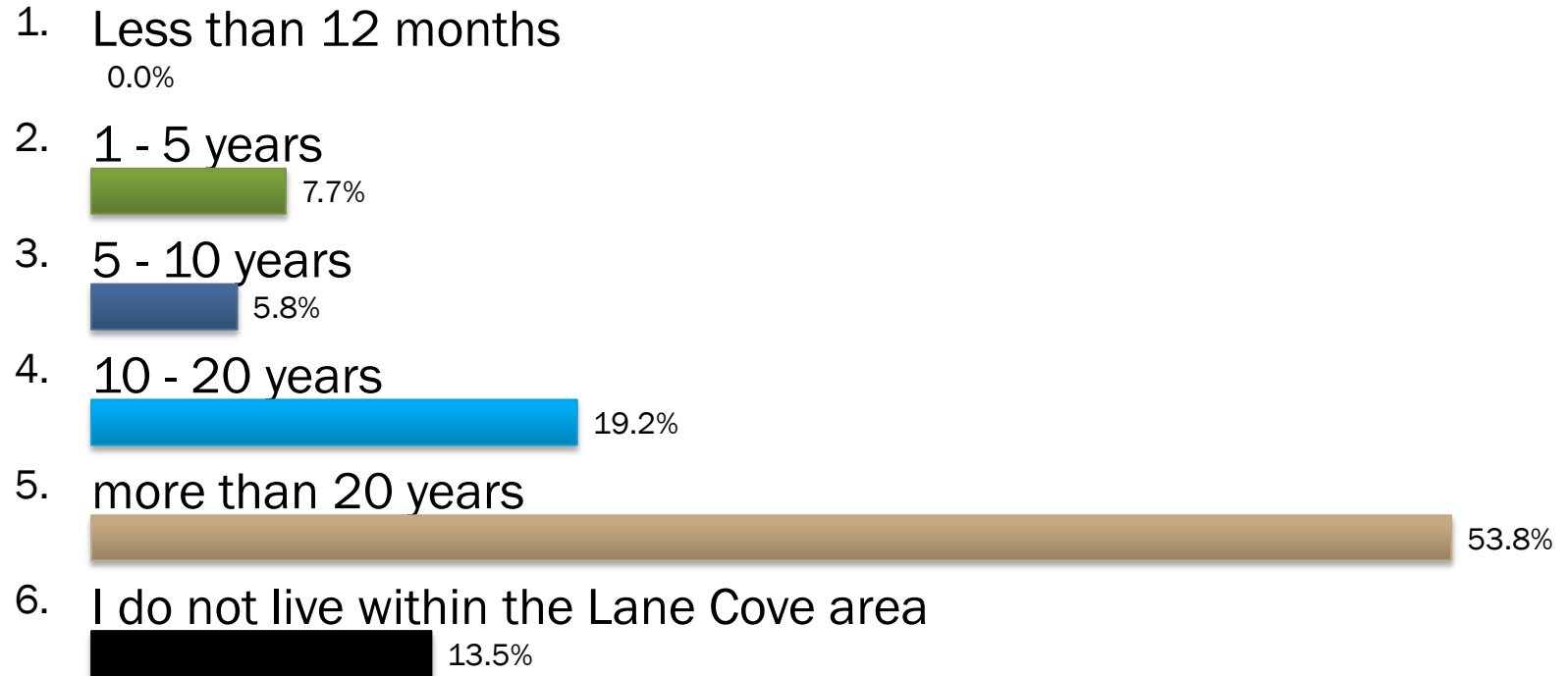
FIT FOR THE FUTURE

COMMUNITY WORKSHOP: LIVE POLLING | LANE COVE

LIVE POLLING

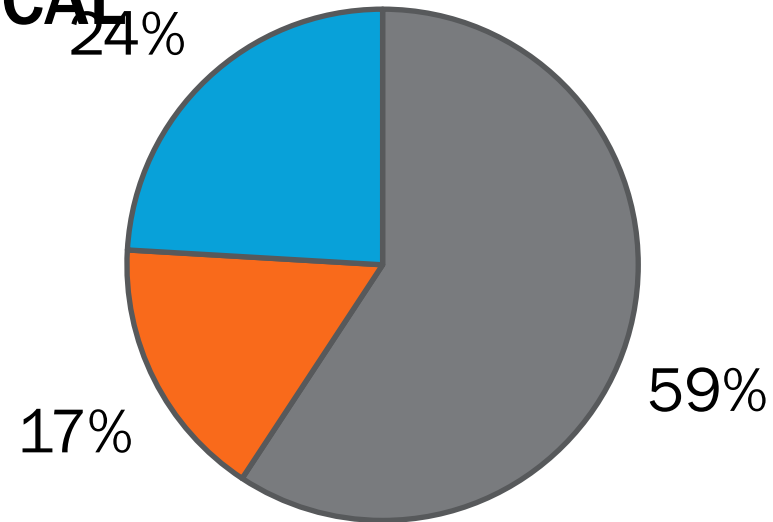
- ✓ Please get your keepads ready
 - ✓ After reading the question please wait for the facilitator to ask you to vote
 - ✓ Please click the number on your keypad that matches the response you wish to register
- 

HOW LONG HAVE YOU LIVED WITHIN THE LANE COVE LOCAL GOVERNMENT AREA?

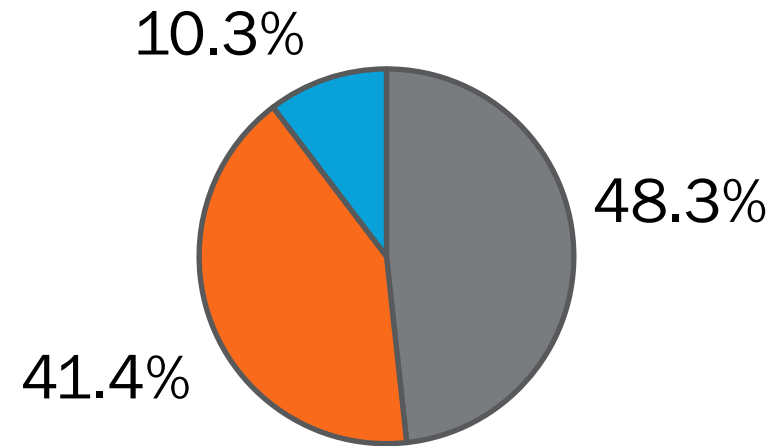
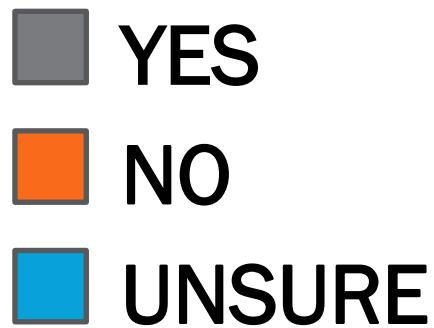


**DO YOU CURRENTLY FEEL THAT YOU HAVE A
GOOD UNDERSTANDING OF THE ISSUE OF
AMALGAMATION FACING YOUR LOCAL
COUNCIL?**

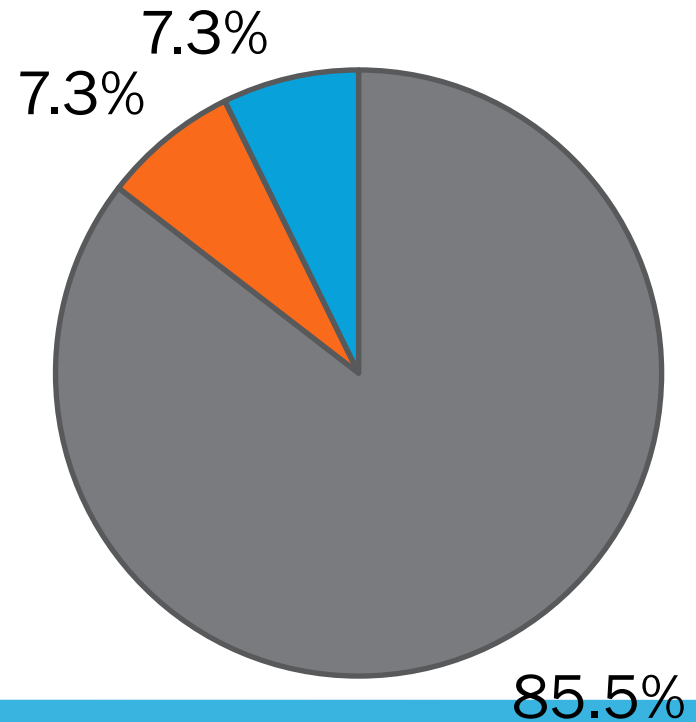
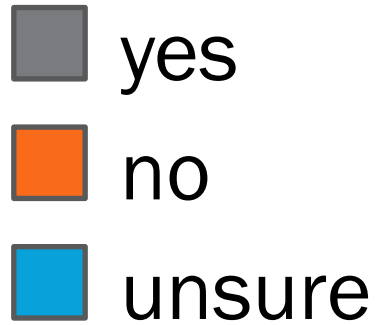
- ☐ YES
- ☐ NO
- ☐ UNSURE



**DO YOU CURRENTLY FEEL YOU HAVE ENOUGH
INFORMATION TO FORM AN OPINION ON THE
BEST OPTION FOR YOUR COMMUNITY?**

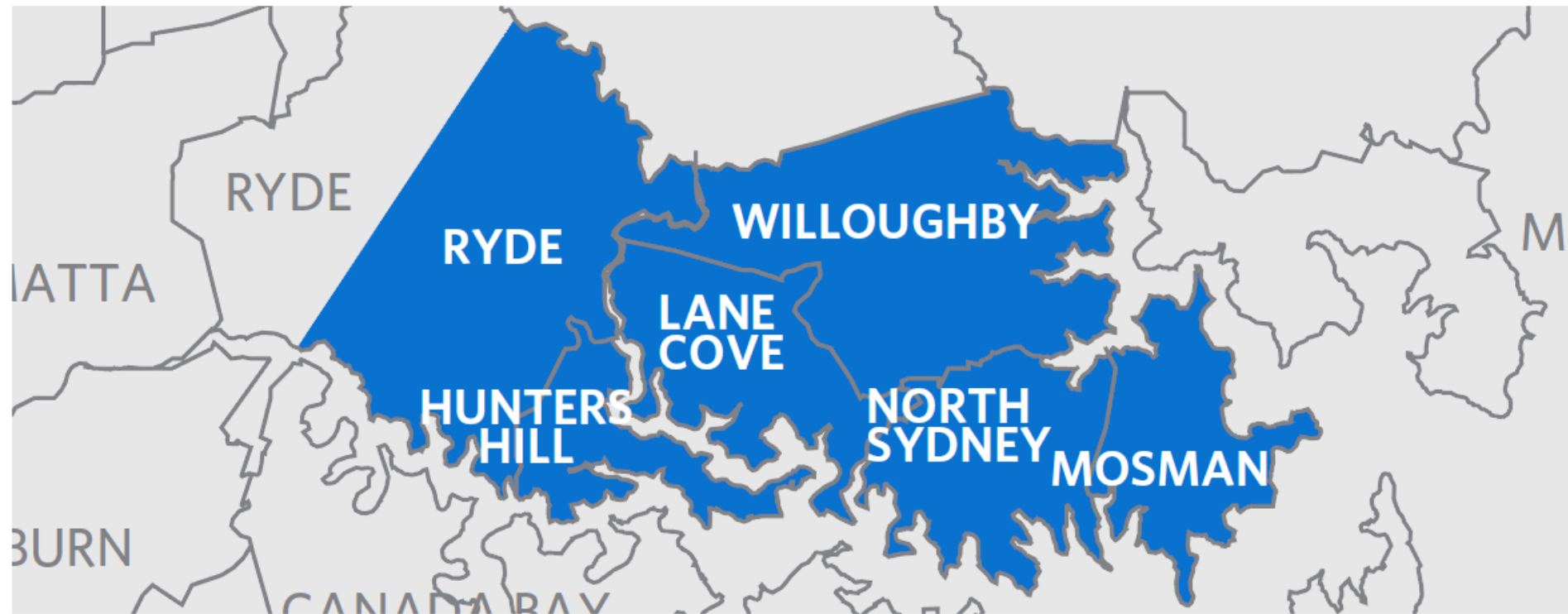


**DO YOU FEEL COUNCIL HAS PROVIDED YOU
WITH ENOUGH INFORMATION TONIGHT FOR
YOU TO FORM AN OPINION ON
THE BEST OPTION FOR
YOUR COMMUNITY?**



OPTION 1:

The State Government proposal is for Lane Cove to be merged with a number of Northern Sydney region Councils (see below) to form a 'super council' with a population of approximately 294,000



OPTION 1:

HOW SUPPORTIVE ARE YOU OF COUNCIL BEING MERGED INTO A NEW MEGA COUNCIL?

1. completely supportive



2. supportive

0%

3. somewhat supportive



4. not very supportive



5. not at all supportive



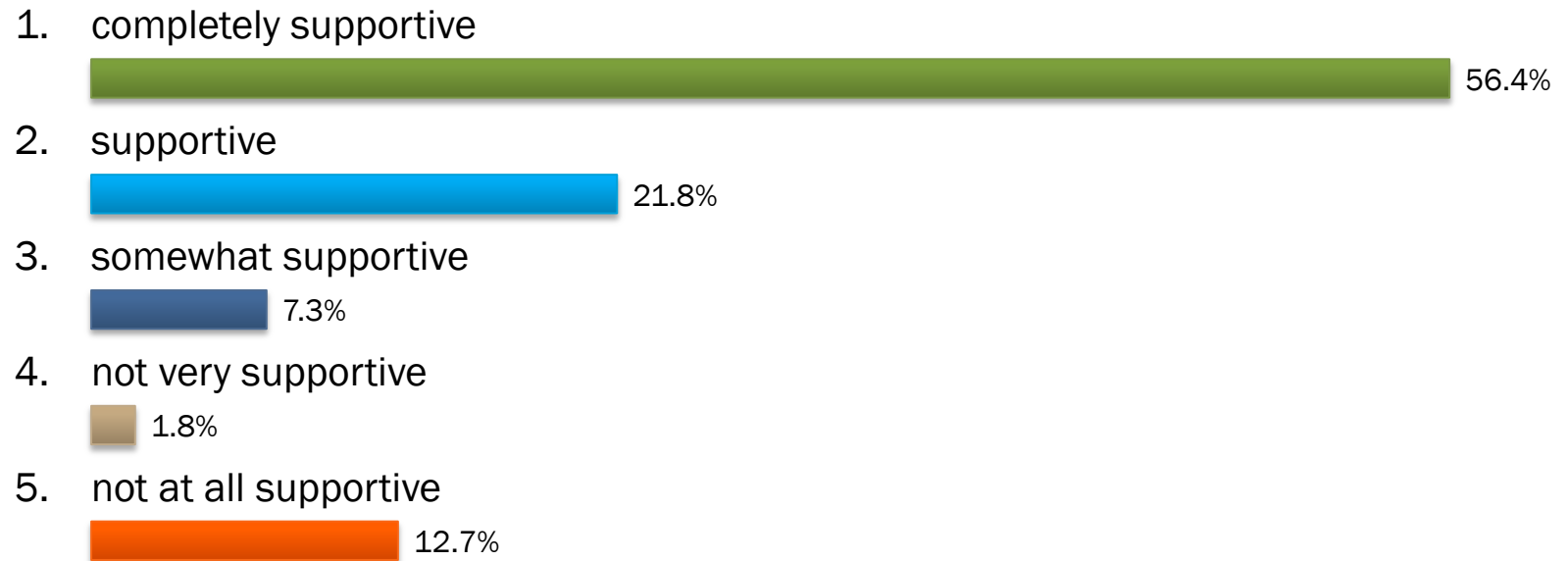
OPTION 2

Council believes it should not be amalgamated with other councils, and that it should be able to stand alone and continue to deliver effective and efficient services to its community as a Council in its own right



OPTION 2:

HOW SUPPORTIVE ARE YOU OF LANE COVE COUNCIL STANDING ALONE?



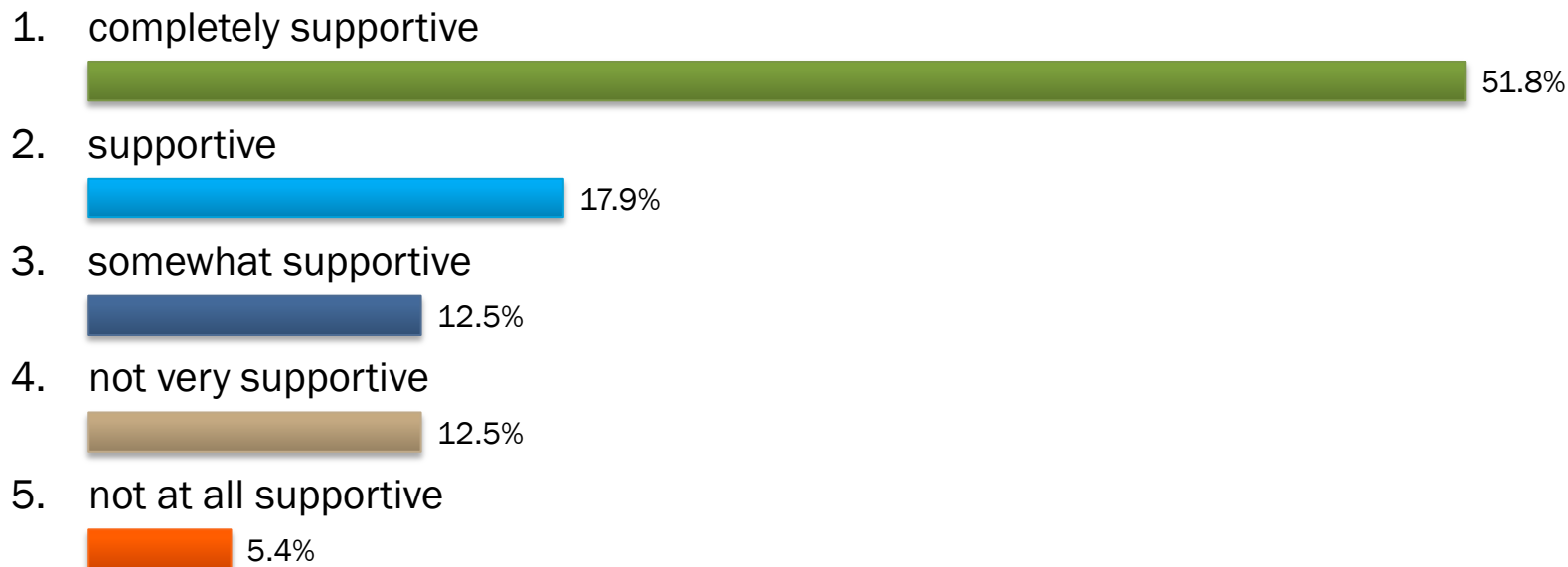
OPTION 3:

Additional to option 2, Lane Cove Council has approached a number of North Sydney Councils to explore the opportunities where all Councils could work together to achieve better outcomes for each of the Council's individually through the formation of a joint regional body being known as a “Joint Organisation”

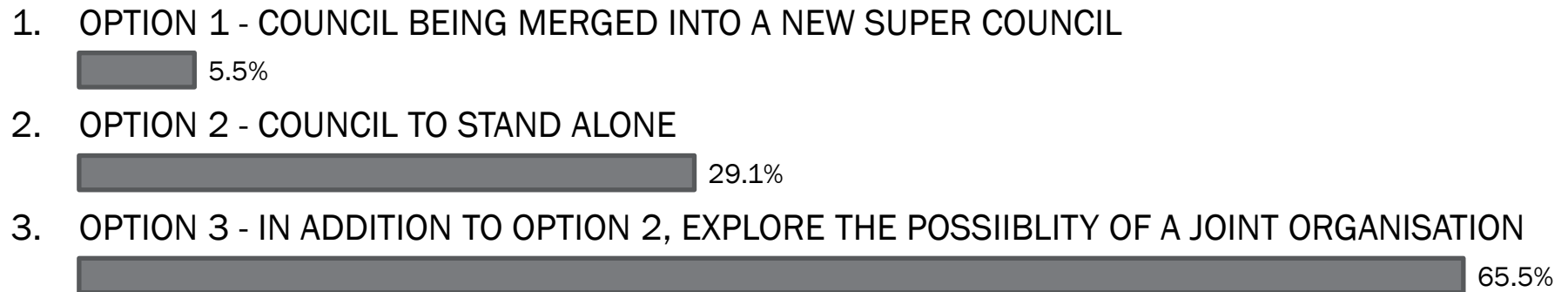


OPTION 3

ADDITIONAL TO OPTION 2, HOW SUPPORTIVE ARE YOU OF COUNCIL EXPLORING THE POSSIBILITY OF A JOINT ORGANISATION WITH A NUMBER OF OTHER COUNCILS WITHIN THE NORTH SYDNEY REGION?



OF THE THREE OPTIONS AVAILABLE WHICH IS YOUR MOST PREFERRED OPTION?



Attachment H

Urbis Report

**Fit for the Future Community
Forums.**

May 2015

Fit for the Future Ryde and Lane Cove Community Forums – Summary of Outcomes Report

Prepared for the City of Ryde and Lane Cove Council

May 2015



URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

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Report Number	1



Urbis's Public Policy team has received ISO 20252 Certification for the provision of public policy research and evaluation, social planning, community consultation, market research and communications research

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1 Introduction

City of Ryde, Hunters Hill and Lane Cove Councils are consulting with the community to explore community perspectives on proposed options for local government amalgamations and boundary changes, under the NSW Government's Fit for the Future process.

The proposed options were informed by a 2012 review conducted by the NSW Independent Local Government Review Panel, to explore options to strengthen the effectiveness of local government in NSW and review structural, financial and service delivery models for the future.

In October 2013 the Panel released the *Revitalising Local Government* report, outlining a series of options for amalgamations, boundary changes and joint regional organisations of councils, to enhance performance and governance for the future. Options proposed for consideration in Ryde, Hunters Hill and Lane Cove local government areas included:

- Amalgamation of the eastern two-thirds of Ryde with North Shore councils
- Adjustment of Parramatta's boundaries to include remaining parts of Ryde
- Amalgamation of Hunters Hill and Lane Cove with Mosman, North Sydney, Ryde (part) and Willoughby.

In September 2014, the NSW Government released the Fit for the Future report, stating:

"The Government expects all councils to reform to meet the needs of their community – to become financially sustainable, efficient, effectively manage infrastructure and deliver services and have the scale, resources and 'strategic capacity' to govern effectively. It calls on all councils to submit a proposal by 30 June 2015, outlining how they will achieve this."

Ryde, Hunters Hill and Lane Cove Councils resolved to consult with their communities to assess community views on the Fit for the Future options, as well as an alternative proposed by the three councils. This has included communications strategies (letters to householders, local media, online information and public signage and banners), and consultation via online surveys, telephone surveys and community forums in each Council area. Outcomes will inform submissions to the NSW Government.

1.1 THIS DOCUMENT

This document reports on community forums held in Ryde and Lane Cove (It does not report on a forum separately facilitated by Hunters Hill Council). The document summarises the issues and collated feedback. Outcomes for each forum are documented in a specific appendix for each Council.

1.2 FORUM OVERVIEW

The Ryde Community Forum was held on Tuesday 5 May 2015, from 7 – 8.30 pm, and was attended by approximately 75 people. The Lane Cove Community Forum was held on Thursday 7 May, from 7 – 8.45 pm, and was attended by approximately 62 people.

The agenda and process for each forum was developed in close consultation with the relevant Council. The overall information and questions for discussion and feedback were consistent. As each community is different, the approach was tailored as appropriate. The forums included:

- A formal presentation by the General Manager of each Council, outlining the background and context of the Fit for the Future process, analysis, and proposed options for feedback
- Community discussion – involving facilitated small group discussions in the Ryde forum; and a facilitated Question and Answer session in the Lane Cove forum
- Live polling on key questions, including each of the options and an alternative proposed by the three councils.

The forum agendas, presentations and live polling results are outlined in appendices for each forum.

2 Summary of issues

2.1 ISSUES FOR CONSIDERATION

The discussions in each forum covered a range of issues regarding:

- The importance of quality information on the issues, the proposed options and the opportunity to provide considered feedback
- An acknowledgement that not everything is known at this stage, and there are still questions to be addressed
- The need to consider potential positive and negative benefits for the community
- The value of community identity, local values and influence
- The importance of clear strategic directions, financial sustainability, coordinated policy and planning for the community.

Not everyone shared the same views, but there was a clear predominance of views identified in the live polling in each forum, against the amalgamation/boundary change options and supporting a joint regional organisation of councils.

It should not be assumed in any way that those who attended the workshops are more broadly representative of the general community. While the feedback offers insight into how people in the community may consider the issues, the feedback is not statistically representative and may have been influenced by the experience of participation on the evening.

The following perspectives should therefore be further considered against the findings of the community surveys and online feedback.

2.2 PERSPECTIVES ON AMALGAMATION AND JOINT ORGANISATIONS

A series of themes emerged from the discussions as outlined below.

THEMES	HEADLINE ISSUES
Perspectives on amalgamation	<ul style="list-style-type: none">▪ There is a perceived loss of local identity associated with amalgamation and mergers▪ Amalgamation may result in disengagement of community/ disenfranchisement▪ Larger local government is seen as less representative, with fewer local representatives▪ There is a perceived threat to the ongoing provision and quality of local services▪ Tangible benefits to the community are not apparent▪ There is a lack of empirical data to support the case for amalgamation▪ Local government lacks constitutional protection▪ There is some support for a merger if commitment to local issues can be guaranteed▪ Some felt the positive case for a merger still needed to be made▪ There are some benefits of shared services for the community suggested by the

	experiences of amalgamation elsewhere, such as in the UK and some areas of NSW.
Opportunities suggested by amalgamation	<ul style="list-style-type: none"> ▪ A potentially more streamlined process ▪ More regional collaboration ▪ Additional funding (from other councils) ▪ Economies of scale ▪ Additional opportunities for economic growth ▪ Opportunity to better align planning controls across the region ▪ A number of people saw no opportunities for local residents. Some thought the benefits would be for State Government's regional planning only.
Challenges suggested by amalgamation	<ul style="list-style-type: none"> ▪ Loss of identity ▪ Loss of planning controls ▪ Loss of local events and cultural activities ▪ Loss of community engagement ▪ More potential for party politics to drive local government ▪ Loss of local services ▪ Cost of amalgamation to ratepayers ▪ Loss of jobs ▪ Potential loss of hubs if local administration/ services moved out of hubs (e.g. Lane Cove shopping centre) ▪ Lack of evidence to support amalgamation ▪ Lack of choice regarding which councils to merge with.
Perspectives on a joint regional organisation of councils	<ul style="list-style-type: none"> ▪ Collaboration is both a challenge and an opportunity ▪ It has to be financially advantageous for this to work ▪ Greater advocacy, retaining local identity ▪ It is an unknown quantity.
Key opportunities for joint organisations	<ul style="list-style-type: none"> ▪ Strategic planning is enhanced ▪ Councils retain individual identities

	<ul style="list-style-type: none"> ▪ There are economies of scale ▪ It provides better opportunity to work with other councils around common interests e.g. Victoria Road, bushland areas. ▪ It has more homogenous geographical and cultural areas ▪ It could be a stronger voice for advocacy at state and federal levels ▪ It can meet State Government benchmarks.
Challenges for joint organisations	<ul style="list-style-type: none"> ▪ What are the mechanisms for making decisions, determining representation (different councils have different priorities)? ▪ There is a danger of council powers being lost to a joint organisation/ future amalgamation ▪ Unknowns exist around changes in legislation to allow joint organisations ▪ Costs of administration ▪ What would be the role of NSROC? ▪ Loss of jobs ▪ There is a danger of it becoming yet another tier of government ▪ There is a danger of joint assets being taken over by State Government and sold (as was done with County Councils and electricity infrastructure) ▪ How can community involvement in joint councils be achieved? ▪ How can joint councils influence government around regional infrastructure needs?

2.3 LIVE POLLING RESULTS

During each forum, a series of questions were tested with participants using live polling. Participants were asked to respond to a series of multiple-choice questions, indicating their answers using an individual 'keepad' device. The keepad technology provides immediate data collection and analysis, and results were presented at the event.

A summary of findings is outlined below. Detailed findings are presented in appendices.

- The majority of participants attending the forums were long standing residents. Over three quarters had lived in the area for more than 10 years
- People came with various levels of understanding about the issues
 - At the outset of the Ryde forum, about half felt they had a good understanding of what amalgamation may mean for their community, and just over a third said they were unsure

- In Lane Cove, just over half said they had a good understanding of the issue, and around one quarter said they were unsure.
- People's views shifted during the forums
 - At the outset of the Ryde forum, just over one third of participants felt they had enough information to form an opinion on the best option for their community, compared with just under two thirds at the end of the evening
 - At the Lane Cove forum, just under one half said they had enough information to form a view on the best option at the start of the evening, compared with nearly 90% at the end of the evening.
- Participants at each forum were asked their views on each of the three options for consideration – amalgamation, no amalgamation, and no amalgamation but a joint organisation of councils
 - At both forums, almost all participants did not support the option for amalgamation (83% at Ryde and 80% at Lane Cove).
- There was general consistency in views regarding the option to stand alone
 - At the Ryde forum, 55% completely supported the option to stand alone, and a further 29% were supportive or somewhat supportive. Sixteen percent were not very supportive or not at all supportive
 - At Lane Cove, 56% were completely supportive and 29% were supportive or somewhat supportive. Fourteen percent were not very supportive or not at all supportive.
- The final vote asked people to consider whether they supported their council to explore the option of a joint organisation with other councils within the North Sydney region
 - Just under one third of participants at the Ryde forum fully supported this option, and just over one half were supportive or somewhat supportive. Sixteen percent were not very supportive or not at all supportive
 - Just over half of participants at Lane Cove completely supported Council to explore this option. Just under one third said they were supportive or somewhat supportive, and one fifth said they were not very supportive or not at all supportive.

3 In conclusion

This report has documented feedback from two community forums undertaken in Ryde and Lane Cove local government areas during May this year, attended by 137 people.

The feedback represents documented views from those attending the works. Participants were long-standing residents and may not be representative of the community more broadly. This summary of feedback should be further considered in the context of findings from community surveys and online forums by Ryde, Hunters Hill and Lane Cove Councils.

Participation in the workshops provided information that enabled people to provide an informed response to the options for consideration.

There is significant concern to ensure local identity, community values and influence over their future is protected under any potential options under consideration.

There is significant interest in further information to consider specific aspects further, and lessons from elsewhere.

There is general opposition to the options for amalgamation and merger, and general support to remain a stand-alone local government area, with or without the option to form a joint organisation with other councils in the region.

Disclaimer

This report is dated May 2015 and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of City of Ryde and Lane Cove Councils (Instructing Party) for the purpose of a report on the "Fit for the Future" workshops (Purpose) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

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Appendix A

Ryde

Ryde Community Workshop – Transcribed Worksheets from Table Discussions

DISCUSSION QUESTION 1 - *THINKING ABOUT THE OPTION FOR AMALGAMATION...WHAT DO YOU SEE AS THE KEY OPPORTUNITIES AND CHALLENGES TO BE CONSIDERED?*

TABLE NO.	OPPORTUNITIES	CHALLENGES	REPORT BACK HEADLINE
1	<ul style="list-style-type: none"> Process may become more streamlined Number of representatives If amalgamate – keep Ryde whole and amalgamate east 	<ul style="list-style-type: none"> Loss of identity (Ryde 3rd oldest council) Change of planning controls Number of representative Loss of money/expensive to implement Complications No justification for the split Maybe a case for amalgamation but why split Ryde Where would HQ be Increase in rates Lose events/special funding Loss of community involvement/services 	<p>Don't want to see Ryde killed.</p> <p>Don't kill Ryde!</p>
2	<ul style="list-style-type: none"> More full on survey of residents with a larger survey sample size – like Marrickville did Quality of leadership (disagreement around table) Regional collaboration Ryde-Parramatta offers greater opportunity (disagreement around table) 	<ul style="list-style-type: none"> Traditional, established boundary, heritage and history would be lost Less representation, less voice. State makes decisions, not locals Too big Less local knowledge in your representatives Political ambition, party politics will become greater drivers than citizens self-governing 	<p>Loss of identity, split not acceptable</p>
3	<ul style="list-style-type: none"> Funding from other councils 	<ul style="list-style-type: none"> Ryde would lose its identity 1/3 of Ryde to go with Parramatta etc. – house prices reduced Ryde would be funding the other councils 	<p>A lot of pain and no gain</p>

		<ul style="list-style-type: none"> ▪ Ryde loses money ▪ super councils too big ▪ Harder to get services ▪ Lower value for money ▪ Reduction in councillors ▪ Substandard services ▪ Less council staff (lose their jobs) ▪ Too many unknowns 	
4	<ul style="list-style-type: none"> ▪ No opportunity for those west of Lane Cove Road. No opportunity for those who live there – can't (ecrs?) ▪ No, none ▪ Opportunity for state government – simplify strategic government but not rate payers 	<ul style="list-style-type: none"> ▪ Don't identify with Parramatta – live west of Ryde – go to Ryde/Macquarie centre ▪ To come to council meeting come here/close. Interest – to have to go to lane Cove /Willoughby less time. Councillors less involved in community (E.g. Vic) ▪ Disenfranchised ▪ Queenscliff – Victorian – Bellarina Peninsula. Refused - that area has gone ahead more quietly ▪ Apollo Bay combined – feel ignored ▪ Staggered that only council divided – assumed would be widespread ▪ Money that Ryde put in: <ul style="list-style-type: none"> ○ Macquarie – development ○ Uni and shopping centre and infrastructure – unique ○ Social contribution – live on west side ○ Reverse precedent – remain as are ▪ All see as the greater council ▪ Difficult to identify with initiative – live with corporate knowledge gained living in area – amalgamation unsatisfying ▪ East Ryde – line (state seat) have to vote in Lane Cove – difficult 	<p>No longer local government</p> <p>No longer city of Ryde</p> <p>Resident disengagement/ disenfranchised.</p> <p>Lose identity</p>

		<ul style="list-style-type: none"> ▪ Called “City of Ryde” – 80s and 90s – split a city ▪ Reasons for split vague ▪ Eastern side – completely different social make up – Mosman, North Sydney, Willoughby – no longer anything to do with that – no community interest in those areas ▪ If amalgamation with Mosman, costs may rise ▪ Big, diverse areas to plan ▪ Why is it considered that bigger is better? ▪ Efficiency scale – not effective ▪ Jobs opportunity Macquarie/North Ryde – businesses, pharmaceuticals – good area for future prospects ▪ Help provide employment for Ryde – given away and rate increase give away ▪ Harder to support Ryde ▪ No longer local government ▪ State government not doing for ratepayers but for them, economic, efficient way of running ▪ Fewer councils - more state government gets control 	
5	<ul style="list-style-type: none"> ▪ Growth area of Auburn ▪ Commercial activity ▪ Grow Parramatta, coordinate planning ▪ Better collaborate ▪ More assets under one system ▪ Planning – economies of scale 	<ul style="list-style-type: none"> ▪ Community benefits lost ▪ Local services, satisfaction ▪ Local government challenges – losing local ▪ Powerbase moved to Parramatta, Ryde to lose its local power ▪ Cost ▪ Local voice lost ▪ Rates, aligning current plans into multi-councils 	
6		<ul style="list-style-type: none"> ▪ If you want to go to council chambers you have to go to Parramatta ▪ Mergers and split costs a lot of money 	Significant reduced representatives, reduced access

		<ul style="list-style-type: none"> ▪ Benefits would take years ▪ How do you bring communities to believe in same objectives ▪ Parramatta large enough, we would be swallowed ▪ Loss of identity – 3rd oldest LG in Australia ▪ What would happen to local services ▪ No proof that bigger is better ▪ Only 2 reps ▪ Would it break up north Ryde business area and Macquarie park ▪ Cost of split – Ryde very expensive and disruptive ▪ Ryde has lower ratio ▪ Ryde on both sides of the edge and “you” get neglected ▪ West ward access very bad, no service between Parramatta ▪ Parramatta wants Macquarie park ▪ Boundary of ward for split? ▪ Parramatta not going to be interested in rest of west ward without Macquarie park 	<p>to your representatives</p> <p>Loss of access to services (and threat to services) and loss of identity</p>
7	<ul style="list-style-type: none"> ▪ Increased efficiencies from an amalgamated council ▪ It could remove corruption 	<ul style="list-style-type: none"> ▪ “Ryde should be heritage listed” 3rd settlement ▪ Larger doesn’t necessarily mean more efficient or more transparent ▪ Significant reduction in variation to representation ▪ Loss of community groups ▪ Little in common with Parramatta etc. ▪ Loss of City of Ryde identity ▪ Section 94 contributions – need to loosen restrictions 	Representation is key - each councillor would have a need to cover a much larger area.
8	<ul style="list-style-type: none"> ▪ Greater opportunity under planning controls (from adjacent councils) ▪ Ryde Council has stricter planning controls compared to 	<ul style="list-style-type: none"> ▪ Job loss <ul style="list-style-type: none"> ○ One management council 	

	Parramatta	<ul style="list-style-type: none"> ○ Don't do the local stuff ○ loss e.g. part time jobs ○ Councillors ▪ Erosion of individual rights ▪ You get contacted by Council and receive personal customer service at the moment ▪ Don't get same level of customer service ▪ Cost cutting exercise ▪ Other councils in amalgamation option aren't able to talk/agree on amalgamation option ▪ Don't have anything in common with Parramatta, Holroyd etc. ▪ Differing housing structure in culture of Council ▪ No evidence that amalgamated councils actually function or better services for cheaper prices ▪ One single body having to look after more services ▪ Takes people out of the equation ▪ Ryde should have say with who they merge with ▪ No say on legislation/law to facilitate 	
9	<ul style="list-style-type: none"> ▪ Ask the state government what are the positives ▪ Parramatta wants to be #1 (or the second CBD) 	<ul style="list-style-type: none"> ▪ It is hard to form an opinion without knowing the boundary line ▪ Why can't we choose which councils we merge with ▪ No advantage, less representation ▪ Historically this is 3rd ever settlement ▪ State government needs to show what are the positives ▪ Hidden agenda from state government for changing electoral boundaries 	People don't want to be split

DISCUSSION QUESTION 2 - THINKING ABOUT THE OPTION FOR A JOINT ORGANISATION OF COUNCILS....WHAT DO YOU SEE AS THE KEY OPPORTUNITIES AND CHALLENGES TO BE CONSIDERED?

TABLE NO.	OPPORTUNITIES	CHALLENGES	REPORT BACK HEADLINE
1	<ul style="list-style-type: none"> Enhancing strategic planning on sub regional level Retain identity Manage proportional representation Models already exist – we know they do work 	<ul style="list-style-type: none"> How will the decision be decided Wouldn't each council just want to make decisions which are advantageous to themselves? The density of each council - how would the representation be proportionally split? That it might develop into amalgamations 	Challenging opportunity
2	<ul style="list-style-type: none"> Delivers greater size and leverage for Council to hold developers to account Unified approach – to Victoria Road for example Coordinated approach to planning for growth and infrastructure Better opportunity to spend S96 funds on regional priorities Cooperation and collaboration 	<ul style="list-style-type: none"> Greater burden comes with greater size Condition/status of Lane Cove and Hunters Hill unknown Additional layer of government Potential for additional cost Loss of powers to joint organisation 	Cooperation and collaboration, some concern due to lack of information
3	<ul style="list-style-type: none"> Ryde to keep its identity Opportunity for shared services and strategic planning/regional planning Reduction in fees to contractors Reduction in overheads Better bargaining power 	<ul style="list-style-type: none"> Agreement on key issues Balance of power in the joint organisation 	A lot of gain and less pain
4	<ul style="list-style-type: none"> Bit more collaboration between councils e.g. Ryde/Hunters Hill re: Gladesville Shopping Centre If work closely with 2 other councils, access to larger pool of strategic planners/experts Cost surveys through collaboration – maybe? Lane Cove and Hunters Hill – more closely allied/ common 	<ul style="list-style-type: none"> Is a formal organisation needed – informal cooperation instead Liberal controlled council/Labor controlled Won't make much difference to delivery of services, but more on strategic planning Lane Cove is functioning to task Library 	Joint organisation is an unknown quantity (a sop to state government)


	<p>goals</p> <ul style="list-style-type: none"> ▪ Ryde/Hunters Hill – historic properties and river ▪ Bushcare – environment management of areas between ▪ Some areas for cost benefit of size – e.g. Council equipment that remains idle ▪ Some benefits e.g. garbage trucks idle – outsourced – cheaper ▪ Lane Cove and Hunters Hill (with reservations) ▪ If there were economies of scale ▪ Combined libraries – but happens now ▪ Homogeneity with three councils, make more likely to succeed, even geographically ▪ Previous meeting – common use of equipment already happening 	<ul style="list-style-type: none"> ▪ Don't know what authority a JO would have over individual councils ▪ Different councils have different priorities e.g. RCC money clean up Parramatta River, while we have Lane Cove River ▪ Is bigger better? ▪ Could develop a life of its own – change of legislation - what will legislation be? ▪ How can councils come up with a proposal if don't know guidelines ▪ JO a sop to state government ▪ Can't see Hunters Hill agreeing as they are fiercely independent ▪ Hunters Hill and Ryde – one of oldest ▪ Use of libraries – already happens now – individuals on council ▪ Cooperate with others ▪ Meeting plan and assist i.e. development of Meadowbank – opening for developers to provide inferior facilities 	
5	<ul style="list-style-type: none"> ▪ Local cultural heritage ▪ Retain identity of local councils ▪ Trial group organisation 	<ul style="list-style-type: none"> ▪ Modest e.g. size, power ▪ Population/representation ▪ Not sure what it looks likely ▪ Applying a JO from rural to Sydney ▪ NSROC vs. smaller JO ▪ Heritage 	<p>Retain</p> <p>Modest</p> <p>Look like (rural – urban)</p> <p>Weakened NSROC</p>
6	<ul style="list-style-type: none"> ▪ Better coordination of regional concerns ▪ Better, stronger voice representation/advocacy to state and federal ▪ Savings, resulting in shared services ▪ Retain local identity and independence ▪ Maintain current strong infrastructure and services 	<ul style="list-style-type: none"> ▪ Could be costly to administer and impact on rates? Unless JO has benefits to offset ▪ What happens with NSROC? ▪ Challenge around culture of councils and how they would collaborate – parochialism – can't be a token gesture ▪ Ryde would have to give more than Lane Cove and Hunters Hill ▪ But we have to accept – in exchange, retain identity and Macquarie Park 	<p>Greater advocacy, retaining local identity</p>

7	<ul style="list-style-type: none"> ▪ Shared resources – efficiency of scale (note: already via NSROC and other) ▪ Combining 3 very differently run council businesses could lead to balanced outcomes (on shared services) 	<ul style="list-style-type: none"> ▪ The need for a highly collaborative JO 	Collaboration is both a challenge and an opportunity
8	<ul style="list-style-type: none"> ▪ Not provide big body that look after everything ▪ Each individual council exists ▪ Share services, libraries, rubbish collection, childcare, elderly without losing council identity ▪ Retain jobs ▪ Able to meet state government targets ▪ Similar to Lane Cove and Hunters Hill - green ▪ Prefer to merge with east ▪ Keep Ryde as a whole entity 	<ul style="list-style-type: none"> ▪ Curtail services regionally – cut jobs to make one regional picture ▪ Difficulties in knowing who to contact at regional scale – on the phone longer ▪ Individualism will be gone ▪ Not going to address needs of each council - needs of each council is different ▪ To facilitate changes required to legislation – JO no community consultation or legitimacy ▪ Ryde already sustainable 	
9	<ul style="list-style-type: none"> ▪ The ROC's haven't had any teeth until now. If legislation is changed what would the JO be able to achieve ▪ Ryde should be collaborating with all 6 eastern councils (for planning purposes) ▪ Better financial outcomes for services ▪ More councils = more ideas 	<ul style="list-style-type: none"> ▪ Getting agreement from all sides ▪ Deciding on representation ▪ Good structures with councils and the JO ▪ That it not be another layer of government 4th tier 	Collaboration has to be financially advantageous for this to work

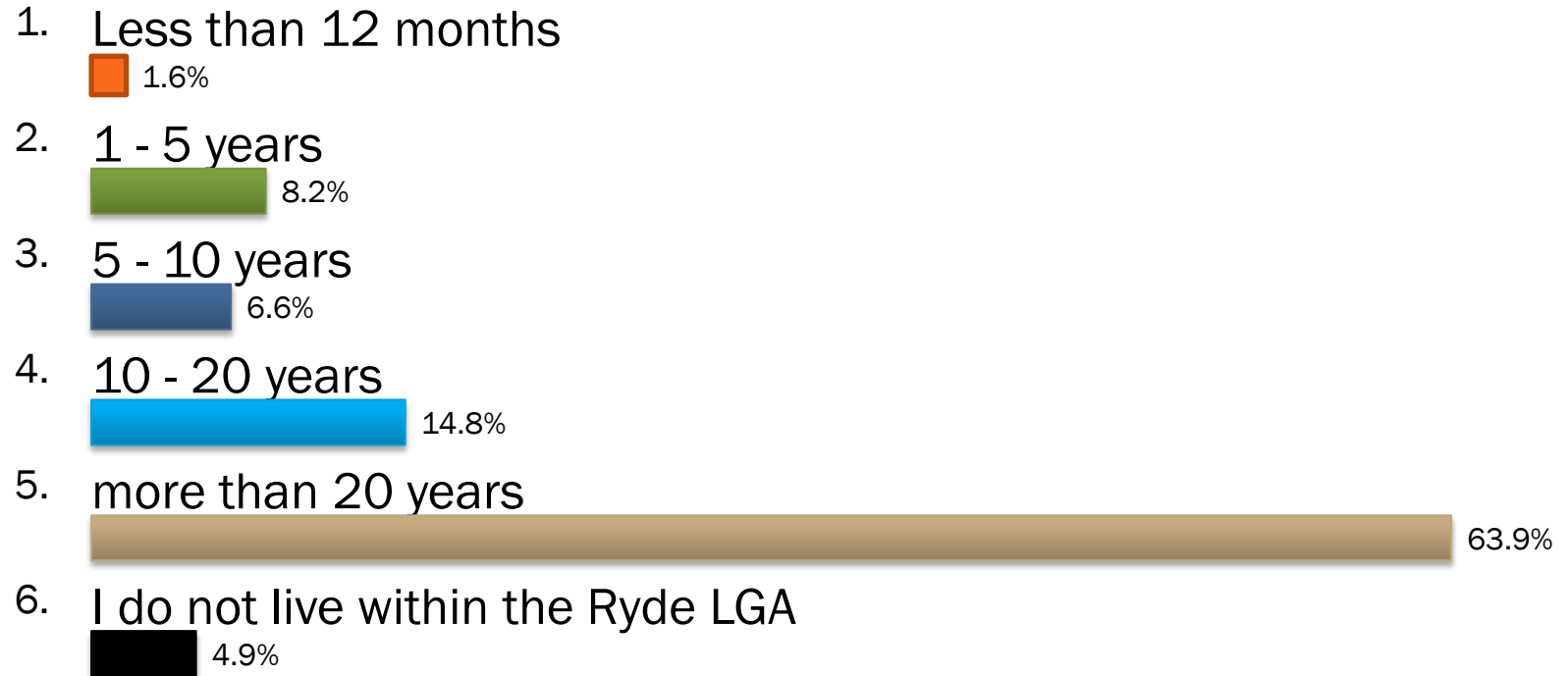
FIT FOR THE FUTURE

COMMUNITY WORKSHOP: LIVE POLLING




LIVE POLLING

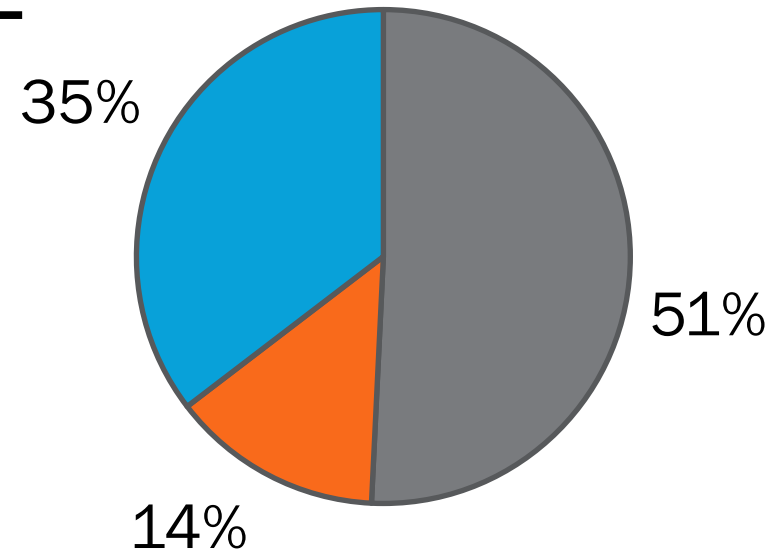
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 - ✓ **After reading the question please wait for the facilitator to ask you to vote**
 - ✓ **Please click the number on your keypad that matches the response you wish to register**
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HOW LONG HAVE YOU LIVED WITHIN THE RYDE LOCAL GOVERNMENT AREA?

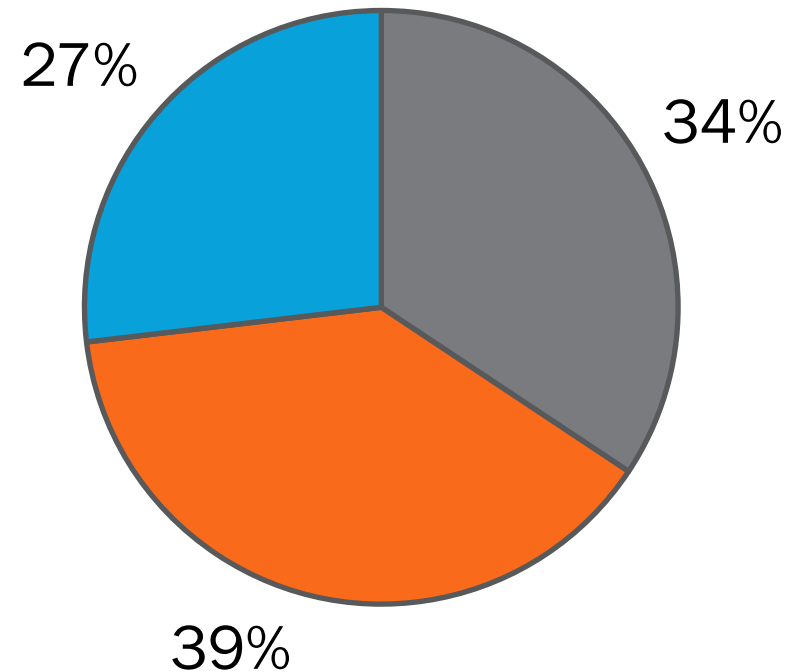
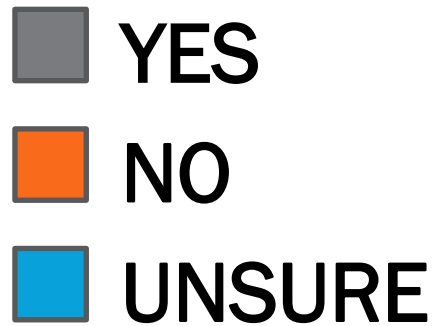


DO YOU FEEL YOU HAVE A GOOD UNDERSTANDING OF WHAT AMALGAMATION MAY MEAN FOR THE CITY OF RYDE COMMUNITY?


-  YES
-  NO
-  UNSURE



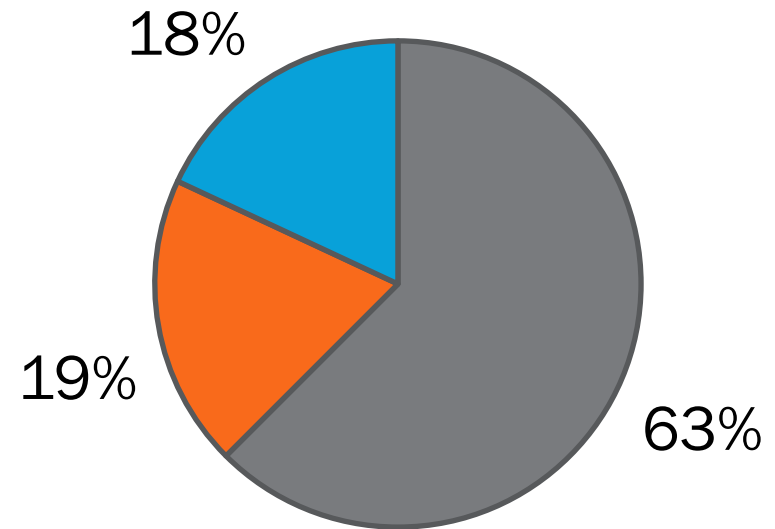
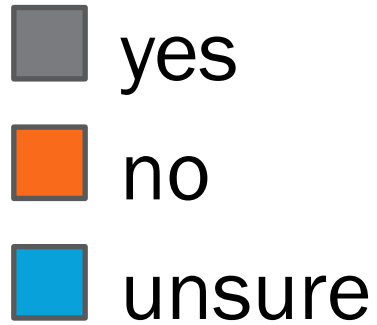
**DO YOU CURRENTLY FEEL YOU HAVE ENOUGH
INFORMATION TO FORM AN OPINION ON THE
BEST OPTION FOR YOUR COMMUNITY?**



LIVE POLLING

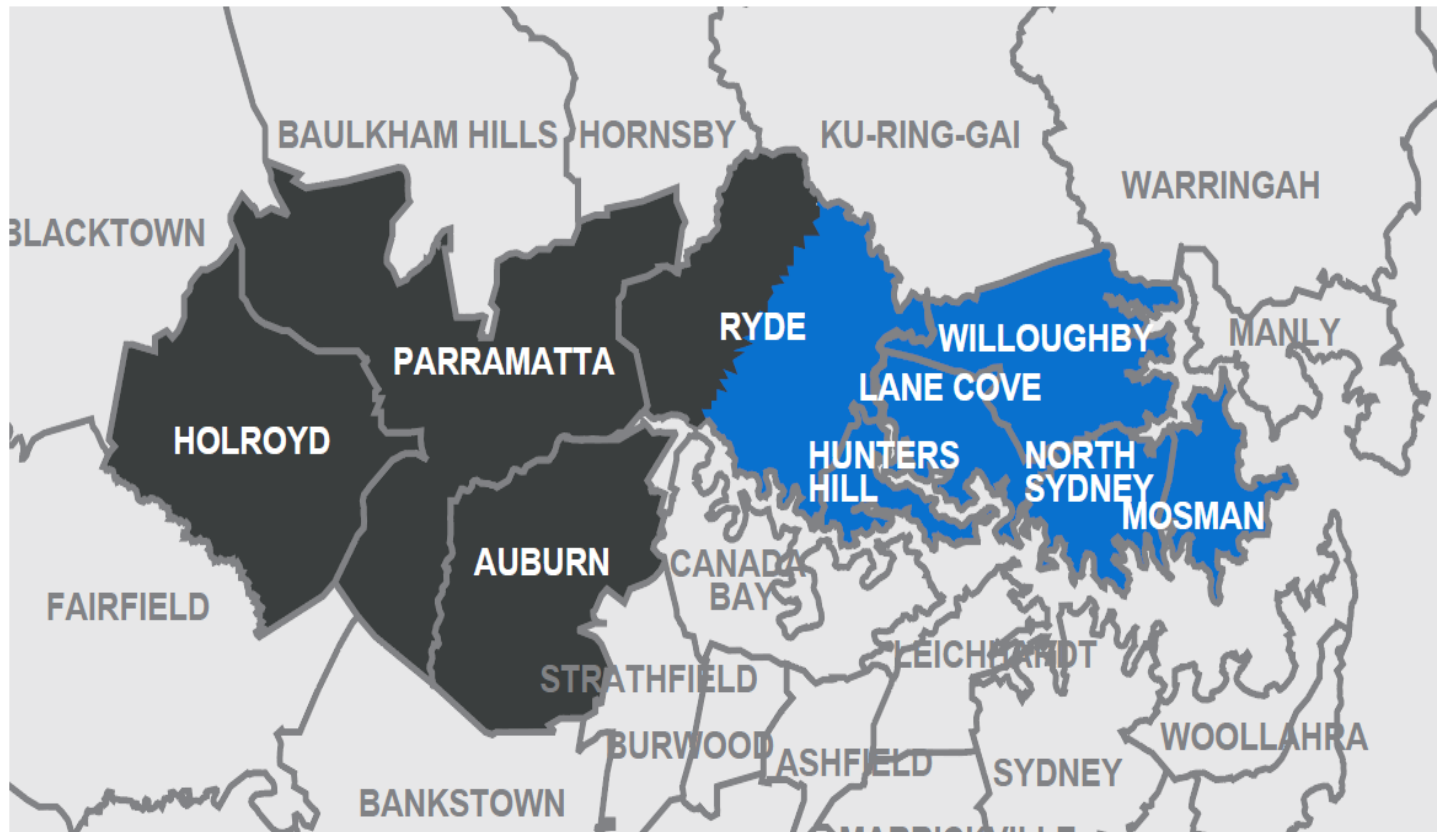
- ✓ **Please get your keepads ready**
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**DO YOU FEEL COUNCIL HAS PROVIDED YOU
WITH ENOUGH INFORMATION TONIGHT FOR
YOU TO FORM AN OPINION ON
THE BEST OPTION FOR
YOUR COMMUNITY?**



OPTION 1:

The State Government proposal is for Ryde to be split and merged into two super Councils with the eastern two thirds of Ryde to merge with Willoughby, Lane Cove, Hunter's Hill, North Sydney & Mosman Councils and the remaining western third of the City of Ryde to be merged with Parramatta, Holroyd and Auburn



OPTION 1:

HOW SUPPORTIVE ARE YOU OF COUNCIL BEING SPLIT AND MERGED INTO TWO NEW MEGA COUNCILS?

1. completely supportive



2. supportive



3. somewhat supportive



4. not very supportive



5. not at all supportive

83%

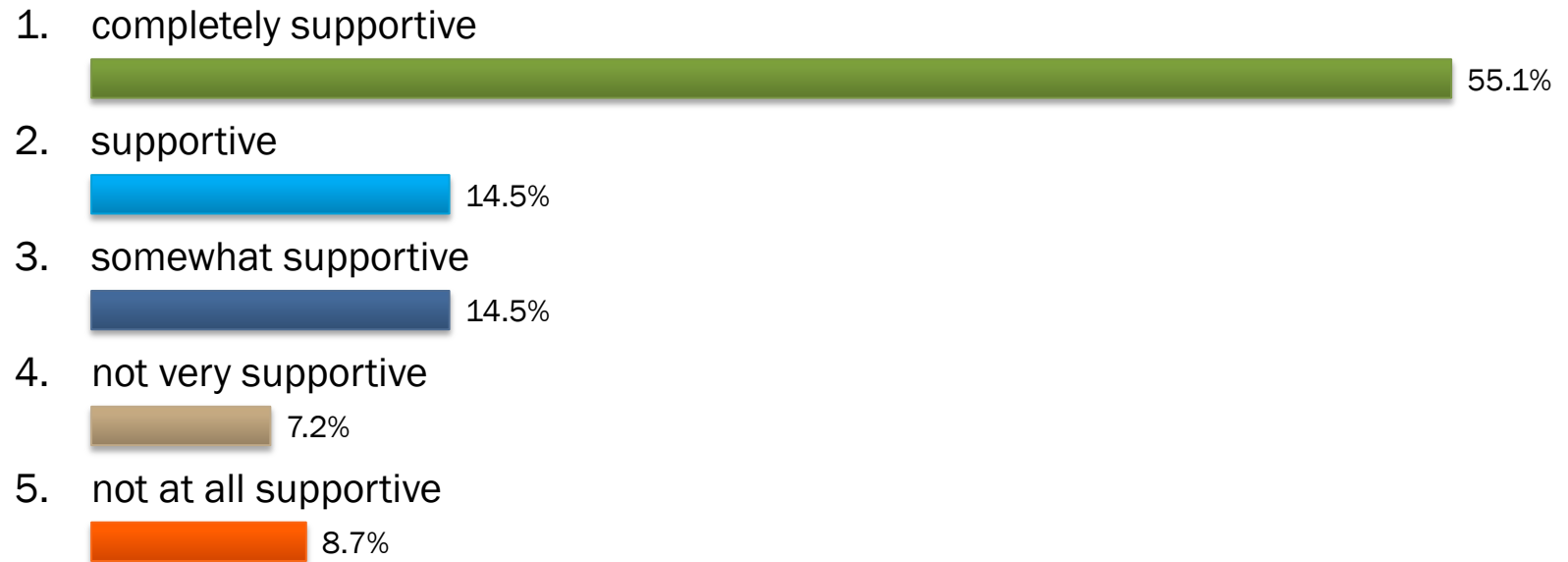
OPTION 2

Council believes it should not be amalgamated with other councils, and that it should be able to stand alone and continue to deliver effective and efficient services to its community , as a Council in its own right



OPTION 2:

HOW SUPPORTIVE ARE YOU OF THE CITY OF RYDE STANDING ALONE?



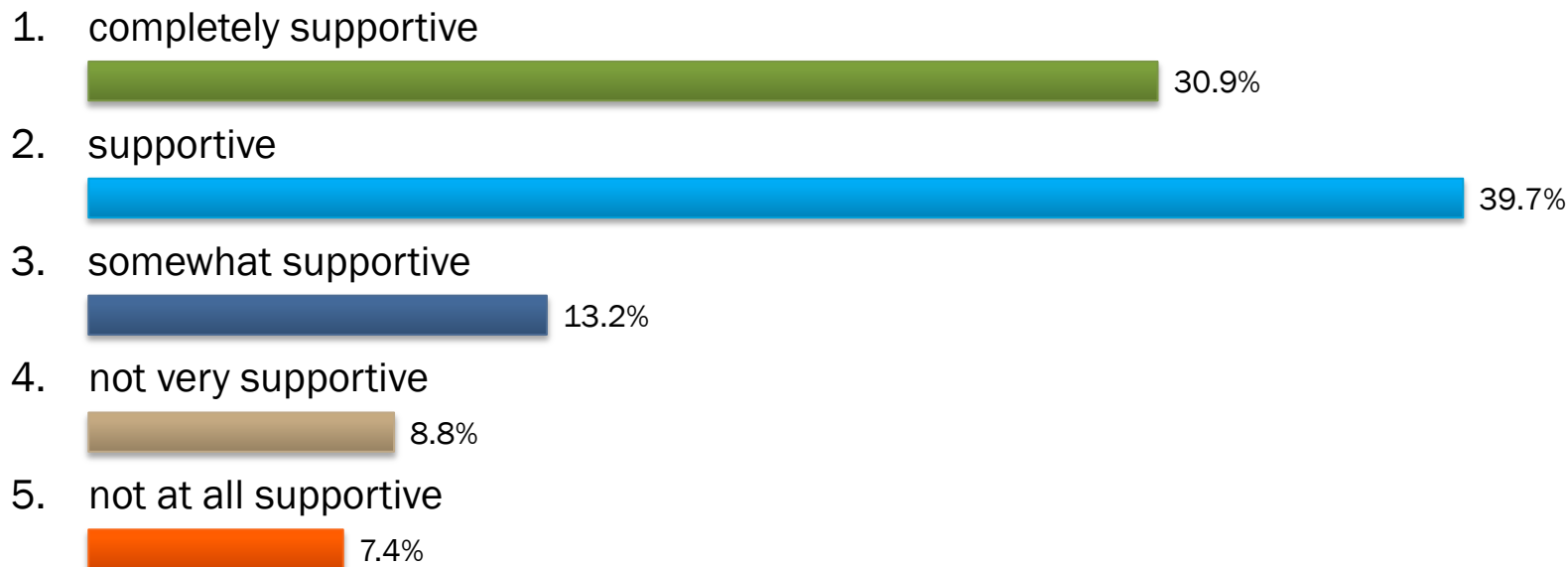
OPTION 3:

Additional to option 2, City of Ryde has approached a number of northern Sydney Councils to explore the opportunities where all Councils could work together to achieve better outcomes for each of the Council's individually and for the region, through the formation of a joint regional body being known as a "Joint Organisation"



OPTION 3

ADDITIONAL TO OPTION 2, HOW SUPPORTIVE ARE YOU OF COUNCIL EXPLORING THE POSSIBILITY OF A JOINT ORGANISATION WITH A NUMBER OF OTHER COUNCILS WITHIN THE NORTHERN SYDNEY REGION?



Fit for the Future

Ryde Community Forum

Agenda

1. Workshop Open and Welcome
2. Mayoral Welcome
3. Fit for the Future – the context and proposed options
4. Table Discussions:
 - Proposed amalgamation – opportunities and challenges
 - Proposed joint organisation of councils - opportunities and challenges
 - Report-back
5. Let's Put it to a Vote!
6. Next Steps and Close



COMMUNITY INFORMATION SESSION

TUESDAY 5 MAY 2015



AGENDA

Agenda item	Speaker
Welcome and Introduction	Susan Rudland URBIS
Mayoral Welcome	Mayor Pickering
Presentation from General Manager	Gail Connolly
Small Group Discussion	ALL
Small Group feedback	ALL
Live poll voting	ALL
Final Wrap up / Meeting closes	Susan Rudland URBIS



Workshop aims and objectives

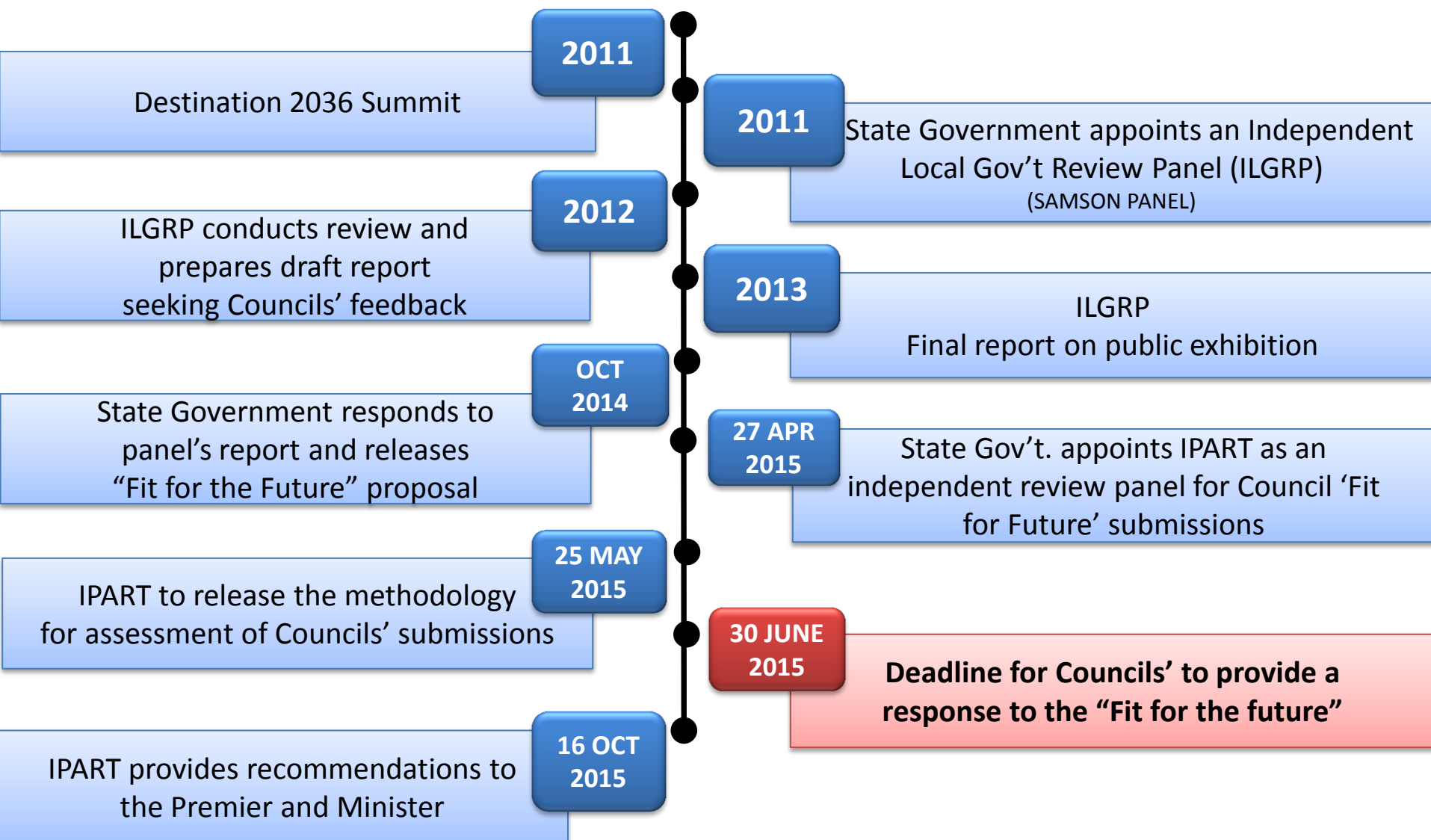
- Outline the Fit for the Future process for local government reform
- Consider the proposed options, including amalgamation and an alternative proposal for a joint regional organisation of councils
- Invite discussion and a range of views
- Provide feedback, to inform Council's submission on the options.



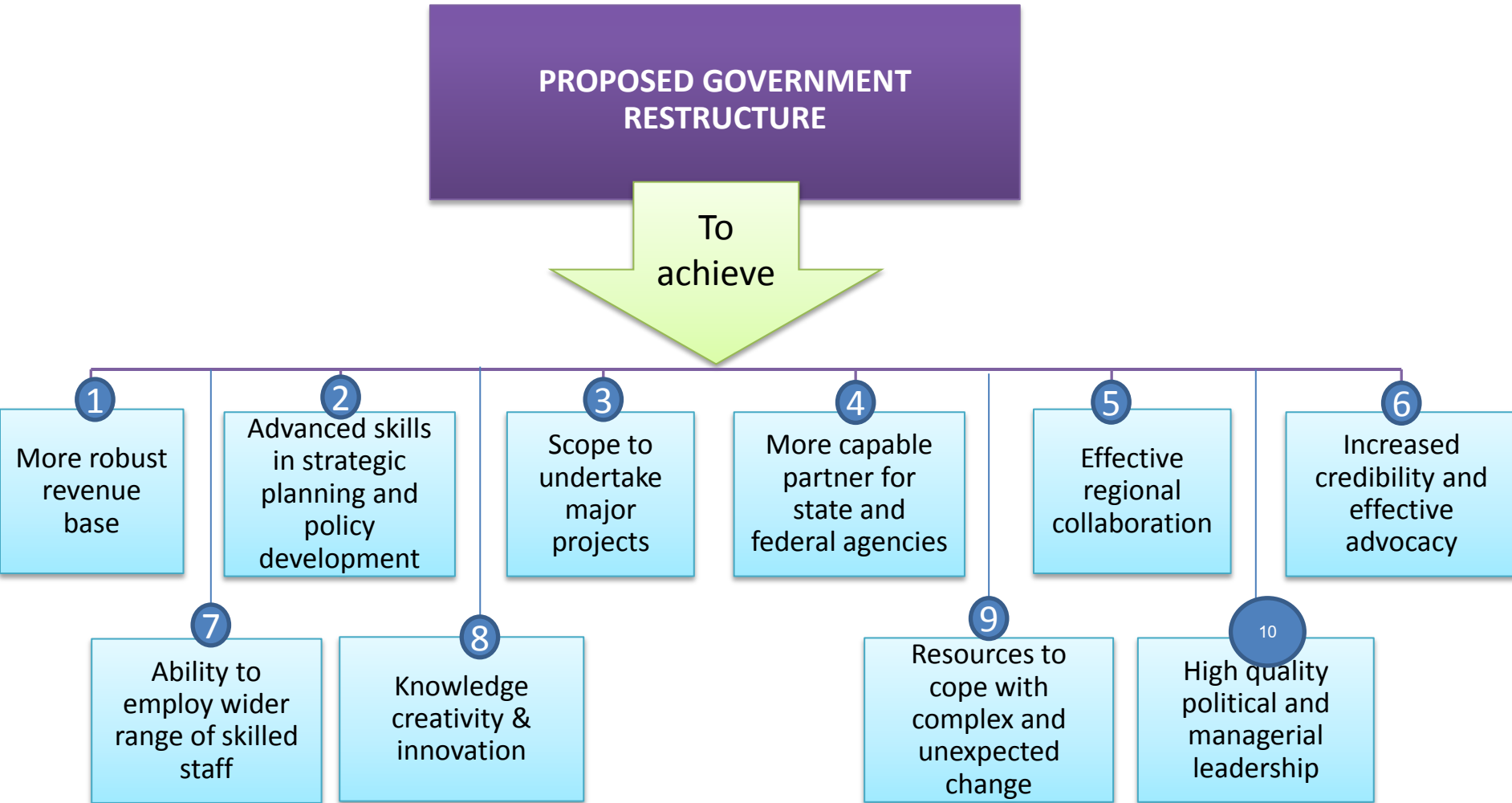
Mayoral Welcome



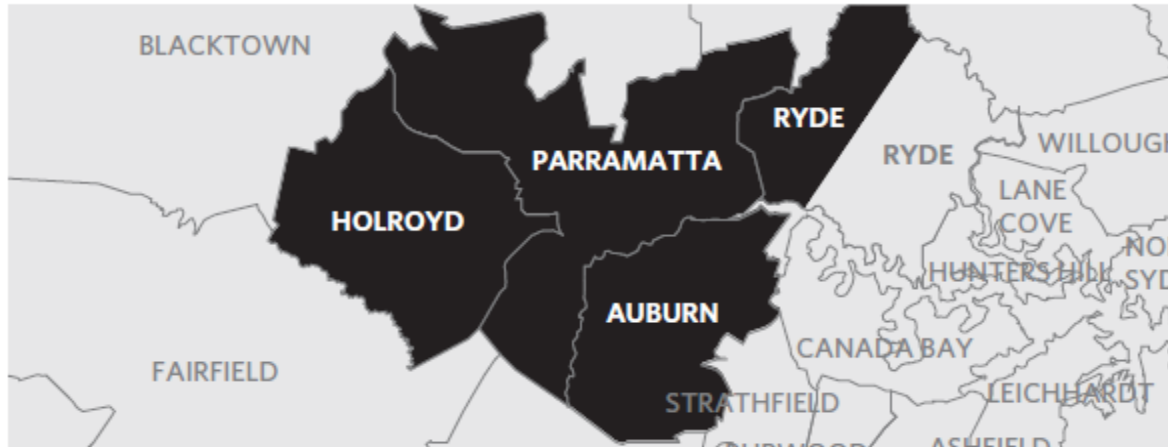
The State Government's process:



The State Government's 'Fit for the Future' program



What is the 'Fit for the Future' proposal for Ryde?

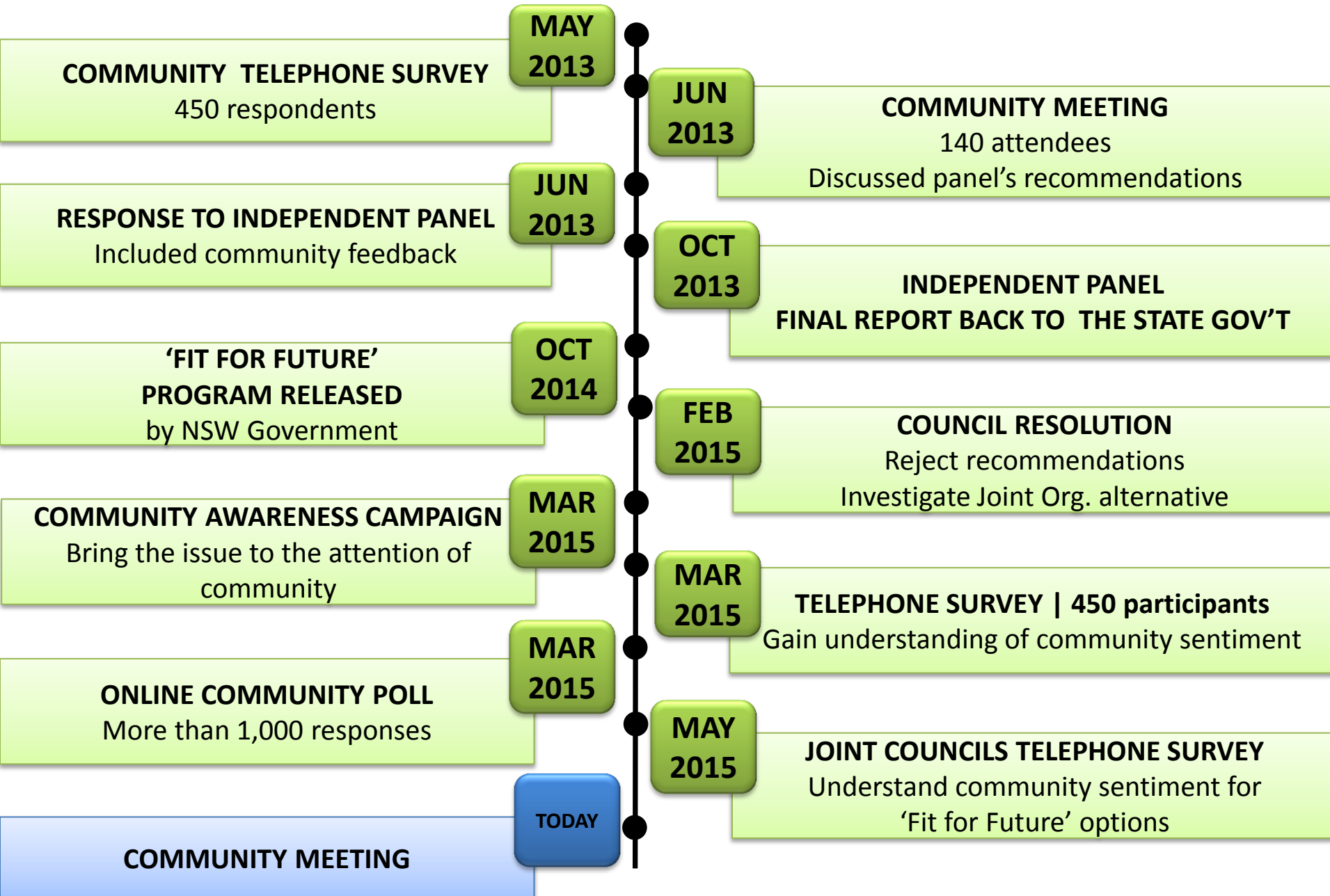


Split one third of Ryde and merge with a group of Councils consisting of: Parramatta, Holroyd & Auburn Councils

Split two thirds of Ryde and merge with a group of Councils consisting of: Willoughby, Lane Cove, Hunter's Hill, North Sydney & Mosman Councils



Council's journey to date:



Some facts to consider about the State Government's proposal

Drastically reducing the number of councils would carry an upfront cost of \$445 million*

*NSW PARLIMENTARY
BUDGET - 2015

Efficiency and scale can be enhanced by regional service provisions rather than by compulsory council amalgamations

PwC REVIEW (2006):

"Any one of the metropolitan councils in Sydney can be financially sustainable within their current boundaries. No ifs, buts or maybes."

GRAHAM SAMSON
(SMH 9 December 2014)

"Large scale amalgamations in QLD showed NO improvement in the financial position and greater proportion of de-economies of scale"

BRIAN DOLLERY
REPORT APRIL 2015



Current and Projected Performance against 'Fit for the Future' Financial Benchmarks

Fit for the Future Financial Benchmarks	Ryde	2023
Operating Performance	✗	✓ ¹
Own Source	✓	✓
Asset Renewal	✓	✓ ¹
Infrastructure Backlog	✗	✓ ¹
Asset Maintenance	✗	✓
Debt Service	✓	✓
Real Operating Expenditure	✓	✓
TOTAL ✓	4	7

*1. Met with SRV

Current and Projected Performance against 'Fit for the Future' Financial Benchmarks

'Fit for Future' simulations of a merged entity which includes: Hunter's Hill, Lane Cove, Willoughby, North Sydney, Mosman and Ryde

Fit for the Future Financial Benchmarks	Current	Projected Performance 2023
Operating Performance	✓	✓
Own Source	✗	✓
Asset Renewal	✗	✗
Infrastructure Backlog	✗	✗
Asset Maintenance	✗	✓
Debt Service	✓	✓
Real Operating Expenditure	✗	✓
TOTAL ✓	2	5

What options are available to Council in responding to 'Fit for the Future'?

1

Agree to the Panel's proposal of a merger

2

Reject proposal. Stand alone and demonstrate strategic capacity

3

Provide a superior alternative



What options are available to Council in responding to 'Fit for the Future'?



Agree to the State Gov. proposal of a merger

COUNCIL **DOES NOT** SUPPORT THE PROPOSAL OF A MERGER FOR THE FOLLOWING REASONS:

SCALE & CAPACITY

What the State Government wants to achieve can be done in other ways, without amalgamating

LOCAL REPRESENTATION

Reduced level of Councillor representation for the community

SERVICE DELIVERY

Evidence to suggest merged councils too large to deliver economies of scale

FINANCIAL IMPACT

Majority of amalgamations have not produced the financial results or savings forecast

COMMUNITY SATISFACTION

Strong community sentiment of opposition to amalgamation

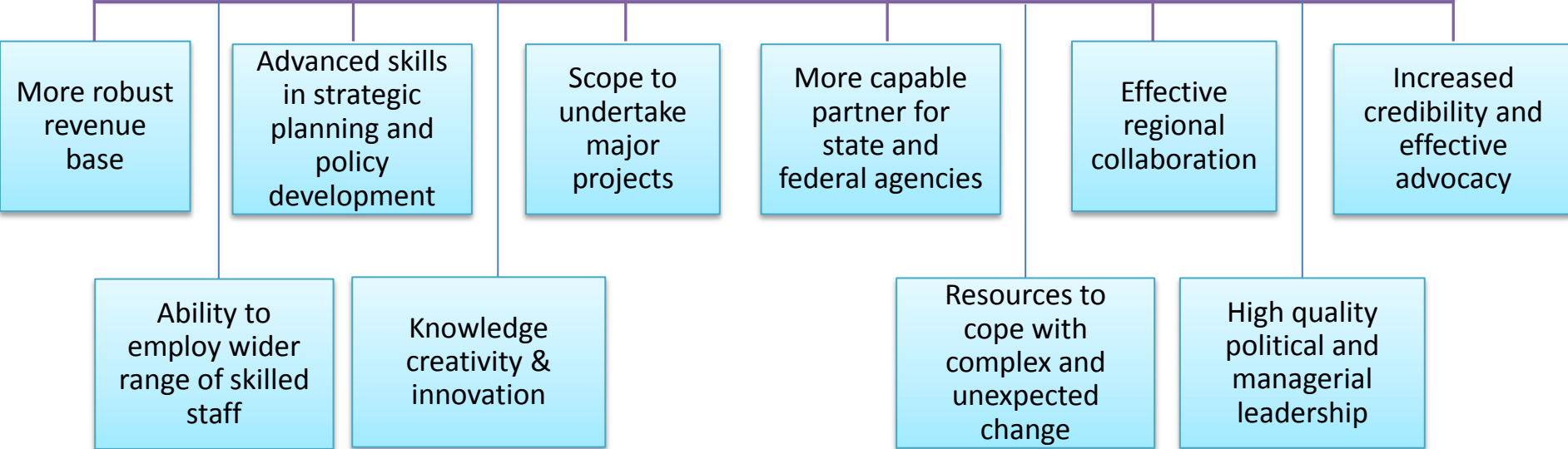
Strong community satisfaction (83%)

What options are available to Council in responding to 'Fit for the Future'?



Reject proposal. Stand alone and demonstrate strategic capacity

Council meets all of the 'Fit for the Future' criteria (below) for strategic capacity



What options are available to Council in responding to 'Fit for the Future'?



Provide a superior alternative

COUNCIL IS EXPLORING A JOINT ORGANISATION



A joint organisation could connect priorities of local and state governments at the regional level to help local communities to grow and thrive.

Joint Organisation: how it could work



Source: Figure 1: Intergovernmental collaboration on regional priorities. *Fit for the Future Joint Organisations – A roadmap for intergovernmental collaboration in NSW*, September 2014.

Author: NSW Government



Some facts to consider about a Joint Organisation

Some key points from Council's independent research:

“ A Joint Organisation is superior to merging Councils because it merges only those functions that benefit from centralisation”

PERCY ALLEN & ASSOC.
May 2015

“A joint organisation represents a customised approach to achieve scale and capacity.”

SGS CONSULTING
May 2015

“ Given the costs and disruptions associated with amalgamations, a Joint Organisation offers net benefits that mergers are unlikely to match”

SGS CONSULTING
May 2015



What a 'Joint Organisation' could do:

JOINT ORGANISATION

**Regional
Strategic
Planning**

**Intergovern-
mental
collaboration**

**Regional
advocacy**

**Shared
Services**

Plan for
future
needs of the
region-
schools,
transport ,
employment &
economic
development

Single point
of contact
and manage
subregional
planning
process -
Sydney Metro
strategy

Represent
and advocate
for the
region's
priorities

Deliver joint
services on
behalf of
each
Council to
be more
efficient



Future considerations for a Joint Organisation

- JO's were not recommended for metropolitan councils (by the State Government)
- For a JO to work, it will require changes to Local Government Act.
- State Government is running a pilot in the rural NSW to determine the best way forward
- The three Councils (Ryde, Hunter's Hill, Lane Cove) will not proceed without community support



**We would now like to hear
your thoughts....**



LIVE POLLING....

Local Council vs JO: Functions & Authority



Appendix B

Lane Cove

Lane Cove Community Forum – Summary Notes from Q and A

Question	Response
Is there an opportunity for the community to consider the case for amalgamation?	<p>The presentation has outlined findings from the consultant reports, which looked at all of the options. The final reports will be on the website from next Monday.</p> <p>The case for merger is assessed against the Fit for the Future criteria (see scale and capacity slide). But because state government gave no metrics on these issues it's hard to rate/measure councils against them. From a financial perspective (the only quantifiable measure) the merged entity had inferior performance. Deficit budgets – bigger councils haven't delivered an outcome of financial superiority.</p>
Your numbers on representation are wrong. I'm pro-reform having done it in the UK and seeing benefit, and worked for councils in NSW. Good for community to have an option to be pro amalgamation too. The Biggest issue is representation. Looking at the joint organisation (JO), if it's so good why hasn't it been done already?	<p>To some extent it has – shared services. Examples (e.g. Shore Libraries).</p> <p>Regional strategic planning is a key issue that hasn't been tried – rationalisation and standardisation. Don't know why this hasn't been tried before.</p> <p>There are trade offs to be considered. Is greater strategic capacity better than representation and the status quo?</p>
In JO system who decides which issues are dealt with at a joint level? What if some support it and some oppose it?	<p>The pilot projects are determining what should be done at a regional level. The State is deciding the things that a JO does. We are jumping on board their model.</p> <p>In the UK, councils are bigger but there are more Councillors – that deals with the representation issue. That hasn't been put on the table here.</p>
<p>We support Council's position on no forced or voluntary amalgamations. There are no demonstrated benefits and you lose the local. I am disappointed in the quality of the Review reports and lack serious empirical work. Didn't compare Bankstown with Lane Cove. Shouldn't be left to councils to commission empirical work. Somebody's got another agenda – for the major political parties it's advantageous to have large councils because easier to get elected. 'Strategic capacity' kept emerging – never defined what that means.</p> <p>Poor quality of work. Role of JO in Regional and</p>	<p>Greater Sydney Commission slide – bi-partisan support, bigger than amalgamations. To deliver housing and jobs. Sole goal to deliver on targets. Overly prescriptive to councils on what they need to do. So regional planning will become more significant. Only 1 representative for 13 councils. The interface will become difficult.</p> <p>A new layer of strategic planning with very little input from the 13 councils.</p>

Strategic Planning – overlap with what State Government does? Are they shifting the cost to local government without increasing revenue?	
To what extent is Lane Cove's healthy financial position due to Section 94 contributions?	Not at all related. Only for new infrastructure not ongoing costs. But new units contributing to financial viability in terms of more rates. Also new liabilities with new infrastructure.
<p>NSW councils previously established a series of county councils which managed reticulation of electricity. State Government took over for no compensation. I've always been a strong supporter of councils engaging in entrepreneurial exercises and joining together to carry out services. But the State Government could regard a JO as valuable and do the same thing that the Carr Government did.</p> <p>Can you indicate what has been spent by Council (on the amalgamation) and what is likely to be paid up until June when the Council puts its final submission to the government?</p>	<p>The model proposed here is different because the shared services component is owned by individual councils still, or a company owned by the councils.</p> <p>Money we spent – guess \$150,000 to 30 June on consultants, shared with other Councils.</p>
<p>Complex problems are easier to solve in manageable pieces.</p> <p>I fear for the future if we amalgamate.</p>	Noted.
I am concerned about the local in local govt. Want clarification of JO – why only three Councils?	Three councils have signed up to explore it. Other councils in NSROC have not. JO would work with three or six councils so there are options. We hope government would try and persuades others.
<p>The JO talks about strategic planning. Community involvement, how will that be achieved?</p> <p>What ability does the regional organisation have to make government supply infrastructure in these areas (schools, hospitals, open space etc.) which are needed for more residents and workers?</p>	<p>Hope to have the same ability to influence government as a merged entity.</p> <p>The responsibilities rest with state government for certain infrastructure.</p> <p>Won't get more or less strategic planning capacity from either model.</p> <p>Under a JO, community consultation would be even better, a higher standard. Because the individual councils would demand it.</p>
<p>There are some good points but developers also want to just deal with a mega Council.</p> <p>Shared services model would help small business.</p>	One customer interface (forms etc.) is great.


Would it apply at a micro level as well as macro – eg. doing away with multiple forms and regulations?	
Local Government has no proper constitutional protection. IF Local Government Act was repealed Local Government would cease to exist.	Noted.
<p>No contradiction between having administratively large unit and local consultation as long as it's required. Local government should be strengthened constitutionally and also be broadening its role at a regional services level.</p> <p>I would support the merger on the basis that we are moving in that constitutional direction but only providing local commitment for local issues is part of the agreement.</p>	Noted.
I congratulate Council on what you are doing – a difficult thing to do. Experience overseas (e.g. NZ) led to very impersonal dealings, and lack of democracy and removal of local identity and cultural events. With increase in population in Lane Cove there's an increase in rates and that needs to be taken on board in refuting this argument that local councils are inefficient financially. Don't see that scale would make any difference.	Noted.
<p>I am against the amalgamation.</p> <p>What are the cost benefits of proposal?</p> <p>Can you give specifics of how we would save costs with JO?</p>	<p>Empirical analysis suggests that staffing levels don't go down. Does that mean you get additional service? A lot of data doesn't exist to compare Lane Cove and Bankstown. Lack of empirical evidence. Some form of staff rationalisation – but also get wage harmonisation which has a tendency to go up. Procurement wouldn't change that much, already buy electricity in a group of 35 councils.</p>



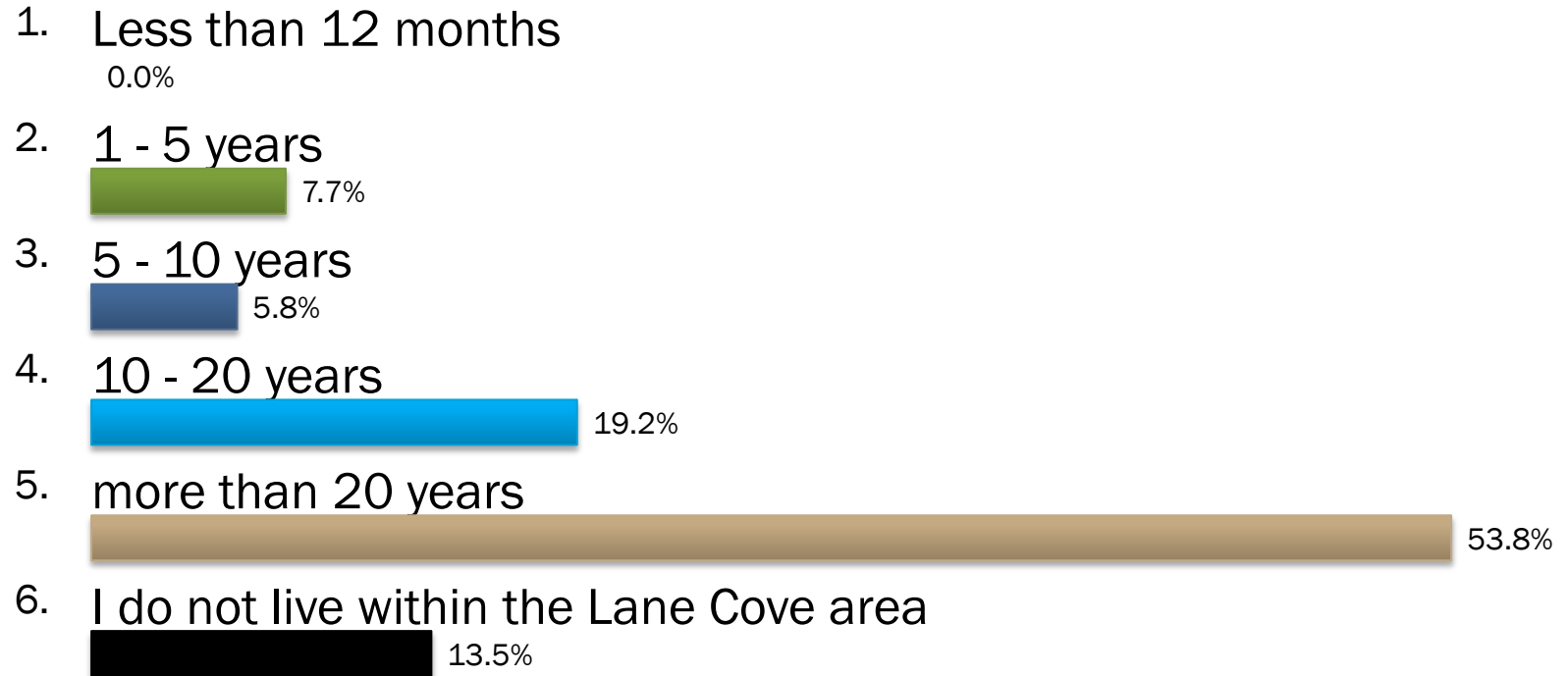
FIT FOR THE FUTURE

COMMUNITY WORKSHOP: LIVE POLLING

LIVE POLLING

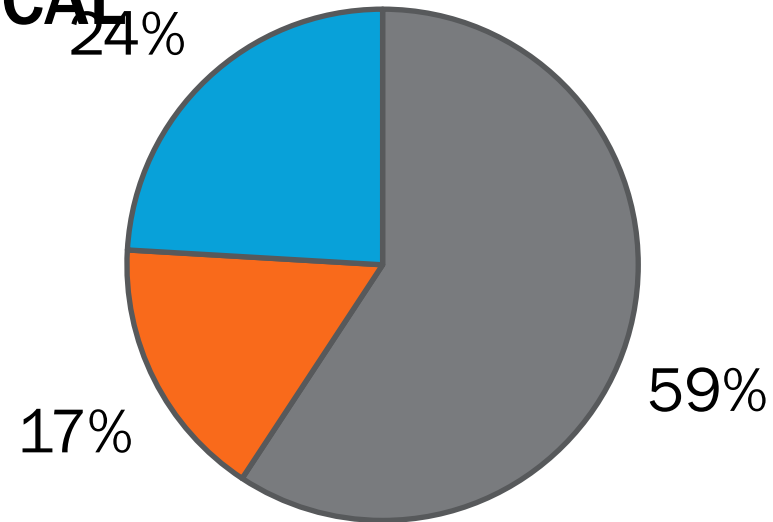
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HOW LONG HAVE YOU LIVED WITHIN THE LANE COVE LOCAL GOVERNMENT AREA?



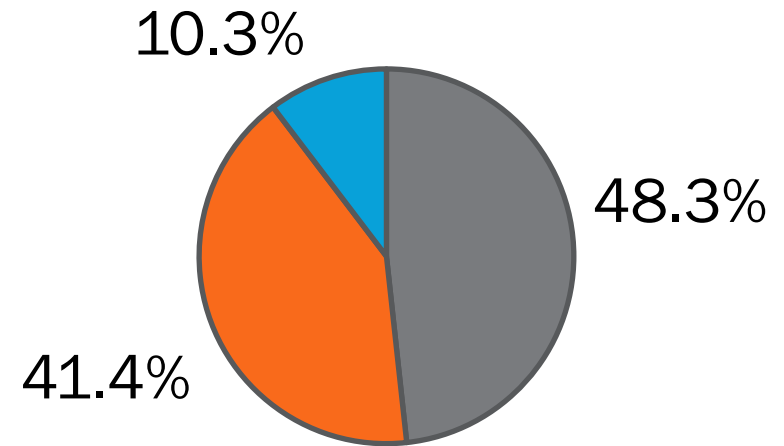
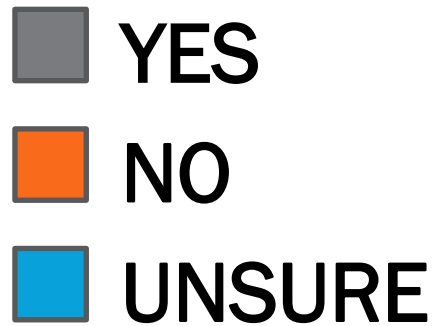
**DO YOU CURRENTLY FEEL THAT YOU HAVE A
GOOD UNDERSTANDING OF THE ISSUE OF
AMALGAMATION FACING YOUR LOCAL
COUNCIL?**

- ☐ YES
- ☐ NO
- ☐ UNSURE




[Vote Now](#)

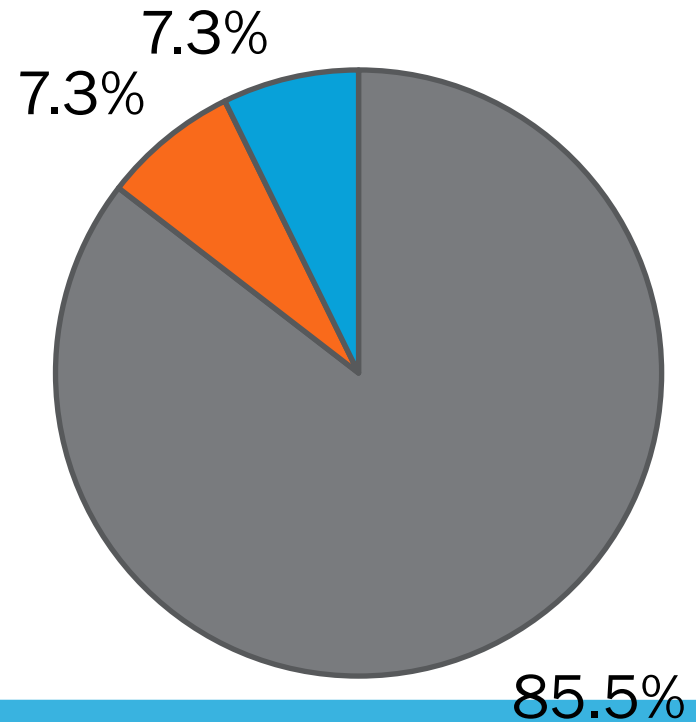
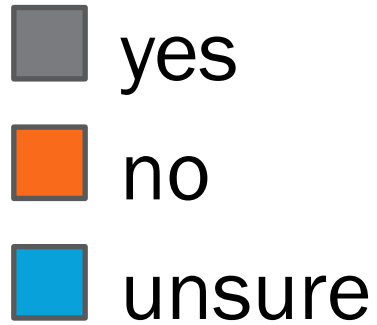
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LIVE POLLING

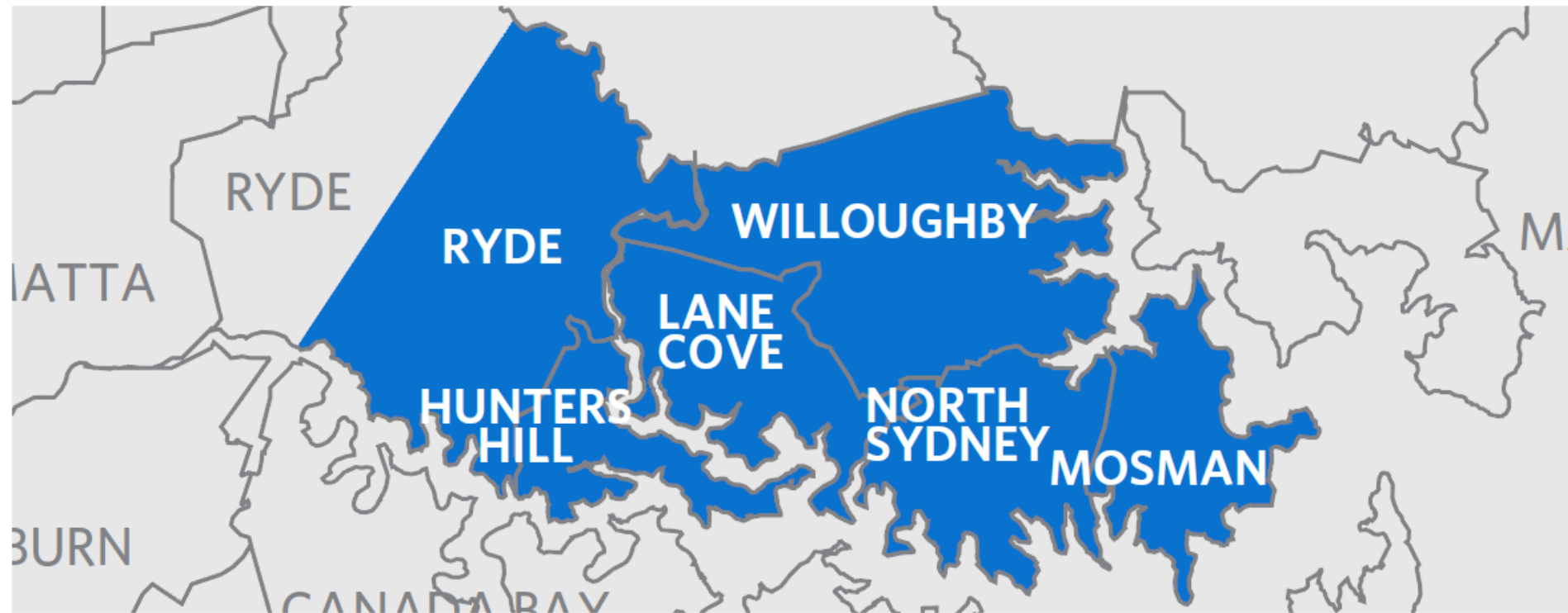
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- 

**DO YOU FEEL COUNCIL HAS PROVIDED YOU
WITH ENOUGH INFORMATION TONIGHT FOR
YOU TO FORM AN OPINION ON
THE BEST OPTION FOR
YOUR COMMUNITY?**



OPTION 1:

The State Government proposal is for Lane Cove to be merged with a number of Northern Sydney region Councils (see below) to form a 'super council' with a population of approximately 294,000



OPTION 1:

HOW SUPPORTIVE ARE YOU OF COUNCIL BEING MERGED INTO A NEW MEGA COUNCIL?

1. completely supportive



2. supportive

0%

3. somewhat supportive



4. not very supportive



5. not at all supportive

80%

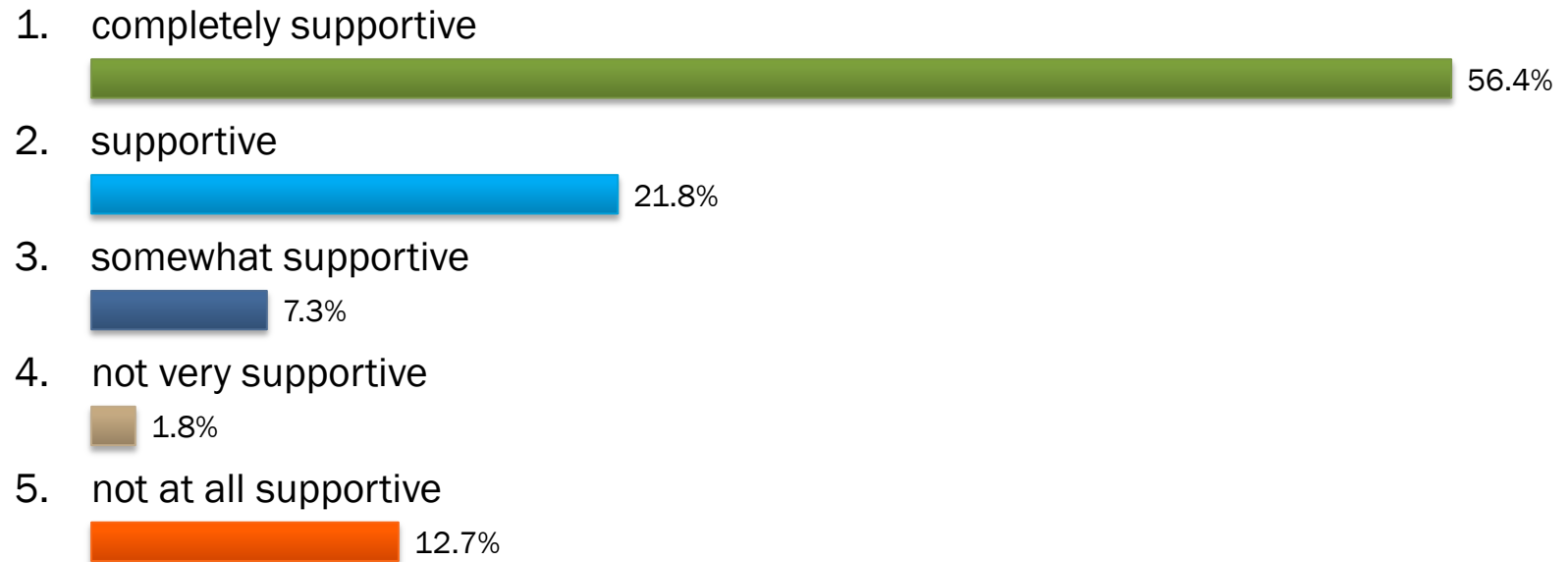
OPTION 2

Council believes it should not be amalgamated with other councils, and that it should be able to stand alone and continue to deliver effective and efficient services to its community as a Council in its own right



OPTION 2:

HOW SUPPORTIVE ARE YOU OF LANE COVE COUNCIL STANDING ALONE?



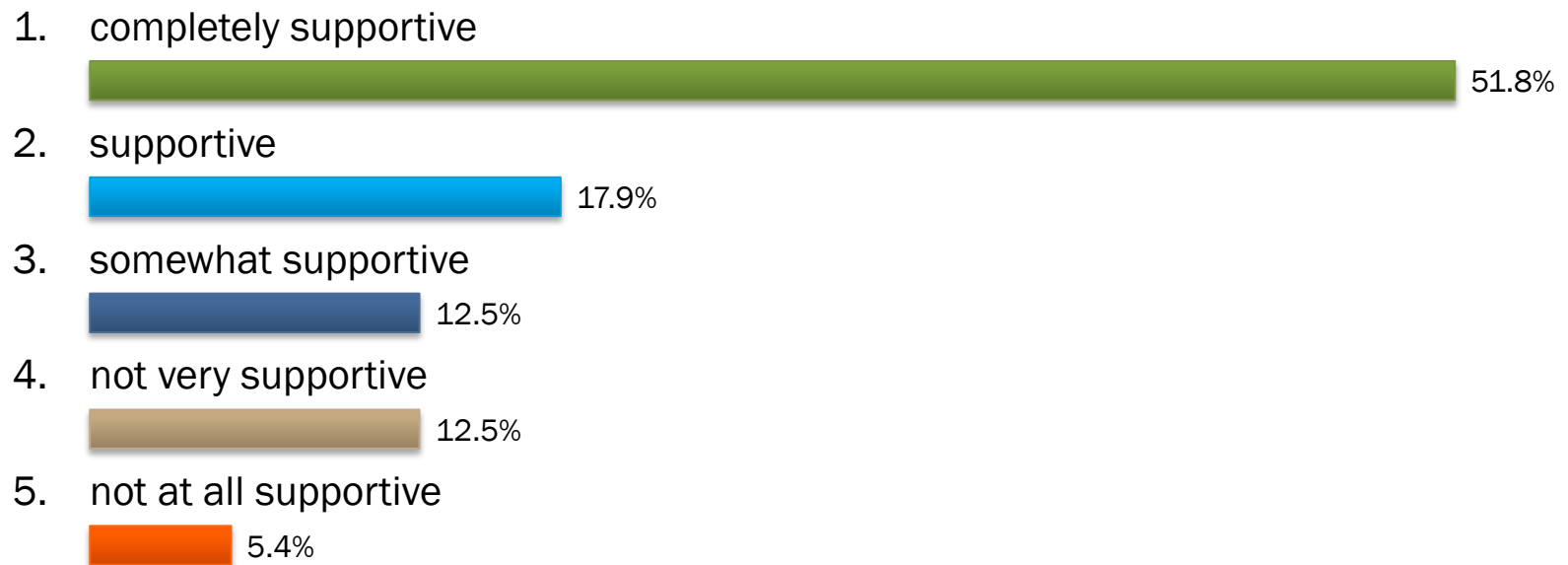
OPTION 3:

Additional to option 2, Lane Cove Council has approached a number of North Sydney Councils to explore the opportunities where all Councils could work together to achieve better outcomes for each of the Council's individually through the formation of a joint regional body being known as a “Joint Organisation”

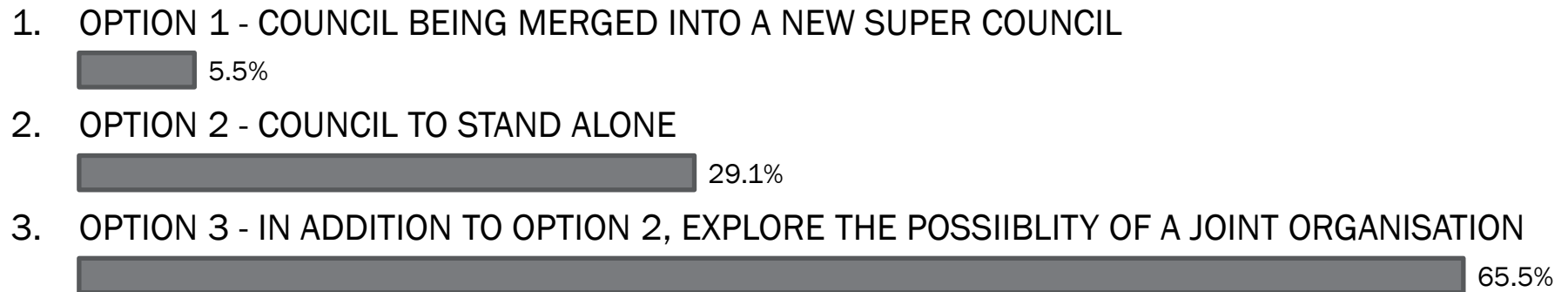


OPTION 3

ADDITIONAL TO OPTION 2, HOW SUPPORTIVE ARE YOU OF COUNCIL EXPLORING THE POSSIBILITY OF A JOINT ORGANISATION WITH A NUMBER OF OTHER COUNCILS WITHIN THE NORTH SYDNEY REGION?



OF THE THREE OPTIONS AVAILABLE WHICH IS YOUR MOST PREFERRED OPTION?



Fit for the Future

Lane Cove Community Forum

Agenda

1. Workshop Open and Welcome
2. Welcome from the Deputy Mayor
3. Fit for the Future – the context and proposed options
4. Question and Answer Session
5. Let's Put it to a Vote!
6. Next Steps and Close



Community Information Session

Thursday 7 May 2015



Agenda

Agenda item	Speaker
Welcome and Introduction	Susan Rudland URBIS
Welcome	Deputy Mayor, Cllr Hutchens
Presentation from General Manager	Mr Craig Wrightson
Discussion	ALL
Live poll voting	ALL
Final Wrap up / Meeting closes	Susan Rudland URBIS



Aims and Objectives

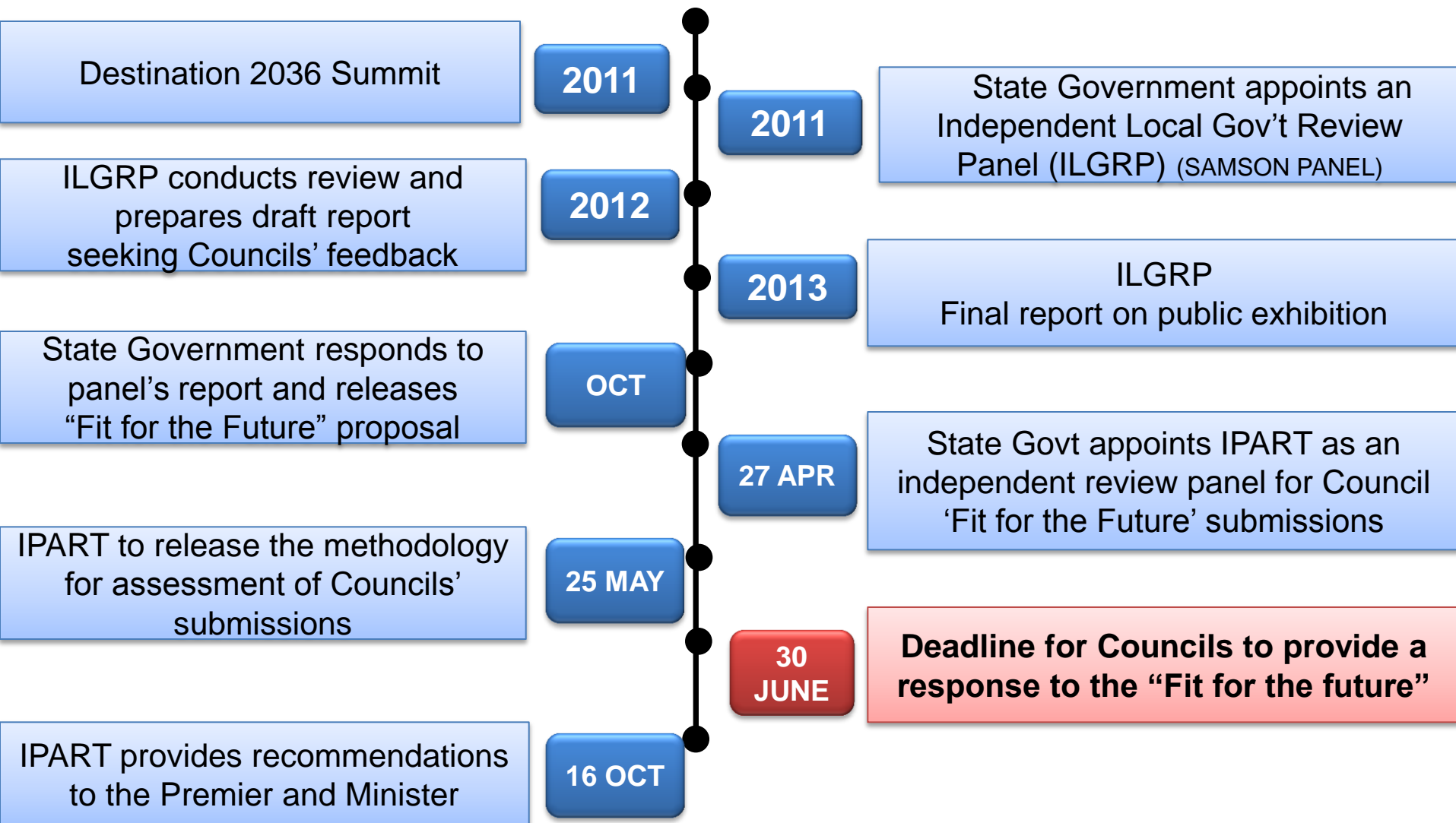
- Outline the Fit for the Future process for local government reform
- Consider the proposed options
- Invite discussion and a range of views
- Provide feedback, to inform Council's submission on the options.



Welcome from Council



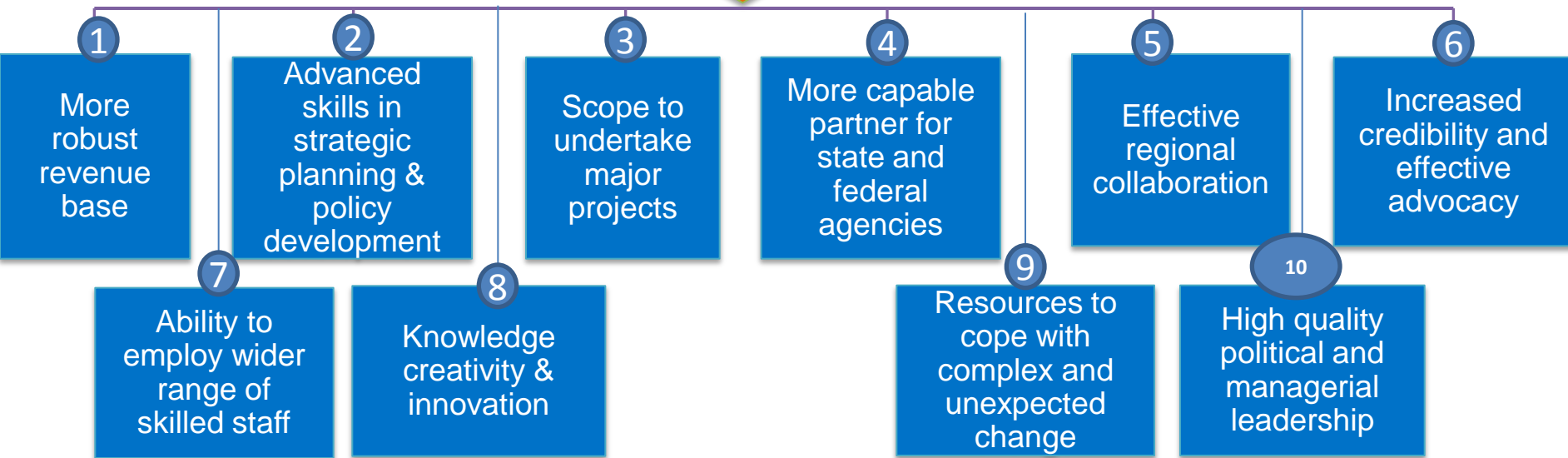
The State Government's process:



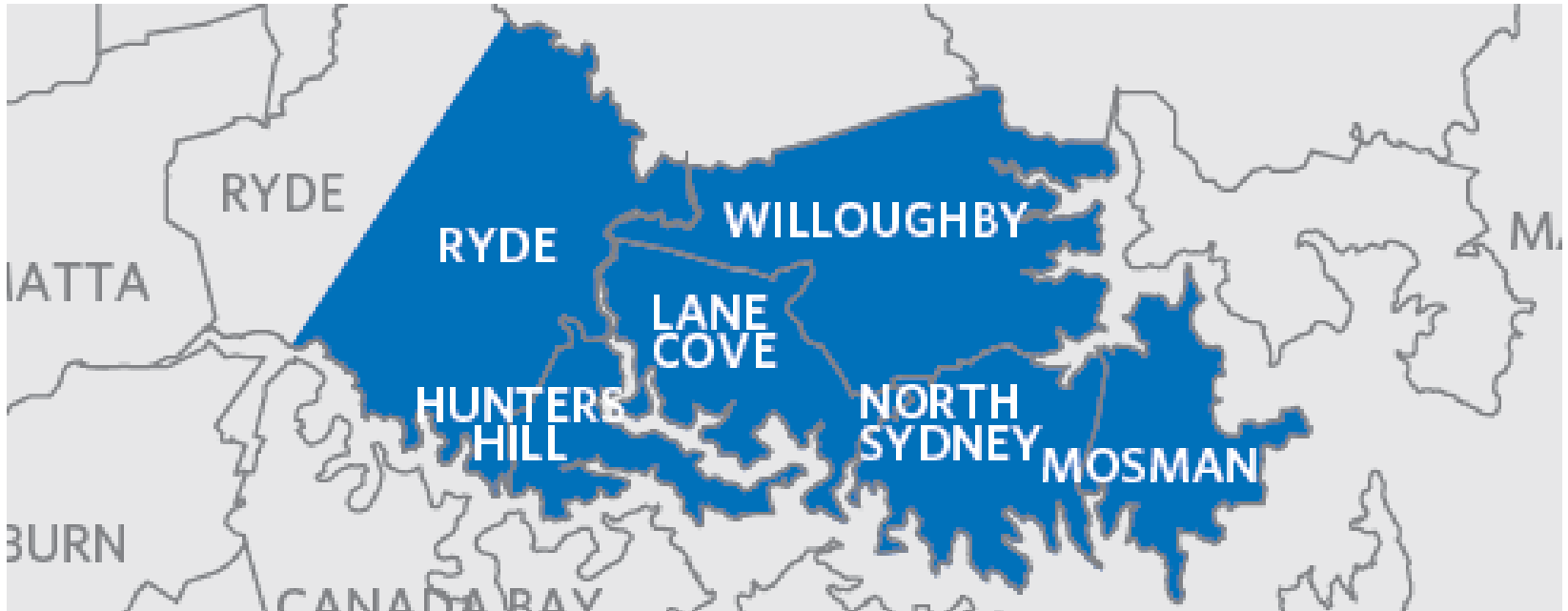
The State Government's 'Fit for the Future' program

PROPOSED GOVERNMENT RESTRUCTURE

To
achieve



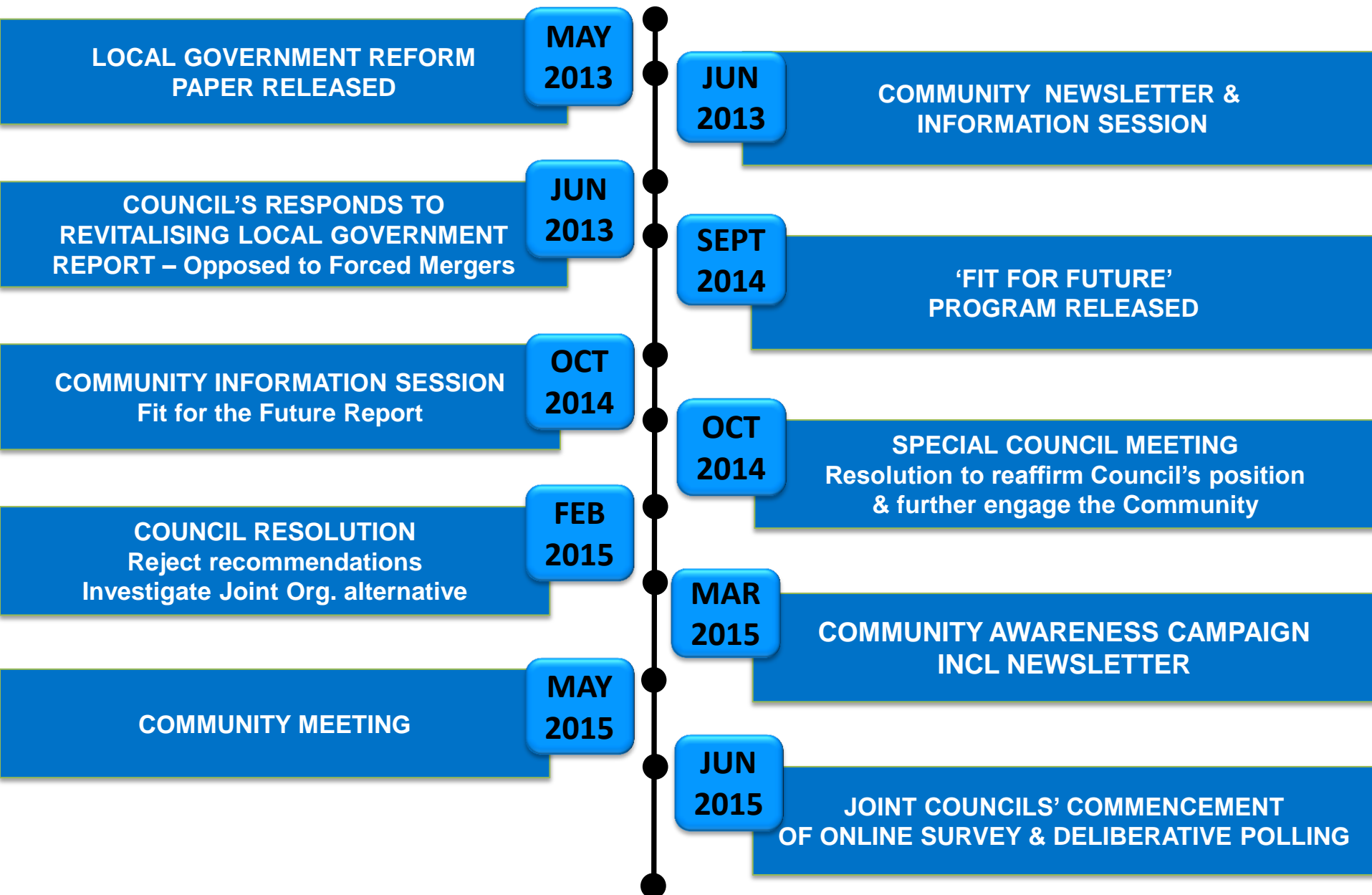
What is the 'Fit for the Future' proposal for Lane Cove?



- Projected 2031 population 365,400
- Close functional interaction and economic/social links between the councils
- Need for integrated planning for major centres, Sydney Harbour foreshores
- 3 of the councils projected to have fewer than 50,000 people in 2031.



Council's journey to date:

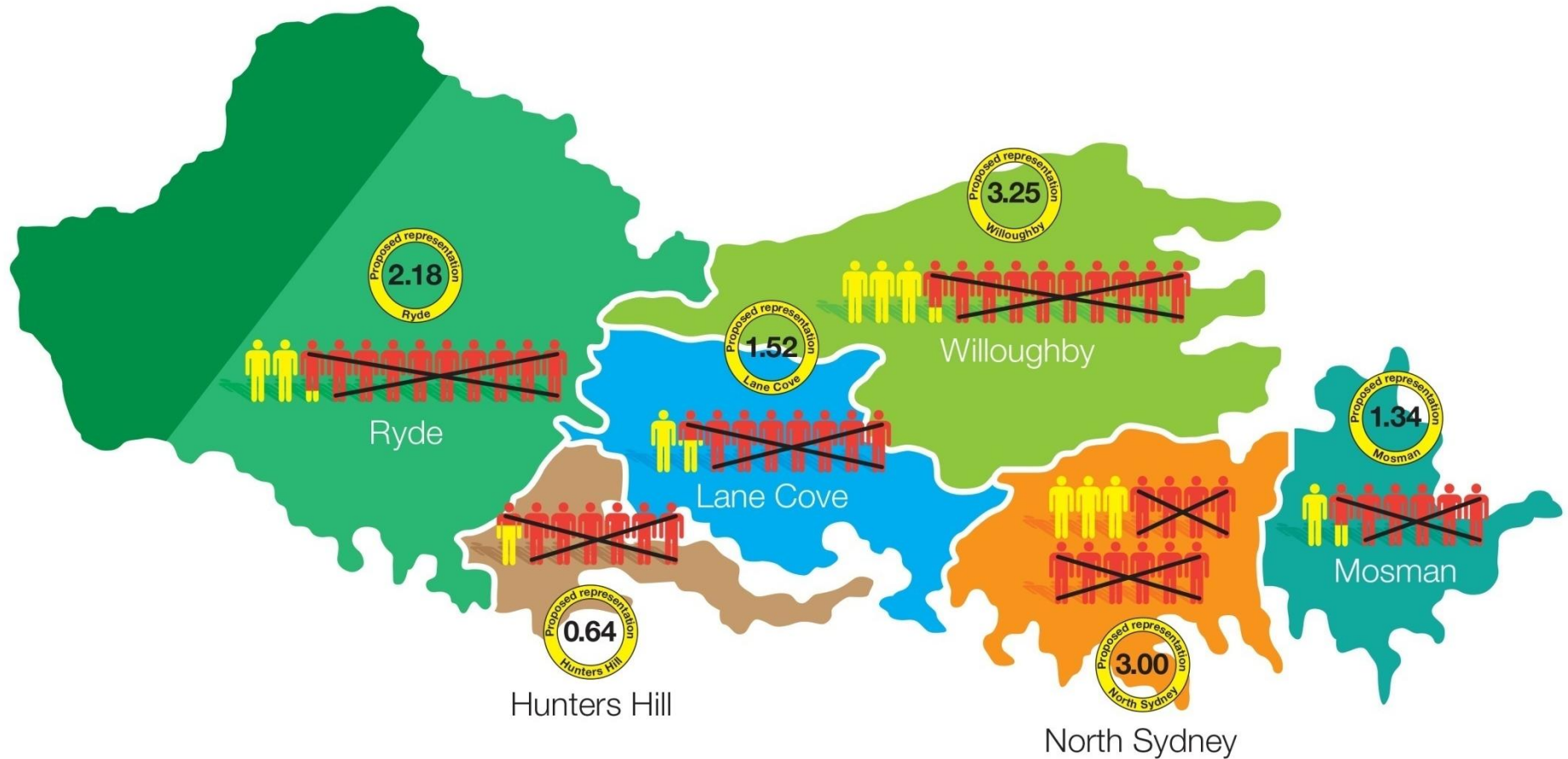


Research and Evidence

- **Morrison Low** – To prepare a merger business case based on the Panel's recommendation to amalgamate the eastern two thirds of Ryde with Hunter's Hill, Lane Cove, Mosman, North Sydney and Willoughby. The business case will include an evaluation of the likely social, environmental, financial and governance outcomes of the proposed merger option.
- **SGS Economics** - To investigate and prepare a business case on the benefits/non-benefits to be realised through the formation of a joint regional body for Northern Sydney that would enhance the region's scale and capacity in undertaking sub-regional planning and joint regional advocacy.
- **Prof Percy Allan and Associates** - To investigate and prepare a business case on the benefits/non-benefits from delivery of shared services, including identification of appropriate services.
- **Prof Brian Dollery** - To undertake a report titled 'Compulsion Versus a Collaborative Regional Approach - an Empirical Analysis of Forced Amalgamation versus a Regional and Shared Services Approach.'



Local Democracy and Representation



Organisation Performance

- Dollery studied the 35 NSW councils that were merged into 10, between 2000 and 2004.
- The study compared the TCorp financial ratings of the merged entities against the TCorp ratings of all NSW councils.
- He found no material difference in performance between the ten merged councils and the rest of the NSW councils.
- The ten councils had a higher proportion of sub-standard performance than the rest of NSW councils.
- Drew, Kortt and Dollery (2015) analysed the 2008 Queensland forced amalgamations.
- Merged councils had an increase in real operating expenditure in the order of 4.7% p.a.
- Council rates increased 4.9% (excluding the effects of inflation).



Financial Impacts

Fit for the Future Financial Benchmarks	Merged Council	2023	Lane Cove	2023
Operating Performance	✓	✓	✓	✓
Own Source	✗	✓	✓	✓
Asset Renewal	✗	✗	✓	✓
Infrastructure Backlog	✗	✗	✓	✓
Asset Maintenance	✗	✓	✓	✓
Debt Service	✓	✓	✗	✗
Real Operating Expenditure	✗	✓	✓	✓
TOTAL ✓	2	5	6	6

Ryde	2023	Hunters Hill	2023
✗	✓	✗	✓
✓	✓	✓	✓
✓	✓	✗	✗
✗	✓	✗	✗
✗	✓	✓	✓
✓	✓	✓	✓
✓	✓	✗	✓
4	7	3	5

Scale and Capacity

**Council meets all of the 'Fit for the Future' criteria (below)
for strategic capacity**

**More
robust
revenue
base**

**Advanced
skills in
strategic
planning &
policy
development**

**Scope to
undertake
major
projects**

**More capable
partner for
state and
federal
agencies**

**Effective
regional
collaboration**

**Increased
credibility
and effective
advocacy**

**Ability to
employ wider
range of
skilled staff**

**Knowledge
creativity &
innovation**

**Resources to
cope with
complex and
unexpected
change**

**High quality
political and
managerial
leadership**



Service Delivery

- A benefit of larger organisations is that they can achieve economies of scale on operational activities, depending on the scalability of the activity.
- Dollery and others analysed the Queensland Councils' performance three years after amalgamation and found almost 25% of all councils (thirteen councils) were now found to exhibit diseconomies of scale.
- An alternative to achieve economies of scale is for councils to co-operate and share services where appropriate.
- Councils in Northern Sydney already participate in a variety of services which are shared.
- Percy Allen in his paper "A shared Services Centre Migration Plan for North Shore Councils" states that there is no compelling evidence that centralising all local council activities into a single meg-council produces cost efficiencies. He states If a shared services centre operated as a genuine commercial enterprise, savings of 10-20% may be possible.



What options are available to Council in responding to 'Fit for the Future'?

1

Agree to the Panel's proposal of a merger

2

Reject proposal. Stand alone and demonstrate scale & strategic capacity

3

Provide a superior alternative



Some facts to consider about Option 1 - the Merger Proposal

Drastically reducing the number of councils would carry an upfront cost of \$445 million*

*NSW
PARLIMENTARY
BUDGET - 2015

Efficiency and scale can be enhanced by regional service provisions rather than by compulsory council amalgamations

PwC REVIEW
(2006):

“Any one of the metropolitan councils in Sydney can be financially sustainable within their current boundaries. No ifs, buts or maybes.”

GRAHAM SAMSON
(SMH 9 December 2014)

“Large scale amalgamations in QLD showed NO improvement in the financial position and greater proportion of de-economies of scale”

BRIAN DOLLERY
REPORT APRIL 2015



Some facts to consider about Option 2 – Council stands alone

The 'village feel' is important to our community and Council has held a number of public meetings which have highlighted the community's concerns around loss of representation and local services

Services have been tailored to local demands, which may change if services levels are harmonised to reduce cost

The strong financial position Council enjoys, with no debt, and the only North Shore Council that meets all the Fit for the Future financial sustainability criteria would be under threat

"A council's scale and capacity is the threshold issue to be addressed before consideration of the benchmarks for financial sustainability, infrastructure and "

*IPART Chairman
Dr Peter Boxall
April 2015*



Some facts to consider about Option 3 – Providing a superior alternative

A joint organisation could connect priorities of local and state governments at the regional level to help local communities to grow and thrive.

“A Joint Organisation is superior to merging Councils because it merges only those functions that benefit from centralisation”

**PERCY ALLAN
& ASSOC.
May 2015**

“A joint organisation represents a customised approach to achieve scale and capacity.”

**SGS
CONSULTING
May 2015**

“Given the costs and disruptions associated with amalgamations, a Joint Organisation offers net benefits that mergers are unlikely to match”

**SGS
CONSULTING
May 2015**



What is a 'Joint Organisation'

- A formal co-operation arrangement between member councils to undertake an agreed range of activities and services together
- Council already participates in NSROC which undertakes a limited range of activities that a JO would undertake on a voluntary basis.
- The State Government is running a pilot in rural NSW to determine the best way for a JO to operate
- If Council's proposal is accepted by the State Government, a metropolitan based JO could be aligned with the pilot

JOINT ORGANISATION

**Regional
Strategic
Planning**

**Intergovern-
mental
collaboration**

**Regional
advocacy**

**Shared
Services**



Joint Organisation: How it could work



Source: Figure 1: Intergovernmental collaboration on regional priorities. *Fit for the Future Joint Organisations – A roadmap for intergovernmental collaboration in NSW*, September 2014.

Author: NSW Government



What a Joint Organisation could do:

JOINT ORGANISATION

**Regional
Strategic
Planning**

**Intergovernmental
collaboration**

**Regional
advocacy**

**Shared
Services**

Plan for
future
needs of
the region
*eg. schools,
transport ,
employment &
economic
development*

Single point
of contact
and manage
subregional
planning
process
*Sydney Metro
strategy*

Represent
and
advocate for
the region's
priorities

Deliver
joint
services
on behalf
of each
Council to
be more
efficient



Local Council vs JO: Functions & Authority



**We would now like to hear
your thoughts....**



LIVE POLLING....

HAVE YOUR SAY

GO TO:

www.lanecove.nsw.gov.au/haveyoursay

Greater Sydney Commission

- The Commission will bring together 41 local government areas in to six subregions and assist them in:
 - identifying places for housing and jobs which are close to transport and services
 - identifying new and improved services, such as public transport
 - improving local environments and open spaces
 - creating well-designed neighbourhoods and suburbs.
- North Subregion – Hornsby, Hunter's Hill, Ku-Ring-Gai, Lane Cove, Manly, Mosman, North Sydney, Pittwater, Ryde, Warringah, Willoughby
- The Commission will have a Board with independent, state agency and local government representatives.
- The chair of the Board will report directly to the Minister for Planning.
- Legislation to introduce the Commission will be finalised mid-2015.



Attachment I

Micromex

Survey Results - City of Ryde.

May 2015



City Of Ryde

Amalgamation Research

Prepared by: Micromex Research

Date: June 2013



Background

Background

The State Government has instigated a process of review into Local Government. The Independent Local Government Review Panel has been created to analyse the councils in NSW, to identify their strengths and weaknesses, and to recommend a path for change.

One of the points raised by the Review Panel is the possible need for boundary changes, consolidations, or in simple terms 'amalgamations'.

City of Ryde wanted to undertake a community survey in order to measure the Ryde community's attitude towards amalgamation.

Interviewing

A random telephone survey of 600 residents was conducted between 28th May and 1st June 2013.

Interviewing was conducted in accordance with IQCA (Interviewer Quality Control Australia) Standards and the Market Research Society Code of Professional Conduct. Where applicable, the issues in each question were systematically rearranged for each respondent.

Sampling error

A sample size of 600 provides a maximum sampling error of plus or minus 4.0% at 95% confidence.

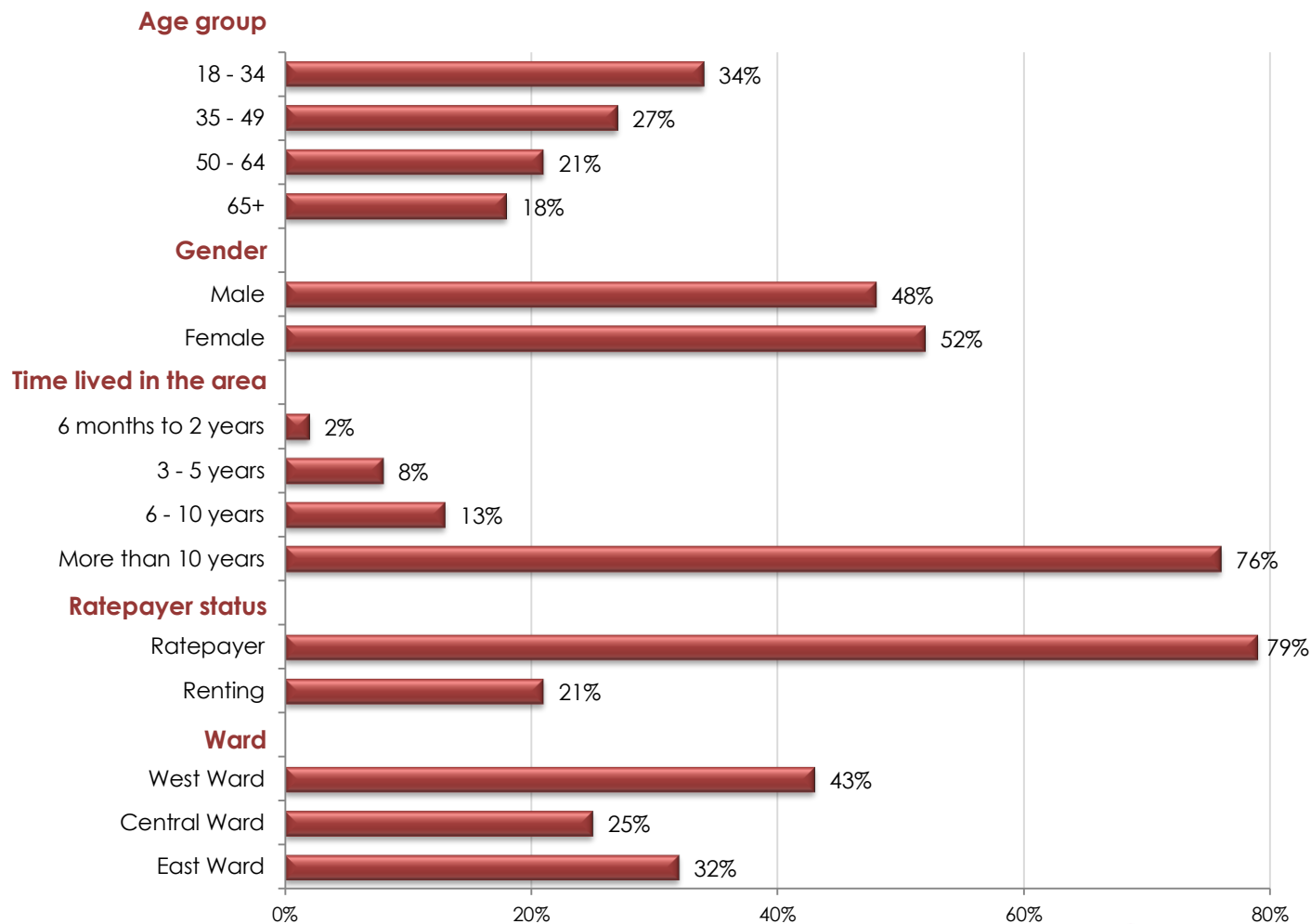
Data analysis

The data within this report was analysed using SPSS V15.

Errors: Data in this publication is subject to sampling variability because it is based on information relating to a sample of residents rather than the total number. This difference (sampling error) may occur due to imperfections in reporting and errors made in processing the data. This may occur in any enumeration, whether it is a full count or sample. Efforts have been made to reduce the non-sampling error by careful design of the questionnaire and detailed checking of completed questionnaires.



Sample Profile

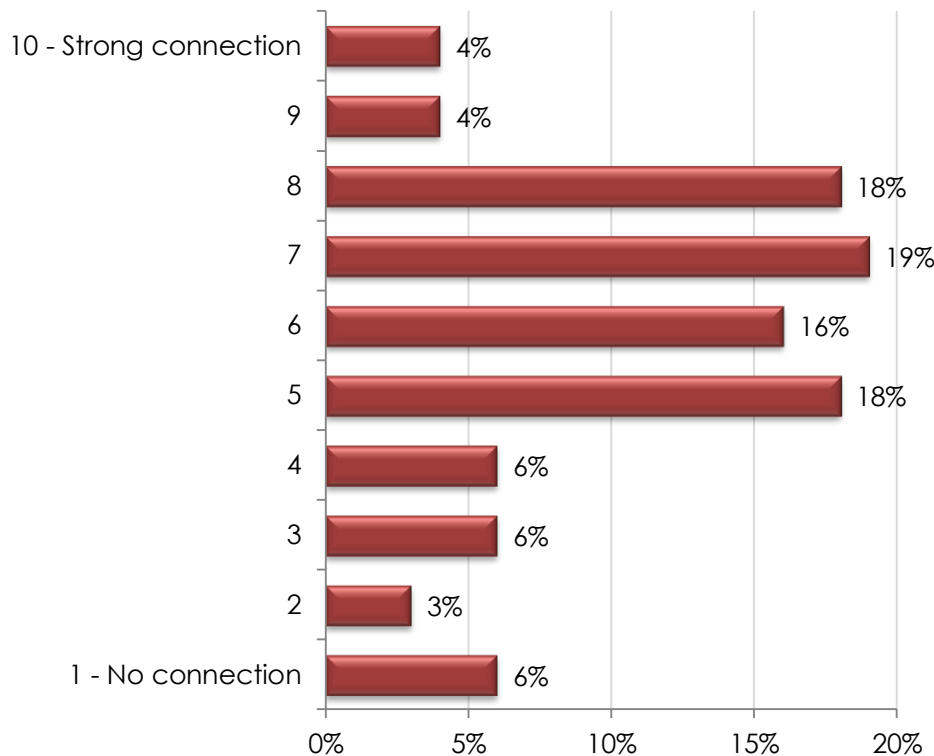




Current Brand Image

61% Of Residents Gave A Connection Score Of 6+

Q1. How would you rate your connection overall with the City of Ryde LGA (Local Government Area), which includes things such as the community and the physical place?



	18 - 34	35 - 49	50 - 64	65+	Overall
Mean ratings	5.88	5.68▼	5.76	6.50▲	5.91
	West Ward	Central Ward	East Ward	Male	Female
	5.79	6.14	5.90	5.94	5.89

Scale: 1 = no connection, 10 = strong connection

▲ ▼ = significantly higher/lower connection by group

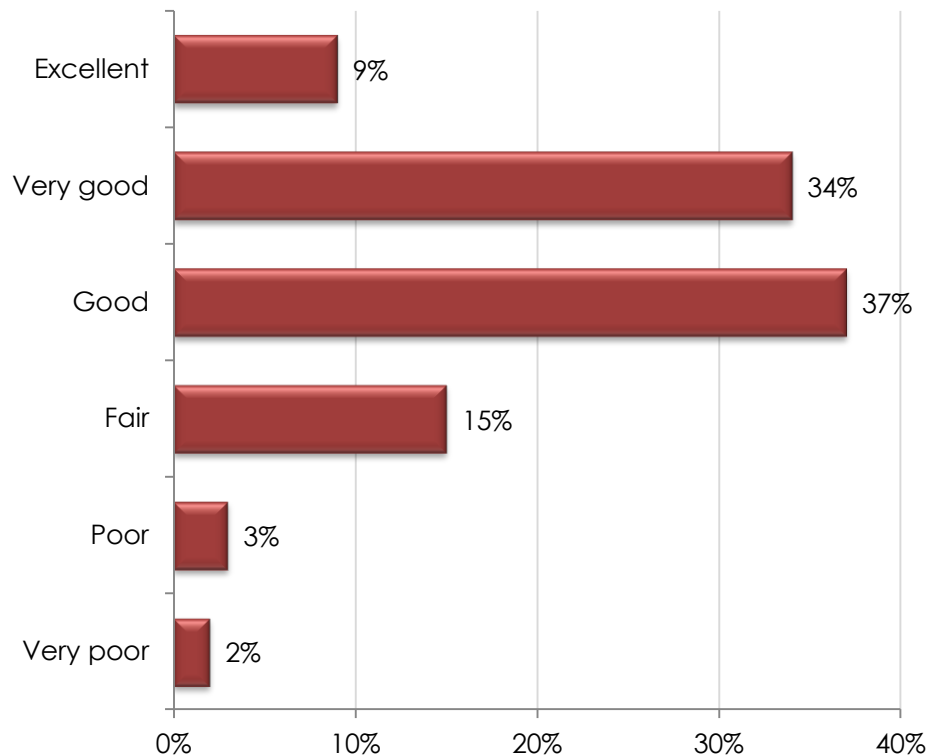
Base: n=600

No differences were observed by Ward

City Of Ryde Image Score Exceeds LGA Benchmarks

Q2a. Overall, how would you rate Council's image within the local community?

Q2b. Why do you say that?



	City of Ryde	LGA Benchmarks	
		Metro	Overall
Mean ratings	4.22	4.09	4.13

Mean ratings	18 - 34	35 - 49	50 - 64	65+	Overall
	4.31▲	4.39▲	4.14	3.90▼	4.22
	West Ward	Central Ward	East Ward	Male	Female
	4.18	4.19	4.31	4.23	4.22

Scale: 1 = very poor, 6 = excellent

▲ ▼ = significantly higher/lower connection by group

Base: n=600

Younger residents are more likely to have a positive view of Council's image within the community

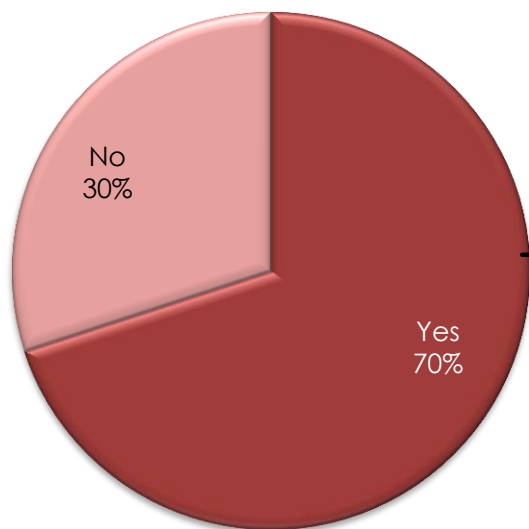


Amalgamation

There Was A High Level Of Claimed Community Awareness (70%) Of The State Governments Review

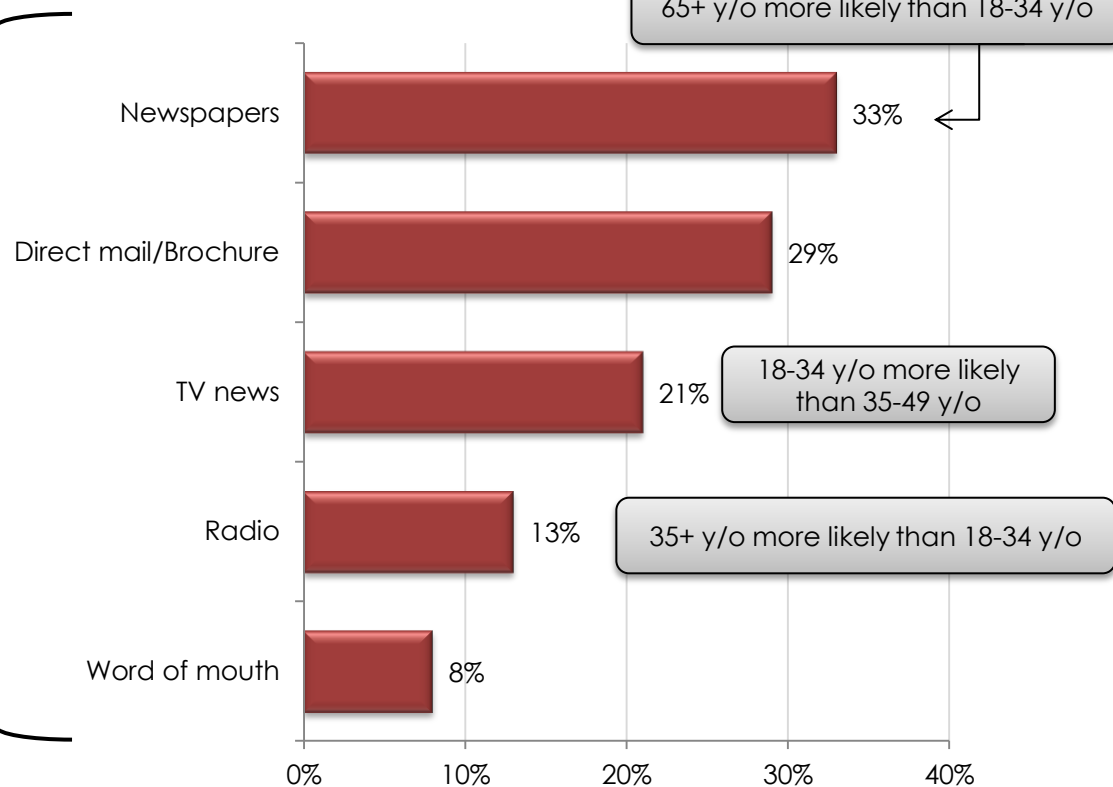
Q3a. Are you aware that the State Government is reviewing the Local Government system?

Q3b. Where did you first hear about the proposed amalgamations?



Residents aged 35+ were significantly more aware than were those aged 18-34

Females were significantly more aware than were males



Base: n=600

Base: n=422

Newspapers and direct mail/brochures are the most likely mediums of communication

The NSW State Government appointed an Independent Local Government Review Panel to investigate options for a more efficient and effective system of local government.

The Panel has recommended sweeping changes, including reducing the number of councils in metropolitan Sydney from about 40 to 15. This is to be achieved through merging/amalgamating Councils.

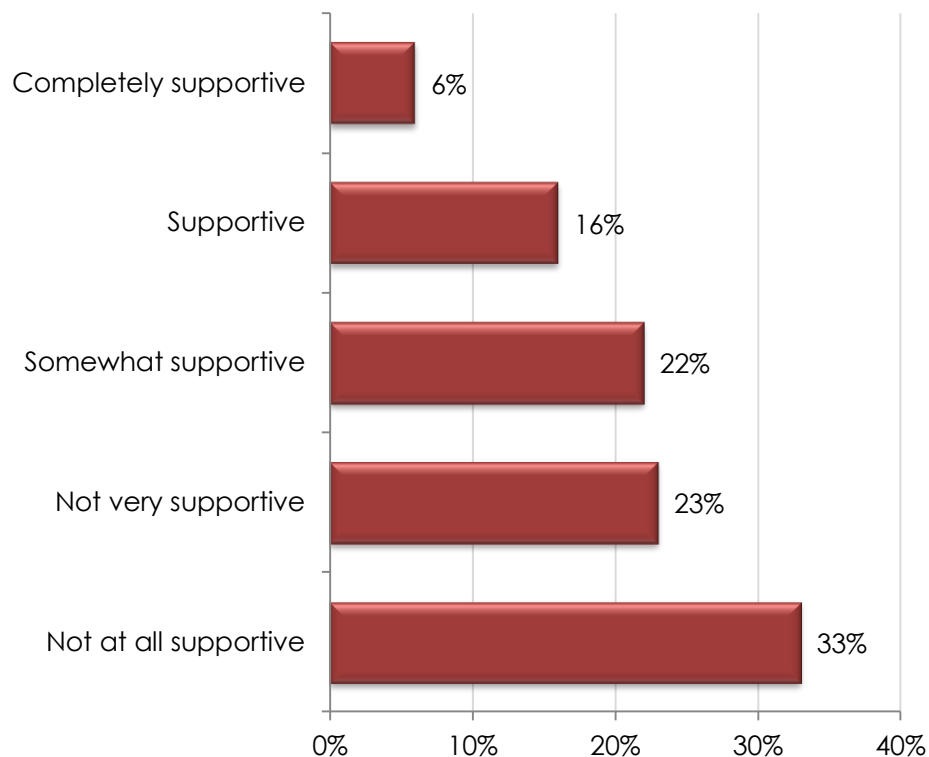
One argument for amalgamation is that bigger councils could be more economically efficient in the delivery of services, and an argument against amalgamation is that bigger councils will not be able to represent local communities as effectively.

The Panel has made recommendations for the City of Ryde including amalgamation, however there is also the option to oppose amalgamations or the option to propose an alternative idea. City Of Ryde is seeking our community's views to form its position on the recommendations.

22% Of Residents Are Supportive – Very Supportive Of This Proposal, While 56% Are Not Very – Not At All Supportive

Q4a. How supportive would you be of City Of Ryde being amalgamated with other nearby Councils?

Q4b. Why do you say that?



Mean ratings	18 - 34	35 - 49	50 - 64	65+	Overall
	2.59▲	2.41	2.38	2.01▼	2.39
	West Ward	Central Ward	East Ward	Male	Female
	2.38	2.46	2.36	2.57▲	2.23▼

Scale: 1 = not at all supportive, 5 = completely supportive

▲ ▼ = significantly higher/lower level of support by group

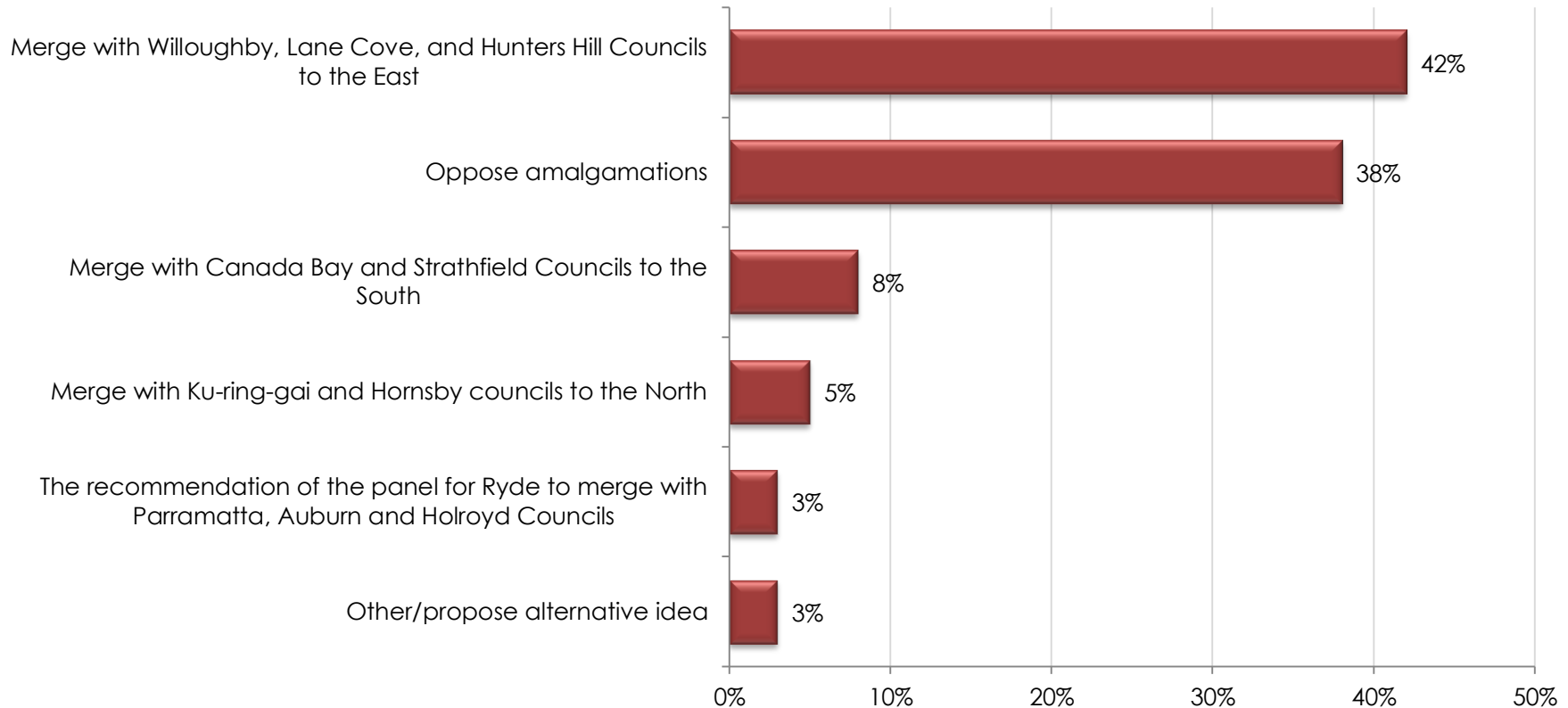
Ratio Of Positive to Negative
22:56%
1:2.5 Against

Base: n=600

Females and older residents have the lowest support levels for amalgamation

If Pressed, 42% Would Prefer To Merge Eastward, However, 38% Would Always Oppose Amalgamation

Q5a. As we indicated, the Panel has recommended some options for City Of Ryde, however, there is also the option to oppose amalgamations or to propose an alternative idea. Which of the following options would be your preference?



Base: n=600

There is no support for the Panel's recommendation

Significant Differences Are Observed By Ward

Q5a. As we indicated, the Panel has recommended some options for City Of Ryde, however, there is also the option to oppose amalgamations or to propose an alternative idea. Which of the following options would be your preference?

	West Ward		Central Ward		East Ward	
	Count	Column %	Count	Column %	Count	Column %
Merge with Willoughby, Lane Cove, and Hunters Hill Councils to the East	69	26%	80	54%	105	55%
Oppose amalgamations	119	46%	40	27%	68	35%
Merge with Canada Bay and Strathfield Councils to the South	24	9%	15	10%	7	4%
Merge with Ku-ring-gai and Hornsby councils to the North	24	9%	4	2%	6	3%
The recommendation of the panel for Ryde to merge with Parramatta, Auburn and Holroyd Councils	12	5%	4	3%	4	2%
Other/propose alternative idea	12	5%	4	3%	3	2%
Total	259	100%	147	100%	193	100%

Significantly higher by group

Significantly lower by group

The East & Central Wards are significantly more positive towards an eastern merge

Significant Differences Were Observed By Age & Gender

Q5a. As we indicated, the Panel has recommended some options for City Of Ryde, however, there is also the option to oppose amalgamations or to propose an alternative idea. Which of the following options would be your preference?

	18 - 34		35 - 49		50 - 64		65+		Male		Female	
	Count	Column %	Count	Column %	Count	Column %	Count	Column %	Count	Column %	Count	Column %
Merge with Willoughby, Lane Cove, and Hunters Hill Councils to the East	88	43%	81	50%	52	41%	33	31%	122	43%	132	42%
Oppose amalgamations	67	33%	55	34%	48	38%	56	53%	94	33%	132	42%
Merge with Canada Bay and Strathfield Councils to the South	26	13%	7	4%	6	5%	6	6%	25	9%	21	7%
Merge with Ku-ring-gai and Hornsby councils to the North	15	7%	9	6%	7	6%	1	1%	23	8%	9	3%
The recommendation of the panel for Ryde to merge with Parramatta, Auburn and Holroyd Councils	3	1%	4	3%	6	5%	7	6%	13	5%	7	2%
Other/propose alternative idea	6	3%	5	3%	6	5%	3	3%	8	3%	12	4%
Total	205	100%	163	100%	126	100%	106	100%	286	100%	314	100%

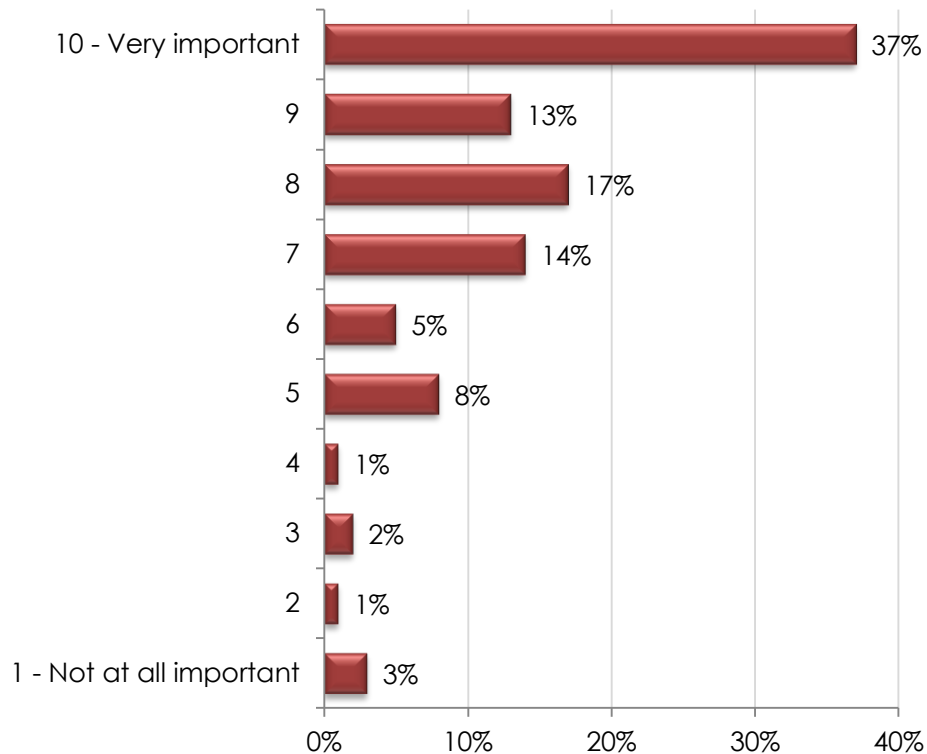
Significantly higher by group

Significantly lower by group

Females and older residents are more likely to oppose amalgamation

81% Of Residents Gave The Importance Of Retaining Local Representation A Score Of 7 or Greater

Q6. Overall, how would you rate the importance of the City Of Ryde Area retaining local government representatives?



	18 - 34	35 - 49	50 - 64	65+	Overall
	7.83	8.05	8.10	8.41	8.05
Mean ratings					
	West Ward	Central Ward	East Ward	Male	Female
	8.02	8.04	8.09	7.89	8.19

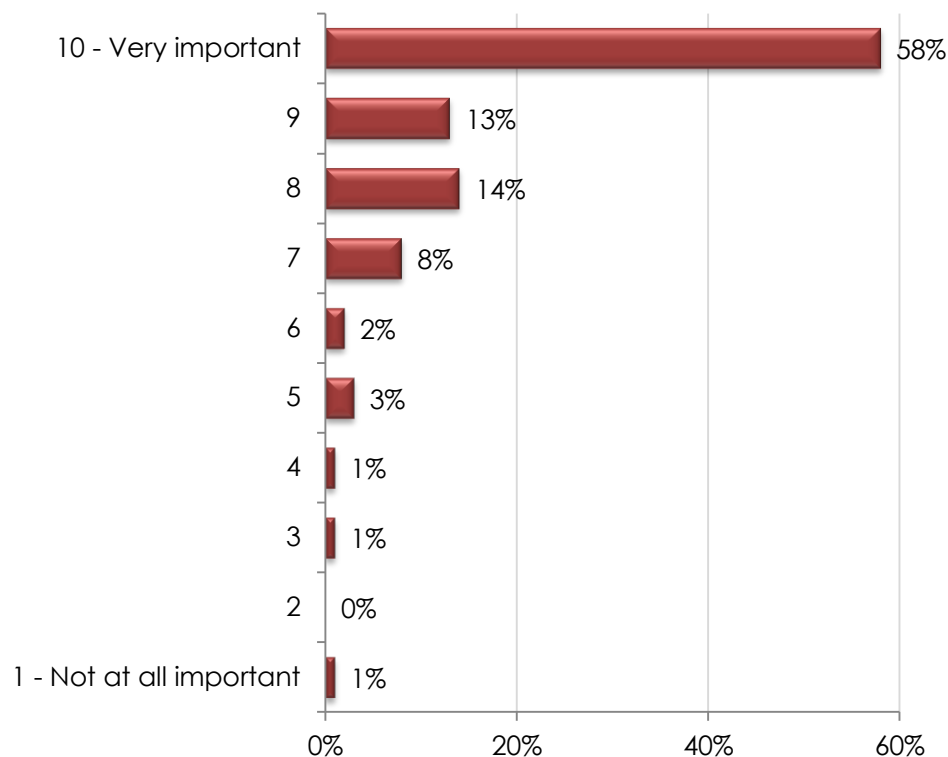
Scale: 1 = not at all important, 10 = very important

Base: n=600

Residents still think it is important that the City of Ryde retains local representation

93% Of Residents Gave The Importance Of Council Consultation On The Issue Of Amalgamation A Score Of 7 Or Greater

Q7. How important is it to you for Council to consult with the community on the issue of amalgamations?



	18 - 34	35 - 49	50 - 64	65+	Overall
Mean ratings	8.65	8.95	9.12	9.19	8.93
	West Ward	Central Ward	East Ward	Male	Female
	8.90	8.79	9.08	8.75▼	9.09▲

Scale: 1 = not at all important, 10 = very important
 ▲ ▼ = significantly higher/lower importance by group

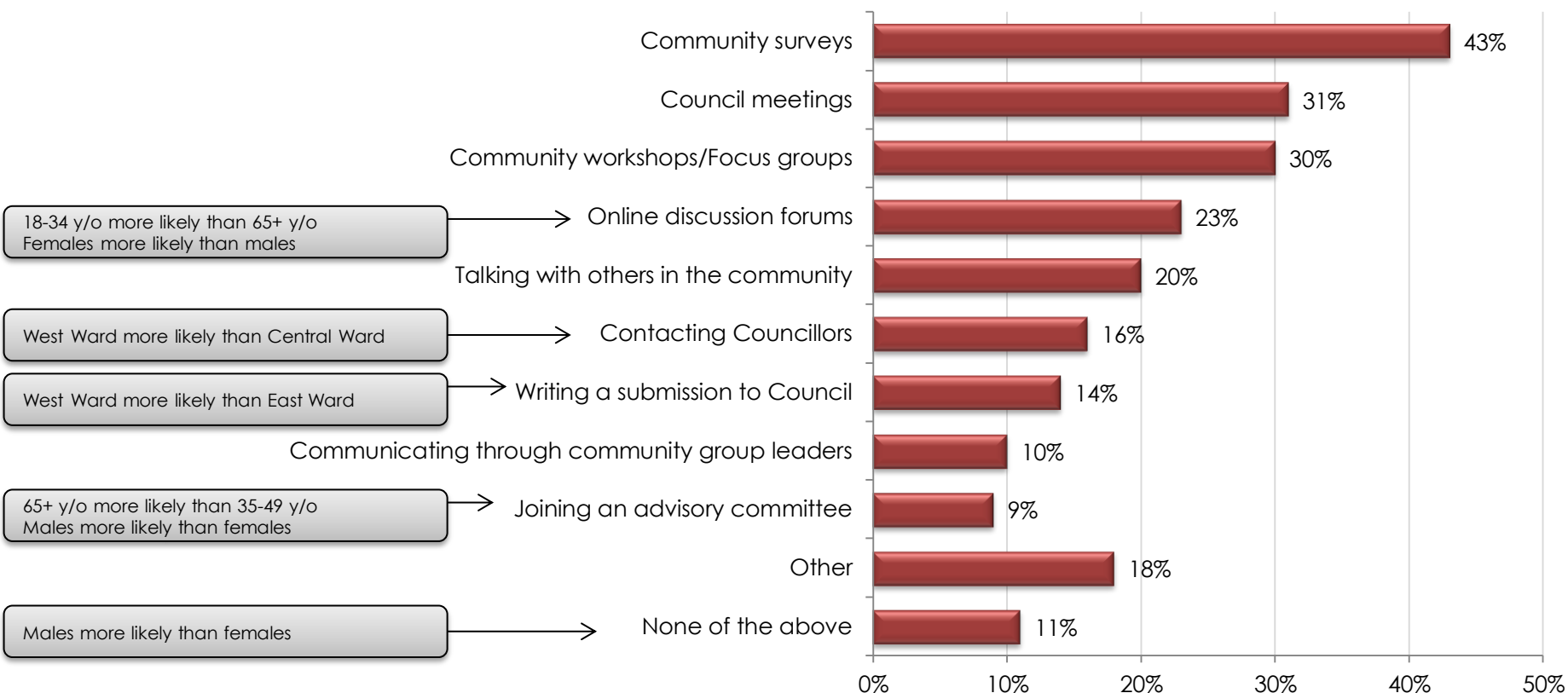
Base: n=600

Residents strongly feel that the issue of amalgamation requires community consultation



Communications

Q8. We are looking to understand the ways in which the community prefers to be involved in community consultation over the issue of amalgamations. How would you prefer to be consulted about this issue?

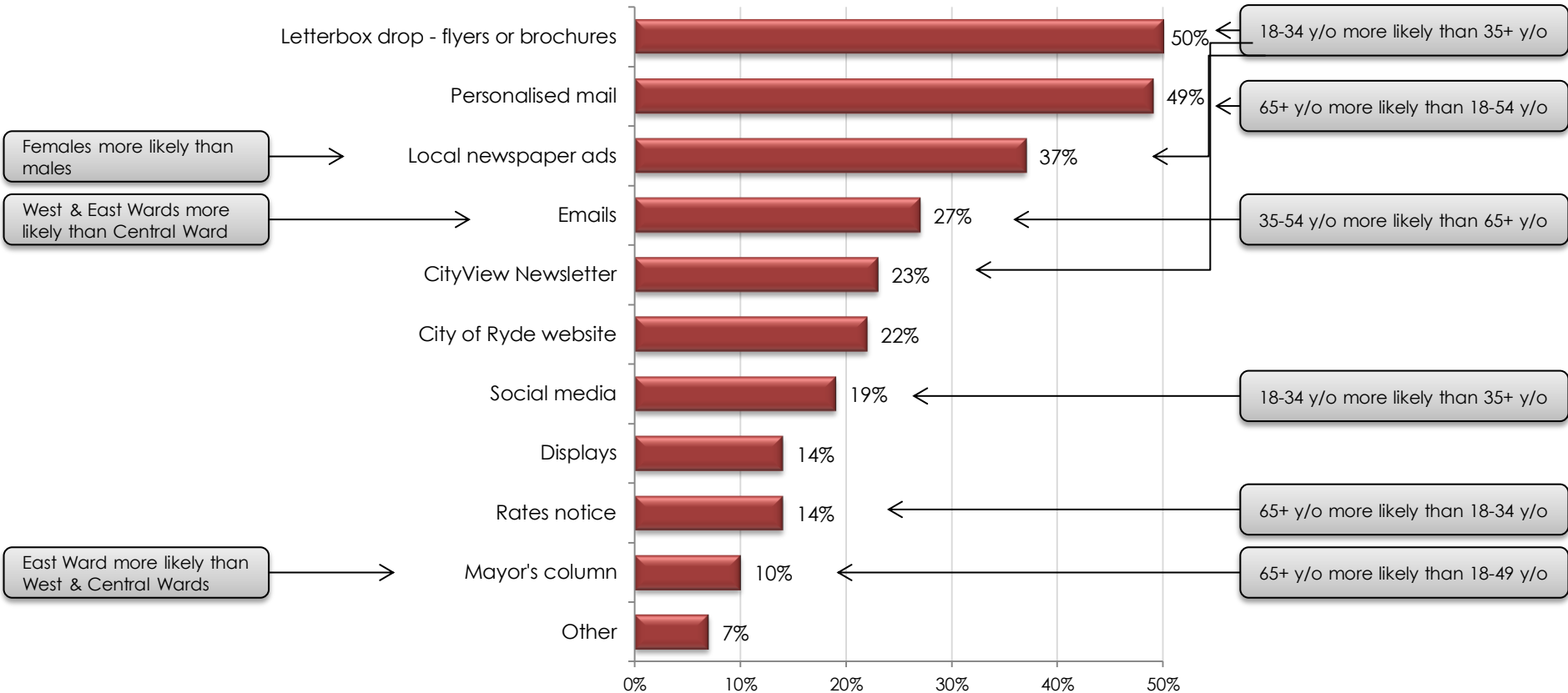


Base: n=600

Council meetings and workshops are also popular methods to engage the community

Direct Mail/Brochures Are Seen To Be The Best Method Of Communicating with Residents

Q9. What do you believe would be the best ways for City of Ryde Council to communicate information to residents?



Base: n=600

Ultimately Council needs to communicate via a variety of platforms



Conclusion

70% Of Residents Claim to Be Aware Of The Review Of The Local Government System.

93% of residents indicated that it is important to be consulted with about this issue.

At a broad level, 56% of residents are not very supportive - not at all supportive of the amalgamation option versus 22% who are supportive - very supportive.

- If we remove the fence-sitters (somewhat supportive 22%), the data shows that the community is **2.5:1** against amalgamation

If pressed, the preferred merge option is to merge eastwards (42%), however, 38% still oppose amalgamation outright.

- Only 3% of residents support the Panel's proposal of a merger with Parramatta, Holroyd and Auburn



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City of Ryde / Lane Cove/Hunters Hill Councils

Fit for the Future – Executive Summary

Prepared by: Micromex Research
Date: May 2015

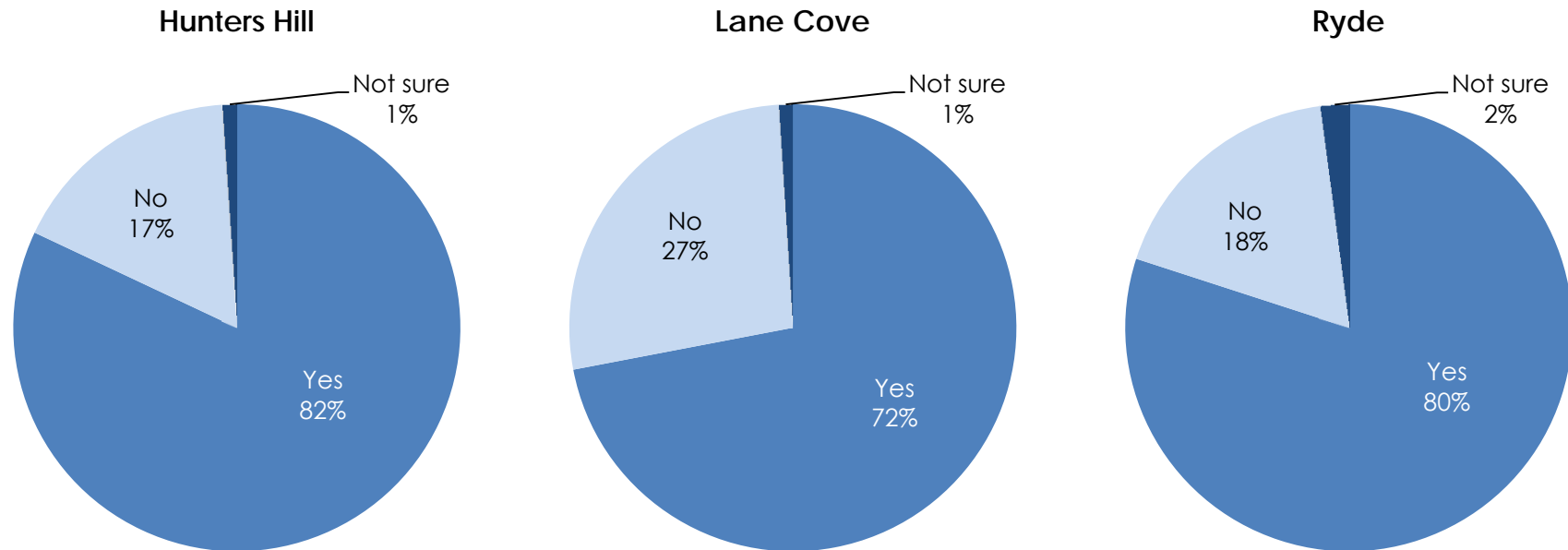


Awareness of Potential Amalgamation



Awareness of Potential Amalgamation

Q1a. (Recruitment survey) Prior to this call were you aware of the potential amalgamation of Ryde/Lane Cove/Hunters Hill Council with other Councils?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401



Awareness of the potential amalgamation was strong across the region, with each Council area registering an awareness level in excess of the Micromex Fit for the Future benchmark of 59%. The highest awareness was reported in Hunters Hill, with 82% of residents having some previous knowledge of the proposals

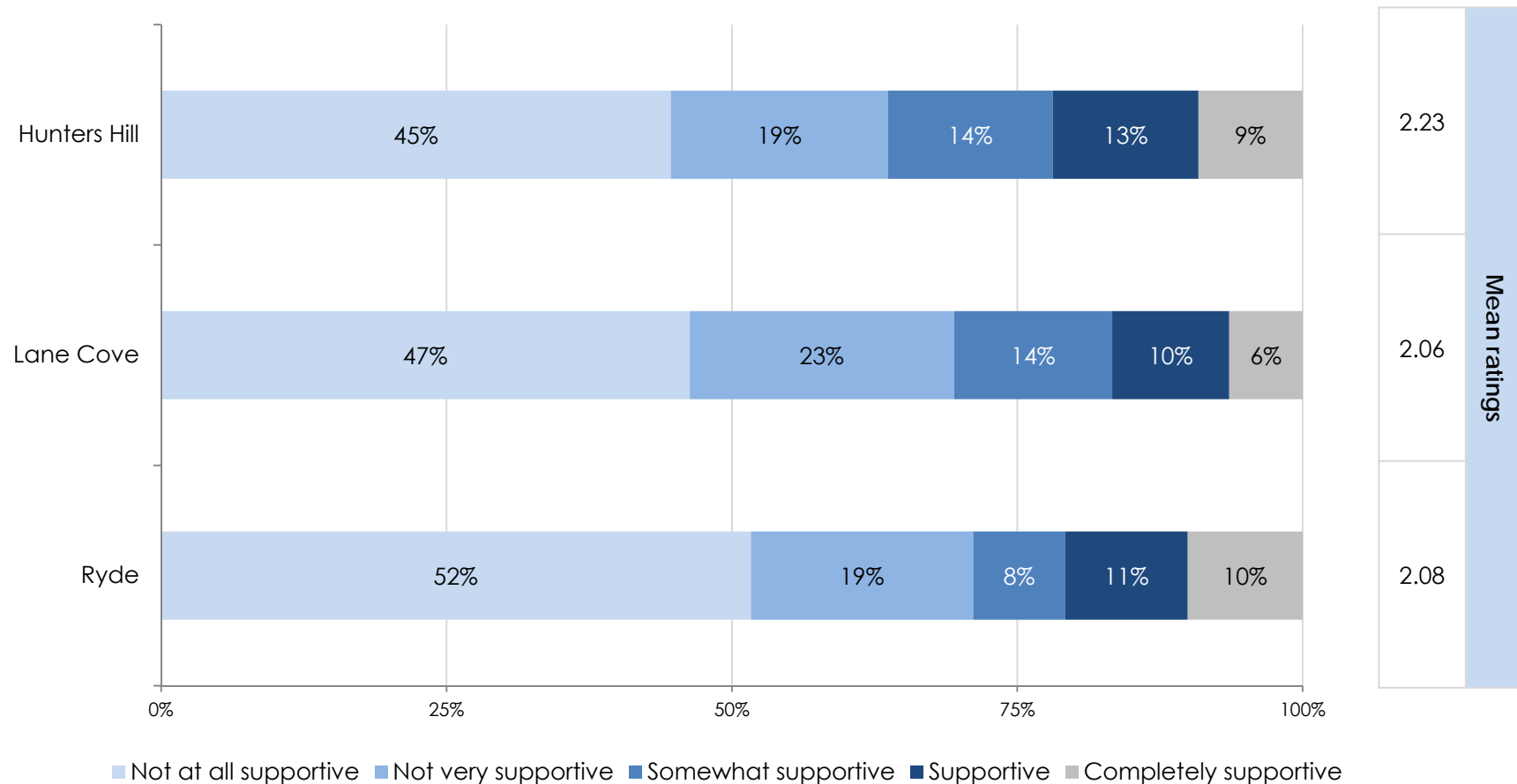
Attitudes to Amalgamation Options



Support for Option 1: the State Government's Proposal

The recommendation of the State Government's panel is to merge Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby, and two thirds of Ryde, Councils, to create a super council with a population of 356,000+

Q3a. How supportive are you of [Council] being merged into a new Mega Council?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

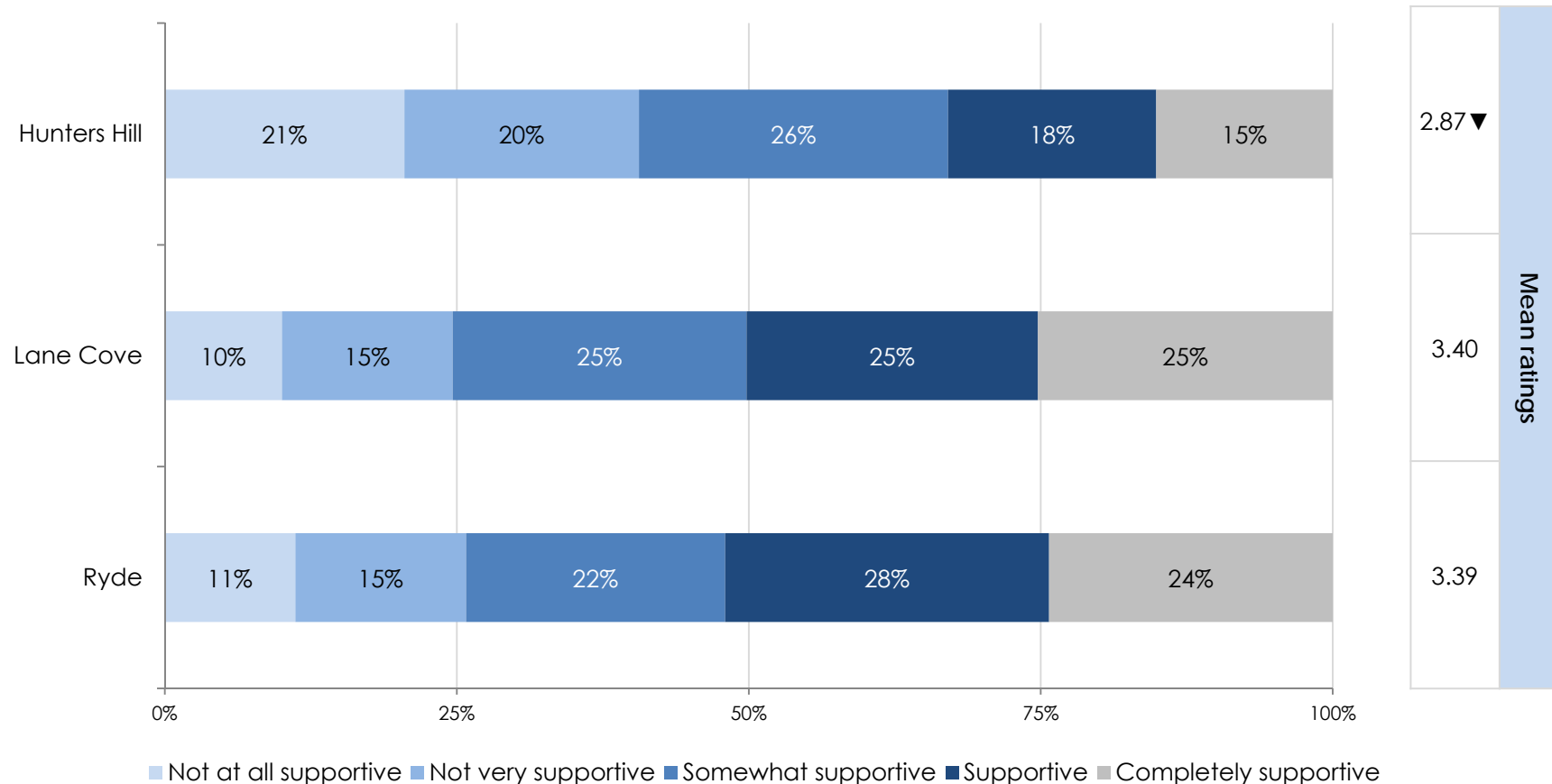


Support for the State Government's recommended option was low throughout the region, with between 29% and 36% of residents indicating any degree of support. Support for this outcome was marginally higher in Hunters Hill than in other Council areas, while remaining minimal

Support for Option 2: Council Standing Alone

Council could reject the merger proposal by standing alone as an individual council and demonstrating that it can continue to deliver effective and efficient services to its community, and that it meets the strategic capacity as set out by the State Government's Fit for the Future criteria

Q3b. How supportive are you of [Council] staying alone?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

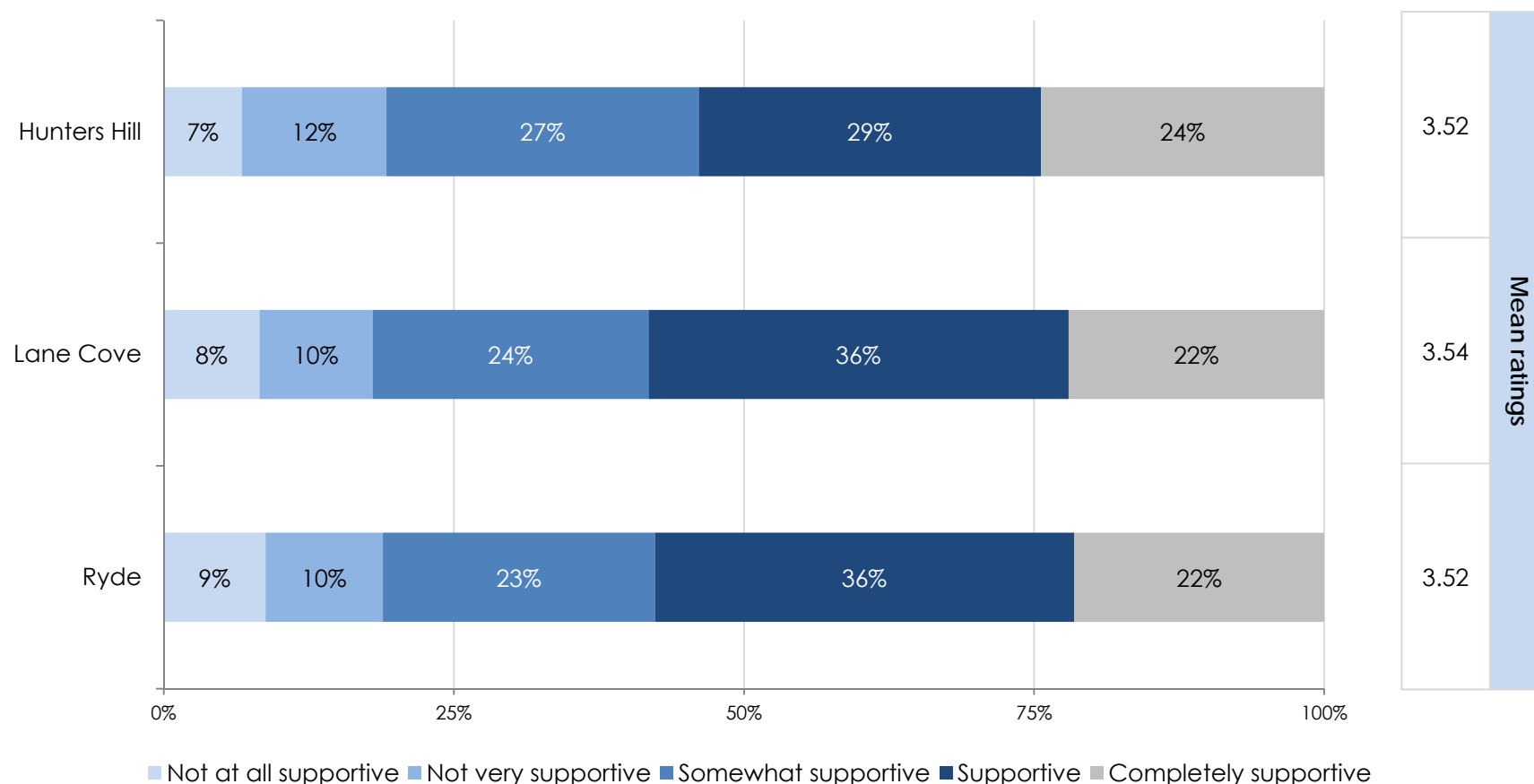
▲ ▼ = A significantly higher/lower level of support (by Council)

Support for Council standing alone was reliably moderate across the whole area, with between 33% and 52% of residents indicating that they were 'supportive' or better of the option, and a majority expressing some level of support in each Council. Hunters Hill residents were, though, significantly less supportive of this outcome than were others

Support for Option 3: A Joint Regional Authority

Ryde, Lane Cove, and Hunters Hill have also investigated a third option that, in addition to standing alone, would involve a joint organisation of individual councils that strategically plans, advocates, and collaborates on shared services on a regional level and across the three council areas, whilst continuing to deliver local services and activities

Q3c. How supportive are you of [Council] standing alone and exploring an alternative option of a Joint Regional Authority?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

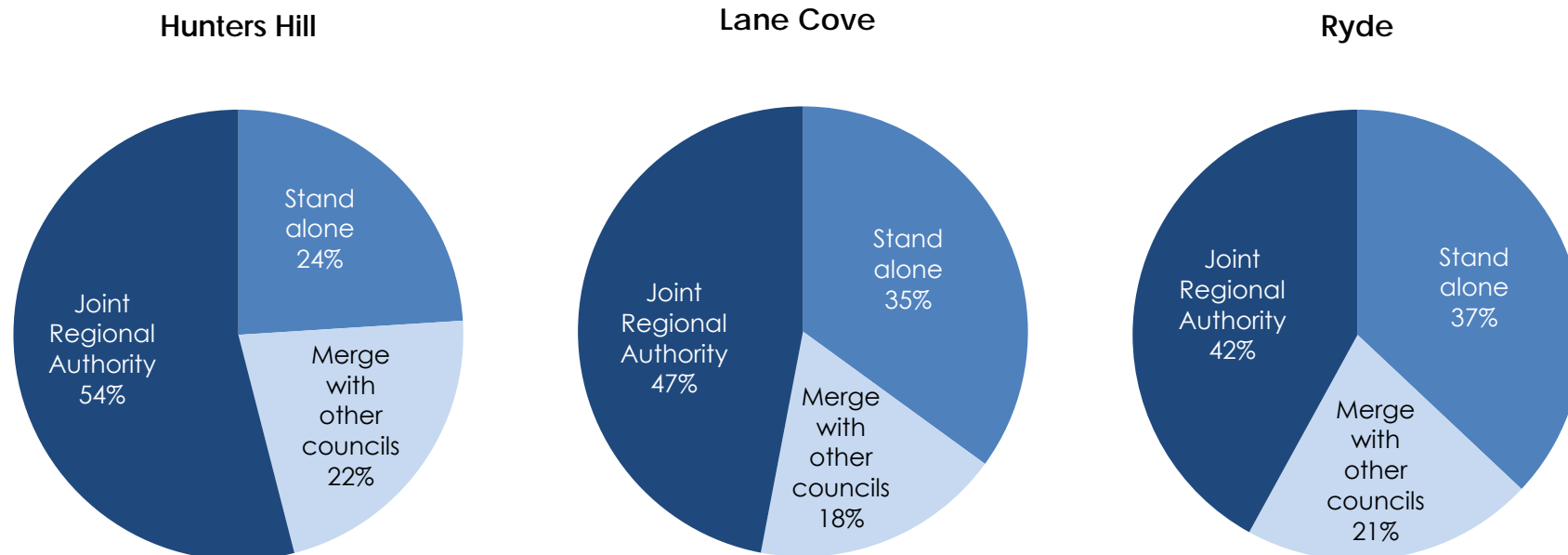
Option 3 – Exploring a Joint Regional Authority received almost identical mean support ratings in all Council areas, and was consistently the outcome receiving the highest level of support. A majority of residents were either ‘supportive’ or ‘completely supportive’ of this option in each Council

Ranking of Preferred Options



Ranking of Preferences – FIRST Preference

Q4a. Which of the three options is your most preferred option?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401



When asked to rank each option in order of preference, the Joint Regional Authority was the most common first preference option in each of the Council areas. Once again, Hunters Hill generated somewhat different responses than the other Councils, with fewer than one in four preferring to stand alone and a majority (54%) preferring the Joint Regional Authority

Ranking of Preferences – All Preference Rankings

Q4a. Which of the three options is your most preferred option?

Hunters Hill				
Preference:	1st	2nd	3rd	Average
Option 1 - Merge with other councils	22%	14%	64%	2.41 ▼
Option 2 - Stand alone	24%	43%	33%	2.09
Option 3 - Stand alone and explore Joint Regional Authority	54%	42%	4%	1.50 ▲

Lane Cove				
Preference:	1st	2nd	3rd	Average
Option 1 - Merge with other councils	18%	13%	69%	2.51 ▼
Option 2 - Stand alone	35%	42%	23%	1.87 ▲
Option 3 - Stand alone and explore Joint Regional Authority	47%	45%	8%	1.61 ▲

Ryde				
Preference:	1st	2nd	3rd	Average
Option 1 - Merge with other councils	21%	10%	69%	2.47 ▼
Option 2 - Stand alone	37%	40%	23%	1.87 ▲
Option 3 - Stand alone and explore Joint Regional Authority	42%	50%	8%	1.66 ▲

Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

▲ ▼ = A significantly higher/lower mean ranking (by option)
Scale: 1 = 1st preference, 3 = 3rd preference



From a community perspective the merge option is the least preferred outcome

Conclusion & Key Outtakes



Conclusion

Awareness of Potential Amalgamation

- There was broad awareness of the Fit for the Future proposals across the region, with over 70% of residents being aware of the potential mergers in each Council area
- Penetration of Fit for the Future information was more successful than elsewhere in NSW, with each of the surveyed Council areas' outcomes exceeding the Micromex Fit for the Future benchmark of 59%

Attitudes to Amalgamation Options

- 'Option 1 – Merging with other councils', the State Government's recommendation, was broadly rejected across the region. Fewer than one in four residents of each Council area indicated that they were 'supportive' or better of this option, and a majority expressed a lack of support in each case. The marginally greater backing of this outcome from Hunters Hill residents is likely explained by that area's extremely small size, which may make its residents more amenable to a Council amalgamation
- Standing alone received a more ambivalent response. The Lane Cove and Ryde council areas generated very similar levels of support, with half or so of those areas' residents indicating that they were 'supportive' or better. Hunters Hill residents, however, were significantly less supportive of this outcome, with over 40% expressing dissent. This may also be a result of the Council's small size leading residents to feel that standing alone is an impractical position to take
- The Joint Regional Authority uniformly received the highest support ratings, with more than 80% of residents in each area indicating that they were at least 'somewhat supportive'

Ranking of Potential Options

- Accordingly, the potential option of each Council remaining nominally separate but collaborating on regional issues was the most preferred outcome in each Council area. This support varied from a majority in Hunters Hill (54%) to 42% in the City of Ryde area
- The State Government's recommendation was the least preferred outcome, with between 64% and 69% in each LGA ranking it in last place



Key Outtakes

1. **The Joint Regional Authority proposed by City of Ryde, Lane Cove, and Hunters Hill Councils resonates broadly with residents across the region.** The potential for a compromise between merging and standing alone, which may allow financial and operational efficiencies to be achieved while retaining each individual area's identity, was the main impetus cited by residents for preferring this outcome
2. **There is little support for the State Government Review Panel's proposed merger, an option consistently ranked as the least preferred outcome by residents across the region.** The main concerns cited regarding the 'Mega Council' centred on the perceived inability of larger councils to provide localised services and a community voice to their residents
3. **While Ryde and Lane Cove Council residents reported remarkably similar outcomes, each Council should be mindful that Hunters Hill generated somewhat differing responses.** Likely due to the extremely small size of the area, Hunters Hill residents were more lukewarm towards the idea of standing alone, and expressed an even stronger preference for entering into a Joint Regional Authority association, than did others



City of Ryde

Fit for the Future

Prepared by: Micromex Research
Date: June 2015



Background



Methodology & Sample

Research Design

This study consisted of a three-stage methodology:

- Stage 1: Initial recruitment of 600 Ryde residents via random phone survey, collection of several 'pre' measures
- Stage 2: Mail-out by Council of a brochure explaining the various amalgamation options
- Stage 3: Recontact telephone interviews with 401 of the initial 600, collection of numerous 'post' measures

Data collection

Micromex Research, together with the City of Ryde, developed the questionnaire. Council developed the information pack sent to residents.

Data collection period

- Initial telephone recruitment: 20th – 23rd April 2015
- Telephone recontact interviewing (CATI): 17th – 23rd May 2015



Methodology & Sample

Sample

N=401 interviews were conducted.

A sample size of 401 provides a maximum sampling error of plus or minus 4.9% at 95% confidence.

This means that if the survey was replicated with a new universe of n=401 residents, that 19 times out of 20 we would expect to see the same results, i.e. +/- 4.9%.

For the survey under discussion the greatest margin of error is 4.9%. This means, for example that the answer “useful” (39%) to the question of overall usefulness of Council's brochure in explaining the Fit for the Future program could vary from 34% to 44%.

As the raw data has been weighted to reflect the real community profile of the City of Ryde, the outcomes reported here reflect an 'effective sample size'; that is, the weighted data provides outcomes with the same level of confidence as unweighted data of a different sample size. In some cases this effective sample size may be smaller than the true number of surveys conducted.

Interviewing

Interviewing was conducted in two phases. During the recruitment phase, residents were screened for eligibility and their details were taken in order to post the amalgamation information pack. The recontact phase comprised the remainder of the survey questions, with residents responding to the information pack they had received. Interviewing was conducted in accordance with the AMSRS Code of Professional Conduct. Where applicable, the issues in each question were systematically rearranged for each respondent.

Data analysis

The data within this report was analysed using Q Professional.


Percentages

All percentages are calculated to the nearest whole number and therefore the total may not exactly equal 100%.

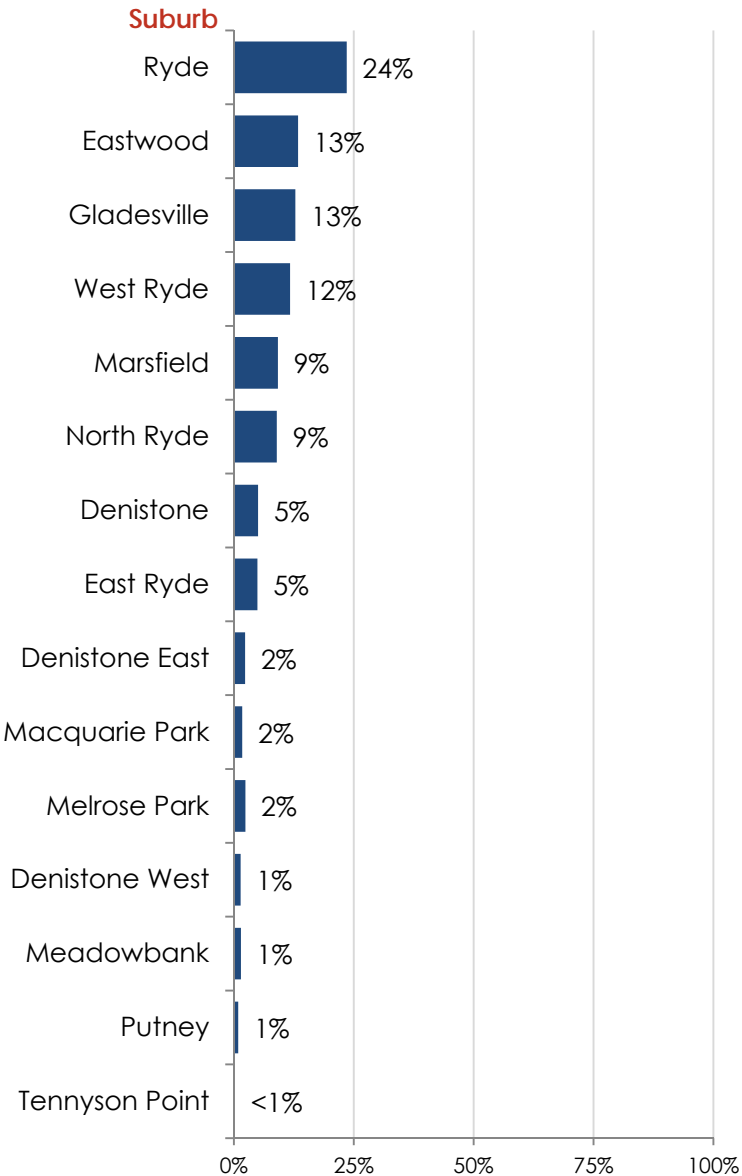
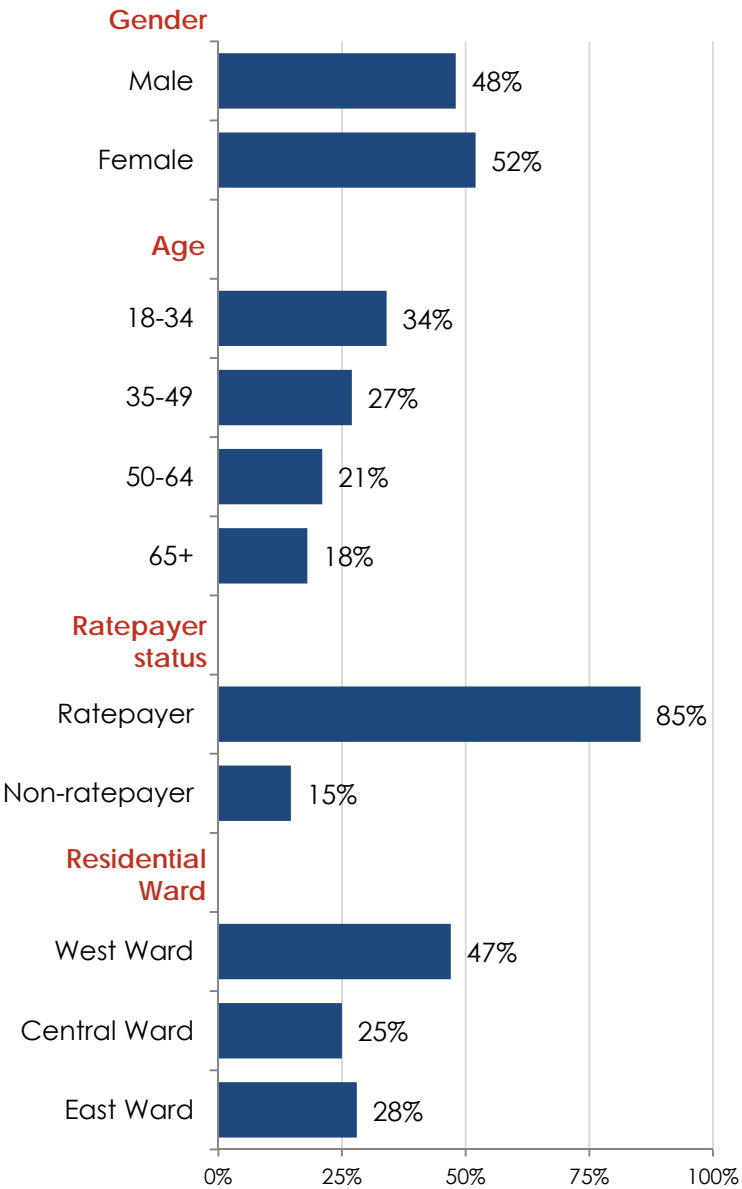


Sample Profile



The sample was weighted by age, gender, and location to reflect the 2011 ABS community profile of the City of Ryde

Sample Profile



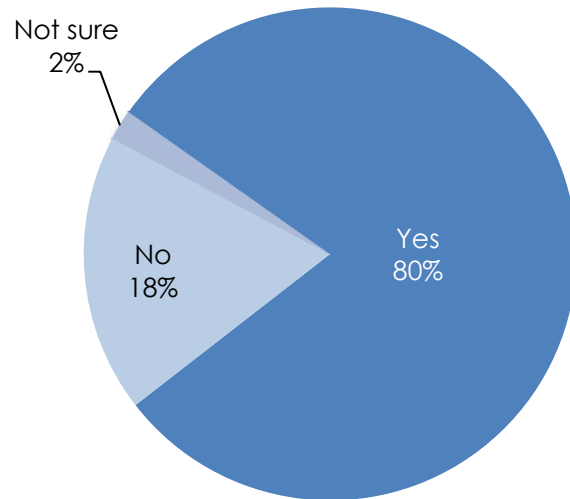
Base: N=401

Detailed Findings – Awareness of Potential Amalgamation



Awareness of Potential Amalgamation

Q1a. (Recruitment survey) Prior to this call were you aware of the potential amalgamation of Ryde/Lane Cove/Hunters Hill Councils with other councils?



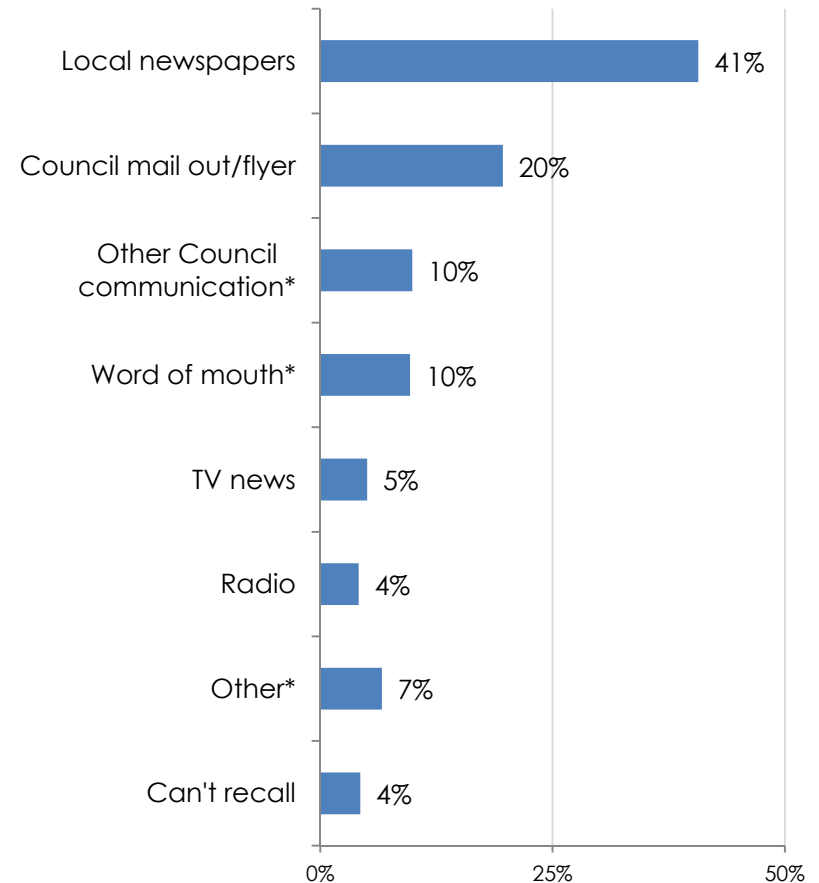
Ratepayers (83%) and those aged 65+ (90%) were significantly more aware



Those aged 18-34 (65%) and non-ratepayers (59%) were significantly less aware

Base: N=401

Q1b. (Recruitment survey) Where did you first hear about the proposal to potentially amalgamate City of Ryde/Lane Cove/Hunters Hill Councils with other councils?



Base: N=320

See Appendix for specified 'Word of mouth', 'Other Council communication', and 'Other' responses

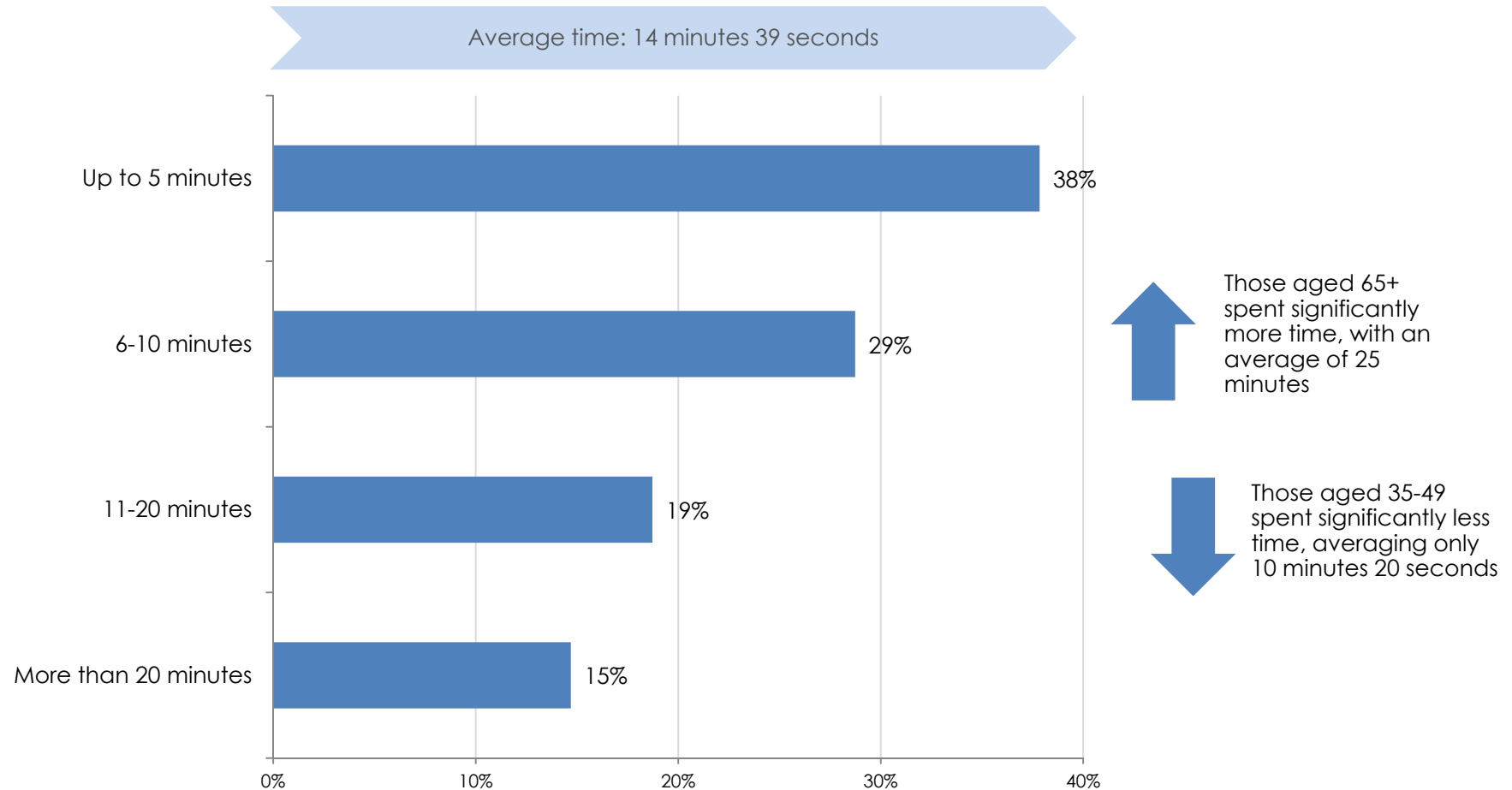
80% of City of Ryde residents were aware of the potential amalgamation, a strong result that is significantly higher than the Micromex FTFB Benchmark where awareness was averaged at 59%.

Local newspapers were a stand-out source of information for residents at 41%



Time Spent Reading the Information Pack

Q1. In total, how long would you have spent reading or looking through the information pack?



Base: N=401



Residents spent an average of almost 15 minutes reading/looking through the information pack.

Those aged 65+ spent significantly more time perusing the pack (25 minutes), whilst those aged 35-49 settled for a briefer time (10 minutes 20 seconds)

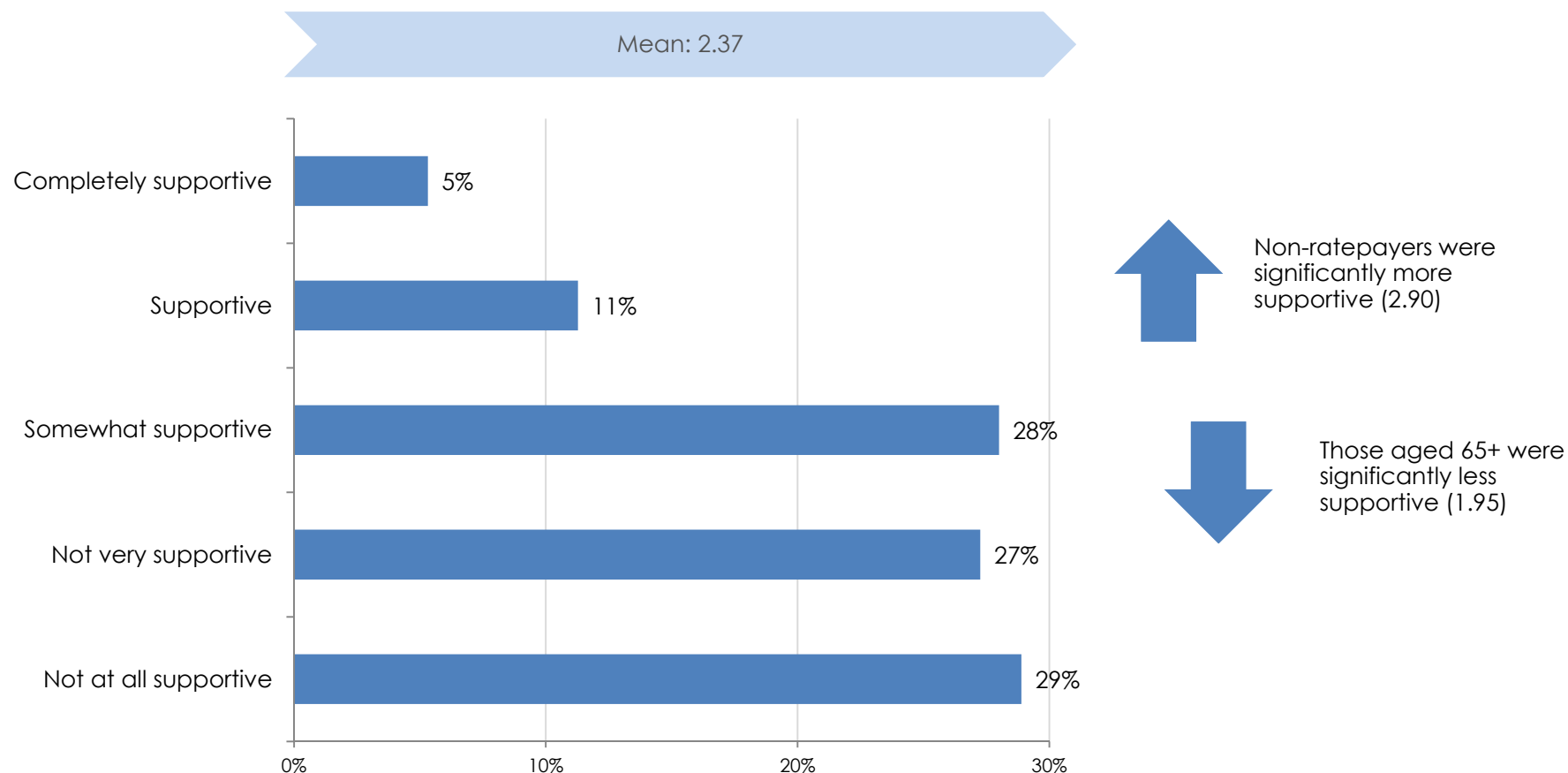
Detailed Findings – Attitudes to Merger Options



Support for City of Ryde Merging with Other Councils

No Specific Amalgamation Options Were Outlined at This Stage

Q2. (Recruitment survey) How supportive are you of City of Ryde amalgamating with one or more councils?



Base: N=401

There was very little support at this stage for a proposed amalgamation with unspecified generic councils, with 56% stating they were 'not very supportive' to 'not at all supportive'.

Those aged 65+ were less supportive, with a significant 53% stating they are 'not at all supportive'

Concept Statement

Residents were read this statement before being asked the relevant questions

We are asking for your feedback in relation to the three options available to Council. There is a summary at the back of the brochure of these options, which are:

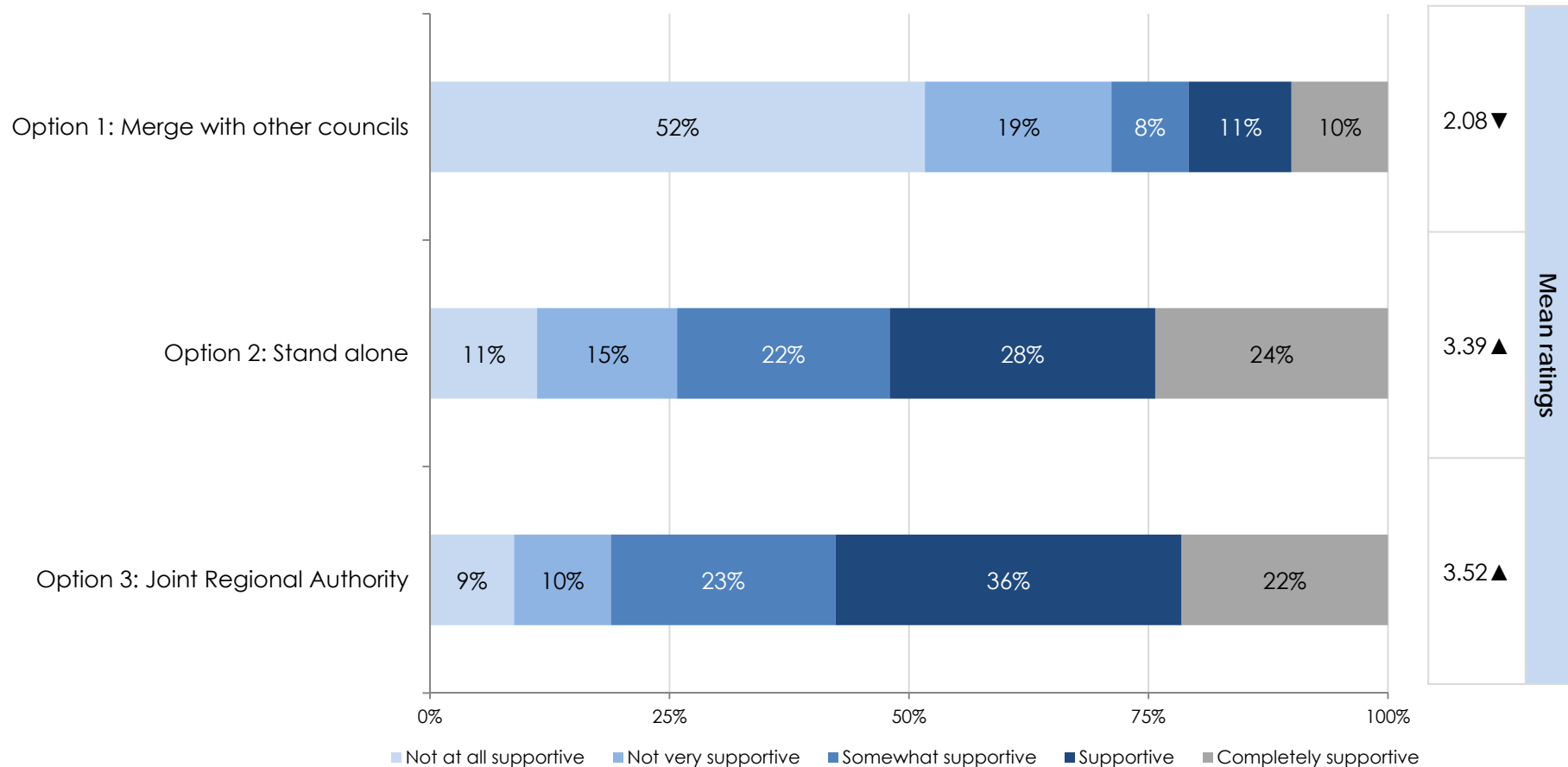
1. Agree to the State Government proposal to split Ryde and merge it into two new mega councils, with the eastern two thirds of Ryde to merge with Willoughby, Lane Cove, Hunters Hill, North Sydney, and Mosman Councils, and the remaining third of the City to merged with Parramatta, Holroyd, and Auburn
2. Reject merger proposal and stay as individual councils
3. Provide a superior alternative which would see Ryde, Hunters Hill, and Lane Cove stay as individual councils and become part of a joint regional body that could plan and deliver services on a regional basis where appropriate

You will now be asked about each of these options and your level of support for the proposals.



Summary of Support for Proposed Options

Q3a. How supportive are you of City of Ryde being merged into a new Mega Council?
 Q3b. How supportive are you of City of Ryde standing alone?
 Q3c. How supportive are you of City of Ryde's alternate option, a Joint Regional Authority?




Scale: 1 = not at all supportive, 5 = completely supportive

▲ ▼ = A significantly higher/lower level of support (by option)

Base: N=401

There was minimal support for the State Government's recommendation of merging of councils to form a new 'Mega Council', with 52% stating they were 'not at all supportive'.

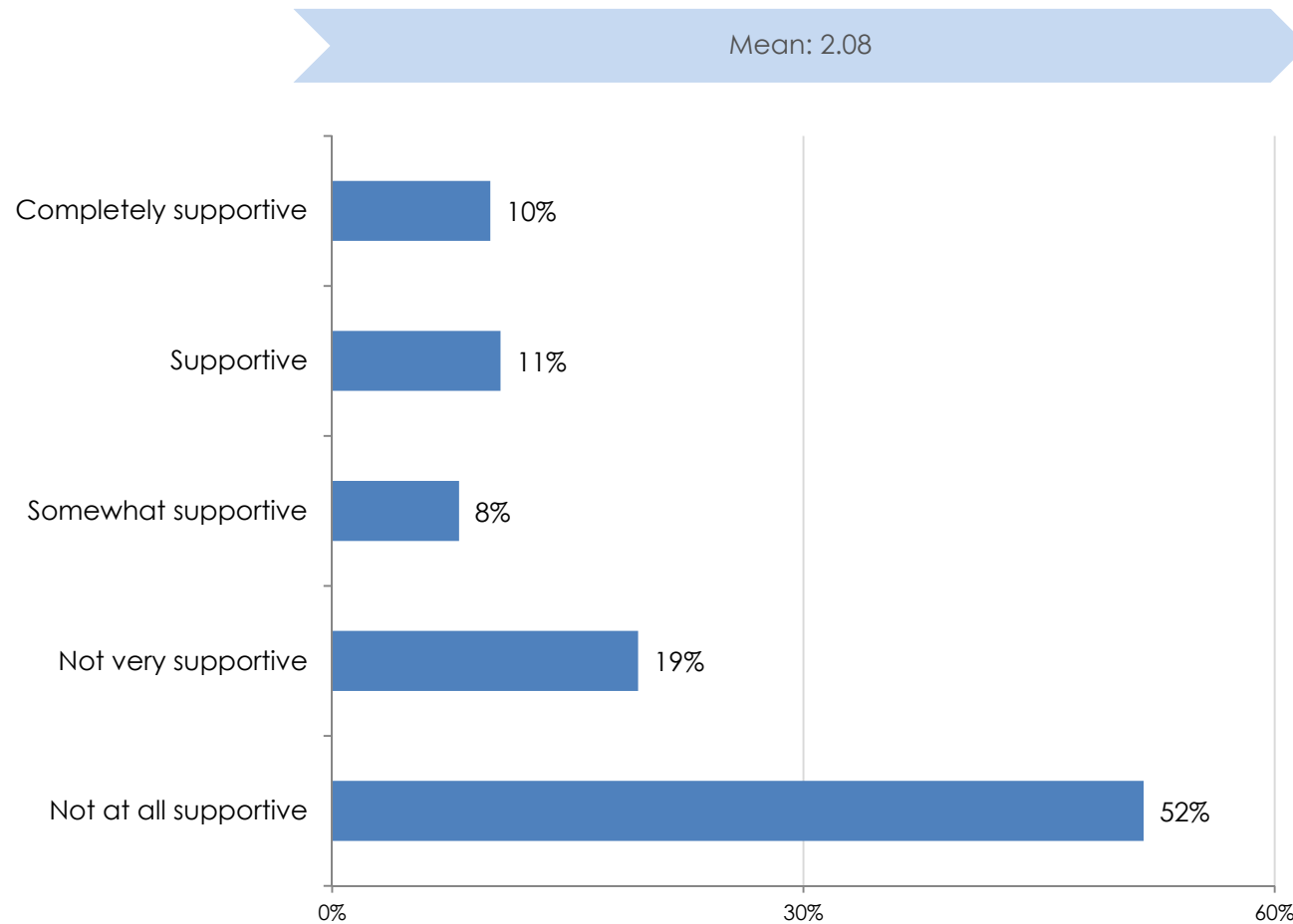
Options 2 & 3 garnered similar support levels, however, the highest support was assigned to Ryde's alternate option, the Joint Regional Authority, with 81% expressing support for this option


This option regarding City of Ryde being merged into a new Mega Council was not supported by Ryde residents, with only 29% indicating any level of support – this is significantly lower than the Micromex FFTF Benchmark of 34%

Support for the State Government's Proposed Merger

Option 1: Split Ryde and merge it into two new mega councils, with the eastern two thirds of Ryde to merge with Willoughby, Lane Cove, Hunters Hill, North Sydney, and Mosman Councils, and the remaining third of the City to merged with Parramatta, Holroyd, and Auburn

Q3a. How supportive are you of City of Ryde being merged into a new Mega Council?



Base: N=401

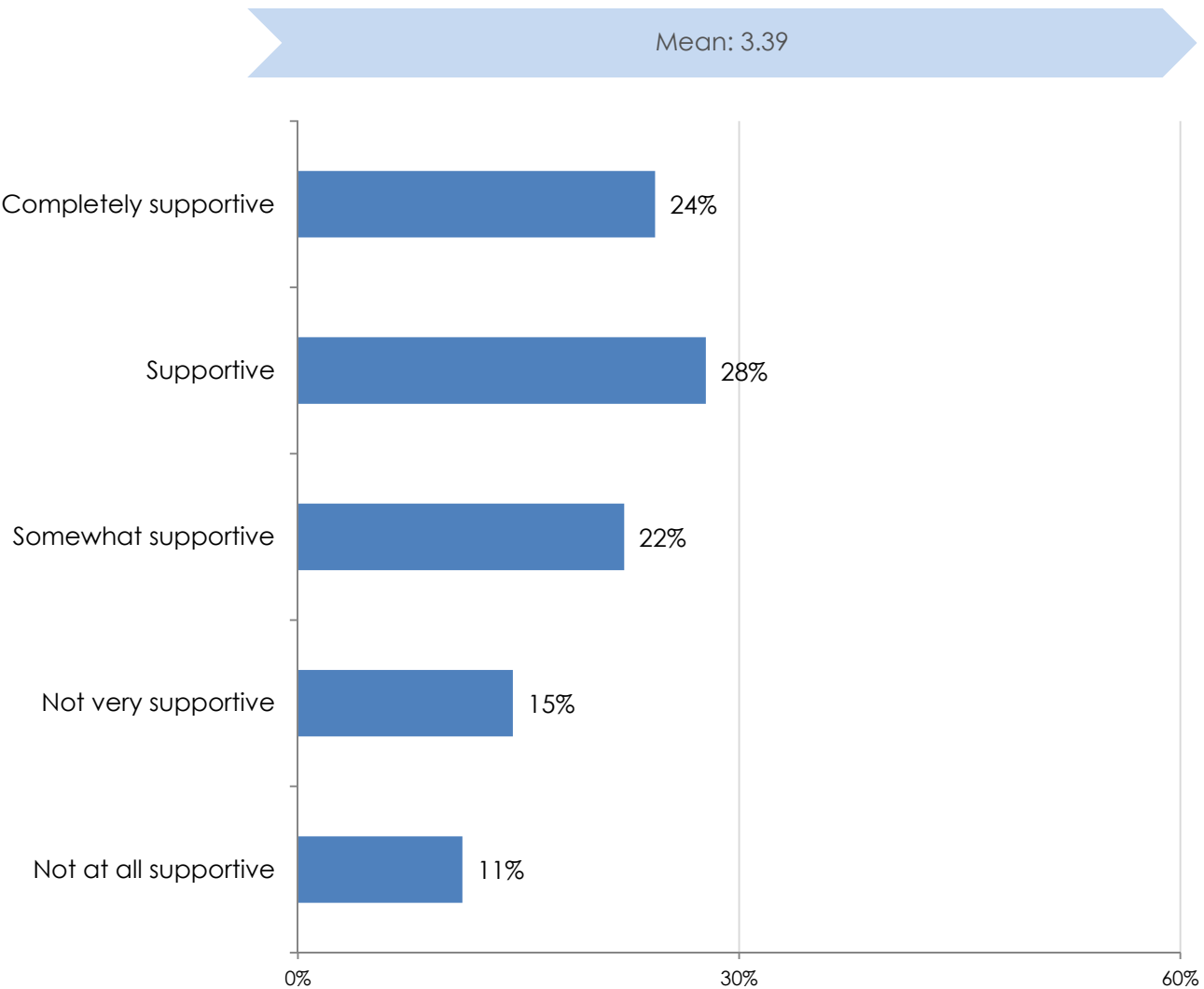
Scale: 1 = not at all supportive, 5 = completely supportive

There was considerably more support from residents for this option, with 74% giving a positive response

Support for City of Ryde Standing Alone

Option 2: City of Ryde to Reject any Merger Proposal

Q3b. How supportive are you of City of Ryde standing alone?



Base: N=401

Scale: 1 = not at all supportive, 5 = completely supportive

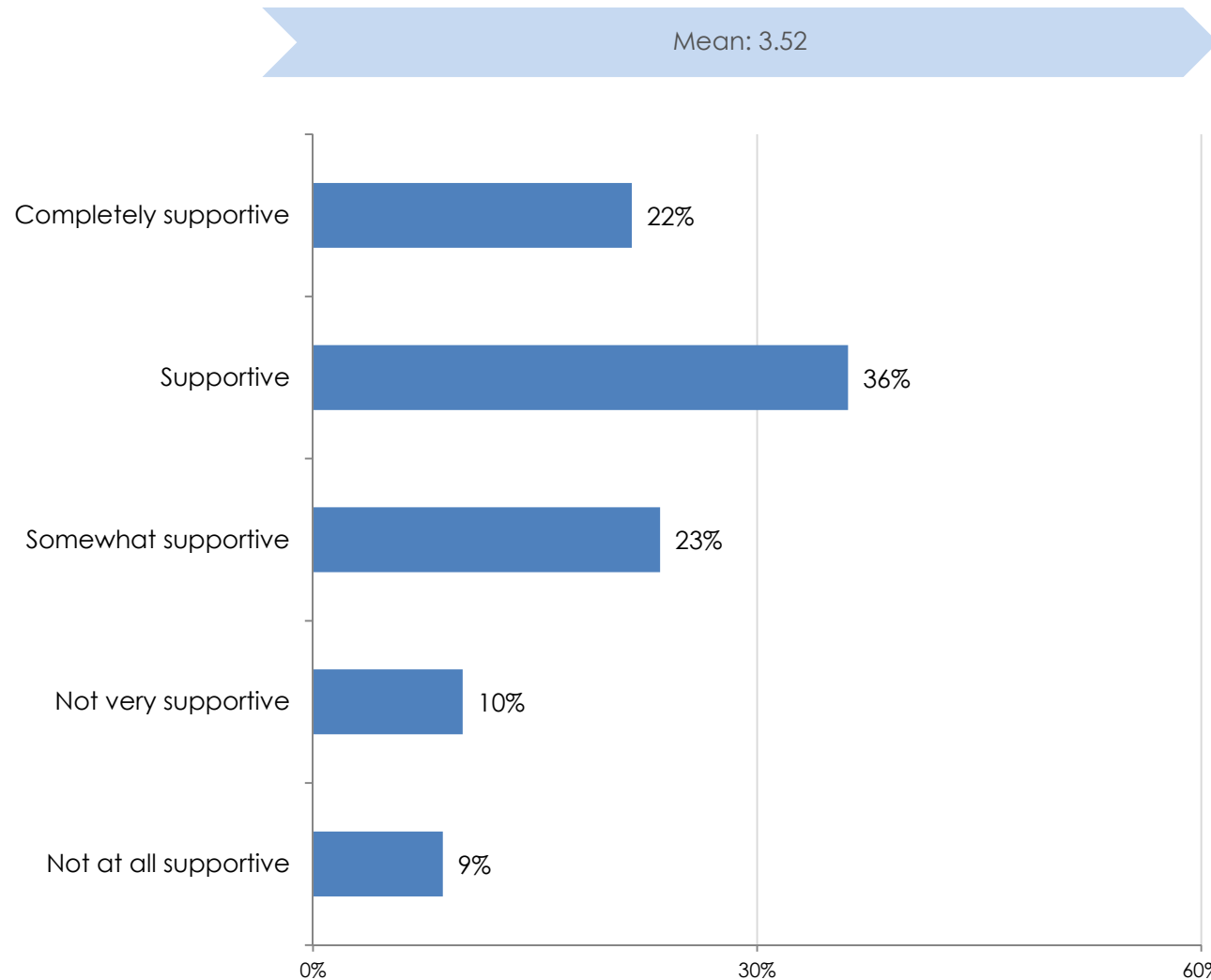


This option struck a chord with Ryde's residents, realising the highest level of support with 81% stating they were at least 'somewhat supportive'

Support for a Joint Regional Authority

Option 3: City of Ryde to Remain Alone and Collaborate with Lane Cove and Hunters Hill in a Joint Regional Authority

Q3c. How supportive are you of City of Ryde's alternate option, a Joint Regional Authority?



Base: N=401

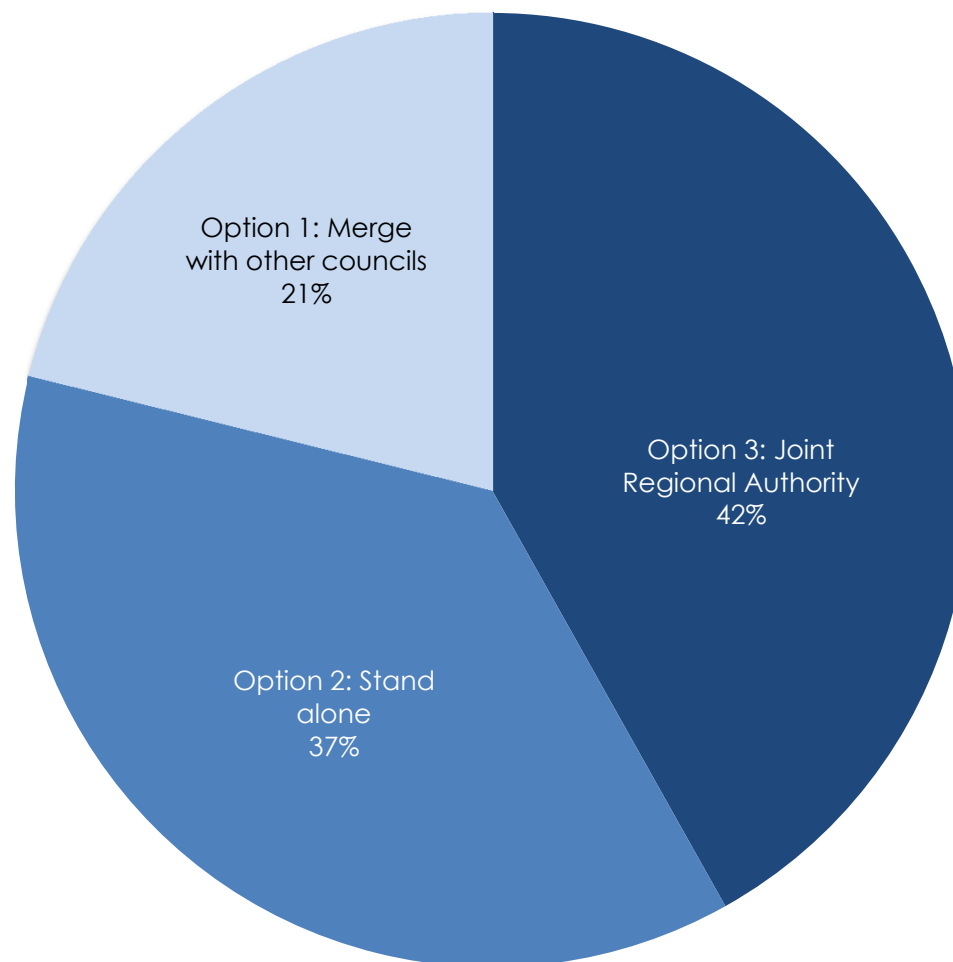
Scale: 1 = not at all supportive, 5 = completely supportive

Detailed Findings – Preference Rankings



Preferred Option – FIRST Choice

Q4a. Which of the three options is your most preferred option?

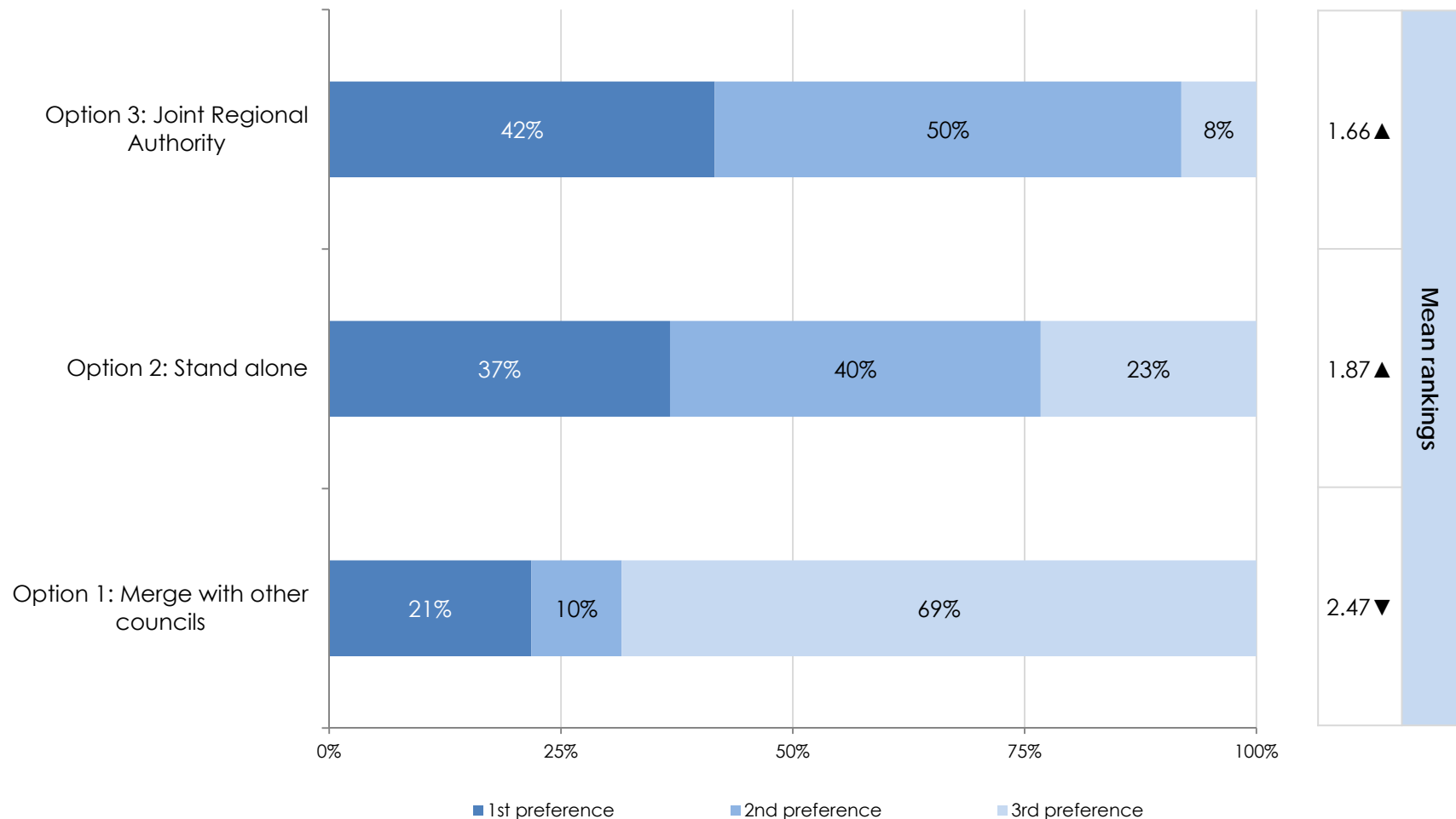


This result reflects the support assigned to each of the options, with the 'Joint Regional Authority' being the most preferred option, followed closely by 'stand alone', whilst 'merge with other councils' was ranked the least preferred

Base: N=401

Preferred Option – All Rankings

Q4a. Which of the three options is your most preferred option?



Base: N=401

▲ ▼ = significantly higher/lower preference (by option)

Scale: 1 = 1st preference, 3 = 3rd preference



The ranking averages again show residents' preference for Council's alternate option of a 'Joint Regional Authority', followed by the option to 'stand alone'. The option to 'merge with other councils' was the least preferred, with its result being significantly lower than either of the other options




38% of those who preferred this option gave their reason as the ability to use the other Councils' resources, 34% want to retain their independence and 31% believe it to be the best compromise of the 3 options

Reasons for Preferred Option: Top Response

Option 3: City of Ryde to Remain Alone and Collaborate with Lane Cove and Hunters Hill on Regional Provision

42% of 1 st Preference (N=167)	%
Opportunity to utilise other Councils' resources would benefit the area	16%
Wish to retain Ryde's independence/local services/community representation	14%
Represents a practical compromise between merging and standing alone	13%
Collaborating would ensure financial efficiency/avoid costs of merging	6%
Most viable option to avoid a forced amalgamation	5%
Proposed merged council areas are too large to enable effective management	5%
Economies of scale would ensure efficiency/reduce duplication of services	4%
Current good performance of Council makes any amalgamation unattractive/would assist other Councils' management	3%
Most widely acceptable of the available options for local communities	3%
Proposed Councils to work alongside would be compatible with Ryde/effective partners	3%
Would lead to a reduction in current Council inefficiency/increase integrity	3%
Without access to further information, brochure recommends this outcome	3%
Recommended merger would be ineffective/other councils are not compatible with Ryde	2%
Joint Regional Authority would be a more powerful/transparent/communicative body	1%
Represents a necessary reduction in government/bureaucracy	1%
Effective continuation of existing links between these specific Councils	1%
Benefits of merging have not been effectively communicated	<1%
Current experience of an area divided between these specific Councils has been positive	<1%
Joint Regional Authority would be more effective in preserving local environment	<1%
Opposed to amalgamation on principle	<1%
No specific reason	<1%

Base: Overall N=401



71% of residents who selected Option 2 as their 1st preference gave their reason for doing so as Council's good performance

Reasons for Preferred Option: 2nd Response

Option 2: City of Ryde to Reject any Merger Proposal

37% of 1 st Preference (N=147)	%
Current good performance of Council makes any amalgamation unattractive	26%
Benefits of merging have not been successfully communicated	8%
Smaller councils are better able to provide local services to their communities	8%
Larger council would be less accountable/transparent/more bureaucratic	5%
Merging would compromise uniqueness/local identity of Ryde	5%
Proposed merged council areas are too large to enable effective management	4%
Standing alone is more financially sustainable for Ryde	3%
Local councils are able to focus on local issues/problems	2%
Do not want to see Ryde split	2%
Proposed Council areas are not compatible	2%
Ryde Council area is big enough to stand alone	2%
Previous negative experience of amalgamation	1%
Ryde currently struggles with meeting community expectations - issues would be completely lost in a larger council	1%
Poor opinion of proposed Councils for merging makes standing alone preferable	1%
Wish to see Ryde stand alone	<1%
A merger would result in a rate increase	<1%
Politics need to stay out of Council	<1%
Proposed Council areas are not up to Ryde's current standards	<1%
Ryde is self-sustainable and in time will grow to meet the requirements needed to stand alone	<1%
Ryde to stand alone, but realise it may be inevitable to amalgamate	<1%
Ryde would be lost in a merger	<1%
Value of housing property will deplete if merged	<1%

Base: Overall N=401



44% of those who selected Option 1 as their preferred option felt the merger would generate cost efficiencies, and 34% that there would be improved efficiency

Reasons for Preferred Option: 3rd Response

Option 1: Split Ryde and merge it into two new mega councils, with the eastern two thirds of Ryde to merge with Willoughby, Lane Cove, Hunters Hill, North Sydney, and Mosman Councils, and the remaining third of the City to merged with Parramatta, Holroyd, and Auburn

21% of 1 st Preference (N=87)	%
Amalgamation would generate cost efficiencies	9%
A larger council area would allow for improved efficiency/service provision	7%
Government is currently excessively large/bureaucratic/level of representation is unnecessary	5%
Current poor opinion of Council makes amalgamation attractive	4%
Merged council would be more accountable/greater interest in regional issues	2%
Dissatisfied with current Council	1%
Believe amalgamation is inevitable and necessary	1%
Increased council area would be a more viable outcome	1%
Supportive of amalgamation but would like further information about merger	1%
Previous positive experience of council amalgamation	1%
Wish to improve poor management/effectiveness of local government in general	<1%
Believe this is the best option for the community	<1%
Dissatisfied with Local Government	<1%
Ryde is a similar area to that of the proposed Councils	<1%
Would like to merge, but have Ryde maintained as one	<1%
Would like to see a reduction of Councillor representation	<1%

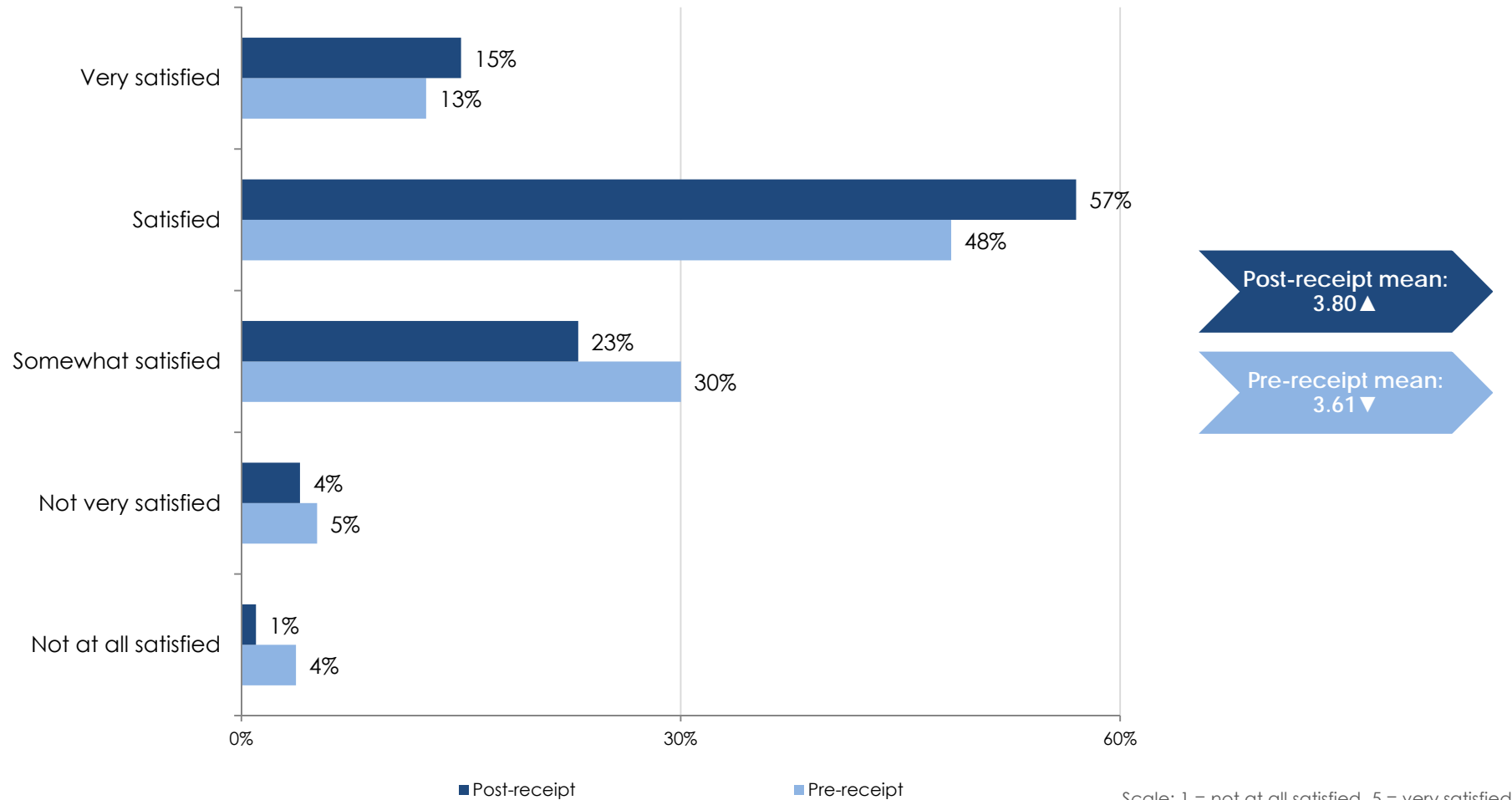
Base: Overall N=401

Detailed Findings – Satisfaction



Overall Satisfaction with the Performance of Council

Q3/2. (Recruitment & Recall) In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?



Base: N=401

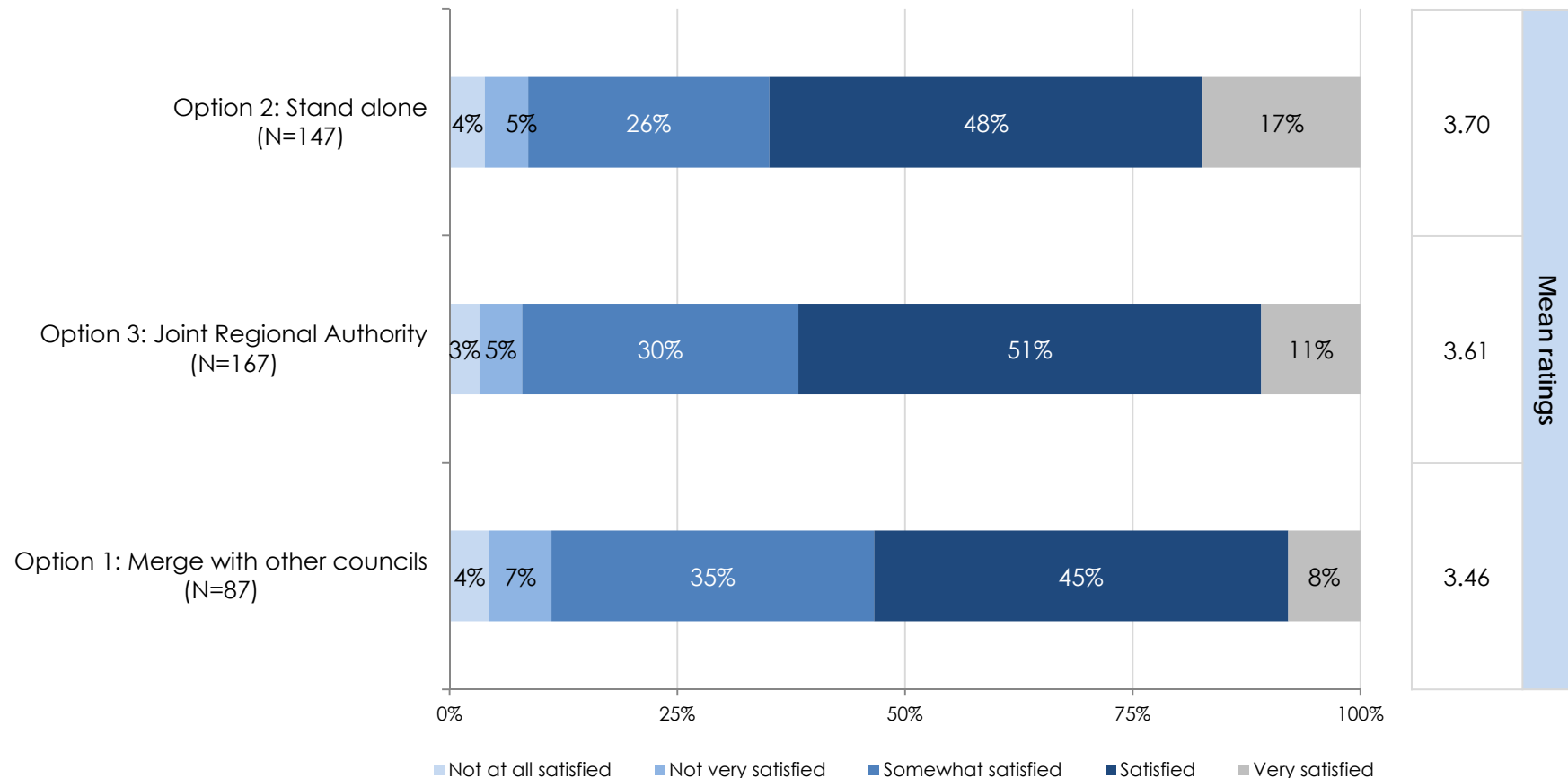
There was a significant shift in residents' overall satisfaction with Council after receiving the information pack. Prior to receipt of the pack, residents indicated that 61% were 'satisfied' to 'very satisfied' with Council's overall performance, whereas after delivery of the pack, this figure escalated to 72%

Overall Satisfaction by Preferred Amalgamation Option

Satisfaction Reported Prior to Receipt of the Information Pack

Q2. In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?

Q4a. Which of the three options is your most preferred option?



Scale: 1 = not at all satisfied, 5 = very satisfied

There is a distinct relationship between selecting the preference to 'stand alone' and giving a higher satisfaction rating for Council's overall performance.

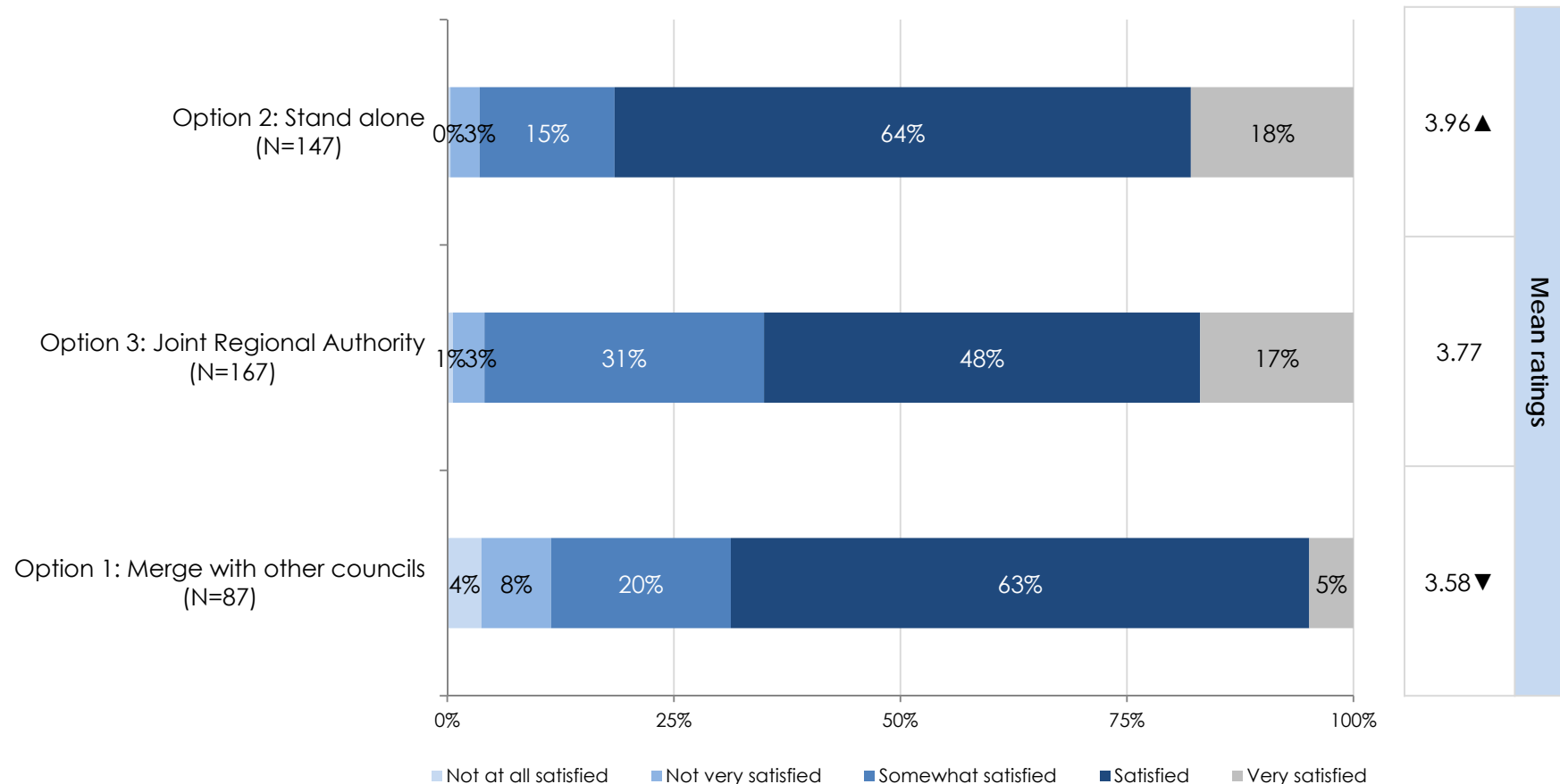
Similarly, those who indicated lower satisfaction with Council's overall performance were more likely to prefer to 'merge with other councils'

Overall Satisfaction by Preferred Amalgamation Option

Satisfaction Reported After Receipt of the Information Pack

Q3. In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?

Q4a. Which of the three options is your most preferred option?



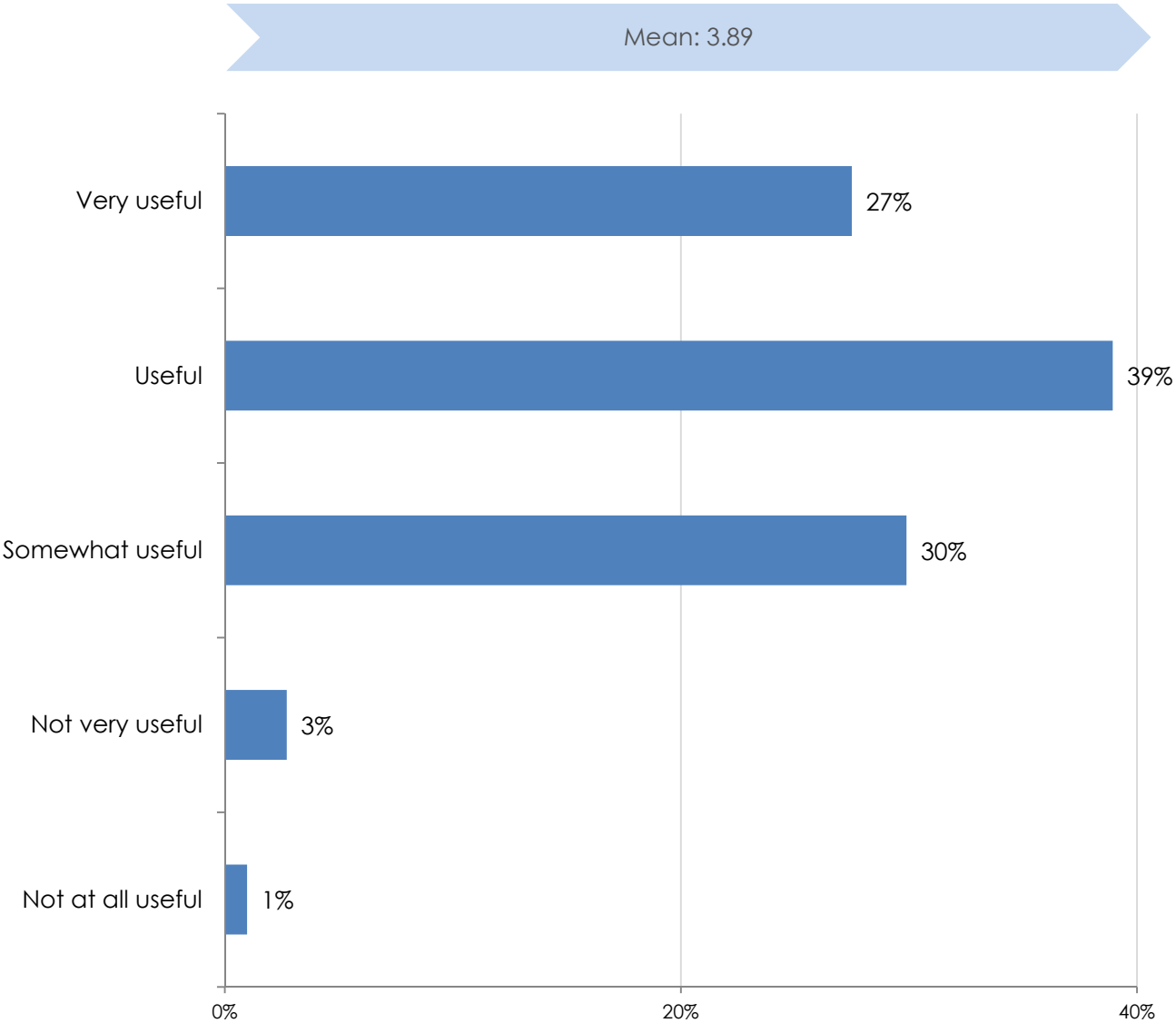
▲ ▼ = significantly higher/lower level of satisfaction (by option)
Scale: 1 = not at all satisfied, 5 = very satisfied

Whilst the relativity of the selection of each option remained similar to the results for satisfaction rated prior to receipt of the pack, after they received the pack residents' satisfaction levels increased

Ryde residents found the 'Fit for the Future' brochure useful, with only 4% not finding it useful

Usefulness of Council 'Fit for the Future' Brochure

Q5. Overall, how useful did you find Ryde Council's brochure in explaining the Fit for the Future program and the options that Council is considering?



Base: N=401

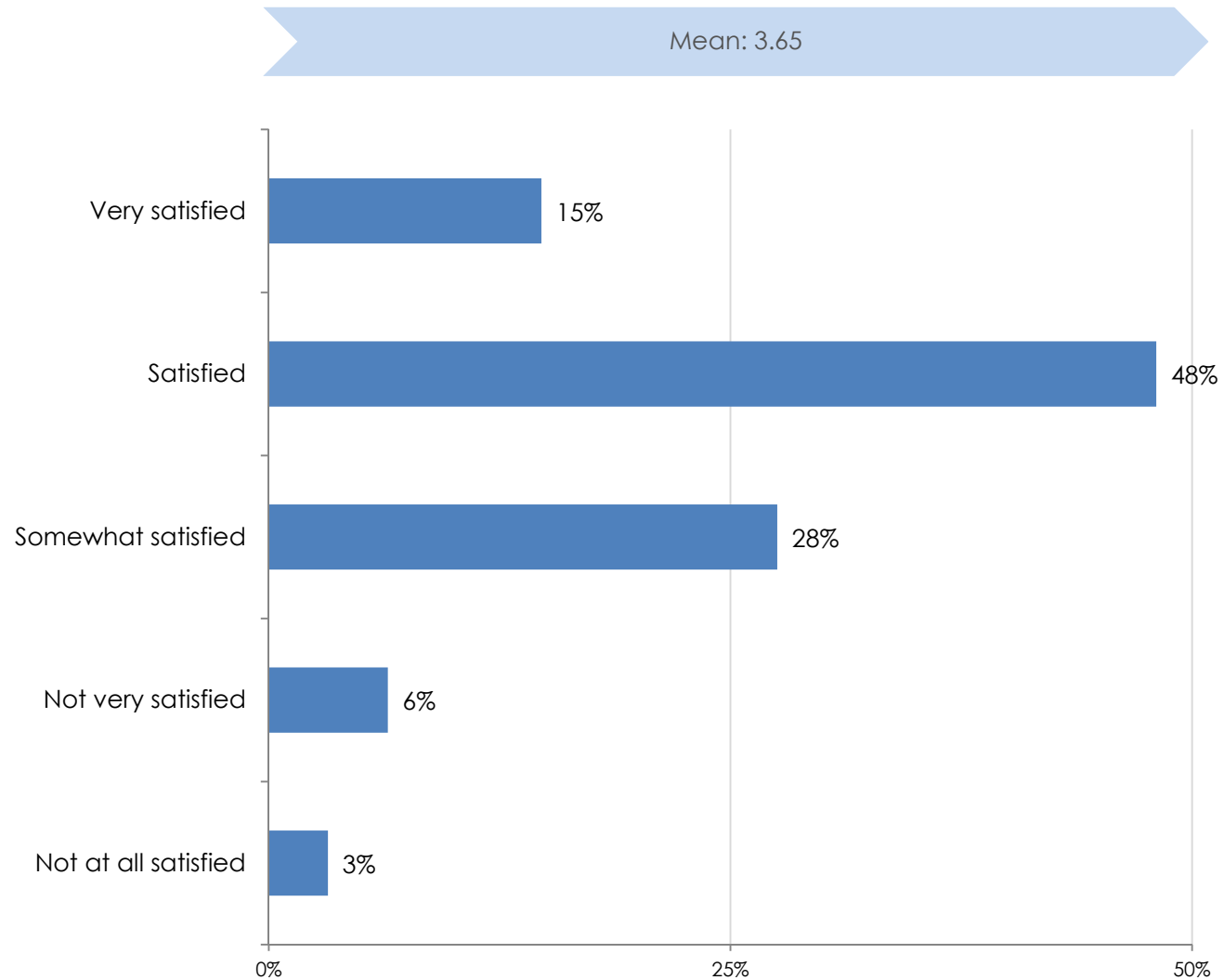
Scale: 1 = not at all useful, 5 = very useful



Residents articulated they are satisfied with the way Council is dealing with the State Government's FFTF project, with only 9% indicating any dissatisfaction

Satisfaction with Council's Response to 'Fit for the Future'

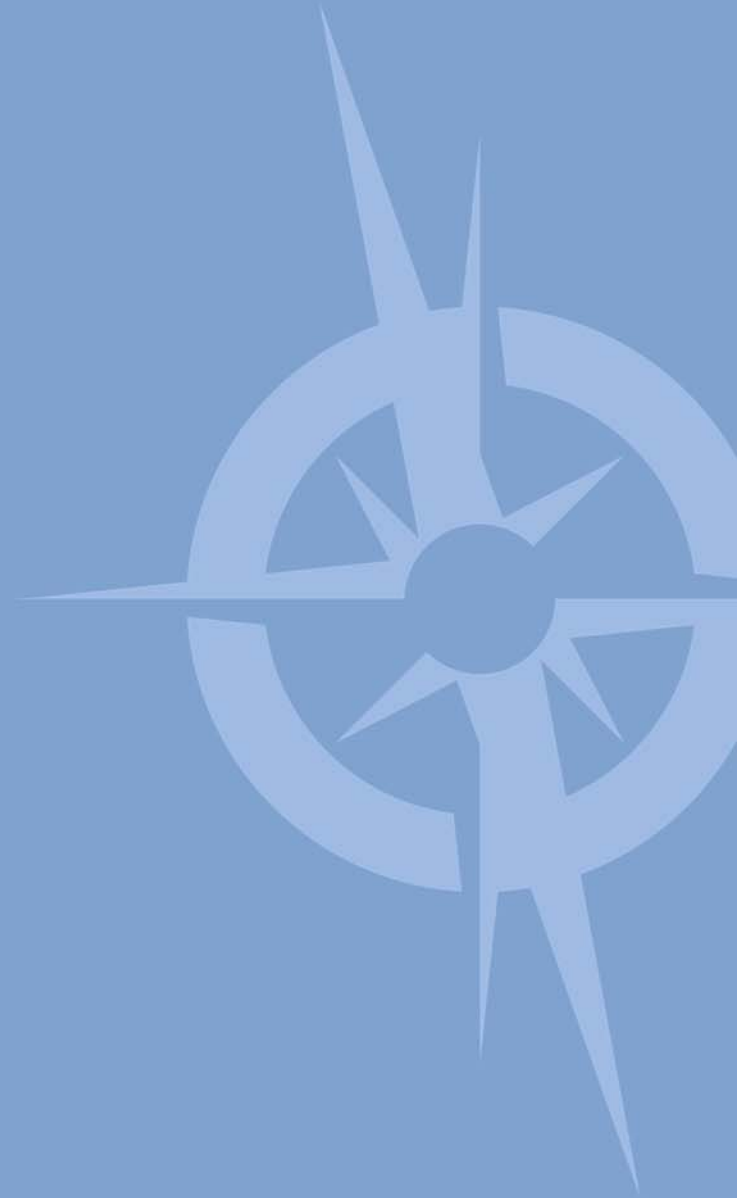
Q6. And overall, how satisfied are you with the performance of Ryde Council in dealing with the NSW Government's Fit for the Future project and the associated issue of possible amalgamations?



Base: N=401

Scale: 1 = not at all satisfied, 5 = very satisfied

Conclusion & Key Outtakes



Conclusion

Awareness of the Amalgamation Potential

- A high 80% of residents claimed awareness of the potential amalgamation, a strong result and significantly higher than the Micromex Fit for the Future Benchmark of 59%
- Ratepayers and those aged 65+ were significantly more aware of local government amalgamations, whilst those aged 18-34 and non-ratepayers were significantly less cognisant
- 'Local newspapers' was attributed as the highest medium through which residents became aware

Preference Rankings

- 42% selected Council's alternate option of a Joint Regional Authority as their first preference, with a further 50% selecting it as their second preference. The reasons for selecting this option were varied, with using other councils' resources, retaining Ryde's independence, and being a practical compromise of the 3 options
- 37% indicated a preference for Council to stand alone, with a further 40% opting to select it as their second preference. Residents' main reason for selecting this option was they believe Council's current good performance warranted their standing alone
- Only 21% preferred to 'merge with other councils', supported by a further 10% selecting it as their second preference. Reasons for supporting this option were headed by generating cost efficiencies and a larger council allowing for improved efficiency/service provision



Conclusion

Satisfaction: Council's Performance and Response to 'Fit for the Future'

- After receiving the information pack, satisfaction with Council's overall performance registered a significant improvement, growing from 61% who were 'satisfied' to 'very satisfied' in the recruitment phase to 72% at recontact. This would suggest that residents are appreciative of the fact that Council has reached out to consult with them
- Analysing the results of preferences by satisfaction with Council's performance reveals that those who opted for Council to stand alone were significantly more satisfied with Council than were those who preferred an amalgamation. Prior to receiving the information pack, of those who selected to stand alone, 65% were 'satisfied' to 'very satisfied' with Council's performance, however, for those who indicated a preference to merge with other councils, only 53% gave those same ratings. After receiving the information pack, these figures rose to 82% for stand alone and 68% for amalgamating
- Of great interest is the fact that those who selected the Joint Regional Authority registered similar levels of satisfaction prior to receiving the information pack (62%) and after (65%). This conveys a solid backing for what is ultimately reported as the overall highest preference



Key Outtakes

1. **The Joint Regional Authority attracts the greatest level of support across the Ryde community.** A compromise which will allow Ryde to become part of a more robust local government unit is the most common preferred outcome among residents
2. **Ryde residents were also, though, reasonably amenable to the idea of continuing to stand alone.** The predominant reason for preferring this outcome was the current good performance of Council. If Council were able to show that this positive environment could be maintained under a combined service organisation, then it is likely that these residents would be open to that option
3. **The State Government Review Panel's recommended 'Mega Council' merger is unpopular throughout the City of Ryde.** Approximately one in five residents indicated that this was their preferred outcome, in line with the community rejection of the proposed amalgamation observed across the region



Appendix – Additional Data



Respondent Breakdown by Subcell

<i>All-respondent questions</i>	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer	West Ward	Central Ward	East Ward
Base	401	192	209	136	109	84	72	342	59	189	100	112

<i>Q1b. (Recruitment)</i>	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer	West Ward	Central Ward	East Ward
Base	320	150	170	88	95	72	65	285	35	147	85	88



Respondent Breakdown by Subcell

Q1a. (Recruitment survey) Prior to this call were you aware of the potential amalgamation of Ryde/Lane Cove/Hunters Hill Councils with other councils?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer	West Ward	Central Ward	East Ward
Yes	80%	78%	82%	65%▼	88%	85%	90%▲	83%▲	59%▼	78%	85%	78%
No	18%	21%	15%	33%	11%	13%	8%	14%	41%	20%	13%	20%
Not sure	2%	1%	3%	2%	1%	2%	3%	2%	1%	2%	1%	2%

Q2. (Recruitment survey) How supportive are you of City of Ryde/Lane Cove/Hunters Hill Councils amalgamating with other councils?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer	West Ward	Central Ward	East Ward
Mean ratings	2.37	2.45	2.29	2.53	2.42	2.40	1.95▼	2.28	2.90▲	2.43	2.11	2.50

Scale: 1=not at all supportive, 5=completely supportive

Q3/2. (Recruitment & Recall) In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer	West Ward	Central Ward	East Ward
Mean ratings (post-receipt)	3.61▼	3.56	3.66	3.64	3.54	3.56	3.72	3.59	3.71	3.73	3.54	3.48
Mean ratings (pre-receipt)	3.80▲	3.79	3.81	3.85	3.70	3.76	3.90	3.80	3.80	3.84	3.85	3.69

Scale: 1=not at all satisfied, 5=very satisfied

▲ ▼ = significantly higher/lower than overall



Respondent Breakdown by Subcell

Q1. In total, how long would you have spent reading or looking through the information pack?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer	West Ward	Central Ward	East Ward
Mins.Secs	14.39	14.14	15.02	11.24	10.20▼	16.35	24.59▲	15.10	11.37	15.44	15.27	12.07

Q3a. How supportive are you of City of Ryde being merged into a new Mega Council?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer	West Ward	Central Ward	East Ward
Mean ratings	2.08	2.29	1.88	2.23	2.08	2.15	1.71	1.98	2.69	1.98	2.00	2.31

Q3b. How supportive are you of City of Ryde standing alone?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer	West Ward	Central Ward	East Ward
Mean ratings	3.39	3.27	3.50	3.47	3.28	3.24	3.60	3.43	3.20	3.48	3.48	3.17

Q3c. How supportive are you of City of Ryde's alternate option, a Joint regional Authority?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer	West Ward	Central Ward	East Ward
Mean ratings	3.52	3.46	3.56	3.63	3.60	3.38	3.33	3.56	3.29	3.61	3.33	3.51

Scale: 1=not at all supportive, 5=completely supportive

▲▼ = significantly higher/lower than overall



Respondent Breakdown by Subcell

Q4a. Which of the three options is your most preferred option?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer	West Ward	Central Ward	East Ward
Joint Regional Authority	42%	36%	47%	39%	45%	44%	39%	43%	36%	40%	39%	47%
Stand alone	37%	34%	39%	34%	33%	37%	47%	39%	21%	39%	45%	25%
Merge with other councils	21%	30%	14%	27%	22%	19%	14%	18%	43%	21%	16%	28%

Q5. Overall, how useful did you find Ryde Council's brochure in explaining the Fit for the Future program and the options that Council is considering?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer	West Ward	Central Ward	East Ward
Mean ratings	3.89	3.76	4.02	3.88	3.85	3.80	4.08	3.91	3.80	3.97	3.91	3.75

Q6. And overall, how satisfied are you with the performance of Ryde Council in dealing with the NSW Government's Fit for the Future project and the associated issue of possible amalgamations?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer	West Ward	Central Ward	East Ward
Mean ratings	3.65	3.65	3.65	3.85	3.59	3.49	3.53	3.64	3.71	3.75	3.52	3.59

▲ ▼ = significantly higher/lower than overall





Means of Becoming Aware of Amalgamation Proposal

Q1b. (Recruitment survey) Where did you first hear about the proposal to potentially amalgamate City of Ryde/Lane Cove/Hunters Hill Councils with other councils?

Word of mouth	Count
Friend	10
Council employee	5
Colleague	3
Family member	3
Neighbour	3
Council member	2
Other Council communication	Count
Advertising <i>e.g. banners, bus stops, billboards, posters and signs</i>	23
Council meeting	3
By election material	1
Social media	1
Other	Count
Advertisement <i>e.g. posters, flyers, bus signs</i>	6
Protest and petition signage	4
Social media	2
Council worker	1
Local Historical Society	1
Online article	1
Randwick Council	1
Retirement village news	1
Survey	1
The Australian newspaper	1

Base: N=320



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Attachment J

Micromex

Survey Results - Hunter's Hill.

May 2015

City of Ryde/Lane Cove/ Hunters Hill Councils

Fit for the Future – Executive Summary

Prepared by: Micromex Research
Date: May 2015

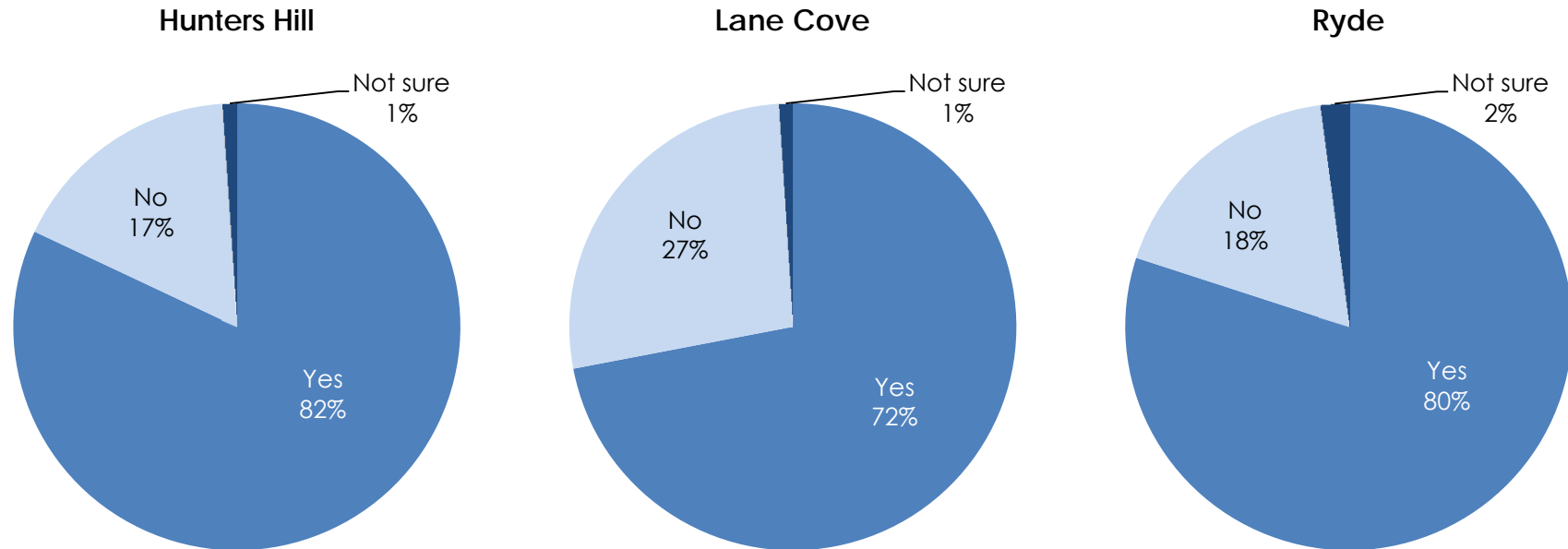


Awareness of Potential Amalgamation



Awareness of Potential Amalgamation

Q1a. (Recruitment survey) Prior to this call were you aware of the potential amalgamation of Ryde/Lane Cove/Hunters Hill Council with other Councils?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401



Awareness of the potential amalgamation was strong across the region, with each Council area registering an awareness level in excess of the Micromex Fit for the Future benchmark of 59%. The highest awareness was reported in Hunters Hill, with 82% of residents having some previous knowledge of the proposals

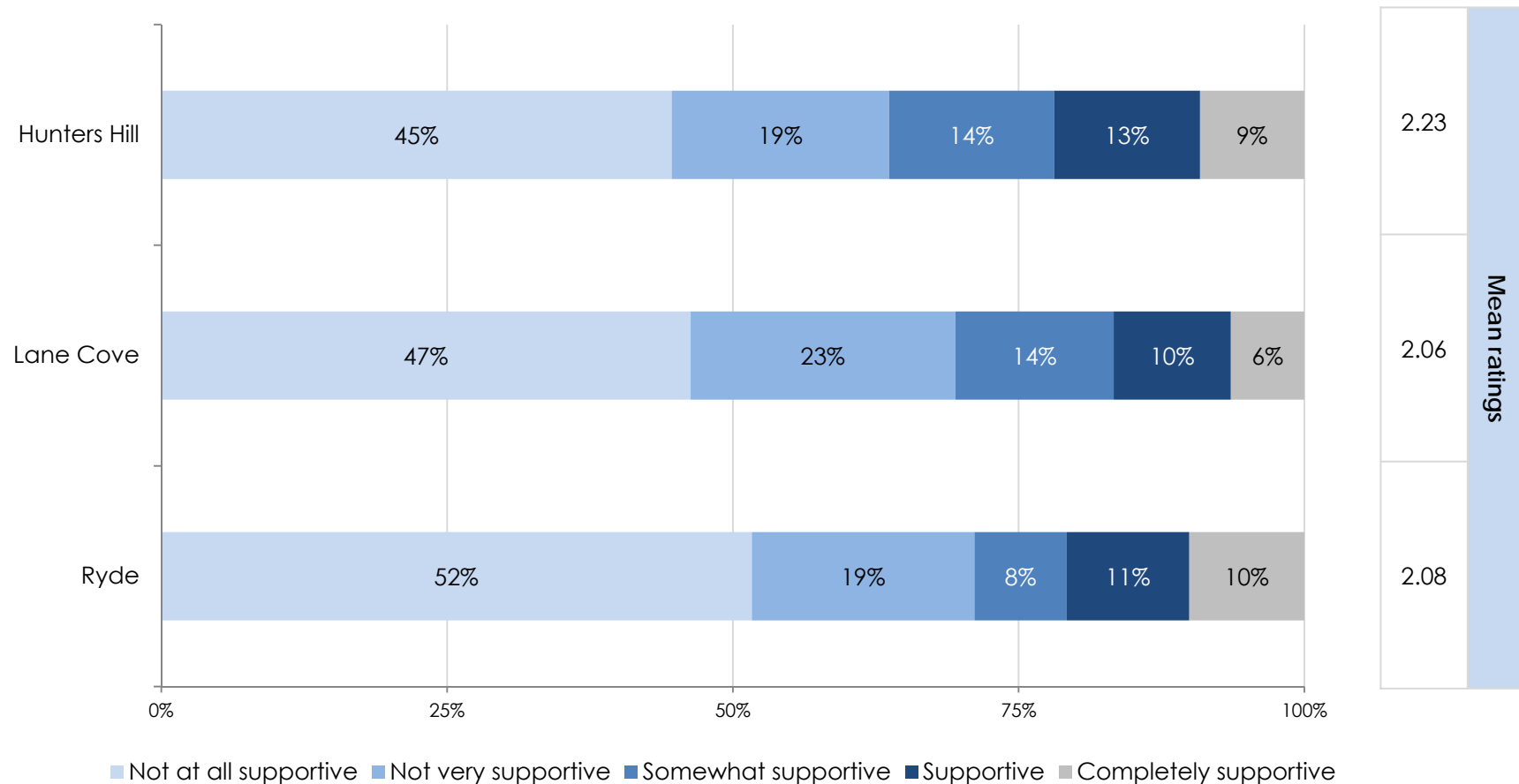
Attitudes to Amalgamation Options



Support for Option 1: the State Government's Proposal

The recommendation of the State Government's panel is to merge Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby, and two thirds of Ryde, Councils, to create a super council with a population of 356,000+

Q3a. How supportive are you of [Council] being merged into a new Mega Council?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

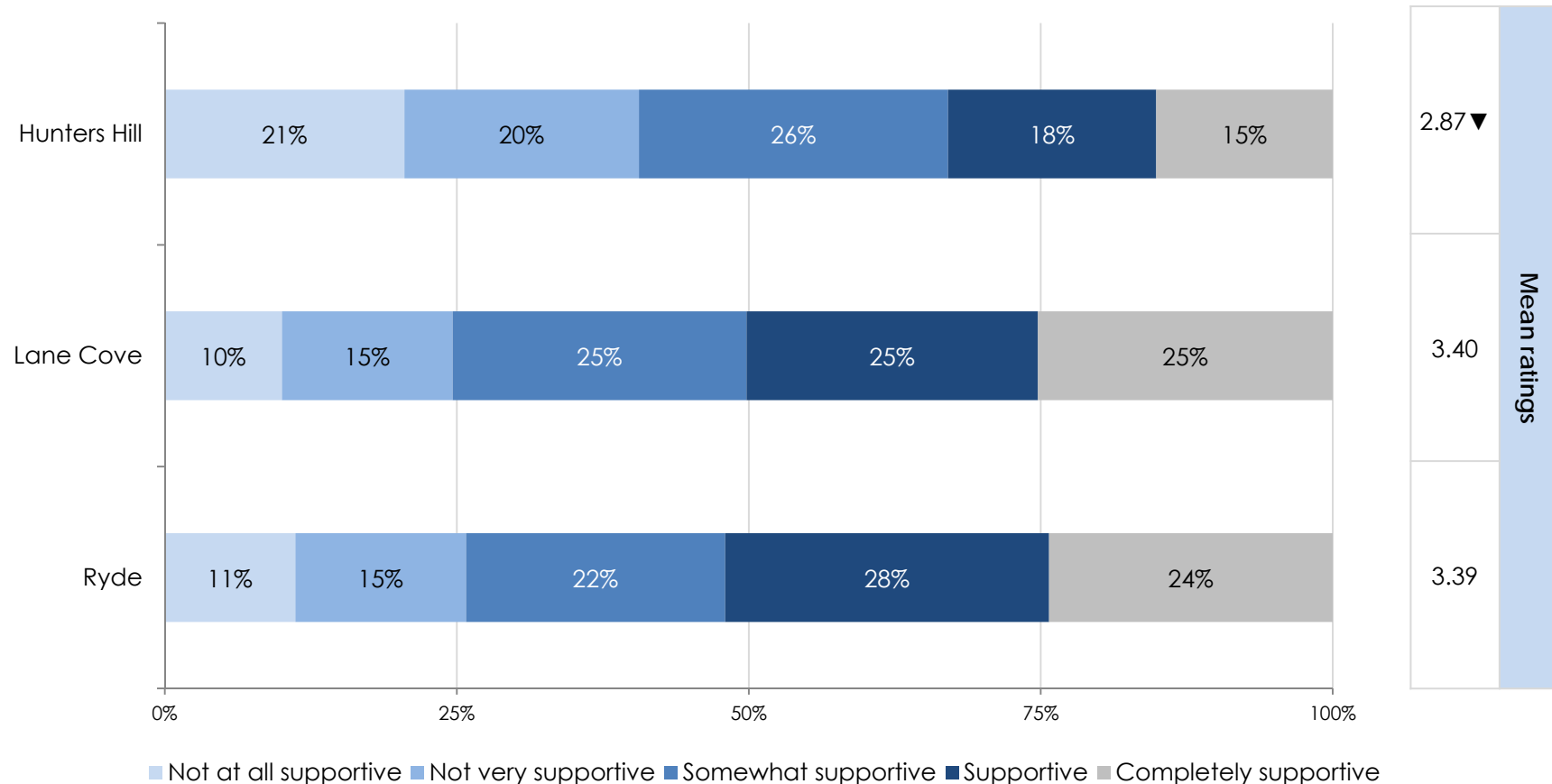


Support for the State Government's recommended option was low throughout the region, with between 29% and 36% of residents indicating any degree of support. Support for this outcome was marginally higher in Hunters Hill than in other Council areas, while remaining minimal

Support for Option 2: Council Standing Alone

Council could reject the merger proposal by standing alone as an individual council and demonstrating that it can continue to deliver effective and efficient services to its community, and that it meets the strategic capacity as set out by the State Government's Fit for the Future criteria

Q3b. How supportive are you of [Council] staying alone?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

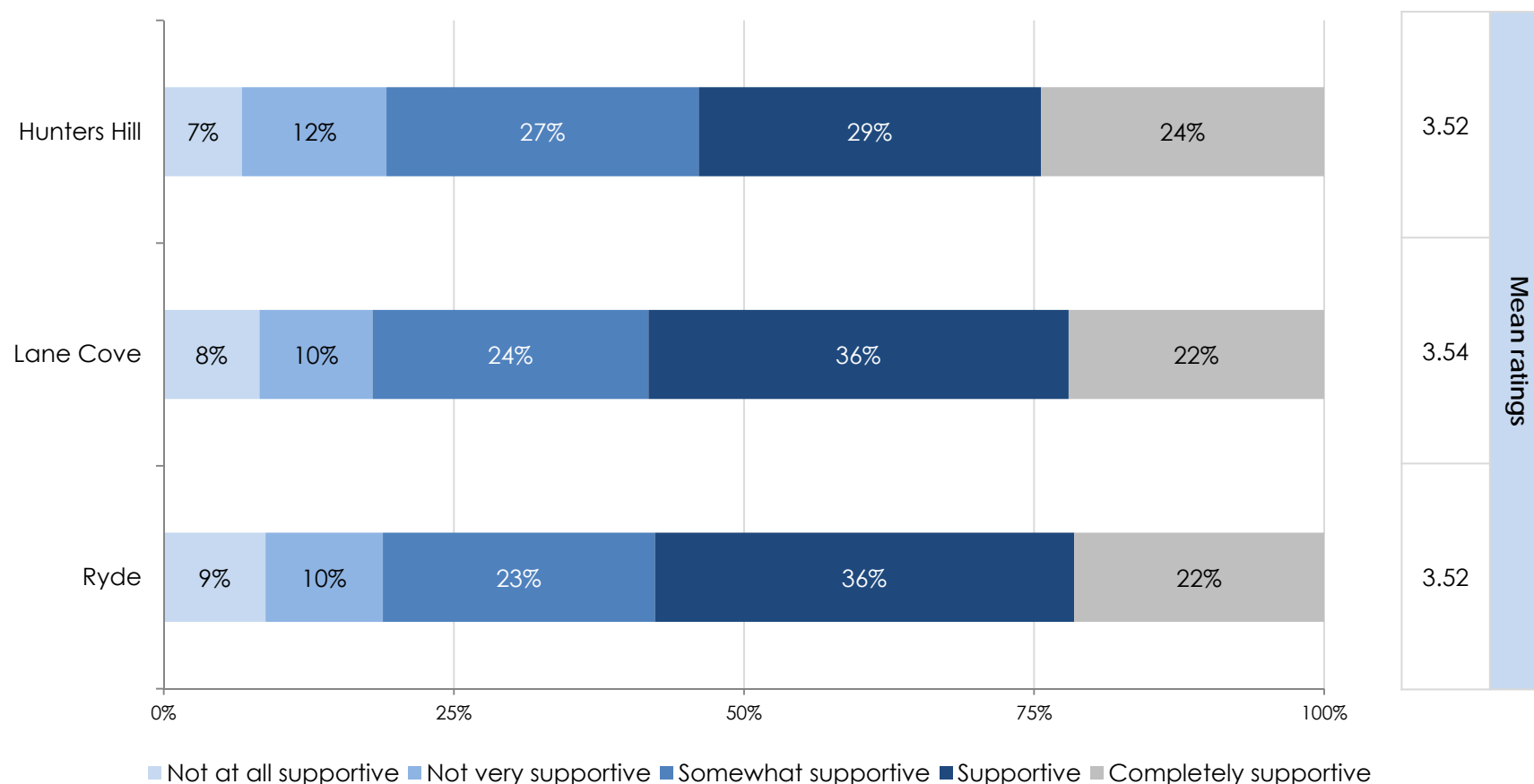
▲ ▼ = A significantly higher/lower level of support (by Council)

Support for Council standing alone was reliably moderate across the whole area, with between 33% and 52% of residents indicating that they were 'supportive' or better of the option, and a majority expressing some level of support in each Council. Hunters Hill residents were, though, significantly less supportive of this outcome than were others

Support for Option 3: A Joint Regional Authority

Ryde, Lane Cove, and Hunters Hill have also investigated a third option that, in addition to standing alone, would involved a joint organisation of individual councils that strategically plans, advocates, and collaborates on shared services on a regional level and across the three council areas, whilst continuing to deliver local services and activities

Q3c. How supportive are you of [Council] standing alone and exploring an alternative option of a Joint Regional Authority?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

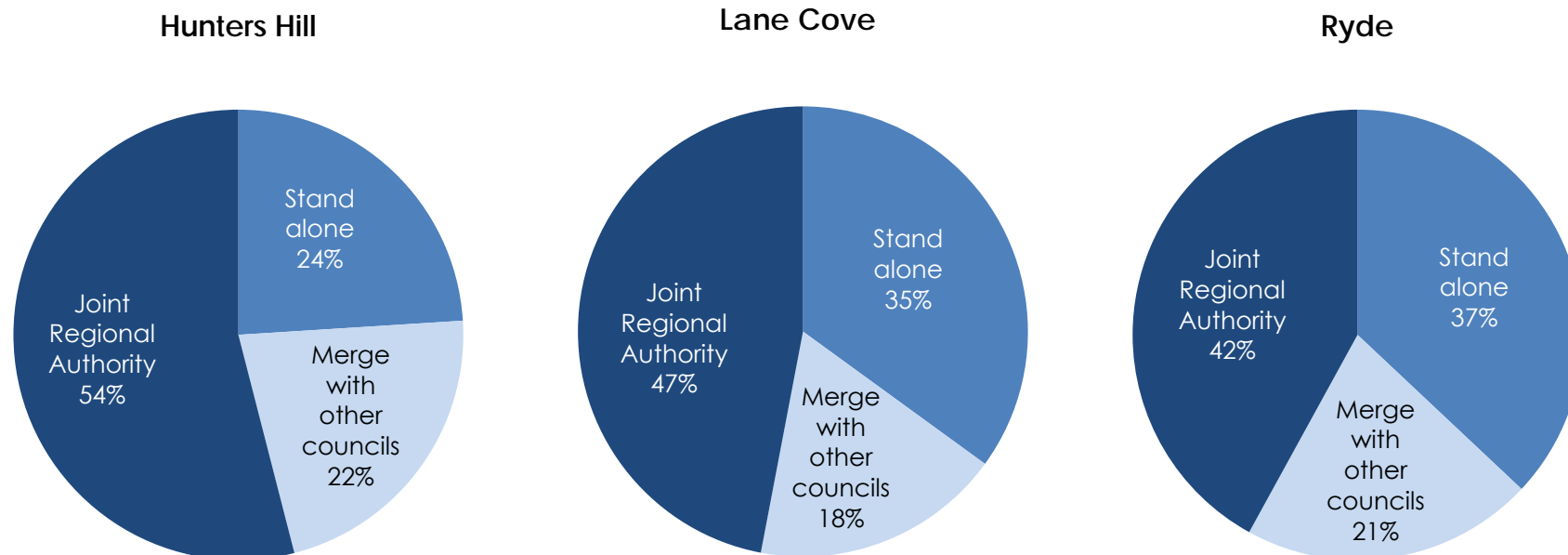
Option 3 – Exploring a Joint Regional Authority received almost identical mean support ratings in all Council areas, and was consistently the outcome receiving the highest level of support. A majority of residents were either ‘supportive’ or ‘completely supportive’ of this option in each Council

Ranking of Preferred Options



Ranking of Preferences – FIRST Preference

Q4a. Which of the three options is your most preferred option?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401



When asked to rank each option in order of preference, the Joint Regional Authority was the most common first preference option in each of the Council areas. Once again, Hunters Hill generated somewhat different responses than the other Councils, with fewer than one in four preferring to stand alone and a majority (54%) preferring the Joint Regional Authority

Ranking of Preferences – All Preference Rankings

Q4a. Which of the three options is your most preferred option?

Hunters Hill				
Preference:	1st	2nd	3rd	Average
Option 1 - Merge with other councils	22%	14%	64%	2.41 ▼
Option 2 - Stand alone	24%	43%	33%	2.09
Option 3 - Stand alone and explore Joint Regional Authority	54%	42%	4%	1.50 ▲

Lane Cove				
Preference:	1st	2nd	3rd	Average
Option 1 - Merge with other councils	18%	13%	69%	2.51 ▼
Option 2 - Stand alone	35%	42%	23%	1.87 ▲
Option 3 - Stand alone and explore Joint Regional Authority	47%	45%	8%	1.61 ▲

Ryde				
Preference:	1st	2nd	3rd	Average
Option 1 - Merge with other councils	21%	10%	69%	2.47 ▼
Option 2 - Stand alone	37%	40%	23%	1.87 ▲
Option 3 - Stand alone and explore Joint Regional Authority	42%	50%	8%	1.66 ▲

Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

▲ ▼ = A significantly higher/lower mean ranking (by option)
Scale: 1 = 1st preference, 3 = 3rd preference



From a community perspective the merge option is the least preferred outcome

Conclusion & Key Outtakes



Conclusion

Awareness of Potential Amalgamation

- There was broad awareness of the Fit for the Future proposals across the region, with over 70% of residents being aware of the potential mergers in each Council area
- Penetration of Fit for the Future information was more successful than elsewhere in NSW, with each of the surveyed Council areas' outcomes exceeding the Micromex Fit for the Future benchmark of 59%

Attitudes to Amalgamation Options

- 'Option 1 – Merging with other councils', the State Government's recommendation, was broadly rejected across the region. Fewer than one in four residents of each Council area indicated that they were 'supportive' or better of this option, and a majority expressed a lack of support in each case. The marginally greater backing of this outcome from Hunters Hill residents is likely explained by that area's extremely small size, which may make its residents more amenable to a Council amalgamation
- Standing alone received a more ambivalent response. The Lane Cove and Ryde council areas generated very similar levels of support, with half or so of those areas' residents indicating that they were 'supportive' or better. Hunters Hill residents, however, were significantly less supportive of this outcome, with over 40% expressing dissent. This may also be a result of the Council's small size leading residents to feel that standing alone is an impractical position to take
- The Joint Regional Authority uniformly received the highest support ratings, with more than 80% of residents in each area indicating that they were at least 'somewhat supportive'

Ranking of Potential Options

- Accordingly, the potential option of each Council remaining nominally separate but collaborating on regional issues was the most preferred outcome in each Council area. This support varied from a majority in Hunters Hill (54%) to 42% in the City of Ryde area
- The State Government's recommendation was the least preferred outcome, with between 64% and 69% in each LGA ranking it in last place



Key Outtakes

1. **The Joint Regional Authority proposed by City of Ryde, Lane Cove, and Hunters Hill Councils resonates broadly with residents across the region.** The potential for a compromise between merging and standing alone, which may allow financial and operational efficiencies to be achieved while retaining each individual area's identity, was the main impetus cited by residents for preferring this outcome
2. **There is little support for the State Government Review Panel's proposed merger, an option consistently ranked as the least preferred outcome by residents across the region.** The main concerns cited regarding the 'Mega Council' centred on the perceived inability of larger councils to provide localised services and a community voice to their residents
3. **While Ryde and Lane Cove Council residents reported remarkably similar outcomes, each Council should be mindful that Hunters Hill generated somewhat differing responses.** Likely due to the extremely small size of the area, Hunters Hill residents were more lukewarm towards the idea of standing alone, and expressed an even stronger preference for entering into a Joint Regional Authority association, than did others



Hunters Hill Council

Fit for the Future

Prepared by: Micromex Research

Date: June 2015



micromex
research

Background



Methodology & Sample

Research Design

This study consisted of a three-stage methodology:

- Stage 1: Initial recruitment of 450 Hunters Hill residents via random phone survey, collection of several 'pre' measures
- Stage 2: Mail-out by Council of a brochure explaining the various amalgamation options
- Stage 3: Recontact telephone interviews with 300 of the initial 450 recruits, collection of numerous 'post' measures

Data collection

Micromex Research, together with Hunters Hill Council, developed the questionnaire. Council developed the information pack sent to residents.

Data collection period

- Initial telephone recruitment: 20th – 28th April 2015
- Telephone recontact interviewing (CATI): 16th – 25th May 2015



Methodology & Sample

Data collection

Micromex Research, together with Hunters Hill Council, developed the questionnaire.

Data collection period

- Initial telephone recruitment: 20th – 28th April 2015
- Telephone recontact interviewing (CATI): 16th – 25th May 2015

Sample

N=300 interviews were conducted.

A sample size of 300 provides a maximum sampling error of plus or minus 5.7% at 95% confidence.

This means that if the survey was replicated with a new universe of n=300 residents, that 19 times out of 20 we would expect to see the same results, i.e. +/- 5.7%.

For the survey under discussion the greatest margin of error is 5.7%. This means, for example, that the answer "satisfied" (34%) to the overall satisfaction question could vary from 28% to 40%. As the raw data has been weighted to reflect the 2011 ABS community profile of Hunters Hill Council, the outcomes of statistical tests reported here reflect an 'effective sample size'; that is, the weighted data provides outcomes with the same level of confidence as unweighted data of a different sample size. In some cases this effective sample size may be smaller than the actual number of surveys conducted.

Interviewing

Interviewing was conducted in two phases. During the recruitment phase, residents were screened for eligibility and their details were taken in order to post the amalgamation information pack. The recontact phase comprised the remainder of the survey questions, with residents responding to the information pack they had received. Interviewing was conducted in accordance with the AMSRS Code of Professional Conduct. Where applicable, the issues in each question were systematically rearranged for each respondent.

Data analysis

The data within this report was analysed using Q Professional.

Percentages

All percentages are calculated to the nearest whole number and therefore the total may not exactly equal 100%.



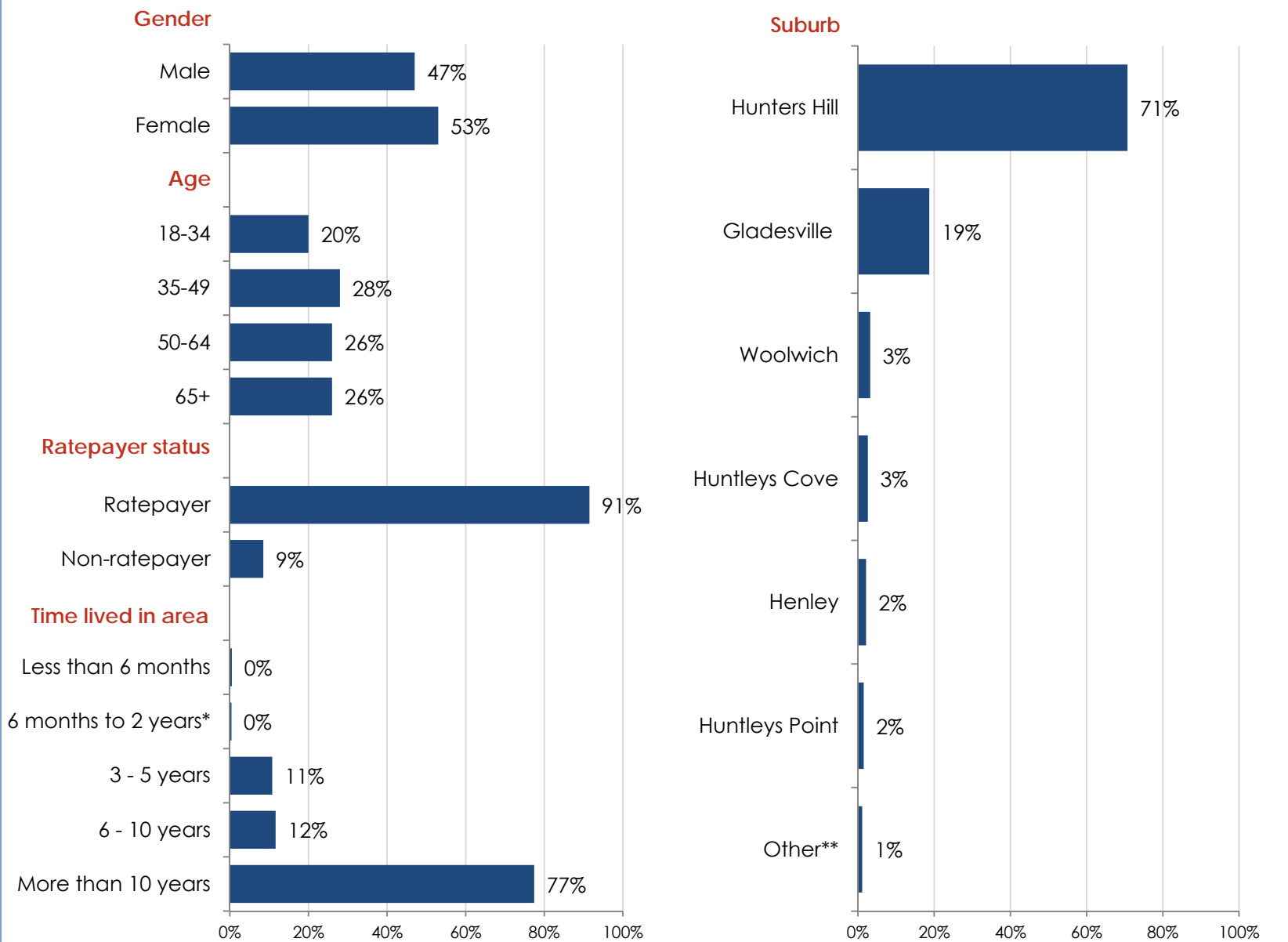
Sample Profile





 The sample was weighted by age and gender to reflect the 2011 ABS community profile of Hunters Hill Council

Sample Profile



Base: N=300

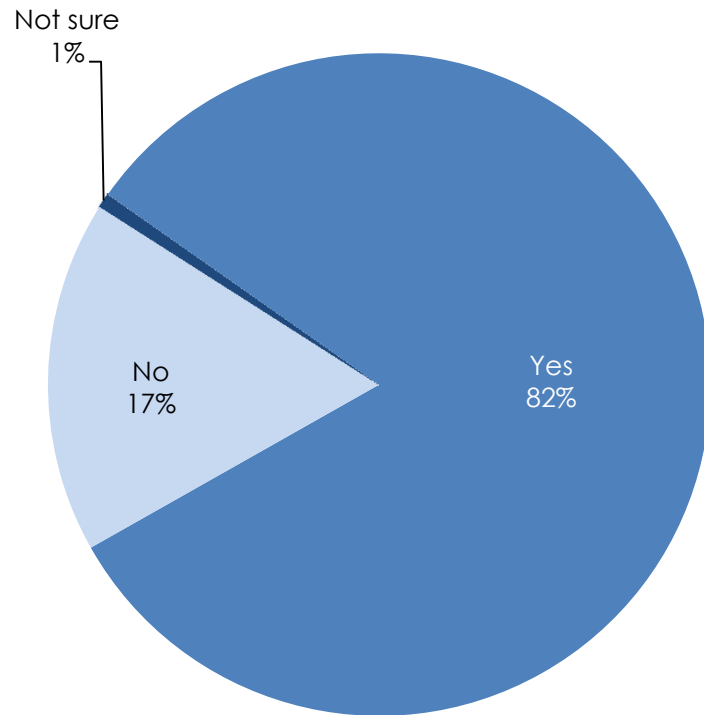
*Notes: *One resident selected this time period
 **Three respondents gave their address as a post office box outside the Lane Cove area, but verbally confirmed that their residential address was within the Council boundaries

Detailed Findings – Awareness of Potential Amalgamation

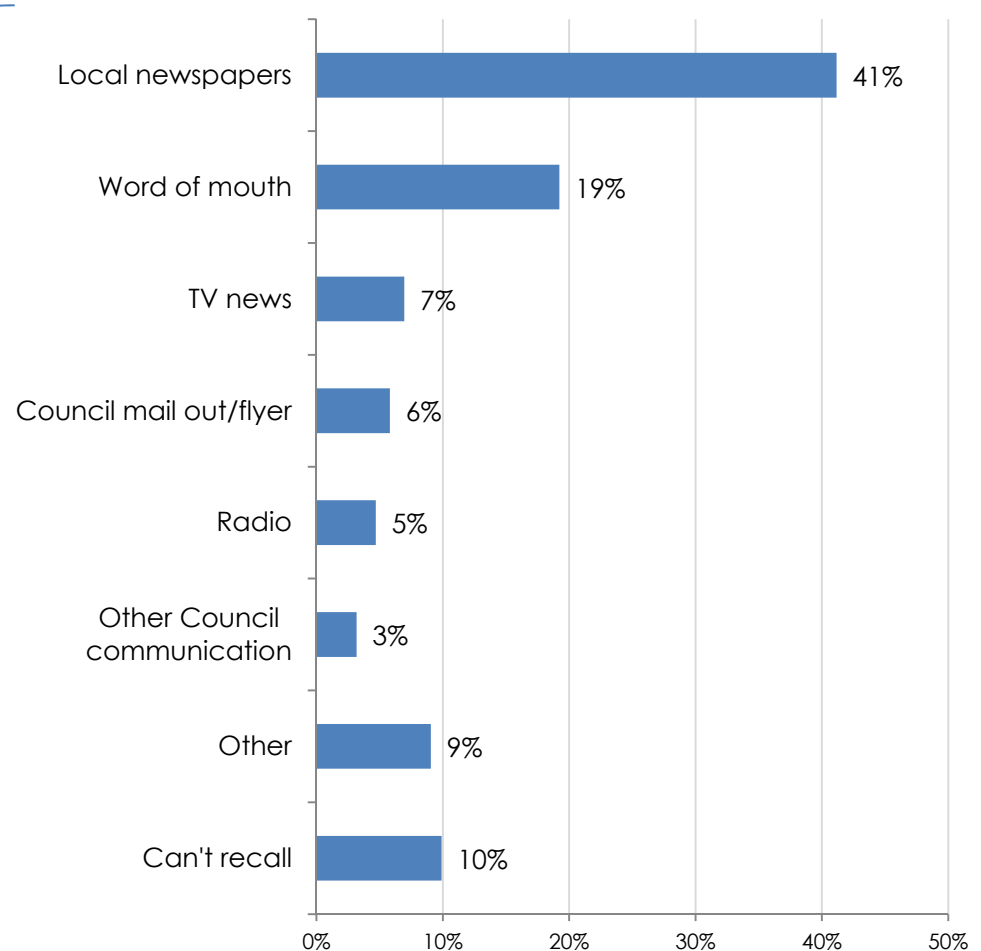


Awareness of Potential Amalgamation

Q1a. (Recruitment survey) Prior to this call were you aware of the potential amalgamation of Hunters Hill Council with other councils?



Base: N=300



Base: N=246

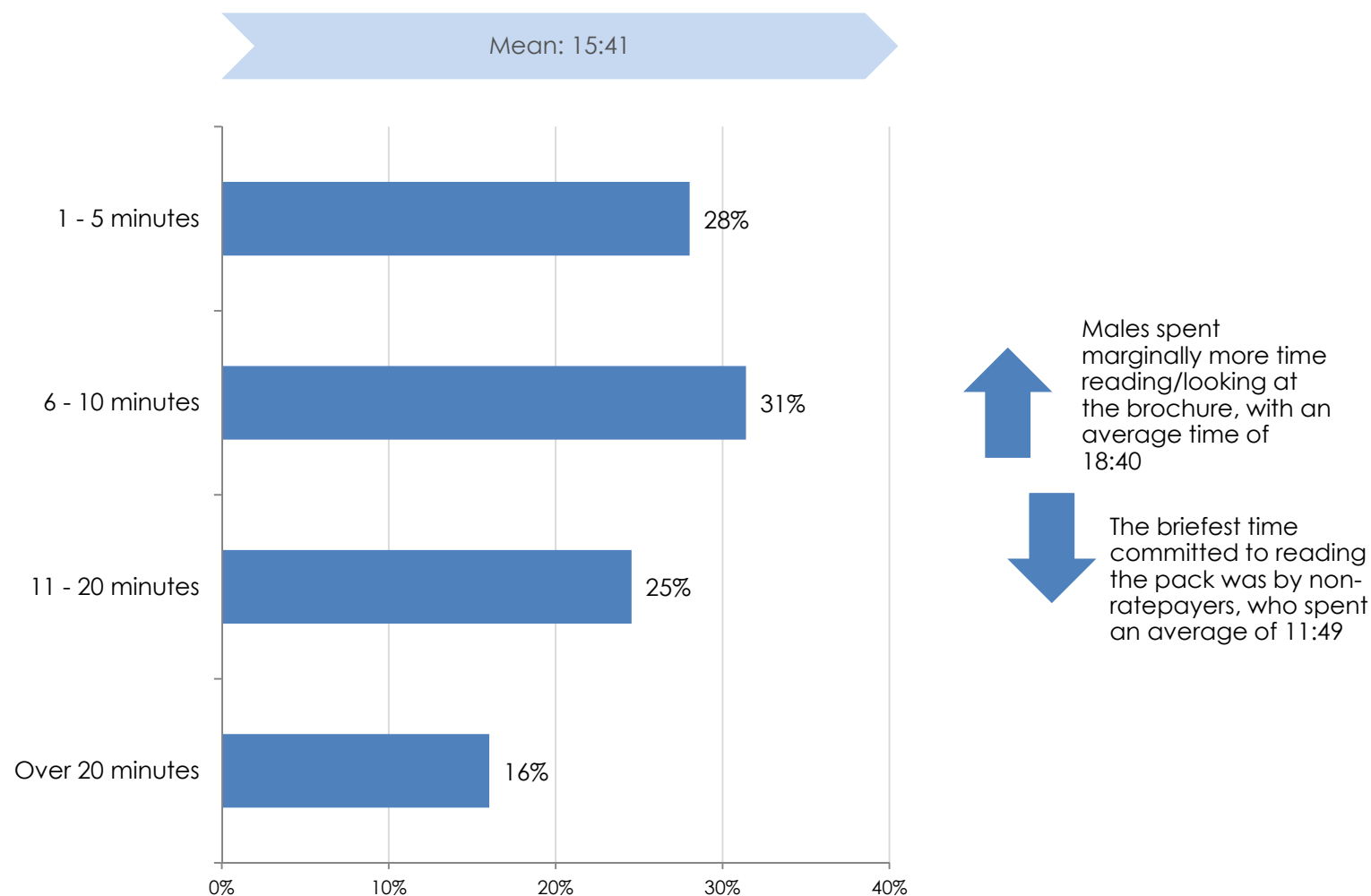
See Appendix for specified 'Word of mouth', 'Other Council communication', and 'Other' responses



82% of Hunters Hill residents were aware of the potential council amalgamation, an outcome significantly higher than the Micromex Fit for the Future benchmark of 59%. The most common means of becoming aware was via 'local newspapers' (41%). Residents aged 65 and over were significantly less likely to have heard via 'word of mouth', with only 6% returning this response

Time Spent Reading the Information Pack

Q1. In total, how long would you have spent reading or looking through the information pack?



Base: N=400



Over 40% of residents spent more than 10 minutes reading Council's information pack, resulting in a mean time spent of just under 16 minutes

Detailed Findings – Attitudes to Merger Options

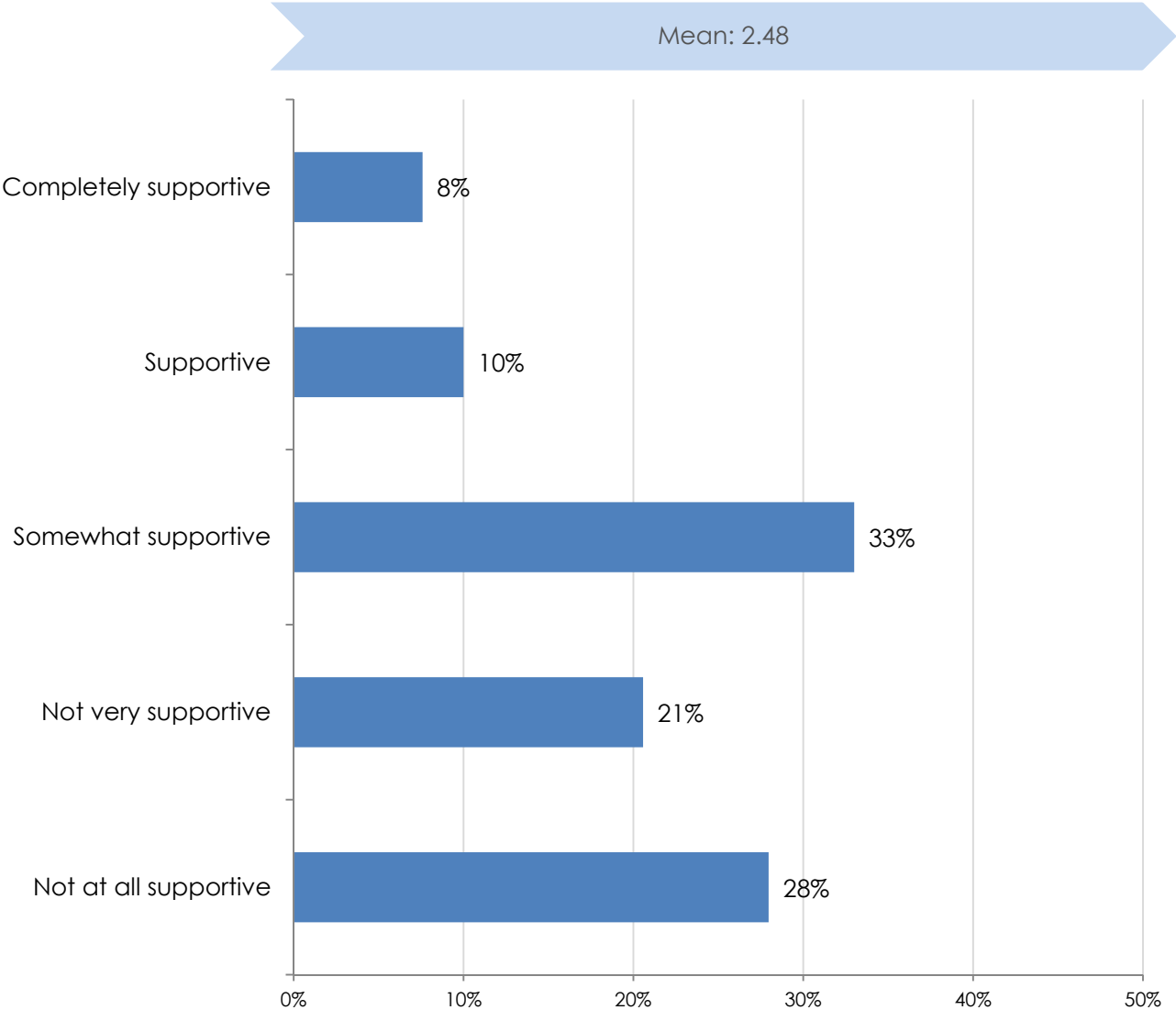


There was minimal top-of-mind support for amalgamation, with 18% indicating they were 'supportive' or better, and 49% indicating opposition. This outcome was largely consistent across the community

Initial Support for Council Amalgamation

No Specific Amalgamation Options Were Outlined at This Stage

Q2. (Recruitment survey) How supportive are you of Hunters Hill Council amalgamating with one or more other councils?



Base: N=299
Note: One respondent refused to answer

Scale: 1 = not at all supportive, 5 = completely supportive

Concept Statement

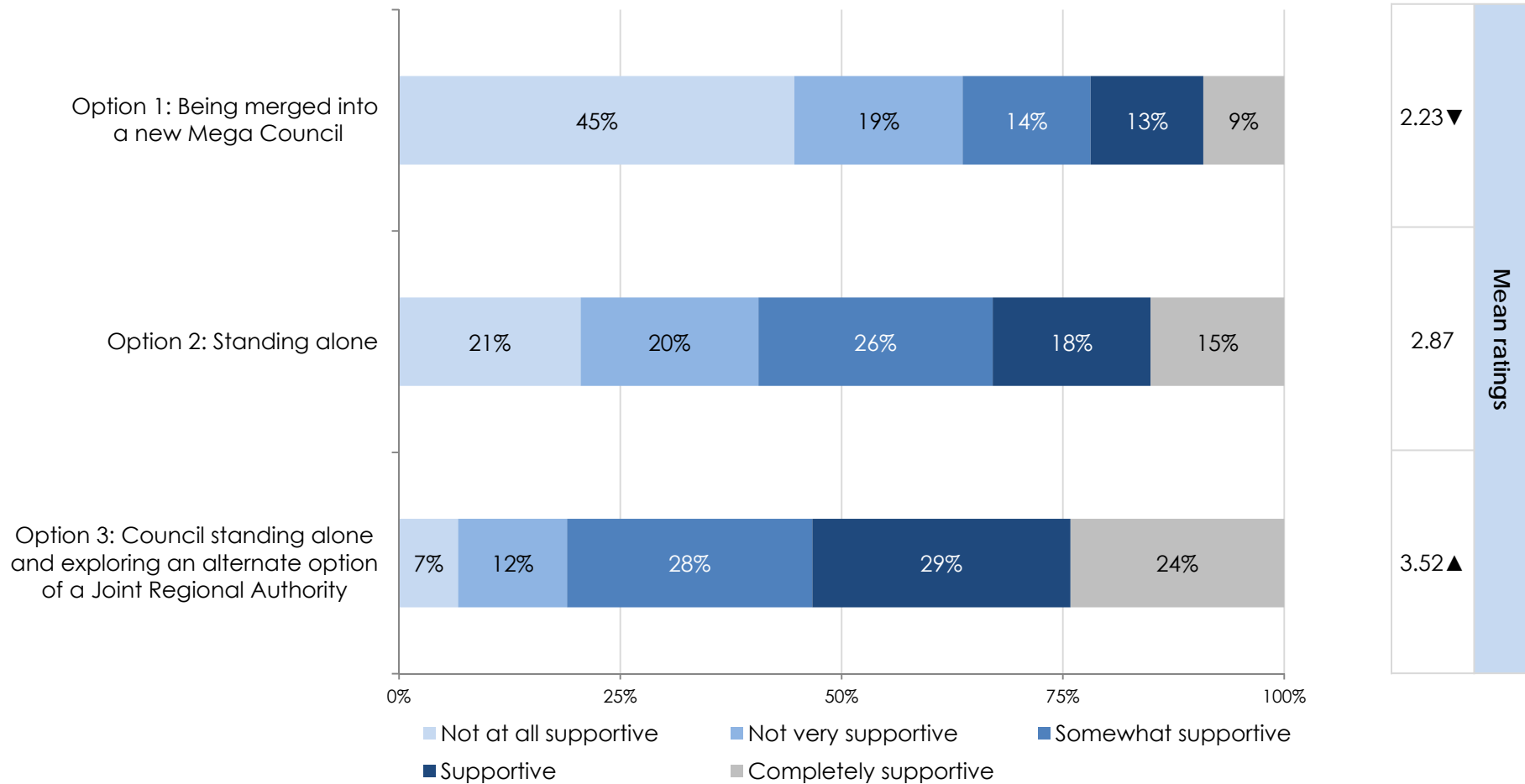
We are asking for your feedback in relation to the three options available to Council. There is a summary at the back of the brochure of these options, which are:

1. Agree to the State Government proposal of a merger between Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby, and two thirds of Ryde, Councils
2. Reject merger proposal and stay as individual councils
3. Provide a superior alternative that would see Ryde, Hunters Hill, and Lane Cove stay as individual councils and become part of a joint regional body that could plan and deliver services on a regional basis where appropriate



Summary of Support

Q3a. How supportive are you of Hunters Hill being merged into a new Mega Council?
Q3b. How supportive are you of Hunters Hill standing alone?
Q3c. How supportive are you of Hunters Hill Council standing alone and exploring an alternate option of a Joint Regional Authority?



Base: N=300

▲ ▼ = significantly higher/lower level of support (by option)

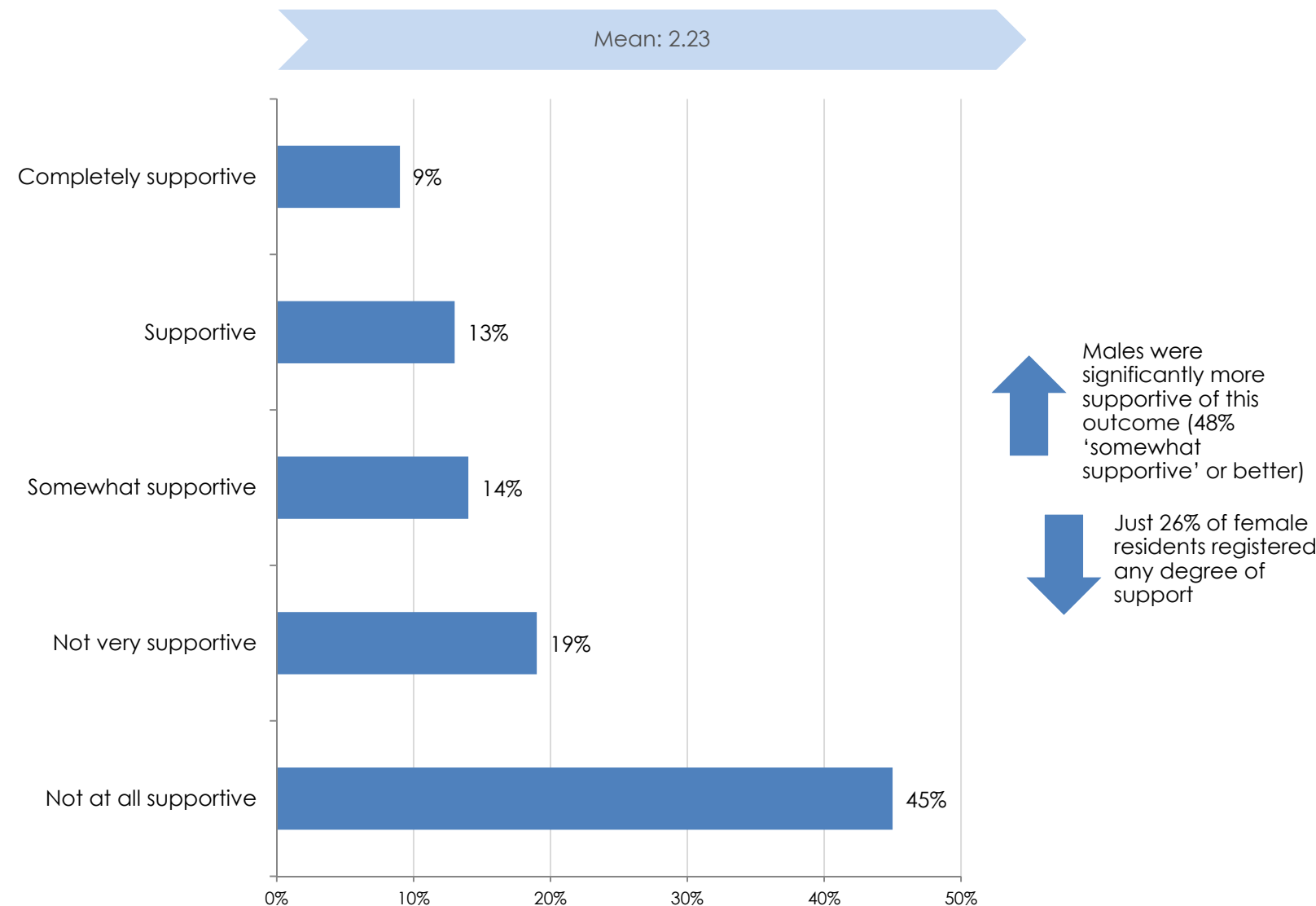
Support for exploring a Joint Regional Authority was significantly greater than that for the other options, with 81% indicating some degree of support. On the other hand, almost half (45%) were 'not at all supportive' of the State Government's proposed merger, indicating a broad community rejection of this option

36% of residents indicated any degree of support for this option, varying throughout the community to a low point of 26% among female residents. This result is in line with the Micromex Fit for the Future benchmark of 34%

Support for the State Government's Proposal

Option 1: Hunters Hill to Merge with Ryde, Lane Cove, Mosman, Willoughby, and North Sydney Councils

Q3a. How supportive are you of Hunters Hill being merged into a new Mega Council?



Base: N=300

Scale: 1 = not at all supportive, 5 = completely supportive

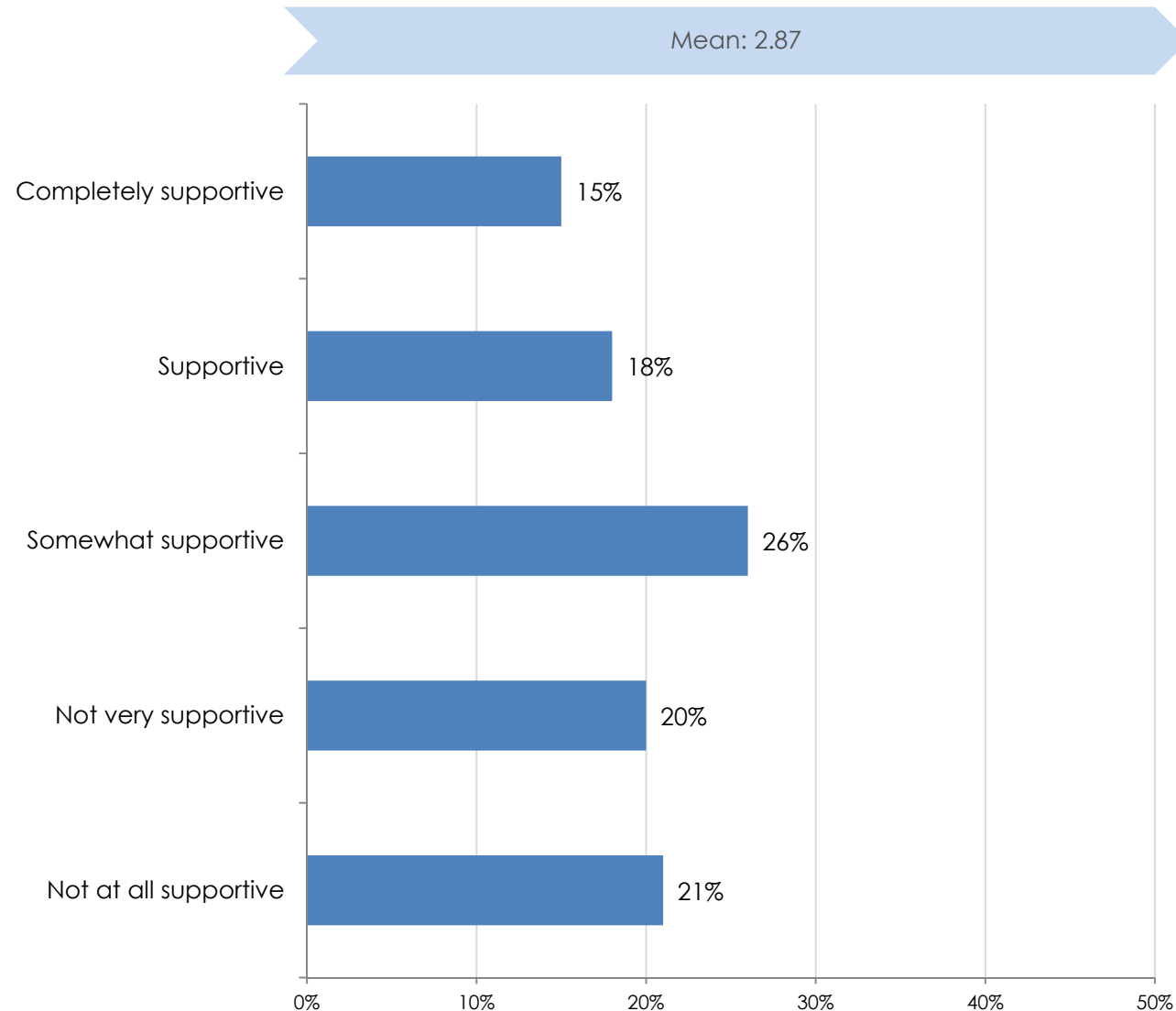


Residents were typically lukewarm toward the option of Hunters Hill standing alone, with 33% 'supportive' or better and 41% 'not very supportive' or worse. The most common response was the most moderate – 'somewhat supportive' – suggesting community ambivalence towards this option

Support for Hunters Hill Standing Alone

Option 2: Hunters Hill to Reject any Merger Proposal

Q3b. How supportive are you of Hunters Hill standing alone?



Base: N=300

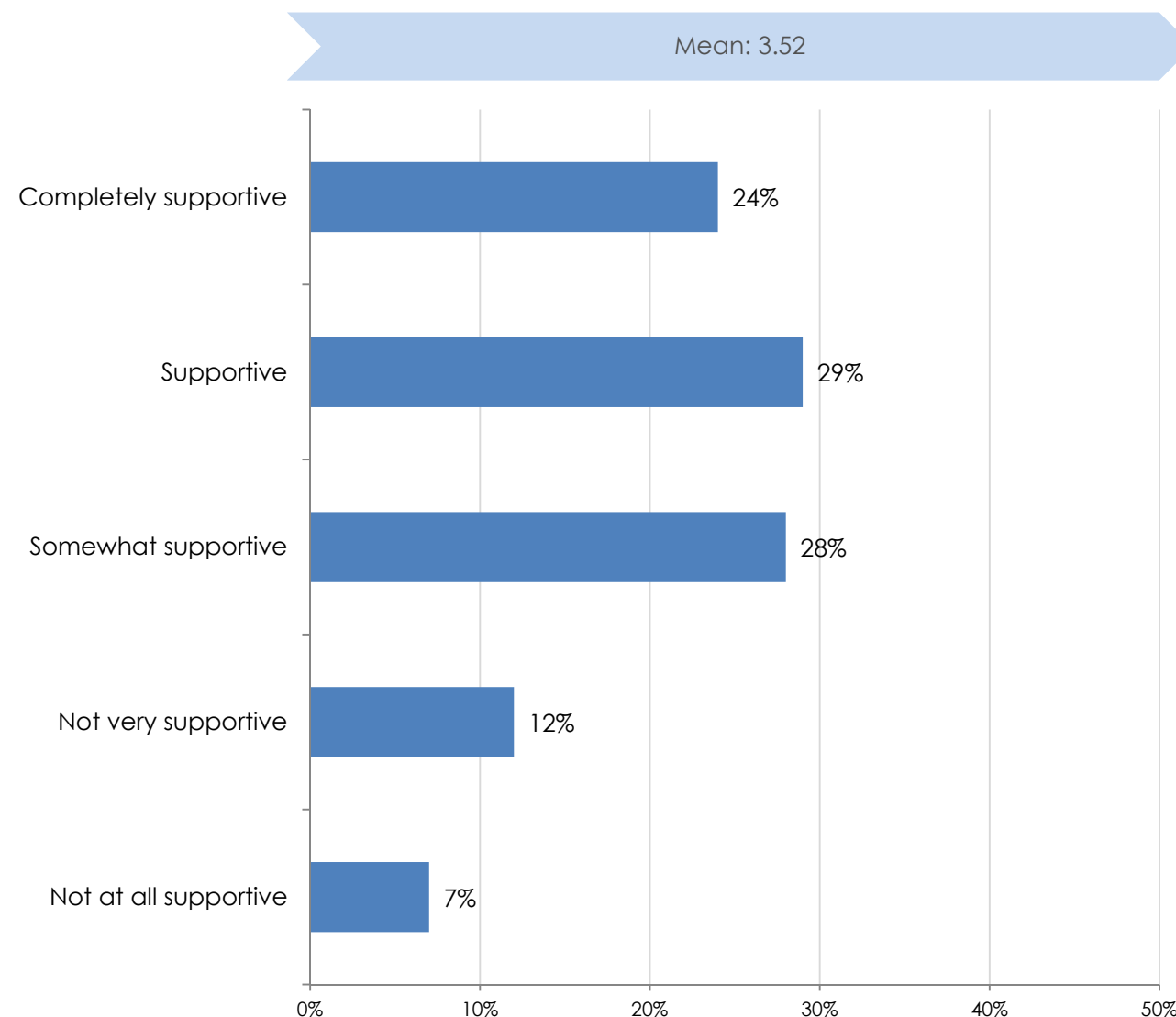
Scale: 1 = not at all supportive, 5 = completely supportive

Support for Option 3 was significantly greater than that for the other options, with one in four 'completely supportive' and only 19% indicating any level of dissent. Support was marginally stronger from females and those aged 18-34, but generally high across the community

Support for a Joint Regional Authority

Option 3: Hunters Hill to Remain Alone and Collaborate with Ryde and Lane Cove on Regional Service Provision

Q3c. How supportive are you of Hunters Hill Council standing alone and exploring an alternate option of a Joint Regional Authority?



Base: N=300

Scale: 1 = not at all supportive, 5 = completely supportive

Detailed Findings – Preference Rankings



Preferred Option – FIRST Choice

Q4a. Which of the three options is your most preferred option?

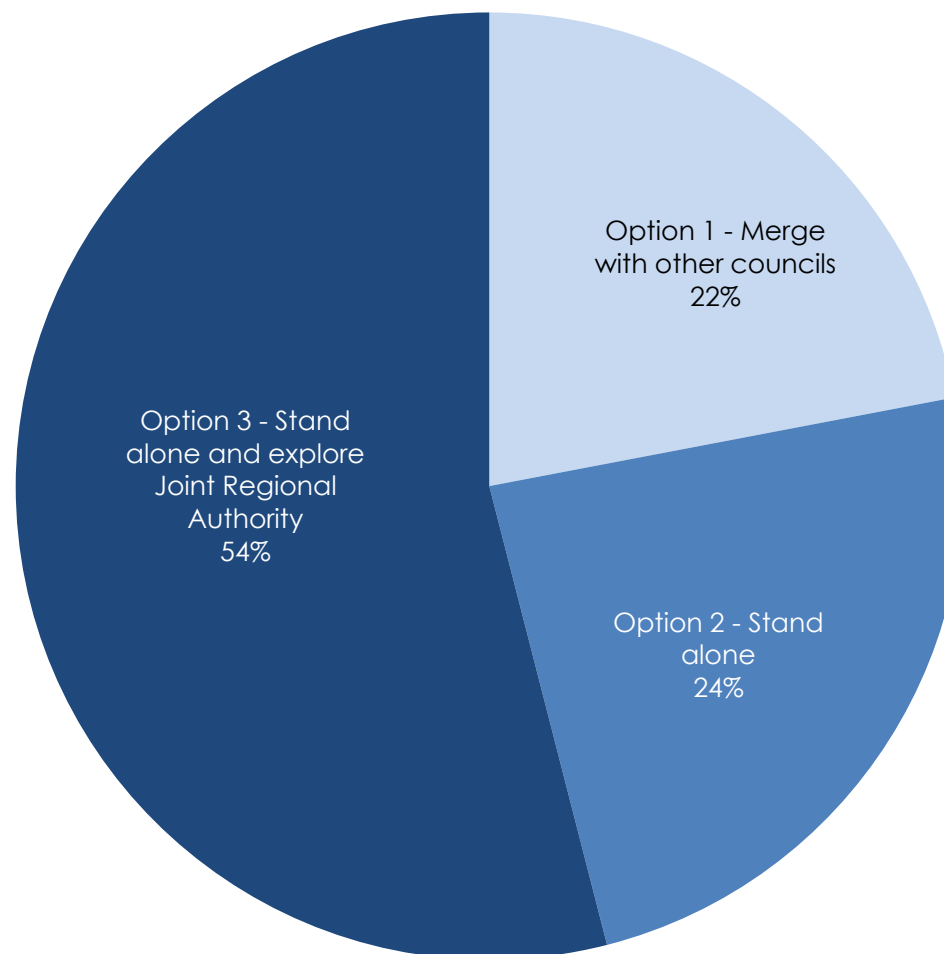
The merger options' individual support ratings were borne out by their relative preference, with a majority preferring the exploration of a Joint Regional Authority, and fewer than one in four residents selecting either of the other outcomes



Option 3 earned significantly more support from females, 66% of whom selected it as their first preference



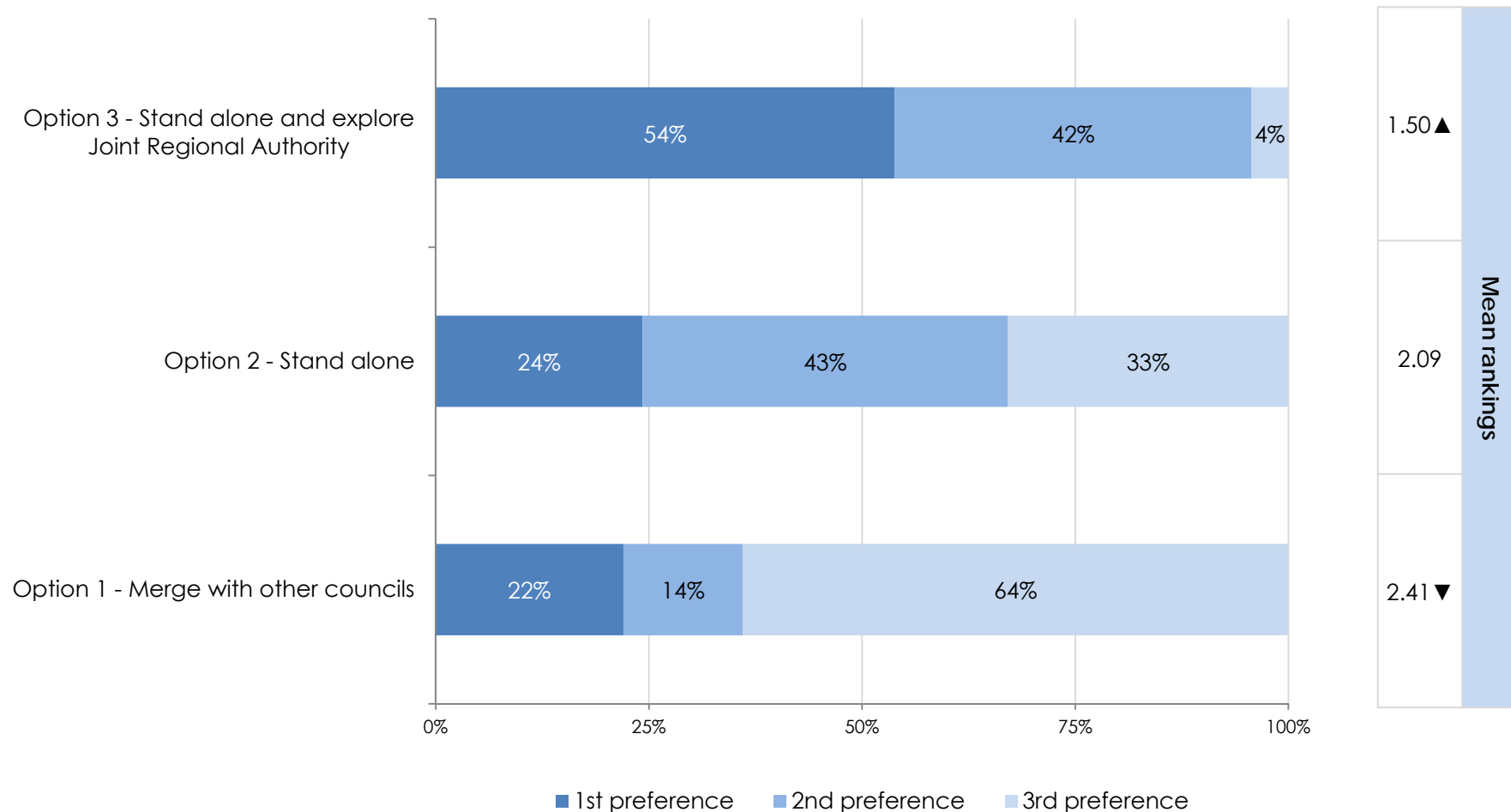
On the other hand, only 40% of male residents preferred this outcome



Base: N=300

Preferred Option – All Rankings

Q4a. Which of the three options is your most preferred option? And your second?



Base: N=300

▲ ▼ = significantly higher/lower preference (by option)

Scale: 1 = 1st preference, 3 = 3rd preference



The proposed 'Mega Council' merger was ascribed a markedly lower average ranking than the other options, with two-thirds of residents selecting it as their least preferred option. Only 4% rejected Option 3 in this manner, confirming its broad community support



The predominant reason for preferring the Joint Regional Authority was that residents felt it was the best way to retain or preserve the local identity, representation, and heritage of the Hunters Hill area

Reasons for Preferred Option: Top Response

Option 3: Hunters Hill to Remain Alone and Collaborate with Ryde and Lane Cove on Regional Service Provision

Option 3: 54% of 1 st preferences (N=161)	%
Wish to retain Hunters Hill's independence/local services/community representation/heritage	24%
Collaborating would ensure financial efficiency/avoid costs of merging	13%
Represents a practical compromise between merging and standing alone	11%
Proposed merged council areas are too large to enable effective management	8%
Greater ability to deal with issues across current council boundaries	7%
Opportunity to utilise other Councils' resources would benefit the area	7%
Believe changes/improvements to Council are necessary and this is the most effective way	6%
Most viable option to avoid amalgamation	4%
Relative compatibility of areas/sustainability of this option compared to others	3%
Best of the proposed options, although an alternative set of smaller councils to merge with would be ideal	3%
Dissatisfaction with Council's performance and services, and this option will see improvements	3%
Diversity between proposed merged Councils is too great	3%
Joint responsibility for issues would ensure fairer management	3%
Benefits of merging have not been successfully communicated	2%
Current good performance of Council makes any amalgamation unattractive	2%
Effective continuation of existing links between Councils	2%
Council is too small to operate efficiently without exploring other options	1%
Believe changes/improvements to Council are necessary and this is the most effective option for it	1%
Broader outlook/better diversity with a collaborated view of a larger area	1%
If Councils work well together, it could lead to a possible amalgamation in future	1%
Allows Council to remain responsive to local community issues	<1%
Information about amalgamation suggested standing alone was best for the community	<1%
It is similar to what Hunters Hill already does by sharing some services but in a more formal format and to a larger scale	<1%
Positive opinion of Councils that Hunters Hill will work with	<1%
Would lead to a reduction in current Council inefficiency	<1%
<i>No specific reason</i>	1%

Base: Overall N=300



Residents preferring that Hunters Hill continue to stand alone tended to cite the current good performance of Council, or a belief in smaller councils' better service provision, as their reason

Those who ranked the 'Mega Council' as their 1st preference typically did so as they believed that a merged council would offer superior service provision and efficiency

Reasons for Preferred Option: 2nd & 3rd Responses

Option 2: Hunters Hill to Reject any Merger Proposal

Option 1: Hunters Hill to Merge with Ryde, Lane Cove, Mosman, Willoughby, and North Sydney Councils

Option 2: 24% of 1 st preferences (N=72)	%
Current good performance of Council makes any amalgamation unattractive	13%
Smaller councils are better able to provide local services to their communities	9%
Merging would compromise uniqueness/local identity of Hunters Hill	6%
Standing alone is more financially sustainable for Hunters Hill	5%
Do not believe a larger council would be more efficient/better for the community	3%
Local representation will be lost in a larger council	3%
Benefits of merging have not been successfully communicated	1%
Proposed merged Council areas are too large to enable effective management	1%
Hunters Hill has already proven it can stand alone and be self-sufficient	1%
Socio-economics of proposed council areas are incompatible with Hunters Hill	1%
Information about amalgamation suggested standing alone was best for the community	1%
Negative anecdotal evidence of mergers from other areas that have amalgamated	1%
Concerned that the rules and regulations of other councils may not apply to the community	<1%
Hunters Hill has a growing population and do not want this increased by a larger council area	<1%
Perceived negative opinions of other councils	<1%
Prefer to stand alone with Option 3 as a last resort	<1%

Option 1: 22% of 1 st preferences (N=67)	%
A larger council area would allow for improved efficiency/service provision	20%
Amalgamation would generate cost efficiencies	9%
Government is currently excessively large/bureaucratic/level of representation is unnecessary	4%
Current poor opinion of Council makes amalgamation attractive	3%
Wish to improve poor management/effectiveness of local government in general	2%
Increased council area would be a more viable outcome	2%
Merged council would be more accountable/greater interest in regional issues	2%
Previous positive experience of council amalgamation	1%
Hunters Hill is a similar area to the proposed Councils	<1%
Local representation would still be retained under this option	<1%

Base: Overall N=300

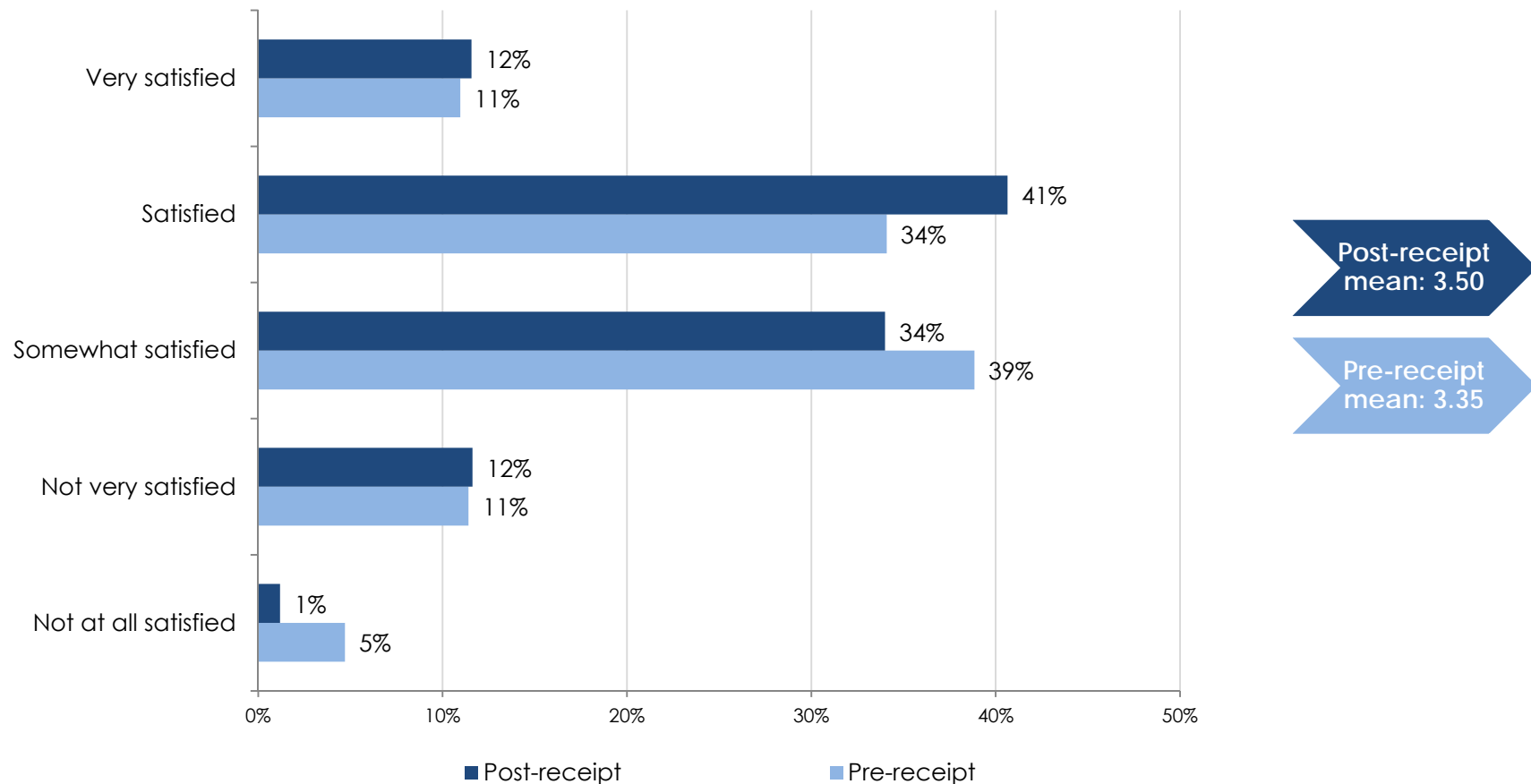
Detailed Findings – Satisfaction



Overall Satisfaction with the Performance of Council

Prior to and After Receipt of Council's Information Pack

Q2/3. In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?



Base: N=300

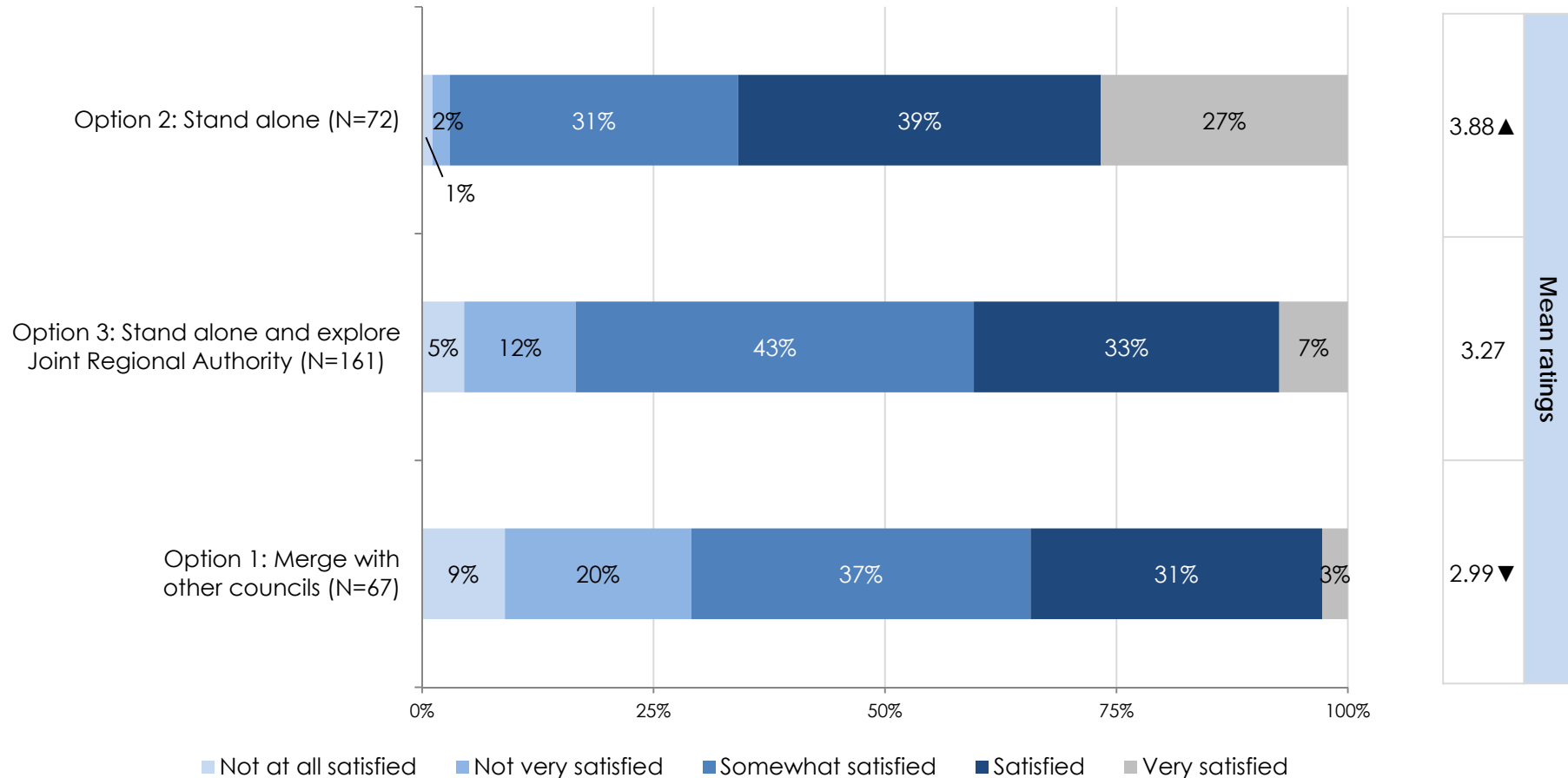
Scale: 1 = not at all satisfied, 5 = very satisfied

Residents reported a marginally higher average level of satisfaction after receiving Council's information pack, rising from 45% to 53% 'satisfied' or better. Overall satisfaction was moderately good, with no more than 21% of any demographic at either phase indicating dissatisfaction (those aged 18-34, pre-receipt)

Overall Satisfaction by Preferred Amalgamation Option

Satisfaction Reported Prior to Receipt of the Information Pack

Q3. In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?
Q4a. Which of the three options is your most preferred option? And your second?



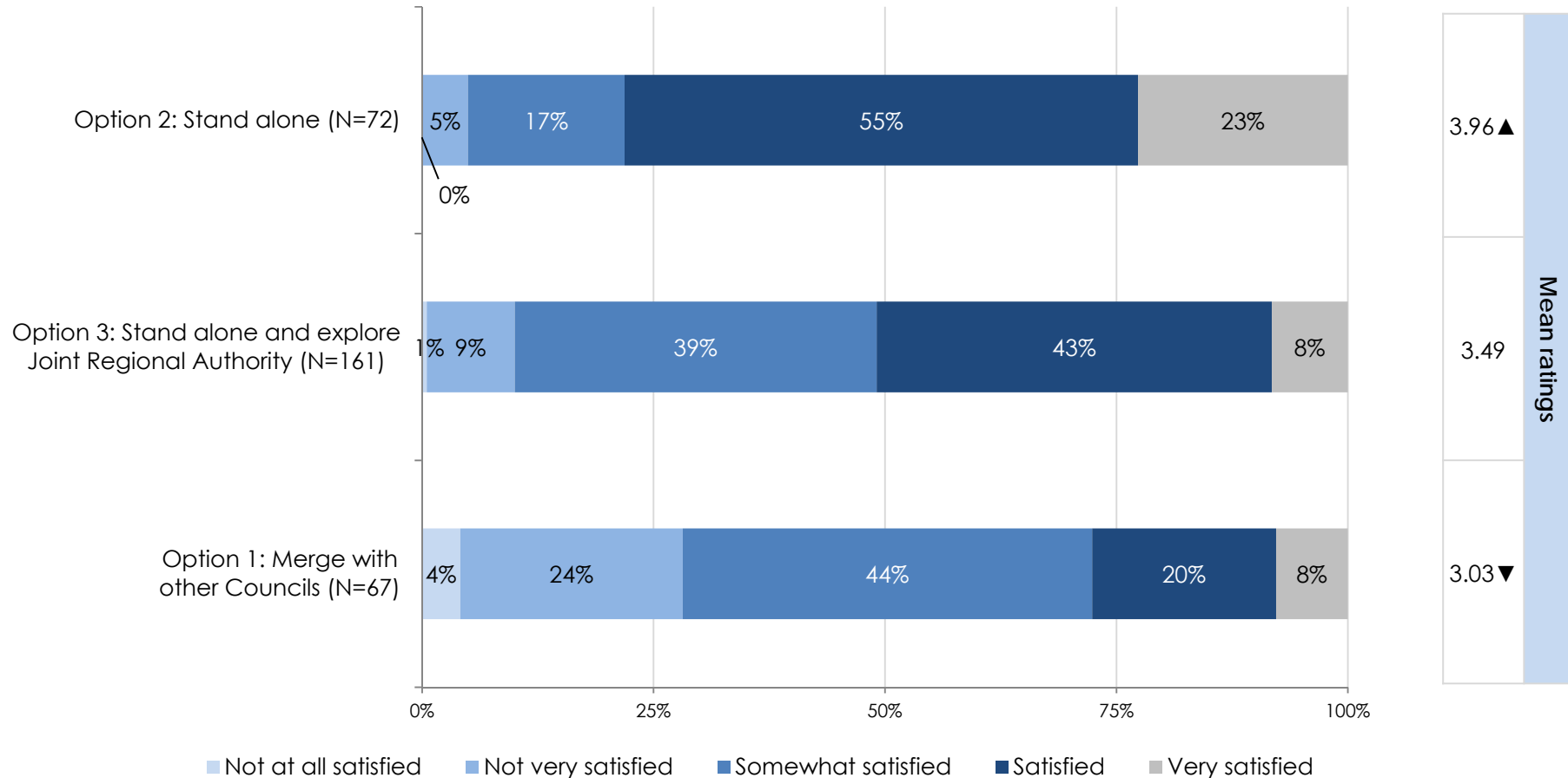
▲ ▼ = significantly higher/lower level of satisfaction (by option)
Scale: 1 = not at all satisfied, 5 = very satisfied

The reported satisfaction of those preferring to stand alone was significantly higher (97% 'somewhat satisfied' or better), and those selecting the 'Mega Council' merger as their preference were significantly less satisfied (71%)

Overall Satisfaction by Preferred Amalgamation Option

Satisfaction Reported After Receipt of the Information Pack


Q2. In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?
Q4a. Which of the three options is your most preferred option? And your second?



▲ ▼ = significantly higher/lower level of satisfaction (by option)
Scale: 1 = not at all satisfied, 5 = very satisfied

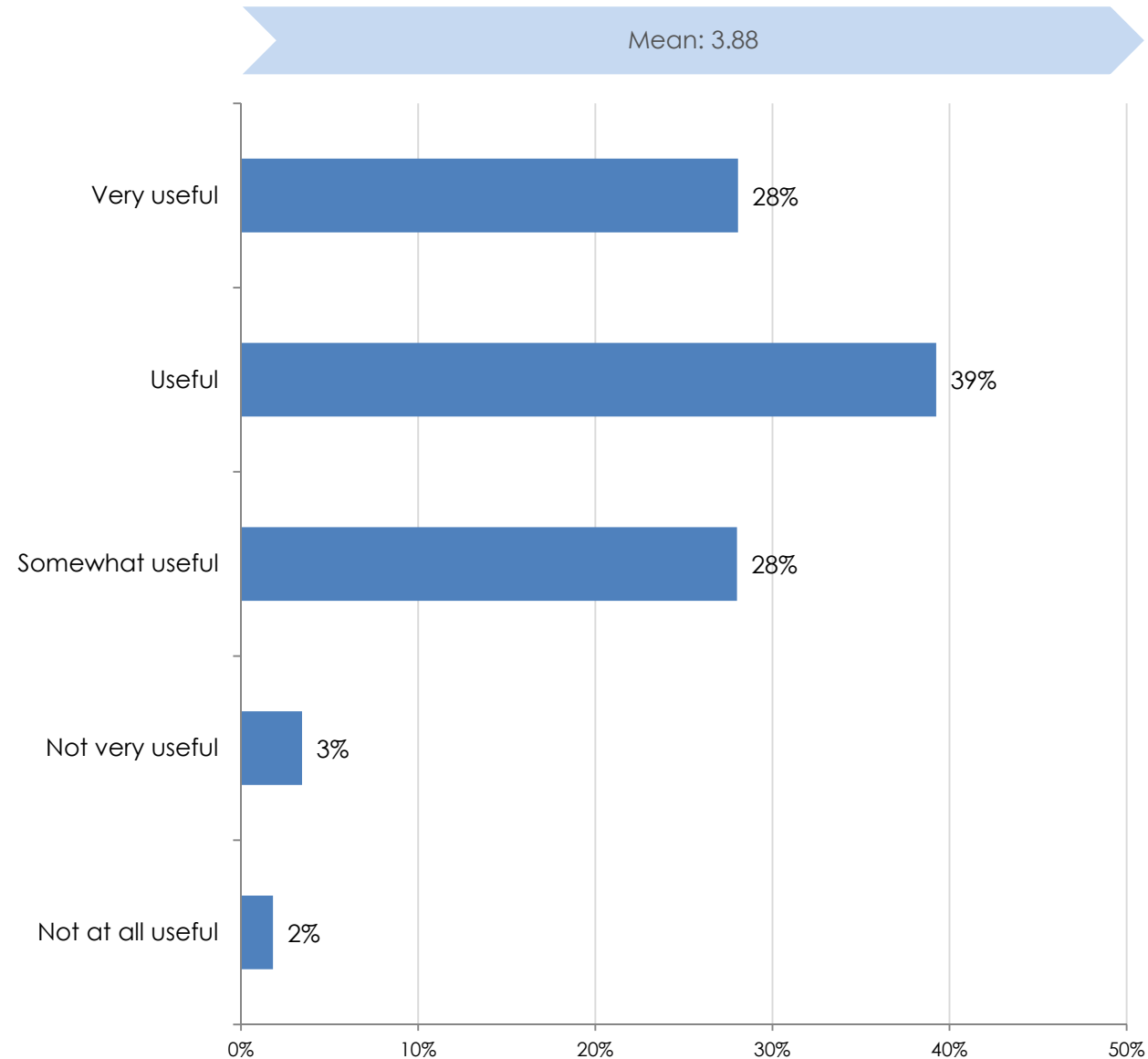


Post-receipt of the information pack, those preferring Option 2 were again those who had indicated higher satisfaction with Council, with 95% at least 'somewhat satisfied', and those seeking for Council to merge were less happy – 28% indicated dissatisfaction at this phase

The perceived usefulness of the supplied brochure was generally high, with two-thirds considering it 'useful' or better in a result largely consistent across the community. There were marginally more positive responses, though, from females (71%) and non-ratepayers (74%), whilst those aged 18-34 indicated they were less positive with only 48%

Usefulness of Council “Fit for the Future” Brochure

Q5. Overall, how useful did you find Hunters Hill's brochure in explaining the Fit for the Future program and the options that Council is considering?



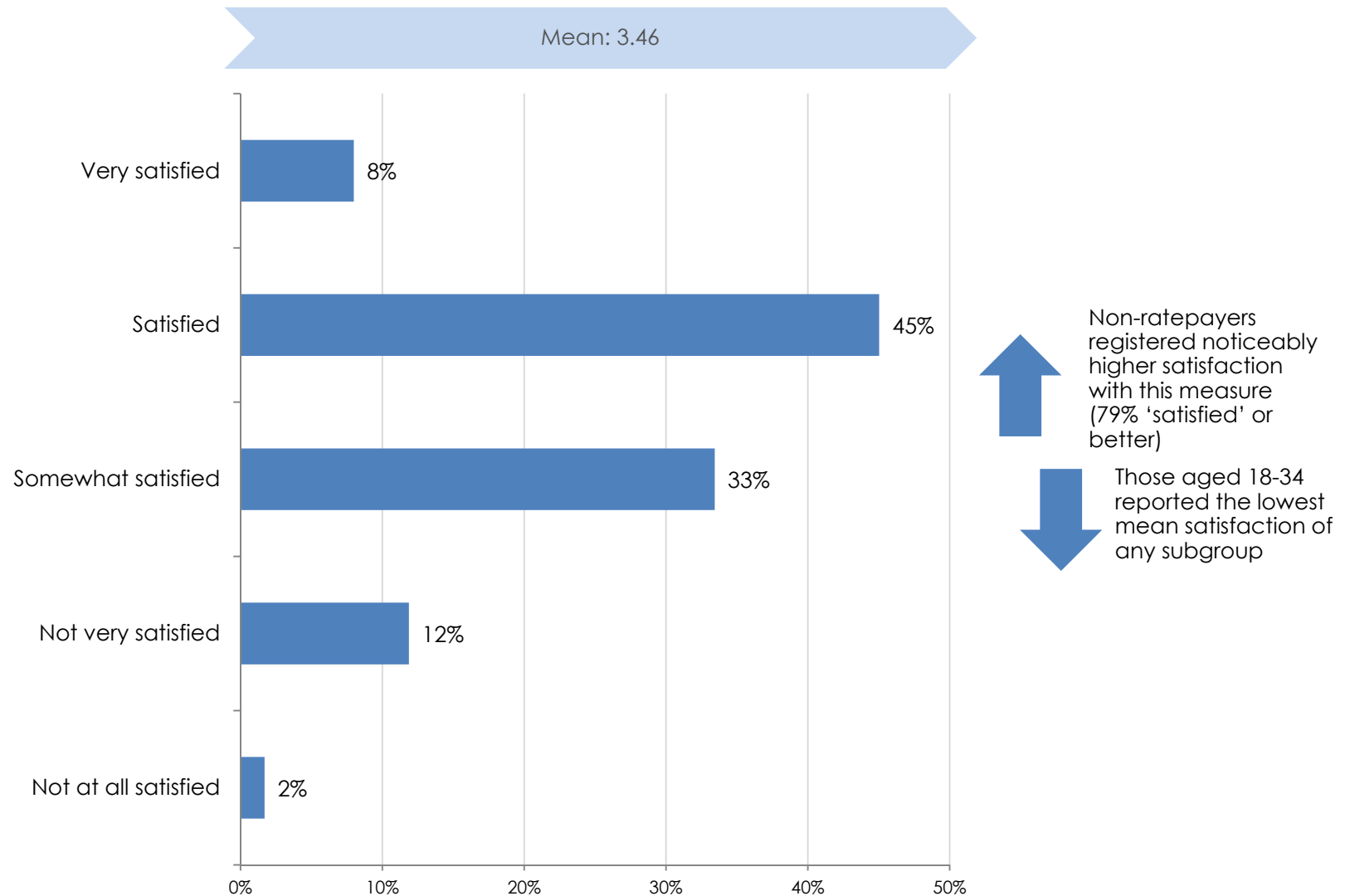
Base: N=300

Scale: 1 = not at all useful, 5 = very useful

Hunters Hill's performance in dealing with the proposals received a generally positive response from its residents, with a majority (53%) indicating they were 'satisfied' or better

Satisfaction with Council's Response to "Fit for the Future"

Q6. And overall, how satisfied are you with the performance of Hunters Hill in dealing with the NSW Government's Fit for the Future project and the associated issue of possible amalgamation?



Base: N=300

Scale: 1 = not at all satisfied, 5 = very satisfied

Conclusion & Key Outtakes



Conclusion

Awareness of Amalgamation

- 82% of residents reported that they were aware of the amalgamation proposal, an extremely high result in the context of the Fit for the Future program
- The most common means of becoming aware were via 'local newspapers' (41% of those aware) and word of mouth (19%), with other media returning small numbers of positive responses
- Residents aged 65 and over were significantly less likely to have heard of the proposal via 'word of mouth', suggesting some lack of community connectivity for older residents with regards to these kinds of issues

Attitudes to Merger Options

- Residents' support for amalgamation when surveyed prior to receipt of Council's information pack was low, with 18% being 'supportive' or better, and 49% in dissent
- After provision of more detailed merger option information, residents strongly rejected the State Government's proposed amalgamation, with just 36% indicating any degree of support for a 'Mega Council'. While males were significantly more supportive of this option, Council should be mindful that with such a low support base, this 'peak' in support still represents a minority (48%) who were 'somewhat satisfied' or better
- 'Option 2 – standing alone' received an ambivalent response from residents, with similar numbers registering support and dissent (33% vs. 41%), and a plurality indicating they were the middle option, 'somewhat supportive'
- Residents ascribed the highest degree of support to 'Option 3 – exploring a Joint Regional Authority', which received at least some backing from 81% of residents. Compared with the support levels ascribed to each of the other options, this outcome can be interpreted as possessing broad support from Hunters Hill residents



Conclusion

Preference Rankings

- As expected from the merger options' individual rankings, the Joint Regional Authority was the preferred outcome of a majority (54%) of residents, with 24% of all respondents citing a 'wish to retain Hunters Hill's independence/local services/community representation/heritage' as their reason for preferring Option 3. That this was the justification most commonly given for preferring this option rather than for standing alone suggests that Hunters Hill residents are aware that, as the smallest NSW Council area, the region is unlikely to avoid structural changes, and feel that a Joint Regional Authority is the most realistic way to achieve the cited goals
- This result saw some variance, with females (66%) significantly more likely to select Option 3 than males (40%). Even for male residents, however, Option 3 was still the most frequently preferred. There was also marginally higher support for this outcome from residents aged 18-34 (60%)
- There was a reasonable level of minority support for standing alone, with 67% selecting it as either their first or second preference, including first-preference support from 29% of both males and those aged 35-49. Those selecting this outcome as their most preferred typically felt that the 'current good performance of Council makes any amalgamation unattractive' (13% of all residents)
- While 22% did prefer the State Government's recommendation, this outcome was outweighed by the 64% of residents placing this option as their least preferred. Nevertheless, Option 1 was actually the second preference overall of males and non-ratepayers. The perception that 'a larger council area would allow for improved efficiency/service provision' was cited by 20% of all residents, and was accordingly by some margin the most common justification for selecting Option 1



Conclusion

Satisfaction: Council's Performance and Response to 'Fit for the Future'

- Reported satisfaction with Council's performance was moderately good both before and after receipt of Council's Fit for the Future information pack. At the recruitment phase, 84% of residents were at least 'somewhat satisfied', rising slightly to 87% at the point of recontact. This measure was highest among non-ratepayers pre-receipt of the information pack (98%, albeit from a small sample size), and lowest among those aged 18-34, also pre-receipt (79%)
- Mean satisfaction rose moderately between the recruitment and recontact phases, from 3.35 out of 5.00 to a score of 3.50. While not a marked increase, contextual evidence does suggest that the act of community consultation is a driver of satisfaction in itself, with residents uniformly reporting greater satisfaction when they have proof of Council's engagement, i.e. the opportunity to take part in a survey
- Cross-analysis revealed that for satisfaction measures taken both before and after provision of the information pack, residents preferring to stand alone were significantly more satisfied, and those preferring to amalgamate significantly less so. For example, while 28% of those who preferred merging were 'satisfied' or better with Council at the recontact phase, this figure rises dramatically to 78% for those preferring to stand alone. Just 3% and 5% of those looking for Council to stand alone were dissatisfied with their performance at each stage
- Council's information pack was considered largely useful. With 95% believing it to be at least 'somewhat useful', Council may infer that the information within the pack was effective in assisting residents with their survey responses
- A majority of residents (53%) were 'satisfied' or better with Council's performance in responding to the proposals, with this figure rising significantly to 79% for non-ratepayers. There was minimal dissent, with only 14% indicating they were 'not very satisfied' or worse



Key Outtakes

1. **The Joint Regional Authority attracts broad support across the Hunters Hill community.** A compromise which will allow Hunters Hill to retain its identity, while also generating financial efficiencies, is the preferred outcome of a majority of residents. Council may interpret this outcome as strong community backing
2. **Hunters Hill residents show minimal support for the idea of continuing to stand alone.** This potential outcome fails to earn the same levels of support as in Ryde and Lane Cove, with residents more likely to shift their preference to a compromised option
3. **The State Government Review Panel's recommended 'Mega Council' merger is unpopular throughout Hunters Hill.** The lower number of residents seeking for Council to stand alone did not translate to a greater number backing the 'Mega Council', which remains the least preferred outcome



Appendix – Additional Data



Respondent Breakdown by Subcell

Demographic Populations

<i>All-respondent questions</i>	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Base	300	141	159	60	84	78	78	274	26

<i>Q2. (Recruitment)</i>	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Base	299	140	159	60	84	77	78	274	26

<i>Q1b. (Recruitment)</i>	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Base	246	108	138	38	71	68	70	233	14



Respondent Breakdown by Subcell

Awareness and Support Questions

Q1. In total, how long would you have spent reading or looking through the information pack?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mins:secs	15:41	18:40	13:02	16:06	12:55	20:07	13:53	16:02	11:49

Q1a. (Recruitment survey) Prior to this call were you aware of the potential amalgamation of Hunters Hill Council with other councils?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Yes	82%	76%	87%	63%	84%	87%	90%	85%	54%
No	17%	23%	12%	38%	16%	11%	9%	15%	43%
Not sure	1%	1%	1%	0%	0%	2%	1%	0%	3%

Q2. (Recruitment survey) How supportive are you of Lane Cove Council amalgamating with one or more other councils?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	2.48	2.64	2.34	2.54	2.42	2.53	2.45	2.49	2.36

Q3a. How supportive are you of Hunters Hill being merged into a new Mega Council?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	2.23	2.56▲	1.93▼	2.44	2.30	2.18	2.03	2.23	2.22

▲▼ = significantly higher/lower level of support (by group)

Q3b. How supportive are you of Hunters Hill standing alone?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	2.87	2.80	2.93	2.75	2.88	2.82	3.00	2.90	2.56

Q3c. How supportive are you of Hunters Hill Council standing alone and exploring an alternate option of a Joint Regional Authority?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	3.52	3.30	3.73	3.73	3.35	3.51	3.57	3.50	3.76

Scale: 1 = not at all supportive, 5 = completely supportive



Respondent Breakdown by Subcell

Preference and Satisfaction Questions

Q4a. Which of the three options is your most preferred option?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Stand alone and explore Joint Regional Authority	54%	40%▼	66%▲	60%	46%	55%	55%	53%	57%
Stand alone	24%	29%	20%	17%	29%	23%	25%	25%	15%
Merge with other councils	22%	31%	15%	23%	24%	22%	20%	22%	29%

▲▼ = significantly higher/lower percentage (by group)

Q2/3. In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings (post-receipt)	3.50	3.56	3.45	3.23	3.63	3.46	3.60	3.47	3.77
Mean ratings (pre-receipt)	3.35	3.35	3.35	3.02	3.34	3.37	3.60	3.32	3.68

Q5. Overall, how useful did you find Hunters Hill's brochure in explaining the Fit for the Future program and the options that Council is considering?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	3.88	3.83	3.93	3.75	3.99	3.88	3.87	3.86	4.09

Q6. And overall, how satisfied are you with the performance of Lane Cove in dealing with the NSW Government's Fit for the Future project and the associated issue of possible amalgamation?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	3.46	3.37	3.54	3.33	3.44	3.46	3.57	3.43▼	3.77▲

▲▼ = significantly higher/lower level of satisfaction (by group)

Scale: 1 = not at all supportive/useful, 5 = very useful/completely satisfied





Means of Becoming Aware of Amalgamation Proposal

Other	Count
Sydney Morning Herald	10
Ribbons on letterboxes and trees	3
Community meeting	2
Online website	2
Council worker	1
Local knowledge	1
Local P&C meeting	1
Pamphlet	1
Protestor	1
Signage	1
Other Council communication	Count
Council meeting	3
Council newsletter	1
Council election campaign	1
Public meeting	1
Heard from Council during state election	1
Word of mouth	Count
Neighbour	16
Friend	10
Family member	4
Colleague	3
Councillor	1
Overheard	1



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Attachment K

Micromex

Survey Results - Lane Cove.

May 2015

City of Ryde/Lane Cove/Hunters Hill Councils

Fit for the Future – Executive Summary

Prepared by: Micromex Research

Date: May 2015

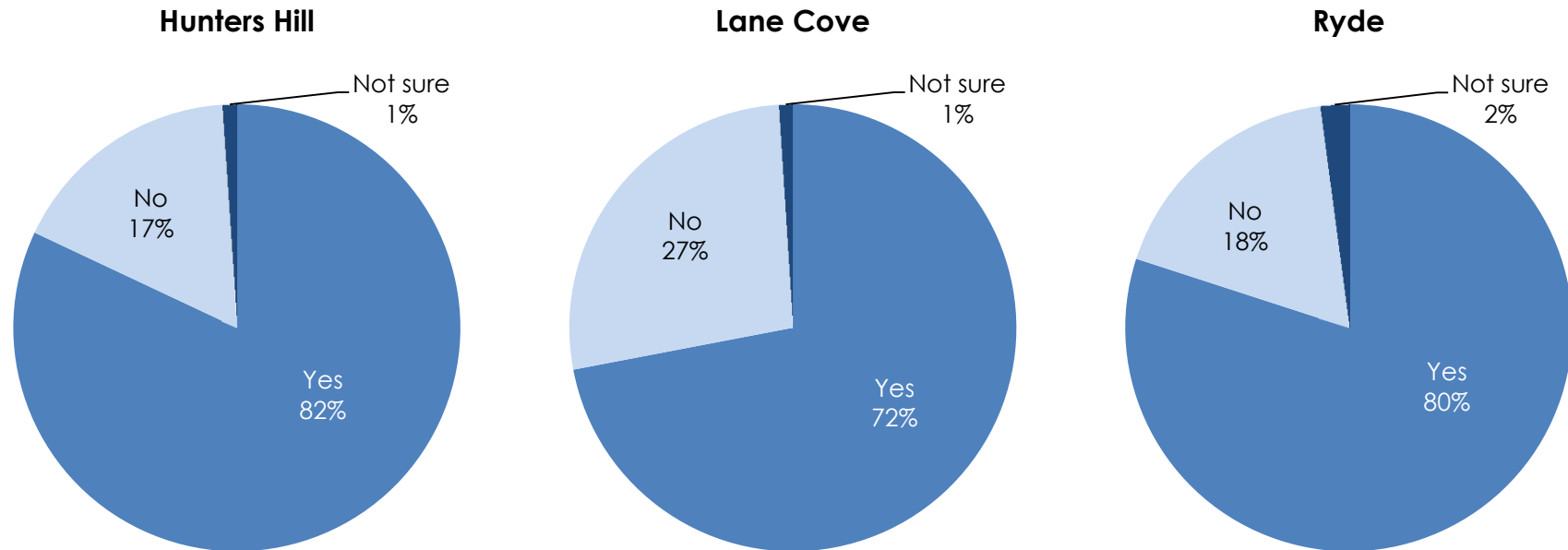


Awareness of Potential Amalgamation



Awareness of Potential Amalgamation

Q1a. (Recruitment survey) Prior to this call were you aware of the potential amalgamation of Ryde/Lane Cove/Hunters Hill Council with other Councils?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401



Awareness of the potential amalgamation was strong across the region, with each Council area registering an awareness level in excess of the Micromex Fit for the Future benchmark of 59%. The highest awareness was reported in Hunters Hill, with 82% of residents having some previous knowledge of the proposals

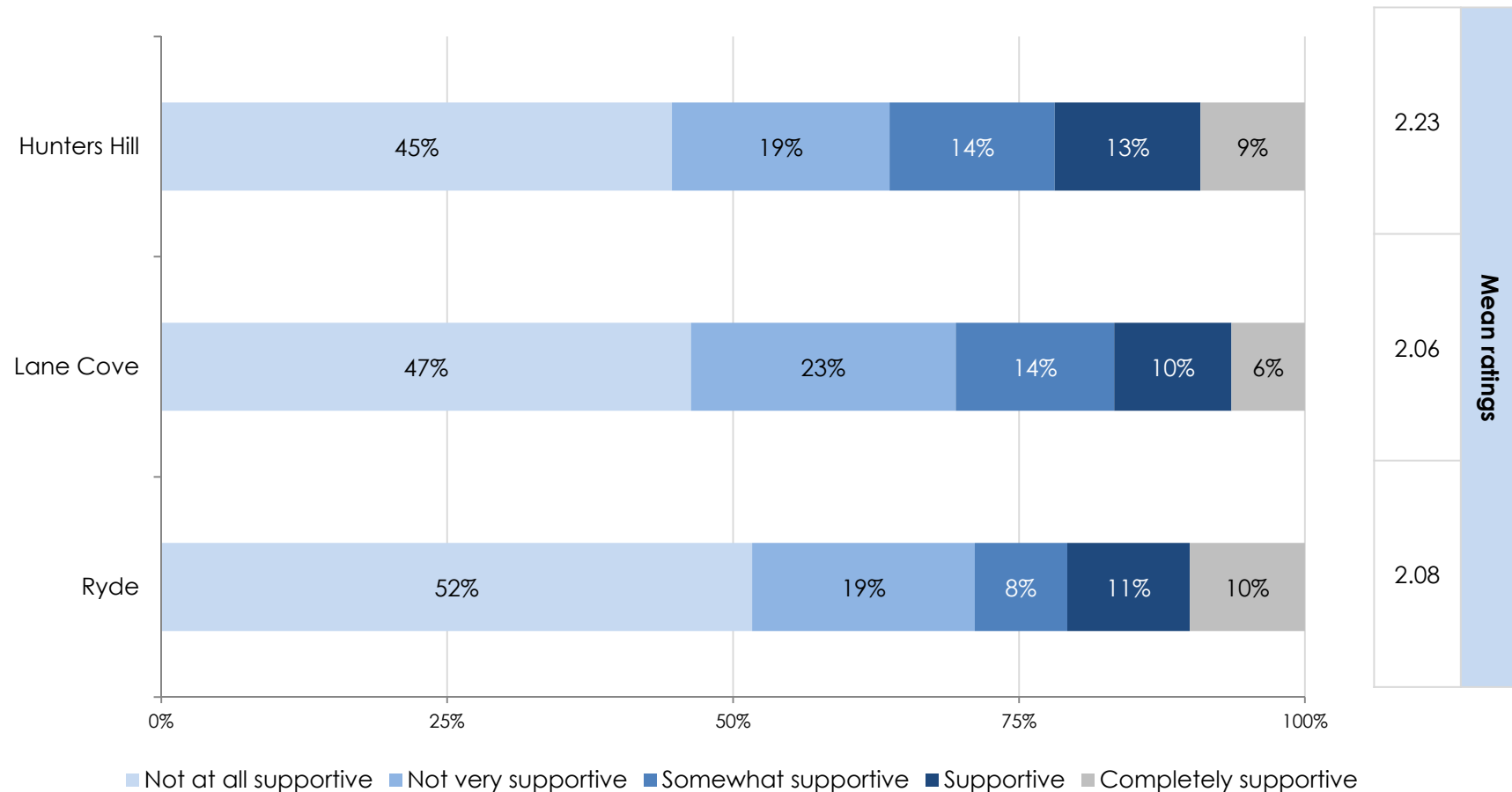
Attitudes to Amalgamation Options



Support for Option 1: the State Government's Proposal

The recommendation of the State Government's panel is to merge Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby, and two thirds of Ryde, Councils, to create a super council with a population of 356,000+

Q3a. How supportive are you of [Council] being merged into a new Mega Council?



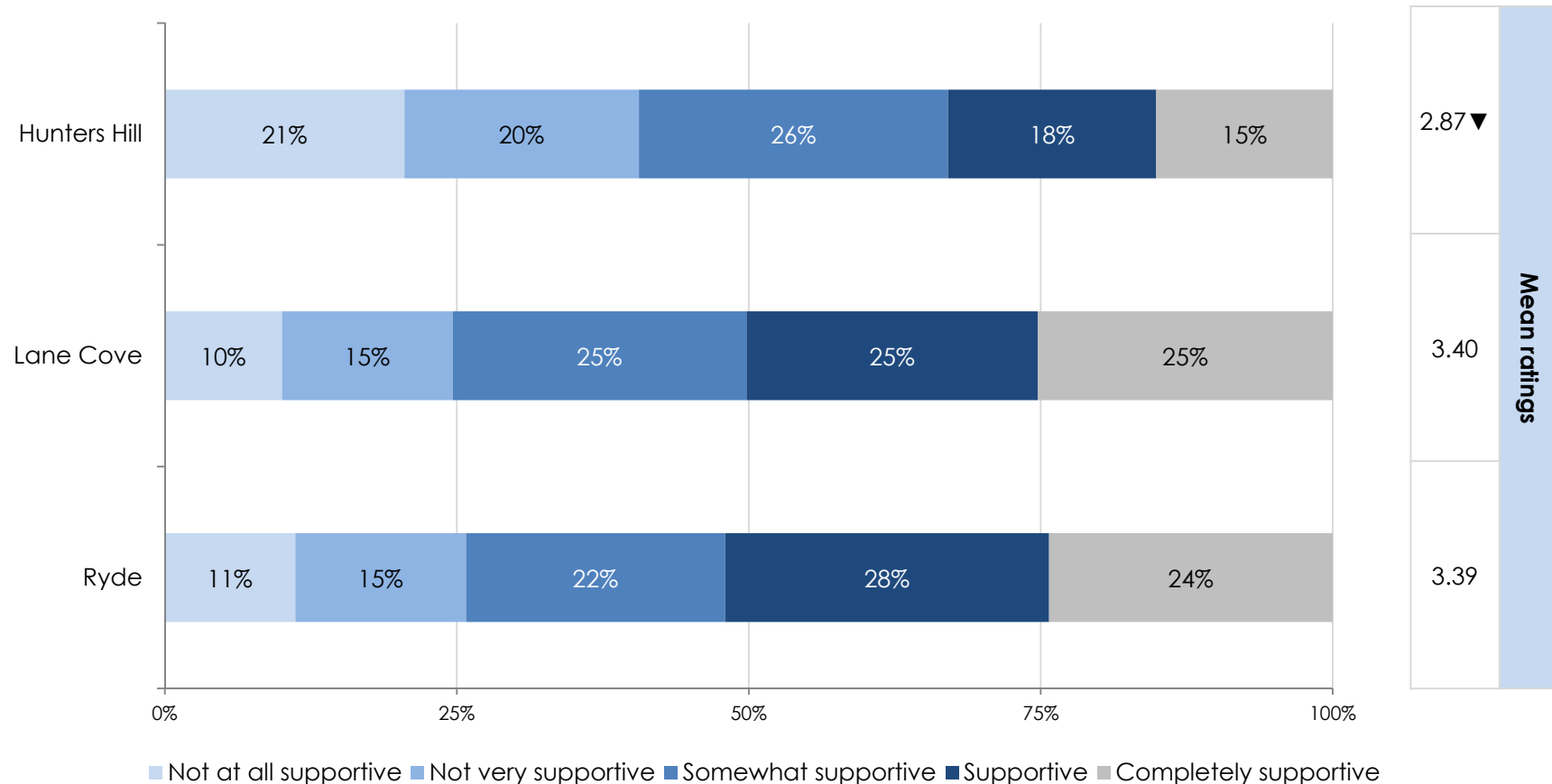
Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

Support for the State Government's recommended option was low throughout the region, with between 29% and 36% of residents indicating any degree of support. Support for this outcome was marginally higher in Hunters Hill than in other Council areas, while remaining minimal

Support for Option 2: Council Standing Alone

Council could reject the merger proposal by standing alone as an individual council and demonstrating that it can continue to deliver effective and efficient services to its community, and that it meets the strategic capacity as set out by the State Government's Fit for the Future criteria

Q3b. How supportive are you of [Council] staying alone?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

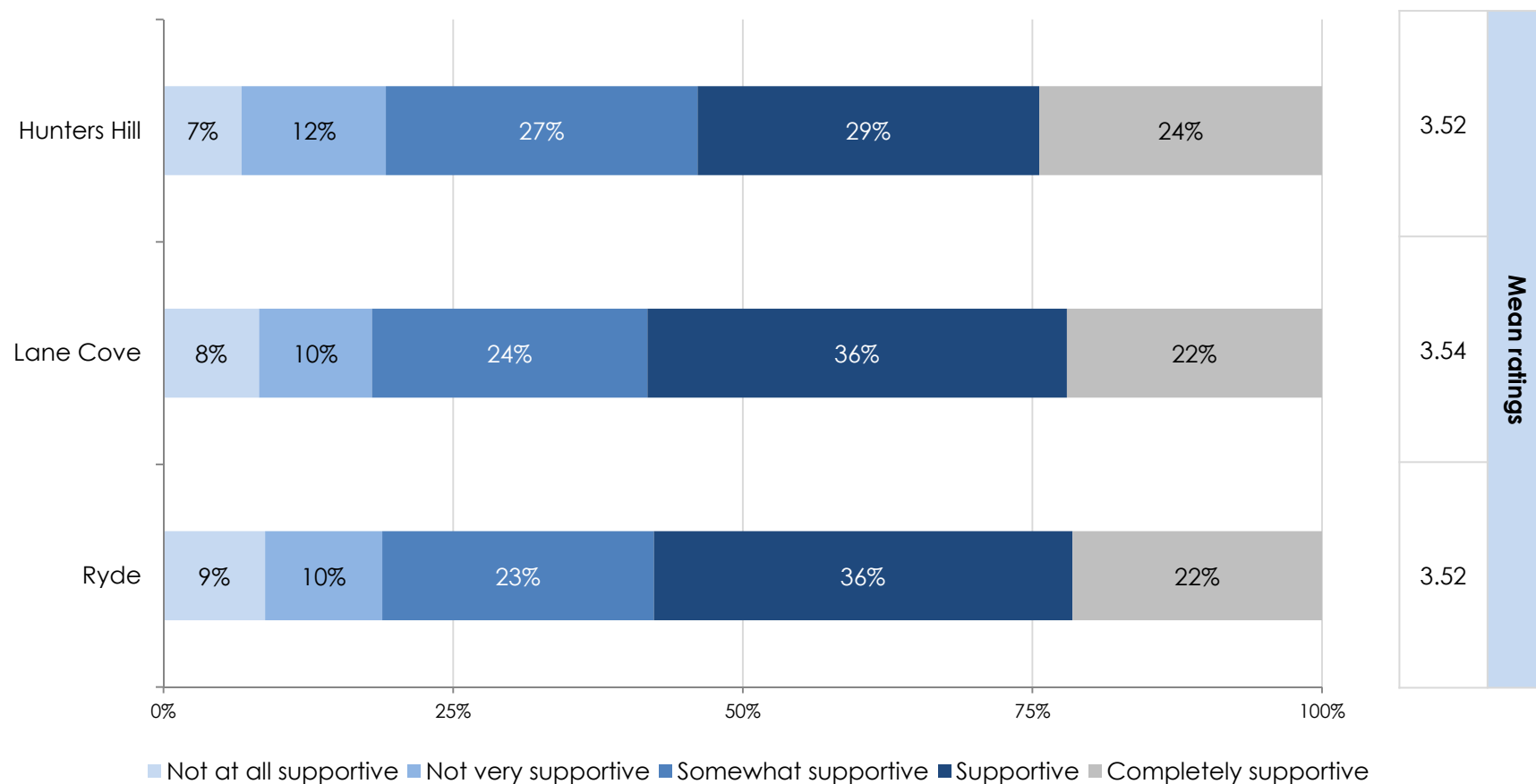
▲ ▼ = A significantly higher/lower level of support (by Council)

Support for Council standing alone was reliably moderate across the whole area, with between 33% and 52% of residents indicating that they were 'supportive' or better of the option, and a majority expressing some level of support in each Council. Hunters Hill residents were, though, significantly less supportive of this outcome than were others

Support for Option 3: A Joint Regional Authority

Ryde, Lane Cove, and Hunters Hill have also investigated a third option that, in addition to standing alone, would involve a joint organisation of individual councils that strategically plans, advocates, and collaborates on shared services on a regional level and across the three council areas, whilst continuing to deliver local services and activities

Q3c. How supportive are you of [Council] standing alone and exploring an alternative option of a Joint Regional Authority?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

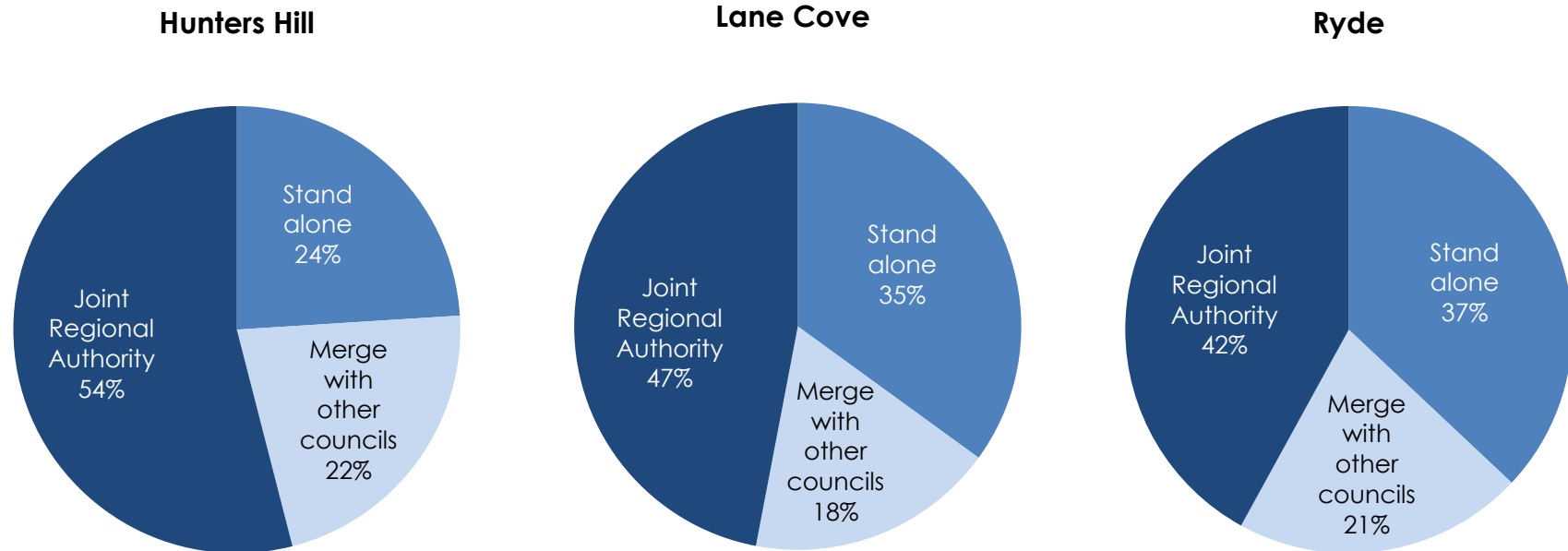
Option 3 – Exploring a Joint Regional Authority received almost identical mean support ratings in all Council areas, and was consistently the outcome receiving the highest level of support. A majority of residents were either ‘supportive’ or ‘completely supportive’ of this option in each Council

Ranking of Preferred Options



Ranking of Preferences – FIRST Preference

Q4a. Which of the three options is your most preferred option?



Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401



When asked to rank each option in order of preference, the Joint Regional Authority was the most common first preference option in each of the Council areas. Once again, Hunters Hill generated somewhat different responses than the other Councils, with fewer than one in four preferring to stand alone and a majority (54%) preferring the Joint Regional Authority

Ranking of Preferences – All Preference Rankings

Q4a. Which of the three options is your most preferred option?

Hunters Hill				
Preference:	1st	2nd	3rd	Average
Option 1 - Merge with other councils	22%	14%	64%	2.41 ▼
Option 2 - Stand alone	24%	43%	33%	2.09
Option 3 - Stand alone and explore Joint Regional Authority	54%	42%	4%	1.50 ▲

Lane Cove				
Preference:	1st	2nd	3rd	Average
Option 1 - Merge with other councils	18%	13%	69%	2.51 ▼
Option 2 - Stand alone	35%	42%	23%	1.87 ▲
Option 3 - Stand alone and explore Joint Regional Authority	47%	45%	8%	1.61 ▲

Ryde				
Preference:	1st	2nd	3rd	Average
Option 1 - Merge with other councils	21%	10%	69%	2.47 ▼
Option 2 - Stand alone	37%	40%	23%	1.87 ▲
Option 3 - Stand alone and explore Joint Regional Authority	42%	50%	8%	1.66 ▲

Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

▲ ▼ = A significantly higher/lower mean ranking (by option)
Scale: 1 = 1st preference, 3 = 3rd preference



From a community perspective the merge option is the least preferred outcome

Conclusion & Key Outtakes



Conclusion

Awareness of Potential Amalgamation

- There was broad awareness of the Fit for the Future proposals across the region, with over 70% of residents being aware of the potential mergers in each Council area
- Penetration of Fit for the Future information was more successful than elsewhere in NSW, with each of the surveyed Council areas' outcomes exceeding the Micromex Fit for the Future benchmark of 59%

Attitudes to Amalgamation Options

- 'Option 1 – Merging with other councils', the State Government's recommendation, was broadly rejected across the region. Fewer than one in four residents of each Council area indicated that they were 'supportive' or better of this option, and a majority expressed a lack of support in each case. The marginally greater backing of this outcome from Hunters Hill residents is likely explained by that area's extremely small size, which may make its residents more amenable to a Council amalgamation
- Standing alone received a more ambivalent response. The Lane Cove and Ryde council areas generated very similar levels of support, with half or so of those areas' residents indicating that they were 'supportive' or better. Hunters Hill residents, however, were significantly less supportive of this outcome, with over 40% expressing dissent. This may also be a result of the Council's small size leading residents to feel that standing alone is an impractical position to take
- The Joint Regional Authority uniformly received the highest support ratings, with more than 80% of residents in each area indicating that they were at least 'somewhat supportive'

Ranking of Potential Options

- Accordingly, the potential option of each Council remaining nominally separate but collaborating on regional issues was the most preferred outcome in each Council area. This support varied from a majority in Hunters Hill (54%) to 42% in the City of Ryde area
- The State Government's recommendation was the least preferred outcome, with between 64% and 69% in each LGA ranking it in last place



Key Outtakes

1. **The Joint Regional Authority proposed by City of Ryde, Lane Cove, and Hunters Hill Councils resonates broadly with residents across the region.** The potential for a compromise between merging and standing alone, which may allow financial and operational efficiencies to be achieved while retaining each individual area's identity, was the main impetus cited by residents for preferring this outcome
2. **There is little support for the State Government Review Panel's proposed merger, an option consistently ranked as the least preferred outcome by residents across the region.** The main concerns cited regarding the 'Mega Council' centred on the perceived inability of larger councils to provide localised services and a community voice to their residents
3. **While Ryde and Lane Cove Council residents reported remarkably similar outcomes, each Council should be mindful that Hunters Hill generated somewhat differing responses.** Likely due to the extremely small size of the area, Hunters Hill residents were more lukewarm towards the idea of standing alone, and expressed an even stronger preference for entering into a Joint Regional Authority association, than did others



Lane Cove Council

Fit for the Future

Prepared by: Micromex Research
Date: June 2015



micromex
research

Background



Methodology & Sample

Research Design

This study consisted of a three-stage methodology:

- Stage 1: Initial recruitment of 604 Lane Cove residents via random phone survey, collection of several 'pre' measures
- Stage 2: Mail-out by Council of a brochure explaining the various amalgamation options
- Stage 3: Recontact telephone interviews with 400 of the initial 604 recruits, collection of numerous 'post' measures.

Data collection

Micromex Research, together with Lane Cove Council, developed the questionnaire. Council developed the information pack sent to residents.

Data collection period

- Initial telephone recruitment: 20th – 29th April 2015
- Telephone recontact interviewing (CATI): 16th – 25th May 2015



Methodology & Sample

Sample

N= 400 interviews were conducted.

A sample size of 400 provides a maximum sampling error of plus or minus 4.9% at 95% confidence.

This means that if the survey was replicated with a new universe of n=400 residents, that 19 times out of 20 we would expect to see the same results, i.e. +/- 4.9%.

For the survey under discussion the greatest margin of error is 4.9%. This means, for example, that the answer "satisfied" (44%) to the overall satisfaction question could vary from 39% to 49%. As the raw data has been weighted to reflect the 2011 ABS community profile of Lane Cove Council, the outcomes of statistical tests reported here reflect an 'effective sample size'; that is, the weighted data provides outcomes with the same level of confidence as unweighted data of a different sample size. In some cases this effective sample size may be smaller than the actual number of surveys conducted.

Interviewing

Interviewing was conducted in two phases. During the recruitment phase, residents were screened for eligibility and their details were taken in order to post the amalgamation information pack. The recontact phase comprised the remainder of the survey questions, with residents responding to the information pack they had received. Interviewing was conducted in accordance with the AMSRS Code of Professional Conduct. Where applicable, the issues in each question were systematically rearranged for each respondent.

Data analysis

The data within this report was analysed using Q Professional.

Percentages

All percentages are calculated to the nearest whole number and therefore the total may not exactly equal 100%.



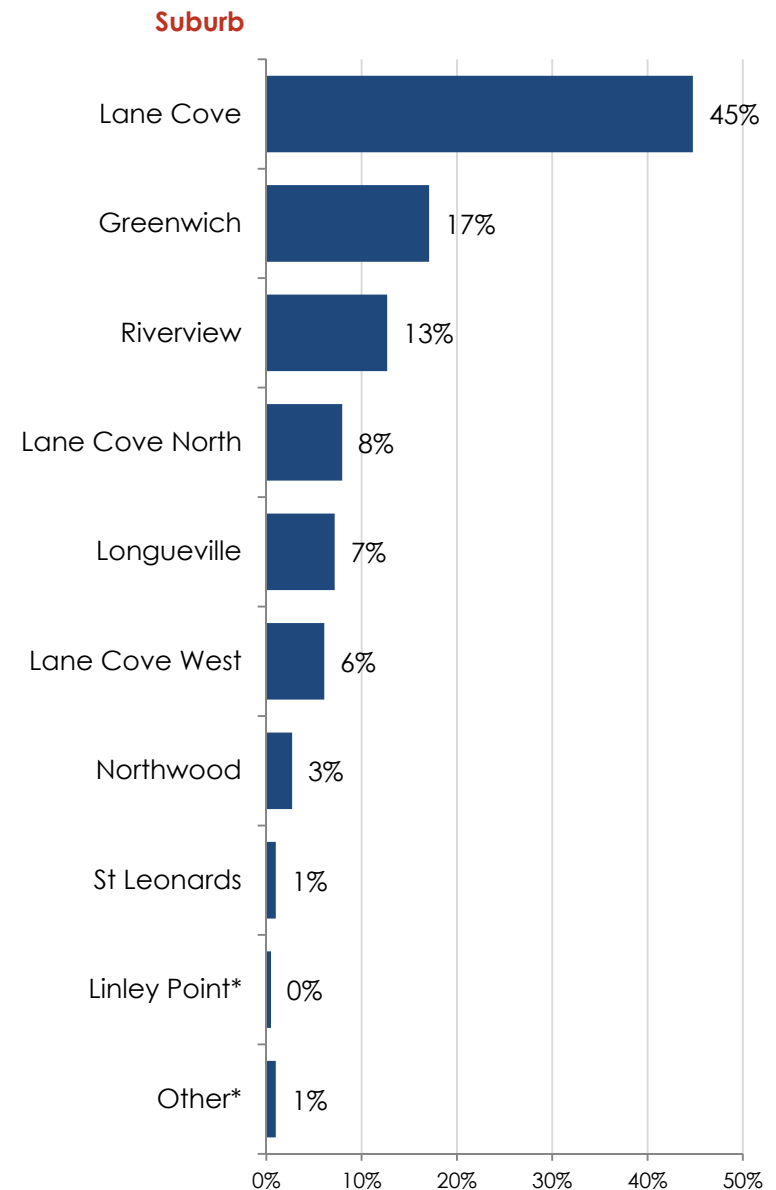
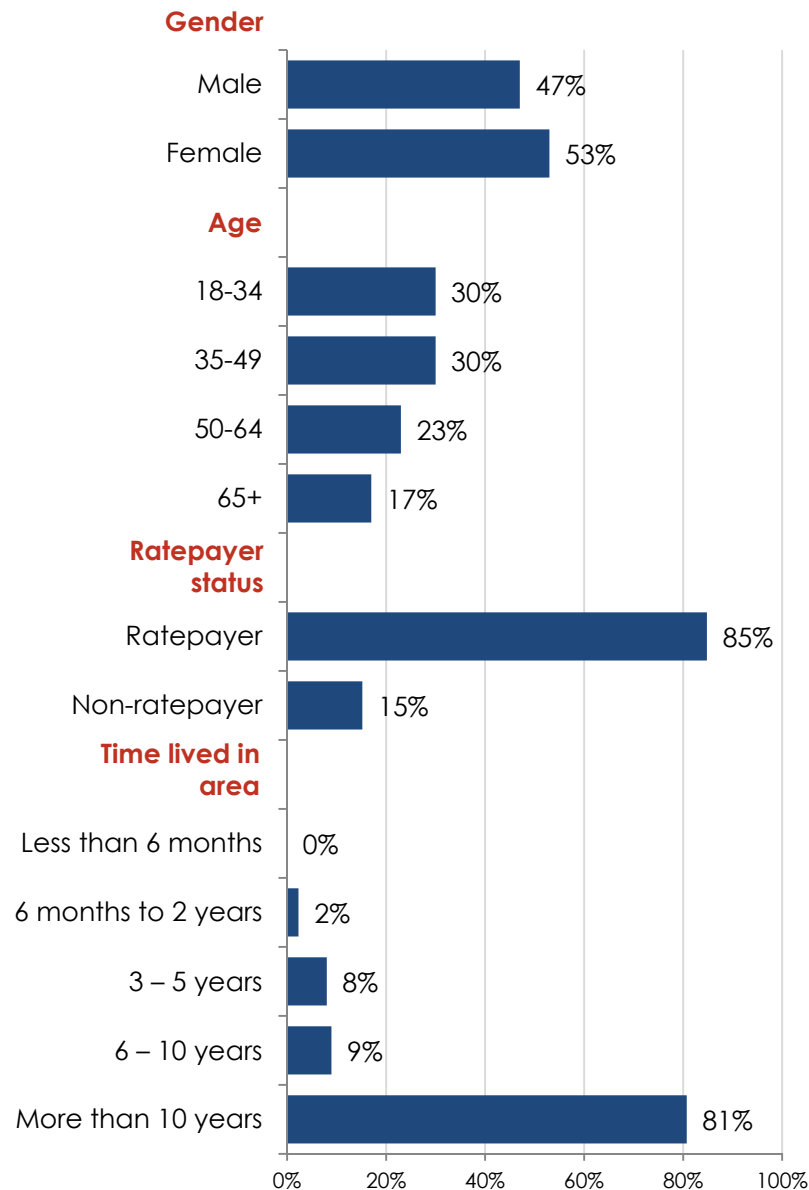
Sample Profile





 The sample was weighted by age and gender to reflect the 2011 ABS community profile of Lane Cove Council

Sample Profile



Base: N=400

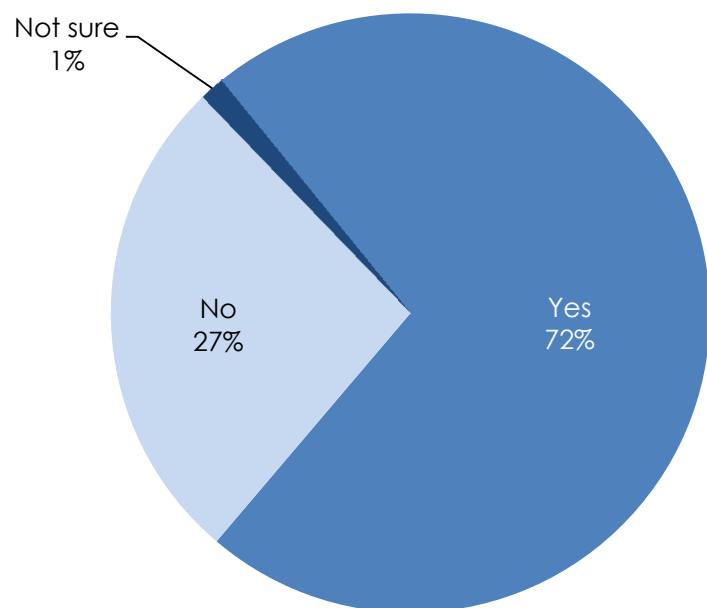
*Notes: 1. One respondent was a resident of Linley Point
 2. Two respondents gave their address as a post office box outside the Lane Cove area, but verbally confirmed that their residential address was within the Council boundaries

Detailed Findings – Awareness of Potential Amalgamation



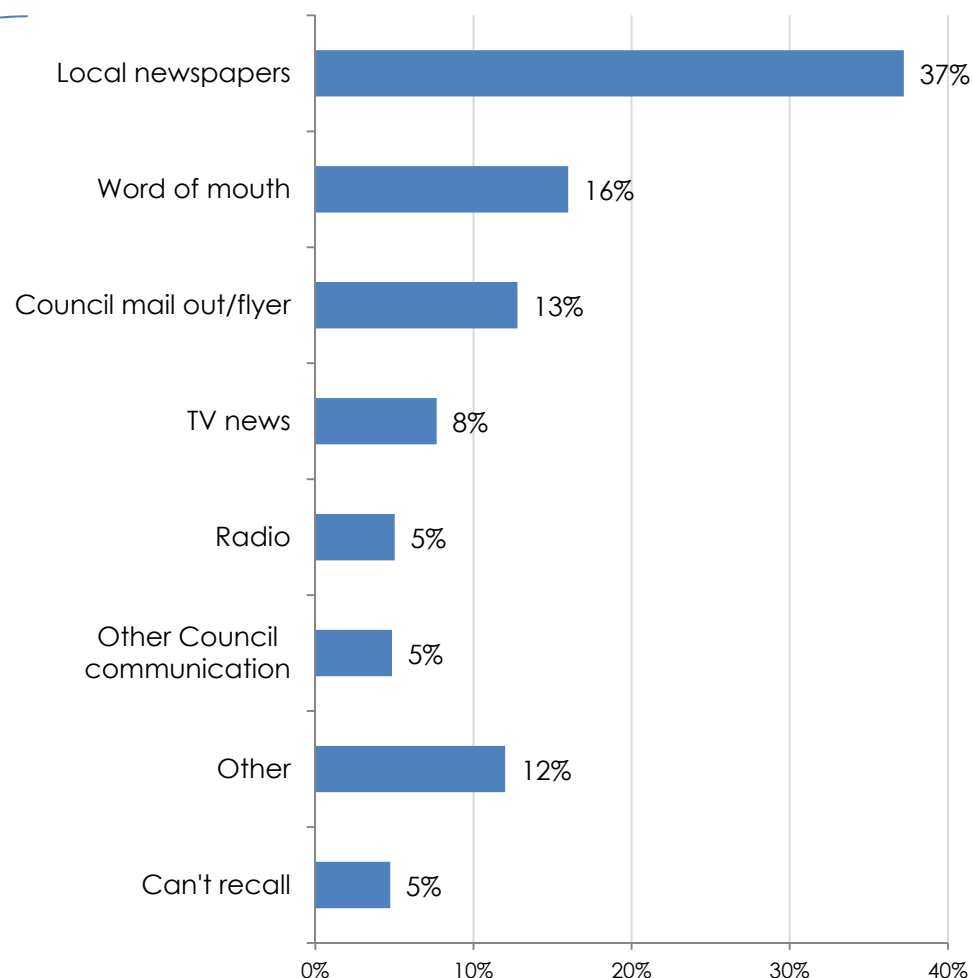
Awareness of Potential Amalgamation

Q1a. (Recruitment survey) Prior to this call were you aware of the potential amalgamation of Lane Cove Council with other councils?



Residents aged 50 and over were significantly more likely to be aware (87% of those aged 50-64 and 85% 65+)

Those aged 18-34 (50%) were significantly less aware



Base: N=288

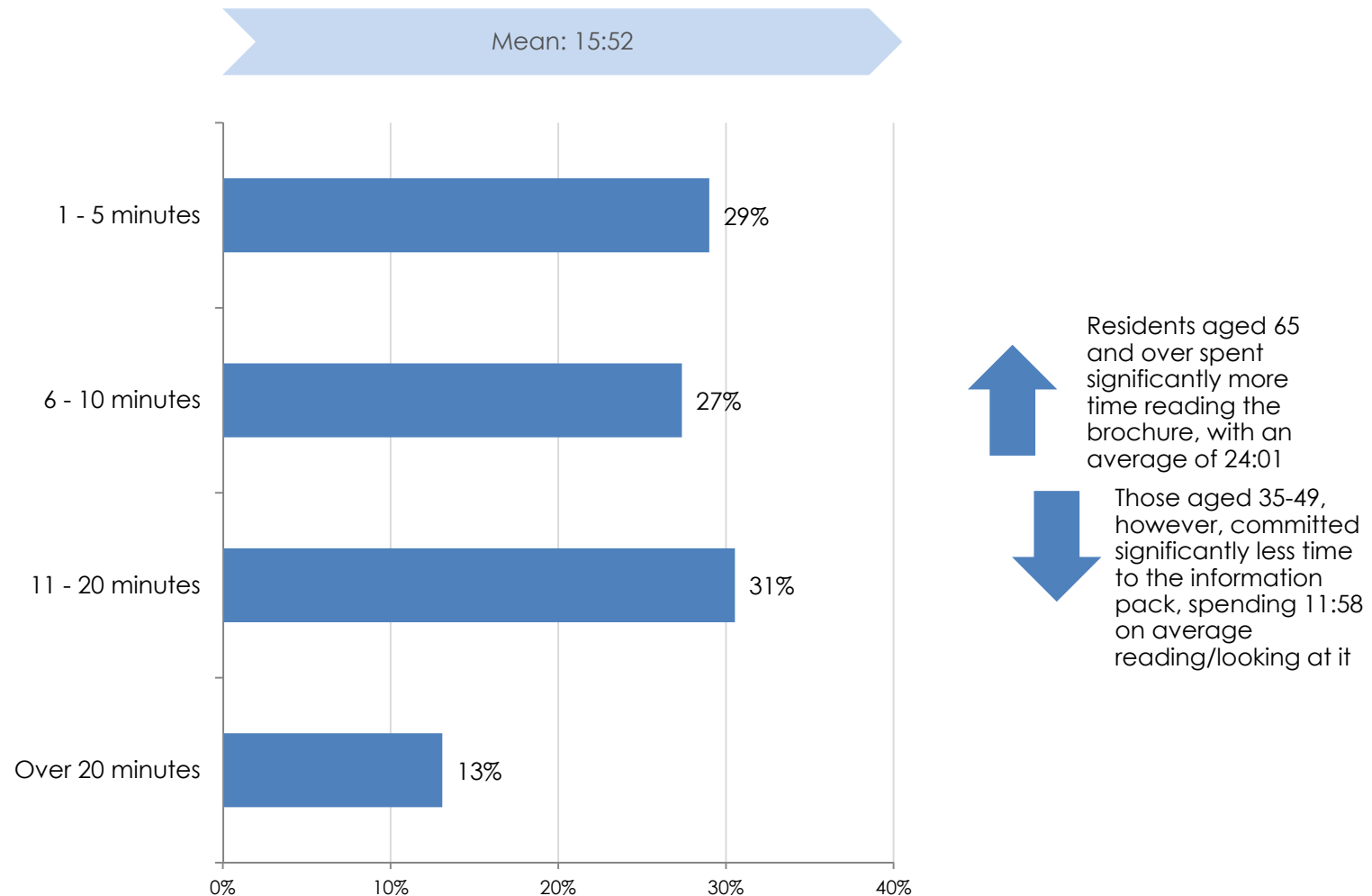
Base: N=400

See Appendix for specified 'Word of mouth', 'Other Council communication', and 'Other' responses

72% of Lane Cove residents were aware of the potential council amalgamation, an outcome significantly higher than the Micromex Fit for the Future benchmark of 59%. Those aged 50 and over were unsurprisingly more likely to have heard via 'local newspapers', and less likely to have heard via 'word of mouth', while those aged 18-34 displayed the opposite trend

Time Spent Reading the Information Pack

Q1. In total, how long would you have spent reading or looking through the information pack?




Base: N=400



Almost one in three residents spent between 11 and 20 minutes reading/looking at the information pack, resulting in an average reported time spent of approximately 16 minutes

Detailed Findings – Attitudes to Merger Options

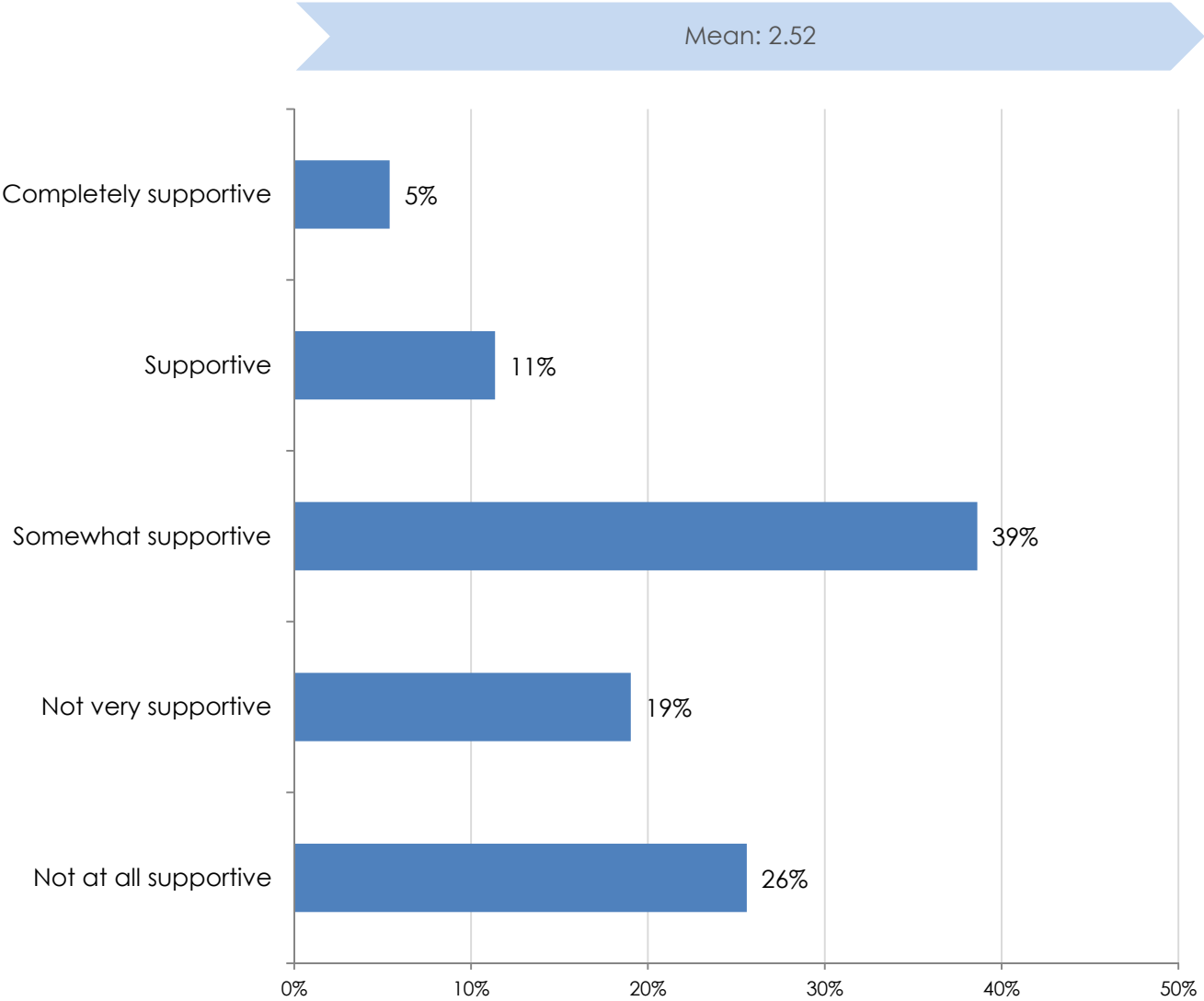


 When prompted for top-of-mind support for amalgamation, residents' responses were lukewarm, with 55% expressing some degree of support for a theoretical merger, although the majority of these were only 'somewhat supportive'. This outcome was generally consistent across the community

Initial Support for Council Amalgamation

No Specific Amalgamation Options Were Outlined at This Stage

Q2. (Recruitment survey) How supportive are you of Lane Cove Council amalgamating with one or more other councils?



Base: N=400

Scale: 1 = not at all supportive, 5 = completely supportive

Concept Statement

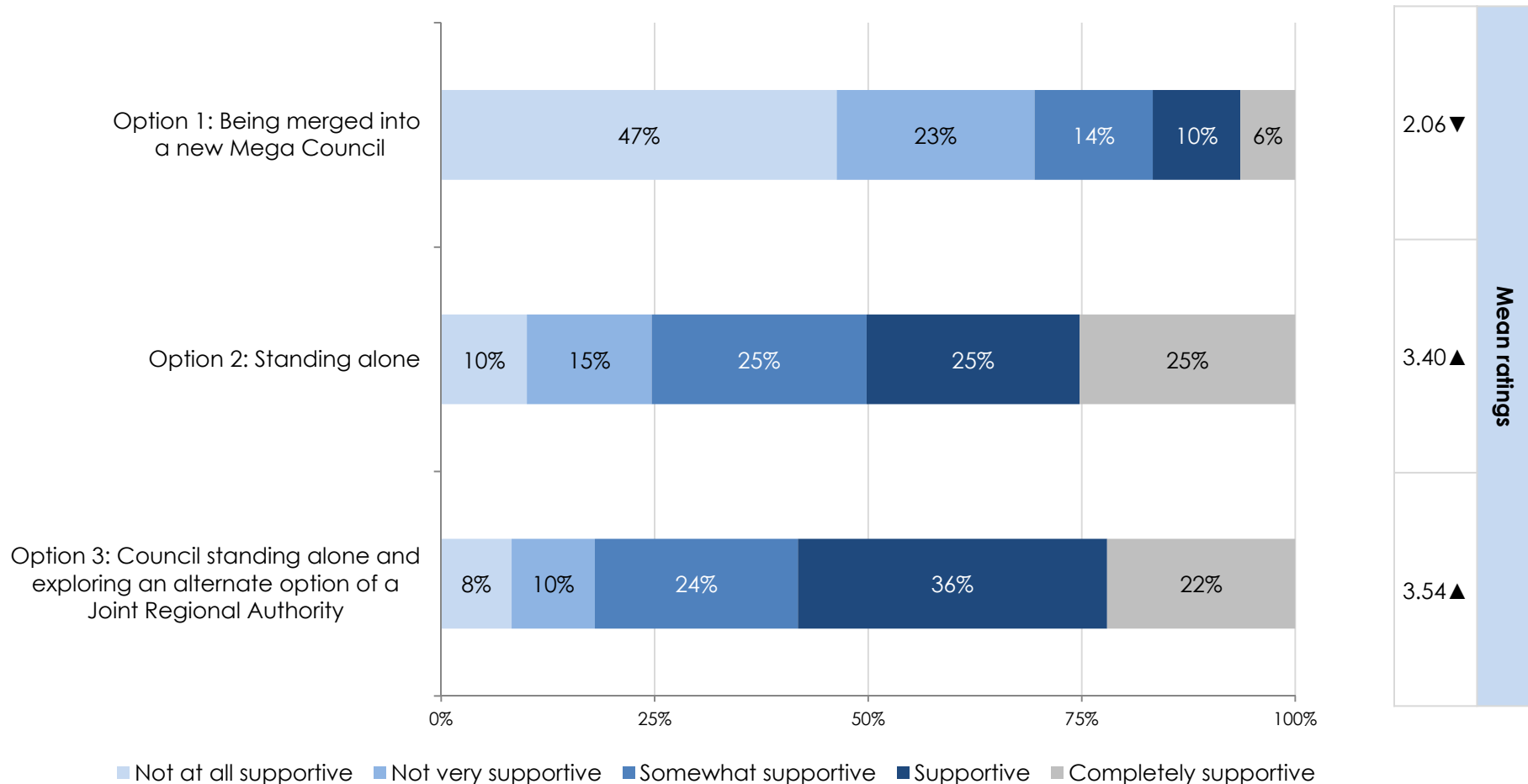
We are asking for your feedback in relation to the three options available to Council. There is a summary at the back of the brochure of these options, which are:

1. Agree to the State Government proposal of a merger between Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby, and two thirds of Ryde, Councils
2. Reject merger proposal and stay as individual councils
3. Provide a superior alternative that would see Ryde, Hunters Hill, and Lane Cove stay as individual councils and become part of a joint regional body that could plan and deliver services on a regional basis where appropriate



Summary of Support

Q3a. How supportive are you of Lane Cove being merged into a new Mega Council?
 Q3b. How supportive are you of Lane Cove standing alone?
 Q3c. How supportive are you of Lane Cove Council standing alone and exploring an alternate option of a Joint Regional Authority?



Base: N=400

Scale: 1 = not at all supportive, 5 = completely supportive
 ▲ ▼ = significantly higher/lower level of support (by option)

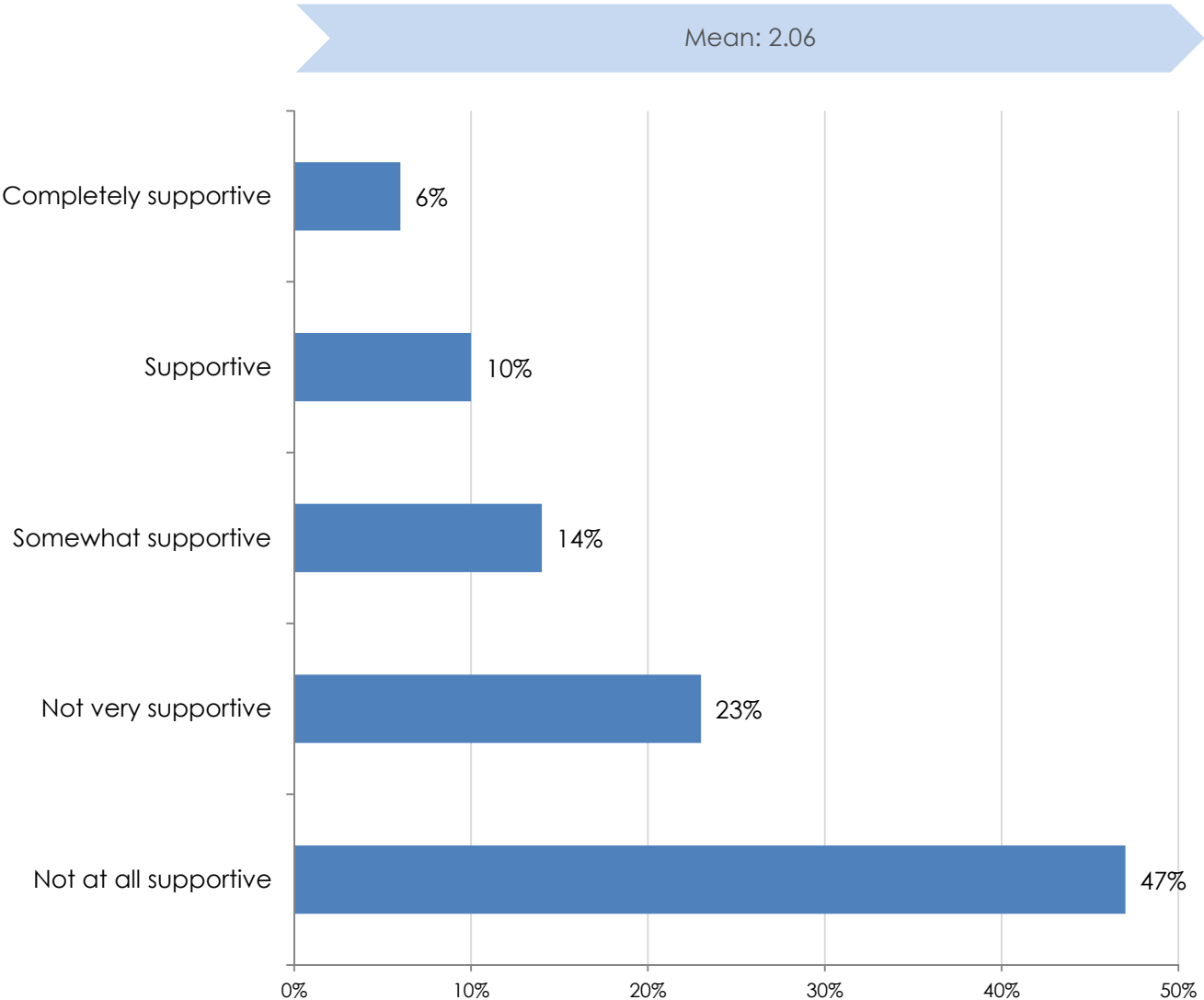
The State Government's proposed merger earned significantly lower support than either of the other options, with 47% of residents indicating that they were 'not at all supportive' of the 'Mega Council'. Support for standing alone and the Joint Regional Authority was more evenly split, with 75% and 82% respectively indicating some degree of support for each

 The State Government's recommended merger generated minimal community backing, with just 30% of residents indicating any degree of support, an outcome observable throughout the whole community. This result is in line with the Micromex Fit for the Future benchmark of 34%

Support for the State Government's Proposal


Option 1: Lane Cove to Merge with Ryde, Hunters Hill, Mosman, Willoughby, and North Sydney Councils

Q2. (Recruitment survey) How supportive are you of Lane Cove Council amalgamating with one or more other councils?



Base: N=400

Scale: 1 = not at all supportive, 5 = completely supportive

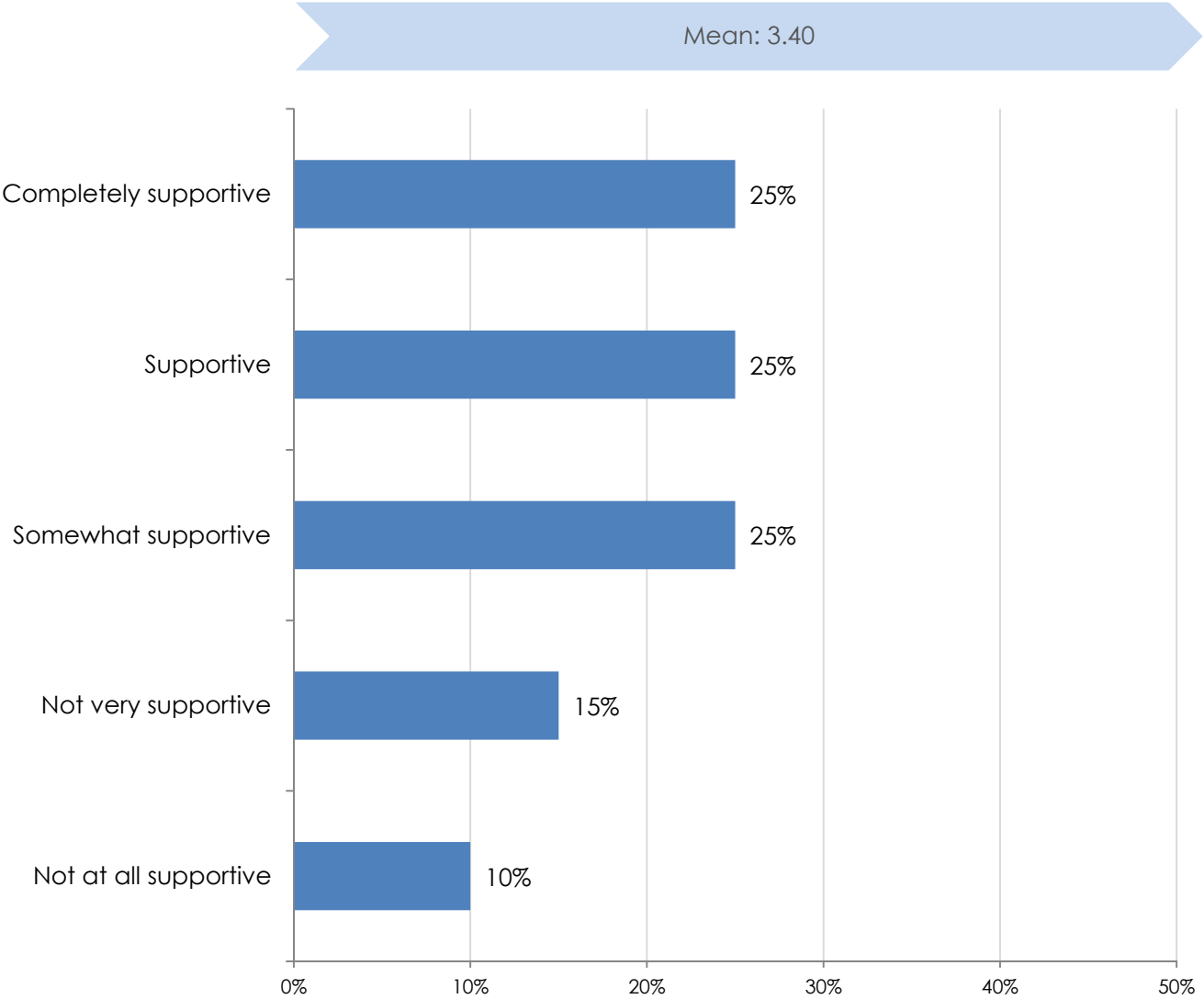


There was moderate support for Council standing alone – 75% of residents were at least ‘somewhat supportive’ of this outcome, and there were twice as many residents ‘supportive’ or better as there were ‘not very supportive’ or worse

Support for Lane Cove Standing Alone


Option 2: Lane Cove to Reject any Merger Proposal

Q3b. *How supportive are you of Lane Cove Council standing alone?*



Base: N=400

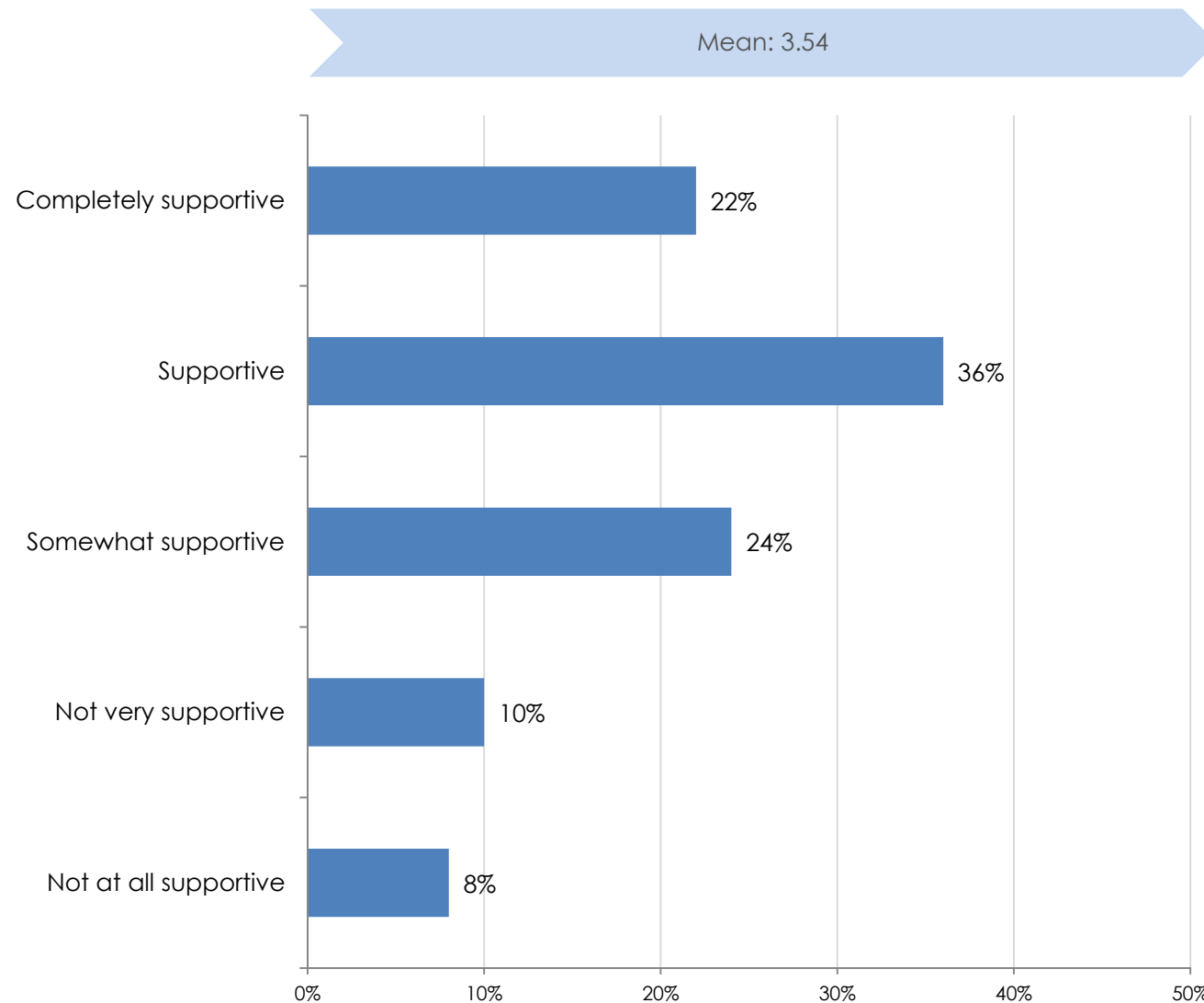
Scale: 1 = not at all supportive, 5 = completely supportive


The Joint Regional Authority proposed in Option 3 generated the highest level of overall support, with 82% of residents being at least 'somewhat supportive' of this option

Support for a Joint Regional Authority

Option 3: Lane Cove to Remain Alone and Collaborate with Ryde and Hunters Hill on Regional Service Provision

Q3c. How supportive are you of Lane Cove Council standing alone and exploring an alternate option of a Joint Regional Authority?



Base: N=400

Scale: 1 = not at all supportive, 5 = completely supportive

Detailed Findings – Preference Rankings

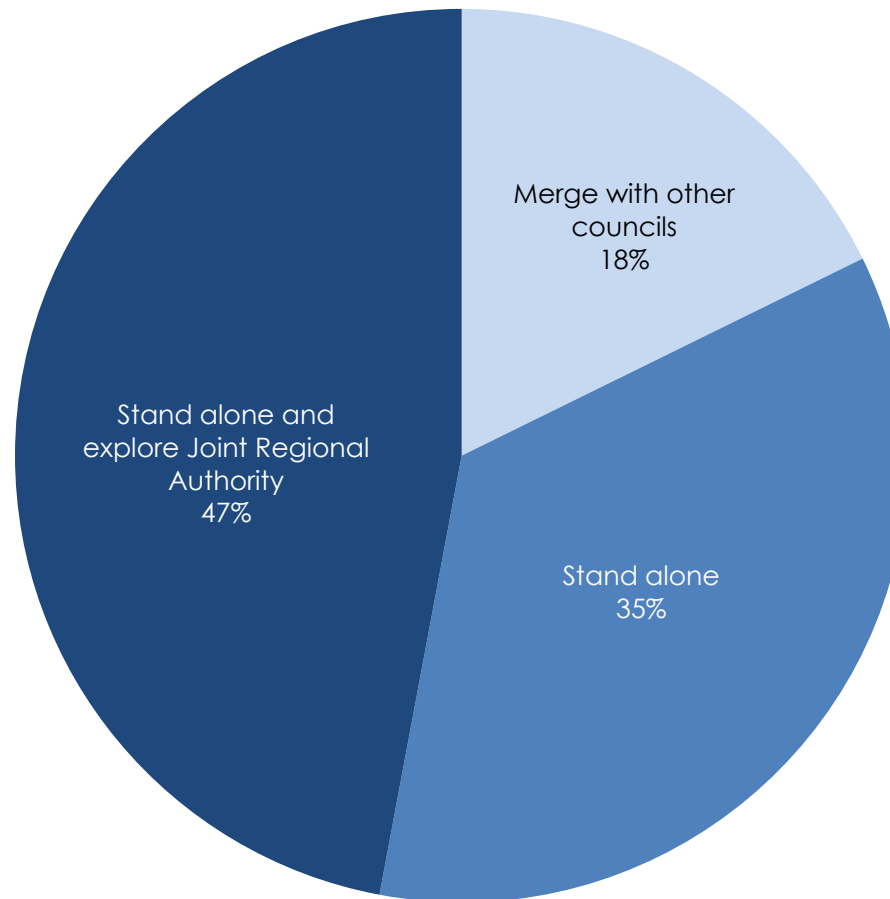




In line with the varying support levels ascribed to different options, the Joint Regional Authority was the first preferred choice of the most residents, with 47% selecting this option. This outcome was remarkably consistent across residents of differing ages and genders, varying from 46% to 49% within these groups

Preferred Option – FIRST Choice

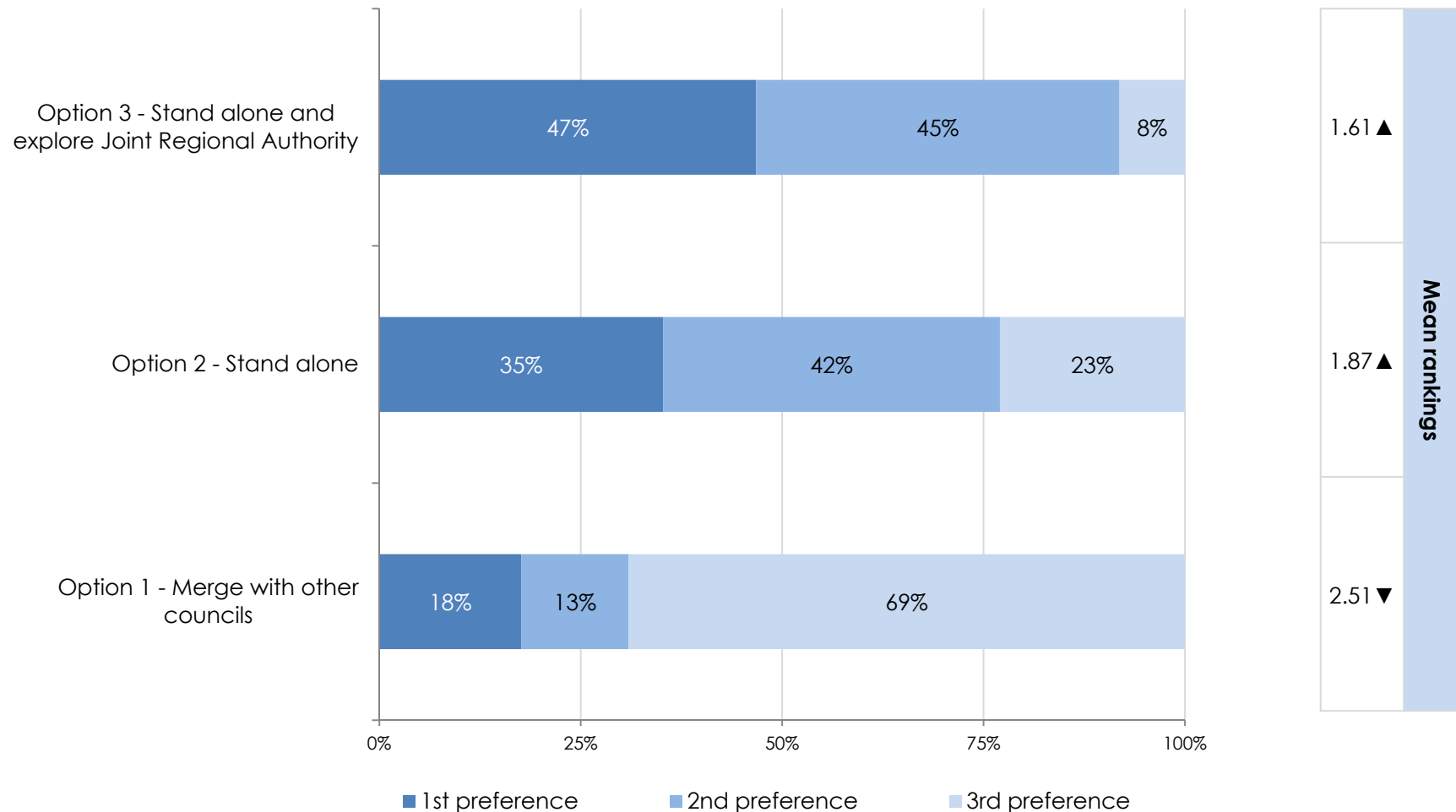
Q4a. Which of the three options is your most preferred option?



Base: N=400

Preferred Option – All Rankings

Q4a. Which of the three options is your most preferred option?



Base: N=400

▲ ▼ = significantly higher/lower preference (by option)

Scale: 1 = 1st preference, 3 = 3rd preference

The average preference ranking ascribed to 'Option 1 – Merge with other councils' was significantly lower than the rankings of the other options, reflecting its low support levels. The Joint Regional Authority was either the first or second preference of 92% of residents, consolidating its broad community support



The main reasons cited for residents preferring the Joint Regional Authority centred on its capacity to improve regional service efficiencies while retaining Lane Cove's individuality

Reasons for Preferred Option: Top Response

Option 3: Lane Cove to Remain Alone and Collaborate with Ryde and Hunters Hill on Regional Service Provision

47% of 1 st preferences (N=187)	%
Represents a practical compromise between merging and standing alone	18%
Opportunity to utilise other Councils' resources would benefit the area	17%
Wish to retain Lane Cove's independence/local services/community representation	14%
Collaborating would ensure financial efficiency/avoid costs of merging	11%
Most viable option to avoid a forced amalgamation	9%
Current good performance of Council makes any amalgamation unattractive	7%
Proposed merged council areas are too large to enable effective management	6%
Effective continuation of existing links between Councils	3%
Benefits of merging have not been successfully communicated	3%
Concerned over potential for poor decision-making in a merged council	3%
Relative compatibility of areas/sustainability of this option compared to others	2%
Best of the proposed options, although an alternative set of councils would be ideal	1%
Greater ability to deal with issues that cross current council boundaries	1%
Joint responsibility for issues would ensure fairer management	1%
Would lead to a reduction in current Council inefficiency	<1%

Base: Overall N=400



Residents who preferred standing alone tended to do so because they wished to retain the good performance of Lane Cove Council

Those who ranked the 'Mega Council' as their 1st preference were most likely to cite the opportunity for 'improved efficiency/service provision' as their reason

Reasons for Preferred Option: 2nd & 3rd Responses

Option 1: Lane Cove to Merge with Ryde, Hunters Hill, Mosman, Willoughby, and North Sydney Councils

Option 2: Lane Cove to Reject any Merger Proposal

Option 2 – 35% of 1 st preferences (N=142)	%
Current good performance of Council makes any amalgamation unattractive	27%
Smaller councils are better able to provide local services to their communities	20%
Larger council would be less accountable/transparent/more bureaucratic	7%
Benefits of merging have not been successfully communicated	5%
Merging would compromise uniqueness/local identity of Lane Cove	5%
Standing alone is more financially sustainable for Lane Cove	3%
Proposed merged council areas are too large to enable effective management	3%
Poor opinion of proposed Councils for merging makes standing alone preferable	1%
Sceptical of the viability/necessity of the Joint Regional Authority	1%
Amalgamation would result in job losses	1%
Previous negative experience of amalgamation	1%

Option 1 – 18% of 1 st preferences (N=70)	%
A larger council area would allow for improved efficiency/service provision	9%
Government is currently excessively large/bureaucratic/level of representation is unnecessary	7%
Amalgamation would generate cost efficiencies	4%
Current poor opinion of Council makes amalgamation attractive	4%
Merged council would be more accountable/greater interest in regional issues	4%
Wish to improve poor management/effectiveness of local government in general	2%
Increased council area would be a more viable outcome	<1%
Lane Cove is a similar area to the proposed Councils	<1%
Previous positive experience of council amalgamation	<1%
Local representation would still be retained under this option	<1%

Base: Overall N=400

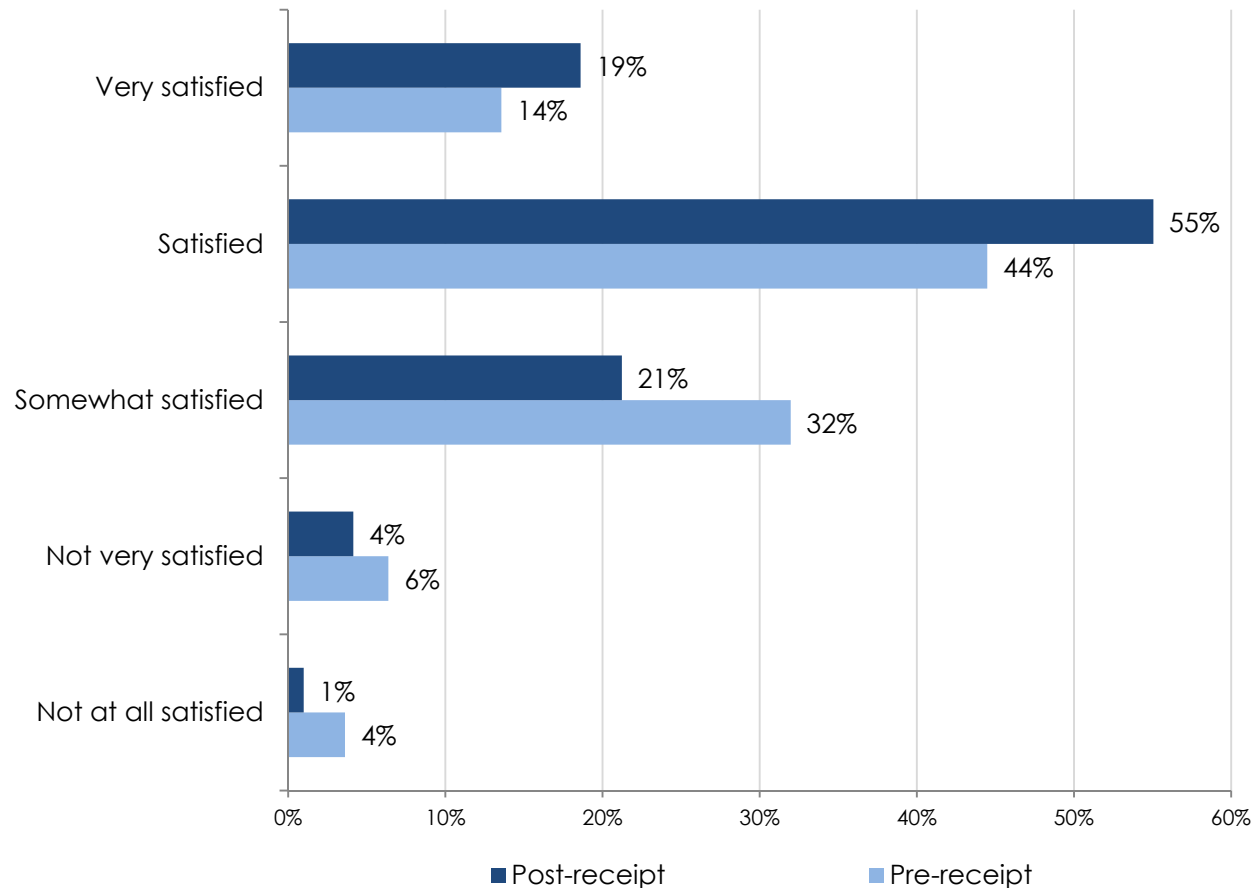
Detailed Findings – Satisfaction



Overall Satisfaction with the Performance of Council

Prior to and After Receipt of Council's Information Pack

Q2/3. In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?



Post-receipt
mean:
3.86 ▲

Pre-receipt
mean:
3.58 ▼

Post-receipt, female residents were significantly more satisfied with Council (97% 'somewhat satisfied' or better), as were those aged 65+ (95%)

Those aged 35-49 were significantly less satisfied at this phase, albeit still with moderately high satisfaction

Base: N=400

▲ ▼ = significantly higher/lower preference (by survey)

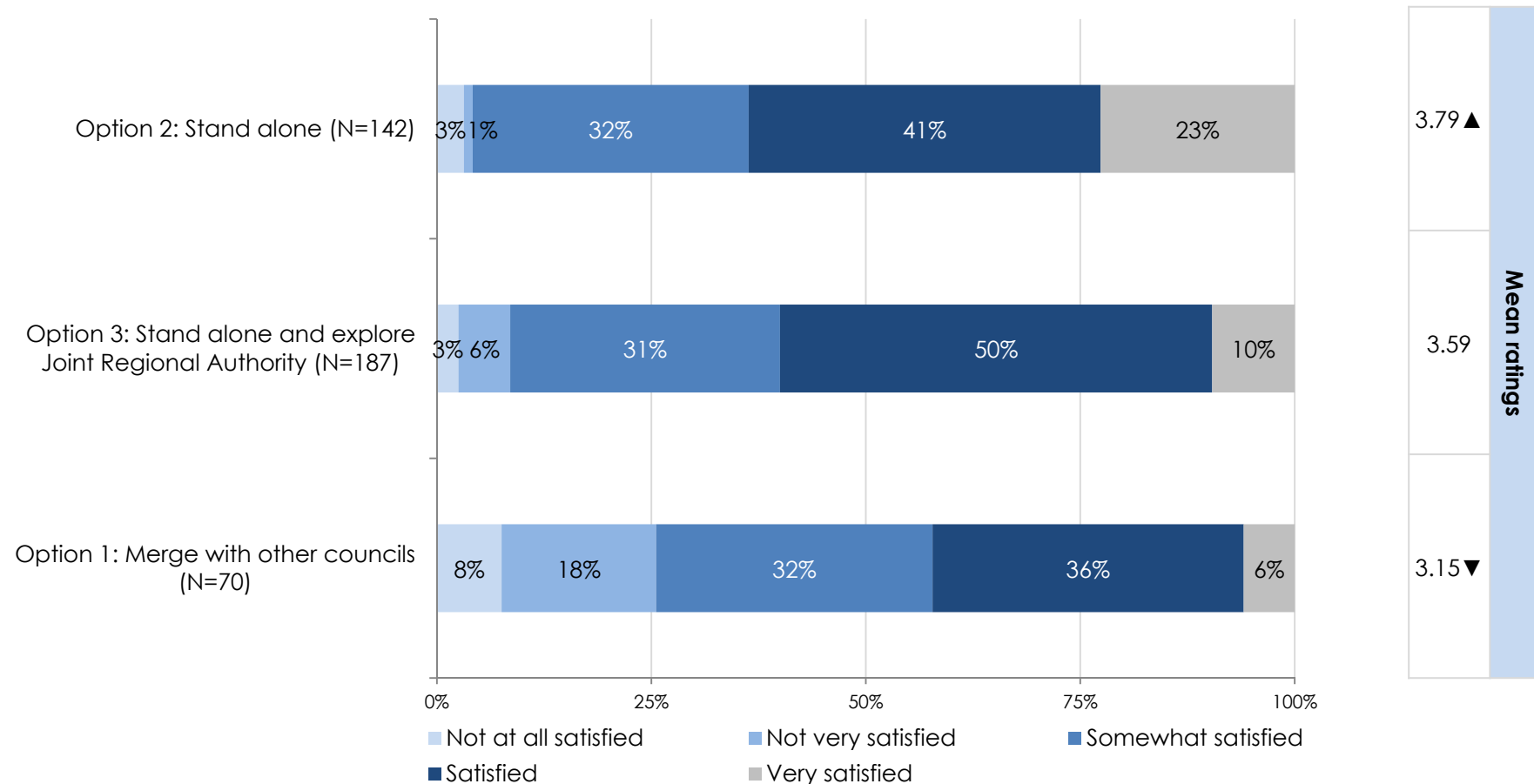
Scale: 1 = not at all satisfied, 5 = very satisfied

Residents recorded a significantly higher average satisfaction with Council after being supplied with Council's information pack, rising from 58% 'satisfied' or better at the recruitment phase to 74% at the point of recontact

Overall Satisfaction by Preferred Amalgamation Option

Satisfaction Reported Prior to Receipt of the Information Pack

Q3. In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?
Q4a. Which of the three options is your most preferred option? And your second?



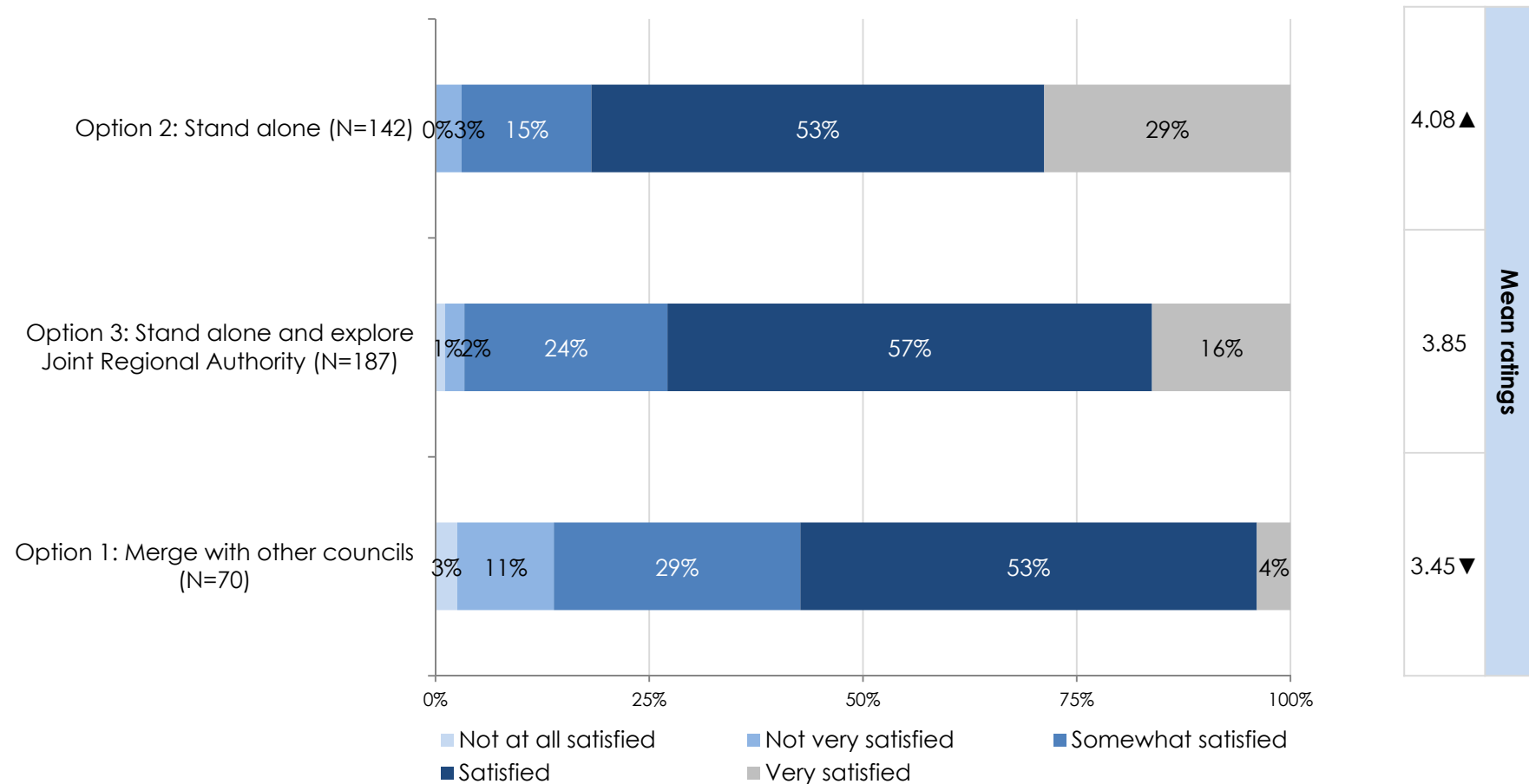
▲ ▼ = significantly higher/lower level of satisfaction (by option)
Scale: 1 = not at all satisfied, 5 = very satisfied

Those selecting Option 2 as their first preference were typically more satisfied with Council's performance when surveyed prior to receiving the information pack, with 96% being at least 'somewhat satisfied'. Those preferring Option 1 were typically less satisfied at this phase, although retaining a good general opinion of Council

Overall Satisfaction by Preferred Amalgamation Option


Satisfaction Reported After Receipt of the Information Pack

Q2. In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?
Q4a. Which of the three options is your most preferred option? And your second?



▲ ▼ = significantly higher/lower level of satisfaction (by option)
Scale: 1 = not at all satisfied, 5 = very satisfied

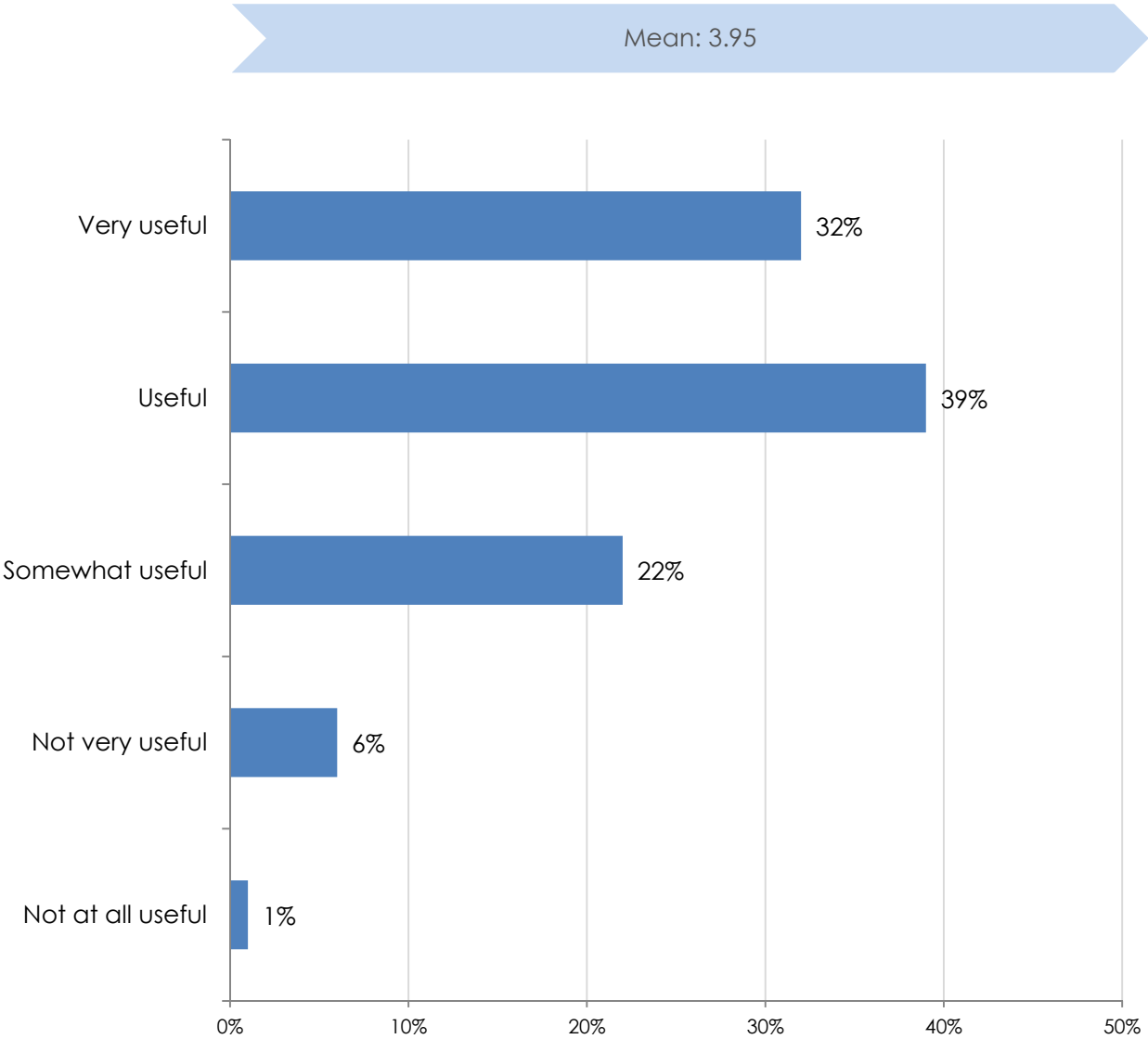
Higher satisfaction with Council from those selecting Option 2, and lower from those preferring Option 1, was carried over into the recontact phase. Dissatisfaction was only recorded by 3% of those preferring to stand alone, compared to 14% of those looking to merge into the 'Mega Council'



The “Fit for the Future” brochure was considered at least ‘somewhat useful’ by 93% of residents, suggesting generally effective communication of the proposed merger options. Females and those aged 65 and over found the brochure significantly more useful, and those aged 35-49 markedly less so

Usefulness of Council “Fit for the Future” Brochure

Q5. Overall, how useful did you find Lane Cove’s brochure in explaining the Fit for the Future program and the options that Council is considering?



Base: N=400

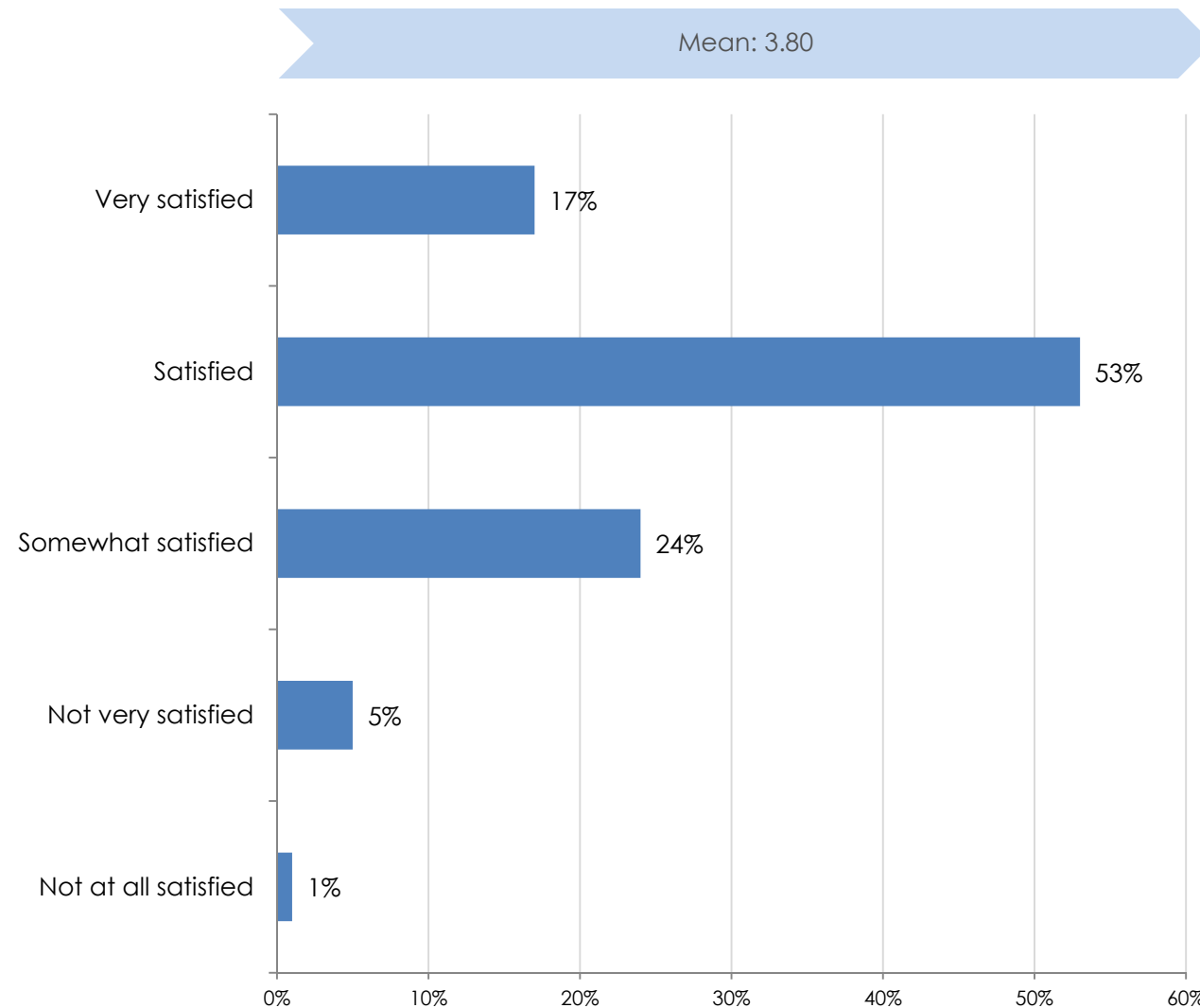
Scale: 1 = not at all useful, 5 = very useful



Residents were generally satisfied with Council's response to "Fit for the Future", with only 6% expressing any dissatisfaction, and over half of all residents indicating that they were 'satisfied'. This outcome was consistent across all community demographics

Satisfaction with Council's Response to "Fit for the Future"

Q6. *And overall, how satisfied are you with the performance of Lane Cove in dealing with the NSW Government's Fit for the Future project and the associated issue of possible amalgamation?*



Base: N=400

Scale: 1 = not at all satisfied, 5 = very satisfied

Conclusion & Key Outtakes



Conclusion

Awareness of Amalgamation

- 72% of Lane Cove residents were aware of the potential council amalgamation, an outcome significantly higher than the Micromex Fit for the Future benchmark of 59%.
- 'Local newspapers' was the most common means of becoming aware (37%), followed by 'word of mouth' (16%)
- Residents aged 50 and over were unsurprisingly more likely to have heard via 'local newspapers' (53%), and less likely to have heard via 'word of mouth' (4%), while those aged 18-34 displayed the opposite trend (6% vs. 47%)
- The most frequently cited 'other' means of becoming aware was via the 'Sydney Morning Herald' newspaper (4% of all of those who were aware), a similar level of penetration as some of the prompted media, e.g. 'radio' and 'other Council communication'

Attitudes to Merger Options

- Without being provided any context, 55% of residents indicated some degree of support for an amalgamation – however, only 5% were 'completely supportive'. At this phase, males and non-ratepayers registered marginally higher levels of support
- After provision of more detailed merger option information, residents ascribed the lowest support by some distance to the State Government's planned amalgamation, with just 30% indicating any degree of support and almost half (47%) outright rejecting the proposal
- There was more ambivalence regarding 'Option 2 – Standing alone' and 'Option 3 – Exploring a Joint Regional Authority'. These options registered 75% and 82% Top-3-Box support respectively, and both received marginally higher backing from females, non-ratepayers, and those aged 18-34. It is necessary to analyse respondents' preference rankings to ascertain the true relative support these options would earn



Conclusion

Preference Rankings

- 47% of residents selected 'Option 3 – exploring a Joint Regional Authority' as their first preference, with the primary justification for doing so being that the option "represents a practical compromise between merging and standing alone", a reasoning reported by 18% of all residents. While this option received a similar level of support as 'Option 2 – standing alone' when both were surveyed alone, this outcome's prevalence when all options are ranked suggests that many residents feel that pushing for a compromised outcome is the most realistic solution for Lane Cove
- Marginally higher support was ascribed to 'Option 3 – exploring a Joint Regional Authority' by non-ratepayers (61% cf. 47% of all residents)
- Other major reasons given for preferring Option 3 were that the 'opportunity to utilise other Councils' resources would benefit the area' (17% of all respondents) a 'wish to retain Lane Cove's independence/local services/community representation' (14%), and that 'collaborating would ensure financial efficiency/avoid costs of merging' (11%). These diverse responses take both pro- and anti-amalgamation sentiments into account, and confirm that this option was largely seen as a sensible compromise by its supporters
- Those supporting standing alone were most likely to do so because the 'current good performance of Council makes any amalgamation unattractive' (27% of all respondents).
- The minority who supported the State Government's proposal tended to feel that 'a larger council area would allow for improved efficiency/service provision' (9%). Reasons given for supporting these options were less diverse than were those for Option 3



Conclusion

Satisfaction: Council's Performance and Response to 'Fit for the Future'

- At the point of recontact, females and those aged 65+ were significantly more satisfied with Council, while those aged 35-49 were significantly less so. However, ratings were generally strong during this phase, with 95% of residents registering some degree of satisfaction
- Residents recorded a significantly higher average satisfaction after being supplied with Council's information pack, rising from 58% 'satisfied' or better at the recruitment phase to 74% at the point of recontact. This outcome suggests that the act of consultation itself is a powerful driver of resident satisfaction; proof that Council has made the effort to compile and provide information, and is actively conferring with residents over important issues, bolsters the satisfaction of those residents consulted
- Cross-analysis revealed that for satisfaction measures taken both before and after provision of the information pack, residents preferring to stand alone were significantly more satisfied, and those preferring to amalgamate significantly less so. For example, while a slim majority (57%) of those who preferred merging were 'satisfied' or better with Council at the recontact phase, this measure returns 82% for those preferring to stand alone
- The residents who preferred the Joint Regional Authority registered almost identical mean satisfaction ratings scores to the overall both pre- and post-receipt of the information pack. This outcome may imply that while those preferring Option 3 constituted 47% of all residents, they may accurately reflect a cross-section of the whole community across other measures
- The brochure provided was generally considered useful, with a Top-2-Box satisfaction rating of 71%. Females (75%) and those aged 65+ (83%) found the resource significantly more useful, while males (65%) and those aged 35-49 (55%) found it significantly less so
- Overall, reaction to Council's management of the Fit for the Future process was positive, with minimal dissatisfaction (6%), and consistent ratings of 'somewhat satisfied' or better across the community



Key Outtakes

1. **The Joint Regional Authority attracts broad support across the Lane Cove community.** A compromise which will allow Lane Cove to retain its identity and representation, while also creating a more robust local government unit, is the preferred outcome of a near-majority of residents
2. **Lane Cove residents were also, though, reasonably amenable to the idea of continuing to stand alone.** The predominant reason for preferring this outcome was the current good performance of Council. If Council were able to show that this positive environment could be maintained under a combined service organisation, then it is likely that these residents would be open to that option
3. **The State Government Review Panel's recommended 'Mega Council' merger is unpopular throughout Lane Cove.** Fewer than one in five residents would prefer this outcome



Appendix – Additional Data



Respondent Breakdown by Subcell

Demographic Populations

<i>All-respondent questions</i>	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Base	400	188	212	120	120	92	68	339	61

<i>Q1b. (Recruitment)</i>	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Base	288	132	156	60	90	80	58	256	32



Respondent Breakdown by Subcell

Awareness and Support Questions

Q1. In total, how long would you have spent reading or looking through the information pack?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mins:secs	15:52	17:38	14:18	14:58	11:58▼	16:06	24:01▲	15:11	19:40

▲ ▼ = significantly more/less time (by group)

Q1a. (Recruitment survey) Prior to this call were you aware of the potential amalgamation of Lane Cove Council with other councils?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Yes	72%	70%	74%	50%▼	75%	87%▲	85%▲	75%▲	53%▼
No	27%	29%	24%	47%	25%	13%	12%	24%	40%
Not sure	1%	1%	2%	3%	0%	0%	3%	0%	7%

▲ ▼ = significantly higher/lower awareness (by group)

Q2. (Recruitment survey) How supportive are you of Lane Cove Council amalgamating with one or more other councils?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	2.52	2.61	2.44	2.50	2.62	2.58	2.30	2.48	2.75

Q3a. How supportive are you of Lane Cove being merged into a new Mega Council?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	2.06	2.15	1.99	2.03	2.13	2.11	1.94	2.00	2.39

Q3b. How supportive are you of Lane Cove Council standing alone?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	3.40	3.37	3.43	3.62	3.25	3.34	3.39	3.38	3.54

Q3c. How supportive are you of Lane Cove Council standing alone and exploring an alternate option of a Joint Regional Authority?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	3.54	3.49	3.59	3.76	3.31	3.52	3.57	3.49	3.84

Scale: 1 = not at all supportive, 5 = completely supportive



Respondent Breakdown by Subcell

Preference and Satisfaction Questions

Q4a. Which of the three options is your most preferred option?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Stand alone and explore Joint Regional Authority	47%	47%	47%	47%	46%	49%	46%	44%	61%
Stand alone	35%	33%	38%	38%	34%	32%	39%	37%	27%
Merge with other councils	18%	20%	15%	15%	21%	19%	15%	19%	12%

Q2/3. In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings (post-receipt)	3.86▲	3.73	3.97	3.88	3.68	3.89	4.11	3.89	3.71
Mean ratings (pre-receipt)	3.58	3.55	3.61	3.56	3.49	3.61	3.74	3.58	3.59

Q5. Overall, how useful did you find Lane Cove's brochure in explaining the Fit for the Future program and the options that Council is considering?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	3.95	3.80▼	4.09▲	4.06	3.67▼	4.02	4.17▲	3.97	3.83

Q6. And overall, how satisfied are you with the performance of Lane Cove in dealing with the NSW Government's Fit for the Future project and the associated issue of possible amalgamation?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	3.80	3.80	3.81	3.97	3.71	3.61	3.94	3.77	3.99

Scale: 1 = not at all supportive/useful, 5 = very useful/completely satisfied





Means of Becoming Aware of Amalgamation Proposal

Word of mouth	Count
Friend	12
Family member	7
Neighbour	3
Work colleague	2
Church minister	1
Council staff member	1
Student	1
Unsure	1
Other Council communication	Count
Council website	4
Email from Council	4
Council meeting	1
Council newsletter	1
Unspecified Council communication	1
Other	Count
Sydney Morning Herald	15
Social media	4
Communication from a different council	3
Website/Internet	3
Local newsletter	1
Made aware through work	1
Sport club	1
<i>Did not wish to disclose</i>	<i>1</i>



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Attachment L

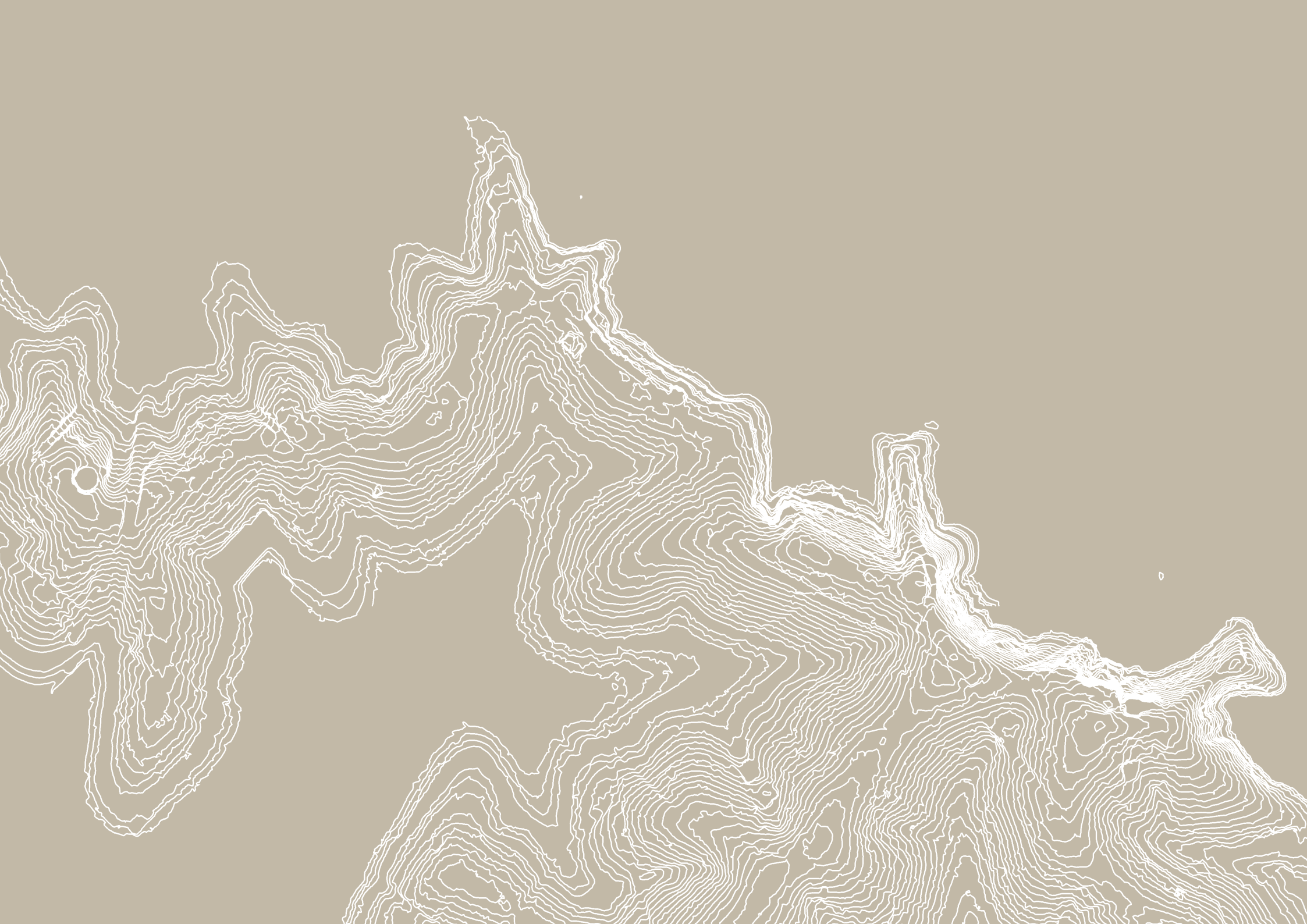
City of Ryde Resourcing Strategy



CITY OF RYDE

Resourcing Strategy 2014-2024

Comprising of the City of Ryde Asset Management Plan, Workforce Plan and Long Term Financial Plan.



Contents

Introduction

Resourcing Strategy

- Our Location
- Our Community
- Our Workforce

Asset Management Plan	Part 1
Workforce Plan	Part 2
Long-term Financial Plan	Part 3

Introduction

Resourcing Strategy

The three documents which comprise the City of Ryde Resourcing Strategy are the Asset Management Plan (AMP), The Workforce Plan (WFP) and the Long Term Financial Plan (LTFP). These three documents are all linked primarily through the Community Strategic Plan which outlines at the highest level what Council commits to delivering to our community over the life of the plan.

This then cascades down through the Four Year Delivery Plan and One Year Operational Plan to further detail exactly how council funds will be spent to ensure that commitment to the community is met, all within the context of delivering best value services to our customers.

The Asset Management Plan addresses how we will fund the maintenance and renewal of our assets; this in turn informs the Workforce Plan which outlines the quantity and range of skills required to deliver on the Asset Management Plan.

Both Plans therefore, in turn, act as inputs into the Long Term Financial Plan by outlining how much funding Council will require for contractors and staffing the organisation at an optimum level to deliver the works planned under the Asset Management Plan. In addition, the Asset Management Plan supports Long Term Financial Plan to project costs regarding plant, equipment, machinery and technology and other costs outside of employee expenditure.

Our location

The City of Ryde is located **12 kilometres north-west of central Sydney.**



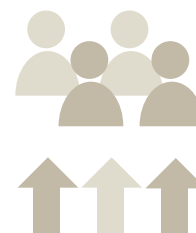
The 16 suburbs that make up the City of Ryde local government area contain a **mix of residential living and successful business, retail and education centres.** They are also home to a wide range of natural landscapes, parks, scenic waterways and areas of historical significance.



Our community

102,850 residents call the City of Ryde home (2010 Census estimate)

This figure is projected to rise to **117,000 by 2030.**



45% of our population is between **25 and 54 years of age.**



24.7% of the Ryde population is over **55 years of age.**



Our population is also culturally diverse. Approximately **45% of residents were born outside Australia.**



This diversity in country of birth contributes to the **42% of residents speaking at least one language** in addition to English.



Our workforce

To meet the needs of our diverse community, our organisation aims to be an employer of choice, offering our employees the opportunity to work in a stimulating job close to home, to deliver services that support our community's cultural diversity and to meet the commitments detailed in our Four Year Delivery Plan.

Asset Management Plan

The City of Ryde's Asset Management Plan (AMP) identifies expenditure requirements with respect to the renewal and maintenance of all assets. The AMP interacts with the Long Term Financial Plan (LTFP), which is also part of the overall Resourcing Strategy, through the budgeting for the renewal, expansion, operating and maintenance costs, as described in the AMP, over the period of the LTFP.

The LTFP then interacts with the Delivery Plan, Operational Plan and Asset Management Plan, in holding figures based on the structure of each of these plans, and where the budget allocations for assets are required, as per the AMP.

In addition to the AMP dealing with the assets directly, the needs for management of the assets includes staff resources for the data, systems and planning, as well as the delivery of works using an appropriate combination of contracts and Council's own staff.

Workforce Plan

The City of Ryde's Workforce Plan serves the purpose of outlining how Council will deliver 'best value' services to our community by ensuring we have the right people in the right jobs at the right time. In order to achieve a best value model of service delivery from a human resource perspective, it is imperative to understand and emphasise the fine balance between employee engagement (to achieve optimum productivity) and cost containment.

Whilst the achievement of cost containment can be readily achieved, if this is not managed well, the result can be poor engagement of staff and therefore low productivity and poor outcomes.

This document examines the measures taken by Council to carefully monitor both staffing costs and employee engagement, against a backdrop of community engagement and customer satisfaction levels.

In order for Council to be able to deliver a genuine best value service to our community, all three requirements (customer satisfaction, employee engagement and cost containment) must be met and continuously monitored and refined to meet the changing needs of both our customers and our workforce.

Long Term Financial Plan

This City of Ryde Long Term Financial Plan (LTFP) is based on the projections and estimated costs that are used in the Delivery Plan and Operational Plan, which are linked to the Community Strategic Plan.

Council's financial system is structured in holding costs that allows reporting on each of these plans, within their own structure. This same structure is used against Council's asset register and costs associated with assets.

The LTFP also relies upon the projected changes in staff and contractors as described in the Workforce Plan (WFP), by budgeting for those changes where appropriate. It also uses the forecasted amounts for Renewal, Expansion, Operating and Maintenance, for assets as described in the Asset Management Plan (AMP) and the Asset Type Sub Plans (AMPs).



CITY OF RYDE

Asset Management Plan 2014-2024

Outlining Council's approach to asset management and its financial requirements.

Contents

Introduction	3	Replacing Assets	8	Where are we now?	
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Introduction

Asset Management Plan

The City of Ryde's Asset Management Plan (AMP) identifies expenditure requirements with respect to the renewal and maintenance of all assets. The AMP interacts with the Long Term Financial Plan (LTFP), which is also part of the overall Resourcing Strategy, through the budgeting for the renewal, expansion, operating and maintenance costs, as described in the AMP, over the period of the LTFP.

The LTFP interacts with the Delivery Plan, Operational Plan and Asset Management Plan, in budgeting costs based on the structure of each of these plans.

In addition to the AMP dealing with the assets directly, the needs for management of the assets includes staff resources for the data, systems and planning, as well as the delivery of works using an appropriate combination of contractors and Council's own staff.

Asset Management Plan

Asset Planning & Reporting

The Guidelines under the Regulations related to the Local Government Act (LGA) S406(5) – Integrated Planning & Reporting (IP&R) amendment, requires Council to have:

- An Asset Management Policy
- An Asset Management Strategy
- An Asset Management Plan
 - Accounts for and plans for all assets
 - Reports on the condition of their assets.

To meet these requirements, Council is using a framework that:

- Complies with the Guidelines for IP&R
- Uses industry best practice of the IPWEA International Infrastructure Management Manual
- Presents plans in ways that facilitate understanding and engagement with the community
- Is incremental in the development and understanding of asset management
- Recognises the complexity and financial investments involved in the diverse array of service supported by the assets.

Asset Management Strategy

This Strategy for managing all of Council's assets is:

Organisation context and importance of sustainable asset management

- Asset Management reflects and complements Council's objectives as covered in the Delivery Plan and Operational Plan, which is how Council addresses the Community Strategic Plan
- Better and more informed decision-making by Council, staff and community
- Integration of resources combining knowledge and ability to plan for the present and future generations
- A framework to implement continuous improvement in Asset Management
- Meet community needs, expectations and affordability of service delivery supported by assets
- Manage Council's risks associated with the assets and associated services.

Vision and goals for service delivery

- Ensure that Council's services and infrastructure are provided reliably, with appropriate levels of service to residents, stakeholders and the environment
- Safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies, and appropriate financial treatment of those assets

- Create an environment where all Council employees will take an integral part in overall management of Council's assets (create an asset management awareness throughout Council)
- Meet legislative requirements for asset management
- Ensure resources and operational capabilities are identified and responsibility for asset management is allocated
- Demonstrate transparent and responsible asset management processes that align with appropriate best practice
- A consistent framework exists for implementing systematic asset management, and appropriate asset management practices throughout all program areas of Council
- Outcomes must be capable of being integrated at an organisational level for reporting purposes
- Relevant legislative requirements and political, social and economic environments are to be taken into account in asset management
- Integration of asset management within planning and operational processes.

Responsibilities and relationships

Councillors:

- To act as stewards for assets
- To set levels of service, risk and cost standards
- Adopt Asset Management Plans
- To ensure appropriate resources and funding for Asset Management activities are made available to integrate Asset Management into the corporate governance framework.

The General Manager and Executive Team:

- Establish and maintain Asset Management planning and business processes, linked to the Strategy, Resources, Delivery and Operational Plan for consideration by Council
- To implement, foster and support affordable and sustainable Asset Management
- To ensure the community and key stakeholders views are integrated into the Asset Management Plans
- To ensure that timely, accurate and reliable information is presented to Council for decision-making.

Managers and staff:

- Implementing the details of the plans and asset management systems.

Asset Sub-Plans

Council's assets that have a similar purpose or nature have been grouped together, within the following Asset Sub-Plans:

- Road Pavements
- Roadside
- Stormwater
- Traffic & Parking
- Parks & Reserves
- Playspaces & Playing Fields
- Buildings
- Library & cultural
- Ryde Aquatic Leisure Centre (RALC).

The plans represent the best information available at the current time, and follow the same format layout, with the topics of:

- What is the service provided by these assets
- Issues over the life of these assets
- Options for Levels of Service , which is the key elements and scope of service that is to be provided to the community
- Where are we now? (Current State)
- Key considerations and Challenges
- How much do we need to look after these assets?
- What Council is proposing to do
- Basic information about these assets, including photographs as examples of things such as typical condition ratings

Accounting and Reporting

Accounting and reporting - to comply with statutory requirements

- The depreciation of assets is reported in the Financial Statements
- The overall physical state of infrastructure and building assets are reported in Special Schedule 7 of the Financial Statements
- These reports include notes and commentary
- Each year the asset program schedules are updated and detailed in the Delivery Plan, and any relevant explanation of trends and variances included
- More detailed reporting of the condition of each asset class will be made available in the consultation processes associated with the IP&R plans.

The estimates of remaining useful life for financial valuations is done using average in-service experience from within the City of Ryde and across the local government industry in Sydney, not design life as previously applied.

This may affect the asset renewals ratio, which is the estimate of the amount Council spends on asset replacement compared to the deterioration condition and value (notionally depreciation).

One of the major challenges with asset management is that a large proportion have been acquired using funds other than Council rates, and that Council's rates base is then relied on to meet the replacement cost. These external sources are mainly from the State Government for roads and traffic facilities via the Roads & Maritime Services (RMS), from developers for roads built in association with subdivisions and major developments (eg granite paths), and other levels of government for community buildings and asset related grants.

Our performance on the Management of our Assets

The IPWEA framework includes an internal assessment process for a gap analysis of how an organisation performs against all of the aspects of asset management. There are five (5) key areas, each with a range of aspects that are rated separately and with an averaged score, providing indicators as to performance and areas for further development.

As shown in the radar charts below, Council is strongest in knowledge and systems, and weakest in the organisational context and strategic planning processes. Higher scores require significant changes to the business processes of an organisation, which Council is undertaking as part of continuous improvement of its operations.

The scale is:

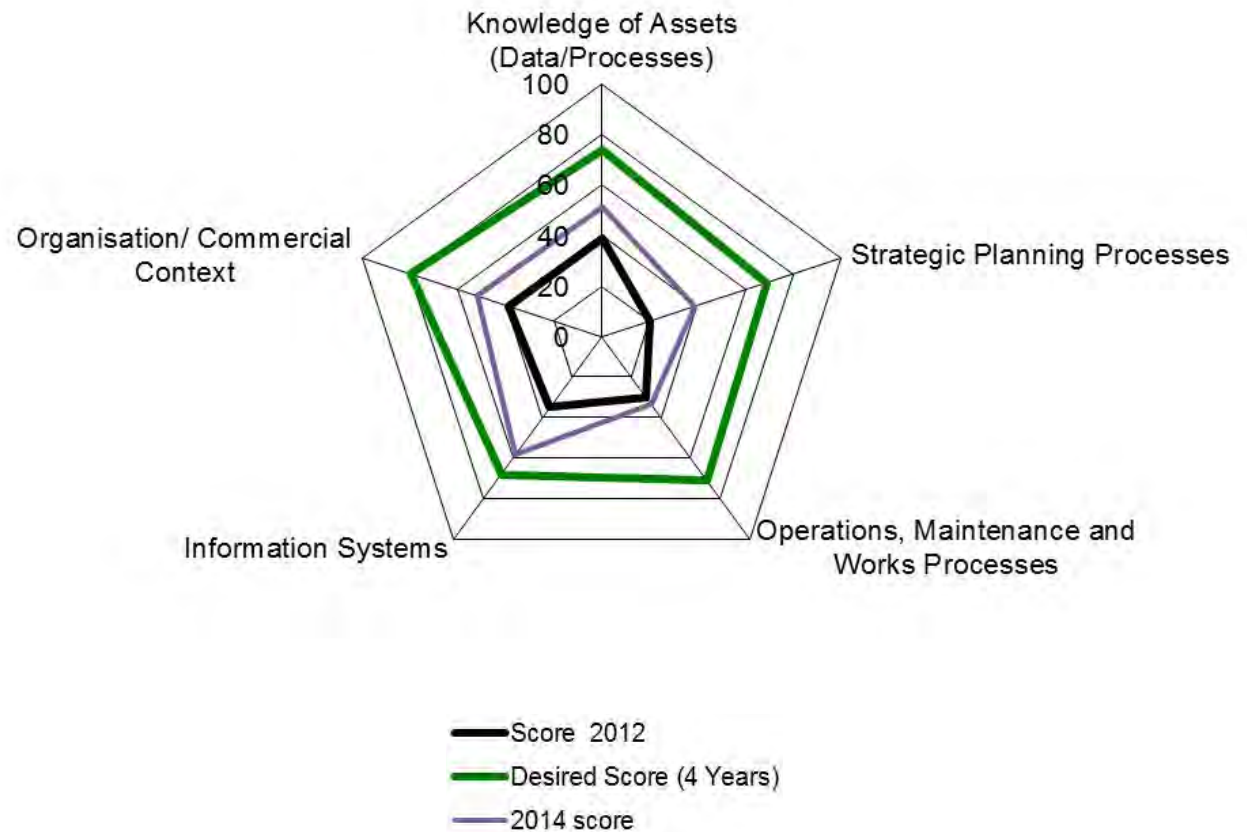
Above 80 = excellent, international best practice

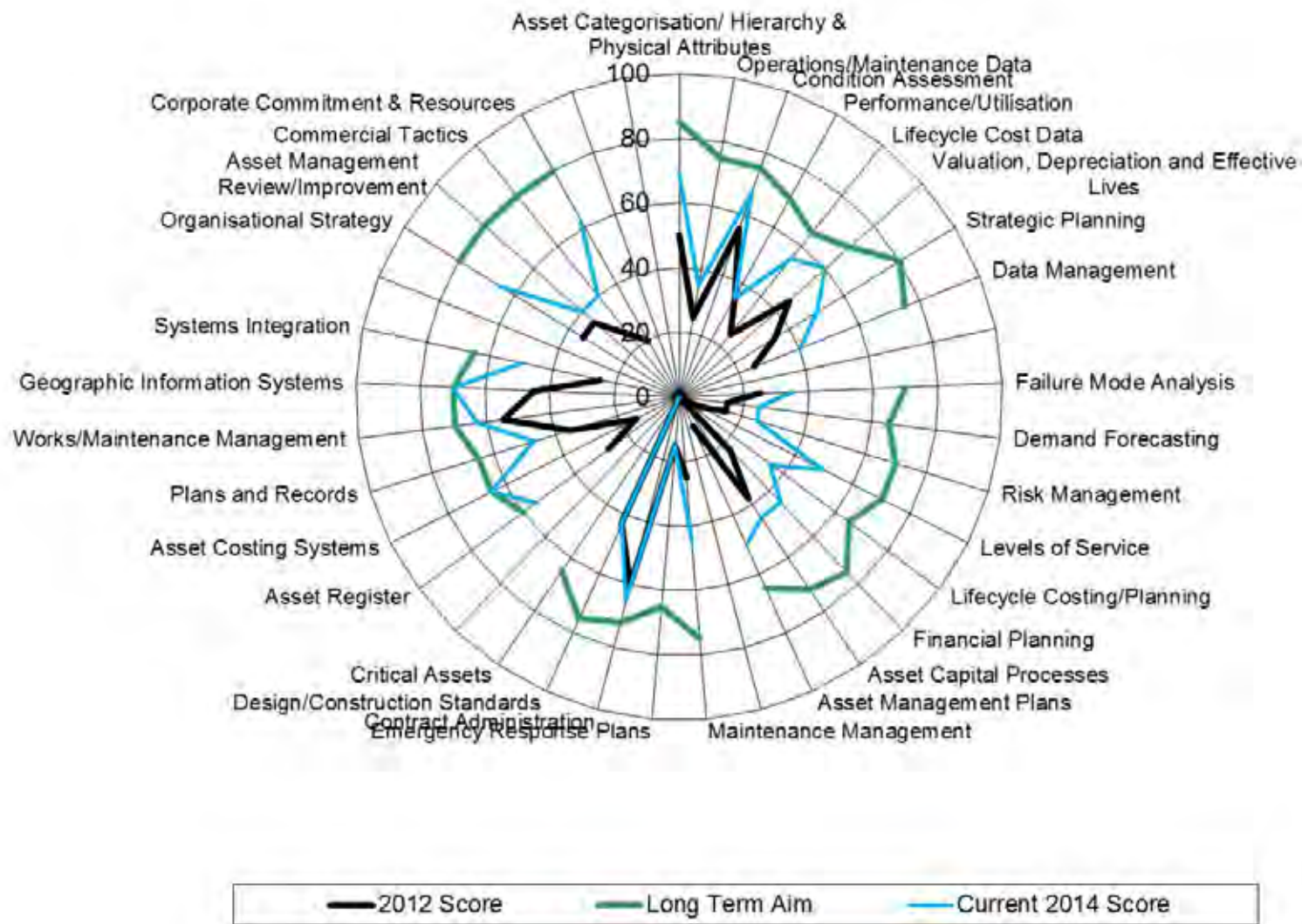
Above 50 = competent to local government industry best practice

Above 30 = systematic approach

Below 10 = unaware

On the scale, Council has improved from the assessment done in 2012 to 2014 in most areas, particularly in information systems, reflecting the need to have reliable information to support the SRV process. The dialogue with community about these plans through considering the SRV is part of the process of improvement.





Asset Information

Information for assets comprises the financial register, integrated physical registers (information that is relatively static over time), condition data which is updated progressively and periodically, and the systems to hold and use the information. The financial asset register includes the valuation and depreciation rate based on condition. The related physical registers include information on condition, history, dimensions, materials, technical data etc.

Inspections were carried out in mid 2014 for the complete network of roads, kerbs and footpaths to determine their current condition. Photographs were taken of each occurrence of any "defect" and at 10m intervals on the road, resulting in over 180,000 records held in the Works Request system.

For financial and planning purposes, this physical condition of infrastructure assets is assessed on a 1 to 5 scale.

1. New or equivalent
2. Good condition without visible blemishes or deterioration
3. Usable and safe condition, with visible signs of wear or deterioration, eg. cracks in footpaths
4. Usable condition with defects that interfere with use or reduce asset life e.g. extensive road cracking
5. Requires major repairs or is not suitable to remain in use due to a significant safety hazard

There are some asset groups where the functional life is determined by age and the cost/benefit to collect and manage condition information is not warranted, e.g. library books, street signs, playground equipment, spots oval turf.

Replacing Assets

When do we replace assets

Intervention for the purposes of planning & funding is to replace assets once they reach condition 4, with the intent to do so once it becomes condition 5 (or beforehand if practical).

For condition 5 assets that remain in service, there is a low residual life 5%, but indefinite RUL (remaining useful life), with an increased maintenance costs to keep in service.

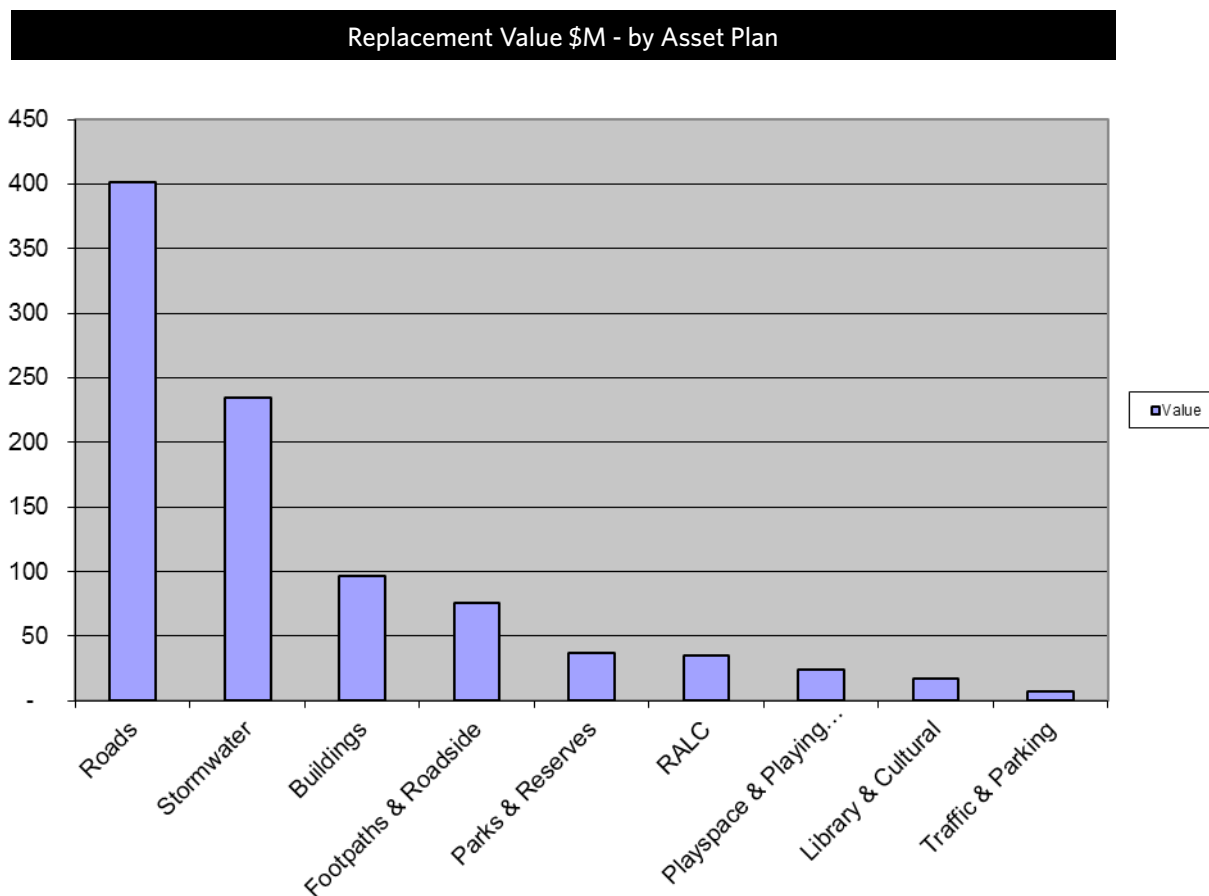
Any backlog is defined as where the physical replacement of assets that are condition 5 has been deferred.

The significance of replacement values - what makes a difference?

The value of assets represents the investment in them, and by implication, the importance and value to the community of the services provided by these assets. If the renewals of these assets does not keep pace with deterioration, then eventually it becomes impossible to deal with the accumulated backlog to renew them without additional funding, and levels of service will reduce in these key services.

It can be tempting to defer maintenance and renewals of assets with long lives to redirect a little off the large pots of money to distribute to a myriad of other services and new assets. However, if continued over a long period of time it creates a large backlog, and the reversal of this cannot be achieved in a noticeable time frame, but has dramatic impact on both key assets and services that may have to be scaled back or stopped.

It might be expedient to argue for increased funding (rates increases) to catch up, as extra funding for key asset based services is easier to gain acceptance for than a range of lesser priority assets and services. However, this is not prudent or sustainable asset management, as it avoids dealing with the structural reasons for the situation occurring and the likelihood that it will re-occur.



Accounting for replacing assets - Depreciation

Depreciation is an accounting representation of the loss of future benefit of assets through physical deterioration. The implication is that level of funding for works for renewal and depreciation of the assets should be of equal value. This is valid if the intent is to replace the assets, or if acquired through contribution such as s94 or grants, Council adjusts its financial accounts to cover the increase in the value of its asset portfolio.

The asset renewals ratio is a financial indicator of whether this is being done, however it needs to be calculated using only the portion of the capital works program for renewal projects (not all the program) compared to the depreciation of the assets being renewed. For this reason, since the 2012/13 Delivery Plan renewals and expansion works have been separated. However, often asset renewals include a degree of upgrading for contemporary standards or changed scope or functionality and many projects are partially an expansion. The extent of how this affects the ratio will be further reviewed in future years.

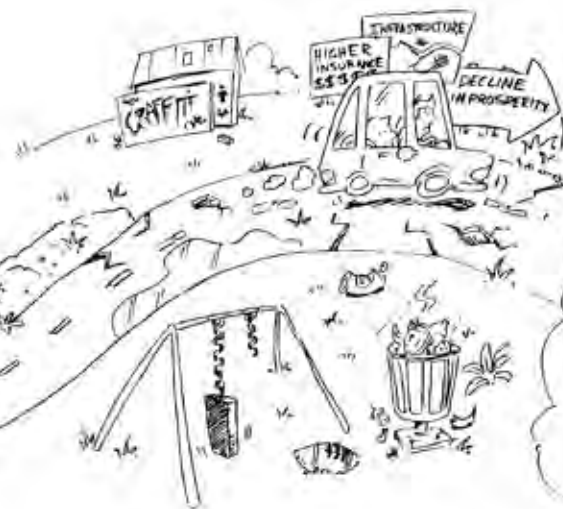
Council recently reviewed the accounting treatment of depreciation to reflect the best understanding of the remaining useful life of assets. For infrastructure assets, they are grouped into summary assets with common material type and remaining life based on the 1 to 5 rating scale, with straight line depreciation within each condition type.

The choices about replacing assets

Council has prepared a video to describe that the services provided by assets and their renewals is a choice that ultimately the community needs to make about the levels of service provided by their assets and what they pay.

www.ryde.nsw.gov.au/Council/Special+Rate+Variation

The image shown on the following page is the end "storyboard" of the video.



Where are we now?

Where are we heading?

At present the renewals ratio trend has been and is projected at less than half, with a substantial proportion of capital expenditure being used for new and upgraded assets rather than renewals reflecting pressure to deal with the growth being experienced by the City. In addition, the backlog to bring assets to standard is based on a combination of addressing condition, bringing to contemporary standards, and providing for the stated wants and needs of the community.

In addition, a significant proportion of assets are contributed, meaning the cost of acquiring them came from outside Council funding. The main source of this has been from developer contributions (section 94 and Voluntary Planning Agreements) such as upgrading town centres, parks and playground equipment, developer direct works such as roads in subdivisions, and government grants. In taking ownership of contributed assets, Council ultimately must deal with both their replacement and maintenance through its own funds.

In planning for the future over the useful life of assets, there are three main scenarios, based around the choices of how funding and the assets are adapted to related to each other, that Council sought community feedback on. As a result of that feedback, two of these have been included in this asset plan.

Asset Planning Forecasts underlying the Options

As well as the capital cost to renew existing assets, the forecasts of the total

costs for determining the funding required includes the Operations, Maintenance and programs for upgrading and adding new assets that are already planned, for example compliance.

A comparison of the total requirements against the budgeted income is available in the Long Term Financial Plan, and allows an assessment of the likelihood of sustaining service levels in the future.

Options

Option A - DECLINE - 3% rate peg increase - Adjust the assets & service to meet the funding

There would be no additional rate increase for the next 4 years other than the normal rate pegging of an estimated 3%. This would mean no additional investment in local infrastructure or facilities and would therefore lead to a reduction in service levels and possible cuts in services.

The asset backlog would increase, leading to declining capital works and a higher percentage of asset failure as the priority focuses only on public safety. In this option service levels will be significantly reduced as cut backs will be necessary to keep Council within its means. This would see an increase in the amount of condition 3, 4 and 5 assets and the removal or closure of assets where that this can be done. Priority for funding would also go to dealing with assets that can't be closed (mainly roads and stormwater) for risk management, reducing funds for other asset types and services. This process will progressively accelerate as maintenance is deferred on better condition assets.

Rate pegging is an ongoing, permanent increase in rates and over the four years of the proposed SRV period, ending in

2018/2019, the cumulative estimated rate pegging amount will be 12.6% (\$133.58).

Option B - MAINTAIN SERVICES - Special Rate Variation (SRV) of 7% rate increase (including 3% rate peg) - Adjust funding to sustain existing assets at current levels of service and standards

There would be an average annual 7% rate increase for the next 4 years, commencing 2015/16 (including the rate peg increase of around 3%) to maintain services at their current level, and provide additional money for renewing the City's infrastructure. It would not be sufficient to undertake all repairs and maintenance needed, but would be enough to renew all assets that are rated as 'Condition 5' and some assets that are in 'Condition 4.'

The 7% increase over four years, commencing 1 July 2015, is proposed to be an ongoing permanent increase with a cumulative gross increase of 31.1%, over the four years ending in 2018/2019, with a net 18.5% increase more than Option A (rate pegging only).

It should be noted that this increase varies depending on the valuation of individual ratepayer properties (as detailed in Council's SRV brochure). The average residential dwelling ratepayer will experience a 28.7% (\$305.35) cumulative increase over the four year period, which results in a net increase of 16.1% (\$171.77) over the four years, after allowing for the 12.6% (\$133.58) of Option A (rate pegging only).

This is Council's preferred option.

Option C - UPGRADE SERVICES - 12% rate peg increase - Asset Management

Option C would be an average annual 12% rate increase for the next 4 years,

commencing 2015/16 (including the rate peg increase of around 3%) to maintain services at their current level and provide further money for renewing the City's infrastructure. It would still not be sufficient to undertake all repairs and maintenance needed, but would be enough to renew all assets that are rated as 'Condition 5' and most assets that are in 'Condition 4'. Council has undertaken community consultation on the above three options, gauging their willingness to pay, and the majority response (57%) indicated a willingness to pay an increase to either 7% or 12% increase. Council has supported the 7% increase under Option B.

Therefore this Delivery Plan, Operational Plan, Asset Management Plan, Workforce Plan and the Long Term Financial Plan will not contain details of Option C.

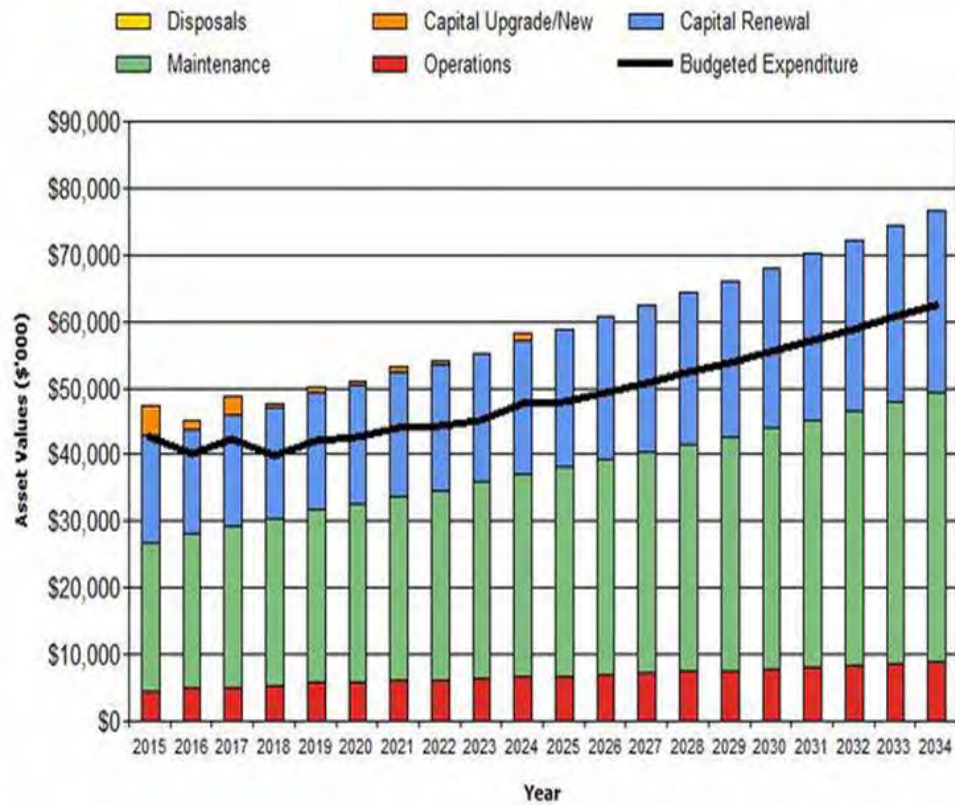
The 12% increase over four years, commencing 1 July 2015, is proposed to be an ongoing permanent increase with a cumulative gross increase of 57.4% over the four years ending in 2018/2019, with a net 44.8% more than Option A (rate pegging only).

It should be noted that this increase varies depending on the valuation of individual ratepayer properties (as detailed in Council's SRV brochure). The average residential dwelling ratepayer will experience a 64.4% (\$684.96) increase over the four year period, which results in a net increase of 51.8% (\$551.38) over the next four years, after allowing for the 12.6% (\$133.58) of Option A (rate pegging only).

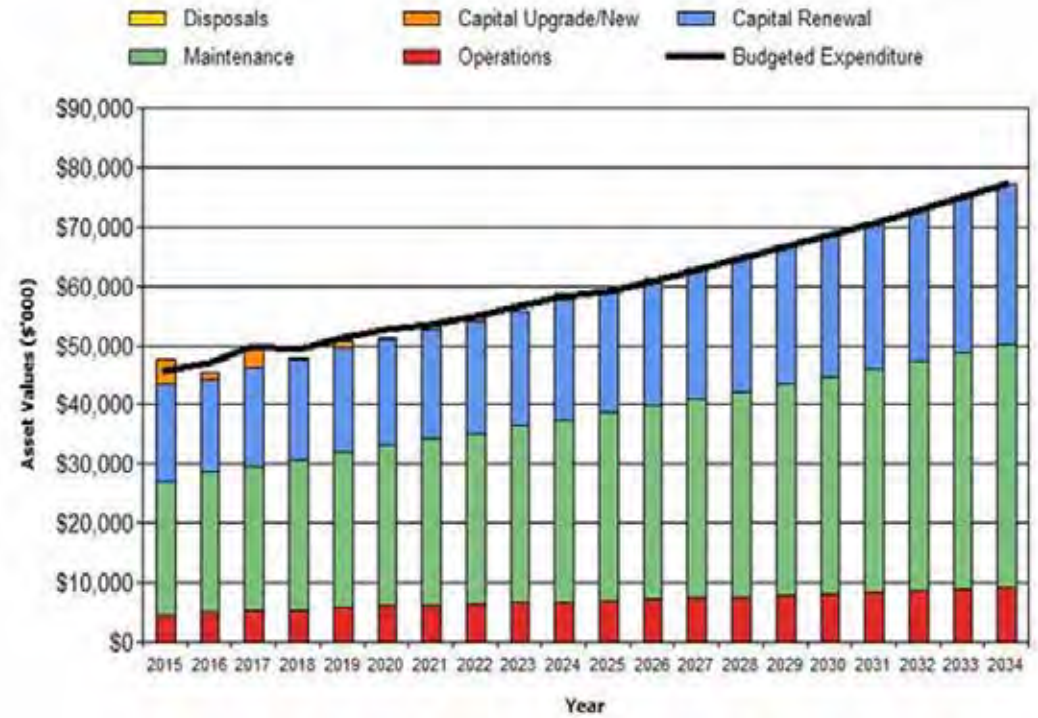
Levels Of Service

To assist in making decisions on which scenario applies, the Levels of Service can be described in a simplified way for most assets as being on a 5 point condition scale. This allows alignment with reporting for depreciation and links to the Long Term Financial Plan modelling.

Option A Income Gap



Option B Income Gap



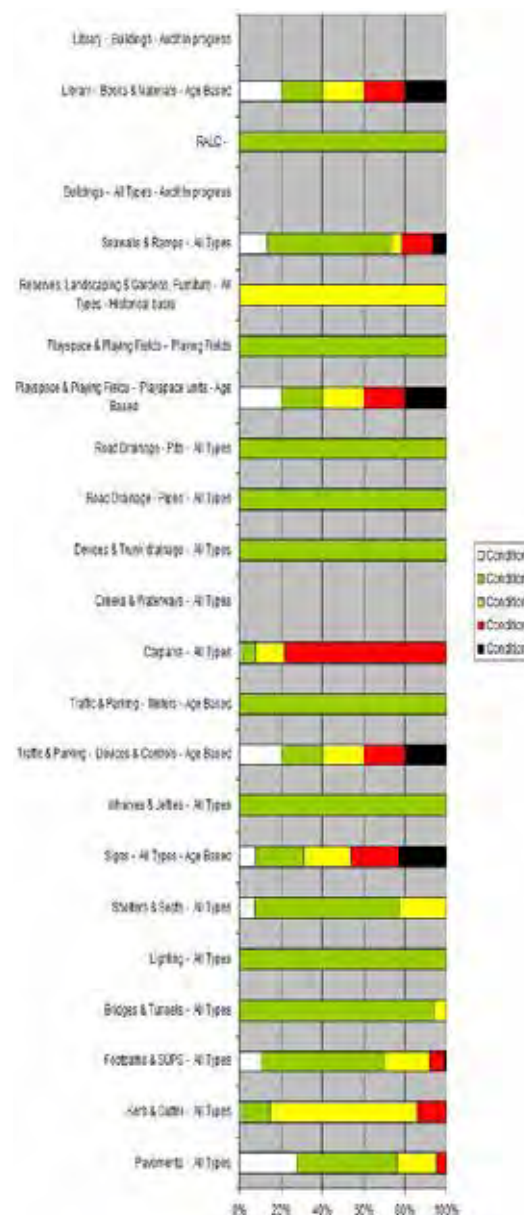
Comments

- The provision of additional infrastructure funding provided by a 7% SRV meets the forecast infrastructure requirements
- For a long term sustainability of infrastructure service levels this funding model is the minimum option

Consolidated Amounts

Year	Maintenance	Operations	Renewal	Expansion	Total
	\$'M	\$'M	\$'M	\$'M	\$'M
2015	5.46	21.59	15.83	3.07	45.95
2016	5.87	22.62	15.56	1.29	45.34
2017	6.05	23.42	16.37	1.97	47.82
2018	6.24	24.29	16.69		47.22
2019	6.61	25.27	17.18		49.06
2020	6.80	25.98	17.68		50.46
2021	6.99	26.85	18.19		52.03
2022	7.18	27.61	18.72		53.52
2023	7.39	28.57	19.27		55.23
2024	7.61	29.41	19.83		56.85
2025	7.84	30.28	20.43		58.55
2026	8.07	31.17	21.04		60.28
2027	8.31	32.10	21.67		62.07
2028	8.56	33.05	22.32		63.92
2029	8.81	34.02	22.99		65.82
2030	9.07	35.03	23.68		67.78
2031	9.34	36.07	24.39		69.79
2032	9.62	37.13	25.12		71.87
2033	9.90	38.23	25.87		74.01
2034	10.19	39.37	26.65		76.21

Current Condition of Assets



Short to Medium Term Service Level Sustainability

The long term funding model described provides a forecast of the long term average renewal requirements, and uses this as a basis for estimating income requirements. Generating the income to achieve the funding of this model enables service levels over the long term to be sustained, and renewals to be funded when required.

Financial Planning should provide for the long term funding, with the asset plans advising on the timing of specific asset renewals. The asset plans take into consideration the distribution of asset condition and identify expenditure needed in the short to medium term (typically for input into the 10 year Long term Financial Plan).

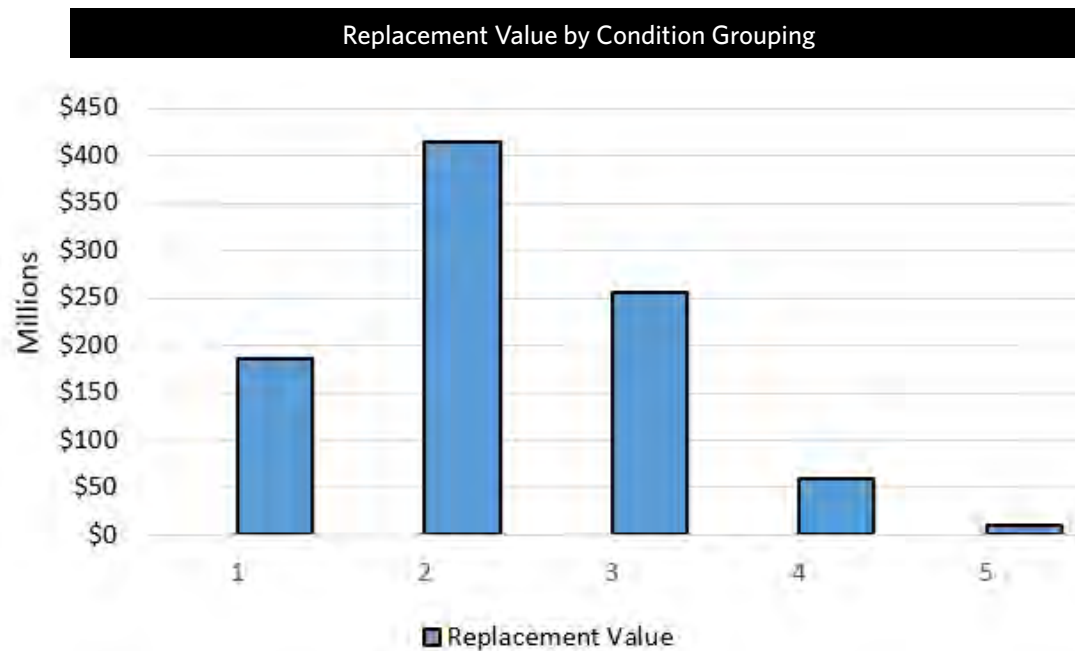
Whilst the longer term funding model is appropriate for establishing ongoing income requirements, at a detail level it is likely that the short term asset renewal will not necessarily be required "at the average rate".

Depending on when infrastructure was constructed, environmental conditions and asset performance will result in "peaks and troughs" in renewal needs over time.

Council's Delivery Plan will compare the infrastructure need each year with the funds available and plan accordingly.

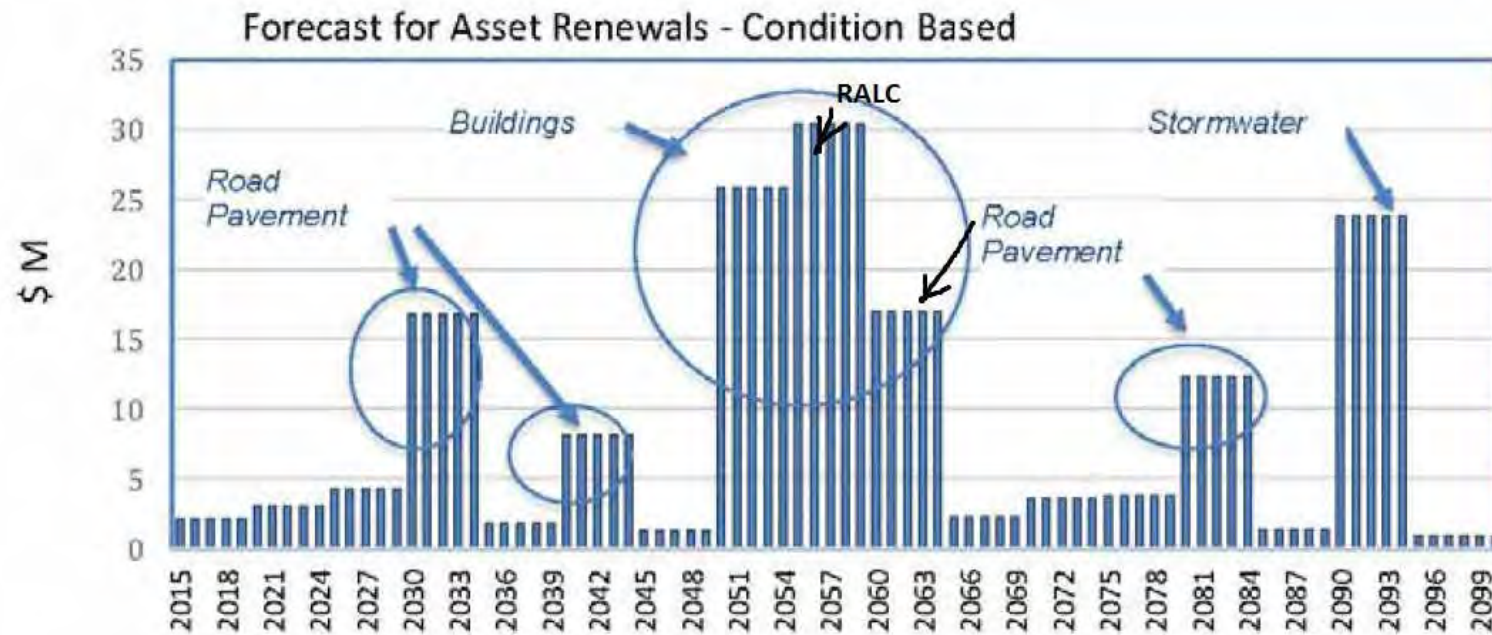
For example, in periods where asset renewal requirements are less (renewal trough) than the funding available reserves may be used, whereas in a period of high renewal needs (renewal peak) reserves may be utilised or loans if appropriate.

The condition profile for our infrastructure assets is shown as follows:

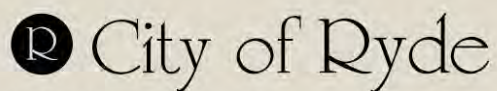


It is important for future planning to be aware that whilst the assets in Condition 4 and 5 can be managed in the short to medium term, there are some very significant peaks of renewal required in the future. These peaks represent those assets currently in Condition 3, Condition 2 and even Condition 1 that will deteriorate over time and will require replacement in the future.

Figure 4: Renewal Profile Based on Condition Assessment



This graph shows the renewal profile of our assets to the year 2100, including the peaks and troughs. Council's sustainability relies on funding the renewal consistently over generations to meet the demands in the peaks by allowing savings in the troughs.



Lifestyle and opportunity

@ your doorstep



CITY OF RYDE

Buildings Asset Plan

Community, Operational and Investment.

November 2014

Version 2.0

What is the service provided by these assets

Civic & Operational Buildings

- Civic Buildings – enable and support the functioning of Council and delivery of its services
- SES – subsidised facility for the operation of the SES

Commercial & Investment

- To generate an income stream or future capital benefit to supplement Council's revenue (Commercial/retail & residential)

Community Halls

- Allow community and public gatherings indoors
- Venues for community based groups
- Venues for low cost / subsidised private hire
- Single tenancy use for select organisations

Community Service Organisations – Licensed & Leased

- Kindergarten/Preschool/Early Childhood – provide facility to support availability of the service at a cheaper rate to public
- Bowling & Croquet Clubs – provide facility to support specific recreation based organisations
- Clubhouse & Grandstand – support facility to adjacent recreation facility
- Historical Houses – preserve a local historic building while facilitating its use as a facility at subsidised rate to specific organisations
- Single tenancy use for organisations providing affordable services needed by the community

Sporting Amenities & Public Toilets

- Facilitates access to public domain & facilities, so people can stay in public domain / use facilities etc. without having to go home
- Is in conjunction with other public and private toilet facilities
-

Issues over the life of these assets

- Main reasons to renew / replace are to bring to current up standards for compliance especially disabled access, and suit business needs
- Main value to the public is location, access arrangements, standard of finish and fitness for purpose
- Community expectations tend to increase over time in line with new developments of all public buildings
- Changing land use around the building affecting access, best value, fitness for purpose
- Ensuring maintenance is done where required by licensees

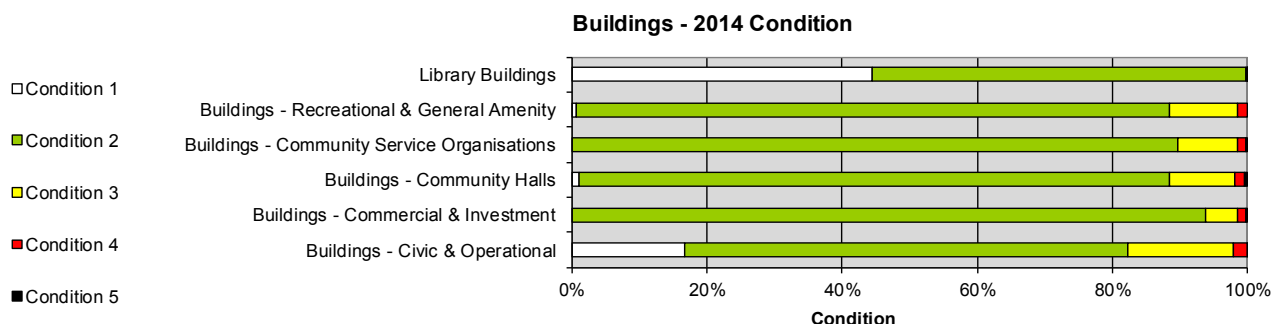
Options for Levels of Service

- The things that Council can change that affect the overall cost and nature of the service :
- Building type, the number of buildings provided, and their locations
- The suitability of the building for the use
- Accessibility, including opening hours
- The arrangements which the building is available for the use
- The look and feel e.g. materials and finish, carpet, heating / ventilation etc.

- Associated facilities e.g. internal toilets, car parking, landscaping
- Tenure & arrangements, including level of subsidy

Where are we now? (Current State)

- A significant proportion of facilities do not meet current standards of compliance for things such as disability complying access and toilets
- The location and purposes are not consistently or intelligently distributed across the city
- Most of the residential investment properties were acquired with an intent for demolition, and have not been well maintained
- Commercial buildings are generally satisfactory from a physical condition aspect.
- Of the historic buildings, Addington House needs major works
- Bringing on line the West Ryde community facility
- Other than investment properties and the civic centre, there is no long term intent articulated for refurbishment or replacement of most buildings
- Any non-compliance against current standards will likely remain
- The Civic Centre building has significant problems with its air conditioning system, electrical infrastructure, windows and sewage pipework. The floor plate is also inefficient with 15% more space than modern buildings allocated to non-office space. The Civic Hall connected to the Civic Centre is also outdated and inadequate and does not accommodate performing arts, community meetings or rehearsal requirements adequately. The Civic Hall also has building services issues. Neither building conforms to disabled access codes. In the past twelve months these buildings together have required expenditure of approximately \$1.3 million



Key considerations

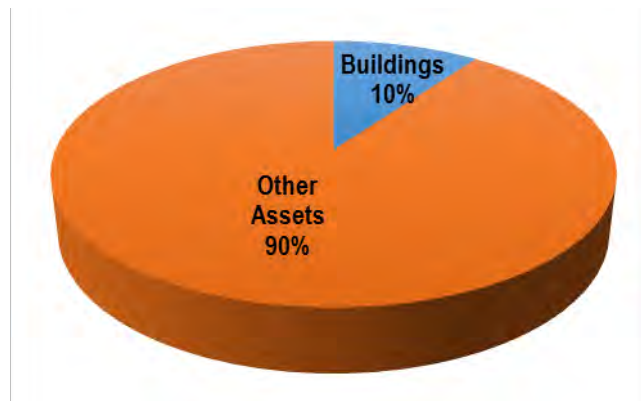
- Supporting the business and commercial needs of the organisation
- How supporting the users delivers against the Strategic Plan
- Having an understanding of current and projected community needs, customer views, on the services provided, and customer contributions (rent) relative to the total cost of providing facilities.
- Adapting to demographic changes and population growth, and business needs
- Adapting to changes in technology & associated user expectations – power/energy, communications, security, technology
- The Civic Centre building, dating from 1965, requires significant expenditure (over \$40 million) to bring it up to BCA, with addressing this being treated separately to Council's other assets

How much do we need to look after these assets?

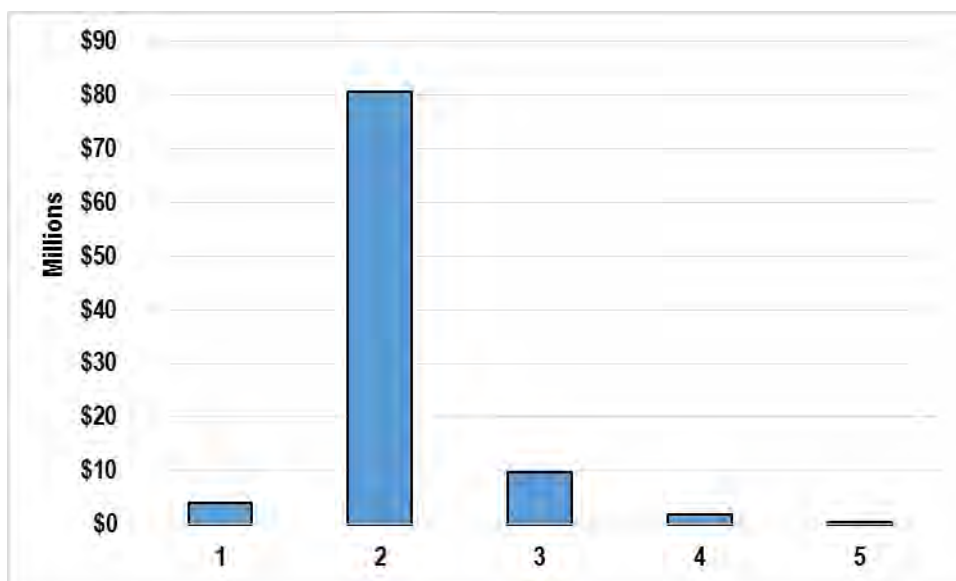
To sustain service levels and manage risk infrastructure renewal must be adequately funded. The Asset Plan discusses this challenge and identifies that the current funding will be insufficient for the longer term.

At present building assets represent an important portion of the assets we manage. Without renewal being undertaken when needed a decline in service and an increase in associated risks will occur.

Infrastructure Proportion – Buildings



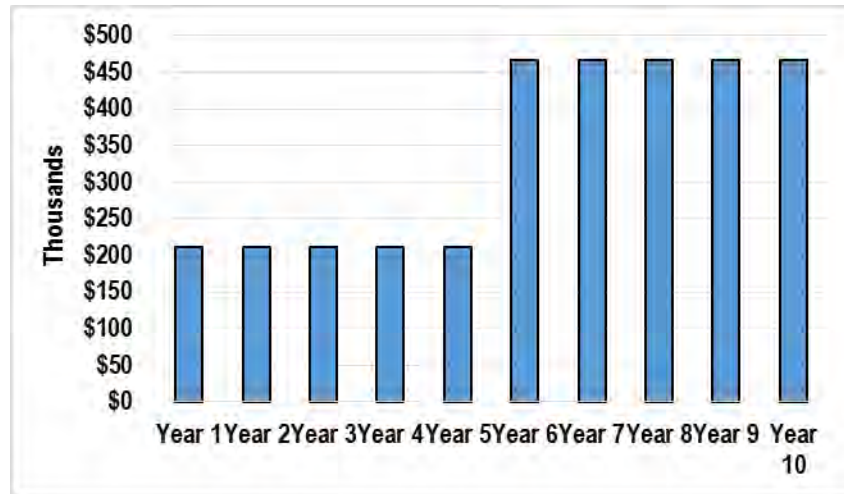
Condition Profile – Buildings



Although in the short term the renewal of assets in poor and very poor condition (Condition 4 and 5) can be managed, as the majority of the assets continue to age and decline, the financial capacity to manage more significant renewals is inadequate.

In order to address this challenge City of Ryde proposes to apply for approval for a rate increase introduced progressively over 4 years. This increase is sufficient to support a long term financial strategy of renewing building assets when required, excluding the Civic Centre building, and will enable those assets currently rated as Condition 4 and 5 to be renewed over the next 10 years as shown in following “graphical” estimate.

Buildings – Requirements for Renewal of Condition 4 and 5



Sub Plan	Year	Maintenance \$'M	Operations \$'M	Renewal \$'M	Expansion \$'M	Total \$'M
Buildings	2015	2.78	1.94	0.44	0.42	5.57
Buildings	2016	2.87	2.12	0.41		5.40
Buildings	2017	2.96	2.18	0.44		5.58
Buildings	2018	3.05	2.24	0.45		5.73
Buildings	2019	3.14	2.45	0.47		6.06
Buildings	2020	3.23	2.51	0.48		6.23
Buildings	2021	3.34	2.58	0.49		6.41
Buildings	2022	3.44	2.65	0.50		6.59
Buildings	2023	3.55	2.71	0.52		6.78
Buildings	2024	3.66	2.80	0.52		6.97
Buildings	2025	3.77	2.88	0.53		7.18
Buildings	2026	3.88	2.97	0.55		7.40
Buildings	2027	4.00	3.05	0.57		7.62
Buildings	2028	4.12	3.15	0.58		7.85
Buildings	2029	4.24	3.24	0.60		8.08
Buildings	2030	4.37	3.34	0.62		8.32
Buildings	2031	4.50	3.44	0.64		8.57
Buildings	2032	4.63	3.54	0.66		8.83
Buildings	2033	4.77	3.64	0.68		9.09
Buildings	2034	4.91	3.75	0.70		9.36

Given that buildings have many complex components, and that these are generally replaced “in part”, we anticipate that the renewal program will be tailored to suit the specific operational requirements. The important aspect here is that we have sufficient funds to enable the works to be undertaken.

What Council is proposing to do

Next 4 years – without an SRV

- Continue to maintain the existing portfolio of building, with only essential maintenance and some renewals (e.g. carpet, leaks).
- This would mean restricted access to assets to minimise wear and tear. **Provide basic maintenance to the Civic Centre until the “Fit for the Future” process is resolved**

Next 4 years – with a 7% SRV

- Renew the external building components (i.e.: roofs, windows) and structural maintenance of 2 to 3 larger buildings (i.e.: halls)

Longer term – to 10 years, to 25 years

- Not yet determined

Through other means - DCP, VPA's, S94, LDA consents

- Community facility at North Ryde as part of the TfNSW development.

Govt agencies

- Not yet determined

Basic information about these assets

Building Type	No	Part of other bldg	Statutory Compliance #	Backflow Meters	DDA Complying Toilets	Asbestos register completed
Civic & Operational Buildings	11					11/11
<ul style="list-style-type: none"> Civic Buildings SES 	5 1	1	F0/5 E-0/5 T0/5 F0/1 E0/1 T0/1			
Commercial & Investment	13					8/14
<ul style="list-style-type: none"> Commercial Residential 	7 6		F0/7 E0/7- T0/7 F0/6 E0/6 T0/6			
Community Halls	25					18/25
<ul style="list-style-type: none"> Community Facility Hall 	12 8	2	F0/12 E0/12 T0/12 F0/8 E0/8 T0/8			
Community Service Organisations – Licensed & Leased	26					22/25
<ul style="list-style-type: none"> Historical Houses Early Childhood Kindergarten/Preschool Community Aid 	7 5 6 4	2 1	F0/7 E0/7 T0/7 F0/5 E0/5 T0/5 F0/6 E0/6 T0/6 F0/4 E0/4 T0/4			
Recreational & General Amenities	58					48/58
<ul style="list-style-type: none"> Grandstand Public Toilet (standalone) Sporting Amenities 	3 17 37		F3/3 E0/3 T0/3 NA NA		0/1 12/17 18/37	
<ul style="list-style-type: none"> Bowling & Croquet 	4		F4/4 E0/4 T0/4			
<ul style="list-style-type: none"> Clubhouse 	4		F4/4 E0/4 T0/4			
In separate asset plans						
<ul style="list-style-type: none"> Libraries RALC (Ryde Aquatic Leisure Centre) 	5 1	2	F0/5 E0/5 T0/5 F-/- E-/- T-/-			

F= Fire, E=Emergency systems, T=Disabled Toilets

The Building Portfolio

Building Type	Building Name	No	Street Name	Suburb	Category	Leased By
Civic Buildings & Service Delivery	Operations Centre	1	Constitution Road	RYDE, 2112	Council Operations	'
Civic Buildings & Service Delivery	Porters Creek Site	162	Wicks Road	MACQUARIE PARK, 2113	Council Operations	WSN Environmental Solutions
Civic Buildings & Service Delivery	SES Building	137-143	Wicks Road	MACQUARIE PARK, 2113	Emergency Services	'
Subsidised Lease	Eastwood Park Croquet Club	45	Hillview Road	EASTWOOD, 2122	Sporting Groups	Eastwood Croquet Club
Commercial & Investment	Trim Place (Kiosk)	172A	Victoria Road	RYDE, 2112	Restaurant	Illyas Pahali (Aussie Bites)
Civic Buildings & Service Delivery	Argyle Centre/Office/Public Hall/Theatre	33-41	Blaxland Road	RYDE, 2112	Council Operations	'
Civic Buildings & Service Delivery	Argyle Public Hall	33-41	Blaxland Road	RYDE, 2112	Council Operations	
Commercial & Investment	24 Argyle Avenue	24	Argyle Avenue	RYDE, 2112	Residential	Brendan & Alison Walls
Civic Buildings & Service Delivery	Civic Centre	1	Devlin Street	RYDE, 2112	Council Operations	'
Commercial & Investment	31 Henry Street	31	Henry Street	RYDE, 2112	Residential	Steven Rowe
Commercial & Investment	330 Pittwater Road	330	Pittwater Road	EAST RYDE, 2113	Residential	Mr. Paul Besson
Commercial & Investment	54 Higginbotham Road	54	Higginbotham Road	GLADESVILLE, 2111	Residential	Mr Ross Frazer
Commercial & Investment	55A Pellisier Road	55A	Pellisier Road	PUTNEY, 2112	Residential	Amelia Renu
Commercial & Investment	6 Reserve Street	6	Reserve Street	WEST RYDE, 2114	Residential	Olivia Toura & Pauliasi Taura
Commercial & Investment	743 Victoria Road	743	Victoria Road	RYDE, 2112	x	'

Building Type	Building Name	No	Street Name	Suburb	Category	Leased By
Commercial & Investment	745 Victoria Road	745	Victoria Road	RYDE, 2112	Shops/Office	Indoor SunShop
Commercial & Investment	North Ryde RSL Youth Club	243-271	Pittwater Road	NORTH RYDE, 2113	Sporting Groups	North Ryde RSL Community Club Ltd
Commercial & Investment	Rockend Cottage	40	Punt Road	RYDE, 2112	Heritage	Dolfimme Pty. Ltd. Banjo Patterson Restaurant
Commercial & Investment	Rowe Street Shops 1 - 4	202	Rowe Street	EASTWOOD, 2122	Shops/office	
Commercial & Investment	Top Ryde Commercial Premises				x	Tiger One P/L.
Commercial & Investment	Victoria Rd Commercial Café Public Toilet	226	Victoria Road	GLADESVILLE, 2111	Restaurant	S & KM Curtis
Community Facility	Brush Farm Park Scout Hall	4	Lawson Street	EASTWOOD		DDSW P/L (Apple Dental Clinic/Mary King)
Community Facility	Cleves Park Scout Hall	53	Douglas Street	PUTNEY, 2112	Scout Groups	Scouts Australia
Community Facility	Darvall Park Locomotive Club	14A	Anthony Road			Sydney Live Stream Locomotive Society
Community Facility	Field of Mars Flower Stall	1	Cressy Road			Michele Pirina
Community Facility	Field of Mars Reserve					
Community Facility	Visitors Centre/Field Studies Centre	220	Pittwater Road	NORTH RYDE, 2113	Community	Michele Pirina (Flower Stall)
Community Facility	Lambert Park Guide Hall	51	Brush Road	WEST RYDE, 2114	Community	Girl Guides
Community Facility	Pryor Park Scout Hall	148	Cox's Road	NORTH RYDE, 2114	Share the building with preschool	Pryor Park Scouts
Community Facility	West Ryde Community multi-purpose centre				x	Christian Community Aid, West Ryde Early Childhood,
Recreational & General Amenities	Blenheim Park Club Building	68	Blenheim Road	NORTH RYDE	Sporting Groups	Sydney Radio Control Off Road Car Club
Community Facility	Shepherds Bay Community Facility	3A	Bay Drive	MEADOWBANK, 2114		Part of Shopping Centre

Building Type	Building Name	No	Street Name	Suburb	Category	Leased By
Community Facility	North Ryde Community Centre/Arts/Library	201	Cox's Road	NORTH RYDE, 2113	Share the building with Library	'
Community Facility	North Ryde School of Arts	201	Cox's Road	NORTH RYDE, 2113	Share the building with Library	'
Subsidised Lease	Bill Mitchell Park Club Building	82	Morrison Road	TENNYSON POINT, 2111	Sporting Groups	Ryde District Racing Pigeon Club
Subsidised Lease	Brush Farm Park Club Building	2	Lawson Street	EASTWOOD, 2122	Sporting Groups	Eastwood Ryde Netball Association
Community Facility	North Ryde Community Aid	4	Cutler Pde	NORTH RYDE, 2113	Community	North Ryde Community Aid
Commercial & Investment	2 Dickson Ave	2	Dickson Avenue	WEST RYDE, 2114	Community	Christian Community Aid
Community Facility	Eastwood Women's Rest Centre	45	Hillview Road	EASTWOOD, 2122	Community	Country Women's Association
Commercial & Investment	12 Lakeside Rd	12	Lakeside Road	EASTWOOD, 2122	Community	Christian Community Aid
Commercial & Investment	10 Lakeside Rd	10	Lakeside Road	EASTWOOD, 2122	Community	Christian Community Aid
Subsidised Lease	Darvall Park Bowling Club	57-59	Chatham Road	WEST RYDE, 2114	Miscellaneous	Sydney Live Steam Locomotive Society Co-op Ltd
Subsidised Lease	Kings Park Bowling Club	24	Salter Crescent	DENISTONE EAST, 2112	Bowling Clubs	Denistone East Sports Club
Community Facility	Eastwood Senior Citizen's Centre	159-161	Shaftsbury Road	EASTWOOD, 2122	Community	Eastwood Senior Citizens
Community Facility	Trafalgar Place Community Centre	1A	Trafalgar Place	MARSFIELD, 2122	same building as community centre	'
Subsidised Lease	Marsfield Park Ryde Pony Club	118-120	Culloden Road	MARSFIELD, 2122		Ryde Pony Club
Subsidised Lease	Christie Park Grandstand		Christie Road	MACQUARIE PARK, 2113		'
Recreational & General	Eastwood Park Grandstand	45	Hillview Road	EASTWOOD, 2122		'

Building Type	Building Name	No	Street Name	Suburb	Category	Leased By
Amenities						
Subsidised Lease	Monash Park Grandstand	142	Ryde Road	GLADESVILLE, 2111		Hunter Hill soccer, Nth west Sydney Women's Football
Subsidised Lease	Putney Tennyson Bowling Club	68	Frances Road	PUTNEY, 2112	Sporting Groups	Putney Tennyson Bowling
Community Facility	Civic Hall	1	Devlin Street	RYDE, 2112	Council Operations	'
Subsidised Lease	Ryde Park Bowling Club	11	Blaxland Road	RYDE, 2112	Bowling Clubs	Camperdown Bowling Club
Community Facility	Tyrell Park Scout Hall	25B	John Miller Street	EAST RYDE, 2113	Scout Groups	Scouts Australia
Community Facility	Santa Rosa Park Scout Hall	253	Quarry Road	NORTH RYDE, 2113	?	Scouts Australia
Community Facility	Lions Park Hall	274	Lane Cove Road	WEST RYDE, 2114	Community	Ryde Multicultural Centre
Community Facility	West Ryde Community Hall	1A	Station Street	WEST RYDE, 2114	Children Services	West Ryde Early Childhood
Community Facility	Westminster Park Scout Hall	6A	Westminster Road	GLADESVILLE, 2111	Scout Groups	Scouts Australia
Subsidised Lease	Old Eastwood Town Hall	74	Agincourt Road	EASTWOOD, 2122	Children Services	Spastic centre
Subsidised Lease	Brush Farm House	19	Lawson Street	EASTWOOD, 2122	Heritage	Corrective Services
Subsidised Lease	The Parsonage	12	Turner Street	RYDE, 2112	Heritage	Macquarie Community College
Subsidised Lease	Westward Cottage	8	Turner Street	RYDE, 2112	Heritage	Macquarie Community College
Subsidised Lease	Addington	813	Victoria Road	RYDE, 2112	Heritage	JF Booth, A Polverino & Eileen Moir St George Guilds
Subsidised Lease	Willandra	770	Victoria Road	RYDE, 2112	Heritage	City of Ryde Art Society
Commercial & Investment	5A Anthony Rd	5A	Anthony Road	WEST RYDE, 2114	No Lease	

Building Type	Building Name	No	Street Name	Suburb	Category	Leased By
Subsidised Lease	Ryde Early Childhood Centre	26	Argyle Avenue	RYDE, 2112	Children Services	Ryde Early Childhood
Commercial & Investment	8 Chatham Rd	8	Chatham Road	WEST RYDE, 2114	No Lease	
Subsidised Lease	North Ryde Community Preschool	13	Clermont Avenue	RYDE, 2112	Children Services	North Ryde Community Pre-School Inc.
Subsidised Lease	North Ryde Pre-School Kindergarten	147	Cox's Road	NORTH RYDE, 2113	Children Services	KU Children's Services
Subsidised Lease	Pryor Park Preschool/ Scout Hall	109	Cressy Road	EAST RYDE, 2113	Children Services	Pryor Park Preschool
Subsidised Lease	Goulding Hill Pre-School Kindergarten	2	Hancott Street	RYDE, 2112	Children Services	Goulding Hill Pre-School Inc.
Subsidised Lease	Eastwood Occasional Childcare Centre	55	Hillview Lane	EASTWOOD, 2122	Children Services	Eastwood Occasional Childcare
Subsidised Lease	Eastwood Pre-School Kindergarten	2B	Rutledge Street	EASTWOOD, 2122	Children Services	KU Children's Services
Subsidised Lease	Eastwood Early Childhood Centre	167	Shaftsbury Road	EASTWOOD, 2122	Children Services	VACANT
Subsidised Lease	Marsfield Early Childhood Centre (Trafalgar Place)	1A	Trafalgar Place	MARSFIELD	Children Services	Marsfield Early Childhood
Civic Buildings & Service Delivery	North Ryde Library	201	Cox's Road	NORTH RYDE, 2113		'
Civic Buildings & Service Delivery	West Ryde Library	2	Graf Avenue	WEST RYDE, 2114		'
Civic Buildings & Service Delivery	Eastwood Library (incl Women's Rest Centre)	45	Hillview Road	EASTWOOD, 2122	Community	Country Women's Association
Civic Buildings & Service Delivery	Gladesville Library	6	Pittwater Road	GLADESVILLE, 2111		'
Civic Buildings & Service Delivery	Top Ryde Library	1	Pope Street	RYDE, 2112		'
Recreational & General Amenities	Bowen Street (sea scouts)		Bowen	MEADOWBANK, 2114	Accessible	'

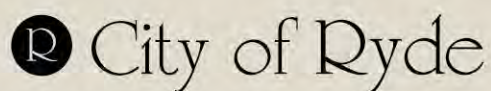
Building Type	Building Name	No	Street Name	Suburb	Category	Leased By
Recreational & General Amenities	Meadowbank Park Toilet Block	96B	Constitution Road	MEADOWBANK, 2114		'
Recreational & General Amenities	Glen Reserve Toilet Block	24	Glen Street	EASTWOOD, 2122	Accessible	'
Recreational & General Amenities	Jim Walsh Park Toilet Block	43	Graham Avenue	EASTWOOD, 2122	Accessible	'
Recreational & General Amenities	Eastwood Park Toilet Block (Lower Oval)	45	Hillview Road	EASTWOOD, 2122		'
Recreational & General Amenities	Memorial Park Toilet Block	2-6	Meadow Crescent	MEADOWBANK, 2114		'
Recreational & General Amenities	Bill Mitchell Park Toilet Block	82	Morrison Road	TENNYSON POINT, 2111		'
Recreational & General Amenities	Putney Park Toilet Block (Centre)	77	Pellisier Road	PUTNEY, 2112	Accessible	'
Recreational & General Amenities	Putney Park Toilet Block (East)	55	Pellisier Road	PUTNEY, 2112	Accessible	'
Recreational & General Amenities	Banjo Paterson Park Toilet Block	38	Punt Road	GLADESVILLE, 2111	Accessible	'
Recreational & General Amenities	Yamble Reserve Toilet Block	196	Quarry Road	RYDE, 2112	Accessible	'
Recreational & General Amenities	Monash Park Toilet Block	142	Ryde Road	GLADESVILLE, 2111		'
Recreational & General Amenities	Tyagarah Park Toilet Block	5	Tyagarah Street	GLADESVILLE, 2111		'

Building Type	Building Name	No	Street Name	Suburb	Category	Leased By
Recreational & General Amenities	Lions Park Toilet Block	1141	Victoria Road	WEST RYDE, 2114		'
Recreational & General Amenities	Kissing Point Park Toilet Block	24	Waterview Street	PUTNEY, 2112	Accessible	'
Recreational & General Amenities	Anzac Park Toilet Block	10	Wattle Street	WEST RYDE, 2114	Accessible	'
Recreational & General Amenities	Wharf Road Boat Ramp Toilet Block	98	Wharf Road	WEST RYDE, 2114	Accessible	'
RALC Recreational & General Amenities	Ryde Aquatic Leisure Centre	504	Victoria Road	RYDE, 2112	Sporting Groups	Next Generation Australia P/L
Subsidised Lease	Blenheim Park Amenity Building	68	Blenheim Road	NORTH RYDE, 2113		'
Recreational & General Amenities	Santa Rosa Park Club Building	64	Bridge Road	NORTH RYDE, 2113	Scout Groups	Australian Air League Putney Rangers Soccer, Ryde Hunter Hills Cricket, Nth West Syd Women's Football
Recreational & General Amenities	Bremner Park Amenity Building	129	Morrison Road	PUTNEY, 2112		
Recreational & General Amenities	Brush Farm Park Amenity Building	2	Lawson Street	EASTWOOD, 2122		Eastwood Netball Assoc
Recreational & General Amenities	Christie Park Amenity Building	12-20	Christie Road	MACQUARIE PARK, 2113	Sporting Groups	Gladesville Hornsby Football
Recreational & General Amenities	Darvall Park Amenity Building	61	Chatham Road	WEST RYDE, 2114		'
Recreational & General Amenities	Dunbar Park Amenity Building	16	Sobraon Road			Ryde Athletics
Recreational & General Amenities	Dunbar Park Sports Building	16	Sobraon Road	MARSFIELD, 2122		'

Building Type	Building Name	No	Street Name	Suburb	Category	Leased By
Recreational & General Amenities	Eastwood Park Amenity Building Lower Oval	45	Hillview Road	EASTWOOD, 2122		Eastwood Saints Andrews Soccer
Recreational & General Amenities	ELS Hall Park Amenity Building (Soccer)	109A	Kent Road	NORTH RYDE, 2113	Sporting/Community	Ryde District Panthers
Recreational & General Amenities	ELS Hall Park Amenity Building (Upper)	109A	Kent Road	NORTH RYDE, 2113	Sporting/Community	YMCA
Recreational & General Amenities	Fontenoy Park Amenity Building	52A	Fontenoy Road	MACQUARIE PARK, 2113		Macquarie Dragons Soccer, Anderson Events
Recreational & General Amenities	Gannan Park Amenity Building	49	Buna Street	RYDE, 2112		Inner West Harbour Cricket, Pacific Coast Baseball, Gladesville Soccer
Recreational & General Amenities	Kings Park Amenities Block	22-22A	Salter Crescent	DENISTONE EAST, 2112	Tennis Courts	Denistone East Community Tennis
Recreational & General Amenities	Kotara Park Amenities Block	87-89	Abuklea Road	EASTWOOD, 2122	Tennis Courts	Eastwood Thornleigh District Tennis Gladesville Sharks Soccer, Gladesville ravens Soccer, Inner West Harbour Cricket, Nth Ryde RSL Baseball, Nth Ryde Soccer
Recreational & General Amenities	Magdala Park Amenity Building	67	Magdala Road	NORTH RYDE, 2113		
Recreational & General Amenities	Marsfield Park Amenity Building	202-204	Vimiera Road	MARSFIELD, 2122		Hillview Rugby, Nth Distr Cricket, Oz Tag
Recreational & General Amenities	Marsfield Park Club Building	202-204	Vimiera Road	MARSFIELD		'
Recreational & General Amenities	Marsfield Park Toilet (Pony Club)	118-120	Culloden Road	MARSFIELD, 2122		'
Recreational & General Amenities	Meadowbank Park Amenities Block	96B	Constitution Road	MEADOWBANK, 2114	Tennis	'

Building Type	Building Name	No	Street Name	Suburb	Category	Leased By
Recreational & General Amenities	Meadowbank Park Amenity Building	42	Andrew Street	MEADOWBANK, 2114		'
Recreational & General Amenities	Meadowbank Park Amenity Building	96A-96B	Constitution Road	MEADOWBANK, 2114		'
Recreational & General Amenities	Meadowbank Park Amenity Building 1	102-104	Adelaide Street	MEADOWBANK, 2114	Sporting Groups	Eastwood Ryde Netball Association
Recreational & General Amenities	Meadowbank Park Amenity Building 2	102-104	Adelaide Street	MEADOWBANK, 2114	Sporting Groups	West Ryde Rovers Sports & Recreation
Recreational & General Amenities	Morrison Bay Park Amenity Building	41	Frances Road	PUTNEY, 2112		'
Recreational & General Amenities	North Ryde Park Amenity Building	145	Cressy Road	NORTH RYDE, 2113		Nth Ryde Soccer
Recreational & General Amenities	Olympic Park Amenities Block	3	Weaver Street (Cnr Potts Street)	RYDE, 2112	Tennis Courts	North-Western Suburbs Tennis Association Inc.
Recreational & General Amenities	Peel Park Amenity Building	32	Stanbury Street	GLADESVILLE, 2111		Gladesville Ravens Soccer, Nth West Sydney Women's Football
Recreational & General Amenities	Pidding Park Amenity Building	84	Cressy Road	NORTH RYDE, 2113		Nth west Sydney Women's Football, Saints United Soccer
Recreational & General Amenities	Pioneer Park Amenity Building	188A	Balaclava Road	EASTWOOD, 2122		Macquarie Saints Baseball
Recreational & General Amenities	Ryde Park Amenity Building	7	Blaxland Road	RYDE, 2112		'
Recreational & General Amenities	Ryde Park Amenity Building (Ex-Hockey)/café	7	Blaxland Road	RYDE, 2112	Shops/Office	Cheeky2 Café P/L (Joanne Foo)

Building Type	Building Name	No	Street Name	Suburb	Category	Leased By
Recreational & General Amenities	Ryde Park Amenity Building Harry Anderson	7	Blaxland Road	RYDE, 2112		'
Recreational & General Amenities	Santa Rosa Park Club Building	64	Bridge Road	NORTH RYDE, 2113	Scout Groups	Saints United Soccer Club United Inc.
Recreational & General Amenities	Tuckwell Park Amenity Building	8A	Fontenoy Road	MACQUARIE PARK, 2113		Anderson Events, Ignations Soccer
Recreational & General Amenities	Waterloo Park Amenity Building	191	Waterloo Road	MARSFIELD, 2122		Macquarie Saints Baseball, Nth West Sydney Women's Soccer
Recreational & General Amenities	Westminster Park Amenity Building	6A	Westminster Road	GLADESVILLE, 2111		Gladesville Ravens Soccer, North West Sydney Women's Football
	Anderson Park Toilet Block Ryde Park Rotunda Ryde Park Groundsman Storage Meadowbank Park Tennis Amenities				Tennis Courts	North-Western Suburbs Tennis Association Inc.
	West Ryde	3-5	Anthony Road	WEST RYDE, 2114	Community	
	745A Victoria road	745A	Victoria Road	RYDE, 2112	Residential	Kim (Areewan) Suwannaree
	Darvall Park (59 Chatham St Denistone)	59	Chatham Road	WEST RYDE, 2114	Bowling Clubs	



Lifestyle and opportunity
@ your doorstep



CITY OF RYDE

Library and Cultural Asset Plan

Assets supporting library services, and directly represent the cultural values and investments of the community, such as monuments and public art.

November 2014
Version 2.0

What is the service provided by these assets

Library

- printed, audio visual and digital material to access and borrow
- selected information services
- access to technology (primarily internet) for research and learning
- Place for informal community meetings, events & social activities

Cultural

- hold and display a collection of art works by local and selected artists for aesthetic appreciation
- other type of art in public places, such as statues
- archived historical printed and photograph records
- memorial plaques in parks & public places
- monuments and historical items are valued by the community

Issues over the life of these assets

Library

- Main value to the public is: access to a range of materials, the educational and recreational activities provided, technology access, location, hours of opening & the standard of furnishings and fit out.
- The largest cost elements of library services are the buildings (ongoing maintenance), the materials available, technology infrastructure, and staff resourcing.
- Main reasons to renew / replace are to bring up to current standards for compliance especially disabled access, meet aesthetic expectations, and to meet expectations of a library that evolves with changing community needs.
- Maintaining a contemporary physical environment (building, fittings, furniture) and technology.
- Adapting to changes in technology & associated user expectations – power/energy, communications, security, technology
- Ongoing replenishment of library materials in order to maintain current collections which are relevant to the needs of the community.

Cultural

- For most cultural items, the intent is to keep and maintain them indefinitely
- Dealing with potential and actual damage from vandalism and graffiti, and environmental exposure.

Options for Levels of Service

The things that Council can change that affect the overall cost and nature of the service

- The location
- Accessibility
- How the building suits the use
- The arrangements which the building is available for the use
- The look and feel e.g. materials and finish, carpet, heating / ventilation etc.
- Associated facilities e.g. internal toilets, car parking, landscaping
- Frequency of cleaning

Where are we now? (Current State)

- Two modern library buildings (Top Ryde & West Ryde)

- Three older library buildings which are now struggling to meet community expectations of a modern public library (North Ryde, Gladesville & Eastwood)
- Two modern library buildings with inadequate levels of funding to maintain them at appropriate levels of community expectation into the future
- Three older library buildings increasingly needing considerable work to maintain them at a basic level
- Potential redevelopment interest in the locations of at least two of these older library buildings

Key considerations (Challenges)

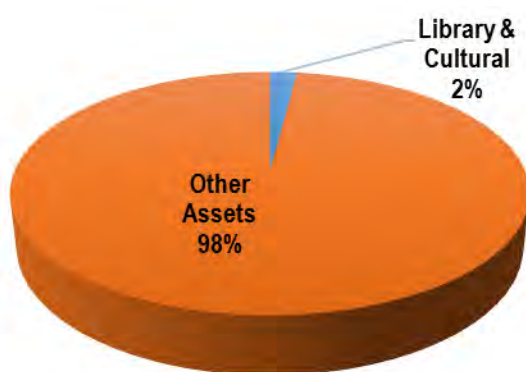
- The location and purposes are not rationally distributed across the city area, rather it is an evolution from individual decisions
- The look and configuration of the libraries
- art works and historical items are not replaceable and require appropriate conditions
- Availability and access, opening and closing arrangements, display arrangements
- plaques and memorial items have an intrinsic emotional aspect
- opinions on aesthetic values vary widely within the community, and there will always be pressure from individuals and groups to affect what is displayed, that does not necessarily align with the organisations and community's values
- decorative elements within infrastructure are intended to last only as long as the infrastructure, nor change the decision about the useful life and replacement of that infrastructure
- Gladesville Library is operated as a joint library service with Hunters Hill Council. A new agreement has recently been negotiated. An MOU for a potential new building and possible change of ownership is also in development

How much do we need to look after these assets?

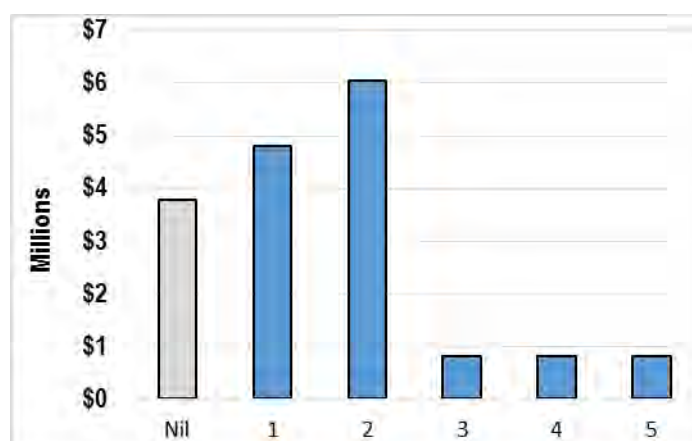
To sustain service levels and manage risk infrastructure renewal must be adequately funded. The Asset Plan discusses this challenge and identifies that the current funding will be insufficient for the longer term.

At present the assets at the Library and Cultural infrastructure assets represent an important portion of the assets we manage. Without renewal being undertaken when needed a decline in service and an increase in associated risks will occur.

Infrastructure Proportion – Library & Cultural Infrastructure Assets



Condition Profile – Library & Cultural Infrastructure Assets



Sub Plan	Year	Maintenance \$'M	Operations \$'M	Renewal \$'M	Expansion \$'M	Total \$'M
Library and Cultural	2015	0.45		0.80		1.25
Library and Cultural	2016	0.49		0.82		1.31
Library and Cultural	2017	0.51		0.85		1.35
Library and Cultural	2018	0.52		0.87		1.39
Library and Cultural	2019	0.56		0.90		1.46
Library and Cultural	2020	0.58		0.92		1.50
Library and Cultural	2021	0.59		0.95		1.55
Library and Cultural	2022	0.61		0.98		1.59
Library and Cultural	2023	0.63		1.01		1.64
Library and Cultural	2024	0.64		1.04		1.68
Library and Cultural	2025	0.66		1.07		1.74
Library and Cultural	2026	0.68		1.10		1.79
Library and Cultural	2027	0.70		1.14		1.84
Library and Cultural	2028	0.73		1.17		1.90
Library and Cultural	2029	0.75		1.21		1.95
Library and Cultural	2030	0.77		1.24		2.01
Library and Cultural	2031	0.79		1.28		2.07
Library and Cultural	2032	0.82		1.32		2.13
Library and Cultural	2033	0.84		1.36		2.20
Library and Cultural	2034	0.87		1.40		2.26

At present the majority of these assets are in good condition. Although in the short term renewal can be managed, as the majority of the assets continue to age and decline, the financial capacity to manage more significant renewals will be important.

In order to address this challenge City of Ryde proposes to apply for approval for a rate increase introduced progressively over 4 years. This increase is sufficient to support a long term financial strategy of renewing the Library and Cultural infrastructure assets when required.

What Council is proposing to do

Next 4 years – without an SRV

- Implementation of some recommendations from relevant plans:
 - Community Hubs Plan
 - Cultural Spaces & Places Plan
 - Libraries for Ryde (Library Services Strategic Plan)
- Install WiFi at branch libraries

Next 4 years – with a 7% SRV

- The additional SRV will allow additional funds to be allocated for library building assets in line with the Building Asset plans

Longer term – to 10 years, to 25 years

- Continued maintenance & re-engineering to resolve problems, similar to first 4 years
- Continue implementation of recommendations from relevant plans:
 - Community Hubs Plan
 - Cultural Spaces & Places Plan
 - Libraries for Ryde (Library Services Strategic Plan)

Through other means - DCP, VPA's, S94, LDA consents

- Be opportunistic

Govt agencies

- Be opportunistic

Basic information about these assets

Type	Quantity	Comment	End Of Life Intent
Library Buildings	5	<ul style="list-style-type: none"> • Eastwood Library (incl Women's Rest Centre) • Gladesville • North Ryde • Top Ryde • West Ryde 	<ul style="list-style-type: none"> • Not determined • Not determined • Not determined • New – not determined • West Ryde
Library Furniture & fittings	158 tables 818 chairs 116 desks 1016 shelving 425 furniture		Not determined
Library Material		Books 164,882 AV 23,248 Toys 671	Turnover all material on a 10 year cycle. Approx. \$400,000 pa budget – equates to \$4M replacement value
Historical & Archived material	not quantified		n/a
Art (paintings)	157		n/a
Monuments & memorials	90 plaques in parks		Re attached to furniture if item replaced, otherwise not determined
Statues & sculpture	Not recorded		n/a

Based on ??

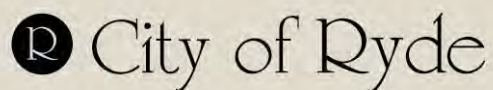
Paintings Register

DESCRIPTION / NAME	ARTIST	LOCATION
"Pomona"	Robert Murrell	Civic Centre
"Addington - Ryde"	Elias Freeman	Civic Centre
"Exercising Horse & Rider"	Bettina McMahon	Civic Centre
Devlin Street, Ryde, 2009	Marion Stroud	Civic Centre
"Storey Bridge from Boundary Street"	Vincent Brown	Civic Centre
"Across the Harbour from Neutral Bay"	Lois Sanderson	Civic Centre
"Charlotte Pass in Summer"	Margaret Coen	Civic Centre
"Riverfront"	Anne Knowles	Civic Centre
"Sky of Fear"	Aina Nicmanis	Civic Centre
"High Key No.2"	Lyne Woodger	Civic Centre
"Tumut River"	Frances McCulloch	Civic Centre
"Mirrored in the Waters"	Joyce Hanley	Civic Centre
"Ryde Post Office"	Malcolm Peryman	Civic Centre
"Curzon Hall" - photo	John Blackadder	Civic Centre
"Ryde Bridge" - photo	John Blackadder	Civic Centre
"Curzon Hall" - photo	John Blackadder	Civic Centre
"Mount St Margaret Hospital" - photo	John Blackadder	Civic Centre
"Table Setting"	Unknown	Civic Centre
"Berry's Bay"	Angela Van Wyk	Civic Centre
"Impression of Ryde from the Air"	Val Clarke	Civic Centre
"After the Flood - Windsor"	Garrett Kingsley	Civic Centre
"Ryde Police Station"	Botany Bay Productions	Civic Centre
"Kangaroo Valley"	Lillias Newling	Civic Centre
"Lane Cove River"	Raymond Turnbull	Civic Centre
"End of Winter"	Unknown	Civic Centre
"Homebush-Waratah Railway"	Unknown	Civic Centre
"The Kangaroo Hunt & the Billabong" Piece 1, 2 & 3	Byramy Mansell	Civic Centre
"HM Queen Elizabeth II - In the Robes of the order of the Bath"	Leonard Boden	Civic Centre
"Snowfields, Kosciusko"	Graham P Austin	Civic Centre
"Tabernacle"	Mimi Jaksic Berger	Civic Centre
"Ryde's 200th Birthday Party"	Pat Smyth	Civic Centre
"St John at the Olympics"	Pro Hart	Civic Centre
"Summer Breezes"	Dawson	Civic Centre
"Golden Spring"	June Young	Civic Centre
"Aerial Photo of Ryde 1987"	Quasco	Civic Centre
"Sailing Boats"	Frederic Bates	Civic Centre
"Backwaters"	CF Taylor	Civic Centre
"People on Hill"	Szymanski	Civic Centre
"Cattle Country"	Dora Toovey	Civic Centre
"Spectacle Island, Sydney Harbour"	Dorothy Atkins	Civic Centre
"Bouquet of Flowers in a Green Vase"	Odilon Redan	Civic Centre

DESCRIPTION / NAME	ARTIST	LOCATION
"Running Harlequins II"	Cameron Sparks	Civic Centre
"The French Cafe Paddington"	Beryl Mallinson	Civic Centre
"Winter Flowers"	Gwenyth Farrer	Civic Centre
"Promenade"	D'Arcy W Doyle	Civic Centre
"People Leaning on Bridge"	Unknown	Civic Centre
"Top Ryde-Meadowbank 1964" - photo	Unknown	Civic Centre
"Aerial Photo of Ryde"	AAM Surveys	Civic Centre
"The Ryde Tapestry" + Plaque	West Ryde Senior Citizens Club	Civic Centre
"Sydney Opera House 1981"	Lloyd Rees	Civic Centre
"Looking Glass Bay" - photo	John Blackadder	Civic Centre
"Rockend Cottage, Gladesville" - photo	John Blackadder	Civic Centre
"Hatton's Cottage, Ryde" - photo	John Blackadder	Civic Centre
"Brush Farm House" - photo	John Blackadder	Civic Centre
"Eastwood House" - photo	John Blackadder	Civic Centre
"Addington, Ryde" - photo	John Blackadder	Civic Centre
"Willandra, Ryde" - photo	John Blackadder	Civic Centre
"Aerial Photo of Ryde May 1999"	AAM Surveys	Civic Centre
"Front Porch, Willandra, Ryde"	John Blackadder	Civic Centre
"Cox's Road, North Ryde 1943" - photo	Unknown	Civic Centre
"Cressy Road Bridge 1936" - photo	Unknown	Civic Centre
"Meadowbank Baths 1925" - photo	Unknown	Civic Centre
"Rowe Street Eastwood 1922" - photo	Unknown	Civic Centre
"Fairyland Pleasure Grounds 1914" - photo	Unknown	Civic Centre
"De Burghs Bridge 23 February 1901" - photo	Unknown	Civic Centre
"Kissing Point Bay, Parramatta River 1901" - photo	Unknown	Civic Centre
"Devlin Family, Willandra, Ryde 1872" - photo	Unknown	Civic Centre
"Aerial Photo of Ryde 1987"	Quasco	Civic Centre
"Aerial Photo of Ryde 1997"	AAM Surveys	Civic Centre
"River Scene"	Clarice Vardy	Civic Centre
"Buffalo River, Victoria"	Joy Hanley	Civic Centre
"Jamberoo Creek"	Doris Paynter	Civic Centre
"Across the Harbour from Neutral Bay"		Civic Centre
"Hatton's Cottage, Ryde"		Civic Centre
"Approaching Dusk, Jamberoo"	Noeline Millar	Civic Centre
"Sunshine & Wind, Kissing Point"	Jeanette Watson	Civic Centre
"Wintry Day at Pitt Town"	Vera Budge	Civic Centre
"Ryde- Sydney Horse Tram Replaced by Electric Tram"	Unknown	Civic Centre
"Jiading Shanghai Kong Temple"	Unknown	Civic Centre
"Eltham Street, Depot"	Noeline Millar	Civic Centre
"Council Charter"	Unknown	Civic Centre
"Meadowbank"	Helen Goldsmith	Civic Centre
"Kissing Point"	Helga Kelly	Civic Centre
"Holy Cross"	John Thon	Civic Centre
"Kissing Point Park Putney"	H Goldsmith	Civic Centre
Chinese Idiom - "Harmony Generates Wealth"	Eastwood Senior Citizens Club	Civic Centre

DESCRIPTION / NAME	ARTIST	LOCATION
"Parsonage Restored"	J Watson	Civic Centre
"Ryde Pumping Station"	R Marosszekye	Civic Centre
"Journey to the Sky Country"	C Tobin	Civic Centre
"Houses Near Tower"	Unknown	Civic Centre
"Opera House"	Seung Hee Xein	Civic Centre
"Tamworth"	Grace Evans	Civic Centre
"North Ryde Public School"	Helen Goldsmith	Civic Centre
"Glades Bay Jetty"	N Millar	Civic Centre
"Old Court House and St Anne's Church Ryde"	Michael Bakich	Civic Centre
"Boat Sheds on Parramatta River"	P Smyth	Civic Centre
"First Fleet Landing"	John Howard Wright	Civic Centre
"First Fleet Landing"	John Howard Wright	Civic Centre
"Hallway at Willandra"	Helen Goldsmith	Civic Centre
Chinese Art	The Peoples Government of Jiading district, Shanghai	Civic Centre
"Ryde Pumping Station"	Helen Goldsmith	Civic Centre
"Willandra"	Helen Goldsmith	Civic Centre
"Rooftops"	Helen Goldsmith	Civic Centre
"Kissing Point Bay"	Angela Van Wyk	Civic Centre
"Church Street in Wet"	Frederic Bates	Civic Centre
"Chess & Jacaranda"	Ralph Raffaello	Civic Centre
"Squireville"	Pat Smyth	Civic Centre
"Brush Farm House now"	Jeanette Watson	Civic Centre
"Sydney Ferry at Meadowbank Wharf"	Anne Knowles	Civic Centre
"Collage of Ryde"	Unknown	Civic Centre
"Hazy Morning, Ryde Bridge"	John Perkins	Civic Centre
"Hatton's Cottage"	J Watson	Civic Centre
"View to Homebush Bay"	Anne Knowles	Civic Centre
"Arches & Staircase"	Mollie Flaxman	Civic Centre
"Ryde Community Mural Quilt"	Volunteers	Civic Centre
"Canada Signed Olympic Shirt"	Canadian Olympic Committee	Civic Centre
"Canadian Copper Plaque"	Canadian Olympic Committee	Civic Centre
"Olympic Flag"	Canadian Olympic Committee	Civic Centre
"Portrait of Queen Elizabeth II"	Unknown	Civic Centre
"Black and White Farmland" - photo	Taylor Photographics	Library
"Black and White Farmland" - photo	Taylor Photographics	Library
"Black and White Farmland" - photo	Taylor Photographics	Library
"Black and White Farmland" - photo	Taylor Photographics	Library
"Black and White Farmland" - photo	Taylor Photographics	Library
"First Ryde Pumping Station 1917" - photo	Unknown	Library
"Sydney Opera House 1969" - print	Sir William Dobell	Library
"Misty Morning Tumut"	Brian Stratton 1965	Library
"Burrill Lake"	Dora Toovey	Library
"Kissing Point NSW - The Property of the late Mr James Squires"	Published by I Souter	Library
Sitka 1830	Dale Detremond	Library
"Aerial Photo of Ryde November 2001-	AAM Surveys	Depot

DESCRIPTION / NAME	ARTIST	LOCATION
5400m"		
"Aerial Photo of Ryde November 2001-5400m"	AAM Surveys	Depot
"Wingham Landscape"	Brian Stratton	Depot
"Swimming Centre - Victoria Road"	Unknown	
"Painting"	Henry Salkauskas	
"Banjo Patterson - Looking Glass Bay"	M Drake	
"Old Sofala"	M Drake	
"Squireville"	Colina Grant	
"Peace and Quiet - Kangaroo Valley"	M Drake	
"Song of Winter"	Dorothy Davies	
"Tall Trees - Port Macquarie"	Vera D Massey	
"The Lost Child"	Frederick McCubbin	
"Bark & Moss"	D Young	
"Hattons Cottage"	Pat Smyth	
"The Timber Yard, Primrose Hill"	Marion Stroud	
"Death of Burke" - photo	William Stutt	Library
"Bayview Hotel" - photo	Unknown	Library
"Building of Ryde Bridge" - photo	Unknown	Library
"Tram Station" - photo	Unknown	Library
"Looking Towards Chatham Road and West Ryde from Eastwood, around 1912" - photo	George Henry Hawkins	Library
"Looking west down Victoria Road, West Ryde in 1917" - photo	Lent for Copying from a private collection from Sydney Water	Library
"Train nearing Eastwood around 1912; looking towards Chatham Road and West Ryde" - photo	George Henry Hawkins	Library
"Hay children at 'Glen Ayr', West Ryde c.1898" - photo	Photograph lent for copying from Private Collection	Library
"Cafe at Night" (more details)	Linda Sullivan, Jan Boyle, Sheena Caswell, Priyani Kaneshalingam	Library
"Waterpolo"	Siobhan Ballestry - St Anthony's Primary School Year 6	RALC
"Ryde Swimming Centre 1961 - 1998"	Unknown	RALC
"Olympic 2000 Venue"	Unknown	RALC



Lifestyle and opportunity

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CITY OF RYDE

Parks and Reserves Asset Plan

Includes bushland areas, road reserves closed to traffic with landscaping, drainage reserve.

November 2014
Version 2.0

What is the purpose of these assets

- General public open space for recreation and amenity.
- Aesthetic value, including trees, landscaping and garden beds.
- Allows public & group gatherings.
- Associated facilities include car parking, lighting, shelters & furniture, special buildings such as rotundas, monuments.
- Includes seawalls (about 800m) which define and protect reserves along the river

Issues over the life of these assets

- The useful life of the associated assets depends on what they are and the material used.
- Maintenance mainly comprises replacing damage, removing graffiti, and upkeep due to wear & tear.
- Landscaping maintenance is mainly mowing, tree management and limited garden bed upkeep.
- The maintenance of landscaping depends on species, weather and prominence of the location.
- Parks are open to the public at all times.

Options for Levels of Service

The things that Council can change that affect the overall cost and nature of the service:

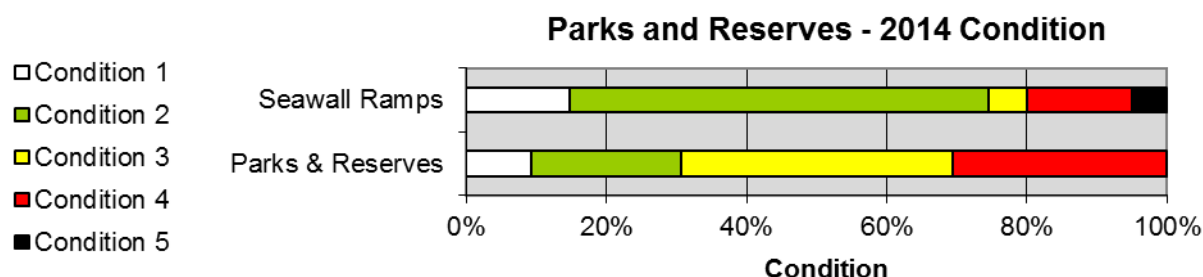
- Amount and type of garden beds and maintained vegetation
- Condition of grass in open areas e.g. mowing frequency
- Type and amount of associated facilities e.g. seats, tables, lighting, fencing, paths, retaining walls, signage
- State of repair of associated facilities
- Location of reserves overall and location within reserves of any facilities
- Enforcement of appropriate behaviours
- Parks are used as the location for other recreation assets such as ovals, courts, playspace equipment etc., and integration with these is an essential aspect of the management of parks & reserves

Where are we now? (Current State)

- The number of parks at the level of service

Level of Service	Number of parks
1	19
2	44
3	80
4	63
5	0
Total	206

- A significant amount of seawalls are in poor condition and there has been an increase in the Delivery Plan to repair and renew large sections.
- 12 parks are designated to allow off leash dog use



Key considerations & Challenges

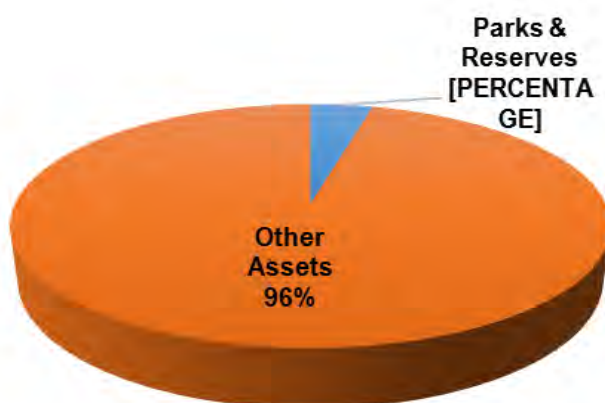
- Landscaping maintenance is labour intensive
- Strategies/plans – past policy has focussed on acquiring land
- Location and equitable coverage across the city
- Council is exempt by law from having to contribute to boundary fencing with private properties.
- Other Council plans and policies
 - Memorial Plaques and Donation of Park Furniture and Trees Policy
 - Urban Forest policy
 - No Smoking policy – Parks & Reserves
 - Community Gardens policy

How much do we need to look after these assets?

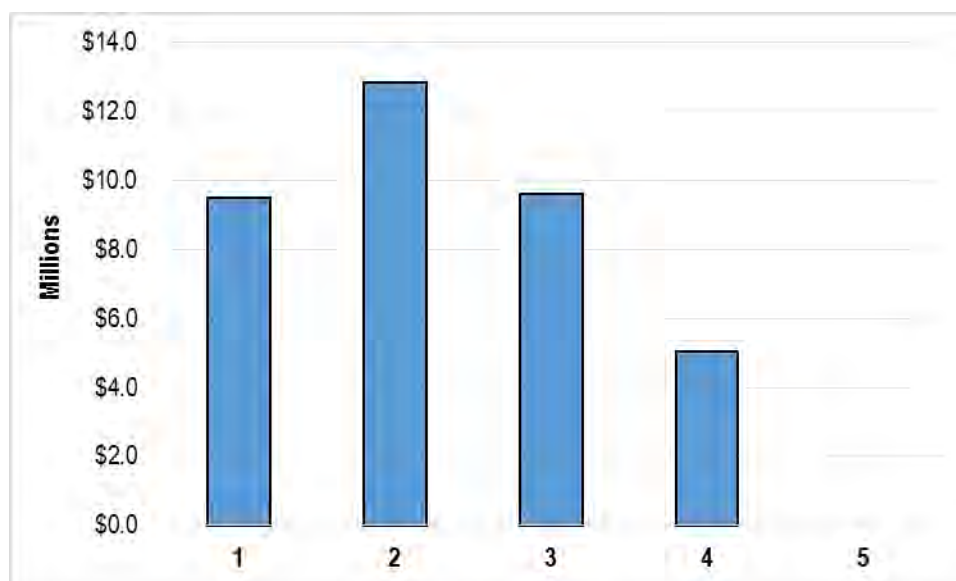
To sustain service levels and manage risk infrastructure renewal must be adequately funded. The Asset Plan discusses this challenge and identifies that the current funding will be insufficient for the longer term.

At present Parks and Reserves assets represent a substantial portion of the assets we manage. Without renewal being undertaken when needed a decline in service and an increase in associated risks will occur.

Infrastructure Proportion – Parks and Reserves



Condition Profile – Parks and Reserves



Sub Plan	Year	Maintenance \$'M	Operations \$'M	Renewal \$'M	Expansion \$'M	Total \$'M
Parks and Reserves	2015	1.51	6.37	2.19	1.49	11.56
Parks and Reserves	2016	1.73	6.73	2.16	0.11	10.73
Parks and Reserves	2017	1.78	6.92	2.23	0.08	11.01
Parks and Reserves	2018	1.83	7.19	2.29		11.30
Parks and Reserves	2019	2.04	7.40	2.35		11.79
Parks and Reserves	2020	2.09	7.59	2.42		12.10
Parks and Reserves	2021	2.14	7.81	2.48		12.44
Parks and Reserves	2022	2.20	8.01	2.55		12.76
Parks and Reserves	2023	2.25	8.25	2.62		13.12
Parks and Reserves	2024	2.32	8.49	2.70		13.51
Parks and Reserves	2025	2.39	8.74	2.78		13.91
Parks and Reserves	2026	2.46	8.99	2.87		14.32
Parks and Reserves	2027	2.53	9.26	2.95		14.74
Parks and Reserves	2028	2.60	9.53	3.04		15.17
Parks and Reserves	2029	2.68	9.81	3.13		15.62
Parks and Reserves	2030	2.76	10.10	3.23		16.08
Parks and Reserves	2031	2.84	10.40	3.32		16.56
Parks and Reserves	2032	2.92	10.70	3.42		17.05
Parks and Reserves	2033	3.01	11.02	3.53		17.55
Parks and Reserves	2034	3.10	11.34	3.63		18.07

Although in the short term the renewal of assets in poor and very poor condition (Condition 4 and 5) can be managed, as the majority of the assets continue to age and decline, the financial capacity to manage more significant renewals is inadequate.

In order to address this challenge City of Ryde proposes to apply for approval for a rate increase introduced progressively over 4 years. This increase is sufficient to support a long term financial strategy of renewing parks and reserves assets when required, and will enable those assets currently rated as Condition 5 to be renewed over the next 10 years.

What Council is proposing to do (Actions)

Next 4 years – without an SRV

- Continue mowing, gardening and maintenance of facilities to match available budget

Next 4 years – with a 7% SRV

- Continue mowing, gardening and maintenance of facilities at current Levels of Service

Longer term – to 10 years, to 25 years

- Continue mowing, gardening and maintenance of facilities
- Modify landscaping and tree planting to reduce mowing and operating costs

Through other means - DCP, VPA's, S94, LDA consents

- As consents are issued, implement the s94 plan as relevant

Govt agencies

- Continue to apply for grants

INDICATIVE IMAGES – LEVELS OF SERVICE



Category - Level A
Maintenance Quality - Exceptional
Type: Landscaped areas and gardens

Often very large and well landscaped areas and gardens with newly planted trees, quality facilities, shade shelters, seats, bbqs etc.



Category - Level A
Maintenance Quality - Exceptional
Type: Landscaped areas and gardens

Innovative garden designs and use of appropriate landscape materials with quality plantings.



Category - Level B
Maintenance Quality - Acceptable
Type: Landscaped area and gardens

Aging facilities with older style of landscaping with mature trees. Adequate and well maintained but limited capacity and often needs some renovation, improved landscaping or new gardens



Category - Level B
Maintenance Quality - Acceptable
Type: Landscaped area and gardens

Older style but well maintained landscaping with mature trees, reasonably sized open grassy spaces. Adequate but limited capacity often with off street parking. Needs renovation, improved landscaping or gardens



Category - Level C
Maintenance Quality - Satisfactory
Type: Open Space and Gardens

Adequately maintained and wood chipped covered gardens with periodic shrub replanting when required. Those located in more frequently used parks are usually near features such as playgrounds and seating



Category - Level C
Maintenance Quality - Satisfactory
Type: Open Space and Gardens

Some gardens of this type can also be located in less frequently used parks specifically planted out and reasonably maintained as semi natural buffer zones or as a habitat restoration. They are re-planted periodically to maintain the garden.



Category - Level D
Maintenance Quality - Adequate
Type: Open Spaces, Gardens Or Grassy Areas

Typically are low maintenance natural areas or a created native garden bordered by only periodically cut grassed areas



Category - Level D
Maintenance Quality - Adequate
Type: Open Spaces, Gardens Or Grassy Areas

Less frequently maintained natural areas or low maintenance landscaped natural area gardens with significantly less managed open grassy areas



Category - Level E
Maintenance Quality – Minimal
Type: Open Spaces, Gardens Or Grassy Areas
 Very low frequency maintenance.
 Area consists mainly of infrequently
 maintained grass or garden areas and of
 a very much lower standard than for Level D sites



Category - Level E
Maintenance Quality – Minimal
Type: Open Spaces, Gardens Or Grassy Areas
 Very low frequency garden maintenance.
 Maintenance of grassy areas is minimal.
 Gardens or grass receiving significantly less maintenance
 than for the Level D sites

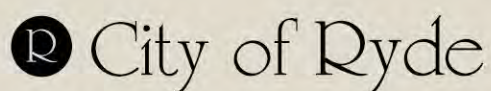
PARKS LISTING

Category	Park Name	Actual	10yr
Premier Parks	Anderson Park	1	1
Premier Parks	Anzac Park	1	1
Premier Parks	Banjo Paterson Park	1	1
Premier Parks	Blenheim Park	1	1
Premier Parks	E.L.S Hall Park	1	1
Premier Parks	Eastwood Park	1	1
Premier Parks	Helene Park	1	1
Premier Parks	Kissing Point Park	1	1
Premier Parks	Meadowbank Park	1	1
Premier Parks	Memorial Park	1	1
Premier Parks	Putney Park	1	1
Premier Parks	Ryde Park	1	1
Premier Parks	Yamble Reserve	1	1
Neighbourhood Parks & Gardens	Ann Thorn Park	3	3
Neighbourhood Parks & Gardens	Australia li Park	2	2
Neighbourhood Parks & Gardens	Blamey Park	2	2
Sporting Fields (Surrounds Only)	Bremner Park	2	2
Neighbourhood Parks & Gardens	Carara Reserve	2	2
Sporting Fields (Surrounds Only)	Christie Park	2	2
Neighbourhood Parks & Gardens	Civic Gateway - South	3	3
Neighbourhood Parks & Gardens	Darvall Park	2	2
Neighbourhood Parks & Gardens	Denistone Park	2	2
Sporting Fields (Surrounds Only)	Dunbar Park	2	2
Neighbourhood Parks & Gardens	Elouera Reserve	2	2
Neighbourhood Parks & Gardens	Flinders Park	2	2
Sporting Fields (Surrounds Only)	Fontenoy Park	2	2
Neighbourhood Parks & Gardens	Glen Reserve	2	2
Neighbourhood Parks & Gardens	Granny Smith Memorial Park	2	2
Neighbourhood Parks & Gardens	Hoffman Park	3	3
Neighbourhood Parks & Gardens	Jim Walsh Park	2	2
Neighbourhood Parks & Gardens	Kings Park	3	3
Neighbourhood Parks & Gardens	Lynn Park	2	2
Sporting Fields (Surrounds Only)	Magdala Park	2	2
Sporting Fields (Surrounds Only)	Marsfield Park	2	2
Neighbourhood Parks & Gardens	Maze Park	2	2
Sporting Fields (Surrounds Only)	Monash Park	2	2
Sporting Fields (Surrounds Only)	Morrison Bay Park	2	2
Neighbourhood Parks & Gardens	North Ryde Common	3	3
Sporting Fields (Surrounds Only)	North Ryde Park	2	2

Category	Park Name	Actual	10yr
Sporting Fields (Surrounds Only)	Pidding Park	2	2
Neighbourhood Parks & Gardens	Tennyson Park	2	2
Neighbourhood Parks & Gardens	Tindarra Reserve	2	2
Sporting Fields (Surrounds Only)	Tuckwell Park	2	2
Sporting Fields (Surrounds Only)	Waterloo Park	2	2
Neighbourhood Parks & Gardens	West Denistone Park	2	2
Sporting Fields (Surrounds Only)	Westminster Park	2	2
Neighbourhood Parks & Gardens	Wilga Park	2	2
Local Parks & Playgrounds	Acacia Park	3	3
Local Parks & Playgrounds	Adventure Park	3	3
Visual Parks	Allars Street/Perkins Street	3	3
Local Parks & Playgrounds	Balun Reserve	3	3
Local Parks & Playgrounds	Beattie Park	3	3
Local Parks & Playgrounds	Bell Park	3	3
Visual Parks	Benson Place	3	3
Local Parks & Playgrounds	Bidgee Park	3	3
Visual Parks	Blaxland Road - Unnamed Park (Top Ryde Park)	3	3
Local Parks & Playgrounds	Booral Reserve	4	4
Local Parks & Playgrounds	Boyla Reserve	3	3
Local Parks & Playgrounds	Braemar Park	3	3
Local Parks & Playgrounds	Brereton Park	3	3
Visual Parks	Bridge Road - 57 - Unnamed Area	4	4
Local Parks & Playgrounds	Brigade Park	3	3
Visual Parks	Byron Park	3	3
Local Parks & Playgrounds	Catherine Park	3	3
Local Parks & Playgrounds	Cecil Park	3	3
Visual Parks	Colvin Park	3	3
Visual Parks	Community Park	3	3
Local Parks & Playgrounds	Cudal Reserve	3	3
Local Parks & Playgrounds	Darri Reserve	3	3
Local Parks & Playgrounds	Donnelly Park	4	4
Local Parks & Playgrounds	Donovan Park	3	3
Visual Parks	Driver Park	3	3
Visual Parks	Forrester Park	4	4
Local Parks & Playgrounds	Forsyth Street - Unnamed Park Ccc	4	4
Local Parks & Playgrounds	Girraween Reserve	3	3
Local Parks & Playgrounds	Griffiths Avenue - Unnamed Park Ccc	2	2
Local Parks & Playgrounds	Griffiths Avenue(45) - Unnamed Area Ccc	2	2
Local Parks & Playgrounds	Griffiths Avenue(47) - Unnamed Park Ccc	2	2
Local Parks & Playgrounds	Gwendale Park	4	4

Category	Park Name	Actual	10yr
Local Parks & Playgrounds	Halcyon Park	3	3
Visual Parks	Hardy Park	3	3
Local Parks & Playgrounds	Hayes Reserve	3	3
Local Parks & Playgrounds	Heatly Reserve	3	3
Local Parks & Playgrounds	Henri Dunant Reserve	4	4
Local Parks & Playgrounds	Hibble Park	3	3
Visual Parks	Irene Park	3	3
Visual Parks	Jacaranda Reserve	3	3
Visual Parks	Janet Park	3	3
Local Parks & Playgrounds	Jennifer Park	3	3
Local Parks & Playgrounds	John Miller Park	3	3
Local Parks & Playgrounds	Jones Street Reserve	3	3
Local Parks & Playgrounds	Jordan Park	3	3
Local Parks & Playgrounds	Jupp Reserve	4	4
Local Parks & Playgrounds	Kenneth Park	3	3
Visual Parks	Koonadan Reserve	3	3
Local Parks & Playgrounds	Kulgoa Reserve	3	3
Visual Parks	Lavarack Street - Unnamed Park	4	4
Local Parks & Playgrounds	Linton Avenue - Unnamed Parks	4	4
Local Parks & Playgrounds	Linton Park	4	4
Local Parks & Playgrounds	Lonsdale Park	3	3
Visual Parks	Lynelle Park	3	3
Local Parks & Playgrounds	Marjorie Park	3	3
Visual Parks	Mary Ellen Park	3	3
Visual Parks	Meditation Park	3	3
Local Parks & Playgrounds	Midgee Reserve	3	3
Local Parks & Playgrounds	Miriam Park	3	3
Visual Parks	Moore Park	3	3
Local Parks & Playgrounds	Mulhall Park	3	3
Local Parks & Playgrounds	Nerang Park	3	3
Local Parks & Playgrounds	Nunook Reserve	3	3
Local Parks & Playgrounds	Parry Park	3	3
Local Parks & Playgrounds	Pindari Park	3	3
Local Parks & Playgrounds	Princes Park (Previously Princes Street - Unnamed Reserve)	4	4
Local Parks & Playgrounds	Quandong Reserve	3	3
Visual Parks	Richmond Park	3	3
Local Parks & Playgrounds	Rutherford Park	3	3
Local Parks & Playgrounds	Salerwong Reserve	3	3
Local Parks & Playgrounds	Salter Park	3	3
Local Parks & Playgrounds	Shepherd Street(35) Ccc	3	3

Category	Park Name	Actual	10yr
Local Parks & Playgrounds	Sindel Reserve	4	4
Local Parks & Playgrounds	Talavera Reserve	3	3
Local Parks & Playgrounds	Trafalgar Reserve	3	3
Local Parks & Playgrounds	Tyrell Park	3	3
Visual Parks	Wandoo Reserve	3	3
Local Parks & Playgrounds	Watts Park	3	3
Local Parks & Playgrounds	Wendy Park	3	3
Local Parks & Playgrounds	Woolway Reserve	3	3
Visual Parks	Yurrah Reserve	3	3
Natural Areas	Burrows Park	4	4
Natural Areas	Field Of Mars Reserve	4	4
Natural Areas	Glades Bay Park	4	4
Natural Areas	Kobada Park	4	4
Natural Areas	Kotara Park	4	4
Natural Areas	Kywung Reserve	4	4
Natural Areas	Lane Cove Road - Unnamed Park	4	4
Natural Areas	Laurel Park	4	4
Natural Areas	Looking Glass Bay Park	4	4
Natural Areas	Lucknow Park	4	4
Natural Areas	Mallee Reserve	4	4
Natural Areas	Martin Reserve	4	4
Natural Areas	Myall Reserve	4	4
Natural Areas	Nundah Reserve	4	4
Natural Areas	Outlook Park	4	4
Natural Areas	Porters Park	4	4
Natural Areas	Portius Park	4	4
Natural Areas	Pryor Park	4	4
Natural Areas	Quebec Reserve	4	4
Natural Areas	Stewart Park	4	4
Natural Areas	Symon's Reserve	4	4
Natural Areas	Yinnell Reserve	4	4



Lifestyle and opportunity
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CITY OF RYDE

Playspaces and Sporting Fields Asset Plan

Facilities providing or supporting active recreation.

November 2014
Version 2.0

What is the service provided by these assets

- Recreation for casual and organised physical activities
- Playing fields are predominantly used for the sports of soccer, netball, cricket, baseball and rugby league.

Issues over the life of these assets

- Sporting fields have limited turf life, and require importing replacement turf periodically.
- Playspace equipment standards have increased significantly as safety is better understood and considered – a typical complex set costs over \$150k
- The facilities are intended to meet very specific age ranges of the community demographic, which can change faster than the life of the asset
- The teen demographic requires challenging, free and unorganised recreation, which is not well covered with the current focus on traditional playspace equipment and courts/ovals.
- Frequent inspections (3 monthly cycles) of playspace equipment are required to monitor the integrity and safety.

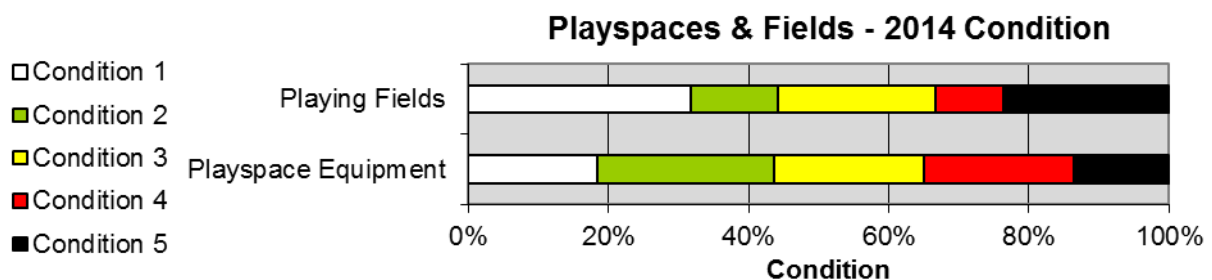
Options for Levels of Service

The things that Council can change that affect the overall cost and nature of the service:

- Availability
- Playing area surface and material
- Number and variety of equipment
- Location of facilities
- Night time use
- New / non-traditional uses

Where are we now? (Current State)

- The periodic replacement of turf is not as often as the rate of wear
- Fairly inflexible in being able to change the codes and numbers of fields and courts available.
- Not consistent with the provision of floodlighting or irrigation across all the fields
- Nearly half of the playspace equipment pre-dates the current version of the standards, and will cost more to replace with a modern equivalent
- On present recurrent capital funding levels, and typical equipment life of 15 years, Council will be able to sustain through on-going replacement, something of the order of 50 to 60 sets / locations of playspace equipment.
- On present usage levels, the turf surfaces of playing fields can't be sustained at current levels.



Key considerations (Challenges)

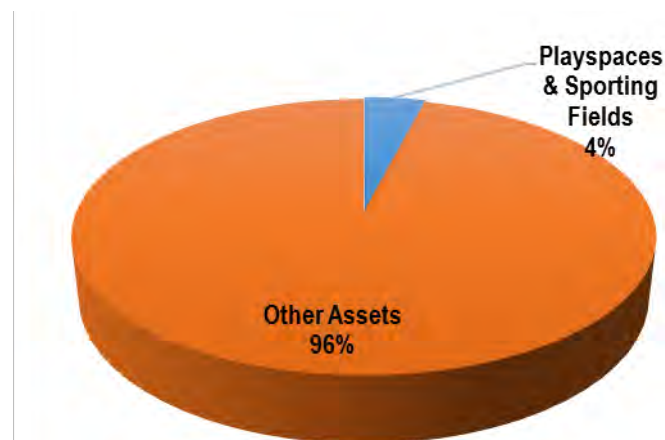
- Significant changes in standards and expectations for safe yet challenging play equipment & standards compliance
- Differing needs of various demographics
- The ratio per capita & distance to get there
- Historical arrangements for oval and court usage, including allocation of spaces to sporting codes and associations
- Changes in popularity of various codes, and changes to club memberships
- Location and equitable coverage across the city
- Increase in leisure time and aging population, with an increase in individual based activities
- Resident and public opinion on the installation and upgrade of floodlighting to increase usage

How much do we need to look after these assets?

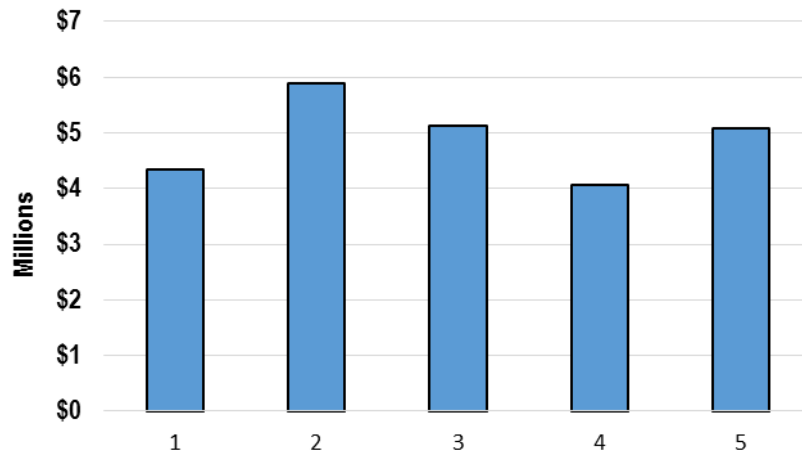
To sustain service levels and manage risk infrastructure renewal must be adequately funded. The Asset Plan discusses this challenge and identifies that the current funding will be insufficient for the longer term.

At present playspaces and sporting field assets represent a substantial portion of the assets we manage. Without renewal being undertaken when needed a decline in service and an increase in associated risks will occur.

Infrastructure Proportion – Playspaces & Sporting Fields



Condition Profile – Playspaces & Sporting Fields

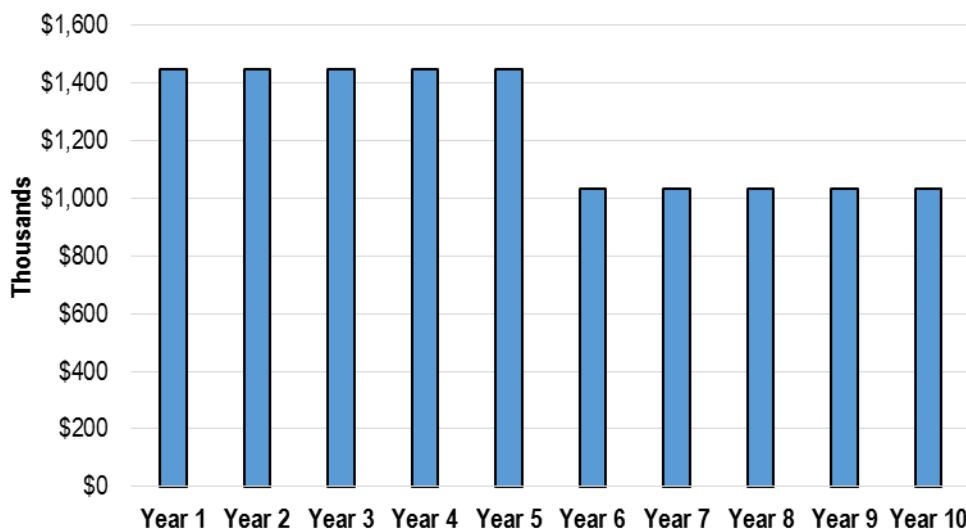


Although in the short term the renewal of assets in poor and very poor condition (Condition 4 and 5) can be managed, this must be continued as more assets continue to age and decline.

In order to address the challenge of asset renewal the City of Ryde proposes to apply for approval for a rate increase introduced progressively over 4 years. This increase is sufficient to support a long term financial strategy of renewing playspace assets when required, and will enable those assets currently rated as Condition 4 and 5 to be renewed over the next 10 years as shown in following “graphical” estimate.

For playing fields, the funding will allow renewal of turf in high wear areas which are rated condition 4 and 5

Playspaces & Sporting Fields – Requirements for Renewal of Condition 4 and 5



What Council is proposing to do

Next 4 years – without an SRV

Continue oval mowing and maintenance of equipment. Only upgrade playgrounds with developer contributions.

- Renewal of turf at most of the City's sporting grounds to cope with wear and tear

Next 4 years – with a 7% SRV

- Move to a program of replacement and /or partial updates on a 20 year cycle for all playspace equipment
- Over the 4 years, the SRV would see in addition :
 - Turf renewals for wear and tear and major refurbishment (including irrigation) at 2 fields within the City

Replace an extra 10 playgrounds from the 106 total. Longer term – to 10 years, to 25 years

- Continue to replace playspace equipment at a rate matched to available funding.
- Continue oval mowing and court maintenance

Through Others means - DCP, VPA's, S94, LDA consents

- As consents are issued, implement the s94 plan as relevant

Govt agencies

- Continue to apply for grants

Basic information about these assets

Playspace Facilities

- 20 larger sets catering to broader choice and older kids/teenagers – with 1 skate park, 7 rope frames.

Park Type	Number of sets	Rubber Softfall	Shade	Comments
Premier Park	20	9	9	
Neighbourhood Park	19	0	3	
Sporting Fields	14	3	2	
Local Parks	30	1	1	
Visual Parks	8	0	0	
Natural Areas	3	0	0	

Playing Fields & Courts

Activity	Number (of sites / ovals / courts)	Lighting	Irrigation	Comment
		Y/N/QTY	Y/N/QTY	
Tennis	4	Y	N	Leased sites (Kotara, Kings, Meadowbank, Olympic)
Soccer	37	37	36	
Netball	42	Y~	Y*	~30 hard, *12 grass
Basket ball	4	N	N	Non-competition (half courts or hoop only)
Cricket	25	N	N*	*4 turf (hand watering), 21 synthetic

Activity	Number (of sites / ovals / courts)	Lighting	Irrigation	Comment
Hockey	1	N	Y	Meadowbank only
Rugby and league	4	4	4	
Skate Park	1	N	N	Wilga Reserve
Baseball	7	2	7	(up to four diamonds per site)
Athletics	1	N	Y	Dunbar Park
Equestrian	1	N	N	Marsfield Park
AFL	2	2	1	Alternates with soccer
Croquet	2	N	2	Eastwood Park
Additional sports	varies year to year			Oztag, Flying Disk, Mini soccer, Summer Soccer Touch football, Bocce

Summary There are 18 different sporting activities
 179 booked sporting events per week (summer season) 59 sporting spaces in 26 parks
 207 booked sporting events per week (winter season)

Park Name	Lights	Comments
Brush Farm Park	Y	4 Netball Courts
Christie Park	Y	Field
Eastwood Park	Y	Fields 1& 2
E.L.S Hall Park	Y	Fields 1,2,3
Marsfield Park	Y	Field
Meadowbank Park	Y	Fields,1,3,8,9 and netball area
Monash Park	Y	Field
North Ryde Park	Y	Field
Ryde Park	Y	Fields 1,3
Westminster Park	Y	Field

10

10

There are 10 parks with sports floodlighting systems

Examples of Playspace equipment



Small, modern climbing net attached to other play equipment set in a playground graded soft fall mulched area



Larger rope climbing net set in a sand pit to act as soft fall layer



Playground set into dual coloured rubberised soft fall surface material.
Site is shaded. Equipment interesting



Playground without soft fall material. Unshaded site. Equipment is old, rusty and inappropriate to sustain the interest of the modern child. It should be replaced.



Playground equipment without any type of soft fall layer or other modern safety features. This equipment whilst still popular doesn't meet the latest safety standards and should be scheduled for removal and replacement.

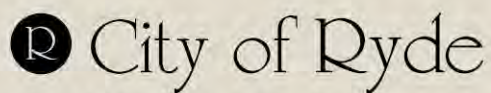


Ageing, uninspiring equipment in poorly maintained soft fall material area. This equipment has passed use by date and has outgrown the original demographics which initiated its construction.

Playspace equipment locations

Park Name	Equipment Type	Size
Acacia Park	4 x items	small
Adventure Park	set items	small
Anderson Park	7 x items	large, multi
Ann Thorn Park	3 x items	small
Anzac Park	set items	mid
Banjo Patterson Park	set	small
Beattie Park	items	small
Bell Park	items	small
Bennelong Park	item	item
Bidgee Park	items	small
Blamey Park	items	small
Blenheim Park	adventure landscape, sets, frames	large, multi
Booral Reserve	items	small
Boyla Reserve	item	small
Braemar Park	items	small
Brigade Park	items	small
Brush Farm Park	items	small
Byron Park	items	small
Carara Reserve	items	small
Cleves Park	items	small
Community Park	items	small
Darvall Park	items	mid
Darvall Park	items	mid
Denistone Park	items	small
Dunbar Park	sets & items	small
Eastwood Park	items	small
ELS Hall Park	fitness trail, frames, sets, items	
ELS Hall Park	set	small
Eloura Reserve	sets & items	mid
Fontenoy Park	set & item	mid
Forrestor Park	set	small
Girraween Reserve	sets & items	small
Glades Bay Park	items	small
Glen Reserve	set & items	mid
Granny Smith Memorial Park	set & items	small
Halcyon Park	items	small
Heatly Reserve	items	small
Henri Dunant Reserve	items	small
Irene Park	item	small
Janet Park	items	small
Jennifer Park	items	small
Jim Walsh Park	set & items	small
John Miller Park	items	small
Jordan Park	items	small
Kathleen Reserve	items	small
Kissing Point Park	set & items	small
Kotara Park	items	small
Lions Park	items	small
Looking Glass Bay Park	item	small
Lynell Park	items	small

Park Name	Equipment Type	Size
Magdala Park	sets & items	small
McCauley Park	items	small
Meadowbank Park - James St	set & item	small
Meadowbank Park - Adelaide St	sets & items	large, multi
Meadowbank Park - Constitution Rd	items	small
Meadowbank Park - Ross Smith Ave	set & items	mid
Melrose Park	set & items	mid
Memorial Park	set & items	mid
Midgee Reserve	items	small
Miriam Park	set & items	small
Monash Park	items	small
Morrison Bay Park	items	small
Morshead Park	items	small
Mulhall Park	items	small
North Ryde Park	sets & items	small
Nunook Reserve	items	small
Olympic Park	set & items	small
Parry Park	items	small
Peel Park	items	small
Pidding Park	items	small
Pindari Park	items	small
Pioneer Park	set & items, gym	mid
Putney Park	sets, tower, rope frame, adventure	large, multi
Quandong Reserve	items	small
Ryde Park	items	small
Santa Rosa Park	items	small
Stewart Park	items	small
Talavera Reserve	set	small
Tennyson Park	item	small
Trafalgar Reserve	sets & items	mid
Tuckwell Park	items	small
Tyagarah Park	items	small
Wandoo Reserve	items	small
Waterloo Park	items	small
Watts Park	set & item	small
Wendy park	items	small
West Denistone Park	items	small
West Denistone Park	items	small
Westminster Park	items	small
Woolway Reserve	items	small
Yamble Reserve	set?	mid



Lifestyle and opportunity

@ your doorstep



CITY OF RYDE

Road Pavements Asset Plan

The section of the road reserve used for motorised vehicles.

November 2014

Version 2.0

What is the service provided by these assets

Road pavements

- Access to & between properties for vehicles, occupants, visitors, deliveries, services etc.
- All weather surface capable of withstanding vehicle weights
- On-street parking
- Supports public transport
- Cover to protect underground public utility services
- Pavement for car parking either on road or associated with facilities

Kerb & gutter

- Edge of road to keep cars on pavement for travel and parking
- Directs stormwater along the road to inlets to the pipelines, and prevents erosion by this directed flow.

Car parks

- All weather surface for parking of vehicles (mainly cars)

Issues over the life of these assets

- Almost all roads have an asphaltic concrete (bitumen) surface, which deteriorates over time from air and UV exposure. When cracks form, water gets into the soil underneath, reducing the load bearing capacity with resulting accelerated damage by vehicle weights. This breakdown takes about 35 years, and the road requires a new surface to avoid significant cracking and potholing, otherwise the ride quality of the road is greatly reduced.
- The unpredictable nature of damage and wear can result in patches even on newly laid surfaces. The surface is provided for load and waterproofing, with any aesthetic effect being an unguaranteed by-product.
- Kerb & Gutter is on both sides of almost all streets, with failure due mainly to lifting by tree roots or poor subsoil conditions.
- Traffic speed is increased with smoother surfaces, which is contra to local amenity.
- Increasing vehicle weights for trucks and buses accelerates deterioration and failures, especially with traffic control facilities which concentrate wheels to only parts of the pavement
- Car park pavements are of thinner construction as normally only used by cars

Options for Levels of Service

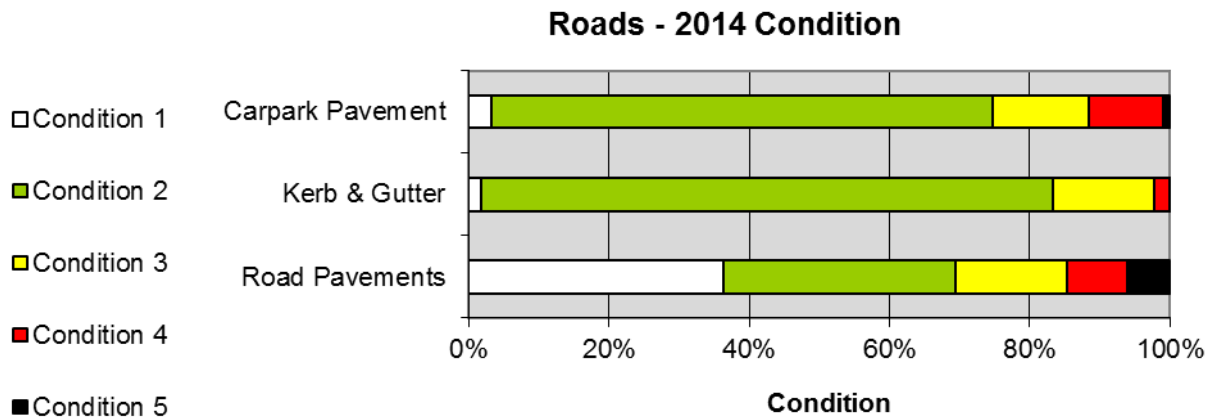
The things that Council can change that affect the overall cost and nature of the service are:

- Travel lane width
- Surface quality (roughness, material, shape, crossfall for kerbside parking)
- Availability & management of repairs

Where are we now? (Current State)

- Replacing and repair road pavements covering approximately 50,000 Sq. p.a. versus the 65,000 m² p.a. required to match deterioration
- The significant amount of car park pavements are in poor condition, and are given low priority as the surface condition does not need to be as good where cars are travelling at low speed

- Pavements that are not repaired or resurfaced before major failures will need to remain in poor condition, as funding is not enough for reconstruction, especially car parking.



Key considerations & Challenges

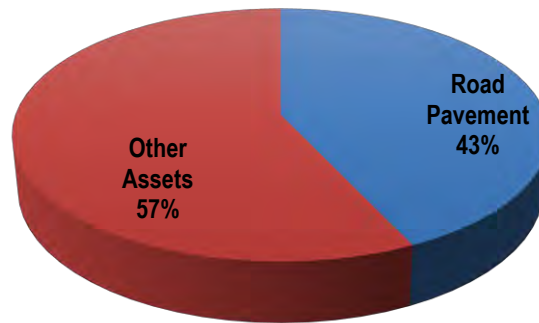
- Represents Council's largest asset group at 2.77 million square metres or 321 km.
- There are 83 Car parks with 111,000 m² of pavement (about 4% overall of pavements)
- The capital costs for patching, resurfacing and reconstruction are split across several budget programs, with the total being currently in the order of \$4M
- Monitoring and repairing damage by utility authorities and developers requires a significant effort, in excess of \$800,000 pa of works.
- The layout of road reserves and the network is fixed by historical circumstances, with very limited opportunity to change it. Similarly, car parking is limited by available land.
- Control of traffic is governed by the Road Transport Act, for which the RMS is primarily responsible and has given Council limited delegated authority.
- Integration of parking, traffic control, pedestrians, land use and access
- Distribution of works across the municipality to balance equity and need
- No definitive standards exist for local roads
- Implementing the Macquarie Park DCP road network

How much do we need to look after these assets?

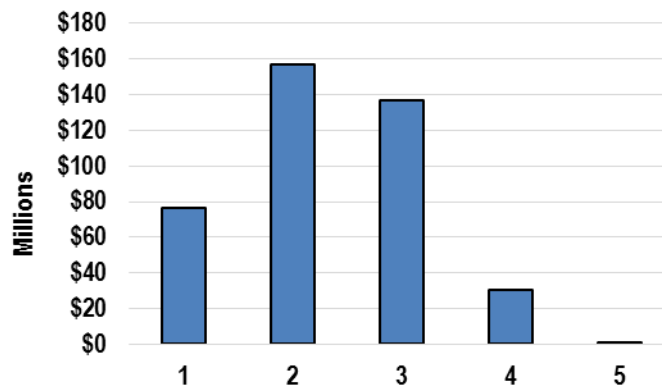
To sustain service levels and manage risk infrastructure renewal must be adequately funded. The Asset Plan discusses this challenge and identifies that the current funding will be insufficient for the longer term.

At present road pavement assets represent a major portion of the assets we manage. Without renewal being undertaken when needed a decline in service and an increase in associated risks will occur.

Infrastructure Proportion – Road Pavement



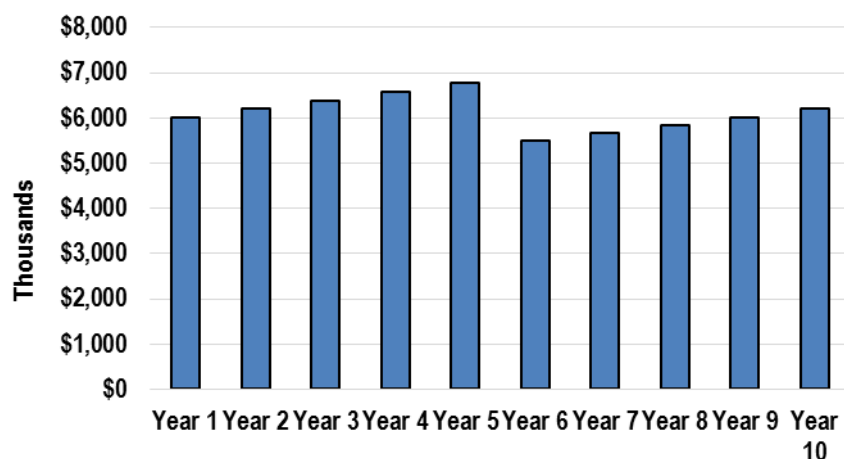
Condition Profile – Road Pavement



Although in the short term the renewal of assets in poor and very poor condition (Condition 4 and 5) can be managed, as the majority of the assets continue to age and decline, the financial capacity to manage more significant renewals is inadequate.

In order to address this challenge City of Ryde proposes to apply for approval for a rate increase introduced progressively over 4 years. This increase is sufficient to support a long term financial strategy of renewing road pavement assets when required, and will enable those assets currently rated as Condition 4 and 5 to be renewed over the next 10 years as shown in following “graphical” estimate.

Road Pavement – Requirements for Renewal of Condition 4 and 5



Sub Plan	Year	Maintenance \$'M	Operations \$'M	Renewal \$'M	Expansion \$'M	Total \$'M
Roads	2015	0.02	6.28	8.03		14.33
Roads	2016	0.02	6.44	8.24		14.70
Roads	2017	0.02	6.73	8.46		15.22
Roads	2018	0.02	6.92	8.71		15.65
Roads	2019	0.03	7.26	8.97		16.25
Roads	2020	0.03	7.45	9.23		16.71
Roads	2021	0.03	7.81	9.50		17.34
Roads	2022	0.03	8.02	9.78		17.82
Roads	2023	0.03	8.40	10.07		18.50
Roads	2024	0.03	8.66	10.37		19.05
Roads	2025	0.03	8.92	10.68		19.62
Roads	2026	0.03	9.18	11.00		20.21
Roads	2027	0.03	9.46	11.33		20.82
Roads	2028	0.03	9.74	11.67		21.44
Roads	2029	0.04	10.03	12.02		22.09
Roads	2030	0.04	10.34	12.38		22.75
Roads	2031	0.04	10.65	12.75		23.43
Roads	2032	0.04	10.96	13.13		24.13
Roads	2033	0.04	11.29	13.53		24.86
Roads	2034	0.04	11.63	13.93		25.60

What Council is proposing to do

Next 4 years – Without an SRV

- Capital works program of Resurfacing and reconstruction, covering approximately 50,000 m² p.a. Programmed patching to pro-actively repair deteriorating areas where potholes develop.
- The funds from resurfacing will be diverted to patching as required to deal with condition 5 pavements

- Kerb is only replaced when street block roads are reconstructed
- Over the 4 years, this would be :
 - resurface 100 street blocks
 - reconstruct 28 street blocks
 - patch failed sections 6,000m² total
 this is only 2/3 of work that should be undertaken. Increase the use of alternative pavement treatments to re-use removed pavement materials and provide thin layers over existing pavements to avoid removal of old pavement layers.

Next 4 years – With the 7% SRV

- Capital works program of Resurfacing and reconstruction to renew pavements as required.
- Programmed patching to pro-actively repair deteriorating areas to extend the life of larger street segments so that only resurfacing is required rather than reconstruction.
- Renew sections of kerb and gutter independently rather than only when full road reconstruction done.
- When pavements are reconstructed, increase the thickness to withstand increased vehicle loads.
- Over the 4 years, the SRV would see in addition :
 - Resurface an extra 30 street blocks,
 - reconstruct an extra 5 street blocks,
 - reconstruct 1.5km of bus routes
 - pavements, patch additional 10,000 m² of failed sections
 - Replace an extra 4km of kerb and gutter

Longer term – to 10 years, to 25 years

- Continue the same as the first 4 years

Through Others means - DCP, VPA's, S94, LDA consents

- Acquire the extra roads in Macquarie Park identified in the DCP through developer contribution process

Govt agencies

- Expecting annual Roads to Recovery & RMS funding contributions to continue

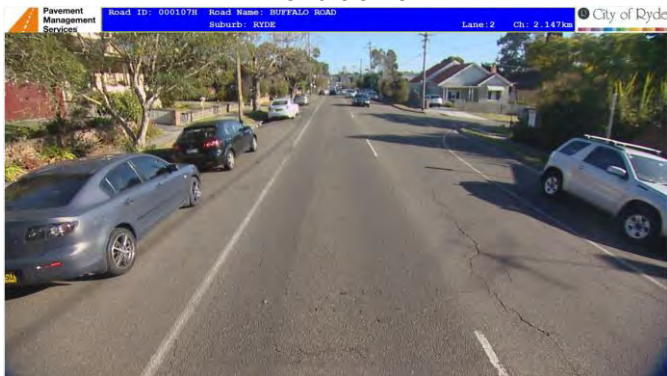
Basic information about these assets

Aspect	
Funding	Comes primarily from Council Rates, from the RMS via specific programs, and the Federal Government via annual grants Funding levels for many years have been sufficient to match deterioration
Priority pavements	Bus routes, and higher trafficked roads
Sustainability	Resurfacing requires the removal of the old pavement to prevent build-up of the road level and problems with driveway access and on-street parking. This material has value for civil works purposes, and is re-used.
Selecting priority for works	<p>Poor condition is not enough to warrant priority for works. In selecting which roads are resurfaced, consideration is given to a range of other factors to achieve the most cost effective and risk minimised outcome. These other factors are</p> <ul style="list-style-type: none"> ○ Options for re-use of materials ○ Traffic volumes and usage of road ○ Prominence ○ Integration with other initiatives ○ Cost effectiveness of works needed ○ Impact on management of the overall street ○ Timing with works by utilities & developers
Trends	<ul style="list-style-type: none"> • As the older aged demographic increases, so does the demand for even and level surfaces, better visibility, and ride comfort • Increase in traffic & parking creates conflicts and demands for on street pavement space. • Cost of (oil based) bitumen, equipment, skilled labour, and traffic control during works, is increasing faster than the general CPI • Increasing number and laden weights of heavy vehicles, especially buses

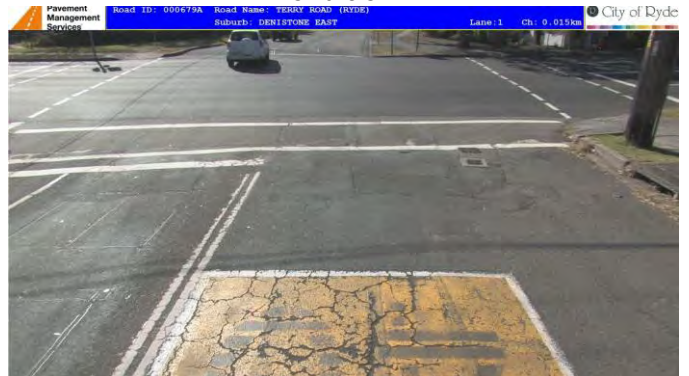
Examples of Issues & Condition ratings

Road Pavement

Condition 3



Condition 4



Condition 5



Kerb & Gutter

Condition 3



Condition 4






Condition 5





Road Pavement Condition Rating - 2014

Condition Rating	Amount in SQM
 3	437,481
 4	238,173
 5	171,108

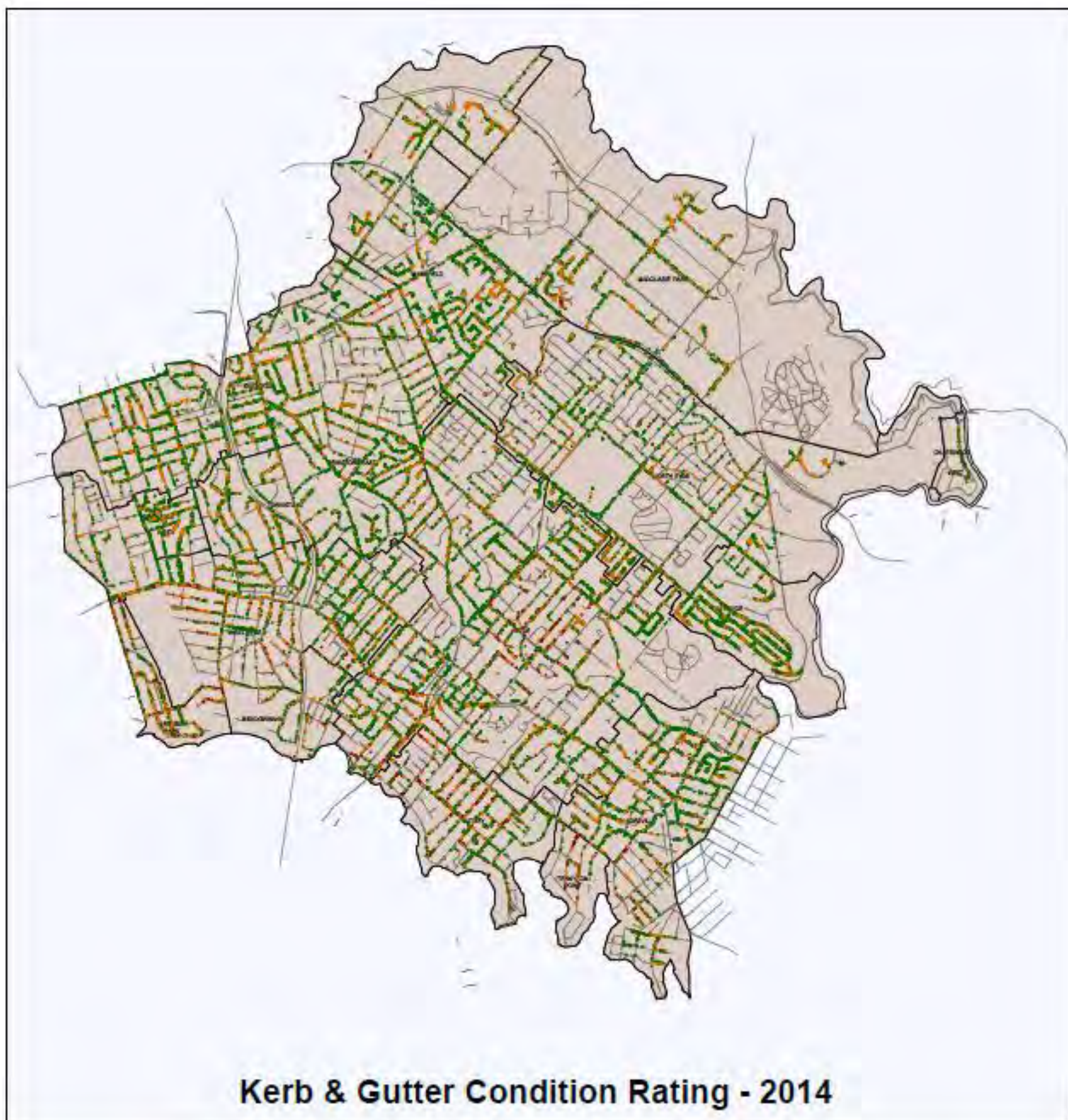
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Date: 22/10/2014

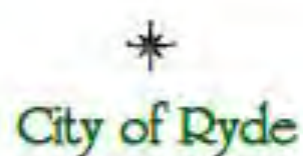


Condition Rating	Number of Defects	Amount in Meters	% of Total Kerb & Gutter
 3	72,574	92,102	15.8 %
 4	8,971	13,831	2.4 %
 5	237	615.5	0.1 %

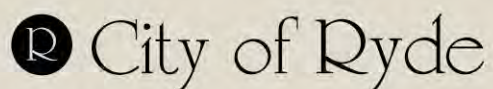
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Date: 22/10/2014



Lifestyle and opportunity
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CITY OF RYDE

Roadside and Public Spaces Asset Plan

The road reserve for pedestrians, cyclists and public usage.

November 2014
Version 2.0

What is the service provided by these assets

Footpaths

- Travel for pedestrians and potentially bikes, separate from cars & motorised vehicles, that has paving for wet weather and is relatively level
- Allows access to properties (including via driveways) & facilities, public transport
- Area for utility services (water, sewer, electricity, gas, communications)
- Plazas & Town Centres - Aesthetics, community & social inter-action, focal points, support retail/commercial

Bridges & Tunnels

- Allows roads and footpaths to cross major barriers for route connectivity

Bus shelters & seats

- Provides seating to wait for buses and intermittent breaks if walking
- Some shelter from rain, wind and sun

Bins, bollards, fencing, signage

- Safety, such as barriers to manage conflicts with pedestrians & cars
- Asset protection, such as keeping vehicles away from non-traffic areas
- Way finding signs, including street names and directions to facilities

Street lighting

- For pedestrians to see the pavement they are walking on, and improved visibility of pedestrians at crossing points
- Higher lighting levels to assist motorists on State Roads, and around centres.
- Security around designated town centres and Macquarie Park.

Street Trees, nature strips & landscaping

- Shade, aesthetics

Wharves, Jetties, Pontoons

- Access to river transport services

Issues over the life of these assets

- Footpaths have very long physical lives, but are often repaired and require replacement due to damage from utility works and tree root uplift.
- Contemporary standards can be very different to the actual at construction given the long life of assets
- The number of assets involved makes it impractical to record individual items, with information and planning done in relevant groupings.
- The logistics of managing condition data and repairs requires the reliance on integrated technology systems.
- Future of cars & transport & land use development (peak oil, climate change adaptation, population increase and demographic changes, technology) is likely to change affecting the nature of infrastructure required

Options for Levels of Service

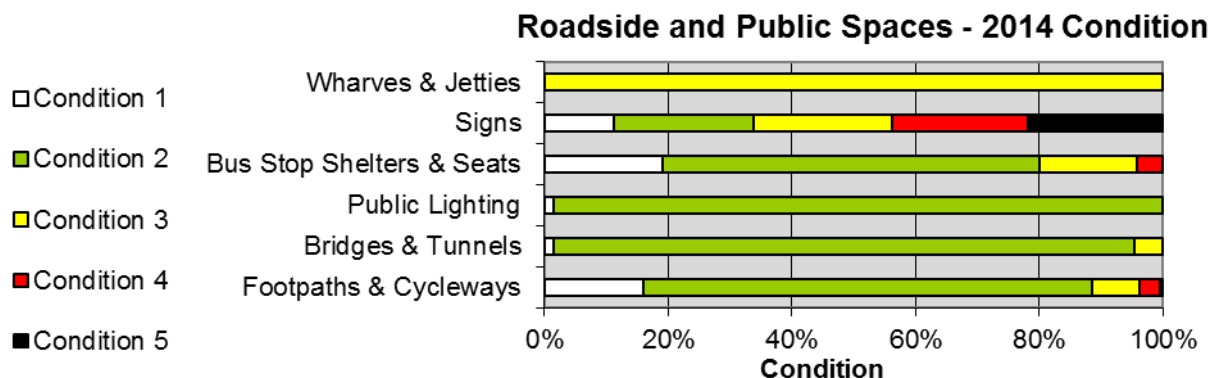
The things that Council can change that affect the overall cost and nature of the service are:

- Nature strips & landscape mowing, degree of reliance on adjacent property owner excepting those on a register based on disability & unreasonable onus
- Be opportunistic and do works in conjunction with utility damage restorations
- Completing a network of paved footpaths in every street, width of paved paths

- Driveways are maintained & provided at cost to property owners
- Street lighting levels across network.
- Seat at every bus stop
- Using developer contributions for upgrades to granite & Multi-Function Poles (MFP's), particularly Macquarie Park & Meadowbank
- The number, location and species of street trees

Where are we now? (Current State)

- After the asset reserve funds are depleted in building the new paths in the current delivery plan, new paths can't be funded without deferring maintenance of existing paths.
- Steam clean of granite paths is only yearly or less
- Only manage to replace all condition 5 and only some condition 4, with an increasing backlog as trees grow
- continue to add seats at bus stops (about 15-20 pa) and 2 shelters pa – rely on contract renewal in 2018 to replace existing shelters



Key considerations & Challenges

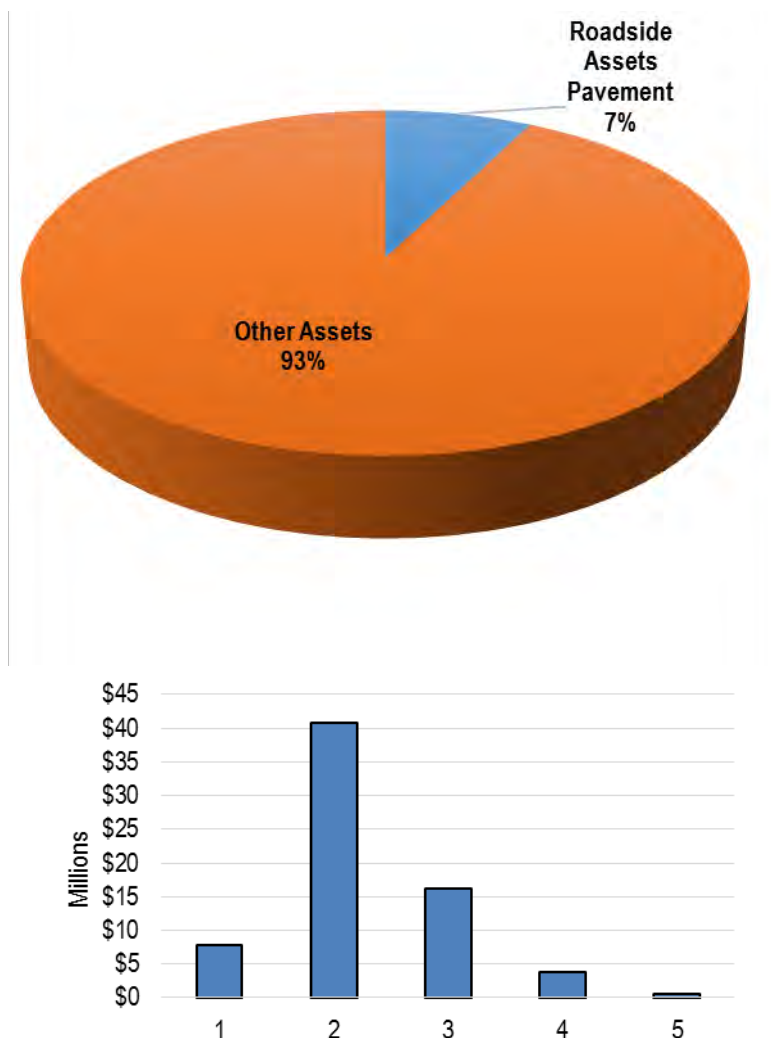
- Conflicts and integration with public utility infrastructure – all of who have statutory powers to use public road reserves.
- The impacts of street trees on infrastructure – physical damage as the trees grow, and impeding street lighting and clear sight lines for safety surveillance and traffic
- Integration with the road pavement for traffic and parking
- Many streets do not have a paved footpath, on current funding it will take well over 20 years to address
- Most of the footpath paving around major town centres has been upgraded to granite, which has increased servicing expectations (e.g. cleaning & gum removal)
- A significant number of streets are narrow with parking, pedestrian and garbage conflicts, as well as truck access
- The road environment is heavily regulated through NSW State legislation.
- Other Council plans and policies
- Urban Forest policy, impacting on the effects of inter-actions with trees
- Footpath Activity policy
- Outdoor Dining policy
- DCP for Macquarie Park , Meadowbank & Town Centres - creation of fine grained roads & upgrade to granite paving with Council owned and operated street lighting on MFP's

- Implement the Bike Plan for sections on road pavements, which also effects on street parking & traffic
- Funding is
- primarily through Council's own sources, but predominantly RMS for bike paths.
- Biased to adding new footpaths

How much do we need to look after these assets?

To sustain service levels and manage risk infrastructure renewal must be adequately funded. The Asset Plan discusses this challenge and identifies that the current funding will be insufficient for the longer term.

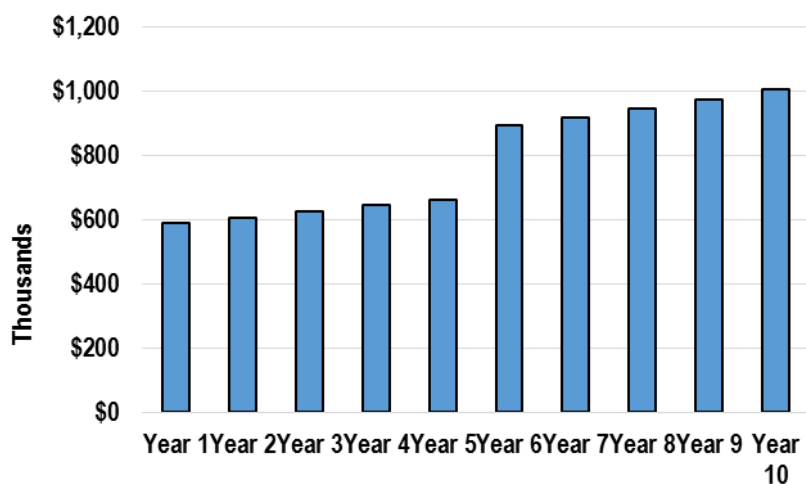
At present roadside assets represent a major portion of the assets we manage. Without renewal being undertaken when needed a decline in service and an increase in associated risks will occur.



Although in the short term the renewal of assets in poor and very poor condition (Condition 4 and 5) can be managed, as the majority of the assets continue to age and decline, the financial capacity to manage more significant renewals is inadequate.

In order to address this challenge City of Ryde proposes to apply for approval for a rate increase introduced progressively over 4 years. This increase is sufficient to support a long term financial strategy of renewing roadside assets when required, and will enable those assets currently rated as Condition 4 and 5 to be renewed over the next 10 years as shown in following “graphical” estimate.

Roadside Assets – Requirements for Renewal of Condition 4 and 5



Sub Plan	Year	Maintenance \$'M	Operations \$'M	Renewal \$'M	Expansion \$'M	Total \$'M
Roadside and Public Space	2015	0.60	4.12	1.97	1.17	7.85
Roadside and Public Space	2016	0.66	4.32	1.45	1.18	7.61
Roadside and Public Space	2017	0.69	4.51	1.84	1.90	8.93
Roadside and Public Space	2018	0.72	4.75	1.74		7.21
Roadside and Public Space	2019	0.74	4.89	1.79		7.42
Roadside and Public Space	2020	0.76	5.03	1.84		7.63
Roadside and Public Space	2021	0.78	5.18	1.89		7.84
Roadside and Public Space	2022	0.79	5.33	1.95		8.07
Roadside and Public Space	2023	0.81	5.48	2.00		8.30
Roadside and Public Space	2024	0.84	5.64	2.06		8.54
Roadside and Public Space	2025	0.86	5.80	2.13		8.79
Roadside and Public Space	2026	0.89	5.97	2.19		9.04
Roadside and Public Space	2027	0.91	6.14	2.26		9.30
Roadside and Public Space	2028	0.94	6.31	2.32		9.57
Roadside and Public Space	2029	0.96	6.49	2.39		9.85
Roadside and Public Space	2030	0.99	6.68	2.46		10.14
Roadside and Public Space	2031	1.02	6.87	2.54		10.43
Roadside and Public Space	2032	1.05	7.07	2.61		10.74
Roadside and Public Space	2033	1.08	7.28	2.69		11.05
Roadside and Public Space	2034	1.11	7.49	2.77		11.37

What Council is proposing to do

Next 4 years – Without an SRV

- Continue maintenance and cleaning to available budget
- Priority for footpath and roadside infrastructure repairs to locations identified in Councils audit with a condition rating of 5
- Over the 4 years, this would Replace small sections totalling 5,000m2 over 500 locations
- Bus stops retrofits for disability standards compliance (complete by 2022)
- Progressively add seats at bus stops

Next 4 years – With the 7% SRV

- Program to replace all roadside assets with a condition rating of 5 and many of those in condition 4.
- Over the 4 years, the SRV would see in addition :
 - replacing extra and larger sections totalling 6,000 m2 over 500 locations across the City
 - Replacing some roadside furniture such as rusting guard rails and fencing in 20 locations across the City
- Progressively retrofit complying kerb ramps for crossing near intersections

Longer term – to 10 years, to 25 years

- Continue the same as the first 4 years

Through other means - DCP, VPA's, S94, LDA consents

- Acquire the upgraded public domain works through the developer contribution process in accordance with the DCP for Macquarie Park and other centres.

Govt agencies

- Continue to apply for funds and construct regional bike SUP's

Basic information about these assets

Type	Quantity	Condition based repairs needed #	Comments	End Of Life Intent
Footpaths	448km, 5.3M m ² .	<ul style="list-style-type: none"> 2490 total 	<ul style="list-style-type: none"> Audit of 1/8 city area recorded 830 footpath and kerb repair items, indicating about 6,000 in total across the city. 30% by number caused by tree root uplift 	<ul style="list-style-type: none"> Replace like for like
	An estimated 40,000 driveways	<ul style="list-style-type: none"> \$0.25M condition 4 		
Bus shelters Seats	<ul style="list-style-type: none"> 227 Approx. 130 	<ul style="list-style-type: none"> 165 Shelters provided under contract arrangement (Adshel) 		<ul style="list-style-type: none"> shelters replace @ 20yr contract end in 2108. seats by Council?
Bins Bollards Fencing Signage	<ul style="list-style-type: none"> Unknown Unknown Unknown Approx. 5000 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
Street Lighting	Approx. 7,800 lamps	Repairs done by Energy Australia on reporting and through maintenance programs	<ul style="list-style-type: none"> Most owned and maintained by Energy Australia. 67 by Integral @ Eastwood Council pays charges set by AER Council fully responsible for MFP's, inspections & bulbs replaced at 6 month intervals only 	<ul style="list-style-type: none"> AER MFP's replace like for like
	301 MFP's owned by Council	Recently inspected and all repairs done and non-working lamps replaced		
Wharves, Jetties, Pontoons	2	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Unknown
Street Trees & shrubs	Estimated between 10,000 to 16,000	<ul style="list-style-type: none"> Records on individual trees not viable on manual methods, not collected to date 	<ul style="list-style-type: none"> Can't replace into same location. Time an additional factor for replacement to grow to maturity Inappropriate species e.g. Camphor Laurels roots lifting footpaths, natives & branch drop 	<ul style="list-style-type: none">
Bridges & Tunnels	<ul style="list-style-type: none"> 1 road (bailey) 25 pedestrian (timber) 1x tunnels (west Ryde) 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> RailCorp interface agreements confirmed none are council Devlin St pedestrian bridges and tunnels by Top Ryde shops under lease 	<ul style="list-style-type: none"> unknown

Notes:

Examples of Issues & Condition ratings

Trees obstructing street lighting



Trees obstructing street lighting



Trees uplifting footpaths



Condition 3



Condition 4



Condition 5



Schedules

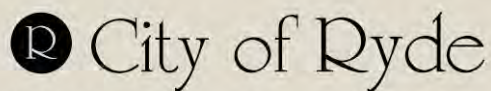


Condition Rating	Number of Defects	Amount in SQM	% of Total Footpath Network
● 3	17,143	40,864	7.8 %
● 4	7,458	17,555	3.3 %
● 5	1,138	3,590	0.7 %

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Lifestyle and opportunity

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CITY OF RYDE

Ryde Aquatic Leisure Centre (RALC) Asset Plan

Includes indoor courts and site facilities.

November 2014

Version 2.0

What is the service provided by these assets

Aquatic

- All weather facility for swimming as a sport and recreational activity
- A facility to support local clubs and groups to participate in regional to national aquatic based competitions

Associated Courts

- Indoor courts for hire and competition use
- Leverage to attract for crossover activities, shared overheads

Site

- Car parking & landscaping

Issues over the life of these assets

- The aquatic components have a shorter life span than the structural, and the nature of the environment (chlorinated water and vapour) increases corrosion
- The predictability of the life and replacement of major components is difficult
- Needs to operate as a business with cost neutrality including capital replacement, otherwise reduces other Council assets/services
- Needs to stay contemporary, competitive against all leisure activity choices
- Future recreation trends, water and safety standards, environmental standards
- Surf attraction facility has an unknown commercial or physical life
- Dealing with the ultimate replacement of the centre distorts Councils overall finances due to the accumulated funded depreciation or eventual borrowing - of the order of \$35M on current value

Options for Levels of Service

- The things that Council can change that affect the overall cost and nature of the service :
- Staying competitive / contemporary, investing in facilities e.g. surf attraction
- Water temperature
- Hours of opening

Where are we now? (Current State)

- Contemporary standard aquatic facility with no outstanding maintenance
- steady state operation and maintenance
- the business is well balanced and self-funding for operating costs EXCEPT capital replacement

Key considerations & Challenges

- Governance – allowing centre to run on business basis to be cost neutral to Council including capital
- The high value filtration and treatment systems can have unpredicted failures
- Staying competitive / contemporary, investing in facilities e.g. surf machine

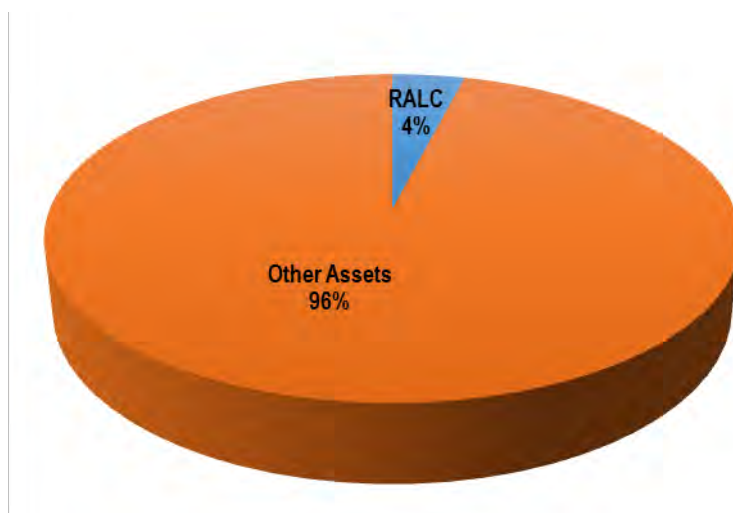
- The facility is 12 years old, which is over 1/4 way through its life cycle. At present the replacement reserve is far less than required pro-rata.
- Paid by Olympics and other sources, Council will need to plan for replacement using own funds
- Future recreation trends, water and safety standards, environmental standards
- the income is heavily dependent on learn to swim programs
- obligations to polo for regional/metro/national due to Olympic funding
- managing all the existing contract arrangements

How much do we need to look after these assets?

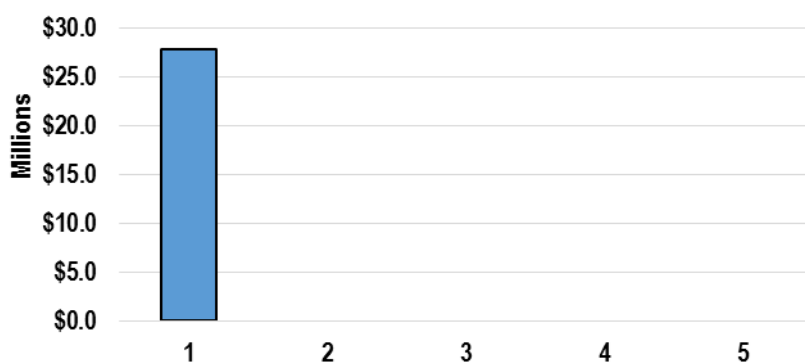
To sustain service levels and manage risk infrastructure renewal must be adequately funded. The Asset Plan discusses this challenge and identifies that the current funding will be insufficient for the longer term.

At present the assets at the Ryde Aquatic and Leisure Centre represent an important portion of the assets we manage. Without renewal being undertaken when needed a decline in service and an increase in associated risks will occur.

Infrastructure Proportion – Ryde Aquatic & Leisure Centre



Condition Profile – Ryde Aquatic & Leisure Centre



Sub Plan	Year	Maintenance \$'M	Operations \$'M	Renewal \$'M	Expansion \$'M	Total \$'M
RALC	2015			0.80		0.80
RALC	2016			0.82		0.82
RALC	2017			0.85		0.85
RALC	2018			0.87		0.87
RALC	2019			0.90		0.90
RALC	2020			0.92		0.92
RALC	2021			0.95		0.95
RALC	2022			0.98		0.98
RALC	2023			1.01		1.01
RALC	2024			1.04		1.04
RALC	2025			1.07		1.07
RALC	2026			1.10		1.10
RALC	2027			1.14		1.14
RALC	2028			1.17		1.17
RALC	2029			1.21		1.21
RALC	2030			1.24		1.24
RALC	2031			1.28		1.28
RALC	2032			1.32		1.32
RALC	2033			1.36		1.36
RALC	2034			1.40		1.40

At present these assets have been assessed at Condition 1. Although in the short term renewal can be managed, as the majority of the assets continue to age and decline, the financial capacity to manage more significant renewals will be important.

In order to address this challenge, City of Ryde proposes to apply for approval for a rate increase introduced progressively over 4 years. This increase is sufficient to support a long term financial strategy that will assist in the renewal of the aquatic centre assets when required.

What Council is proposing to do

Next 4 years

- Build Surf attraction facility and additional function rooms and amenities
- Continued maintenance & operation
- Replace remaining air handling system

Longer term – to 10 years, to 25 years

- Continued maintenance & operation
- upgrade & refurbish in line with the RALC business plan, mainly the change in facilities in the next 10 years
- deal with early corrosion due to original air handling equipment design

Through other means - DCP, VPA's, S94, LDA consents

- Nothing envisaged

Govt agencies

- Nothing envisaged

Basic information about these assets

Training and Program Pools

- 50m indoor Olympic pool with moveable boom (creates 2 x 25m)
- 25m indoor pool
- warm water program pool

For Kids (... of all ages)

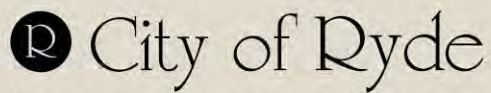
- 40m wave pool
- children's wading pool
- bubble whirl pools
- Rapid River
- 56m giant water slide

Indoor Sports

- 2 x multi-use courts
- (available for basketball, volleyball, netball, badminton, soccer or as vacant/non-specified setup)

Other Facilities

- steam room
- sauna
- spa



Lifestyle and opportunity
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CITY OF RYDE

Stormwater Asset Plan

Road drainage, water quality devices, waterways.

November 2014
Version 2.0

What is the service provided by these assets

- Underground conduits (mainly pipes) minimise surface flows in lesser rainfall events for amenity and traffic safety
- Also allows use of land of gullies and creeks that are filled in
- Devices capture material to be kept out of receiving waters, e.g. leaves, litter
- capture and re-use stormwater runoff to reduce demand on treated drinking water, called water sensitive urban design or WSUD)
- The underground conduits represent the “minor” component of the system, and surface flow routes along the lie of the land (gullies, old creek lines etc.) represent the “major”

Issues over the life of these assets

- Failure is usually either by crushing or collapse of older (80+ years) conduits which are often un-reinforced concrete, earthenware or brick.
- For the last 50 years or so reinforced concrete has been used with improved laying techniques, giving very long expected life, in excess of 100 years
- Intrusion and obstruction by utilities laid at the same depth can occur, and requires reconstruction and deviations to resolve.
- Obstruction by tree roots can sometimes be fixed by bore cutting, but in severe cases requires excavation & replacement
- Funding is primarily through Council's own sources, with the stormwater levy used for works that have an environmental benefit as well.
- Once pipes are installed, the land over the pipelines is often developed or used in ways at risk of damage by the major surface flows, or having to dig up the pipelines for repair or replacement.
- The extremely long life of the assets with relatively low maintenance for newer construction means the acquisition of assets when funded by other parties provides a good return to the community.
- Water quality improvement devices have very high operating costs to clear and dispose of collected material.
- These operating costs cannot be funded by the stormwater levy.

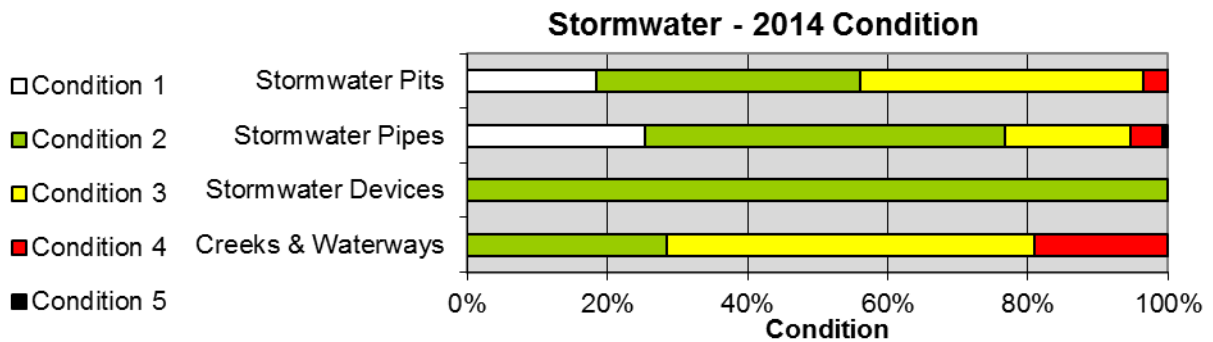
Options for Levels of Service

- The things that Council can change that affect the overall cost and nature of the service are:
 - The proportion of storm event flows that are in the underground conduits rather than flowing over the surface routes
 - Replacing based primarily on user risk relating to physical condition rather than capacity & flooding problems

Where are we now? (Current State)

- Most capital funding is directed to projects that deal with properties that experience flooding, or infill sections to allow developments to connect to a pipe rather than surface discharge
- Large backlog of pits and sections of pipe that have been identified as requiring repair and replacement based on condition.

- A large number of water quality improvement devices have been installed in recent years, increasing the relative proportion of maintenance and operating costs allocated to these.
- Major projects such as Eastwood railway culvert are so expensive that Council is unlikely to ever fund them.
- Large scale replacement projects are similarly unlikely.
- Having to divert funding from other sources to operate the water quality improvement devices



Key considerations & Challenges

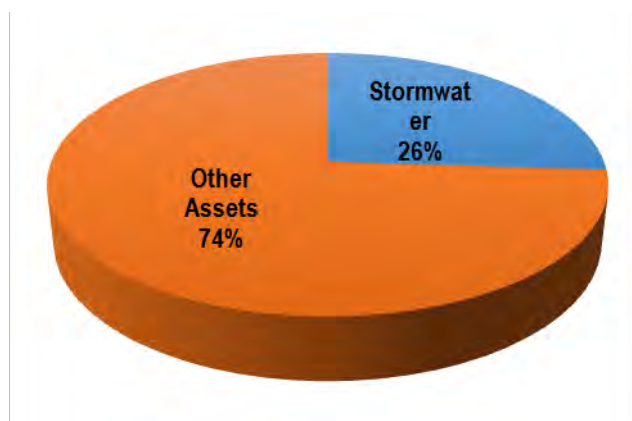
- These assets are mainly buried assets and not readily accessible. Maintenance and repair for physical deterioration in most cases requires excavation and replacement.
- Leaf litter can block inlets – regular street sweeping is done to minimise this.
- Lack of public understanding of stormwater often results in actions that compromise the functioning of parts of the system
- Council is not responsible for the sections of underground pipe under State roads and the railway line
- Improvements upstream are ineffective without corresponding improvements by other parties and often at larger cost.
- Most pipelines are based on maximising flow capacity rather than water sensitive urban design (WSUD requires capturing and treating materials from the large and fast flowing quantities of stormwater). Space and land at the lower end of catchments are required for WSUD which is not readily available within urban areas. Capturing and treating materials from the large and fast flowing quantities of stormwater is expensive, and requires land for devices that slow and detain water flows
- Expectations over the decades and particularly the last 15 years have increased for the balance of flows to be in the minor (underground) components, whereas experience is showing the capacity of this is much lower than what was designed when built and major (surface flow) is often experienced.
- The expansion of the number of and dependence on private On Site Detention storages to retain the current capacity of the network
- Most significant flooding problems are known through catchment flood studies. New problems normally emerge from actions of property owners modifying their property, especially with residential developments and where private certification is involved.

How much do we need to look after these assets?

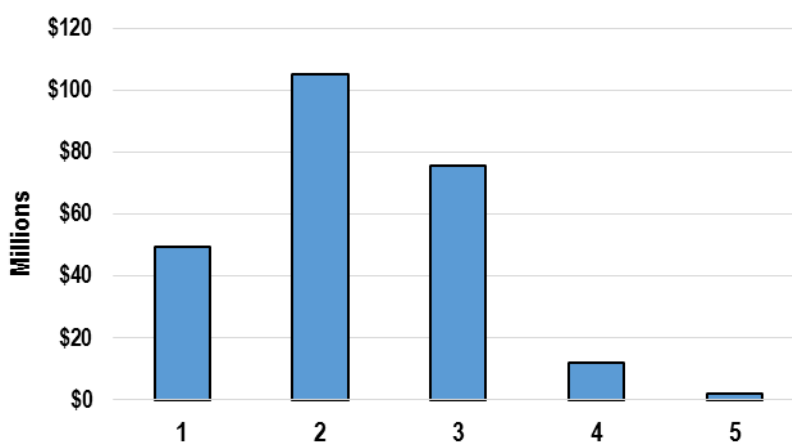
To sustain service levels and manage risk, infrastructure renewal must be adequately funded. The Asset Plan discusses this challenge and identifies that the current funding will be insufficient for the longer term.

At present stormwater assets represent a substantial portion of the assets we manage. Without renewal being undertaken when needed a decline in service and an increase in associated risks will occur.

Infrastructure Proportion – Stormwater



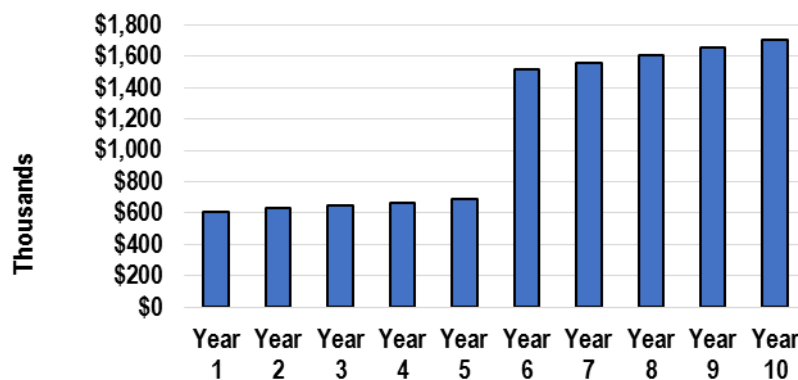
Condition Profile – Stormwater Drainage



Although in the short term the renewal of assets in poor and very poor condition (Condition 4 and 5) can be managed, as the majority of the assets continue to age and decline, the financial capacity to manage more significant renewals is inadequate.

In order to address this challenge City of Ryde proposes to apply for approval for a rate increase introduced progressively over 4 years. This increase is sufficient to support a long term financial strategy of renewing stormwater drainage assets when required, and will enable those assets currently rated as Condition 4 and 5 to be renewed over the next 10 years as shown in following “graphical” estimate.

Stormwater Drainage – Requirements for Renewal of Condition 4 and 5



Sub Plan	Year	Maintenance \$'M	Operations \$'M	Renewal \$'M	Expansion \$'M	Total \$'M
Stormwater	2015	0.10	2.89	1.61		4.59
Stormwater	2016	0.10	3.01	1.66		4.77
Stormwater	2017	0.10	3.08	1.71		4.89
Stormwater	2018	0.11	3.20	1.76		5.06
Stormwater	2019	0.11	3.27	1.81		5.19
Stormwater	2020	0.11	3.40	1.87		5.38
Stormwater	2021	0.11	3.48	1.92		5.51
Stormwater	2022	0.12	3.62	1.98		5.71
Stormwater	2023	0.12	3.72	2.04		5.88
Stormwater	2024	0.12	3.84	2.10		6.06
Stormwater	2025	0.13	3.95	2.16		6.24
Stormwater	2026	0.13	4.07	2.23		6.43
Stormwater	2027	0.14	4.19	2.30		6.62
Stormwater	2028	0.14	4.32	2.36		6.82
Stormwater	2029	0.14	4.45	2.44		7.02
Stormwater	2030	0.15	4.58	2.51		7.23
Stormwater	2031	0.15	4.72	2.58		7.45
Stormwater	2032	0.16	4.86	2.66		7.68
Stormwater	2033	0.16	5.00	2.74		7.91
Stormwater	2034	0.17	5.15	2.82		8.14

What Council is proposing to do

Next 4 years – without an SRV

- Projects listed in the 4 year Delivery Plan, which have been listed in previous plans. Over the 4 years, this would be :
 - Replace 25 sections of stormwater drain where condition and overflows are a problem

- Continue with program of CCTV inspection of network, to find condition and problems such as obstructions (tree routes and unauthorised pipe connections or crossings).
- Repair, replace non-functioning sections of pipe and inlets, remove intrusions

Next 4 years – with a 7% SRV

- Replace pits and sections of pipe on a condition basis with priority to lines where roadworks are occurring above, through private property, and downstream of sag locations
- Over the 4 years, the SRV would see in addition :
 - Replace an extra 500m of older trunk drains and damaged sections

Longer term – to 10 years, to 25 years

- Continued maintenance & re-engineering to resolve problems, similar to first 4 years
- Continue to repair, replace and keep underground pipes clear and functioning

Through Others means - DCP, VPA's, S94, LDA consents

- Require developers to provide drainage to the DCP requirements

Govt agencies

- Seek grants when available for major projects that deal with flooding (capacity) issues, particularly Eastwood.

- Basic Information About These Assets

Component	Comments
246 km underground conduits	The RMS is responsible for pipelines running along and under State Roads and the M2. Historically the RMS is only concerned if drainage impacts on traffic
11,116 inlets / pits	
38 Gross Pollutant Traps	The purpose is to catch litter and larger pollutants before it reaches the downstream estuary / river. Clearing is done intermittently after inspection to determine if needed.
0 leaf collection inlets	
472 Properties	Council does not keep a register of easements on private lands where pipes pass underneath. With many older pipelines, there are not easements, agreement having been reached with previous owners under the provisions of the legislation current at the time.
Condition information from CCTV inspection	A city wide program was conducted in the early 1990's. Updating was commenced in 2007 on a progressive basis, and to date has covered about 11% pa of the network, along with repeats of known problem areas (e.g. tree roots keep intruding)
10 Detention Basins	
9 Wetlands	

Examples of Devices and Issues

Example of intrusions into pipes & blockages



Pit inlets



Detention Basins

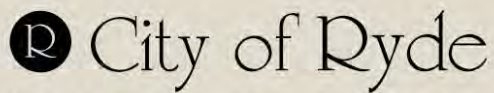


Example



Water Quality devices





Lifestyle and opportunity

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CITY OF RYDE

Traffic Control Facilities Asset Plan

For the control of traffic and on street parking.

November 2014
Version 2.0

What is the purpose of these assets

- Traffic & pedestrian safety
- Delineating the use of road pavement
- Directing traffic and access to streets around the road network
- On street Parking control

Issues over the life of these assets

- The two main types of assets are devices such as roundabout islands, medians and platforms, and control items such as signs and line marking.
- The RMS is responsible for traffic controls (including signs), and allows Council to provide them under delegation and administrative rules. Any change to their configuration or removal requires Local Traffic Committee approval.
- The reflective surface of signs required for night time legibility fades when sign blades face toward the sun, with certain colours fading faster than others. Many signs don't meet reflectivity standards after about 8 to 10 years.
- The large number of signs makes it impractical to record each sign, and cyclic replacement planning is difficult.
- Estimated about 10,000 signs, with about 2,000 being street names
- The RMS contributes annually to the cost of maintenance of signs and line marking

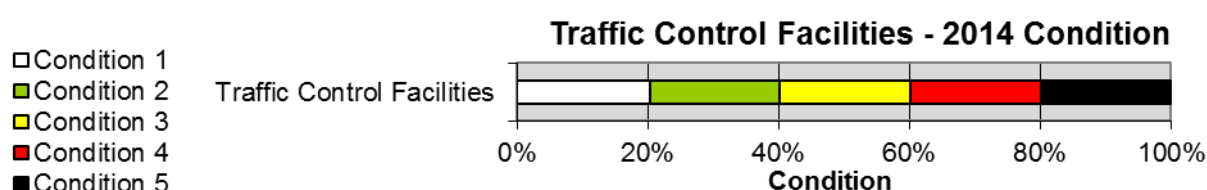
Options for Levels of Service

The things that Council can change that affect the overall cost and nature of the service:

- Maintenance for physical condition
- Frequency of inspection to check for graffiti and damage/removal
- Amount of information kept on signs and associated controls
- the initial choice of and configuration of control devices
- Materials used in devices and controls
- Extent and type of landscaping in devices
- Frequency of landscaping maintenance

Where are we now? (Current State)

- Upkeep of landscaping is at a lower standard then frequently requested, being only when it interferes with the functioning of the facility
- The number of devices and controls continues to grow through developer contributed works to deal with increased traffic flows and manage parking conflicts as well as through RMS grants for safety related works
- RMS contribution to maintenance is not adequate to meet maintenance needs, with Council funding the difference



Key considerations & Challenges

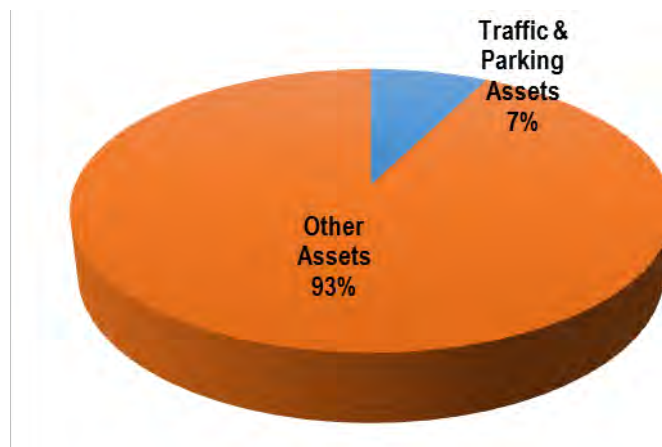
- Main value to the public is the behaviour of traffic and parking created / reinforced by the controls
- Signs are numerous and have a relatively short life, managing their logistics is resource intensive
- Maintenance and legibility of the signs is essential to allow enforcement of the control designated
- Other Council plans and policies
 - Permit parking policy
 - Enforcement of Parking policy Statement

How much do we need to look after these assets?

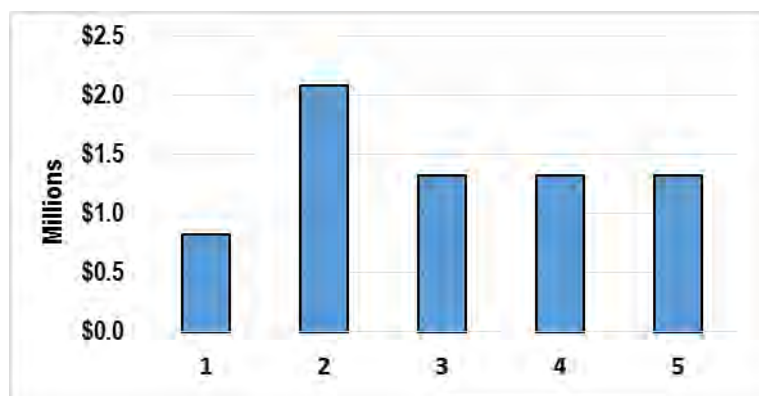
To sustain service levels and manage risk infrastructure renewal must be adequately funded. The Asset Plan discusses this challenge and identifies that the current funding will be insufficient for the longer term.

At present traffic and parking assets represent an important part of the assets we manage. Without renewal being undertaken when needed a decline in service and an increase in associated risks will occur.

Infrastructure Proportion – Traffic Control Facilities



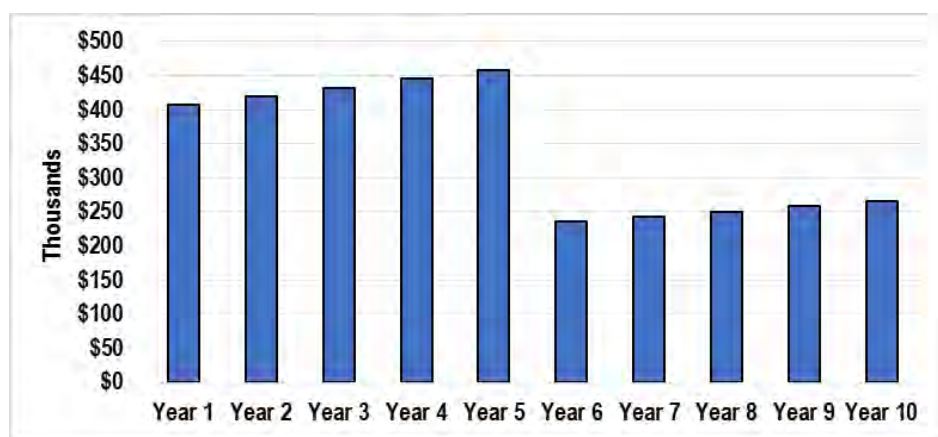
Condition Profile – Traffic Control Facilities



This condition profile is based on extensive data collection. Although in the short term the renewal of assets in poor and very poor condition (Condition 4 and 5) can be managed, more significant renewals in the future will be required.

In order to address this challenge City of Ryde proposes to apply for approval for a rate increase introduced progressively over 4 years. This increase is sufficient to support a long term financial strategy of renewing traffic and parking assets when required, and will enable those assets currently rated as Condition 4 and 5 to be renewed over the next 10 years as shown in following “graphical” estimate.

Traffic Control Facilities – Requirements for Renewal of Condition 4 and 5



What Council is proposing to do

Next 4 years – without an SRV

- Rationalise and reduce the number of signs required to enforce parking requirements, when signs need replacement
- Continue to replace faded and damaged signs, worn line marking based on available budget
- Priority for those required to enable regulatory enforcement or traffic safety is an issue
- Progressively record parking restriction controls in the mapping system

Next 4 years – with a 7% SRV

- Replace signs and line marking that is condition 5 and 4, and to ensure legibility and reflectivity on a programmed basis

Longer term – to 10 years, to 25 years

- Continued maintenance of signs, line marking and devices

Through other means - DCP, VPA's, S94, LDA consents

- Acquire the upgraded traffic controls associated with development consents and roads, cycleways public domain works through the developer contribution process in accordance with the DCP for Macquarie Park and other centres

Govt agencies

- RMS is the only government agency likely to be involved

- Basic information about these assets – the inventory of these and parking zones with associated signage is being updated in 2014/15 to align with the systems for other asset types and confirm the number of items

Control Type		Number
Roundabouts		
Road Closures		
Speed Control Devices	Horizontal	
	Vertical	total <ul style="list-style-type: none"> • major (platforms) • minor (humps)
Medians		including refuges
Pedestrian Crossings		total <ul style="list-style-type: none"> • major (on speed platform) • painted
Signs		5,000 estimated regulatory parking & traffic 3,000 estimated street name signs Approx. 1,000 pa are replaced for various reasons, and an additional 300 added pa
Line marking		Unrecorded – cost to record and map disproportionate to value of having. Most markings and can be seen from aerial photograph underlying mapping system.
Parking zone controls		The approved control regimes that are marked by signs are in the process of being recorded on the mapping system.

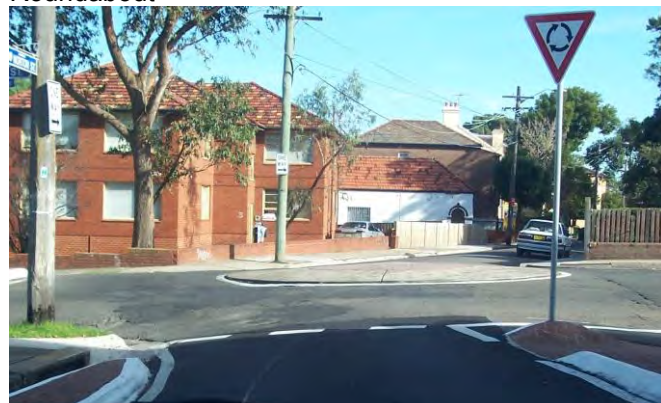
Legend

Examples of Issues & Condition ratings

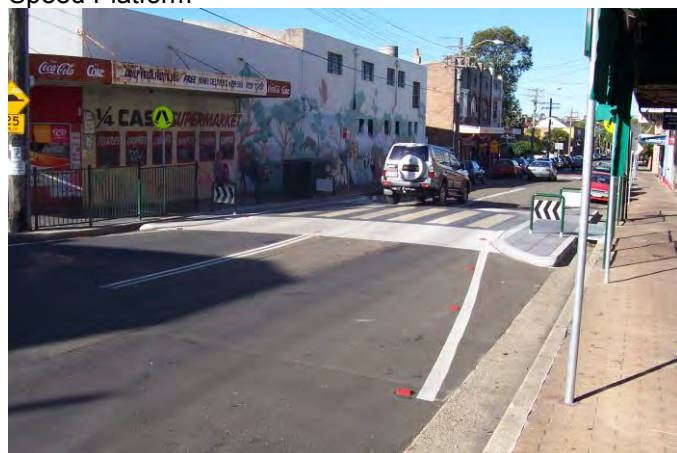
Speed Hump



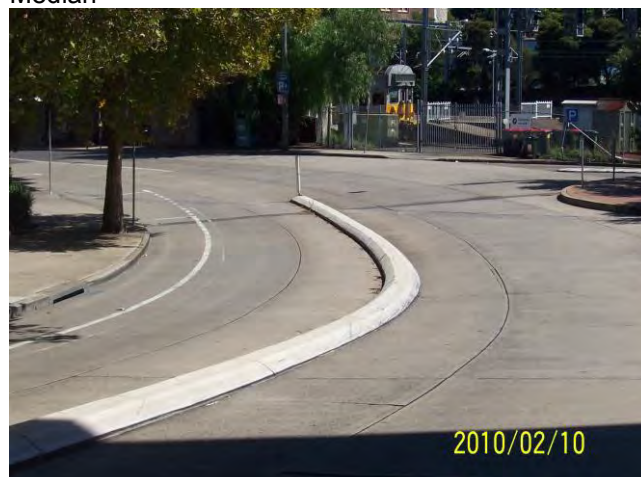
Roundabout



Speed Platform



Median



Pedestrian Crossing



Road Closure



Half road Closure



Kerb Extensions



Traffic Regulatory & Advisory Signs



Trial of "hump less" speed hump



Pedestrian refuge



Splitter island





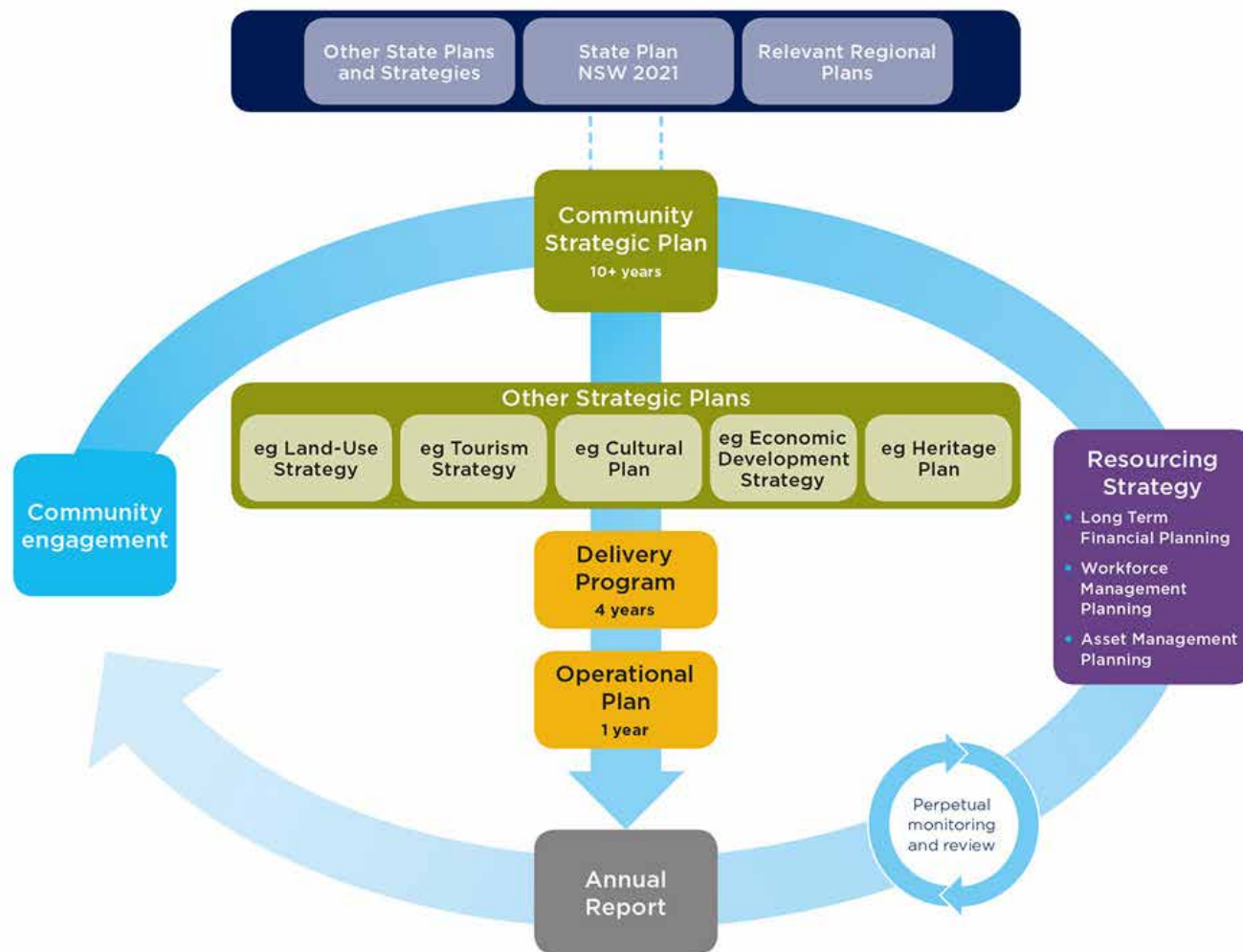
CITY OF RYDE

Workforce Plan 2014-2024

Outlining how City of Ryde will deliver best value services to our community through a workforce that has the right skills, motivation and commitment.

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This Diagram from the NSW Department of Premier and Cabinet's Integrated Planning and Reporting Guidelines demonstrates the linkages between Council's Resourcing Strategy, the Community Strategic Plan and Council's Delivery Plan and Operational Plan.

As outlined in each of the three documents comprising City of Ryde's Resourcing Strategy, continual review of these plans will be required to ensure that at all times the direction of Council is meeting the aspirations of our community and that these services are delivered in a manner that provides 'best value' returns to our customers.

It should be noted that this document does not cover the response to the Community Strategic Plan by the Not-For-Profit (NFP) Sector, Business or Government.

Introduction

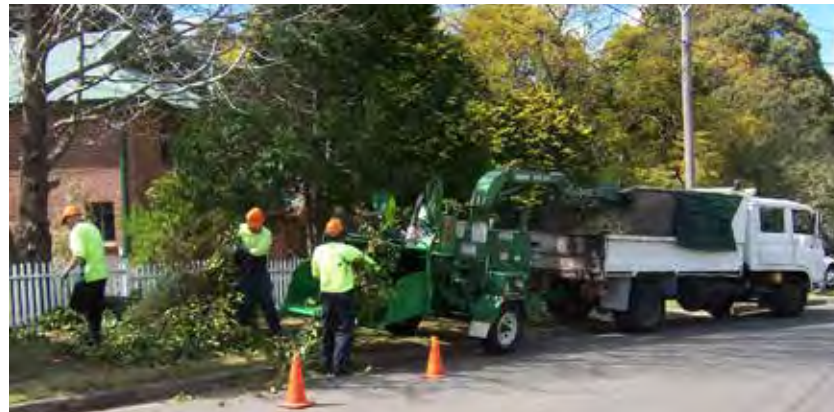
Workforce Plan

The City of Ryde's Workforce Plan serves the purpose of outlining how Council will deliver 'best value' services to our community by ensuring we have the right people in the right jobs at the right time. In order to achieve a best value model of service delivery from a human resource perspective, it is imperative to understand and emphasise the fine balance between employee engagement (to achieve optimum productivity) and cost containment.

Whilst the achievement of cost containment can be readily achieved, if this is not managed well, the result can be poor engagement of staff and therefore low productivity and poor outcomes.

This document examines the measures taken by Council to carefully monitor both staffing costs and employee engagement, against a backdrop of community engagement and customer satisfaction levels.

In order for Council to be able to deliver a genuine best value service to our community, all three requirements (customer satisfaction, employee engagement and cost containment) must be met and continuously monitored and refined to meet the changing needs of both our customers and our workforce.



Chapter 1: Where are we now?

Our Workforce Profile

The City of Ryde Executive Team is led by the General Manager and comprises five groups:

- Community Life
- Public Works
- Environment and Planning
- Corporate Services
- Office of the General Manager

We have 18 service units that deliver services and projects across these five groups.

In order to deliver over 159 services, including both services direct to the community and internal services to support our organisation's community service delivery, we employed 433 Full Time Equivalent (FTE) staff as at 30 September 2014. This consists of approximately 390 Full Time employees, 70 Part Time employees and a varying number of casual staff, dependant on our operational requirements.

We also employ contractors for various works, including concreting, road marking, cleaning, waste removal and recycling, footpath construction and plumbing.

Our casual employees are largely employed by the Ryde Aquatic Leisure Centre (RALC), in our Community and Culture unit and in our Libraries. We utilise a casual workforce in these areas as much of the work is seasonal, such as the vacation care programs during school holidays and the increased patronage at the RALC over summer. This allows us to adapt to changing demand and target resources where they are needed most. We acknowledge that casual employees will be an ongoing requirement for our workforce, particularly in these areas, however, as they are a transient workforce, they have been excluded from the data and analysis in this Workforce Plan.

Our services

Our organisation provides over 159 different services to the community, including direct services such as Development Application (DA) approvals, provision of libraries and halls, maintenance of sporting grounds and parks, repair and maintenance of roads and footpaths, waste collection and disposal, regulatory monitoring and immunisation services.

City of Ryde also provides a number of activities that add benefit to our community such as land use planning, environmental sustainability planning and the development of social policy and planning.

Both the direct services and the value adding strategic planning services for our City are supported by 60 internal services necessary to run our business. This requires a diverse range of skills and professions, including civil engineers, urban planners, community workers, accountants, IT professionals, librarians and administration workers, arborists, LIS mappers and environment specialists.

We employ engineers and other specialists in our Public Works area and these employees are engaged in highly specialised roles in the design and building of council roads, drainage systems and traffic infrastructure. They are supported by our trades staff with our assets currently valued at \$2.56 billion (inclusive of land assets).

Our team of Urban Planners are responsible for shaping our City's neighbourhoods and town centres. Our Town Planners assess compliance with planning instruments, and our health and building inspectors and rangers regulate our services, all in accordance with State Government legislation.

Our Community Life group provides a diverse range of services to support our community's demand for recreation, culture and wellbeing.

Staff employed in this area have a broad range of skills and qualifications and require strong interpersonal skills.

Our libraries employ qualified librarians, assisted by additional staff, to ensure that our library services are well managed and support our diverse community with an equally diverse collection and set of programs.

Our internal services are delivered by professionals in finance, human resources, information technology, customer service and risk management.

We deliver services seven days a week as well as outside normal working hours for some services, such as emergency response, libraries, the Ryde Aquatic Leisure Centre (RALC), and ranger services.

What do our people cost?

In 2013/14 our organisation had a budgeted workforce labour cost of \$36.26M. Direct staff costs have been increasing in accordance with the CPI and Award increases on an annual basis.

With an increased focus on management of our operating costs, and in particular, increased scrutiny regarding all recruitment decisions, we have been able to reduce our labour costs by approximately \$1.5M and have elected not to replace 14 positions.

Three workforce planning scenarios were assessed in developing this Workforce Plan that will feed into our Long Term Financial Plan (LTFP), ensuring we can fund any increases in growth of Council's services.

We maintain some flexibility in our workforce mix (and costs) by using contractors and agency staff in areas where we need to gear up and down in response to the rise and fall of the property market or the delivery of our changing capital works.

Chapter 2: Key Principles and Focus Areas for our Workforce Plan

The City of Ryde has committed to delivering on the Community Strategic Plan, and we will do that through enacting our Mission, detailed below:

Our Mission

Our mission is Council's response and commitment to deliver on our vision.

To work with our community and partners to provide strategic leadership, effective projects and quality customer services.

In order to address the five key principles that need to underpin our future workforce, we have identified the ideal characteristics for the City of Ryde workforce and determined focus areas for the next four years that will lead us in the right direction.

The City of Ryde's Business Model is depicted by the image of a bird, as shown right, which also describes and clarifies the terminology that we use to ensure we have a common view on how and why we do things at the City of Ryde.

The tail feathers steer the direction as outlined in the body of the bird (the Community Strategic Plan). The collarbone of the bird (the outcomes framework) links the strategic intent to the organisation's two wings that, when beating in unison, give our organisation the lift it needs to deliver its vision (represented by the head). This business model is unique to the City of Ryde.



City of Ryde Business Model

Principle 1: Financial Sustainability – A Best Value Workforce

The financial sustainability of the City of Ryde is a significant area of focus for us over the next four to ten years. In April 2013, the NSW Treasury Corporation released a report (Financial Sustainability of the NSW Local Government Sector) which indicated that while City of Ryde is currently rated as sound, the future outlook was negative and required significant steps to be taken to bolster the longer term fiscal sustainability of our organisation.

A major focus for Council over the last three to five years has been to examine our internal functions to identify and implement initiatives for cost savings or efficiencies that could be realised with minimal impact on service delivery to our customers.

Many of the identified improvements have been realised through the implementation of technology or systems that ease the administrative inputs required by staff, allowing us to either reduce employee numbers or increase service levels and outputs with the same employee costs.

This continual examination of our workforce and operational structure, along with an assessment of internal processes, has allowed Council to realise significant savings over the last 12 months.

Doing More With Less

The following are some of the measures taken to date in relation to the management of our workforce which have allowed significant internal cost savings to be realised; thereby improving the value of service delivery to our community.

Recruitment – Positions Held or Restructured

As mentioned earlier, the increased scrutiny regarding the filling of vacant positions and also the merging of service units to streamline our operations and reduce operating costs, has delivered significant savings in our labour costs. Council has reviewed its organisation structure, held positions, especially key management positions, which have been vacated, resulting in significant savings in salaries and wages. All vacated positions are now considered by the Executive Team to ensure only critical positions are replaced, before approval is given to managers to commence any recruitment activity.

The most significant demonstration of Council doing more with less is the initiative throughout the 2013/14 financial year, to undertake a review of Council's structure, which has resulted in an on-going saving of \$1.5 million.

This result has been achieved by the reduction of Service Unit Manager and other key positions across the organisation which has amounted to 14 positions in total.

In addition, Council is holding the position of Group Manager Community Life, pending the appointment of the new General Manager. This coupled with the above positions will provide for an on-going saving of \$1.8 million from Council's total salary and wages costs.

As part of Council's proposal of a Special Rate Variation (SRV), Council has committed to deliver efficiency savings of \$2.5 million.

In addition to the savings generated in 2013/14, Council has targeted a further \$700K to be achieved by additional staff reductions in 2015, plus new revenue of \$580K.

Council's initiative to reduce employee costs, did not distract the organisation from achieving not only an outstanding financial result for 2013/14, but also delivered 90% of all projects for the year, resulting in the smallest level of carryover projects for some years. In support of the quality of the services provided by Council, a number of customer satisfaction surveys across a range of services was undertaken that demonstrated high satisfaction levels from our community.

“...examine our internal functions to identify and implement initiatives for cost savings.”

Complaints / Compliments

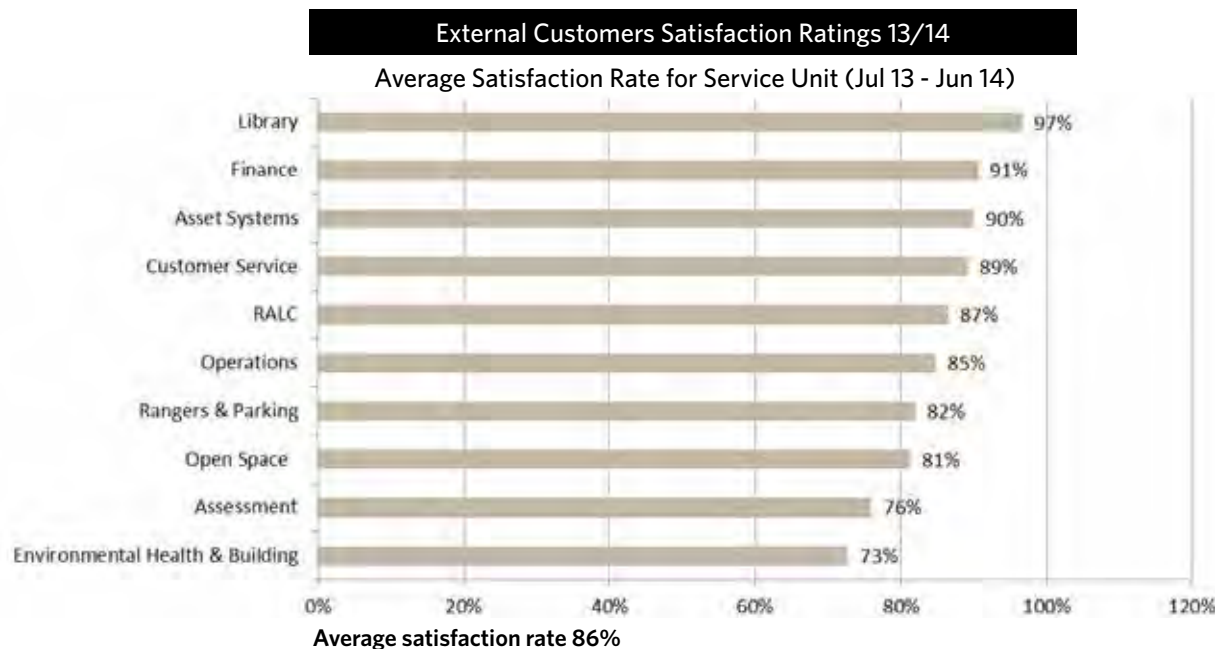
As another measure of the effectiveness of Council's service delivery and customer satisfaction, the City of Ryde has implemented a best practice feedback mechanism for its community and customers.

In 2013/14, Council received a total of 84 complaints and 206 compliments.

Council utilises the feedback and complaints received to drive our continuous improvement process.

Customer Satisfaction Surveys

In a further demonstration of the efficiencies of Council's service delivery, the City of Ryde undertook a range of customer satisfaction surveys on external services delivered to the community. The results of these surveys are detailed right:



Change to Pay Cycle from Weekly to Fortnightly

In the last 18 months, Council initiated a change in our pay cycle from weekly to fortnightly. The move from weekly to fortnightly payroll processing has allowed Council to realise internal efficiency savings which have in turn meant that payroll staff can produce more useful frequent management reporting regarding vital organisational performance statistics. This has allowed managers to more critically examine and control operating costs and leave liabilities and take the necessary action in addressing any concerns.

Change to City of Ryde Salary System

In 2013/14, Council also reviewed its Salary System, resulting in a reduction in the quantum of increases available to staff. The previous Salary system allowed increases of 5% and 7.5% and now all increases have been reduced to 2.5%. The previous 6 step salary system now has now been modified to 12 steps in each grade, noting, the range within each grade for employees to progress has remained unchanged.

This initiative will significantly reduce the rate of growth in Council's salary and wages costs as well as the increases to leave liabilities and on costs. With salaries and wages being one of

Council's largest expenditure areas, this change has and will continue to have significant positive results for our operating costs into the future.

Focus on Reducing Staff Leave Liability

Through better reporting and monitoring, staff have been directed to take leave at a mutually agreeable time, meaning Council's liability is reduced and the rate at which the leave is taken is not allowed to increase far beyond the rate at which it was accrued. As at 30 September 2014, Council had 90% of staff with less than 40 days annual leave accrued, which is the limit prescribed by the Local Government (State) Award 2014, after which employees can be directed to take leave.

Introduction of Online Recruitment System

In 2013/14 a Best Value Review was undertaken in respect of Council's Recruitment and Selection process. As a result of this review Council implemented the Scout portal for online recruitment.

Through the implementation of this online recruitment system, the time consuming administrative aspects of the process have been automated, meaning Human Resources (HR) staff have been freed up to participate more heavily

in every recruitment activity. This allows HR to provide valuable advice and support to managers which has increased the success of recruitment placements. This will also hopefully reduce the negative impacts of poor recruitment choices in the future. This is an example of how a better service has been provided with a lesser number of staff, with the HR unit reducing its FTE by 0.5 whilst delivering an improved service through the use of technology.



As a result of increased participation by Human Resources staff in this process, the cost average of advertising per position has reduced by 51% in six months and the time to fill a vacant position has reduced by approximately 20 days over the same period.

Better Management of Poor Performance

This initiative not only increases productivity by allowing Council to ensure appropriately skilled staff are engaged to deliver services; but also reduces the time spent by managers and support staff in managing performance which is deemed to be below satisfactory standards.

Next Steps

Whilst the above savings are significant, it is clear that Council is now reaching the limit of the benefits that can be realised through internal savings that can be achieved without impacting service delivery. In order to ensure longer term financial viability, either standards in service delivery will need to decline over time or alternative funding sources will need to be implemented to generate increased revenue.

City of Ryde has recently commenced a community consultation exercise to obtain feedback from our customers about their views regarding current and proposed service levels, within the context of the cost of such service

provision and how it would impact them. The three options presented to the community for comment were as follows:

Option A: Decline in Services

Based on the approximate 3% rate peg increase, Option A would see no additional increases in rates for the next 4 years. This would mean no additional investment in local infrastructure, facilities or services and would therefore lead to a reduction in service levels and possible cuts in services. The effect this option would have on our workforce would be that staff numbers would be reduced, corresponding to the services that the community and Council decided they no longer wished to fund. Certain positions would be lost through natural attrition as has been the case in recent times, but involuntary workforce reductions would also result. If this were the community's preferred option, further consultation would occur about the types of services that would decline, and this consultation would then dictate the areas in which our workforce would be reduced, and to what extent. This scenario would see no Council funded expansion in services or infrastructure and a reduction in funds available for asset renewals over time; which would then in turn result in moving to increasing maintenance/risk management activities. Essentially, this means that resources over time would be redirected primarily to asset maintenance and risk management. Rate pegging is an ongoing, permanent

increase in rates and over the four years of the proposed SRV period, ending in 2018/2019, the cumulative estimated rate pegging amount will be 12.6% (\$133.58).

Option B: Maintain Services

This option would see an average annual 7% rate increase for the next 4 years (including the rate peg increase of around 3%), commencing 2015/16. Should this be the preferred option, the result would provide Council with the ability to maintain services at their current levels, and provide additional revenue for renewing and maintaining the City's infrastructure. This option would provide sufficient funding to undertake all renewals, repairs and maintenance needed, in renewing all assets that are rated as "Condition 5" and some assets that are in "Condition 4". This option would result in an increase in Council's Capital Renewal program with a commensurate increase in the size of our workforce. Under this scenario, the areas in which Council would need to add resources include infrastructure planning and design as well as project management and delivery. Under this option, there would be increased investment of our employee resources into the areas of capital renewal and maintenance. This option in effect would allow Council to keep the services we have and maintain existing assets to the standards which our community deems as acceptable.

The 7% increase over four years, commencing 1 July 2015, is proposed to be an ongoing permanent increase with a cumulative gross increase of 31.1%, over the four years ending in 2018/2019, with a net 18.5% increase more than Option A (rate pegging only).

It should be noted that this increase varies depending on the valuation of individual ratepayer properties (as detailed in Council's SRV brochure). The average residential dwelling ratepayer will experience a 28.7% (\$305.35) cumulative increase over the four year period, which results in a net increase of 16.1% (\$171.77) over the four years, after allowing for the 12.6% (\$133.58) of Option A (rate pegging only). This is Council's preferred option.

Option C: Upgrade Services

This option would result in an annual 12% rate increase for the next four years (including the rate peg increase of around 3%), commencing 2015/16. Should this be the community's preferred option, Council would have sufficient funding to maintain services at their current levels and provide further funding for the renewal of the City's infrastructure. This level of funding would be sufficient to undertake all repairs and maintenance needed, for assets that are rated as "Condition 5" and most assets that are in "Condition 4". Because this option allows for both maintenance of current assets and an increase in renewals, this will result in more significant increases to the size

of Council's workforce, as well as the number of contractors we engage, in order to ensure Council's capacity to carry out the agreed works. This option provides Council with sufficient funding to consider an earlier intervention with respect to the renewal of our assets. This earlier intervention in turn results in reduced maintenance costs and lower risk exposure associated with declining asset conditions at a later date. Due to the scale of increased activity under this option, it is also anticipated that some proportionate increases to support staff in areas such as finance, purchasing and information systems may be required.

The 12% increase over four years, commencing 1 July 2015, is proposed to be an ongoing permanent increase with a cumulative gross increase of 57.4% over the four years ending in 2018/2019, with a net 44.8% more than Option A (rate pegging only).

It should be noted that this increase varies depending on the valuation of individual ratepayer properties (as detailed in Council's SRV brochure). The average residential dwelling ratepayer will experience a 64.4% (\$684.96) increase over the four year period, which results in a net increase of 51.8% (\$551.38) over the next four years, after allowing for the 12.6% (\$133.58) of Option A (rate pegging only).

The above options will provide varying degrees of work to be carried out in the maintenance and renewal of the following asset groups:

- Roads
- Kerb and Gutter
- Footpath
- Other Road Infrastructure
- Stormwater
- Playing Fields
- Playground Equipment
- Community Buildings and Halls

In view of this, it is clear that any changes to the size or composition of our workforce will need to focus on the engagement of staff who are suitably qualified to effectively manage the ongoing maintenance and development of these asset types. This will include design professionals, engineers, labourers and project managers, to name a few.

Options B and C above would undoubtedly result in the need for more resources to deliver the work we commit to doing on behalf of our community. It is important to note, however, that such increases are likely to be a mix of Council staff as well as contractors engaged. Such a model allows Council the flexibility to ensure that at all times the work being delivered to the community delivers the best value for the expenditure

being spent. This approach reflects Council's current service delivery model in the renewal and maintenance of Council's infrastructure assets, with 55% of services in this area delivered by contract labour and the remaining 45% from Council's staff.

Under each of the options above, continual reviews of our workforce and organisation structure against our four year delivery plan and one year operational plan, are required to ensure that irrespective of the community's preferred option, at all times, Council is delivering the best value service to our customers, within the limits of the resources available. Any changes to the size or composition of Council's workforce will be measured and commensurate with the activities committed to the community under our Delivery Plan.

How Does All This Affect The Way We Plan Our Workforce?

To be financially sustainable, our goal is to build our capacity to finance the workforce adequately, to ensure we are able to attract and retain talent of the highest calibre.

The City of Ryde aspires to:

- Remunerate at the levels required to attract and retain skilled staff
- Optimise staffing levels to provide

the best value services to our community

- Collaborate with our partners to deliver services that are effective, timely and measurable and provide excellent value
- Equip our leaders to drive innovation

Earlier in this document, the notion of balancing cost containment with employee engagement as being imperative for effective service delivery was stated. Principle 1 of this document examines the purely fiscal aspects of managing the workforce, while the remaining principles look at the measures taken to address employee engagement with a view to positively influencing productivity.

All the fiscal constraint measures are of no use if the workforce is culturally disengaged from the organisation and its purpose, thereby reducing the level of value that can be delivered to customers. So, whilst principles 2 to 5 of this document may appear to have a lesser impact on Council's fiscal situation, their less quantifiable value cannot be underestimated.

Principle 2: Attraction, Retention and Turnover

To help ensure that our organisation meets the diverse needs of the community it is important that we attract and retain the right people to fill specialised roles, and manage our staff turnover, minimising the loss of skills and corporate knowledge.

To attract and retain the right staff to deliver for our community our goal is to reinvigorate our recruitment practices and strive towards being recognised as an employer of choice.

The City of Ryde aspires to:

- Ensure continuous improvement is embedded in the way we do business and in our workforce culture
- Reform our recruitment processes to ensure we can attract the very best talent
- Provide employment opportunities that are accessible to all
- Remove inequities in our reward and recognition opportunities
- Provide internal talent scouting to improve retention rates through active encouragement of succession planning, career development and the provision of opportunities for our workforce
- Teach and develop employees skills across our diverse range of services and project delivery

- Actively recruit from students at local universities and colleges and actively promote local government career opportunities in our local area
- Provide sufficient flexibility to cope with our rapidly changing workplace
- Measure performance for every staff member in a fair and equitable way and in complete alignment with our Four Year Delivery Plan, our Community Strategic Plan and our community's vision
- Encourage and provide career opportunities in all parts of the organisation
- Continue our commitment to provide our effective mentoring program
- Be recognised as an employer of choice for our commitment to being a leading, ethical, socially responsible and exciting place to work
- Utilise our strong partnerships with a variety of organisations including, not-for-profit agencies, unions and Macquarie University to deliver more comprehensive and all-encompassing, cost-effective solutions.

The City of Ryde has identified the following Focus Areas to help us achieve this principle over the next four years of this Workforce Plan.

Focus Area 2.1: Recruitment

In 2014 a Best Value Review of our Recruitment and Selection service was undertaken with a view to identifying ways to reduce the time and associated cost of recruitment activities, whilst improving the experience for both candidates and hiring managers.

This review resulted in the implementation of an online recruitment system which made the application far less onerous for candidates and completely overturned the selection process for managers. This system seamlessly manages all the back end administrative functions associated with recruitment, allowing managers, for the same investment of time, to get a much better outcome. Managers now invest time in the key areas of the process which are critical in delivering the best outcome. This means more time is spent assessing the role's requirements, reviewing the position description, drafting better quality advertisements, holding more meaningful interviews and conducting more thorough reference checks. Whilst the amount of time spent by managers in this process isn't any less than it used to be, the process now delivers a far better outcome, at a reduced advertising cost and over a shorter period of time.

As mentioned earlier, implementation of this system has resulted in a 51% reduction in the cost of advertising and also a reduction of 20 days in terms of the average time taken to fill a vacant position.

We have recently also invested in training to strengthen the skills of our hiring managers in the area of behavioural interviewing. This will ensure that the short time spent with each candidate allows managers to make informed decisions about the best candidate, on merit, for the position in question.

Focus Area 2.2: Our Organisational Culture

In striving to be recognised as an employer of choice the City of Ryde will continue to focus on our Culture, the availability of flexible working opportunities and our staff turnover. As our organisation becomes known for its progressive approach and culture, the calibre of applicants attracted to applying for vacant positions will grow.

In 2010, we conducted our Have Your Say Day, a survey of our staff culture. The survey revealed a great deal about our organisational culture. The results have guided us and helped us prioritise a number of change management projects which have been put in place or are in progress to improve the organisation's culture.

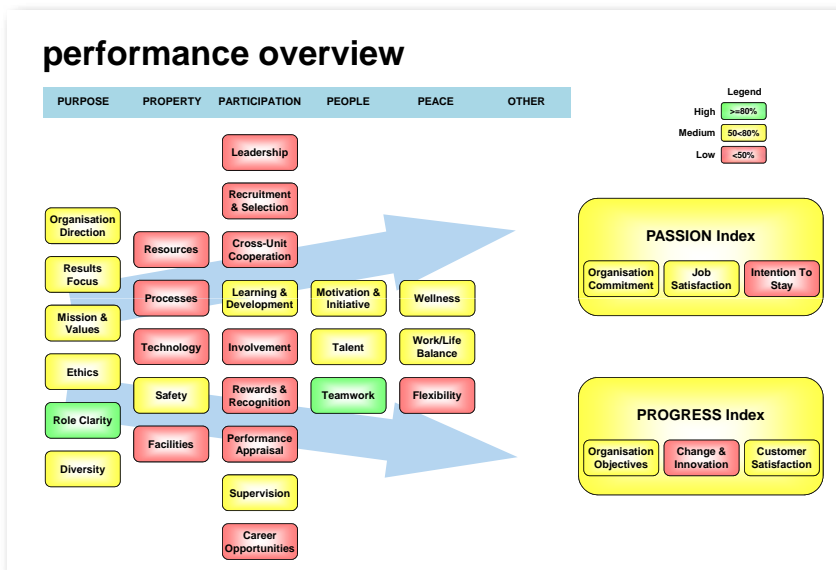
These include improving internal communications, reinforcing our organisation's values, establishing a performance measurement framework, identifying clear accountabilities and delegations for services and budgets, elevating the standard and importance of project management across the organisation, restructuring units to better align with our Outcomes Framework and support the delivery of the Community Strategic Plan and developing a business model and supporting procedures that will guide the way we do things at the City of Ryde.

The second Have Your Say Day survey conducted in 2012 revealed that we had come a long way in making the necessary improvements which had been identified two years earlier. Employees responded much more favourably to the City of Ryde Engagement Survey in 2012 than in 2010, with scores increasing in 23 out of the 26 benchmark practices measured in the survey. In 2012, employees were much more satisfied with leadership in general, with satisfaction increasing significantly in relation to the General Manager's and Group Managers' leadership capability (32% increase), their organisational strategy (21% increase) and supervision provided by leaders throughout the Council (20% increase).

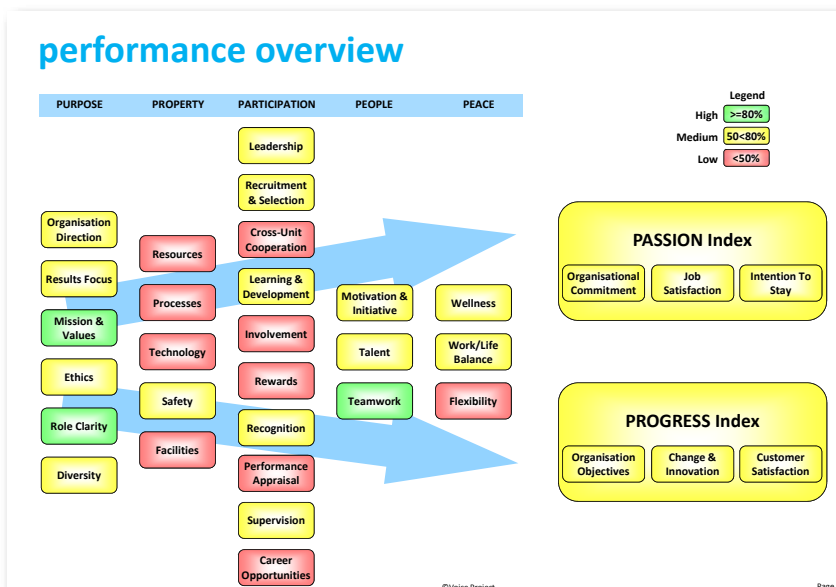
Other practices to increase significantly included Flexibility, Involvement, Recruitment & Selection, Cross-Unit Cooperation and Ethics. These positive changes were associated with a 4% increase in scores on both Employee Passion and Organisational Progress. These results meant that following this survey, the City of Ryde was now outperforming the Council industry average on the majority of practices measured in the survey.

One area of significance highlighted in this survey as requiring improvement was the condition of employee working facilities. Since this survey, steps have been taken to address this for some areas of our workforce and further steps are planned in the near future to address the physical working environment in other areas.

The two diagrams (right) which are taken from the 2010 and 2012 Have Your Say Day surveys show the difference in overall organisation results between the two surveys.



Have Your Say Day Results 2010



Have Your Say Day Results 2012

Since the first iteration of our Workforce Plan in 2012, the Performance Development System has been implemented and is supported by a salary system that offers rewards and recognition that are effective, reasonable and equitable.

Focus Area 2.3: Provide flexibility

Currently the majority of staff at the City of Ryde are employed in full-time positions. However 15% of staff hold part-time or job share roles, an area that has been increasing steadily since 2008.

The increase in our part-time work is consistent with the labour market trends reported in NSW since 1999 (Australian Bureau of Statistics, Australian Social Trends, Work NSW Summary 1999 - 2011). This reinforces the importance of enabling working pattern flexibility, as we expect to see an increasing number of part-time employees making a significant contribution to our workforce. The City of Ryde has an opportunity to improve flexibility and support further increases in part-time roles across the business.

“..rewards and recognition that are effective, reasonable and equitable.”

Policies and Benefits available

Flexible Working Conditions Policy

In a tightening labour market, the City of Ryde has introduced policies since 2012 to become an employer of choice, to establish workplace flexibility and encourage stronger gender equity in managerial roles. These include one of the most generous Parental Leave policies in NSW providing 18 weeks full pay in addition to the government subsidy of 18 weeks at base wage pay. Our Flexible Working Conditions Policy reinforced our commitment to flexibility of working hours by establishing core hours of 9.30 – 4.00pm and provided options for suitable staff to apply for a working from home arrangement. Positioning ourselves as a flexible employer and allowing staff to stagger start and finish times to avoid traffic congestion and reduce travelling time and allowing staff to work from home on occasions, are strategies that have been put in place to improve flexibility for our employees.

Employee sick and carer's leave

The City of Ryde offers employees generous sick and carer's leave allowances. It is noted that there is an increasing trend in the average number of sick and carers leave days taken since January 2008. This increase is largely attributed to an increase in carer's leave and suggests that as we

shift the age profile of our workforce to support working mothers, a subsequent increase in carer's leave to look after sick children is expected. We are also aware that there are a number of employees utilising carers leave to care for their elderly parents. Shifting towards more flexible working patterns, such as increasing part-time roles, will allow more flexibility for carers, without relying on sick and carers leave.

Focus Area 2.4: Career Development and Succession Planning

We are reviewing the way we induct our new employees and grow our own talent, to retain skills and knowledge and provide career opportunities for our existing staff. A secondment policy provides opportunities for staff advancement by allowing staff to be exposed to different roles in the organisation, share their knowledge and skills and learn from others within the organisation. The new performance development system captures career development opportunities and assists in facilitating succession planning for managerial roles.

The skills analysis identified a number of opportunities for us to improve our succession planning, creating opportunities for staff to learn new skills and provide career development.

Turnover / Attrition rate

Our organisation has maintained a level of turnover between 9% and 11% for the past three years. This is above the average for comparative councils (8.5% in 2013) for Councils participating in the LGNSW HR Benchmarking Survey Report.

When examining our staff separations we see a significant proportion of our separations are males from our Public Works area. The separations in the 55 years and over group are reflecting an increasing number of retirements from our outdoor staff, no longer willing or able to undertake the physically demanding roles required in that area. The physicality of work in many of the Public Works roles has long been of concern to our organisation as this area has a large number of workers aged over 55. It is particularly in this area that we are looking to increase our younger workforce.

Overall, we have a committed workforce with an average 6.8 years of service. The Public Works group average is higher than any other group and amounts to an average of 10.3 years of service, with most staff employed for more than seven years, and males in particular averaging over 10 years of service. This may be the result of the types of roles that are required in Public Works,

particularly for the outdoor staff, who enjoy the benefits of award entitlements and work stability, that are not usually found in manual labour work in the private sector.

Much of our workload is seasonal or project-driven and therefore, aside from our fixed operational workforce, we need to be able to shrink and grow as necessary to meet varying service delivery demands and transform into a geospatially focussed workforce. Our workforce does and will always consist of contractors, part-time staff, casual workers and those with fixed term arrangements as well as the standard full-time workforce.

Focus Area 2.5: Effective Partnerships

Partnerships are critical to our organisation in meeting the long term aspirations of our community and delivering on the Community Strategic Plan. We must work in partnership with trade unions, volunteers, community groups, universities and other local Non-Government Organisations (NGOs) to support the development of our workforce. This will ensure we are able to modify our workforce to support the best outcomes for the community while we implement changes in service delivery.



Our partnership with trade unions allows us to work in harmony, working to meet the needs of staff and the organisation.

Collaborating with Macquarie University through the Macquarie-Ryde Futures Partnership has ensured we deliver sustainable long-term benefits to both parties. This partnership provides access to cutting-edge research and Council

has strategically utilised this partnership to engage highly qualified specialists from Macquarie University to undertake perception surveys of our community, together with reviews of key services.

The City of Ryde LGA has a number of training institutions within its boundaries, providing an opportunity for us to market to these institutions to attract students and graduates to a career in local government.

Corporate Social Responsibility (CSR) has been defined by the World Business Council for Sustainable Development as 'the continuing commitment by companies to behave ethically and to contribute to economic development, while improving the quality of life of the workforce and their families, as well as the local community and society at large'. As part of the City of Ryde's greater social responsibility obligations we partner with local charity groups such as the Salvation Army and Achieve Australia to optimise our ability to provide disadvantaged community members with meaningful employment and skill development.

Principle 3: Diversity

At the City of Ryde, diversity is seen in the cultural composition of our workforce; the accessibility of our workplace to support equal employment opportunities for all, including those

with a disability; through enabling gender equity and in supporting a workforce age profile that captures young talent while providing long-term career progression to support our workforce through to retirement.

The City of Ryde aspires to:

- Develop a staff profile that is reflective of our community's cultural and gender diversity
- Ensure our people are skilled and culturally attuned to service the cultural needs of our community
- Measure and track our workforce statistics across all aspects of diversity so that we understand how best to create a culturally diverse workplace
- Provide a recruitment process that assists vulnerable and marginalised persons and accommodates for work for people of all abilities
- Provide suitable opportunities for an ageing workforce and have active transition to retirement plans and policies in place for all those that seek them
- Supported those in physically demanding roles to transition to other roles as they age
- Retain our intellectual and corporate knowledge
- Achieve gender balance, vertically in the different levels of management and horizontally across the entire organisation in each service area.

To improve the diversity of our workforce, we need to embrace new ways of attracting a more diverse pool of applicants. We need to review and modify our interview and induction processes to encourage and allow more diverse candidature and ensure that we can accommodate them. We are aware that people from non-English speaking backgrounds often struggle with our onerous recruitment process when in fact they may be ideal for the positions being advertised. Our previously complex recruitment processes often excluded those most marginalised groups in our community. This includes people with a disability, people from Culturally and Linguistically Diverse (CALD) backgrounds, women who may be re-entering the workforce after a period of absence and people from disadvantaged backgrounds, particularly young people. The recent review of our Recruitment and Selection practices has simplified our processes, meaning a much easier application process for these marginalised groups, with a view to promoting better employment outcomes and increased opportunities for employment at Council.



We are aware of the growing numbers of our customers originating from very diverse backgrounds and countries settling in Ryde. ABS (Australian Bureau of Statistics) Census data from 2011 indicates that the top four languages other than English spoken in the homes of the residents in the Ryde LGA are Cantonese (7%), Mandarin (6%), Italian (3%), and Korean (3%). In order to provide appropriate support and service to these residents in our community we need to have staff competent in speaking and translating these languages; that recognise and understand cultural differences and are able to access appropriate Interpreting and Translation Services. Our customer service centres are all equipped to provide interpreting and translation services to our customers in addition to a number of our own staff having peripheral responsibilities as language

aides to assist customers and staff in translation, where this is required.

We have introduced learning and development activities that focus on cultural awareness and cultural management practices to assist our staff not only in dealing with an ethnically diverse range of customers, but also to facilitate improved harmony within our own workforce.

Focus Area 3.1: Our Equal Employment Opportunities

We have only recently (since 2012) commenced collection of workplace statistics regarding diversity. This data collection is due to occur at each Have Your Say Day Staff Culture Survey. In 2012, 42% of staff surveyed indicated that they were from a culturally or linguistically diverse background. Of those who identified with a particular background, the majority responded indicating that they were from European, Middle Eastern, Italian and Chinese backgrounds.

This indicates that the composition of our workforce in terms of cultural diversity, reflects that of our community and customers, which we view as a strong benefit in allowing our staff to understand the various communication styles and cultural practices of the customers they work with.

The other interesting statistic from the diversity area of our staff surveys are that 40% of staff having caring responsibilities for children and 14% of staff have caring responsibilities for persons other than children. This data again supports the notion that as an employer, flexibility for balancing work and personal responsibilities is imperative to attracting and retaining the talent necessary to effectively service our community.

Whilst only a small minority (6%) of staff have indicated they have a disability, we are aware that further efforts need to be invested in the consideration of increased employment opportunities for people with disabilities. Our facilities are not suitable to accommodate people of varying abilities however we are committed to identifying where we can implement practical modifications to workplaces or working patterns to improve our employment opportunities in this area. Currently, we are investigating partnering with agencies specialising in the area of employment opportunities for people with disabilities to assess certain roles within our organisation and to see if there is a possibility of finding appropriate employment for people with disabilities, who can work without any risk of injury to themselves or others.

The City of Ryde EEO (Equal Employment Opportunity) Management Plan 2011-2014 outlines our commitment to achieving a safe and rewarding workplace free from all forms of unlawful harassment and discrimination. Further, all employees and prospective employees are afforded equal access to opportunities and benefits relating to employment, promotion and training. In doing so we aim to create a diverse and skilled workforce that will have the capabilities to deliver quality services to our community, thereby helping to make the City of Ryde a better place to live, work and do business.

Focus Area 3.2: Our Gender Equity

City of Ryde's current workforce is fairly gender balanced overall, with a female to male ratio of 49% to 51%. However, looking only at the leadership roles there is almost twice as many males (59%) than females (34%). While the Service Unit Manager tier is almost gender equal, there is a clear imbalance at the Section Manager level that needs to be addressed as these roles feed into the future Service Unit Management roles. The majority of this imbalance is a result of the high number of males employed as Section Managers in our Public Works area, one traditionally encompassing a number of male-dominated industries, such as engineering and trades. Section

Managers (which are fourth tier managers) are the largest leadership group, accounting for 28% of our management team. Currently only 10% of engineering graduates each year are women, in addition to the trades workforce being highly dominated by men. Attracting women into this area will be a major challenge in the future, as the low levels of women's participation in the outdoor workforce make it harder to recruit women into the lower managerial levels below Section Manager in these areas.

Despite these challenges, addressing the gender imbalance in our leadership remains a focus for our organisation.

"...we aim to create a diverse and skilled workforce."

There are several initiatives underway to improve the leadership gender balance including an assertive internal program to encourage women to apply for senior positions and to actively support their career development to help them achieve success when applying for senior roles.

Focus Area 3.3: Our Ageing Workforce Profile

The workforce age profile for the City of Ryde provides challenges for the organisation. The loss of experience and knowledge held by some of our longer serving and ageing staff members can bring with it risk to Council if succession planning is not well developed.

The City of Ryde recognises the National and State trend that indicates the number of people aged 55 and over participating in the workforce is growing.

(New Jobs: Employment Trends and Prospects for Australian Industries (2010) skillsInfo.gov.au).



The trend is projected to continue into the future with increased life expectancy driving a financial necessity for older workers to provide for a longer retirement. This report indicates that mature age workers (45 years or older) have contributed to employment growth of 27% over the five years to 2009, compared with only a 7.1% growth in employment of workers aged 15 to 24 years in the same period. The City of Ryde workforce is aged predominantly between 35 and 54 years. This age profile captures both those raising families at the lower end and those caring for ageing parents at the upper end of the population.

The NSW population workforce trend indicates that people 55-64 years of age are remaining in the workforce longer. Going against this trend, the City of Ryde over-55 workforce has declined in the past 2 years. With an average age of 44 and with more than 40 full-time staff aged over 55, we estimate that 10% of our staff will be looking to retire in the next five years. The majority of these retirements will be outdoor employees in the Public Works group, where a large number of our workers are aged over 55 years and working in physically demanding, manual labour roles. It is likely that the physical nature of this work is causing these employees to leave the organisation. Our challenge therefore is to ensure that we anticipate

those areas where an ageing employee will require job modification or transfer to a less physically demanding position; and ensure that we provide for those ageing staff that may be seeking to phase their exit from employment with Council. We have developed a policy to encourage part-time work, job share arrangements and transition to retirement provisions to encourage flexibility for our ageing workforce. These include allowing staff to request part-time work when nearing retirement and providing the opportunity to request alternative types of work for those physically less able to perform in their current roles.

As the physicality of these Public Works roles is unlikely to change, we need to attract enough suitably skilled labour in a physically fit state to fill positions being vacated by those ageing employees. Planning for these transitions allows us to capture and ensure the passing on of corporate knowledge by those long-term employees.

To optimise the workforce age profile and provide opportunities for succession planning, the City of Ryde aims to attract a fit and healthy, highly qualified workforce, by providing clear career paths, technologically savvy workplace solutions, flexible working environments and a modern office environment with strong internal networking and

communication channels necessary for this group to be attracted to our workplace.

Principle 4: Skills, Training and Education

We have an educated and skilled workforce, but need to adapt our training programs and refocus our initiatives to meet the service needs of our changing community. We are committed to offering staff career development opportunities and have a comprehensive Learning and Development Program. We offer sponsorship to staff undertaking postgraduate studies to further their career. In addition we have the ability to offer scholarships and apprenticeships as a way of attracting and retaining specialist skill shortage areas, such as in engineering.

To offer all staff access to training and education and to support our workforce to deliver the services and outcomes for the community, we will:

- Ensure our workforce is multi-skilled, efficiently accessing data and information and able to process large amounts of information, realise plans and deliver outstanding customer service

- Understand our critical skills and build succession and back-up plans
- Provide induction and training for all staff in our business disciplines and cultural management practices, so they understand their roles and are empowered to take accountability for the services and projects that they deliver
- Optimise opportunities with local colleges and Macquarie University to ensure that our training provision aligns with the development of our skill shortages and our core business processes

“..committed to offering staff career development opportunities.”

The City of Ryde has clearly defined the business management disciplines and cultural management practices in which we must as an organisation become highly competent. Business Management Disciplines include the diverse, inter-related disciplines of Structural Integrity, Role Clarity, Plan Making, Community Image, Core Business Processes, Information and Systems Management, Customer Centric Process Design and Risk Management.

Our training programs are arranged to ensure that we deliver training modules that grow our skills in these disciplines.

In addition, we provide training on our core business processes including Contract Administration, Financial and Budget Management, Project Management, and Asset Management. These processes and associated business rules are documented in a range of manuals titled The Way We Do Things @ the City of Ryde. Over time these training modules will form the basis of essential training for all staff required to manage the relevant processes.

Focus Area 4.1: Our Workforce Skill Gaps

We have identified the skills we will need over the next four years to deliver the services we have committed to providing to our community as described in the Four Year Delivery Plan. Our workforce skills gap analysis identifies the critical skill areas that will need to be maintained.

The skills analysis conducted from January – April 2012 identified 60 critical roles and the corresponding critical skills we need to meet our commitments in the next Four Year Delivery Plan. A complete list of critical skills/roles with 'hard to fill' positions have been documented and can be found in Appendix A.

The skill gaps identified were in the areas of:

- Rating (Ability to calculate Local property tax on land value)
- Engineering
- Information Technology and Management
- Strategic Long Term Planning

In addition to these skills, our culture survey highlighted the need for better Leadership skills. A *Leadership 360* survey conducted in October 2011 reported that overall, three gaps emerged across all of our leadership. These were time management skills, addressing poor performance skills and poor presentation skills.

As a customer focused organisation, one of the most important areas for all staff is training in Customer Service. All staff undergo customer service training either at induction and at least once a year.

On occasions, where there is a known internal skill gap, external agencies or contracts are used particularly where the requirement for that skill is short-term.

Focus Area 4.2: Our Learning and Development Strategy

We have been addressing the skill gap areas identified by developing

appropriate training modules, better resourcing and realigning accountabilities to ensure that we strengthen our corporate knowledge and skill base. Training will be complemented by formal education and opportunities for achieving additional qualifications in partnership with our various providers. We are committed to ongoing tertiary sponsorship of our staff in undertaking qualifications related to their positions held within our organisation.

With our current financial future forecasting reduced budgets, our challenge will be to ensure adequate resources are provided for training and induction. Council is currently assessing options for the introduction of an online learning platform to facilitate more efficient and cost effective delivery of our regular core training activities. Such a system will allow us to deliver core training activities to the same number of employees but in a more flexible manner and at a significantly reduced cost.

Focus Area 4.3: Ongoing Education opportunities

To be able to continually improve our service delivery and enhance our opportunities for innovation, we recognise the importance of ongoing education and learning opportunities. Within our learning and

development budget, opportunities exist for employees to undertake further tertiary studies which are paid for predominantly by the employee with Council providing a small subsidy.

In addition to this, attendance at relevant conferences, seminars and training courses is encouraged where the employee will acquire new skills, that will assist them in improving their performance in their role, thereby delivering a better service to our customers.

Over the past three years we have taken advantage of government subsidies, with over 90 staff being sponsored to complete a diploma in either

Management or Project Management or a Certificate IV in Frontline Management. The federal government subsidies on offer to Council, for staff to complete these programs, has delivered a great benefit to Council in terms of increasing our leadership capability at a relatively low direct cost to the organisation.

"...committed to ongoing tertiary sponsorship of our staff."



Principle 5: Technology and Facilities

This Workforce Plan considers the capacity of our current facilities to support our changing workforce profile. To attract and retain the calibre of staff we need working within our organisation, we need to have facilities and a working environment that optimises our workforce performance. Our workforce also requires up to date technology to maximise our productivity and to support our flexible working policies.

To provide facilities and technology that support effective working environments we will invest in the facilities accommodating our staff and in the information technology infrastructure provided to our workforce.

The City of Ryde aspires to:

- Build and develop a workplace designed for efficiency and collaboration
- A physical working environment that is not only comfortable, healthy and safe, but conducive to enhancing productivity and communication across the entire organisation
- Instil pride and confidence in our employees and customers through the brand identity of our workplace

- Provide geospatially captured information, to create efficiencies in the management of staff
- Improve our use of electronic equipment and technology that results in more efficient work practices
- Provide a workplace that encourages social and professional interactions and promotes our values of:
 - Safety
 - Teamwork
 - Ethics, and
 - Professionalism.

Focus Area 5.1: Our Facilities

Over the next five years we are allocating approximately \$4Million, to address the failings of our current premises, and provide the best possible facilities, designed for efficient and functional communication and collaboration. The City of Ryde has been planning to develop an accommodation strategy to accommodate all salaried staff in the one location; due to Council recently operating from three locations.

However, Council has resolved to maintain its current Civic Centre and is in the process of determining the level of refurbishment. This decision complements the current deliberations being undertaken in responding to the Minister for Local Government's "Fit for the Future" initiative.

It is expected that Council will need to further review its position in resolving its long term accommodation requirements in the near future, subject to the outcomes of the "Fit for the Future" submissions.

Focus Area 5.2: Our Technology

A significant challenge for the City of Ryde is to provide staff with the most appropriate equipment to facilitate flexibility and efficiency in operations. We not only need to equip all staff appropriately so that they have access to data and information that they need to effectively and efficiently perform their duties, they also need to be empowered to use the technology available to them, through appropriate training. It is also important that we are able to interact with our customers using a range of different mediums and over the last two years we have invested in engaging with our community, in using various forms of social media and also exploring various ways to improve and expand the range of transactions available for customers to complete on line. Council is currently implementing a e-business strategy that includes expanding the range of services that will be available on line in the near future.

This investment in technology means we need to ensure we have the skill internally to support such platforms and these skills are continually reviewed and updated to meet the rapidly changing developments in technology.

Proper investment in e-business and other technology solutions is critical for Council to continue to increase productivity, whilst providing an improvement in the scope of services available.



Summary

The purpose of this City of Ryde Workforce Plan is to document how we intend to resource our organisation to deliver best value services to our community through a workforce that has the right skills, motivation and commitment.

As detailed in this plan, it summarises the current state of our workforce, as well as the challenges we face and the three major scenarios we are considering with respect to forward planning for the size and composition of this critical resource. Such planning in respect of our workforce will allow Council to ensure we can at least meet, and hopefully exceed, our community's expectations in terms of delivery against our Operational Plans.

City of Ryde's performance against these operational plans is measured annually and reported to the community. Based on these reviews and the continuous feedback we seek and receive from our customers, we recognise that an ongoing review of our workforce in terms of the key aspects of size, structure and skills will be necessary to ensure we deliver on our mission of working with our community and partners to provide strategic leadership, effective projects and quality customer service.

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APPENDIX A

Identified Critical Roles/Skills, 'hard to fill' Positions and Skills Required in the Future

All roles are critical throughout the organisation, however, there are some roles that require specific skills that are pivotal and without them the organisational unit is dysfunctional. For this reason, it is important to know which skills are critical and to ensure that the skill is being developed or can be backed up within the team. 'Hard to fill' roles are those that require skills that are difficult to find and rarely available on the market. When we advertise the 'hard to fill' positions we rarely receive applications.

The following list was compiled during the Skills Analysis which was conducted to inform this Workforce Plan.

Critical Roles	Area	Critical Skill	Hard to fill?
Section Manager Library Resource	Library	Unique set of skills	Y
IT Support Officer	Library	Skills developing	Y
Information Services Local Studies	Library		Y
Stormwater Coordinator	Infrastructure Integration	Flood Plain Management and Modelling	N
Integration Systems Coordinator	Infrastructure Integration	Systems Engineering	Y
Information Access Officer	IT	GIPA expertise	Y
Environmental Health Officers	Environmental Health and Building		Y
Environmental Protection and Development Control Officers (compliance)	Environmental Health and Building		Y
Team Manager Rates and Revenue	Finance	Rating	Y
Chief Financial Officer	Finance	Strategic financial planning	Y
Manager Customer Service	Customer Service	Strategic customer service focus Policy development Experience in delivery of customer service Continuous improvement focus	N
Section Manager Community Engagement and Social Media	Customer Service	Social media skills	Y
Coordinator Community Engagement	Customer Service	Engagement skills	Y
Coordinator Complaints Management	Customer Service	Complaints management skills	Y
Coordinator Customer Surveys and Market Research	Customer Service	Customer Perception analysis	Y
Section Manager Customer Service	Customer Service	Skills in driving and maintaining operational processes	N

Critical Roles	Area	Critical Skill	Hard to fill?
Team Leader Customer Service	Customer Service	Knowledge maintenance across products services activities and statistics	N
Coordinator Publications and Branding	Community relations and events	Desktop design Branding Intellect	Y
Corporate Communications Manager	Community relations and events	Good Communications skills Strategic thinking Corporate knowledge	N
Events Manager	Community relations and events	Communication skills Community knowledge	N
Project Office Systems Officer	Business Infrastructure	Business system skills	N
Finance and Systems Officer	Business Infrastructure	Business systems and technical skills	N
Section Manager Business Integration	Business Infrastructure	Business, Finance and business development skills	N
Section Manager Properties	Business Infrastructure	Diverse Property management skills	N
Environmental Engineer	Business Infrastructure	Diverse environmental knowledge	Y
Restorations and Private Works (driveways)	Operations	Contract admin, writing, spreadsheet, civil works, verbal, logistics, work planning	N
Section Manager Infrastructure	Business Infrastructure	Reading, writing, customer service, LG Knowledge, problem solving, data management and analysis, geospatial	Y
Service Unit Manager	Business Infrastructure	AM experience, LG experience, technical knowledge, staff development and management, finance budgeting & business processes, writing, negotiating, professional promotion, risk management, and innovation	Y
Assets System Specialist	Business Infrastructure	Computer especially Tech1, general LG engineering and business practices, data management	Y
Senior Development Engineer	Assessment	Problem solving and judgment. Technical knowledge of planning in NSW. High level of initiative and professionalism	Y
Senior Town Planner	Assessment	Problem solving and judgement skills Excellent technical knowledge of planning in NSW High level of initiative and professionalism	Y
Strategic Planner	Urban Planning	Knowledge of LEP and S149 procedures implementation and maintenance	Y
LIS and Planning – Coordinator FTE for LIS	Urban Planning	TechOne and mapping system correct to reflect current planning provisions and requirements	Y

Critical Roles	Area	Critical Skill	Hard to fill?
Development Contributions officer yet to be appointed	Urban Planning	Development of policy and monitoring – tracking development contributions and VPA negotiations and completion	Y
Economic Development	Urban Planning	Development of policy and programs on economic development	Y
Manager Risk and Insurance	Risk and Audit	Ability to interact at all levels internal and external Extensive experience and technical experience with Risk and Insurance – Knowledge of WHS Workers Compensation and Return to Work	Y
Internal Auditor	Risk and Audit	Technical ability in auditing Ability to interact with auditees and other internal and external stakeholders	Y
WHS coordinator	Risk and Audit	Technical skills in WHS Ability to interact with staff at all levels and external stakeholders	Y
Workers Compensation and Injury Management Coordinator	Risk and Audit	Technical skills in Return to Work/injury management	Y
Team Leader Regulatory	Regulatory	Knowledge and skill in interpreting Legislative knowledge	Y
Technical Support Officer	Regulatory	Knowledge and skill in interpreting Legislative knowledge Superior administrative skills	Y
New role Old contracts/permits role	Regulatory	Knowledge and skill in interpreting Legislative knowledge Tender process skills Project Management skills Superior Administrative skills	Y
Service Unit Manager Regulatory	Regulatory	Knowledge and skill in interpreting Legislative knowledge Budget, financial, contracts administration, Tendering skills, project management – political and executive intervention, advice and reporting requirements of position	Y
Meeting support coordinator	Governance	Minute taking agenda preparation	Y
Councillor help desk	Governance	Org. knowledge and political understanding	N
Mayoral support	Governance		N

Critical Roles	Area	Critical Skill	Hard to fill?
Coordinator Assets	RALC	Practical mechanical/trade skills that are not part of aquatic operations	Y
Team Leader – swim school	RALC	Teaching skills	Y
Team leader – operations	RALC		N
Senior Community and Culture Planner	Community and Culture		Y
Section Manager Social policy and planning	Community and Culture	Sector development and capacity building Fostering and facilitating partnerships/collaboration	N
Immunisation coordinator (specialised role)	Community and Culture	Nursing / clinical skills Immunisation (management and delivery) Administration skills Managing risks associated with immunisation	Y
Coordinator Internal Communications	Strategy and Organisation Development	Expert communications Knowledge of culture management	N
Coordinator Change Management Projects	Strategy and Organisation Development	Experience in change management project communications Project management Strategic thinking	Y
SUM Human Resources	Human Resources	Strategic HR management Change management Knowledge of LG award Policy development Project management	Y
Team Manager Payroll	Human Resources	Payroll and payroll systems Superannuation	Y

APPENDIX A (CONTINUED)

Skills required now and in the future.

Area	Skill gap now	Skill gap in coming years
Whole organisation	Procurement	Procurement
Whole organisation	Contract Administration	Contract Administration
Whole organisation	Budget Management	Budget Management
Whole organisation	Financial Management	Financial Management
Whole organisation	Asset Management	Asset Management
Whole organisation	Project Management	Project Management
Whole organisation	Plan Making	Plan Making
Whole organisation	Process Mapping	Process Mapping
Whole organisation	Business planning	Business planning
Finance	SQL.net	
	MS project	
	Visio	
Risk, Audit and Governance	Legislation and Policy development	Understanding and application of new legislation
		Ability to incorporate changing technology
Health and Building		Constant training for accreditation
		Leadership and accountability
IT	Security, telecommunications mgmt, corporate IT, infrastructure mgmt, contract mgmt, SLA mgmt, GIPA admin and mgmt, IT Project mgmt, business analysis, corporate application admin	Technology engineering skills in wide area
		Technology Engineering skills
		Network equipment management
		Local area network management
		IT Security
		Operating system administration and management
		Corporate application administration and management
Human Resources	Change management – project management	Industrial relations advocacy
		Payroll processing in CHRIS21
		Project management (HR focus)

Area	Skill gap now	Skill gap in coming years
Library		Stronger customer focus and acceptance of new technology
		Library specialists in youth and senior categories
Urban Planning	Competence in dealing with major planning projects	Complex negotiation and assessment
Major complex development applications skills		
Risk, Audit and Governance		New legislation and impacts (WHS)
		Internal Audit control self assessment facilitation
Assessment		Understanding and application of new legislation
Asset Systems	Statutory knowledge, data management, critical analysis including geospatial, process design and planning	Data management
		Critical analysis (geospatial)
Business Infrastructure		Sales and marketing
		Advertising
		Property trust management
Community & Culture	Management of demographic information/data	Management of demographic information/data
Strategy and Organisation Development	Business analysis/corporate analysis – superior graphing skill	Business analysis/corporate analysis – superior graphing skill



CITY OF RYDE

Long-Term Financial Plan 2014-2024

Financial projection quantifying Council's future financial position.

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Introduction

Long Term Financial Plan

This City of Ryde Long Term Financial Plan (LTFP) is based on the projections and estimated costs that are used in the Delivery Plan and Operational Plan, which are linked to the Community Strategic Plan.

Council's financial system is structured in holding costs that allows reporting on each of these plans, within their own structure. This same structure is used against Council's asset register and costs associated with assets.

The LTFP also relies upon the projected changes in staff and contractors as described in the Workforce Plan (WFP), by budgeting for those changes where appropriate. It also uses the forecasted amounts for Renewal, Expansion, Operating and Maintenance, for assets as described in the Asset Management Plan (AMP) and the Asset Type Sub Plans (AMPs).

Long-Term Financial Plan

What is a Long-Term Financial Plan?

A Long-Term Financial Plan (LTFP) is a financial projection that quantifies Council's future financial position and the cost of Council's services for the next 10 years. It is more comprehensive than a budget and includes, a written commentary, sensitivity analysis and options. It examines the impact of Councils' revenue, operational and capital expenditure forecasts, taking into account assumptions for economic factors and changes to service delivery levels.

A LTFP provides the following benefits for Council and the City of Ryde community:

- It provides an indication of the future financial position of Council
- It helps Council to determine their "living within their means" boundaries, that is, assess the financial sustainability of service levels
- It allows option testing of different strategies and service levels

- It identifies any potential funding gap arising from the long-term financial forecasts
- It enables testing of sensitivity and robustness of the key assumptions used in the long term forecasts
- It allows the long-term strategic decisions to be quantified and debated
- It assists Council in determining the risk of future strategic directions.

The LTFP does not aim to provide any specific recommendations on what or how the Council should provide its services but instead aims to identify the potential impact of the operational and capital decisions that Council may make as part of the budget process.

There are a number of assumptions that underpin this analysis:

- Council will continue to be responsible for providing the current range of goods and services
- City of Ryde will continue with its focus in the optimisation of service delivery through effectiveness and efficiency reviews

- The quantity of assets (built, infrastructure, land etc) will be maintained, subject to scheduling, using normal asset optimisation studies conducted and asset management techniques, within the approved budget allocation.

Integrated Planning and Reporting

In 2010 the City of Ryde commenced the journey into the Integrated Planning and Reporting requirements of the Local Government Act, including the creation of the Community Strategic Plan (CSP), the Delivery Plan (DP) and the Operational Plan (OP).

As part of that process, Council split its budget into three distinct sections, being:

- Base Budget
- Non-Capital Projects
- Capital Projects

Each year, as part of the budget planning process, workshops are held looking at all the existing projects that are in the current Delivery Plan and any new projects. This is Council's Project Budget Bid process, including the completion of a Business Case for the project put forward, which is reported to Council for their consideration when reviewing the projects in the draft Delivery Plan.

Through this process there is rigour applied to the projects brought forward and a priority score that is created to ensure that those that rank highest get the funding required.

For the first year, all of the existing 68 other plans were reviewed by the Business Managers within Council and those recommendations or projects that had been put forward in those reports were brought forward in that process.

Service levels

The service levels are detailed in Council's Asset Management Plans, which form a part of the Resourcing Strategy document.

Having said that the current LTFP Current State is framed on the basis that the same service level as currently exists, will continue to be provided, within the constraints of the budget approved.

Service delivery

Service delivery will continue to be undertaken in the same manner as it is now, and therefore the LTFP is framed without any changes in service delivery.

Council as part of its journey is also looking at the way it does deliver its services, and is also implementing new systems that will give managers the ability to control and ultimately reduce the cost of delivering the services to the community, that the community expect and are prepared to pay for.

Those new initiatives include:

- Overhead allocation modelling, including Full Cost Pricing (FCP) utilising National Competition Policy guidelines (NCP) and calculations to reflect the true cost of services
- Fees and Charges calculator, which will reflect, using the overhead allocation model, the true cost of each service provided for a particular fee and the inherent Community Service Obligation (CSO) that is part of that cost
- Service Level Agreements internally that clearly set out the Unit Rates, the Service Level and the monitoring and reporting mechanism that will be used to assist in driving down the cost of delivering the same level of service.

Financial indicators

The financial indicators that will be developed as part of the next reiteration of the LTFP will be the same indicators that are reported at the end of the financial year in the Financial Statements.

These have not been determined for this reiteration, due to time constraints and the implementation of new systems that allow the creation of the LTFP more easily than previously available.

Performance measures

Council has over the last two years been creating a number of performance measures, which are recorded at various levels of the organisation, but the corporate performance measures are included in the delivery plan and operational plan and include the following:

- > -2% actual base budget income to budgeted income on a year to date (YTD) basis
- <+2% actual base budget expenditure to budgeted expenditure on a year to date (YTD) basis
- 90% of project expenditure spent within the year it is budgeted
- Working capital \geq \$3.0 million
- Debt Service Ratio < Group 3 category councils
- Investment returns > 90 day BBSW by 0.85%

Four Year Delivery Plan and One Year Operational Plans

The LTFP is taken directly from the information included in the Asset Management Plan, the Delivery Plan and Operational Plan and is constructed in the following way.

	Operational Plan										
	Delivery Plan										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Base Budget	Base Budget Current Year										
Budget Models	Original Budget Model Current Year					LTFP Model (indexed)					
Business Cases	Year 2	Year 3	Year 4	Year 5							
Projects	Base costs from Business Cases	Base costs from Business Cases	Base costs from Business Cases	Base costs from Business Cases							
	Business Cases (Non-Capital & Capital)										
Workforce Plan											
Asset Management Plans					Manual entry into LTFP against "Programs" for each Asset Type						

What this means is that the Base Budget is indexed from Year 1 to Year 10, with adjustments being made to it from any new capital works when created will have ongoing maintenance costs.

The budget bid process for projects are the detailed projects for Year 1 to Year 4, whilst Asset Renewal Projects are used to forecast Capital Works for Year 5 to Year 10. As the Asset Management Plans get better defined, these will drive the budgeted costs for capital works for Year 1 to Year 10.

Workforce plan

Council has, as part of this Resource Strategy, revised its Workforce Plan. The different outcomes or suggested increases for budgetary purposes have been incorporated into options of the LTFP.

Future reiterations of the LTFP will include the various options that are available under the Workforce Plan, once updated.

Asset management

Council has, as part of this Resource Strategy, revised its Asset Management Plan. The different outcomes or suggested increases for budgetary purposes have been incorporated into the options of the LTFP.

Executive summary

This LTFP is to provide a benchmark of the financial position based on current outcomes, goals, strategies, programs, subprograms and accountabilities, projected for the next 10 years.

The LTFP currently consists of Option A (current state) which is based on Council's adopted Four Year Delivery Plan 2014-2018.

The options of the LTFP are:

Option A (Current State) – current spending pattern (Base Case)

Option A would be no additional rate increase for the next 4 years, commencing 2015/16 other than the estimated rate peg increase of 3% each year. This would mean no additional investment in local infrastructure or facilities and would therefore lead to a reduction in service levels and possible cuts in services.

Rate pegging is an ongoing, permanent increase in rates and over the four years of the proposed SRV period, ending in 2018/2019, the cumulative estimated rate pegging amount will be 12.6% (\$133.58).

Option B – Address annual renewal and maintenance funding gap

Option B would be an average annual 7% rate increase for the next 4 years, commencing 2015/16 (including the rate peg increase of around 3%) to maintain services at their current level, and provide additional money for renewing the City's infrastructure. It would not be sufficient to undertake all repairs and maintenance needed, but would be enough to renew all assets that are rated as 'Condition 5' and some assets that are in 'Condition 4.'

The 7% increase over four years, commencing 1 July 2015, is proposed to be an ongoing permanent increase with a cumulative gross increase of 31.1%, over the four years ending in 2018/2019, with a net 18.5% increase more than Option A (rate pegging only).

It should be noted that this increase varies depending on the valuation of individual ratepayer properties (as detailed in Council's SRV brochure). The average residential dwelling ratepayer will experience a 28.7% (\$305.35) cumulative increase over the four year period, which results in a net increase of 16.1% (\$171.77) over the four years, after allowing for the 12.6% (\$133.58) of Option A (rate pegging only).

This is Council's preferred option.

Option C – Asset Management

Option C would be an average annual 12% rate increase for the next 4 years, commencing 2015/16 (including the rate peg increase of around 3%) to maintain services at their current level and provide further money for renewing the City's infrastructure. It would still not be sufficient to undertake all repairs and maintenance

needed, but would be enough to renew all assets that are rated as 'Condition 5' and most assets that are in 'Condition 4'.

Council has undertaken community consultation on the above three options, gauging their willingness to pay, and the majority response (57%) indicated a willingness to pay an increase to either 7% or 12% increase. Council has supported the 7% increase under option B.

Therefore this Delivery Plan, Operational Plan, Asset Management Plan, Workforce Plan and the Long Term Financial Plan will not contain details of Option C.

The 12% increase over four years, commencing 1 July 2015, is proposed to be an ongoing permanent increase with a cumulative gross increase of 57.4% over the four years ending in 2018/2019, with a net 44.8% more than Option A (rate pegging only).

It should be noted that this increase varies depending on the valuation of individual ratepayer properties (as detailed in Council's SRV brochure). The average residential dwelling ratepayer will experience a 64.4% (\$684.96) increase over the four year period, which results in a net increase of 51.8% (\$551.38) over the next four years, after allowing for the 12.6% (\$133.58) of Option A (rate pegging only).

Option A (Current State)

Current State Options

This is Council's projected position that reflects Council's current Four Year Delivery Plan and current service and spending levels. It is assumed that service levels will decline over the next 10 years, if the current underspending on existing infrastructure assets continues. The future is projected taking into account various inflationary factors including adjustments for CPI, wages index and other increases in revenue and costs.

The details of this option are included in the appendices to this plan.

In this option, the operational revenue will be sufficient to meet the operational expenditure, but over time the growing income gap will result from an increasing annual deficit. The existing level of capital is funded from capital grants and contributions as well as partial funding of depreciation through the operating budget. Overall, the Council is faced with an income gap of \$6.8 million in 2014/2015.

Council during 2013/2014 changed its calculation of depreciation for infrastructure assets to be five straight lines within each of the conditions of each asset type, with the amount of assets in each based on the assets condition, i.e. depreciated in accordance with the loss of useful life of the assets. This does not directly affect the amount to be funded annually, as that is derived from the total value of the assets, as valued, divided over the

useful life of the asset. The useful life has been taken as the actual intervention point for renewal in each asset type, and was re-determined by Council as at 30 June 2013.

The need for an even annual funding amount is to ensure that funding is proportional over the useful life, so that each generation contributes evenly toward the cost of the asset. Some asset types, such as buildings are funded by the works required, and any major works would be funded from loans. Further details are contained in the Asset Management Plan, and the sub plans for each asset type.

To be sustainable Council needs to fund this shortfall, in the longer term. Council's internal discretionary cash reserves of \$44.98 million are forecast to remain constant to 2023/2024; these funds are earmarked for specific purposes such as Plant and Fleet.

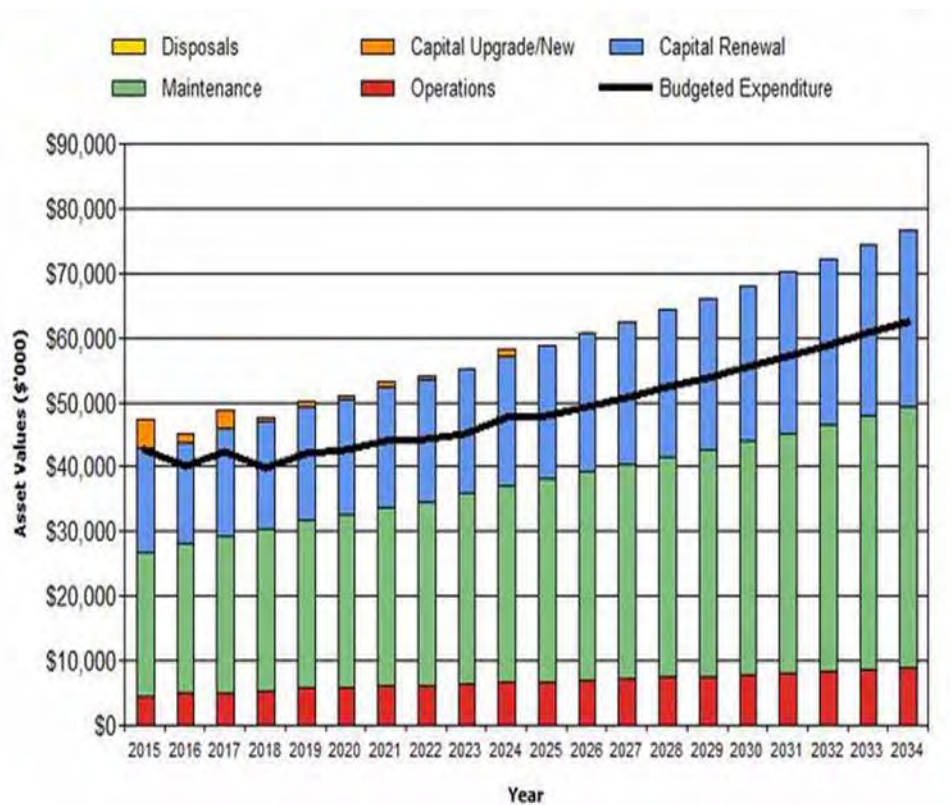
Unless Council either reduces expenditure and/or increases revenue, it will be faced with an increasing backlog of infrastructure renewals, estimated to be \$79 million, as at 30 June 2014, not including the Civic buildings. This is predicted to rise to \$308 million by 2023/2024.

The LTFP clearly demonstrates that Council cannot become financially sustainable under the Current State option, unless substantial changes occur, which are reflected in Options B and C. In addition to this financial deterioration of its position, Council's ability to continue to undertake maintenance (such as roads and drainage) and offer other services will diminish to the extent that services will have to be reviewed or adjust the levels of service downwards. Maintaining services at current levels will result in Council becoming financially unsustainable.

Summary

Option A (current State) demonstrates Council is currently living outside its means, however it is delaying and not addressing an increasing backlog of infrastructure renewals. The Current State is shown in the following:

Graph 1: Income Gap



This graph shows the annual funding gap, estimated at \$10m per annum. The black line represents the amount of funding that is budgeted or available for all asset spending, whereas the top of the columns, the top of the blue section, shows the total amount of funding that is required, without upgrade or new assets.

The difference in the two is the annual funding gap, estimated at \$10M per annum.

Council can only afford to do the level of Capital Expenditure that it does do through the use of Reserves, Loans or Section 94 contributions. Those sources of funds have been included here in the black line, so that the true extent of reliance on that income is not clearly visible.

Current financial position

Council's Working Capital is projected to be \$3.39 million as at 30 June 2015, which is above the minimum amount normally maintained by Council. Council's auditors have indicated that Council should not dip below \$3.0 million, and that without the level of internally restricted reserves (some \$44.98 million), a level of \$4.0 million in Working Capital would be more appropriate.

Significant financial policies and procedures

In developing this LTFP, the current significant financial policies and procedures of Council have been taken into account.

Basis of Accounting

Council uses an accrual basis of accounting except for revenue derived from the issuance of parking fines which is treated on a cash basis. The format of the financial information in the LTFP is consistent with the Delivery Plan and Operational Plan formats.

Revenue Sources

Rates and Annual Charges

Council collects rates from residential and business rates, including two business sub-categories for the major shopping centres, an Environmental Management Levy and a special rate on businesses in the Macquarie Park Corridor.

Under Options B and C, Council will introduce a Special Asset Rate, which will be created to hold the additional funds, which will be raised through the Special Rating Variation (SRV) process, and those funds will be restricted for use for Asset Renewals. It is anticipated and forecast that those additional funds will become available on a progressive basis from 1 July 2015, and have been budgeted accordingly, in Option B.

Rates Structure

Councils can raise ordinary rates within the following four categories:

- Farmland
- Mining
- Residential
- Business

Separate subcategories can be created within these based on a centre activity.

Councils can also create Special Rates, which are ordinary rates. The City of Ryde has one special rate, being the Macquarie Park Corridor Special Rate. These rates can only be used for the purpose for which they are raised and cannot be applied to other purposes.

Council's ordinary rates are split on a 70/30 basis between residential and business properties, irrespective of land value. Within business there are two sub-categories, which have been created in relation to the two major shopping centres within our council area.

Rate Pegging

Councils in New South Wales have since 1978 been subject to rate pegging. Rate pegging is where the Minister for Local Government determines the maximum increase that the total ordinary rates are allowed to increase above the previous year's notional rates yield.

The notional rates yield is calculated using the previous year's rating structure with the values applicable as at 30 June. This is then increased by the rate peg and this becomes the ordinary rates yield within which council has to raise its rates.

Since 2010 the Independent Pricing and Regulatory Tribunal (IPART) has had the task of determining for the Minister for Local Government, the level of rate pegging that is to apply the following year. This is now determined in December each year for the following year. It takes into account the Local Government Cost Index (LGCI) and then discounts this for productivity gains.

Since the introduction of the Integrated Planning and Reporting requirements (IP&R) Councils can apply for a variation to the rate peg, seeking an increase above approved increase. The LTFP will, where applicable, reflect any increases above the forecast rate peg as part of the model.

Rating Capacity

The City of Ryde is the fifth lowest residential rates per capita, within the greater Sydney region, which encompasses some 32 councils.

The City of Ryde is one of the highest personal incomes within that same region, and therefore it is valid to assume that the City's population has a greater capacity to pay rates than is currently being paid.

Contributions

Only known or planned contributions are taken into account in developing the LTFP. Contributions such as Section 94 are only budgeted and brought to account when received, or when known. Council forecasts its anticipated expenditure that will be undertaken from Section 94, but this is reviewed each year to ensure that only works to the value of the funds on hand are undertaken.

User Charges and Fees

Council uses a range of fees and charges. User charges are direct charges for the use of a Council facility or service. Fees are charged for regulatory/statutory fees and discretionary fees, including Section 611, environmental planning, private works, vacation care, home maintenance and modification.

Government Grants

Council receives a Financial Assistance Grant and Pensioner Rebate Subsidy in addition to a range of special purpose grants that are applied for and received annually. These grants are expended on the specific program of works related to the grant.

Investment Policy

The City of Ryde's Investment Policy is based on optimising returns from its investment portfolio. The key points of the Policy include the following:

- Definition of authorised investments
- Provides guidelines covering all aspects of undertaking investments on behalf of the City of Ryde.
- Details key performance benchmarks and reporting standards
- Compliance with the Minister's Investment Order

The City of Ryde has set a budget target to achieve 0.8% above the 90 day BBSW Index.

As part of its investment policy, the City of Ryde has reviewed its investment strategy, specifically in relation to the type of investment that it will invest in and the duration of the investment. Whilst the policy had allowed longer term investment, since the fallout from the Global Financial Crisis (GFC) in 2008/09, Council had scaled back on both the type of investment and the duration.

Council now has a more balanced portfolio of investments with approximately 20% of its minimum investment pool spread between three and five years. This is allowing Council to achieve better returns over the next three to five years.

Loan Borrowings

The City of Ryde is estimated to have a debt service ratio of 1.23% with \$6.22 million projected to be outstanding as at 30 June 2015.

The City of Ryde believes that loan borrowings for renewal of assets should be determined by the category of asset, taking into account the issue of intergenerational equity. This will be further explored in the Asset Management Plans for each category of assets.

In the current Four Year Delivery Plan, it is proposed to borrow funds for Phase 2 of the Children's Play Implementation Plan, which is also subject of an application for an interest subsidy of 3% under the Local Infrastructure Renewal Scheme (LIRS) - Round Three.

Borrowing Capacity

Whilst Council has a low Debt Service Ratio (DSR) its funds are fully utilised for either operational or capital expenditure. Should the Council seek to borrow additional funds, or if this is factored into the LTFP, then Council will need to either increase its income, through additional rates or other income, or it will have to cut other costs in either the operational or capital areas.

Council does not have the capacity to repay any loans on its current spending patterns. The two loans that have been factored into the Delivery Plan, have been done so on the basis that the loan repayments, both principal and interest, minus the loan interest subsidy, were taken for funds originally earmarked for the Renewal of Playground Equipment. This has meant that the program of replacement has been accelerated, not increased.

Reserves

Council has a number of internal reserves, i.e. cash that has been restricted for a specific purpose, which is used to manage operational funding.

Council has external reserves for:

- Developer contributions (\$94)
- Domestic Waste management
- Specific purpose reserves

Section 94 Contributions

Contributions are collected under the provisions of Section 94 of the Environmental Planning and Assessment (EPA) Act 1991.

Council has obligations to provide facilities from the contributions provided by developers which may be expended only for the purposes for which the contributions were required. Council however, may within each area of benefit, apply contributions according to the priorities established in the relevant contributions plans and accompanying works schedules.

Council has seven section of its current Section 94:

- Community Facilities
- Open Space and Recreation
- Civic and Urban Improvements
- Traffic Works
- Cycleways
- Stormwater Management
- Section 94 Plan Administration

These plans are currently under review. Council is considering changing to a Section 94A Plan, which will allow greater flexibility to the spending of funds, with some being capable of being allocated to Renewal works, which would allow Council to tackle some of the backlog when funds are available.

Significant Constraints

Council does not have any significant outstanding financial liabilities that have not been disclosed in its Annual Report.

Future State

Optimisation of assets

Council has set, as one of its objectives, over the next few years, to review the use of its assets, and where possible, to optimise the use of those assets, with a view to consolidating its holdings of assets to those required to undertake the services to meet the Outcomes in the Community Strategic Plan, as defined in the Delivery Plan and Operational Plan.

Local Government Services

The range of services provided by Local Government is broad and is defined in Section 24 of the Local Government Act, 1993. This broad interpretation can be, and is, applied very differently by individual Councils, thereby also creating variances on their on-going financial sustainability.

Local Government generally is continually balancing the range and standards of services provided to managing the expectations of its community and key stakeholders, including business and various Government agencies.

The City of Ryde is no different and believes, given all the constraints, it delivers 'value for money' to its community. However, as previously identified there are many areas/projects that the Council has identified that need to be addressed.

There are also examples where Local Government's role and formal responsibilities are not clear which creates potential overlap in the provision of services with other levels of Government and organisations. Particular examples are in the areas of the environment, roads and traffic, community safety, development approvals process, libraries and community services. This results in operational inefficiencies together with frustrations and delays.

Council has supported the examination of more vigorous ways in which to bring about genuine resource sharing and regional partnerships between Councils, State Government agencies and key stakeholders.

Commercial opportunities

Council has set, as one of its objectives, over the next few years, to review each of the opportunities that are available to it that are of a commercial nature. Council is seeking to increase its revenue base by means other than rates, and commercial opportunities are the means to achieve this.

Some of the ideas that are already being investigated are:

- The escalation of the Porter's Creek Depot area as a regional building waste recycling depot
- Review of operational land with a view to determine the highest and best use of the property to provide council with an ongoing income stream
- The implementation of the computerised solution for its project methodology (PMCoR) that is capable of being sold to other councils for a profit

- The continued use of the computerised solution for its corporate performance reporting (CPR) which incorporates the quarterly and annual reporting processes, that is then capable of being sold to other councils for a profit
- Commercial advertising on some of Council's buildings, especially those that are in prominent highway positions, such as the pedestrian bridges.

Productivity improvements

When setting the rate peg for each year IPART applies a discount factor, so that Council's budget is cut in real terms, i.e. its spending power is reduced because the amount of increase of revenue is less than its costs increases.

To try and also get better productivity improvements, Council has, for the last four budget years, applied a zero CPI increase over its Base Budget for items that are of a discretionary nature, such as overtime, materials etc. This also represents a reduction in real terms of those budget items.

Council has developed a system and is implementing this from 1 July 2014 that will allow Council to measure, track, monitor and improve Unit Rates for the services that it delivers across the Council. By undertaking this, managers will be able to look at ways of driving their unit rates down and therefore have direct productivity improvements.

Council has also undertaken an extensive review of its overhead allocation modelling, created a modelling of National Competition Policy costs, which will give Council its "true cost" of services, so that it will be able to accurately measure the inherent Community Service Obligation (CSO) that forms part of the fees and charges that it sets. This new modelling will be completed by 30 June 2015, with the systemisation of it to be undertaken during the 2015/2016 financial year.

Best Value Reviews

Council has identified key business processes that are recommended to be reviewed in bringing about productivity gains and more efficient processes for service delivery to our community. Each year Council undertakes up to two Best Value Reviews.

Service delivery

As we become better at planning the works to be done in conjunction with the Delivery Plan and Operational Plan, Council will be able to look at ways of improving its service delivery and it is anticipated that as technology changes newer and faster ways of delivering services will become available.

Those improved service delivery models will then be incorporated into future iterations of the LTFP.

Service levels

Following the local government elections in September 2016, the new Council will review the Community Strategic Plan, Resource Strategy, Delivery Plan and Operational Plan. Part of that review will include community consultation in relation to the plans. Inherent in that is the service level that the community is prepared to pay for from rates.

This review will then set the benchmark for service levels for the ensuing four years.

Challenges

Increasing Resource Pressures

For the Four Year Delivery Plan 2014-2018, including the One Year Operational Plan 2014/2015, draft discussion papers were prepared, for Councillors' consideration, further reinforcing issues related to the pressures on Council's Infrastructure that cover the following areas:

- Infrastructure Challenges
- Parks and Open Space
- Traffic Management
- Local Government Amendment (Stormwater) Bill 2005
- Information Management and Technology
- Macquarie Park Corridor

The impact of State Government contributions on the City of Ryde is estimated to be in excess of \$8.6 million, per annum. This takes into account such costs as the contribution for emergency services, the Sydney Regional Development Fund, street lighting costs, the waste development tax, infringement processing fees and worker's compensation insurance.

Resource Sharing/Partnerships

The City of Ryde has been very active in promoting partnerships between neighbouring Councils, individually and as members of the Northern Sydney Region Organisation of Councils (NSROC). Council has built strong links with its business community through the Ryde Business Forum, Macquarie Park Landowners Forum, a Memorandum of Understanding with Macquarie University and with a range of community groups in the Not-For-Profit (NFP) sector across our Local Government Area. Council has also entered into Public Private Partnerships and Voluntary Planning Agreements, where appropriate.

The City of Ryde for many years has provided a number of its facilities for the delivery of community based child care that are heavily subsidised by Council. Strong partnerships have also been formed with many of the educational facilities in the City of Ryde, especially TAFE and Macquarie University. There are many examples with Macquarie University that are currently in progress.

The City of Ryde has worked closely with all NSROC Councils over a number of years, in sharing resources across all areas of operation to identify improvements, where economies of scale can be achieved in the delivery of services. Through NSROC, significant benefits through joint purchasing arrangements have been achieved. A key partnership with Hunters Hill Council was formed in 1957 with the City of Ryde providing library services to the Hunters Hill Council and its community. This service has been very successful and is well respected by both the Hunters Hill and the City of Ryde communities.

The City of Ryde also provides other key facilities to adjoining Council's communities such as libraries, parks and the Ryde Aquatic Leisure Centre and has undertaken the recycling of construction materials for both its own operations and neighbouring Councils. This initiative has realised significant financial and environmental outcomes.

Future issues and opportunities

It is acknowledged that this is the second revision of the LTFP. It requires significant work in further analysing and forecasting costs and resources as more information comes to hand, especially relating to the Asset Management Plan and Workforce Plan, when they are revised.

Council now has better information from which it can formulate possible strategies to improve Council's financial position. It is expected that in the future reviews, funding strategies will be developed and refined.

It is acknowledged that some of the condition data for some asset types was over six years old, a process has been undertaken to update this data for use in the revised asset management plans.

Additional Revenue

Council will need to generate revenue in addition to the amounts forecast in the LTFP; this is shown in Option 2, as both additional rates, other sources of income and expenditure cuts for Council to achieve financial sustainability. Council has informed the community through a comprehensive engagement strategy about the options in Option B and C.

It should be noted that currently there is no strategy and no identified source for this extra revenue unless Council can obtain community and Council support and ultimately the Minister for Local Government's approval for additional special rate levies in the future.

Options

The options of the LTFP are:

Option A (Current State) – current spending pattern (Base Case)

This option takes into account no rate increases for the next 4 years other than the CPI, which currently is around 3%. This would mean no more investment in local infrastructure or facilities and would therefore lead to a reduction in service levels and possible cuts in services.

Rate pegging is an ongoing, permanent increase in rates and over the four years of the proposed SRV period, ending in 2018/2019, the cumulative estimated rate pegging amount will be 12.6% (\$133.58).

Option B – Address annual renewal and maintenance funding gap

This option would be an average annual 7% rate increase for the next 4 years (including an estimated rate pegging increase of around 3%) to maintain services at their current level, and provide additional money for renewing Council's infrastructure. It would not be sufficient to undertake all repairs and maintenance needed, but would be enough to renew all assets that are rated as 'Condition 5' and some assets that are in 'Condition 4.'

The 7% increase over four years, commencing 1 July 2015, is proposed to be an ongoing permanent increase with a cumulative gross increase of 31.1%, over the four years ending in 2018/2019, with a net 18.5% increase more than Option A (rate pegging only).

It should be noted that this increase varies depending on the valuation of individual ratepayer properties (as detailed in Council's SRV brochure). The average residential dwelling ratepayer will experience a 28.7% (\$305.35) cumulative increase over the four year period, which results in a net increase of 16.1% (\$171.77) over the four years, after allowing for the 12.6% (\$133.58) of Option A (rate pegging only).

This is Council's preferred option.

Option C – Asset Management

This option would be an average annual 12% rate increase for the next 4 years (including an estimated rate pegging increase of around 3%) to maintain services at their current level and provide further money for renewing Council's infrastructure. It would still not be sufficient to undertake all repairs and maintenance needed, but would be enough to renew all assets that are rated as 'Condition 5' and most assets that are in 'Condition 4.'

The 12% increase over four years, commencing 1 July 2015, is proposed to be an ongoing permanent increase with a cumulative gross increase of 57.4% over the four years ending in 2018/2019, with a net 44.8% more than Option A (rate pegging only).

It should be noted that this increase varies depending on the valuation of individual ratepayer properties (as detailed in Council's SRV brochure). The average residential dwelling ratepayer will experience a 64.4% (\$684.96) increase over the four year period, which results in a net increase of 51.8% (\$551.38) over the next four years, after allowing for the 12.6% (\$133.58) of Option A (rate pegging only).

Council has undertaken community consultation on the above three options, gauging their willingness to pay, and the majority response indicated a willingness to pay, but only to the 7% under Option B above.

Therefore the Delivery Plan, Operational Plan, Asset Management Plan, Workforce Plan and the Long Term Financial Plan will not contain details of Option C.

Monitoring

New systems have been developed within Council's financial systems, so that the LTFP, Delivery Plan and Operational Plan can be monitored, tracked and measured.

Improvement in financial position

Council is currently maintaining its minimum Working Capital level of \$3.0 million, which should be higher if the level of Internal Reserves drops.

Any future state would need to take into account the need for Council to maintain a sufficient level of Working Capital and that the minimum should be re-established at \$4.0 million over a period of time.

Achieve/maintain operating surpluses

Council's Operating Result before Capital for the 2014/2015 is predicted to be a loss of \$10.53 million. Any future state would need to take this into account with an aim of this either being a surplus or breaking even. This would mean that Council would then be funding depreciation. With the change in the way depreciation is calculated, Council needs to fund the annual cost of renewals based on the total value of its assets over the useful life of the assets,

which is the equivalent of straight line depreciation. In doing this Council would therefore be able to afford renewal of assets as and when they fall due for renewal.

Fair/equitable rating structure

The future state for the LTFP would include a fair and equitable rating structure, where the current 70/30 split of Ordinary Rates between Residential and Business would continue. It would take into account, where appropriate either Special Rates or Special Charges for general services that are more closely aligned to a User Pays basis.

An Infrastructure Renewal Special Rates has been modelled for Option B and 3, so that the additional funds are externally restricted and only used for the purpose for which they are raised, being Infrastructure Renewals.

As an example the Council could also consider a Special Charge or Rate for the amount that is paid to the State Government for the Emergency Services, so that rate payers are clear about what is collected on behalf of the State Government. The State Government has been reviewing how this is to be funded, but, as yet, not made a determination about how they should be levied.

Maintain/improve service levels

The future state for the LTFP would take into account different options that would firstly look to maintain the current service levels and also improve service levels that are agreed to by the community, for which they are prepared to pay.

Reliance on debt

The future state of the LTFP will only rely on debt for renewal of infrastructure where both the intergenerational question of payment for infrastructure is answered on an asset category by asset category and taking into account any dedicated income streams that can be earmarked for repayment of debt.

Debt will only be used for what would be considered one-off lumpy costs, such as the major renewal of a building. It could also be used for large major one-off infrastructure projects, such as the realignment of Parkes Street, Devlin Street and Blaxland Road.

Debt will also be considered in the purchase of income generating assets.

Debt will not be used for Infrastructure renewals, which should be funded on an annual basis.

Increase funding of asset renewal

The future state of the LTFP will look at funding higher levels of asset renewal, which will allow Council to address the infrastructure renewal backlog and also undertake the required annual amount of infrastructure renewal.

This higher level of maintenance has been included in Option B and C.

Full cost recovery on services

The future state of the LTFP will also show the full cost recovery of all services, then depending on Council's policy for setting of the fees for certain services, Council will be able to disclose and report on the true level of Community Service Obligation that is inherent in the fee that is set for a particular service.

Appendices

LTFP Financial Models

Background

The LTFP is based on the Community Strategic Plan and the Outcome Framework, which includes Outcomes, Goals and Strategies, plus also Programs, SubPrograms and Accountabilities. Projects are detailed for the four year period to 2017/2018 and asset renewal and expansion beyond that to the end of the 10 year period, ending in 2023/2024.

The actual financial position for 2014/2015 will be used as the base year and recorded in the LTFP. The model will be populated with the budget information from the Delivery and Operational Plans for years 2014-2018. Future years are projected, taking into account various inflationary factors including adjustments for CPI for a number of indexes, including a wages index and the key future asset requirements identified by Council.

The options of the LTFP are:

Option A (Current State) – current spending pattern (Base Case)

This option takes into account no rate increases for the next 4 years other than the CPI, which currently is around 3%. This would mean no more investment in local infrastructure or facilities and would therefore lead to a reduction in service levels and possible cuts in services.

Rate pegging is an ongoing, permanent increase in rates and over the four years of the proposed SRV period, ending in 2018/2019, the cumulative estimated rate pegging amount will be 12.6% (\$133.58).

Option B – Address annual renewal and maintenance funding gap

This option would be an average annual 7% rate increase for the next 4 years (including an estimated rate pegging increase of around 3%) to maintain services at their current level, and provide additional money for renewing Council's infrastructure. It would not be sufficient to undertake all repairs and maintenance needed, but would be enough to renew all assets that are rated as 'Condition 5' and some assets that are in 'Condition 4'.

The 7% increase over four years, commencing 1 July 2015, is proposed to be an ongoing permanent increase with a cumulative gross increase of 31.1%, over the four years ending in 2018/2019, with a net 18.5% increase more than Option A (rate pegging only).

It should be noted that this increase varies depending on the valuation of individual ratepayer properties (as detailed in Council's SRV brochure). The average residential dwelling ratepayer will experience a 28.7% (\$305.35) cumulative increase over the four year period, which results in a

net increase of 16.1% (\$171.77) over the four years, after allowing for the 12.6% (\$133.58) of Option A (rate pegging only).

This is Council's preferred option.

Option C – Asset Management

This option would be an average annual 12% rate increase for the next 4 years (including an estimated rate pegging increase of around 3%) to maintain services at their current level and provide further money for renewing Council's infrastructure. It would still not be sufficient to undertake all repairs and maintenance needed, but would be enough to renew all assets that are rated as 'Condition 5' and most assets that are in 'Condition 4'.

It should be noted that the detail for Option 3 has not been included, as it did not gain support from the Community during the community consultation on a Special Rating Variation.

The 12% increase over four years, commencing 1 July 2015, is proposed to be an ongoing permanent increase with a cumulative gross increase of 57.4% over the four years ending in 2018/2019, with a net 44.8% more than Option A (rate pegging only).

It should be noted that this increase varies depending on the valuation of individual ratepayer properties (as detailed in Council's SRV brochure). The average residential dwelling ratepayer will experience a 64.4% (\$684.96) increase over the four year period, which results in a net increase of 51.8% (\$551.38) over the next four years, after allowing for the 12.6% (\$133.58) of Option A (rate pegging only).

The Asset Management Plan, the Workforce Plan, the Community Strategic Plan, the Delivery Plan, the Operational Plan and this Long Term Financial Plan will all be reviewed by Council following the elections in September 2016.

The Current State (Base Case) can best be described as "what council does now", rather than what it can afford, as some of the spending patterns, if adhered to, will see Council's level of available funds, both in Reserves and Working Capital, deplete until Council may be considered financially unsustainable.

Some of the projects put forward in the next four years in the delivery plan, will not be able to be funded from the source of funds proposed.

Option A

(Current State) - Current Spending Pattern (Base Case - rate pegging only)

The first year of the Current State is taken from the Delivery Plan and Operational Plan. The 2014/2015 year is then used as a basis to extrapolate the next nine years using the assumed indices outlined below.

The Current State assumes that services levels will not alter significantly over the next 10 years and that Council can contain expenditure within the assumed parameters.

Assumptions - Option A (Current State)

The following assumptions have been used in the preparation of the financial expenditure and revenue figures for the Current State, based on the original budget for 2013/2014 as the starting point, indexed and additional adjustments made, depending on budget bids and other factors known.

Rates and Annual Charges Revenue

Rates pegging depends upon political policy but has been loosely correlated with the CPI from the previous year over the last 10 years. Council has used the approved State increase of 2.30 percent for 2014/2015, 3.00 percent for 2015/2016 to 2018/2019 and a conservative 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	2.30
2 - 15/16 to 5 - 18/19	3.00
6 - 19/20 to 10 - 23/24	2.60

Domestic Waste Charges

Council has estimated an increase of 5.00 percent for 2014/2015, 15.00 percent for 2015/2016 and 5.00 percent increase per year thereafter.

Year	% increase
1 - 14/15	5.00
2 - 15/16	15.00
3 - 16/17 to 10 - 23/24	5.00

Macquarie Park Special Rate

Council has estimated an increase of 2.30 percent for 2014/2015, and a conservative 2.60 percent increase per year thereafter.

Any funds not utilised for works in that area are transferred to a reserve and held there until used for that specific purpose.

Year	% increase
1 - 14/15	2.30
2 - 19/20 to 10 - 23/24	2.60

User fees and charges

Council has estimated an increase of 3.80 percent for 2014/2015, 3.00 percent for 2015/2016 and a conservative 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	3.80
2 - 15/16	3.00
3 - 16/17 to 10 - 23/24	2.60

Investment Income

The return on the investments of Council is based on maintaining the approximately the same level of investments. It is based on the original budget for investment income in 2013/14. Better metrics around the amount of investment income generated, will be modelled in future iterations of the LTFP. For now the following CPI index has been used.

Year	% increase
1 - 14/15	3.00
2 - 15/16	3.00
3 - 16/17 to 10 - 23/24	2.60

Operating Grants & Contributions

The operating grants and contributions are based on the known recurring grants that Council receives each year for items under the Base Budget. Funding from Non-Capital Projects has only been included for the duration of the project.

Year	\$'000
1 - 14/15	6,563
2 - 15/16	6,757
3 - 16/17	6,933
4 - 17/18	7,143
5 - 18/19	7,329
6 - 19/20	7,519
7 - 20/21	7,715
8 - 21/22	7,915
9 - 22/23	8,121
10 - 23/24	8,332

Other Revenues

Council has estimated an increase of 3.0 percent for 2014/2015 and a targeted 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	3.00
2 - 16/17 to 10 - 23/24	2.60

Capital Contributions

Capital contributions have only been included where they are known or certain. Section 94 contributions have not been budgeted, as Council now only brings them to account when received. Projected works for the first year in the operational plan only include expenditure to the equivalent of the funds received to date and on hand.

No increase in capital contributions has been allowed in the LTFP. The following are the known amounts of contributions for the capital works that have been allowed in the delivery plan.

Year	\$'000
1 - 14/15	424
2 - 15/16	884
3 - 16/17	474
4 - 17/18	474
5 - 18/19	469
6 - 19/20	482
7 - 20/21	494
8 - 21/22	507
9 - 22/23	520
10 - 23/24	534

Employee costs

Council has used the negotiated Award change, 3.25% for 2014/2015 and estimated an increase of 2.60 percent per year from 2015/16 onwards.

Year	% increase
1 - 14/15	3.25
4 - 15/16 to 10 - 23/24	2.60

Council budgets only the approved Budgeted FTE each year, so if positions are taken out or added they are included in the first year only, and then their costs are continued with indexing.

Where future changes as described in the Workforce Plan (WFP) are known, these are included in the appropriate year of the LTFP.

Material and Contracts

Council has estimated an increase of 3.00 percent per year for 2014/2015 and 2013/14 and a conservative 2.60 percent increase per year thereafter.

The increase is no higher than the CPI index, as Council needs to find productivity gains from the resources consumed by Council, as a significant proportion of expenditure related to construction and oil-based products such as the bitumen used in sheeting roads.

Council cannot continue to allow costs such as these to continue to spiral out of control, and has to limit their increase, which may result in a reduction of the level of service provided by Council.

Year	% increase
1 - 14/15	3.00
4 - 15/16 to 10 - 23/24	2.60

Contractors - Concrete Works and External Roadworks

Council has estimated an increase of 6.00 percent per year for 2014/2015 and 2013/14 and a conservative 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	6.00
4 - 15/16 to 10 - 23/24	2.60

Borrowing Costs

The outstanding loans as at 30 June 2014 are projected to be:

Loan	Amount	Term	Rate	Amount outstanding 30 June 14
Tunnel variable	\$6,825,903	15 years	6.20%	\$3,904,838
Children's Play Equipment - Phase 1	\$1,500,000	10 years		\$1,500,000
Surf Attraction	\$1,200,000	7 years		\$1,200,000

The interest payable based on the commitments for the current outstanding loans will be:

Year	\$'000
1 - 14/15	203
2 - 15/16	175
3 - 16/17	152
4 - 17/18	124
5 - 18/19	91
6 - 19/20	61
7 - 20/21	43
8 - 21/22	28
9 - 22/23	18
10 - 23/24	8

Depreciation

Depreciation is charged on a condition basis, using five straight-lines, calculated by multiplying the cost of the assets within each condition rating by the depreciation for that condition rating. The depreciation rate is based upon the loss of useful life of the asset, during the period that it remains within that condition rating.

The cost is based on the current depreciable asset or deemed value balance projected forward by capital spending (including future CAPEX from four year delivery plan and one year operational plan forecasts) and assumed disposals.

The useful lives, over which assets are depreciated, for the major asset groups are:

Asset Category	Useful life (years)					Total
	1	2	3	4	5	
Buildings - Specialised/Non Specialised	10	60	20	5 - 10	1 - 5	96 - 100
Draining assets	5 - 20	15 - 130	10 - 40	5 - 15	5 - 10	40 - 200
Land Improvements	5	5	5	5	5	25
Other assets	1 - 5	1 - 25	1 - 10	1 - 5	1 - 5	5 - 50
Other structures	5 - 20	5 - 80	2 - 40	3 - 15	5	20 - 150
Plant and equipment						2 - 20
Road assets - roads, bridges and footpaths	5 - 20	2 - 130	2 - 50	3 - 20	5 - 20	17 - 200

Asset Category	Depreciation (%)					Total
	1	2	3	4	5	
Buildings - Specialised/Non Specialised	0.50%	0.83%	1.25%	1.50 - 3.00%		0.50 - 3.00%
Draining assets	0.25 - 1.00%	0.38 - 1.67%	0.63 - 3.00%	1.00 - 7.00%		0.25 - 7.00%
Land Improvements	1.0%	9.00%	5.00%	3.00%	2.0%	1.00 - 9.00%
Other assets	1.00 - 5.00%	1.40 - 20.00%	2.00 - 30.00%	7.00 - 50.00%		1.00 - 50.00%
Other structures	0.25 - 1.00%	0.63 - 2.00%	0.63 - 5.00%	1.00 - 23.33%		0.25 - 23.33%
Plant and equipment						5.0 - 20.00%
Road assets - roads, bridges and footpaths	0.25 - 1.67%	0.38 - 5.00%	0.50 - 5.00%	0.75 - 23.33%		0.25 - 23.33%

The depreciation levels for the 2014/2015 to 2017/2018 are based on the Draft Delivery and Operational Plans.

Depreciation has been estimated in 2014/2015 at \$15.08 million rising to \$21.07 million in 2023/2024. This is down from the 2013/2014 budgeted amount of \$21.20 million.

When the Asset Management Plans are fully developed are more accurate depreciation forecast will be undertaken.

Year	\$'000
1 - 14/15	15,088
2 - 15/16	15,758
3 - 16/17	16,161
4 - 17/18	16,849
5 - 18/19	17,360
6 - 19/20	18,219
7 - 20/21	18,677
8 - 21/22	19,587
9 - 22/23	20,093
10 - 23/24	21,076

Insurance

Council has estimated an increase of 4.00 percent for 2014/2015, and a conservative 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	4.00
2 - 15/16 to 10 - 23/24	2.60

IT Licensing Costs

Council has estimated an increase of 4.00 percent for 2014/2015, and a conservative 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	4.00
2 - 15/16 to 10 - 23/24	2.60

Electricity

Council has estimated an increase of 8.00 percent for 2014/2015, 5.00 percent for 2015/16 and a rolling percentage each year, with a sharp increase every four years of 8.00 percent in the year that Council comes off the latest contract.

Year	\$'000
1 - 14/15	8.00
2 - 15/16	5.00
3 - 16/17	3.00
4 - 17/18	5.00
5 - 18/19	8.00
6 - 19/20	5.00
7 - 20/21	3.00
8 - 21/22	5.00
9 - 22/23	8.00
10 - 23/24	5.00

Street Lighting

Council has estimated an increase of 8.00 percent for 2014/2015, 5.00 percent for 2015/16 and a rolling percentage each year, with a sharp increase every four years of 8.00 percent in the year that Council comes off the latest contract.

Year	\$'000
1 - 14/15	8.00
2 - 15/16	5.00
3 - 16/17	3.00
4 - 17/18	5.00
5 - 18/19	8.00
6 - 19/20	5.00
7 - 20/21	3.00
8 - 21/22	5.00
9 - 22/23	8.00
10 - 23/24	5.00

Telecommunications

Council has estimated an increase of 2.60 percent for 2014/2015, 2.60 percent for 2015/16 and a rolling percentage each year, with a sharp increase every three years of 15.00 percent in the year that Council comes off the latest contract.

Year	\$'000
1 - 14/15	2.60
2 - 15/16	2.60
3 - 16/17	15.00
4 - 17/18	2.60
5 - 18/19	2.60
6 - 19/20	15.00
7 - 20/21	2.60
8 - 21/22	2.60
9 - 22/23	2.60
10 - 23/24	2.60

Waste Development Tax

Council has estimated an increase of the rate for the Waste Development tax as \$10 plus CPI over the previous year's rate.

Year	Rate \$	% increase
1 - 14/15	122.10	12.53
2 - 15/16	135.50	10.97
3 - 16/17	149.30	10.18
4 - 17/18	163.40	9.44
5 - 18/19	177.90	8.87
6 - 19/20	192.80	8.38
7 - 20/21	208.10	7.94
8 - 21/22	223.80	7.54
9 - 22/23	239.90	7.19
10 - 23/24	256.40	6.88

Other Costs

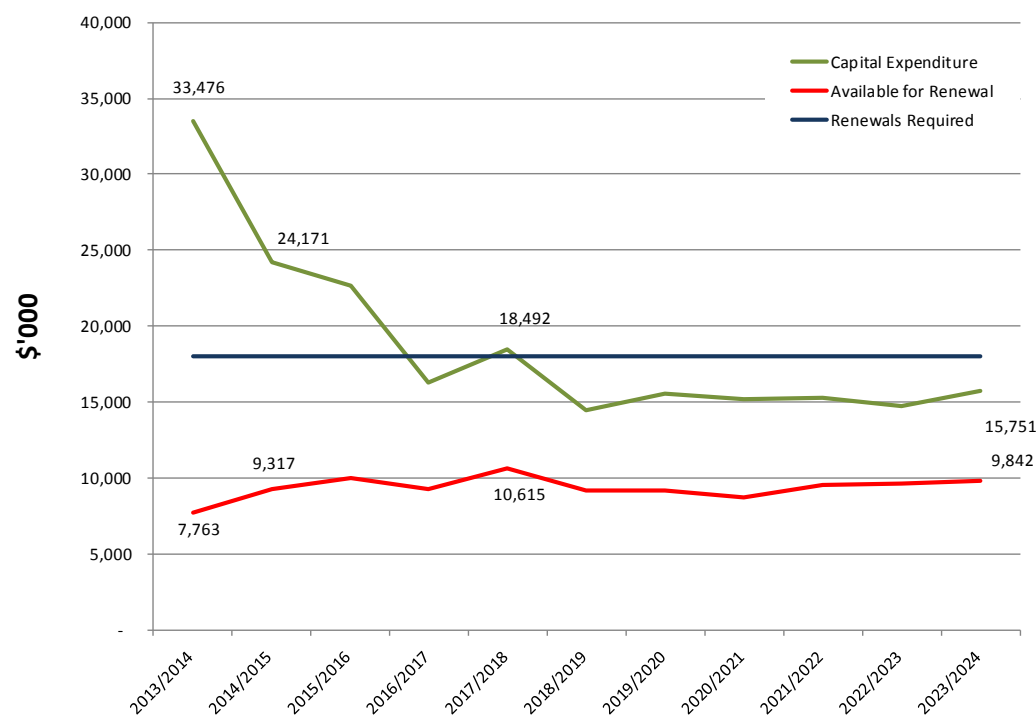
Council has estimated an increase of 3.00 percent for 2014/2015 and a conservative 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	3.00
4 - 15/16 to 10 - 23/24	2.60

Capital Works Program

The capital expenditure estimated in the Current State has been projected from the budget bids for the 2014/2018 Delivery Plan. The Infrastructure and Building Renewals expenditure is approximately \$7.69 million per year and Other Renewals, Expansion or New Works is \$9.56 million per year (due to funding sources), giving a total of \$17.25 million per year, on average over the next 10 years.

Graph 2: Council Capital Expenditure - Current State (rate pegging only)



Reserves

The LTFP forecasts the level of the reserves held by Council, by the reserve itself and grouped into Internal and External Reserves. The detail use of each of the reserves is shown in the annexures.

What this shows is that on the present rate of spending on operating and capital works the level of internally restricted reserves will diminish from \$21.46 million as at 30 June 2015 to only \$3.65 million as at 30 June 2022, with some reserves being overspent and funded from other reserves as internal loans.

Externally restricted reserves will grow over that same period from \$17.39 million as at 30 June 2015 to \$21.56 million as at 30 June 2022, most of which will belong to the Macquarie Park Special Rate, as the full scope of works under that special rate have not yet been determined, so the funds are projected to be put aside until the exact works are identified and agreed to.

The following are the impacts on the individual reserves in the LTFP:

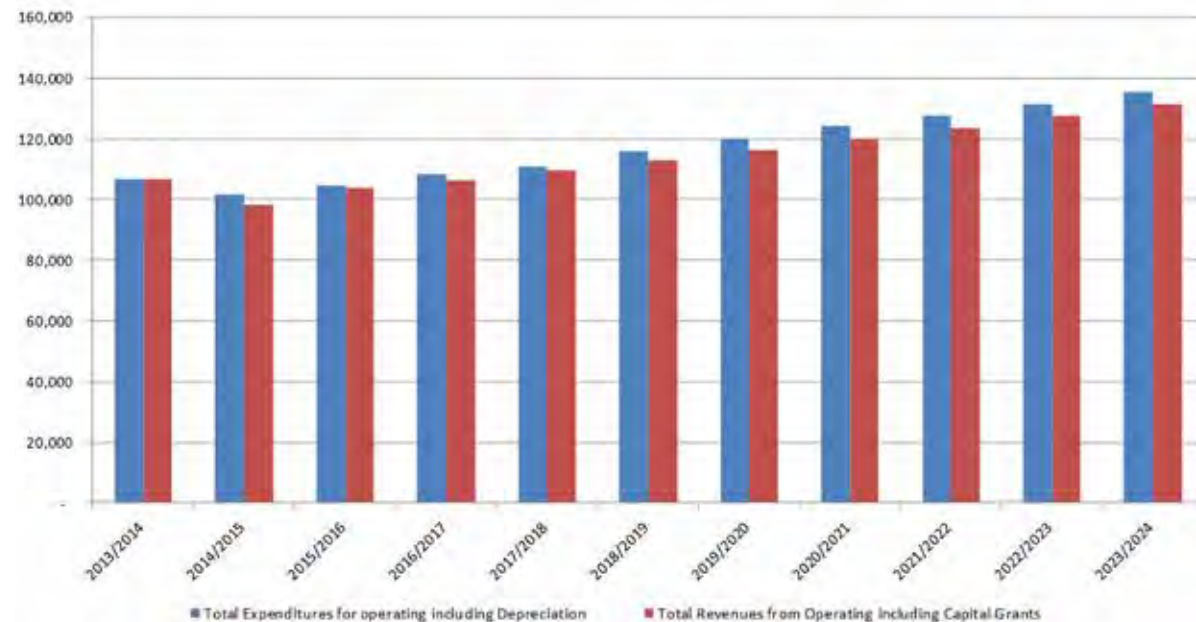
- Macquarie Park Corridor Special Rate - at the present level of expenditure and the forecast increase in the rate, this reserve is forecast to increase over the next 10 years. This is mainly due to the exact works that are to be done from that source of funds are not fully known and the funds will be put aside until the works are known and agreed to

- Stormwater Management Charge - at the present level of expenditure is forecast to become overdrawn, which is due to other Stormwater works only being funded to 11% out of Section 94 reserve
- Unexpended Grants - these are funds that have been received and have not been fully expended, this will reduce over time as the funds are used or returned to the funding body.

Financial Impact - Option A (Current State)

The financial impact of the Current State is that Council's operating expenditure exceeds the operational revenue it is receiving in all years of this LTFP.

Graph 3: Revenue & Expenditure - Option A (Current State)

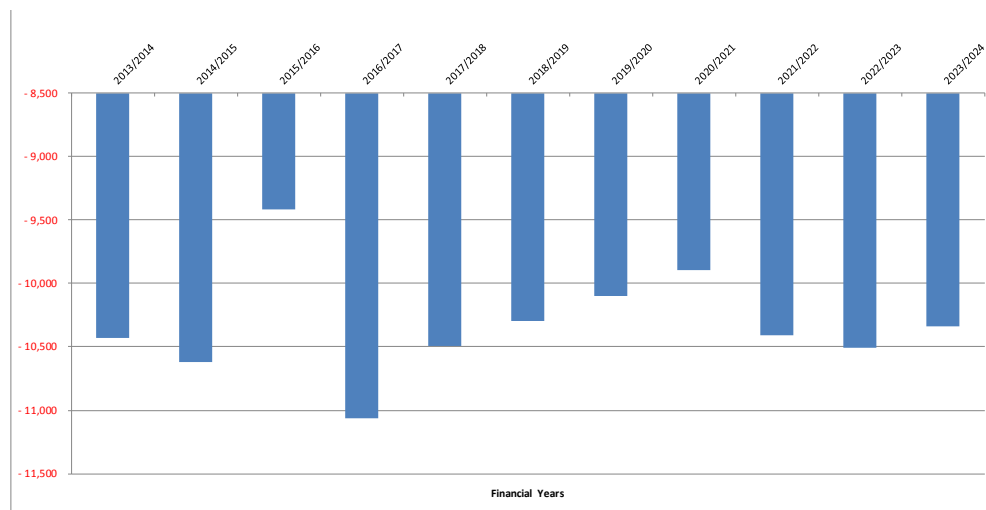


The graph highlights the operational revenue is not sufficient to meet the operational expenditure. Over time a growing income gap results from the increasing annual deficit due to the level of additional expenditure exceeding any additional income.

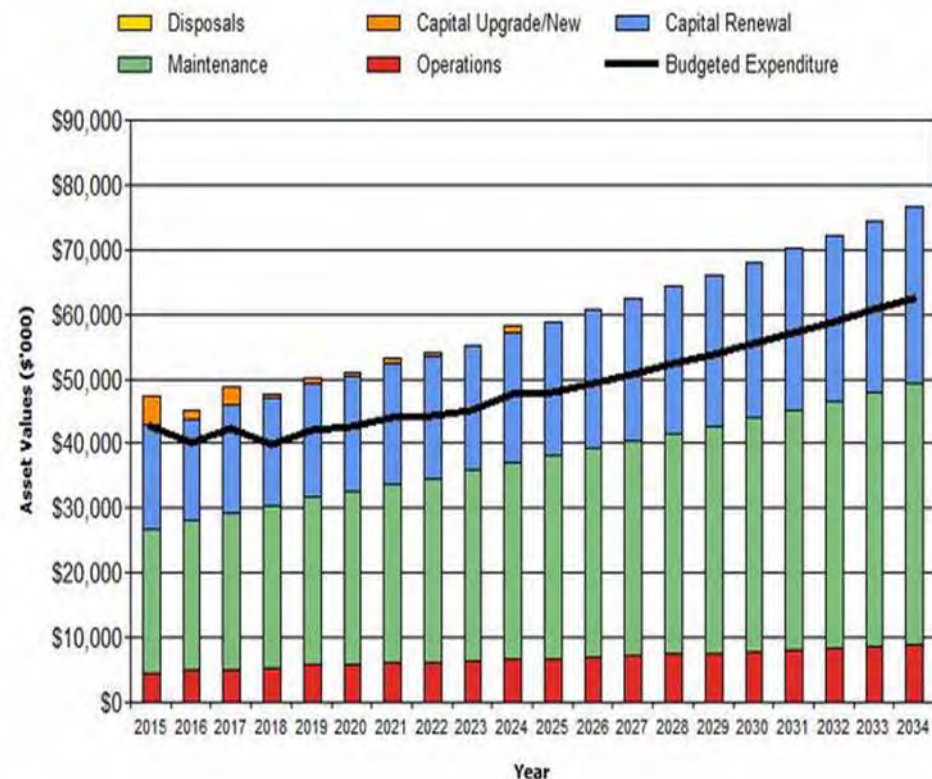
Capital is funded from capital grants and contributions as well as some of the depreciation collected through the operating budget. The funding is slightly greater than the estimated capital expenditure on operational, renewal and new work capital projects.

Overall, the Council is faced with an income gap with both operational and capital expenditure exceeding the revenue available.

Graph 4: Income Gap - Current State



Graph 5: Income Gap - Current State (rate pegging only)



To be sustainable Council will need to fund this deficit but because of the growing income gap.

In addition to this deterioration of its financial position, if the current underspending on existing infrastructure assets continues, as modelled in the Current State (Base Case); Council's ability to continue to offer services (such as roads and drainage) will diminish to the extent that services will be required to be reviewed and consideration of the level of service that can be provided in the future may have to be reduced.

This clearly demonstrates that Council will be expending beyond its means if substantial changes do not occur.

The financial statements are attached – Financial Statements – Current State (Base Case).

Sensitivity on Option A (Current State)

Sensitivity analysis has not been done on the Current State, as this will be factored in once the Asset Management Plan and Workforce Plan are completed. These will be reviewed by the new Council following the Council elections in September 2016, by which time better detailed modelling; including sensitivity modelling will be available.

Known areas of concern are:

- Wages and salaries. This will be addressed through the Workforce Plan and therefore will need to flow into the LTFFP
- Materials and contracts. As Council has a limited resource pool, shifts in this will impact the level of service that can be delivered within the budget available.

Financial Reports

On the following pages are the financial reports for the LTFFP – Base Case, including a dissection of the Operating Result by Fund.

The following funds are shown:

- General Revenue. This relates to User Charges, Fees and Rates that are not tied to a specific need, such as Special Rates, or a self-funded business activity of Council
- Commercial Waste. This is separated to show the profitability of this business activity. Surplus funds from this are used towards General Revenue Projects
- Domestic Waste. This is externally restricted in accordance with the Local Government Act, and profit is held within the Externally Restricted Reserves and cannot be used for any other purpose without Ministerial Approval
- Home Modification. This is externally grant funded, and any surplus funds are held in an unexpended grants reserve, specifically for this purpose
- Investment Property. This is a business activity of Council. Surplus funds can be used towards General Revenue Projects
- Plant Fund. This is internally restricted to ensure that a surplus is generated to replace Council's Plant and Fleet when they come due for replacement. This had been supplemented from General Revenue with a transfer to the Reserve, but this has since been removed and the Internal Plant Hire rates adjusted accordingly
- RALC. This is the Ryde Aquatic Leisure Centre and any surplus is restricted to be used for the purpose of Asset Renewal at the Ryde Aquatic Leisure Centre.

In Option B, externally restricted operational rates, charges and contributions are also isolated from General Revenue, to ensure that amount that shows as available for Capital, is truly reflective of the actual cash position of General Revenue.

This covers rates, charges and contributions, such as the Macquarie Park Special Rate, the Stormwater Management Charge.

Long Term Financial Plan Consolidated		2014/2015 to 2023/2024 Base Scenario - Current State										
Council of the City of Ryde		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT												
REVENUE FROM CONTINUING OPERATIONS												
Rates and annual charges		63,367	66,100	69,921	72,191	74,542	76,978	79,503	82,119	84,830	87,641	90,566
User charges and fees		13,523	14,825	15,211	15,606	16,012	16,429	16,856	17,294	17,744	18,205	18,678
Interest and investment revenue		3,820	3,347	3,434	3,523	3,615	3,709	3,805	3,904	4,006	4,110	4,217
Other revenues		7,651	7,061	7,329	7,550	7,776	7,978	8,186	8,399	8,617	8,841	9,071
Grants & contributions - Operating		6,089	6,563	6,757	6,933	7,143	7,329	7,519	7,715	7,915	8,121	8,332
Grants & contributions - Capital		12,206	424	884	474	474	469	482	494	507	520	534
In-Kind Contributions - Capital (non-cash)												
Net gain from the disposal of assets												
Net share of interests in joint ventures & associates using equity method												
TOTAL INCOME FROM CONTINUING OPERATIONS		106,657	98,321	103,536	106,277	109,562	112,892	116,350	119,924	123,619	127,438	131,387
EXPENSES FROM CONTINUING OPERATIONS												
Employee benefits and on-costs		39,077	42,666	43,478	45,499	46,492	49,816	51,111	52,440	53,803	55,202	56,637
Borrowing costs		190	234	236	202	178	142	108	82	60	41	21
Materials and contracts		29,576	26,634	26,817	27,319	26,939	27,140	27,845	29,220	29,312	30,074	30,857
Depreciation and amortisation		21,244	15,088	15,785	16,161	16,849	17,360	18,219	18,677	19,587	20,093	21,076
Impairment												
Other expenses		16,400	17,224	18,128	19,320	20,252	21,291	22,700	23,670	24,730	25,921	27,050
Interest and Investment losses												
Net loss from the disposal of assets												
Net share of interests in joint ventures & associates using equity method												
TOTAL EXPENSES FROM CONTINUING OPERATIONS		106,487	101,845	104,444	108,501	110,710	115,749	119,983	124,088	127,492	131,332	135,641
OPERATING RESULT FROM CONTINUING OPERATIONS												
		170	-3,525	-908	-2,224	-1,149	-2,857	-3,633	-4,164	-3,873	-3,893	-4,254
OPERATIONS												
NET OPERATING RESULT FOR THE YEAR												
		170	-3,525	-908	-2,224	-1,149	-2,857	-3,633	-4,164	-3,873	-3,893	-4,254
Attributable to:												
Council		170	-3,525	-908	-2,224	-1,149	-2,857	-3,633	-4,164	-3,873	-3,893	-4,254
Minority interests												
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS												
		-12,036	-3,948	-1,792	-2,698	-1,622	-3,326	-4,114	-4,658	-4,380	-4,414	-4,787
"Cash" generated towards capital works												
		9,208	11,140	13,993	13,463	15,227	14,034	14,104	14,019	15,207	15,679	16,289

Long Term Financial Plan Consolidated

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde

	Forecast 2013/2014	Forecast 2014/2015	Forecast 2015/2016	Forecast 2016/2017	Forecast 2017/2018	Forecast 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS	<i>Opening</i>										
Cash and cash equivalents	15,805	14,858	12,974	11,791	11,539	11,268	11,474	11,699	11,997	12,492	13,183
Investments	46,450	43,668	38,130	34,654	33,912	33,117	33,721	34,383	35,261	36,713	38,745
Receivables	5,708	6,102	6,239	6,329	6,299	6,257	6,205	6,145	6,078	6,002	5,918
Inventories	196	196	196	196	196	196	196	196	196	196	196
Other	830	830	830	830	830	830	830	830	830	830	830
Non-current assets classified as held for sale	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620
TOTAL CURRENT ASSETS	71,609	68,274	60,990	56,421	55,397	54,289	55,046	55,874	56,983	58,854	61,492
NON-CURRENT ASSETS											
Investments	29,622	27,848	24,316	22,100	21,626	21,119	21,504	21,927	22,486	23,413	24,708
Receivables	1,004	1,073	1,097	1,113	1,108	1,101	1,091	1,081	1,069	1,056	1,041
Inventories											
Infrastructure, property, plant and equipment	1,912,142	1,922,330	1,930,488	1,936,274	1,935,487	1,936,130	1,932,177	1,928,467	1,923,904	1,918,466	1,911,990
Investments accounted for using equity method											
Investment property											
Intangible assets											
Other											
TOTAL NON CURRENT ASSETS	1,942,768	1,951,251	1,955,902	1,959,487	1,958,221	1,958,349	1,954,773	1,951,475	1,947,459	1,942,935	1,937,740
TOTAL ASSETS	2,014,377	2,019,525	2,016,892	2,015,908	2,013,618	2,012,638	2,009,819	2,007,349	2,004,442	2,001,789	1,996,436
CURRENT LIABILITIES											
Payables	15,265	17,403	16,826	16,858	16,891	17,176	17,304	17,935	18,656	19,128	19,703
Borrowings	527	885	978	1,009	1,046	1,086	490	513	328	343	358
Provisions	10,032	10,032	10,813	11,667	12,536	13,446	14,376	15,372	16,395	17,443	18,520
TOTAL CURRENT LIABILITIES	25,824	28,320	28,617	29,534	30,473	31,709	32,170	33,821	35,379	36,914	40,010
NON-CURRENT LIABILITIES											
Payables											
Borrowings	2,895	4,747	5,269	4,260	3,214	2,127	1,637	1,124	796	453	94
Provisions		782	853	870	910	930	996	1,022	1,049	1,076	1,104
TOTAL NON-CURRENT LIABILITIES	2,895	5,528	6,122	5,129	4,124	3,057	2,634	2,146	1,844	1,529	1,198
TOTAL LIABILITIES	28,719	33,848	34,739	34,663	34,597	34,766	34,804	35,967	37,223	38,443	41,238
NET ASSETS	1,985,658	1,985,677	1,982,153	1,981,244	1,979,020	1,977,872	1,975,015	1,971,383	1,967,219	1,963,346	1,955,199
EQUITY											
Retained earnings	1,725,150	1,725,170	1,721,645	1,720,737	1,718,513	1,717,364	1,714,508	1,710,875	1,706,711	1,702,838	1,698,945
Revaluation Reserves	260,507	260,507	260,507	260,507	260,507	260,507	260,507	260,507	260,507	260,507	260,507
Council equity interest	1,985,658	1,985,677	1,982,153	1,981,244	1,979,020	1,977,872	1,975,015	1,971,383	1,967,219	1,963,346	1,959,453
Minority equity interests											
TOTAL EQUITY	1,985,658	1,985,677	1,982,153	1,981,244	1,979,020	1,977,872	1,975,015	1,971,383	1,967,219	1,963,346	1,955,199

Long Term Financial Plan Consolidated

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL INDICATORS											
Unrestricted Current Ratio	3.56	3.57	3.56	3.59	3.63	3.88	3.80	3.71	3.77	3.77	3.90
Debt Service Ratio	0.94%	1.23%	1.27%	1.23%	1.20%	1.17%	0.55%	0.53%	0.34%	0.32%	0.31%
Rates & Annual Charges Coverage Ratio	72.09%	82.31%	82.22%	82.61%	82.65%	82.74%	82.82%	82.90%	82.98%	83.06%	83.14%
Buildings and infrastructure renewals ratio	45.04%	56.58%	64.44%	51.25%	54.26%	54.34%	53.87%	54.01%	49.19%	47.50%	46.75%
Operating Surplus Ratio (as per AIFMG Manual)	-12.74%	-4.03%	-1.75%	-2.55%	-1.49%	-2.96%	-3.55%	-3.90%	-3.56%	-3.48%	-3.66%
Operating Income (as per AIFMG Manual)	94,451	97,897	102,652	105,803	109,088	112,423	115,868	119,430	123,112	126,918	130,854
Operating Expenses (as per AIFMG Manual)	106,487	101,845	104,444	108,501	110,710	115,749	119,983	124,088	127,492	131,332	135,641
Operating surplus / deficit	-12,036	-3,948	-1,792	-2,698	-1,622	-3,326	-4,114	-4,658	-4,380	-4,414	-4,787
Net Financial liabilities	-52,525	-40,681	-33,881	-32,480	-30,738	-31,895	-32,042	-32,521	-34,175	-36,856	-39,205
Net Financial Liabilities Ratio	-55.61%	-41.55%	-33.01%	-30.70%	-28.18%	-28.37%	-27.65%	-27.23%	-27.76%	-29.04%	-29.96%

Long Term Financial Plan Consolidated

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH AND INVESTMENT SPLIT	Opening										
Cash and cash equivalents	15,805	14,858	12,974	11,791	11,539	11,268	11,474	11,699	11,997	12,492	13,183
Investments	46,450	43,668	38,130	34,654	33,912	33,117	33,721	34,383	35,261	36,713	40,669
Investments - NC	29,622	27,848	24,316	22,100	21,626	21,119	21,504	21,927	22,486	23,413	25,935
TOTAL CASH AND INVESTMENT SPLIT	91,876	86,373	75,420	68,545	67,077	65,504	66,699	68,009	69,744	72,618	80,442
TOTAL CASH AND RECEIVABLES	93,548	82,757	75,987	74,484	72,862	73,995	75,236	76,891	79,676	83,595	87,291
FORECASTED CASH											
Opening Balance	91,876	86,373	75,420	68,545	67,077	65,504	66,699	68,009	69,744	72,618	76,636
Add Revenue	106,657	98,321	103,536	106,277	109,562	112,892	116,350	119,924	123,619	127,438	131,387
Less Expenses	-106,487	-101,845	-104,444	-108,501	-110,710	-115,749	-119,983	-124,088	-127,492	-131,332	-135,641
CURRENT ASSETS											
Receivables	-394	-137	-90	29	43	52	60	67	76	84	94
Inventories											
Other											
Non-current assets classified as held for sale											
NON-CURRENT ASSETS											
Receivables	-69	-24	-16	5	8	9	10	12	13	15	16
Inventories											
Investments accounted for using equity method											
Investment property											
Intangible assets											
Rounding	0										
Rounding reversal											
Other											
Infrastructure, property, plant and equipment											
Capital Expenditure	-33,476	-24,171	-22,646	-16,273	-18,492	-14,433	-15,561	-15,194	-15,258	-14,754	-15,751
In-kind Contributed Assets											
ADD (Non-Cash) - Depreciation	21,244	15,088	15,785	16,161	16,849	17,360	18,219	18,677	19,587	20,093	21,076
ADD Book Value of Assets Disposed	2,044	925	1,075	900	1,000	1,026	1,053	1,080	1,108	1,137	1,167
CURRENT LIABILITIES											
Payables	2,138	-577	32	33	285	128	631	721	472	575	684
Borrowings											
Add New Borrowings	2,700	1,500									
Less: Loan Repayments	-641	-885	-978	-1,009	-1,046	-1,086	-490	-513	-328	-343	-358
Provisions											
Add Changes in provisions	782	853	870	910	930	996	1,022	1,049	1,076	1,104	1,133
NON-CURRENT LIABILITIES											
Borrowings											
CLOSING FORECASTED CASH	86,373	75,420	68,545	67,077	65,504	66,699	68,009	69,744	72,618	76,636	80,442
RESTRICTED CASH											
Total Internally Restricted Reserves	-39,756	-33,388	-31,497	-30,729	-30,520	-31,650	-31,708	-32,627	-32,306	-34,583	-36,135
Total Externally Restricted Reserves	-47,496	-46,078	-37,605	-30,700	-28,463	-24,496	-24,448	-23,116	-23,323	-22,282	-22,466
TOTAL RESTRICTED CASH	-87,252	-79,306	-69,133	-61,537	-59,083	-56,262	-55,211	-55,094	-56,118	-56,844	-60,210
Unrestricted Cash	4,625	7,067	6,287	7,007	7,994	9,242	10,453	12,798	14,650	16,500	20,232
EXTERNALLY RESTRICTED RESERVES SPLIT											
Current	-32,183	-31,222	-25,481	-20,802	-19,286	-16,598	-16,566	-15,663	-15,803	-15,098	-15,564
Non-Current	-15,313	-14,856	-12,124	-9,898	-9,177	-7,898	-7,882	-7,453	-7,520	-7,184	-7,243
Total Externally Restricted Reserves Split	-47,496	-46,078	-37,605	-30,700	-28,463	-24,496	-24,448	-23,116	-23,323	-22,282	-22,466

Long Term Financial Plan Consolidated

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde

Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OTHER CASH RELATED ITEMS										
CAPITAL EXPENDITURE										
Community Life	10,869	4,621	4,571	2,929	2,869	2,245	2,303	2,363	2,424	2,487
Environment & Planning	3,184	3,300	2,539	560	2,000	600	1,368	632	1,441	665
Public Works	15,789	14,536	13,542	11,302	12,092	10,693	10,971	11,256	10,825	10,809
Corporate Services	3,635	1,714	1,995	1,482	1,531	896	919	943	567	793
TOTAL OTHER CASH RELATED ITEMS	33,476	24,171	22,646	16,273	18,492	14,433	15,561	15,194	15,258	14,754
BORROWINGS										
New Borrowings	-2,700	-1,500								
Less: Loan Repayments	641	885	978	1,009	1,046	1,086	490	513	328	343
NET LOAN FUNDS (PAYMENTS/RECEIPTS)	-2,059	-615	978	1,009	1,046	1,086	490	513	328	358
ADVANCES										
New Advances										
Less: Advances Repaid										
NET ADVANCED FUNDS (PAYMENTS/RECEIPTS)										
RESERVES TRANSFER TO/ (FROM)	-7,805	-10,345	-7,672	-2,446	-2,837	10	-413	-114	1,236	2,240
OTHER NON-CASH RELATED ITEMS										
ADD (Non-Cash) - Depreciation	-21,244	-15,088	-15,785	-16,161	-16,849	-17,360	-18,219	-18,677	-19,587	-20,093
ADD (Non-Cash) - ELE Accruals										
ADD (Non-Cash) - Interest on Security Deposits - Accruals										
ADD Book Value of Assets Disposed	-2,044	-925	-1,075	-900	-1,000	-1,026	-1,053	-1,080	-1,108	-1,137
TOTAL OTHER NON-CASH RELATED ITEMS	-23,288	-16,013	-16,860	-17,061	-17,849	-18,386	-19,271	-19,757	-20,695	-21,230

Long Term Financial Plan Consolidated

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde		Forecast 2013/2014	Forecast 2014/2015	Forecast 2015/2016	Forecast 2016/2017	Forecast 2017/2018	Forecast 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
EQUITY - RETAINED EARNINGS	Opening											
Retained earnings	-1,641,301											
Profit & Loss prior year	3,402											
RESERVES BALANCES												
Asset Replacement Reserve	-9,065	-6,906	-7,332	-7,382	-7,974	-9,066	-8,409	-8,727	-8,438	-9,801	-10,421	-11,852
Carryover Works Reserve	-2,767											
Civic Precinct Reserve	-1,258	-649	-649	-649	-649	-649	-649	-649	-649	-649	-649	-649
Council Election Reserve	-346	-466	-586	-661	-196	-311	-426	-541	-6	-191	-376	-561
Domestic Waste Management Reserve	-4,790	-3,382	-946	-516	-524	-732	-1,134	-1,719	-2,526	-3,587	-4,940	-6,620
External Drainage Works Contribution Reserve	-198	-198	-198	-198	-198	-198	-198	-198	-198	-198	-198	-198
Internal Loan Balances	688	2,500	2,268	2,008	1,726	1,414	1,069	703	302	-336	-991	-1,664
Internally Restricted Liabilities Reserves	-11,536	-11,616	-11,616	-11,616	-11,616	-11,616	-11,616	-11,616	-11,616	-11,616	-11,616	-11,616
Investment Property Reserve	-15,640	-15,381	-12,849	-11,637	-10,724	-9,966	-9,863	-9,758	-9,650	-9,539	-9,426	-9,309
Macquarie Park Corridor Special Rate Reserve	-1,818	-641	-425	-491	-1,066	-1,490	-2,952	-4,451	-5,989	-7,568	-9,187	-10,848
Other Internally Restricted Reserves	-6,915	-8,477	-8,469	-8,510	-8,574	-8,638	-8,705	-8,773	-8,843	-8,915	-8,989	-9,064
Other Unexpended Grant Reserves	-4,165	-547	-615	-685	-756	-830	-905	-982	-1,061	-1,142	-1,226	-1,311
Plant Reserve	-2,011	-1,610	-1,375	-1,326	-1,493	-1,766	-2,045	-2,331	-2,625	-2,926	-3,235	-3,552
RALC Reserve	-2,441	-2,379	-2,505	-2,571	-2,637	-2,668	-2,680	-2,551	-2,398	-2,226	-2,050	-1,869
Section 94 Reserves	-22,117	-27,922	-22,871	-17,885	-15,762	-11,949	-10,977	-8,524	-7,373	-4,707	-3,463	-684
Stormwater Management Charge Reserve	-1,401	-1,115	-275	1,348	2,116	2,976	3,990	5,030	6,098	7,193	8,317	9,469
WASIP Grant Reserve	-1,471	-658	-658	-658	-658	-658	-658	-658	-658	-658	-658	-658
TOTAL RESERVES BALANCES	-87,252	-79,446	-69,101	-61,429	-58,984	-56,146	-56,156	-55,743	-55,629	-56,865	-59,105	-60,985
BALANCING OF EQUITY		-1,645,724	-1,652,544	-1,659,308	-1,659,529	-1,661,218	-1,658,352	-1,655,132	-1,651,082	-1,645,973	-1,639,840	-1,633,707
TOTAL EQUITY - RETAINED EARNINGS	-1,725,150	-1,725,170	-1,721,645	-1,720,737	-1,718,513	-1,717,364	-1,714,508	-1,710,875	-1,706,711	-1,702,838	-1,698,945	-1,694,692
		-1,725,150	-1,725,320	-1,721,796	-1,720,887	-1,718,663	-1,717,515	-1,714,658	-1,711,026	-1,706,862	-1,702,989	-1,699,096
			-151	-151	-151	-151	-151	-151	-151	-151	-151	-151
** equals equity balances at report run for current year**												

Long Term Financial Plan Consolidated

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde		Forecast 2013/2014	Forecast 2014/2015	Forecast 2015/2016	Forecast 2016/2017	Forecast 2017/2018	Forecast 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables outstanding amounts %		8.00%	7.75%	7.50%	7.25%	7.00%	6.75%	6.50%	6.25%	6.00%	5.75%	5.50%
Payables increase of Outstanding amounts, i.e. per year * %		25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Provisions increase of Outstanding amounts, i.e. per year * %		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
RECEIVABLES												
Opening		6,712	7,175	7,337	7,442	7,407	7,357	7,296	7,226	7,147	7,058	6,959
New Receivables		82,979	87,489	91,889	94,730	97,697	100,735	103,877	107,127	110,489	113,967	117,566
Total Receivables		89,691	94,665	99,226	102,172	105,105	108,093	111,174	114,354	117,636	121,025	124,525
Amount remaining (@ outstanding amount %)		7,175	7,337	7,442	7,407	7,357	7,296	7,226	7,147	7,058	6,959	6,849
Change in Receivables		463	161	105	-34	-50	-61	-70	-79	-89	-99	-110
Receivables	5,708	6,102	6,239	6,329	6,299	6,257	6,205	6,145	6,078	6,002	5,918	5,824
Receivables - NC	1,004	1,073	1,097	1,113	1,108	1,101	1,091	1,081	1,069	1,056	1,041	1,024
TOTAL RECEIVABLES		6,712	7,175	7,337	7,442	7,407	7,357	7,296	7,226	7,147	7,058	6,959
		6,712										
PAYABLES												
Opening		15,265	17,403	16,826	16,858	16,891	17,176	17,304	17,935	18,656	19,128	19,703
New Payables		54,346	49,901	50,607	50,707	51,814	52,040	54,436	56,688	57,856	59,684	61,844
Total Payables		69,610	67,303	67,432	67,565	68,705	69,216	71,740	74,622	76,512	78,812	81,547
Amount remaining (@ outstanding amount %)		17,403	16,826	16,858	16,891	17,176	17,304	17,935	18,656	19,128	19,703	20,387
Change in Payables		2,138	-577	32	33	285	128	631	721	472	575	684
Payables	15,265	17,403	16,826	16,858	16,891	17,176	17,304	17,935	18,656	19,128	19,703	20,387
Payables - NC			-0	-0	-0	-0	-0	-0	-0	-0	-0	-0
TOTAL PAYABLES		15,265	17,403	16,826	16,858	16,891	17,176	17,304	17,935	18,656	19,128	20,387
		15,265										
PROVISIONS												
Opening		10,032	10,813	11,667	12,536	13,446	14,376	15,372	16,395	17,443	18,520	19,624
Change in Provisions - by %		782	853	870	910	930	996	1,022	1,049	1,076	1,104	1,133
Total Provisions		10,813	11,667	12,536	13,446	14,376	15,372	16,395	17,443	18,520	19,624	20,756
Provisions	10,032	10,813	11,667	12,536	13,446	14,376	15,372	16,395	17,443	18,520	19,624	20,756
Provisions - NC												
TOTAL PROVISIONS		10,032	10,813	11,667	12,536	14,376	15,372	16,395	17,443	18,520	19,624	20,756
		10,032										
BORROWINGS												
Current (next year's repayment)	527	885	978	1,009	1,046	1,086	490	513	328	343	358	
Non-Current	2,895	4,747	5,269	4,260	3,214	2,127	1,637	1,124	796	453	94	94
Add New Borrowings	151	2,700	1,500									
Less: Loan Repayments		-641	-885	-978	-1,009	-1,046	-1,086	-490	-513	-328	-343	-358
TOTAL BORROWINGS		3,573	5,632	6,247	5,269	4,260	3,214	2,127	1,637	1,124	796	94
Buildings and Infrastructure Renewals spending		7,567	7,381	8,584	6,939	7,506	7,701	7,901	8,106	7,593	7,493	7,662
Buildings and Infrastructure Depreciation		16,803	13,044	13,321	13,540	13,834	14,170	14,666	15,010	15,437	15,774	16,389
Annual Underspend		9,235	5,664	4,737	6,601	6,328	6,470	6,765	6,904	7,844	8,281	8,727
Infrastructure Renewal Backlog	55,207	64,442	70,106	74,843	81,443	87,772	94,241	101,007	107,910	115,754	124,035	132,762
		16.7%	8.8%	6.8%	8.8%	7.8%	7.4%	7.2%	6.8%	7.3%	7.2%	7.0%
Cash available from the Base Budget (incl Reserves)		9,208	11,140	13,993	13,463	15,227	14,034	14,104	14,019	15,207	15,679	16,289

Long Term Financial Plan General Revenue

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT											
REVENUE FROM CONTINUING OPERATIONS											
Rates and annual charges	48,320	49,804	51,099	52,428	53,791	55,189	56,624	58,097	59,607	61,157	62,747
User charges and fees	7,138	6,038	6,195	6,356	6,521	6,691	6,865	7,043	7,226	7,414	7,607
Interest and investment revenue	3,820	3,347	3,434	3,523	3,615	3,709	3,805	3,904	4,006	4,110	4,217
Other revenues	7,046	5,988	6,139	6,298	6,462	6,630	6,802	6,979	7,160	7,347	7,538
Grants & contributions - Operating	4,750	5,861	6,036	6,193	6,384	6,550	6,721	6,896	7,075	7,259	7,447
Grants & contributions - Capital	12,206	424	884	474	474	469	482	494	507	520	534
In-Kind Contributions - Capital (non-cash)											
Net gain from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL INCOME FROM CONTINUING OPERATIONS	83,280	71,462	73,787	75,272	77,247	79,239	81,299	83,413	85,582	87,807	90,090
EXPENSES FROM CONTINUING OPERATIONS											
Employee benefits and on-costs	33,129	36,065	36,708	38,552	39,365	42,503	43,609	44,742	45,906	47,099	48,324
Borrowing costs	190	173	183	157	141	114	90	74	60	41	21
Materials and contracts	19,210	14,886	15,109	15,443	14,897	14,784	15,169	16,213	15,968	16,383	16,809
Depreciation and amortisation	18,623	12,216	12,774	13,086	13,624	14,066	14,762	15,146	15,881	16,307	17,102
Impairment											
Other expenses	10,782	10,597	10,928	11,396	11,755	12,208	12,807	13,153	13,572	14,106	14,560
Interest and investment losses											
Net loss from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL EXPENSES FROM CONTINUING OPERATIONS	81,933	73,937	75,701	78,634	79,782	83,677	86,437	89,329	91,386	93,936	96,816
OPERATING RESULT FROM CONTINUING OPERATIONS	1,347	-2,475	-1,914	-3,361	-2,535	-4,438	-5,138	-5,916	-5,805	-6,129	-6,726
OPERATIONS											
NET OPERATING RESULT FOR THE YEAR	1,347	-2,475	-1,914	-3,361	-2,535	-4,438	-5,138	-5,916	-5,805	-6,129	-6,726
Attributable to:											
Council	1,347	-2,475	-1,914	-3,361	-2,535	-4,438	-5,138	-5,916	-5,805	-6,129	-6,726
Minority interests											
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS	-10,860	-2,899	-2,798	-3,835	-3,009	-4,907	-5,619	-6,410	-6,312	-6,649	-7,260
"Cash" generated towards capital works	7,763	9,317	9,976	9,251	10,615	9,159	9,143	8,736	9,570	9,657	9,842

Long Term Financial Plan Commercial Waste

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde

Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT										
REVENUE FROM CONTINUING OPERATIONS										
Rates and annual charges										
User charges and fees	845	1,000	1,026	1,053	1,080	1,108	1,137	1,167	1,197	1,228
Interest and investment revenue										
Other revenues	228	235	241	247	253	260	267	274	281	288
Grants & contributions - Operating										
Grants & contributions - Capital										
In-Kind Contributions - Capital (non-cash)										
Net gain from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL INCOME FROM CONTINUING OPERATIONS	1,072	1,235	1,267	1,300	1,333	1,368	1,404	1,440	1,478	1,516
EXPENSES FROM CONTINUING OPERATIONS										
Employee benefits and on-costs	143	161	165	169	174	178	183	188	193	198
Borrowing costs										
Materials and contracts	291	293	307	320	334	342	351	360	370	379
Depreciation and amortisation										
Impairment										
Other expenses	189	230	255	282	309	337	366	395	425	455
Interest and investment losses										
Net loss from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL EXPENSES FROM CONTINUING OPERATIONS	623	684	728	772	816	857	900	943	987	1,032
OPERATING RESULT FROM CONTINUING OPERATIONS	450	551	539	528	517	511	504	497	491	484
OPERATIONS										
NET OPERATING RESULT FOR THE YEAR	450	551	539	528	517	511	504	497	491	484
Attributable to:										
Council	450	551	539	528	517	511	504	497	491	484
Minority interests										
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS	450	551	539	528	517	511	504	497	491	484
"Cash" generated towards capital works	450	551	539	528	517	511	504	497	491	484

Long Term Financial Plan Domestic Waste

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT											
REVENUE FROM CONTINUING OPERATIONS											
Rates and annual charges	15,047	16,296	18,822	19,763	20,751	21,789	22,878	24,022	25,223	26,484	27,809
User charges and fees											
Interest and investment revenue											
Other revenues	35	32	33	34	35	35	36	37	38	39	40
Grants & contributions - Operating	872	221	226	232	238	244	251	257	264	271	278
Grants & contributions - Capital											
In-Kind Contributions - Capital (non-cash)											
Net gain from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL INCOME FROM CONTINUING OPERATIONS	15,954	16,549	19,081	20,029	21,024	22,069	23,165	24,317	25,526	26,795	28,127
EXPENSES FROM CONTINUING OPERATIONS											
Employee benefits and on-costs	1,252	1,552	1,592	1,634	1,676	1,720	1,764	1,810	1,857	1,905	1,955
Borrowing costs											
Materials and contracts	11,076	12,083	12,397	12,725	13,063	13,403	13,751	14,109	14,476	14,852	15,238
Depreciation and amortisation	17	18	18	19	20	20	21	22	23	23	24
Impairment											
Other expenses	3,822	4,186	4,639	5,113	5,593	6,084	6,598	7,116	7,649	8,196	8,757
Interest and investment losses											
Net loss from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL EXPENSES FROM CONTINUING OPERATIONS	16,167	17,839	18,646	19,491	20,352	21,227	22,134	23,057	24,005	24,977	25,974
OPERATING RESULT FROM CONTINUING OPERATIONS	-213	-1,290	435	539	672	842	1,031	1,260	1,521	1,818	2,153
OPERATIONS											
NET OPERATING RESULT FOR THE YEAR	-213	-1,290	435	539	672	842	1,031	1,260	1,521	1,818	2,153
Attributable to:											
Council	-213	-1,290	435	539	672	842	1,031	1,260	1,521	1,818	2,153
Minority interests											
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS	-213	-1,290	435	539	672	842	1,031	1,260	1,521	1,818	2,153
"Cash" generated towards capital works	-195	-1,272	453	557	692	862	1,052	1,281	1,543	1,841	2,177

Long Term Financial Plan Home Modification

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde

Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

INCOME STATEMENT

REVENUE FROM CONTINUING OPERATIONS

Rates and annual charges										
User charges and fees	78	80	82	84	87	89	91	94	96	99
Interest and investment revenue										
Other revenues										
Grants & contributions - Operating	468	482	494	507	520	534	547	562	576	591
Grants & contributions - Capital										
In-Kind Contributions - Capital (non-cash)										
Net gain from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL INCOME FROM CONTINUING OPERATIONS	545	562	576	591	607	623	639	655	672	690

EXPENSES FROM CONTINUING OPERATIONS

Employee benefits and on-costs	253	211	216	222	228	234	240	246	252	259
Borrowing costs										
Materials and contracts	278	277	284	292	299	307	315	323	332	340
Depreciation and amortisation										
Impairment										
Other expenses	7	6	6	6	6	7	7	7	7	7
Interest and Investment losses										
Net loss from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL EXPENSES FROM CONTINUING OPERATIONS	538	494	507	520	533	547	562	576	591	606

OPERATING RESULT FROM CONTINUING OPERATIONS

OPERATIONS	7	68	70	71	73	75	77	79	81	83
NET OPERATING RESULT FOR THE YEAR	7	68	70	71	73	75	77	79	81	83

Attributable to:

Council										
Minority interests										

NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS

"Cash" generated towards capital works	7	68	70	71	73	75	77	79	81	83
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Long Term Financial Plan Investment Property Portfolio

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde

Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
280	1,299	1,333	1,367	1,403	1,439	1,477	1,515	1,555	1,595	1,636
276	736	846	898	951	976	1,001	1,027	1,054	1,081	1,109
556	2,035	2,178	2,265	2,354	2,415	2,478	2,542	2,608	2,676	2,746
409	395	405	416	427	438	449	461	473	485	498
123	621	484	497	511	524	538	552	566	581	596
	198	204	211	219	227	236	246	257	268	281
97	624	680	748	768	788	869	892	915	939	963
629	1,839	1,774	1,872	1,924	1,976	2,092	2,151	2,211	2,273	2,338
-73	196	405	393	430	438	385	392	397	403	408
-73	196	405	393	430	438	385	392	397	403	408
-73	196	405	393	430	438	385	392	397	403	408
-73	196	405	393	430	438	385	392	397	403	408
-73	395	609	604	649	665	622	638	654	671	689

Long Term Financial Plan Plant Fund

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde

Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT										
REVENUE FROM CONTINUING OPERATIONS										
Rates and annual charges										
User charges and fees										
Interest and investment revenue										
Other revenues	51	52	54	55	57	58	60	61	63	66
Grants & contributions - Operating										
Grants & contributions - Capital										
In-Kind Contributions - Capital (non-cash)										
Net gain from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL INCOME FROM CONTINUING OPERATIONS	51	52	54	55	57	58	60	61	63	66
EXPENSES FROM CONTINUING OPERATIONS										
Employee benefits and on-costs	965	981	1,006	1,033	1,059	1,087	1,115	1,144	1,174	1,236
Borrowing costs										
Materials and contracts	-2,609	-2,833	-3,107	-3,337	-3,582	-3,675	-3,770	-3,868	-3,969	-4,178
Depreciation and amortisation	1,950	1,989	2,088	2,130	2,237	2,281	2,396	2,443	2,566	2,748
Impairment										
Other expenses	496	514	528	542	556	571	586	602	617	650
Interest and investment losses										
Net loss from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL EXPENSES FROM CONTINUING OPERATIONS	803	651	516	368	271	264	327	321	388	455
OPERATING RESULT FROM CONTINUING OPERATIONS	-751	-599	-462	-313	-214	-206	-267	-260	-325	-390
OPERATIONS										
NET OPERATING RESULT FOR THE YEAR	-751	-599	-462	-313	-214	-206	-267	-260	-325	-390
Attributable to:										
Council	-751	-599	-462	-313	-214	-206	-267	-260	-325	-390
Minority interests										
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS	-751	-599	-462	-313	-214	-206	-267	-260	-325	-390
"Cash" generated towards capital works	1,199	1,390	1,627	1,817	2,022	2,075	2,128	2,183	2,240	2,358

Long Term Financial Plan Ryde Aquatic Leisure Centre

2014/2015 to 2023/2024 Base Scenario - Current State

Council of the City of Ryde	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT											
REVENUE FROM CONTINUING OPERATIONS											
Rates and annual charges											
User charges and fees	5,183	6,408	6,575	6,746	6,921	7,101	7,286	7,475	7,670	7,869	8,074
Interest and investment revenue											
Other revenues	14	17	18	18	19	19	20	20	21	21	22
Grants & contributions - Operating											
Grants & contributions - Capital											
In-Kind Contributions - Capital (non-cash)											
Net gain from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL INCOME FROM CONTINUING OPERATIONS	5,198	6,426	6,593	6,764	6,940	7,121	7,306	7,496	7,691	7,890	8,096
EXPENSES FROM CONTINUING OPERATIONS											
Employee benefits and on-costs	2,927	3,300	3,385	3,473	3,563	3,656	3,751	3,849	3,949	4,051	4,157
Borrowing costs		61	53	45	36	27	18	8			
Materials and contracts	1,207	1,307	1,342	1,379	1,417	1,453	1,491	1,530	1,570	1,611	1,652
Depreciation and amortisation	654	667	700	714	750	765	803	819	860	878	922
Impairment											
Other expenses	1,007	1,067	1,092	1,233	1,265	1,298	1,467	1,505	1,545	1,585	1,626
Interest and investment losses											
Net loss from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL EXPENSES FROM CONTINUING OPERATIONS	5,795	6,401	6,573	6,845	7,032	7,200	7,531	7,711	7,924	8,124	8,357
OPERATING RESULT FROM CONTINUING OPERATIONS											
	-597	25	20	-80	-92	-79	-225	-216	-233	-234	-261
OPERATIONS											
NET OPERATING RESULT FOR THE YEAR											
	-597	25	20	-80	-92	-79	-225	-216	-233	-234	-261
Attributable to:											
Council	-597	25	20	-80	-92	-79	-225	-216	-233	-234	-261
Minority interests											
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS											
	-597	25	20	-80	-92	-79	-225	-216	-233	-234	-261
"Cash" generated towards capital works											
	57	692	720	634	659	686	578	604	627	644	661

Option B

Addressing Annual Renewal, Operating and Maintenance Underspending

Option B is a 7% rating increase over four years, as a permanent increase to the rating base, and inclusive of the rate pegging amount.

The first year of Option B is taken from the Delivery Plan and Operational Plan. The 2014/2015 year is then used as a basis to extrapolate the next nine years using the assumed indices outlined below.

The Option B assumes that services levels will not alter significantly over the next 10 years and that Council can contain expenditure within the assumed parameters.

Assumptions - Option B

The following assumptions have been used in the preparation of the financial expenditure and revenue figures for the Option B, based on the original budget for 2013/2014 as the starting point, indexed and additional adjustments made, depending on budget bids and other factors known.

Efficiency savings, additional other revenue and increased rates

As part of this option, Council has included up to \$2.5 million in efficiency savings, and additional revenue, on top of the additional rates income that is expected to be generated through a 7% SRV.

These are the major differences in the Current State LTFP and Option B LTFP.

Efficiency savings

As detailed in reports to Council for its consideration of an SRV, the SRV will be coupled with an additional \$2.5 million, from 1 July 2015, as a result of internal savings across Council's operations. This is made up of \$1.9 million in expenditure savings and \$0.6 million in additional revenue.

Total additional rates

All additional rating income above the normal rate pegging amount, will be raised as a Special Rate, and unspent funds will be restricted to an Infrastructure Renewal Reserve.

The total additional rating income from the SRV will be:

Option	2015/2016	2016/2017	2017/2018	2018/2019
Option B - Total Special Rate	\$ 1,992,332	\$ 4,183,898	\$ 6,590,437	\$ 9,228,843

Rates and Annual Charges Revenue

Rates pegging depends upon political policy but has been loosely correlated with the CPI from the previous year over the last 10 years. Council has used the approved State increase of 2.30 percent for 2014/2015, 7.00 percent for 2015/2016 to 2018/2019 and a conservative 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	2.30
2 - 15/16 to 5 - 18/19	7.00
6 - 19/20 to 10 - 23/24	2.60

Domestic Waste Charges

Council has estimated an increase of 5.00 percent for 2014/2015, 15.00 percent for 2015/2016 and 5.00 percent increase per year thereafter.

Year	% increase
1 - 14/15	5.00
2 - 15/16	15.00
3 - 16/17 to 10 - 23/24	5.00

Macquarie Park Special Rate

Council has estimated an increase of 2.30 percent for 2014/2015, and a conservative 2.60 percent increase per year thereafter.

Any funds not utilised for works in that area are transferred to a reserve and held there until used for that specific purpose.

Year	% increase
1 - 14/15	2.30
2 - 19/20 to 10 - 23/24	2.60

User fees and charges

Council has estimated an increase of 3.80 percent for 2014/2015, 3.00 percent for 2015/2016 and a conservative 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	3.80
2 - 15/16	3.00
3 - 16/17 to 10 - 23/24	2.60

Investment Income

The return on the investments of Council is based on maintaining the approximately the same level of investments. It is based on the original budget for investment income in 2013/14. Better metrics around the amount of investment income generated, will be modelled in future iterations of the LTFP. For now the following CPI index has been used.

Year	% increase
1 - 14/15	3.00
2 - 15/16	3.00
3 - 16/17 to 10 - 23/24	2.60

Operating Grants & Contributions

The operating grants and contributions are based on the known recurring grants that Council receives each year for items under the Base Budget. Funding from Non-Capital Projects has only been included for the duration of the project.

Year	\$'000
1 - 14/15	6,563
2 - 15/16	6,757
3 - 16/17	6,933
4 - 17/18	7,143
5 - 18/19	7,329
6 - 19/20	7,519
7 - 20/21	7,715
8 - 21/22	7,915
9 - 22/23	8,121
10 - 23/24	8,332

Other Revenues

Council has estimated an increase of 3.0 percent for 2014/2015 and a targeted 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	3.00
2 - 16/17 to 10 - 23/24	2.60

Capital Contributions

Capital contributions have only been included where they are known or certain. Section 94 contributions have not been budgeted, as Council now only brings them to account when received. Projected works for the first year in the operational plan only include expenditure to the equivalent of the funds received to date and on hand.

No increase in capital contributions has been allowed in the LTFP. The following are the known amounts of contributions for the capital works that have been allowed in the delivery plan.

Year	\$'000
1 - 14/15	424
2 - 15/16	884
3 - 16/17	474
4 - 17/18	474
5 - 18/19	469
6 - 19/20	482
7 - 20/21	494
8 - 21/22	507
9 - 22/23	520
10 - 23/24	534

Employee costs

Council has used the negotiated Award change, 3.25% for 2014/2015 and estimated an increase of 2.60 percent per year from 2015/16 onwards.

Year	% increase
1 - 14/15	3.25
4 - 15/16 to 10 - 23/24	2.60

Material and Contracts

Council has estimated an increase of 3.00 percent per year for 2014/2015 and 2013/14 and a conservative 2.60 percent increase per year thereafter.

The increase is no higher than the CPI index, as Council needs to find productivity gains from the resources consumed by Council, as a significant proportion of expenditure related to construction and oil-based products such as the bitumen used in sheeting roads.

Council cannot continue to allow costs such as these to continue to spiral out of control, and has to limit their increase, which may result in a reduction of the level of service provided by Council.

Year	% increase
1 - 14/15	3.00
4 - 15/16 to 10 - 23/24	2.60

Borrowing Costs

The outstanding loans as at 30 June 2014 are projected to be:

Loan	Amount	Term	Rate	Amount outstanding 30 June 14
Tunnel variable	\$6,825,903	15 years	6.20%	\$3,904,838
Children's Play Equipment - Phase 1	\$1,500,000	10 years		\$1,500,000
Surf Attraction	\$1,200,000	7 years		\$1,200,000

The interest payable based on the commitments for the current outstanding loans will be:

Year	\$'000
1 - 14/15	203
2 - 15/16	175
3 - 16/17	152
4 - 17/18	124
5 - 18/19	91
6 - 19/20	61
7 - 20/21	43
8 - 21/22	28
9 - 22/23	18
10 - 23/24	8

Depreciation

Depreciation is charged on a condition basis, using five straight-lines, calculated by multiplying the cost of the assets within each condition rating by the depreciation for that condition rating. The depreciation rate is based upon the loss of useful life of the asset, during the period that it remains within that condition rating.

The cost is based on the current depreciable asset or deemed value balance projected forward by capital spending (including future CAPEX from four year delivery plan and one year operational plan forecasts) and assumed disposals.

The useful lives, over which assets are depreciated, for the major asset groups are:

Asset Category	Useful life (years)					Total
	1	2	3	4	5	
Buildings - Specialised/Non Specialised	10	60	20	5 - 10	1 - 5	96 - 100
Draining assets	5 - 20	15 - 130	10 - 40	5 - 15	5 - 10	40 - 200
Land Improvements	5	5	5	5	5	25
Other assets	1 - 5	1 - 25	1 - 10	1 - 5	1 - 5	5 - 50
Other structures	5 - 20	5 - 80	2 - 40	3 - 15	5	20 - 150
Plant and equipment						2 - 20
Road assets - roads, bridges and footpaths	5 - 20	2 - 130	2 - 50	3 - 20	5 - 20	17 - 200

Asset Category	Depreciation (%)					Total
	1	2	3	4	5	
Buildings - Specialised/Non Specialised	0.50%	0.83%	1.25%	1.50 - 3.00%		0.50 - 3.00%
Draining assets	0.25 - 1.00%	0.38 - 1.67%	0.63 - 3.00%	1.00 - 7.00%		0.25 - 7.00%
Land Improvements	1.0%	9.00%	5.00%	3.00%	2.0%	1.00 - 9.00%
Other assets	1.00 - 5.00%	1.40 - 20.00%	2.00 - 30.00%	7.00 - 50.00%		1.00 - 50.00%
Other structures	0.25 - 1.00%	0.63 - 2.00%	0.63 - 5.00%	1.00 - 23.33%		0.25 - 23.33%
Plant and equipment						5.0 - 20.00%
Road assets - roads, bridges and footpaths	0.25 - 1.67%	0.38 - 5.00%	0.50 - 5.00%	0.75 - 23.33%		0.25 - 23.33%

The depreciation levels for the 2014/2015 to 2017/2018 are based on the Draft Delivery and Operational Plans.

Depreciation has been estimated in 2014/2015 at \$15.08 million rising to \$21.07 million in 2023/2024. This is down from the 2013/2014 budgeted amount of \$21.20 million.

When the Asset Management Plans are fully developed are more accurate depreciation forecast will be undertaken.

Year	\$'000
1 - 14/15	15,088
2 - 15/16	15,758
3 - 16/17	16,161
4 - 17/18	16,849
5 - 18/19	17,360
6 - 19/20	18,219
7 - 20/21	18,677
8 - 21/22	19,587
9 - 22/23	20,093
10 - 23/24	21,076

Insurance

Council has estimated an increase of 4.00 percent for 2014/2015, and a conservative 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	4.00
2 - 15/16 to 10 - 23/24	2.60

IT Licensing Costs

Council has estimated an increase of 4.00 percent for 2014/2015, and a conservative 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	4.00
2 - 15/16 to 10 - 23/24	2.60

Contractors – Concrete Works and External Roadworks

Council has estimated an increase of 6.00 percent per year for 2014/2015 and 2013/14 and a conservative 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	6.00
4 - 15/16 to 10 - 23/24	2.60

Electricity

Council has estimated an increase of 8.00 percent for 2014/2015, 5.00 percent for 2015/16 and a rolling percentage each year, with a sharp increase every four years of 8.00 percent in the year that Council comes off the latest contract.

Year	\$'000
1 - 14/15	8.00
2 - 15/16	5.00
3 - 16/17	3.00
4 - 17/18	5.00
5 - 18/19	8.00
6 - 19/20	5.00
7 - 20/21	3.00
8 - 21/22	5.00
9 - 22/23	8.00
10 - 23/24	5.00

Street Lighting

Council has estimated an increase of 8.00 percent for 2014/2015, 5.00 percent for 2015/16 and a rolling percentage each year, with a sharp increase every four years of 8.00 percent in the year that Council comes off the latest contract.

Year	\$'000
1 - 14/15	8.00
2 - 15/16	5.00
3 - 16/17	3.00
4 - 17/18	5.00
5 - 18/19	8.00
6 - 19/20	5.00
7 - 20/21	3.00
8 - 21/22	5.00
9 - 22/23	8.00
10 - 23/24	5.00

Telecommunications

Council has estimated an increase of 2.60 percent for 2014/2015, 2.60 percent for 2015/16 and a rolling percentage each year, with a sharp increase every three years of 15.00 percent in the year that Council comes off the latest contract.

Year	\$'000
1 - 14/15	2.60
2 - 15/16	2.60
3 - 16/17	15.00
4 - 17/18	2.60
5 - 18/19	2.60
6 - 19/20	15.00
7 - 20/21	2.60
8 - 21/22	2.60
9 - 22/23	2.60
10 - 23/24	2.60

Waste Development Tax

Council has estimated an increase of the rate for the Waste Development tax as \$10 plus CPI over the previous year's rate.

Year	Rate \$	% increase
1 - 14/15	122.10	12.53
2 - 15/16	135.50	10.97
3 - 16/17	149.30	10.18
4 - 17/18	163.40	9.44
5 - 18/19	177.90	8.87
6 - 19/20	192.80	8.38
7 - 20/21	208.10	7.94
8 - 21/22	223.80	7.54
9 - 22/23	239.90	7.19
10 - 23/24	256.40	6.88

Other Costs

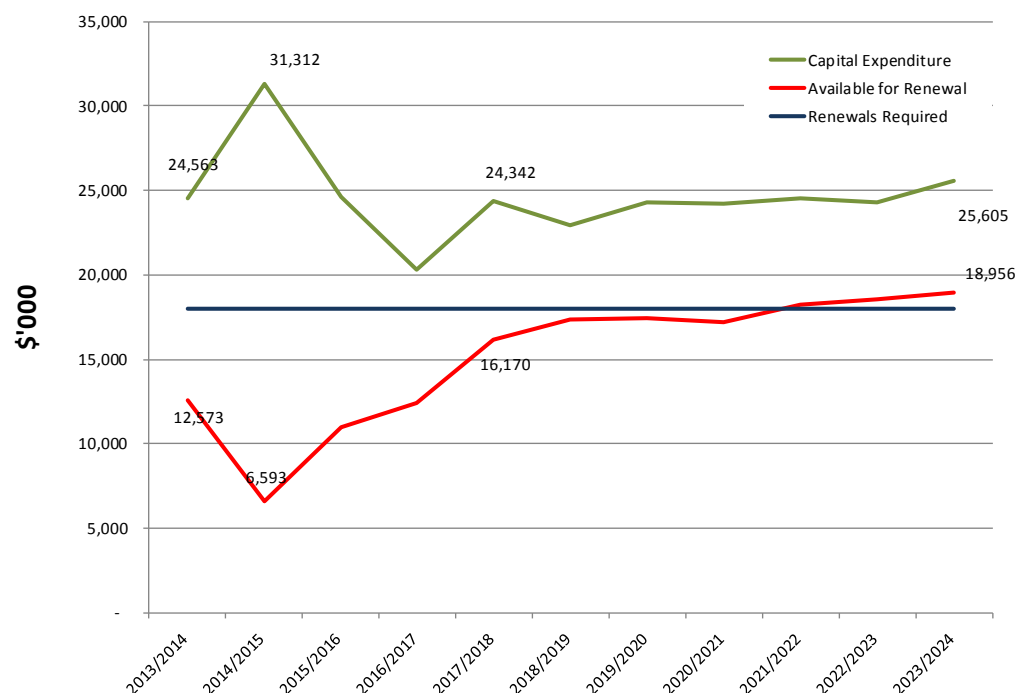
Council has estimated an increase of 3.00 percent for 2014/2015 and a conservative 2.60 percent increase per year thereafter.

Year	% increase
1 - 14/15	3.00
4 - 15/16 to 10 - 23/24	2.60

Capital Works Program

The capital expenditure estimated in the Option B has been projected from the budget bids for the 2014/2018 Delivery Plan. The Infrastructure and Building Renewals expenditure is approximately \$7.69 million per year and Other Renewals, Expansion or New Works is \$9.56 million per year (due to funding sources), giving a total of \$17.25 million per year, on average over the next 10 years.

Graph 6: Council Capital Expenditure - Option B (7%, including rate pegging)



Reserves

The LTFP forecasts the level of the reserves held by Council, by the reserve itself and grouped into Internal and External Reserves. The detail use of each of the reserves is shown in the annexures.

What this shows is that on the present rate of spending on operating and capital works the level of internally restricted reserves will diminish from \$21.46 million as at 30 June 2015 to only \$3.65 million as at 30 June 2022, with some reserves being overspent and funded from other reserves as internal loans.

Externally restricted reserves will grow over that same period from \$17.39 million as at 30 June 2015 to \$21.56 million as at 30 June 2022, most of which will belong to the Macquarie Park Special Rate, as the full scope of works under that special rate have not yet been determined, so the funds are projected to be put aside until the exact works are identified and agreed to.

The following are the impacts on the individual reserves in the LTFP:

- Macquarie Park Corridor Special Rate - at the present level of expenditure and the forecast increase in the rate, this reserve is forecast to increase over the next 10 years. This is mainly due to the exact works that are to be done from that source of funds are not fully known and the funds will be put aside until the works are known and agreed to
- Stormwater Management Charge - at the present level of expenditure is forecast to become overdrawn, which is due to other Stormwater works only being funded to 11% out of Section 94 reserve
- Unexpended Grants - these are funds that have been received and have not been fully expended, this will reduce over time as the funds are used or returned to the funding body.

Financial Impact - Option B

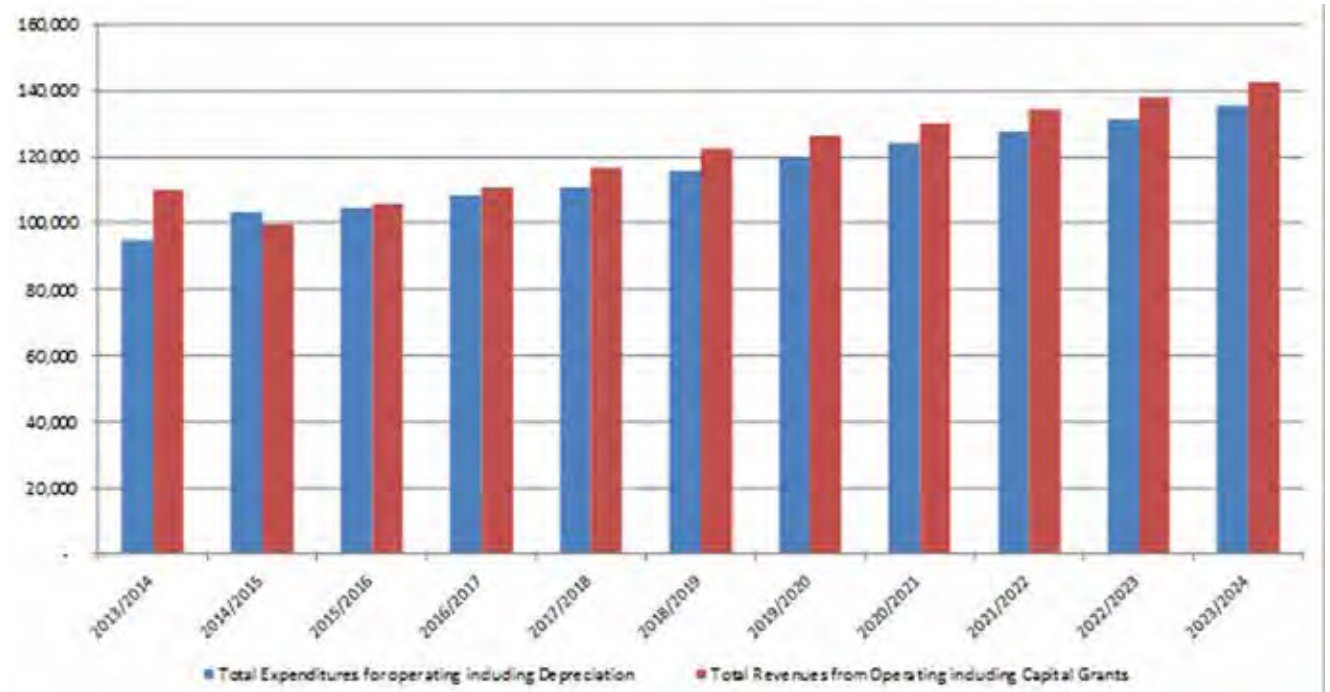
The financial impact of the Option B is that Council's operating expenditure exceeds the operational revenue it is receiving in all years of this LTFP.

The graph highlights the operational revenue is sufficient to meet the operational expenditure. Over time, Council will be able to apply more funds to asset renewal.

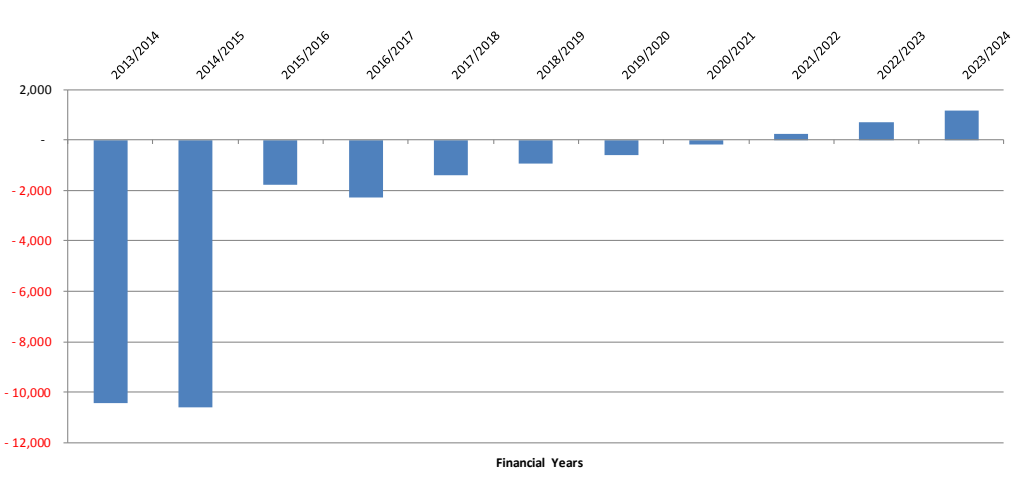
Capital is funded from capital grants and contributions as well as the depreciation collected through the operating budget.

Overall, the Council has closed the income gap with both operational and capital expenditure within the revenue available.

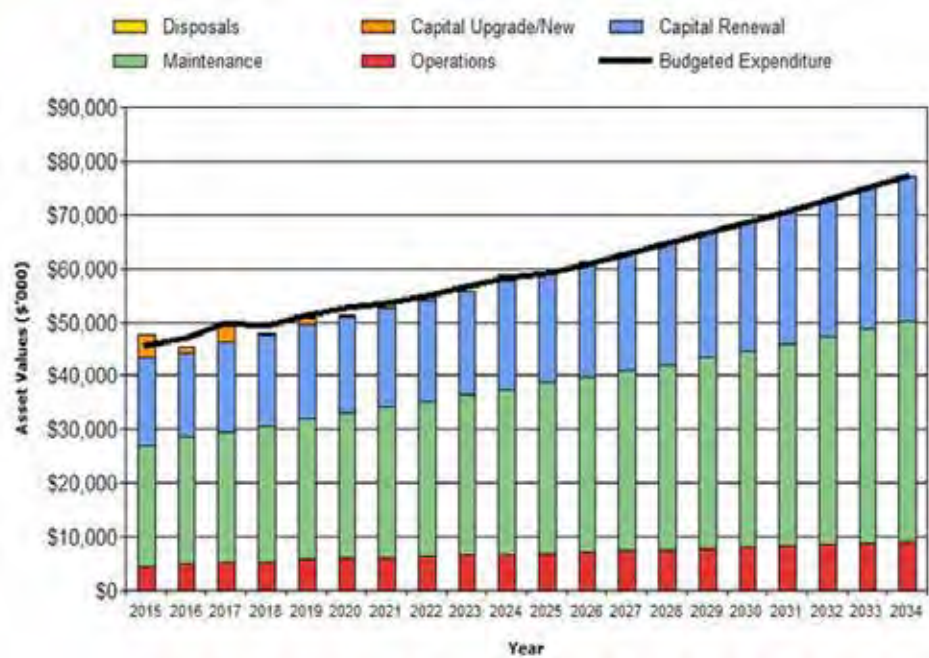
Graph 7: Revenue & Expenditure Option B (7%, including rate pegging)



Graph 8: Income Gap - Option B (7%, including rate pegging)



Graph 9: Income Gap - Option B (7%, including rate pegging)



In this option, Council funds the deficit of Option A (current state).

In this option, Council's ability to continue to offer services (such as roads and drainage) is met.

This clearly demonstrates that Council will live within its means and is financially sustainable.

The financial statements are attached – Financial Statements – Option B (Base Case).

Sensitivity on Option B

Sensitivity analysis has not been done on the Option B, as this will be factored in once the Asset Management Plan and Workforce Plan are completed.

These will be reviewed by the new Council following the Council elections in September 2016, by which time better detailed modelling; including sensitivity modelling will be available.

Areas that we are aware of that will be of concern are:

- Wages and salaries. This will be addressed through the Workforce Plan and which flows into the LTFFP

- Materials and contracts. As Council has a limited resource pool, shifts in this will impact the level of service that can be delivered within the budget available.

Financial Reports - Option B

On the following pages are the financial reports for the LTFFP – Option B, including a dissection of the Operating Result by Fund.

The following funds are shown:

- General Revenue. This relates to User Charges, Fees and Rates that are not tied to a specific need, such as Special Rates, or a self-funded business activity of Council
- Commercial Waste. This is separated to show the profitability of this business activity. Surplus funds from this are used towards General Revenue Projects
- Domestic Waste. This is externally restricted in accordance with the Local Government Act, and profit is held within the Externally Restricted Reserves and cannot be used for any other purpose without Ministerial Approval
- Externally Restricted Income. This covers rates, charges and contributions, such as the Macquarie Park Special Rate, the Stormwater Management Charge, which are transferred to Reserve.
- Home Modification. This is externally grant funded, and any surplus funds are held in an unexpended grants reserve, specifically for this purpose
- Investment Property. This is a business activity of Council. Surplus funds can be used towards General Revenue Projects
- Plant Fund. This is internally restricted to ensure that a surplus is generated to replace Council's Plant and Fleet when they come due for replacement. This had been supplemented from General Revenue with a transfer to the Reserve, but this has since been removed and the Internal Plant Hire rates adjusted accordingly
- RALC. This is the Ryde Aquatic Leisure Centre and any surplus is restricted to be used for the purpose of Asset Renewal at the Ryde Aquatic Leisure Centre

Long Term Financial Plan Consolidated		2014/2015 to 2023/2024 SCENARIO 2 (SRV - 7% over four years, including rate pegging)										
Council of the City of Ryde		Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT												
REVENUE FROM CONTINUING OPERATIONS												
Rates and annual charges		63,170	66,100	71,914	76,375	81,133	86,207	88,971	91,834	94,798	97,868	101,048
User charges and fees		14,806	14,825	15,704	16,113	16,531	16,961	17,402	17,855	18,319	18,795	19,284
Interest and investment revenue		4,371	3,347	3,434	3,523	3,615	3,709	3,805	3,904	4,006	4,110	4,217
Other revenues		8,651	7,061	7,325	7,545	7,771	7,973	8,181	8,394	8,612	8,836	9,065
Grants & contributions – Operating		5,396	6,577	6,757	6,933	7,143	7,329	7,519	7,715	7,915	8,121	8,332
Grants & contributions – Capital		13,495	1,850	884	474	474	469	482	494	507	520	534
In-Kind Contributions – Capital (non-cash)												
Net gain from the disposal of assets												
Net share of interests in joint ventures & associates using equity method												
TOTAL INCOME FROM CONTINUING OPERATIONS		109,889	99,761	106,017	110,962	116,667	122,649	126,361	130,195	134,157	138,250	142,480
EXPENSES FROM CONTINUING OPERATIONS												
Employee benefits and on-costs		38,476	42,666	41,980	43,962	44,916	48,198	49,451	50,737	52,056	53,409	54,798
Borrowing costs		146	234	236	202	178	142	108	82	60	41	21
Materials and contracts		25,462	27,999	28,382	28,911	28,571	28,794	29,543	30,961	31,099	31,907	32,737
Depreciation and amortisation		16,507	15,088	15,785	16,161	16,849	17,360	18,219	18,677	19,587	20,093	21,076
Impairment												
Other expenses		14,570	17,224	18,128	19,320	20,252	21,291	22,700	23,670	24,730	25,921	27,050
Interest and Investment losses												
Net loss from the disposal of assets		-20										
Net share of interests in joint ventures & associates using equity method												
TOTAL EXPENSES FROM CONTINUING OPERATIONS		95,142	103,212	104,511	108,556	110,766	115,785	120,020	124,127	127,531	131,372	135,683
OPERATING RESULT FROM CONTINUING OPERATIONS		14,747	-3,450	1,506	2,406	5,901	6,864	6,340	6,069	6,625	6,878	6,798
OPERATIONS												
NET OPERATING RESULT FOR THE YEAR		14,747	-3,450	1,506	2,406	5,901	6,864	6,340	6,069	6,625	6,878	6,798
Attributable to:												
Council		14,747	-3,450	1,506	2,406	5,901	6,864	6,340	6,069	6,625	6,878	6,798
Minority interests												
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS		1,252	-5,300	622	1,933	5,427	6,394	5,859	5,574	6,118	6,358	6,264
"Cash" generated towards capital works		17,760	9,787	16,407	18,093	22,276	23,754	24,077	24,251	25,705	26,450	27,340

Long Term Financial Plan Consolidated

2014/2015 to 2023/2024 SCENARIO 2 (SRV - 7% over four years, including rate pegging)

Council of the City of Ryde		Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS		Opening										
Cash and cash equivalents		15,805	17,799	15,103	14,009	13,867	13,799	14,217	14,659	15,171	15,876	16,777
Investments		46,450	52,311	44,388	41,174	40,756	40,556	41,783	43,084	44,587	46,661	49,309
Receivables		5,708	6,129	6,242	6,487	6,600	6,701	6,795	6,737	6,661	6,575	6,480
Inventories		196	196	196	196	196	196	196	196	196	196	196
Other		830	830	830	830	830	830	830	830	830	830	830
Non-current assets classified as held for sale		2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620
TOTAL CURRENT ASSETS		71,609	79,885	69,380	65,317	64,870	64,703	66,441	68,127	70,066	72,759	76,213
NON-CURRENT ASSETS												
Investments		29,622	33,360	28,307	26,257	25,991	25,863	26,646	27,475	28,434	29,756	31,445
Receivables		1,004	1,078	1,098	1,141	1,161	1,179	1,195	1,185	1,172	1,157	1,140
Inventories												
Infrastructure, property, plant and equipment		1,912,142	1,917,857	1,933,156	1,940,934	1,944,146	1,950,639	1,955,187	1,960,232	1,964,686	1,968,537	1,971,628
Investments accounted for using equity method												
Investment property												
Intangible assets												
Other												
TOTAL NON CURRENT ASSETS		1,942,768	1,952,295	1,962,561	1,968,332	1,971,298	1,977,681	1,983,028	1,988,892	1,994,292	1,999,450	2,004,213
TOTAL ASSETS		2,014,377	2,032,180	2,031,941	2,033,649	2,036,168	2,042,384	2,049,469	2,057,020	2,064,358	2,072,209	2,088,685
CURRENT LIABILITIES												
Payables		15,265	15,360	17,103	17,443	17,686	18,149	18,492	19,203	19,972	20,484	21,098
Borrowings		527	885	978	1,009	1,046	1,086	490	513	328	343	358
Provisions		10,032	10,032	10,801	11,655	12,494	13,374	14,272	15,236	16,225	17,240	18,281
TOTAL CURRENT LIABILITIES		25,824	26,277	28,882	30,107	31,226	32,609	33,254	34,953	36,525	38,067	41,171
NON-CURRENT LIABILITIES												
Payables												
Borrowings		2,895	4,880	5,402	4,393	3,347	2,260	1,770	1,257	929	586	228
Provisions			770	853	840	879	898	964	989	1,015	1,041	1,068
TOTAL NON-CURRENT LIABILITIES		2,895	5,649	6,255	5,232	4,226	3,159	2,734	2,246	1,943	1,627	1,296
TOTAL LIABILITIES		28,719	31,926	35,137	35,340	35,452	35,767	35,988	37,199	38,468	39,694	41,033
NET ASSETS		1,985,658	2,000,254	1,996,804	1,998,310	2,000,716	2,006,617	2,013,481	2,019,821	2,025,890	2,032,515	2,039,393
EQUITY												
Retained earnings		1,725,150	1,739,747	1,736,297	1,737,803	1,740,209	1,746,110	1,752,973	1,759,314	1,765,382	1,772,008	1,778,886
Revaluation Reserves		260,507	260,507	260,507	260,507	260,507	260,507	260,507	260,507	260,507	260,507	260,507
Council equity interest		1,985,658	2,000,254	1,996,804	1,998,310	2,000,716	2,006,617	2,013,481	2,019,821	2,025,890	2,032,515	2,039,393
Minority equity interests												
TOTAL EQUITY		1,985,658	2,000,254	1,996,804	1,998,310	2,000,716	2,006,617	2,013,481	2,019,821	2,025,890	2,032,515	2,039,393

Long Term Financial Plan Consolidated

2014/2015 to 2023/2024 SCENARIO 2 (SRV - 7% over four years, including rate pegging)

Council of the City of Ryde	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL INDICATORS											
Unrestricted Current Ratio	5.62	4.21	5.18	5.14	5.13	5.40	5.28	5.17	5.21	5.19	5.31
Debt Service Ratio	0.72%	1.23%	1.23%	1.17%	1.12%	1.07%	0.51%	0.49%	0.31%	0.30%	0.28%
Rates & Annual Charges Coverage Ratio	70.96%	81.12%	82.64%	83.35%	83.71%	84.12%	84.18%	84.25%	84.32%	84.39%	84.46%
Buildings and infrastructure renewals ratio	45.04%	56.58%	121.68%	116.17%	119.92%	120.29%	118.78%	118.59%	118.19%	118.50%	116.82%
Operating Surplus Ratio (as per AIFMG Manual)	1.28%	-5.41%	0.59%	1.75%	4.67%	5.23%	4.65%	4.30%	4.58%	4.62%	4.41%
Operating Income (as per AIFMG Manual)	96,395	97,911	105,134	110,489	116,193	122,179	125,879	129,701	133,650	137,730	141,947
Operating Expenses (as per AIFMG Manual)	95,162	103,212	104,511	108,556	110,766	115,785	120,020	124,127	127,531	131,372	135,683
Operating surplus / deficit	1,233	-5,300	622	1,933	5,427	6,394	5,859	5,574	6,118	6,358	6,264
Net Financial liabilities	-71,543	-52,661	-46,100	-45,162	-44,451	-46,657	-48,020	-49,724	-52,600	-56,499	-60,058
Net Financial Liabilities Ratio	-74.22%	-53.78%	-43.85%	-40.87%	-38.26%	-38.19%	-38.15%	-38.34%	-39.36%	-41.02%	-42.31%

**Long Term Financial Plan
Consolidated**

**2014/2015 to 2023/2024
SCENARIO 2 (SRV - 7% over four years, including rate pegging)**

Council of the City of Ryde	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH AND INVESTMENT SPLIT	Opening										
Cash and cash equivalents	15,805	17,799	15,103	14,009	13,867	13,799	14,217	14,659	15,171	15,876	16,777
Investments	46,450	52,311	44,388	41,174	40,756	40,556	41,783	43,084	44,587	46,661	49,309
Investments - NC	29,622	33,360	28,307	26,257	25,991	25,863	26,646	27,475	28,434	29,756	31,445
TOTAL CASH AND INVESTMENT SPLIT	91,876	103,470	87,799	81,440	80,614	80,219	82,645	85,219	88,192	92,293	102,553
TOTAL CASH AND RECEIVABLES	110,676	95,139	89,069	88,375	88,098	90,635	93,141	96,025	100,025	105,151	110,048
FORECASTED CASH											
Opening Balance	91,876	103,470	87,799	81,440	80,614	80,219	82,645	85,219	88,192	92,293	97,532
Add Revenue	109,889	99,761	106,017	110,962	116,667	122,649	126,361	130,195	134,157	138,250	142,480
Less Expenses	-95,142	-103,212	-104,511	-108,556	-110,766	-115,785	-120,020	-124,127	-127,531	-131,372	-135,683
CURRENT ASSETS											
Receivables	-421	-113	-245	-113	-101	-94	58	76	86	95	106
Inventories											
Other											
Non-current assets classified as held for sale											
NON-CURRENT ASSETS											
Receivables	-74	-20	-43	-20	-18	-17	10	13	15	17	19
Inventories											
Investments accounted for using equity method											
Investment property											
Intangible assets											
Rounding	0										
Rounding reversal											
Other											
Infrastructure, property, plant and equipment											
Capital Expenditure	-24,563	-31,312	-24,638	-20,273	-24,342	-22,933	-24,316	-24,211	-24,546	-24,321	-25,605
In-kind Contributed Assets											
ADD (Non-Cash) - Depreciation	16,507	15,088	15,785	16,161	16,849	17,360	18,219	18,677	19,587	20,093	21,076
ADD Book Value of Assets Disposed	2,340	925	1,075	900	1,000	1,026	1,053	1,080	1,108	1,137	1,167
CURRENT LIABILITIES											
Payables	95	1,743	340	243	463	343	712	768	512	614	723
Borrowings											
Add New Borrowings	2,700	1,500									
Less: Loan Repayments	-508	-885	-978	-1,009	-1,046	-1,086	-490	-513	-328	-343	-358
Provisions											
Add Changes in provisions	770	853	840	879	898	964	989	1,015	1,041	1,068	1,096
NON-CURRENT LIABILITIES											
Borrowings											
CLOSING FORECASTED CASH	103,470	87,799	81,440	80,614	80,219	82,645	85,219	88,192	92,293	97,532	102,553
RESTRICTED CASH											
Total Internally Restricted Reserves	-39,756	-49,496	-42,129	-42,717	-43,057	-45,302	-46,473	-48,501	-49,282	-52,653	-55,292
Total Externally Restricted Reserves	-47,496	-50,418	-40,393	-17,299	-15,164	-11,301	-11,359	-10,137	-9,532	-10,337	-9,955
TOTAL RESTRICTED CASH	-87,252	-99,914	-82,522	-60,016	-58,351	-56,653	-57,832	-58,638	-58,814	-62,990	-65,247
Unrestricted Cash	4,625	3,817	5,244	21,286	22,263	23,468	24,690	27,080	28,955	30,821	34,584
EXTERNALLY RESTRICTED RESERVES SPLIT											
Current	-32,183	-34,162	-27,370	-11,722	-10,275	-7,657	-7,697	-6,869	-7,085	-6,458	-7,004
Non-Current	-15,313	-16,256	-13,023	-5,577	-4,889	-3,644	-3,662	-3,268	-3,371	-3,073	-3,333
Total Externally Restricted Reserves Split	-47,496	-50,418	-40,393	-17,299	-15,164	-11,301	-11,359	-10,137	-10,457	-9,532	-9,955

**Long Term Financial Plan
Consolidated**

**2014/2015 to 2023/2024
SCENARIO 2 (SRV - 7% over four years, including rate pegging)**

Council of the City of Ryde	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OTHER CASH RELATED ITEMS											
CAPITAL EXPENDITURE											
Community Life	6,529	9,085	4,571	3,579	3,969	3,995	4,106	4,220	4,337	4,457	4,581
Environment & Planning	2,346	2,846	2,539	560	2,000	600	1,368	632	1,441	665	1,516
Public Works	14,009	16,421	15,534	14,652	16,842	17,443	17,923	18,417	18,201	18,406	18,889
Corporate Services	1,679	2,961	1,995	1,482	1,531	896	919	943	567	793	618
TOTAL OTHER CASH RELATED ITEMS	24,563	31,312	24,638	20,273	24,342	22,933	24,316	24,211	24,546	24,321	25,605
BORROWINGS											
New Borrowings	-2,700	-1,500									
Less: Loan Repayments	508	885	978	1,009	1,046	1,086	490	513	328	343	358
NET LOAN FUNDS (PAYMENTS/RECEIPTS)	-2,192	-615	978	1,009	1,046	1,086	490	513	328	343	358
ADVANCES											
New Advances											
Less: Advances Repaid											
NET ADVANCED FUNDS (PAYMENTS/RECEIPTS)											
RESERVES TRANSFER TO/ (FROM)	12,662	-17,391	-7,218	-1,795	-1,618	1,230	805	1,101	2,446	3,444	3,077
OTHER NON-CASH RELATED ITEMS											
ADD (Non-Cash) - Depreciation	-16,507	-15,088	-15,785	-16,161	-16,849	-17,360	-18,219	-18,677	-19,587	-20,093	-21,076
ADD (Non-Cash) - ELE Accruals	418										
ADD (Non-Cash) - Interest on Security Deposits - Accruals											
ADD Book Value of Assets Disposed	-2,340	-925	-1,075	-900	-1,000	-1,026	-1,053	-1,080	-1,108	-1,137	-1,167
TOTAL OTHER NON-CASH RELATED ITEMS	-18,430	-16,013	-16,860	-17,061	-17,849	-18,386	-19,271	-19,757	-20,695	-21,230	-22,243

Long Term Financial Plan Consolidated

2014/2015 to 2023/2024 SCENARIO 2 (SRV - 7% over four years, including rate pegging)

Council of the City of Ryde

Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

EQUITY - RETAINED EARNINGS

Opening

Retained earnings	-1,641,301
Profit & Loss prior year	3,402

RESERVES BALANCES

Asset Replacement Reserve	-9,065	-15,363	-14,933	-16,350	-17,502	-19,722	-20,191	-21,631	-22,457	-24,928	-26,647	-29,170
Carryover Works Reserve	-2,767	-2,721	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Civic Precinct Reserve	-1,258	-823	-649	-649	-649	-649	-649	-649	-649	-649	-649	-649
Council Election Reserve	-346	-466	-586	-661	-196	-311	-426	-541	-6	-191	-376	-561
Domestic Waste Management Reserve	-4,790	-4,912	-2,416	14,206	14,098	13,787	13,280	12,588	11,670	10,495	9,026	7,226
External Drainage Works Contribution Reserve	-198	-228	-228	-228	-228	-228	-228	-228	-228	-228	-228	-228
Internal Loan Balances	688	2,009	2,268	2,008	1,726	1,414	1,069	703	302	-336	-991	-1,664
Internally Restricted Liabilities Reserves	-11,536	-11,974	-11,974	-11,974	-11,974	-11,974	-11,974	-11,974	-11,974	-11,974	-11,974	-11,974
Investment Property Reserve	-15,640	-16,404	-12,849	-11,637	-10,724	-9,966	-9,863	-9,758	-9,850	-9,539	-9,426	-9,309
Macquarie Park Corridor Special Rate Reserve	-1,818	-1,129	-457	-522	-1,097	-1,522	-2,983	-4,482	-8,021	-7,599	-9,218	-10,880
Other Internally Restricted Reserves	-6,915	-10,673	-10,432	-10,412	-10,412	-10,412	-10,412	-10,412	-10,412	-10,412	-10,412	-10,412
Other Unexpended Grant Reserves	-4,185	-920	-902	-973	-1,046	-1,121	-1,198	-1,277	-1,358	-1,441	-1,526	-1,614
Plant Reserve	-2,011	-2,461	-2,226	-2,228	-2,446	-2,771	-3,104	-3,446	-3,796	-4,155	-4,524	-4,902
RALC Reserve	-2,441	-2,595	-2,721	-2,787	-2,853	-2,884	-2,896	-2,786	-2,614	-2,442	-2,266	-2,085
Section 94 Reserves	-22,117	-29,883	-24,024	-19,038	-16,914	-13,101	-12,129	-9,676	-8,525	-5,859	-4,615	-1,836
Stormwater Management Charge Reserve	-1,401	-1,214	-375	1,248	2,016	2,876	3,890	4,931	5,998	7,093	8,217	9,370
WASIP Grant Reserve	-1,471	-158	-19	-19	-19	-19	-19	-19	-19	-19	-19	-19

TOTAL RESERVES BALANCES

-87,252	-99,914	-82,523	-60,016	-58,221	-56,603	-57,833	-58,638	-59,739	-62,185	-65,629	-68,707
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BALANCING OF EQUITY

-1,639,833	-1,653,774	-1,677,786	-1,681,988	-1,689,507	-1,695,141	-1,700,676	-1,705,644	-1,709,823	-1,713,257	-1,716,977
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TOTAL EQUITY - RETAINED EARNINGS

-1,725,150	-1,739,747	-1,736,297	-1,737,803	-1,740,209	-1,746,110	-1,752,973	-1,759,314	-1,765,382	-1,772,008	-1,778,886	-1,785,684
-1,725,150	-1,739,897	-1,736,447	-1,737,953	-1,740,359	-1,746,260	-1,753,124	-1,759,464	-1,765,533	-1,772,158	-1,779,036	-1,785,834
	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151

** equals equity balances at report run for current year**

Long Term Financial Plan Consolidated

2014/2015 to 2023/2024 SCENARIO 2 (SRV - 7% over four years, including rate pegging)

Council of the City of Ryde		Actual 2013/2014	Forecast 2014/2015	Forecast 2015/2016	Forecast 2016/2017	Forecast 2017/2018	Forecast 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables outstanding amounts %		8.00%	7.75%	7.50%	7.25%	7.00%	6.75%	6.50%	6.25%	6.00%	5.75%	5.50%
Payables increase of Outstanding amounts, i.e. per year * %		25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Provisions increase of Outstanding amounts, i.e. per year * %		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
RECEIVABLES	Opening											
Opening		6,712	7,207	7,340	7,629	7,761	7,880	7,990	7,922	7,833	7,732	7,620
New Receivables		83,373	87,503	94,375	99,420	104,807	110,497	113,893	117,403	121,032	124,784	128,664
Total Receivables		90,084	94,710	101,715	107,048	112,568	118,377	121,883	125,325	128,865	132,516	136,284
Amount remaining (@ outstanding amount %)		7,207	7,340	7,629	7,761	7,880	7,990	7,922	7,833	7,732	7,620	7,496
Change in Receivables		495	133	289	132	119	111	-68	-90	-101	-112	-124
Receivables		5,708	6,129	6,242	6,487	6,600	6,701	6,795	6,737	6,661	6,575	6,480
Receivables - NC		1,004	1,078	1,098	1,141	1,161	1,179	1,195	1,185	1,172	1,157	1,140
TOTAL RECEIVABLES		6,712	7,207	7,340	7,629	7,761	7,880	7,990	7,922	7,833	7,732	7,620
		6,712										
PAYABLES	Opening											
Opening		15,265	15,360	17,103	17,443	17,686	18,149	18,492	19,203	19,972	20,484	21,098
New Payables		46,173	53,052	52,669	53,299	54,909	55,819	58,322	60,683	61,965	63,909	66,188
Total Payables		61,438	68,411	69,772	70,742	72,594	73,967	76,813	79,887	81,937	84,393	87,287
Amount remaining (@ outstanding amount %)		15,360	17,103	17,443	17,686	18,149	18,492	19,203	19,972	20,484	21,098	21,822
Change in Payables		95	1,743	340	243	463	343	712	768	512	614	723
Payables		15,265	15,360	17,103	17,443	17,686	18,149	18,492	19,203	19,972	20,484	21,098
Payables - NC			-0	-0	-0	-0	-0	-0	-0	-0	-0	-0
TOTAL PAYABLES		15,265	15,360	17,103	17,443	17,686	18,149	18,492	19,203	19,972	20,484	21,822
		15,265										
PROVISIONS	Opening											
Opening		10,032	10,801	11,655	12,494	13,374	14,272	15,236	16,225	17,240	18,281	19,349
Change in Provisions- by %		770	853	840	879	898	964	989	1,015	1,041	1,068	1,096
Total Provisions		10,801	11,655	12,494	13,374	14,272	15,236	16,225	17,240	18,281	19,349	20,445
Provisions		10,032	10,801	11,655	12,494	13,374	14,272	15,236	16,225	17,240	18,281	19,349
Provisions - NC												
TOTAL PROVISIONS		10,032	10,801	11,655	12,494	13,374	14,272	15,236	16,225	17,240	18,281	20,445
		10,032										
BORROWINGS												
Current (next year's repayment)		527	885	978	1,009	1,046	1,086	490	513	328	343	358
Non-Current		2,895	4,880	5,402	4,393	3,347	2,260	1,770	1,257	929	586	228
Add New Borrowings		151	2,700	1,500								
Less: Loan Repayments		-508	-885	-978	-1,009	-1,046	-1,086	-490	-513	-328	-343	-358
TOTAL BORROWINGS		3,573	5,765	6,380	5,402	4,393	3,347	2,260	1,770	929	586	228
Buildings and Infrastructure Renewals spending		7,567	7,381	16,209	15,730	16,589	17,045	17,421	17,801	18,244	18,691	19,146
Buildings and Infrastructure Depreciation		16,803	13,044	13,321	13,540	13,834	14,170	14,666	15,010	15,437	15,774	16,389
Annual Underspend		9,235	5,664	-2,888	-2,190	-2,755	-2,875	-2,755	-2,791	-2,807	-2,917	-2,757
Infrastructure Renewal Backlog		55,207	64,442	70,106	67,218	65,028	62,273	59,398	56,643	53,853	51,045	48,128
			16.7%	8.8%	-4.1%	-3.3%	-4.2%	-4.6%	-4.6%	-4.9%	-5.2%	-5.7%
Cash available from the Base Budget (incl Reserves)		17,760	9,787	16,407	18,093	22,276	23,754	24,077	24,251	25,705	26,450	27,340

**Long Term Financial Plan
General Revenue**

**2014/2015 to 2023/2024
SCENARIO 2 (SRV - 7% over four years, including rate pegging)**

Council of the City of Ryde

	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT											
REVENUE FROM CONTINUING OPERATIONS											
Rates and annual charges	45,814	47,486	50,713	54,172	57,878	61,850	63,458	65,108	66,800	68,537	70,319
User charges and fees	7,594	5,903	6,148	6,308	6,472	6,641	6,813	6,990	7,172	7,359	7,550
Interest and investment revenue	4,325	3,347	3,434	3,523	3,615	3,709	3,805	3,904	4,006	4,110	4,217
Other revenues	7,729	5,988	6,134	6,294	6,457	6,625	6,797	6,974	7,155	7,342	7,532
Grants & contributions - Operating	4,528	5,875	6,036	6,193	6,384	6,550	6,721	6,896	7,075	7,259	7,447
Grants & contributions - Capital	13,495	1,850	884	474	474	469	482	494	507	520	534
In-Kind Contributions - Capital (non-cash)											
Net gain from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL INCOME FROM CONTINUING OPERATIONS	83,485	70,450	73,350	76,964	81,280	85,844	88,076	90,366	92,716	95,126	97,600
EXPENSES FROM CONTINUING OPERATIONS											
Employee benefits and on-costs	32,705	36,065	35,357	37,167	37,944	41,045	42,112	43,207	44,330	45,483	46,666
Borrowing costs	120	173	183	157	141	114	90	74	60	41	21
Materials and contracts	15,889	16,251	16,673	17,034	16,529	16,438	16,865	17,954	17,754	18,215	18,689
Depreciation and amortisation	12,986	12,216	12,774	13,086	13,624	14,066	14,762	15,146	15,881	16,307	17,102
Impairment											
Other expenses	9,817	10,597	10,928	11,396	11,755	12,208	12,807	13,153	13,572	14,106	14,560
Interest and Investment losses											
Net loss from the disposal of assets	154										
Net share of interests in joint ventures & associates using equity method											
TOTAL EXPENSES FROM CONTINUING OPERATIONS	71,670	75,303	75,915	78,839	79,992	83,872	86,637	89,534	91,597	94,152	97,038
OPERATING RESULT FROM CONTINUING OPERATIONS	11,814	-4,852	-2,565	-1,875	1,288	1,973	1,439	832	1,119	974	562
OPERATIONS											
NET OPERATING RESULT FOR THE YEAR	11,814	-4,852	-2,565	-1,875	1,288	1,973	1,439	832	1,119	974	562
Attributable to:											
Council	11,814	-4,852	-2,565	-1,875	1,288	1,973	1,439	832	1,119	974	562
Minority interests											
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS	-1,680	-6,703	-3,448	-2,349	814	1,503	958	338	612	454	28
"Cash" generated towards capital works	11,306	5,513	9,325	10,737	14,438	15,569	15,720	15,484	16,493	16,761	17,130

**Long Term Financial Plan
Commercial Waste**

**2014/2015 to 2023/2024
SCENARIO 2 (SRV - 7% over four years, including rate pegging)**

Council of the City of Ryde	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT											
REVENUE FROM CONTINUING OPERATIONS											
Rates and annual charges	135										
User charges and fees	991	1,000	1,026	1,053	1,080	1,108	1,137	1,167	1,197	1,228	1,260
Interest and investment revenue											
Other revenues	293	235	241	247	253	260	267	274	281	288	296
Grants & contributions - Operating											
Grants & contributions - Capital											
In-Kind Contributions - Capital (non-cash)											
Net gain from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL INCOME FROM CONTINUING OPERATIONS	1,419	1,235	1,267	1,300	1,333	1,368	1,404	1,440	1,478	1,516	1,555
EXPENSES FROM CONTINUING OPERATIONS											
Employee benefits and on-costs	125	161	165	169	174	178	183	188	193	198	203
Borrowing costs											
Materials and contracts	200	293	307	320	334	342	351	360	370	379	389
Depreciation and amortisation											
Impairment											
Other expenses	205	230	255	282	309	337	366	395	425	455	487
Interest and Investment losses											
Net loss from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL EXPENSES FROM CONTINUING OPERATIONS	530	684	728	772	816	857	900	943	987	1,032	1,079
OPERATING RESULT FROM CONTINUING OPERATIONS	889	551	539	528	517	511	504	497	491	484	477
OPERATIONS											
NET OPERATING RESULT FOR THE YEAR	889	551	539	528	517	511	504	497	491	484	477
Attributable to:											
Council	889	551	539	528	517	511	504	497	491	484	477
Minority interests											
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS	889	551	539	528	517	511	504	497	491	484	477
"Cash" generated towards capital works	889	551	539	528	517	511	504	497	491	484	477

**Long Term Financial Plan
Domestic Waste**

**2014/2015 to 2023/2024
SCENARIO 2 (SRV - 7% over four years, including rate pegging)**

Council of the City of Ryde

INCOME STATEMENT

REVENUE FROM CONTINUING OPERATIONS

	Actual 2013/2014 \$'000	Forecast 2014/2015 \$'000	Forecast 2015/2016 \$'000	Forecast 2016/2017 \$'000	Forecast 2017/2018 \$'000	Forecast 2018/2019 \$'000	Forecast 2019/2020 \$'000	Forecast 2020/2021 \$'000	Forecast 2021/2022 \$'000	Forecast 2022/2023 \$'000	Forecast 2023/2024 \$'000
Rates and annual charges	14,949	16,296	18,822	19,763	20,751	21,789	22,878	24,022	25,223	26,484	27,809
User charges and fees	11										
Interest and investment revenue	45										
Other revenues	24	32	33	34	35	35	36	37	38	39	40
Grants & contributions - Operating	506	221	226	232	238	244	251	257	264	271	278
Grants & contributions - Capital											
In-Kind Contributions - Capital (non-cash)											
Net gain from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL INCOME FROM CONTINUING OPERATIONS	15,535	16,549	19,081	20,029	21,024	22,069	23,165	24,317	25,526	26,795	28,127

EXPENSES FROM CONTINUING OPERATIONS

Employee benefits and on-costs	1,243	1,553	1,495	1,534	1,573	1,614	1,656	1,699	1,744	1,789	1,835
Borrowing costs											
Materials and contracts	10,549	12,083	12,397	12,725	13,063	13,403	13,751	14,109	14,476	14,852	15,238
Depreciation and amortisation	11	18	18	19	20	20	21	22	23	23	24
Impairment											
Other expenses	2,929	4,186	4,639	5,113	5,593	6,084	6,598	7,116	7,649	8,196	8,757
Interest and investment losses											
Net loss from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL EXPENSES FROM CONTINUING OPERATIONS	14,732	17,839	18,549	19,391	20,250	21,121	22,026	22,946	23,892	24,860	25,855

OPERATING RESULT FROM CONTINUING OPERATIONS

OPERATIONS

NET OPERATING RESULT FOR THE YEAR

Attributable to:

Council	803	-1,290	532	638	775	947	1,139	1,371	1,634	1,935	2,272
Minority interests											

**NET OPERATING RESULT FOR THE YEAR BEFORE
GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL
PURPOSES EXCLUDING DISCONTINUED OPERATIONS**

	803	-1,290	532	638	775	947	1,139	1,371	1,634	1,935	2,272
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"Cash" generated towards capital works

	815	-1,273	551	657	794	967	1,160	1,392	1,657	1,958	2,297
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Long Term Financial Plan
Externally Restricted Revenue
- Macquarie Park Special Rate
- Stormwater Management Charge

2014/2015 to 2023/2024
SCENARIO 2 (SRV - 7% over four years, including rate pegging)

Council of the City of Ryde	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT											
REVENUE FROM CONTINUING OPERATIONS											
Rates and annual charges	2,272	2,318	2,378	2,440	2,504	2,569	2,635	2,704	2,774	2,846	2,920
User charges and fees											
Interest and investment revenue											
Other revenues											
Grants & contributions - Operating											
Grants & contributions - Capital											
In-Kind Contributions - Capital (non-cash)											
Net gain from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL INCOME FROM CONTINUING OPERATIONS	2,272	2,318	2,378	2,440	2,504	2,569	2,635	2,704	2,774	2,846	2,920
EXPENSES FROM CONTINUING OPERATIONS											
Employee benefits and on-costs											
Borrowing costs											
Materials and contracts		1	1	1	1	1	1	1	1	1	1
Depreciation and amortisation											
Impairment											
Other expenses											
Interest and investment losses											
Net loss from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL EXPENSES FROM CONTINUING OPERATIONS	1	1	1	1	1	1	1	1	1	1	1
OPERATING RESULT FROM CONTINUING OPERATIONS	2,272	2,318	2,378	2,440	2,503	2,568	2,635	2,703	2,774	2,846	2,920
OPERATIONS											
NET OPERATING RESULT FOR THE YEAR	2,272	2,318	2,378	2,440	2,503	2,568	2,635	2,703	2,774	2,846	2,920
Attributable to:											
Council	2,272	2,318	2,378	2,440	2,503	2,568	2,635	2,703	2,774	2,846	2,920
Minority interests											
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS	2,272	2,318	2,378	2,440	2,503	2,568	2,635	2,703	2,774	2,846	2,920
"Cash" generated towards capital works	2,272	2,318	2,378	2,440	2,503	2,568	2,635	2,703	2,774	2,846	2,920

Long Term Financial Plan General Revenue

2014/2015 to 2023/2024 SCENARIO 2 (SRV - 7% over four years, including rate pegging)

Council of the City of Ryde

INCOME STATEMENT

REVENUE FROM CONTINUING OPERATIONS

	Actual 2013/2014 \$'000	Forecast 2014/2015 \$'000	Forecast 2015/2016 \$'000	Forecast 2016/2017 \$'000	Forecast 2017/2018 \$'000	Forecast 2018/2019 \$'000	Forecast 2019/2020 \$'000	Forecast 2020/2021 \$'000	Forecast 2021/2022 \$'000	Forecast 2022/2023 \$'000	Forecast 2023/2024 \$'000
Rates and annual charges	45,814	47,486	50,713	54,172	57,878	61,850	63,458	65,108	66,800	68,537	70,319
User charges and fees	7,594	5,903	6,148	6,308	6,472	6,641	6,813	6,990	7,172	7,359	7,550
Interest and investment revenue	4,325	3,347	3,434	3,523	3,615	3,709	3,805	3,904	4,006	4,110	4,217
Other revenues	7,729	5,988	6,134	6,294	6,457	6,625	6,797	6,974	7,155	7,342	7,532
Grants & contributions - Operating	4,528	5,875	6,036	6,193	6,384	6,550	6,721	6,896	7,075	7,259	7,447
Grants & contributions - Capital	13,495	1,850	884	474	474	469	482	494	507	520	534
In-Kind Contributions - Capital (non-cash)											
Net gain from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL INCOME FROM CONTINUING OPERATIONS	83,485	70,450	73,350	76,964	81,280	85,844	88,076	90,366	92,716	95,126	97,600

EXPENSES FROM CONTINUING OPERATIONS

Employee benefits and on-costs	32,705	36,065	35,357	37,167	37,944	41,045	42,112	43,207	44,330	45,483	46,666
Borrowing costs	120	173	183	157	141	114	90	74	60	41	21
Materials and contracts	15,889	16,251	16,673	17,034	16,529	16,438	16,865	17,954	17,754	18,215	18,689
Depreciation and amortisation	12,986	12,216	12,774	13,086	13,624	14,066	14,762	15,146	15,881	16,307	17,102
Impairment											
Other expenses	9,817	10,597	10,928	11,396	11,755	12,208	12,807	13,153	13,572	14,106	14,560
Interest and investment losses											
Net loss from the disposal of assets	154										
Net share of interests in joint ventures & associates using equity method											
TOTAL EXPENSES FROM CONTINUING OPERATIONS	71,670	75,303	75,915	78,839	79,992	83,872	86,637	89,534	91,597	94,152	97,038

OPERATING RESULT FROM CONTINUING OPERATIONS

	11,814	-4,852	-2,565	-1,875	1,288	1,973	1,439	832	1,119	974	562
OPERATIONS											
NET OPERATING RESULT FOR THE YEAR	11,814	-4,852	-2,565	-1,875	1,288	1,973	1,439	832	1,119	974	562

Attributable to:

Council	11,814	-4,852	-2,565	-1,875	1,288	1,973	1,439	832	1,119	974	562
Minority interests											

NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS

	-1,680	-6,703	-3,448	-2,349	814	1,503	958	338	612	454	28
"Cash" generated towards capital works	11,306	5,513	9,325	10,737	14,438	15,569	15,720	15,484	16,493	16,761	17,130

**Long Term Financial Plan
Home Modification**

**2014/2015 to 2023/2024
SCENARIO 2 (SRV - 7% over four years, including rate pegging)**

Council of the City of Ryde

Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT										
REVENUE FROM CONTINUING OPERATIONS										
Rates and annual charges										
User charges and fees	83	80	84	86	88	91	93	95	98	100
Interest and investment revenue										
Other revenues	3									
Grants & contributions - Operating	362	482	494	507	520	534	547	562	576	591
Grants & contributions - Capital										
In-Kind Contributions - Capital (non-cash)										
Net gain from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL INCOME FROM CONTINUING OPERATIONS	448	562	578	593	608	624	640	657	674	692
EXPENSES FROM CONTINUING OPERATIONS										
Employee benefits and on-costs	236	211	216	222	228	234	240	246	252	259
Borrowing costs										
Materials and contracts	256	277	284	292	299	307	315	323	332	340
Depreciation and amortisation										
Impairment										
Other expenses	30	6	6	6	6	7	7	7	7	7
Interest and Investment losses										
Net loss from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL EXPENSES FROM CONTINUING OPERATIONS	522	494	507	520	533	547	562	576	591	606
OPERATING RESULT FROM CONTINUING OPERATIONS	-74	68	71	73	75	77	79	81	83	85
OPERATIONS										
NET OPERATING RESULT FOR THE YEAR	-74	68	71	73	75	77	79	81	83	85
Attributable to:										
Council										
Minority interests										
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS	-74	68	71	73	75	77	79	81	83	85
"Cash" generated towards capital works	-74	68	71	73	75	77	79	81	83	85

**Long Term Financial Plan
Investment Property Portfolio**

**2014/2015 to 2023/2024
SCENARIO 2 (SRV - 7% over four years, including rate pegging)**

Council of the City of Ryde	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT											
REVENUE FROM CONTINUING OPERATIONS											
Rates and annual charges											
User charges and fees	854	1,433	1,871	1,919	1,969	2,021	2,073	2,127	2,182	2,239	2,297
Interest and investment revenue											
Other revenues	562	736	846	898	951	976	1,001	1,027	1,054	1,081	1,109
Grants & contributions - Operating											
Grants & contributions - Capital											
In-Kind Contributions - Capital (non-cash)											
Net gain from the disposal of assets											
Net share of interests in joint ventures & associates using equity method											
TOTAL INCOME FROM CONTINUING OPERATIONS	1,416	2,170	2,716	2,817	2,920	2,996	3,074	3,154	3,236	3,320	3,406
EXPENSES FROM CONTINUING OPERATIONS											
Employee benefits and on-costs	414	395	405	416	427	438	449	461	473	485	498
Borrowing costs											
Materials and contracts	512	621	484	497	511	524	538	552	566	581	596
Depreciation and amortisation	247	198	204	211	219	227	236	246	257	268	281
Impairment											
Other expenses	265	624	680	748	768	788	869	892	915	939	963
Interest and investment losses											
Net loss from the disposal of assets	-5										
Net share of interests in joint ventures & associates using equity method											
TOTAL EXPENSES FROM CONTINUING OPERATIONS	1,434	1,839	1,774	1,872	1,924	1,976	2,092	2,151	2,211	2,273	2,338
OPERATING RESULT FROM CONTINUING OPERATIONS	-18	331	943	945	996	1,020	982	1,003	1,025	1,047	1,069
OPERATIONS											
NET OPERATING RESULT FOR THE YEAR	-18	331	943	945	996	1,020	982	1,003	1,025	1,047	1,069
Attributable to:											
Council	-18	331	943	945	996	1,020	982	1,003	1,025	1,047	1,069
Minority interests											
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS	-18	331	943	945	996	1,020	982	1,003	1,025	1,047	1,069
"Cash" generated towards capital works	230	529	1,147	1,156	1,215	1,247	1,218	1,250	1,282	1,315	1,349

**Long Term Financial Plan
Plant Fund**

**2014/2015 to 2023/2024
SCENARIO 2 (SRV - 7% over four years, including rate pegging)**

Council of the City of Ryde

Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME STATEMENT										
REVENUE FROM CONTINUING OPERATIONS										
Rates and annual charges										
User charges and fees										
Interest and investment revenue										
Other revenues	24	52	54	55	57	58	60	61	63	66
Grants & contributions - Operating										
Grants & contributions - Capital										
In-Kind Contributions - Capital (non-cash)										
Net gain from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL INCOME FROM CONTINUING OPERATIONS	24	52	54	55	57	58	60	61	63	66
EXPENSES FROM CONTINUING OPERATIONS										
Employee benefits and on-costs	824	981	957	981	1,007	1,033	1,060	1,088	1,116	1,145
Borrowing costs										
Materials and contracts	-3,203	-2,833	-3,107	-3,337	-3,582	-3,675	-3,770	-3,868	-3,969	-4,072
Depreciation and amortisation	2,543	1,989	2,088	2,130	2,237	2,281	2,396	2,443	2,566	2,748
Impairment										
Other expenses	479	514	528	542	556	571	586	602	617	650
Interest and Investment losses										
Net loss from the disposal of assets	-168									
Net share of interests in joint ventures & associates using equity method										
TOTAL EXPENSES FROM CONTINUING OPERATIONS	474	651	466	317	218	211	272	264	330	394
OPERATING RESULT FROM CONTINUING OPERATIONS	-450	-599	-412	-262	-162	-153	-212	-203	-267	-328
OPERATIONS										
NET OPERATING RESULT FOR THE YEAR	-450	-599	-412	-262	-162	-153	-212	-203	-267	-328
Attributable to:										
Council	-450	-599	-412	-262	-162	-153	-212	-203	-267	-328
Minority interests										
NET OPERATING RESULT FOR THE YEAR BEFORE GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL PURPOSES EXCLUDING DISCONTINUED OPERATIONS	-450	-599	-412	-262	-162	-153	-212	-203	-267	-328
"Cash" generated towards capital works	2,093	1,390	1,676	1,868	2,075	2,129	2,183	2,240	2,298	2,358

**Long Term Financial Plan
Ryde Aquatic Leisure Centre**

**2014/2015 to 2023/2024
SCENARIO 2 (SRV - 7% over four years, including rate pegging)**

Council of the City of Ryde

Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

INCOME STATEMENT

REVENUE FROM CONTINUING OPERATIONS

Rates and annual charges										
User charges and fees	5,272	6,408	6,575	6,746	6,921	7,101	7,286	7,475	7,670	7,869
Interest and investment revenue										
Other revenues	18	17	18	18	19	19	20	20	21	21
Grants & contributions - Operating										
Grants & contributions - Capital										
In-Kind Contributions - Capital (non-cash)										
Net gain from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL INCOME FROM CONTINUING OPERATIONS	5,290	6,426	6,593	6,764	6,940	7,121	7,306	7,496	7,691	7,890

EXPENSES FROM CONTINUING OPERATIONS

Employee benefits and on-costs	2,929	3,300	3,385	3,473	3,563	3,656	3,751	3,849	3,949	4,051
Borrowing costs	26	61	53	45	36	27	18	8		
Materials and contracts	1,260	1,307	1,342	1,379	1,417	1,453	1,491	1,530	1,570	1,611
Depreciation and amortisation	720	667	700	714	750	765	803	819	860	878
Impairment										
Other expenses	845	1,067	1,092	1,233	1,265	1,298	1,467	1,505	1,545	1,585
Interest and investment losses										
Net loss from the disposal of assets										
Net share of interests in joint ventures & associates using equity method										
TOTAL EXPENSES FROM CONTINUING OPERATIONS	5,780	6,401	6,573	6,845	7,032	7,200	7,531	7,711	7,924	8,124

OPERATING RESULT FROM CONTINUING OPERATIONS

OPERATIONS

NET OPERATING RESULT FOR THE YEAR

	-490	25	20	-80	-92	-79	-225	-216	-233	-234
	-490	25	20	-80	-92	-79	-225	-216	-233	-234

Attributable to:

Council	-490	25	20	-80	-92	-79	-225	-216	-233	-234
Minority interests										

**NET OPERATING RESULT FOR THE YEAR BEFORE
GRANTS AND CONTRIBUTIONS PROVIDED FOR CAPITAL
PURPOSES EXCLUDING DISCONTINUED OPERATIONS**

	-490	25	20	-80	-92	-79	-225	-216	-233	-234
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"Cash" generated towards capital works

	230	692	720	634	659	686	578	604	627	644
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Option C

Addressing Annual Renewal, Operating, Maintenance Underspending and Infrastructure backlog

This option was for a 12% per annum increase over four years, including the rate pegging amount.

This option would give Council greater capacity to increase or enhance current service levels, and/or more renewals.

Following on from Community Consultation from June 2014 to September 2014, it was made evident that the community did not support this option, and therefore no further information will be shown for this option.

Attachment M

City of Ryde Self-Assessment

GENERAL FUND - OPERATING PERFORMANCE RESULT

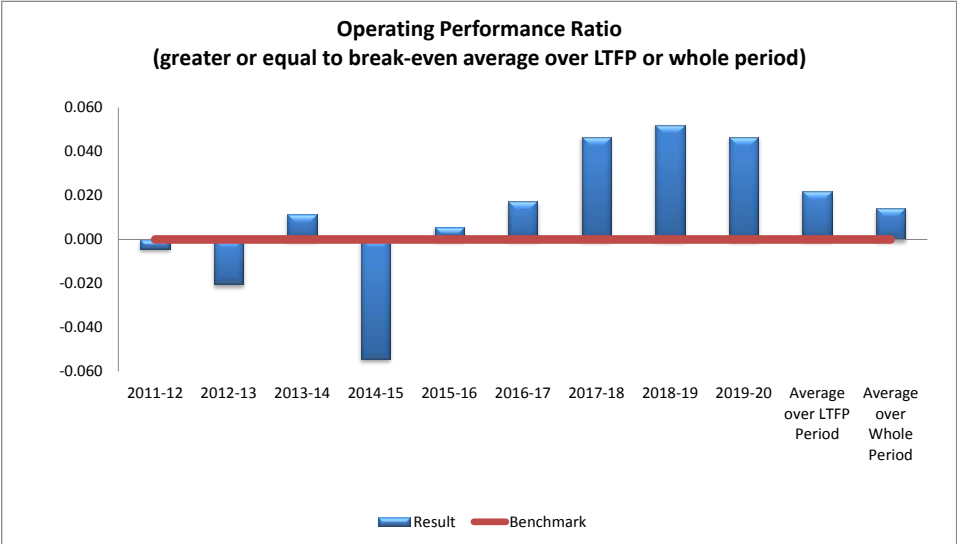
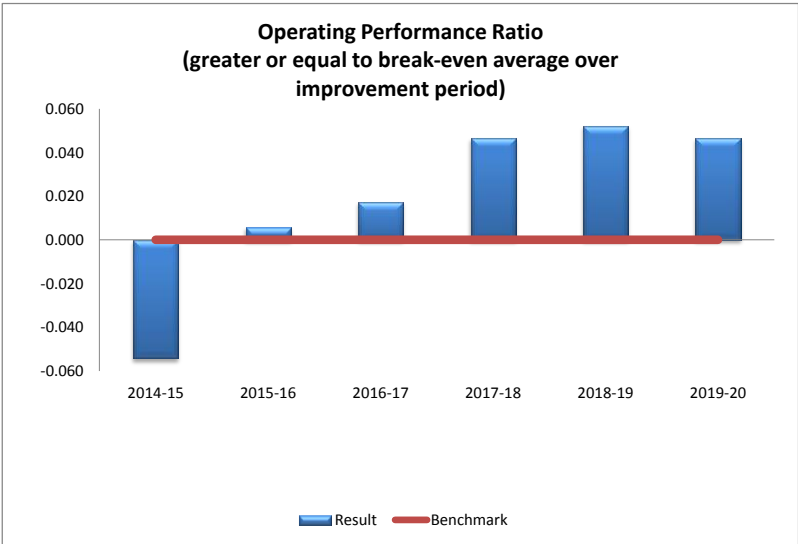
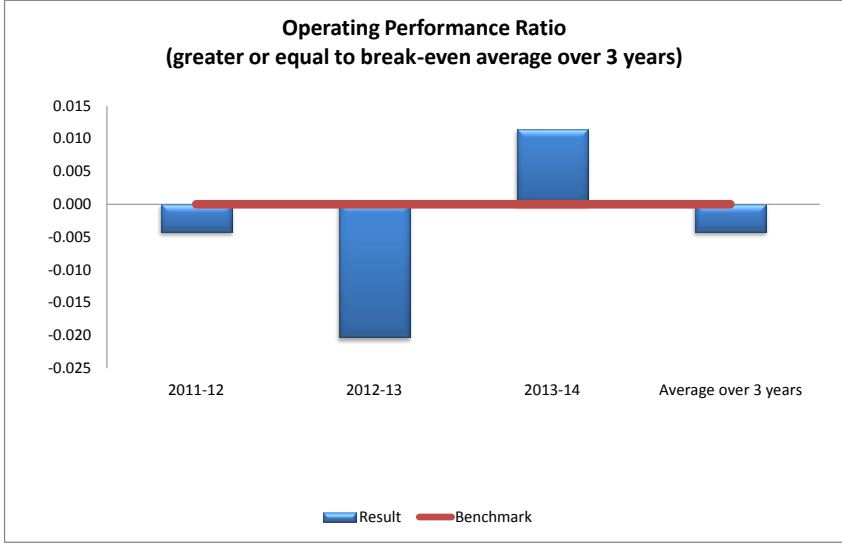
Council of the City of Ryde

BENCHMARK AND RESULT

Benchmark:-

Greater or equal to break-even average over 3 years

	2011-12	2012-13	2013-14	Average over 3 years	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Average over LTFP Period	Average over Whole Period
Result	-0.004	-0.020	0.0114	-0.004	-0.054	0.006	0.017	0.047	0.052	0.047	0.022	0.014
Benchmark	0	0	0	0	0	0	0	0	0	0	0	0



This is how we calculated the council's result.....
(Figures are carried over from the data sheet and are in \$000)

Total continuing operating revenue (exc. capital grants and contributions) less operating expenses

Total continuing operating revenue (exc. capital grants and contributions)

Note: Both numerator and denominator in this calculation excludes fair value adjustments, reversal of revaluation decrements, net gain/losses on sale of assets and net share/loss of interests in joint ventures

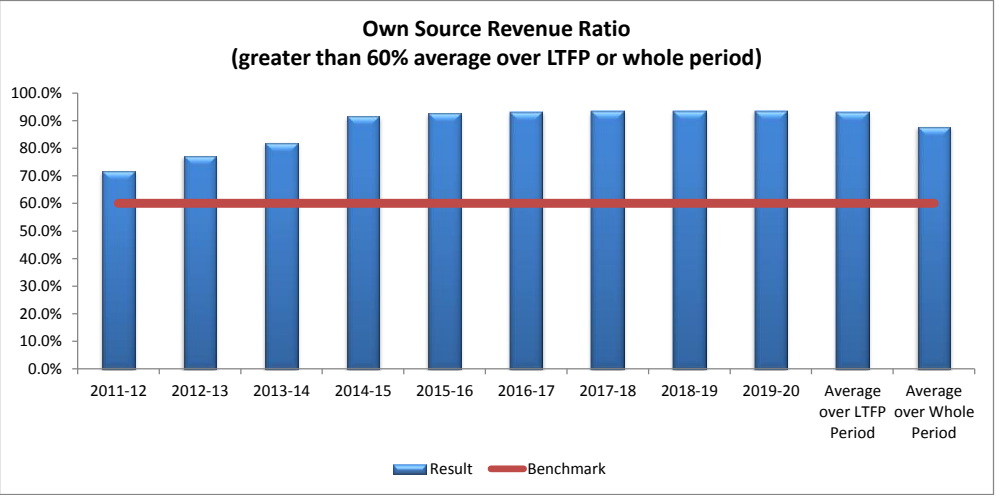
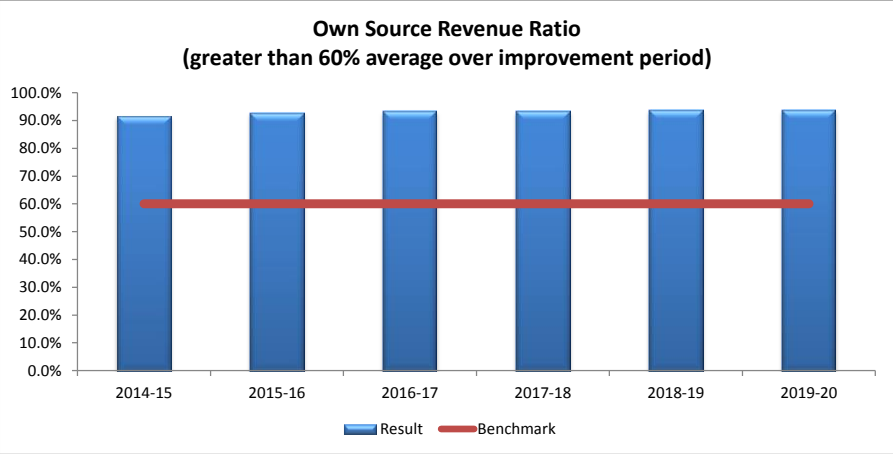
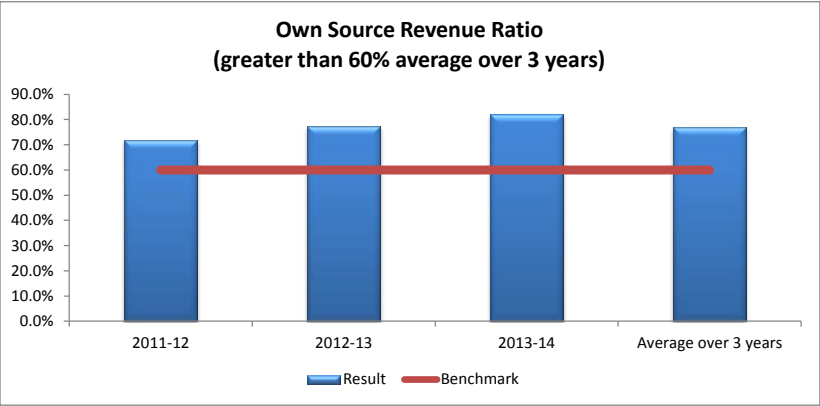
GENERAL FUND - OWN SOURCE REVENUE RESULT

Council of the City of Ryde

BENCHMARK AND RESULT

Benchmark:- Greater than 60% average over 3 years

	2011-12	2012-13	2013-14	Average over 3 years	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Average over LTFP Period	Average over Whole Period
Result	71.8%	77.3%	82.0%	77.0%	91.6%	92.8%	93.3%	93.5%	93.6%	93.7%	93.1%	87.8%
Benchmark	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%



This is how we calculated the council's result.....
(Figures are carried over from the data sheet and are in \$000)

<u>Total continuing operating revenue less all grants and contributions</u>
<u>Total continuing operating revenue inclusive of capital grants and contributions</u>

Note: Both numerator and denominator in this calculation excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets and net share of interests in joint ventures

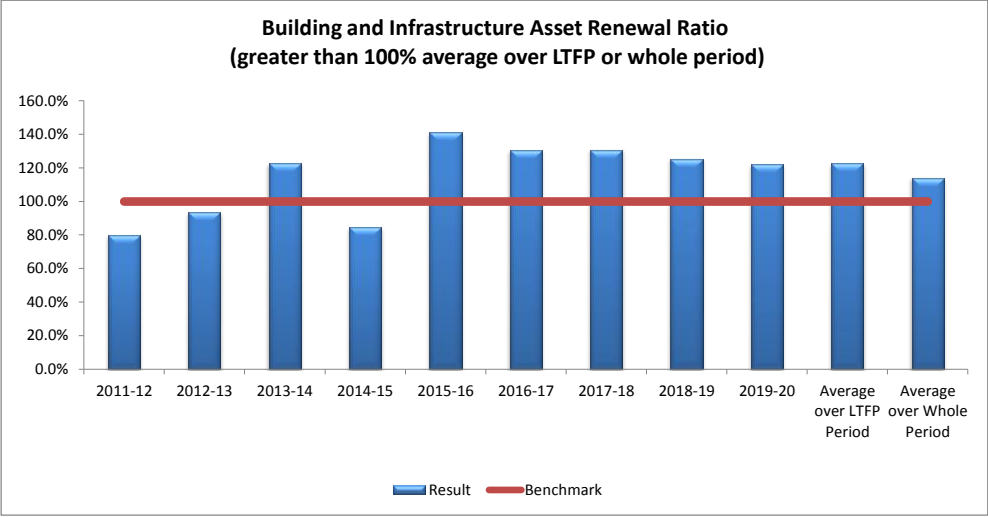
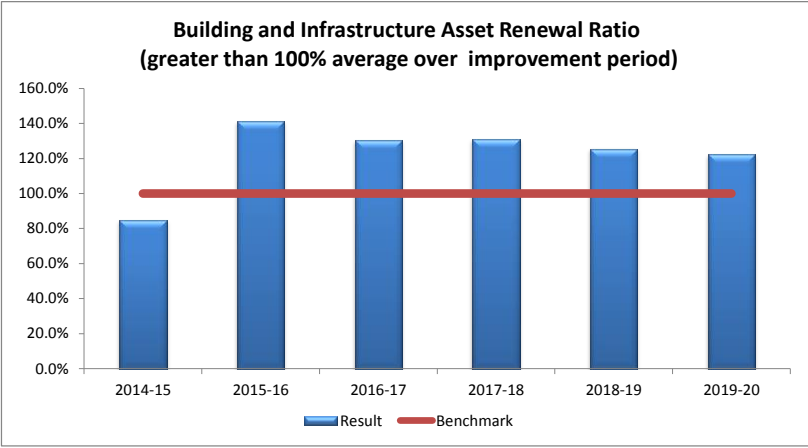
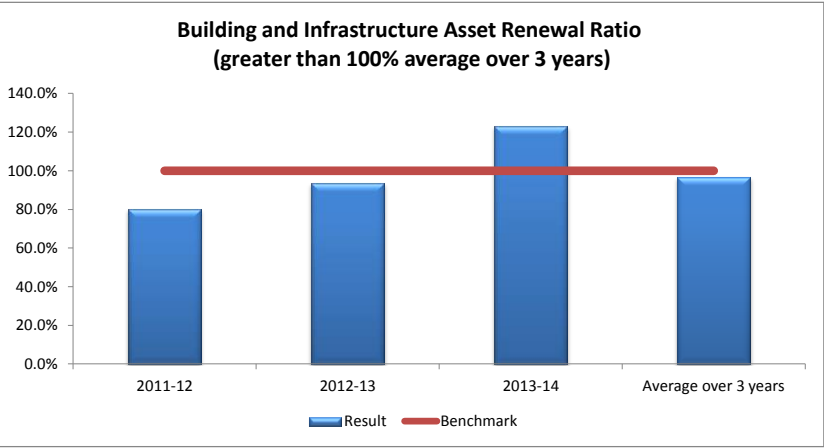
GENERAL FUND - BUILDING AND INFRASTRUCTURE ASSET RENEWAL RESULT

Council of the City of Ryde

BENCHMARK AND RESULT

Benchmark:- Greater than 100% average over 3 years

	2011-12	2012-13	2013-14	Average over 3 years	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Average over LTFP Period	Average over Whole Period
Result	80.2%	93.6%	123.1%	96.9%	84.9%	141.3%	130.5%	130.9%	125.5%	122.3%	123.0%	114.2%
Benchmark	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



This is how we calculated the council's result.....
(Figures are carried over from the data sheet and are in \$000)

Asset renewals (building and infrastructure)
Depreciation, amortisation and impairment (building and infrastructure)

GENERAL FUND - INFRASTRUCTURE BACKLOG RESULT (GROSS BOOK VALUE)

Council of the City of Ryde

BENCHMARK AND RESULT

Benchmark:-

Less than 2%
** Condition 4 & 5 used **

Result

Benchmark

2011-12	2012-13	2013-14
6.28%	5.94%	6.02%
2%	2%	2%

NO



MEETS THE FFTF BENCHMARK

YES

YES

** Revised to only be Condition 5 assets **

Result after 3 years

6.10%

2%

2014-15

3.10%

2%

2015-16

3.15%

2%

2016-17

2.57%

2%

2017-18

1.87%

2%

2018-19

1.45%

2%

2019-20

1.05%

2%

Result over LTFP Period

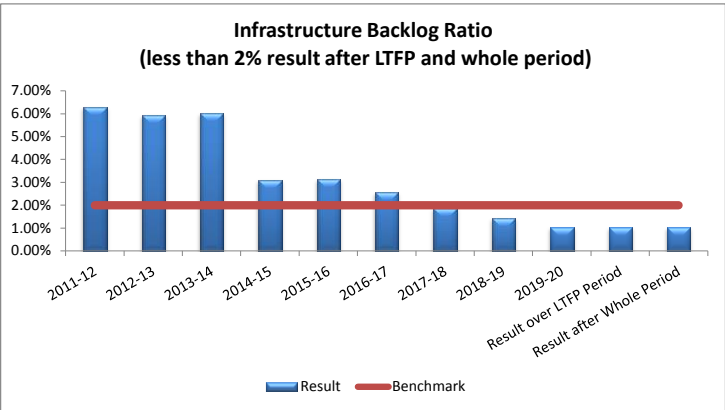
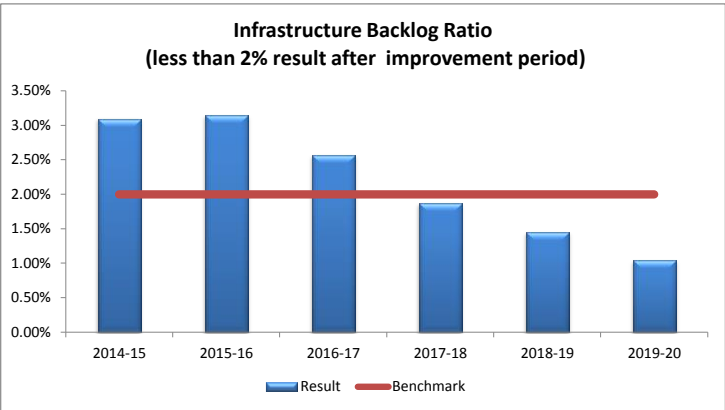
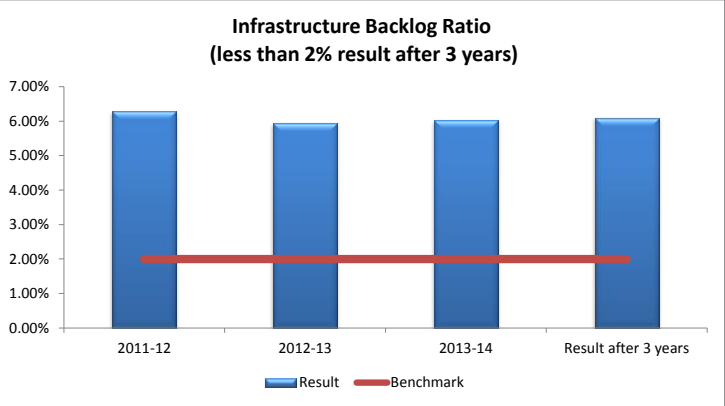
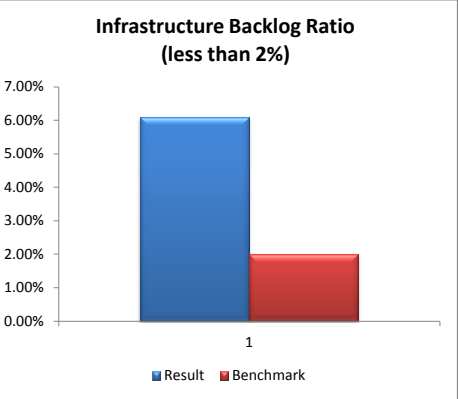
1.05%

2%

Result after Whole Period

1.05%

2%



This is how we calculated the council's result.....

(Figures are carried over from the data sheet and are in \$000)

Estimated cost to bring assets to a satisfactory condition

Total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets

GENERAL FUND - INFRASTRUCTURE BACKLOG RESULT (WRITTEN DOWN VALUE)

Council of the City of Ryde

BENCHMARK AND RESULT

Benchmark:-

Less than 2%
** Condition 4 & 5 used **

Result

Benchmark

2011-12	2012-13	2013-14
8.80%	8.52%	8.48%
2%	2%	2%

NO



MEETS THE FFTF BENCHMARK

YES

YES

** Revised to only be Condition 5 assets **

Result after 3 years

8.62%

2%

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
4.36%	4.44%	3.63%	2.63%	2.04%	1.48%
2%	2%	2%	2%	2%	2%

Result over LTFP Period

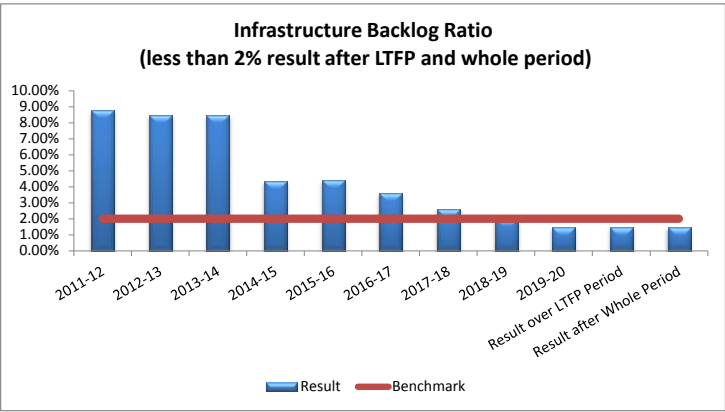
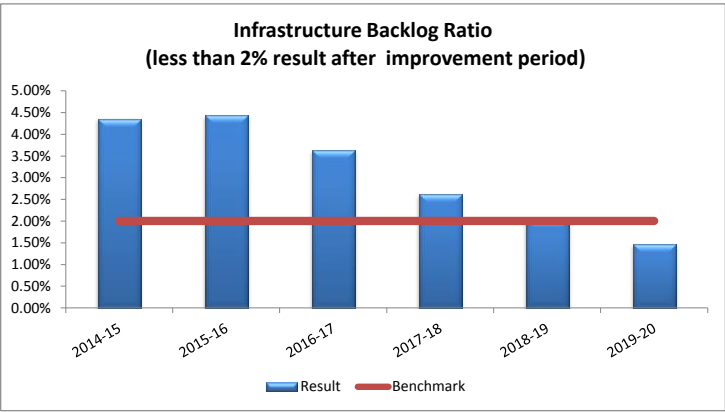
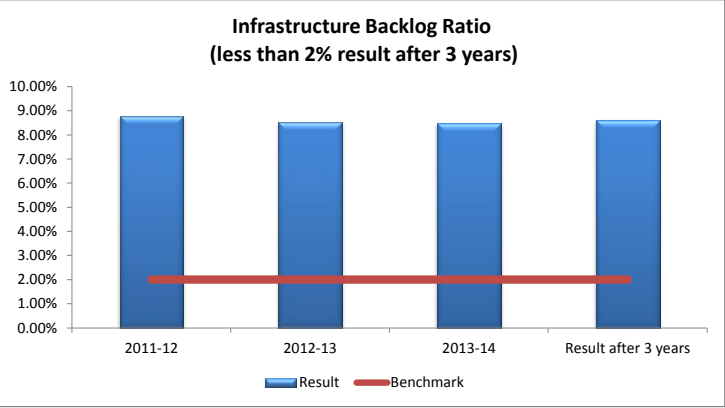
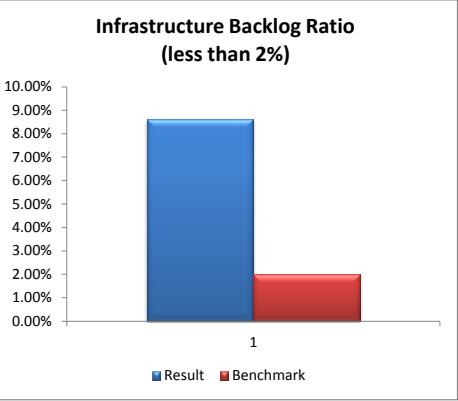
1.48%

2%

Result after Whole Period

1.48%

2%



This is how we calculated the council's result.....

(Figures are carried over from the data sheet and are in \$000)


Estimated cost to bring assets to a satisfactory condition

Total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets

GENERAL FUND - ASSET MAINTENANCE RESULT

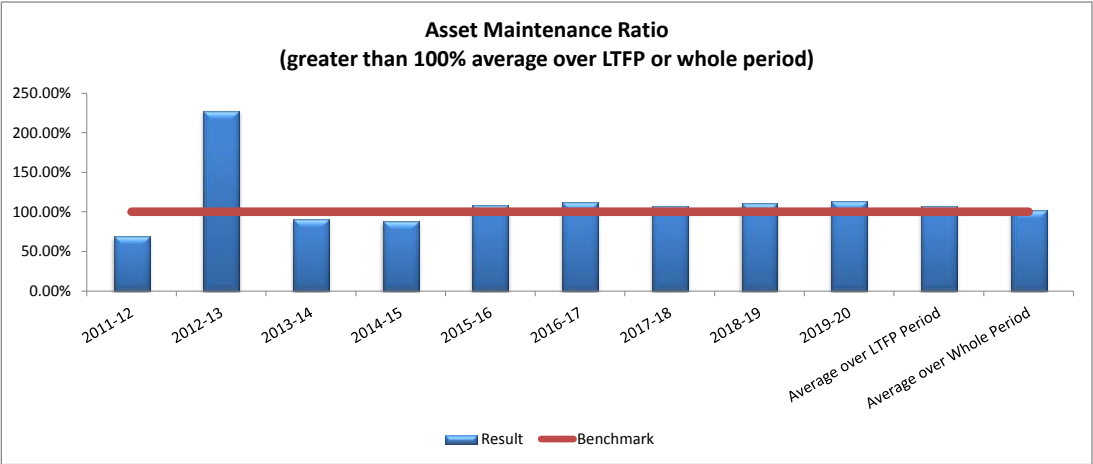
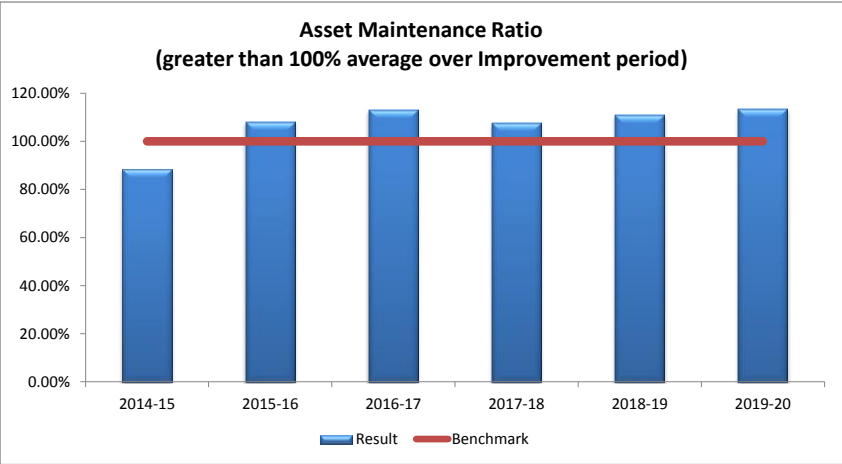
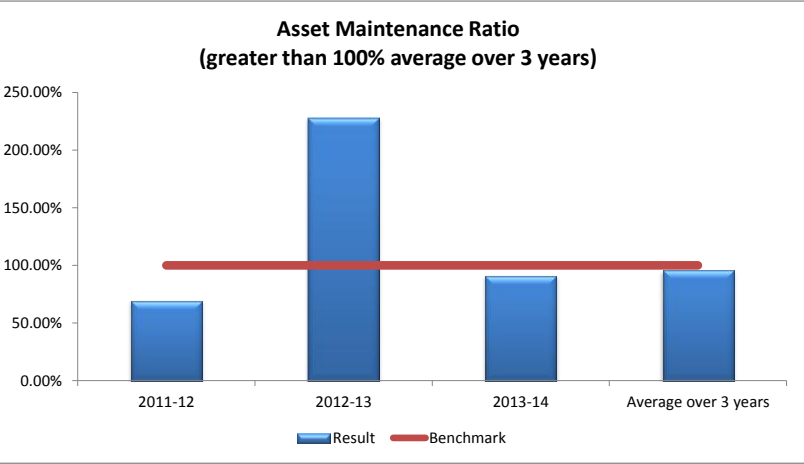
Council of the City of Ryde

BENCHMARK AND RESULT

MEETS THE FFTF BENCHMARK									
NO				YES	YES				

Benchmark:- Greater than 100% average over 3 years

	2011-12	2012-13	2013-14	Average over 3 years	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Average over LTFP Period	Average over Whole Period
Result	69.48%	228.08%	91.22%	95.48%	88.65%	108.20%	112.95%	107.61%	110.86%	113.54%	107.03%	102.95%
Benchmark	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



This is how we calculated the council's result.....
(Figures are carried over from the data sheet and are in \$000)

Actual asset maintenance
Required asset maintenance

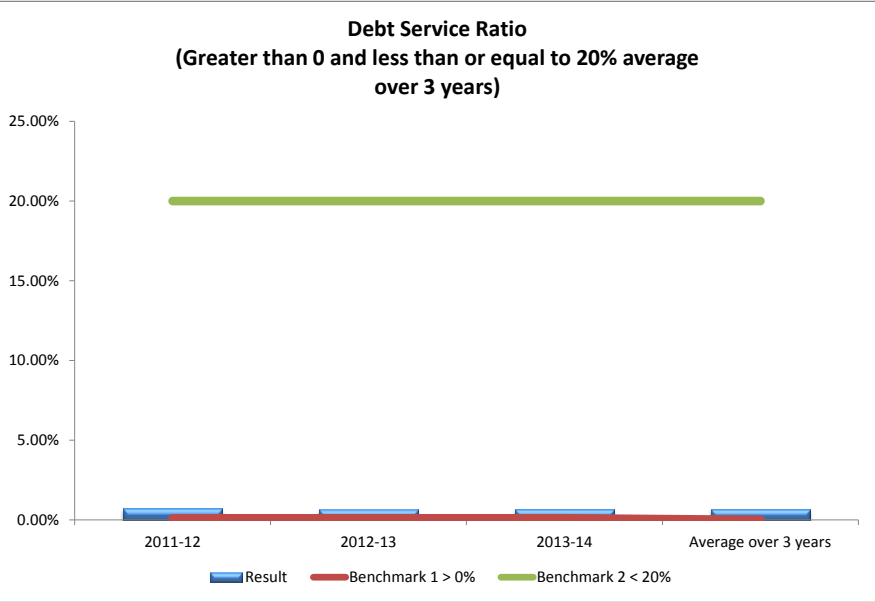
GENERAL FUND - DEBT SERVICE RESULT

Council of the City of Ryde

BENCHMARK AND RESULT

Benchmark:- Greater than 0 and less than or equal to 20% average over 3 years

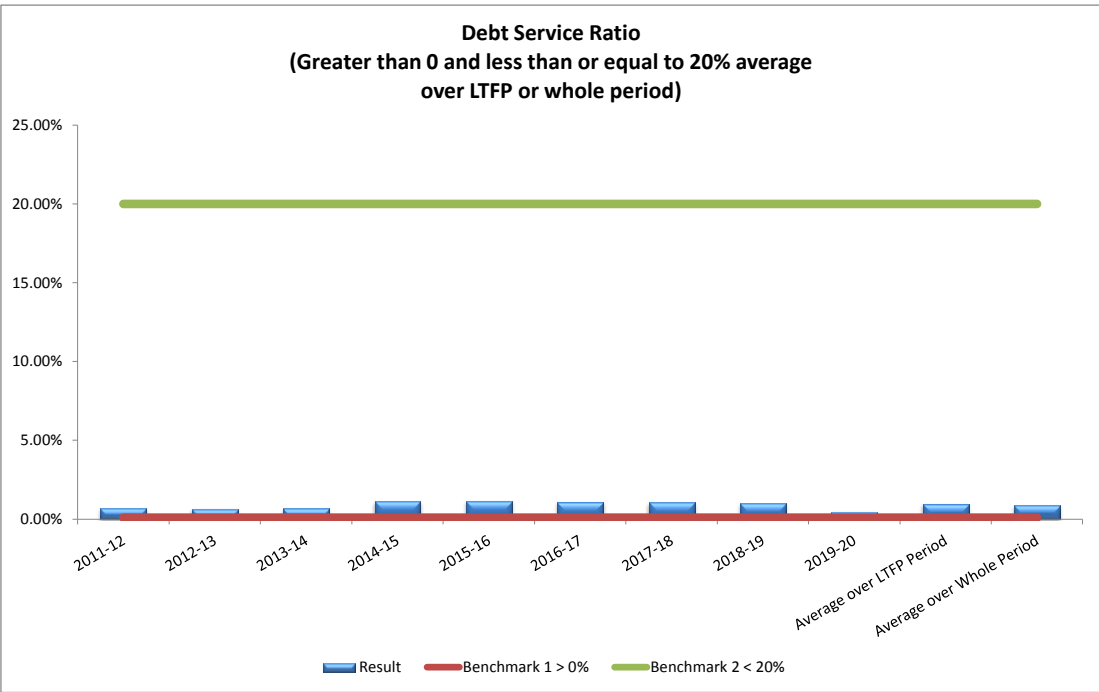
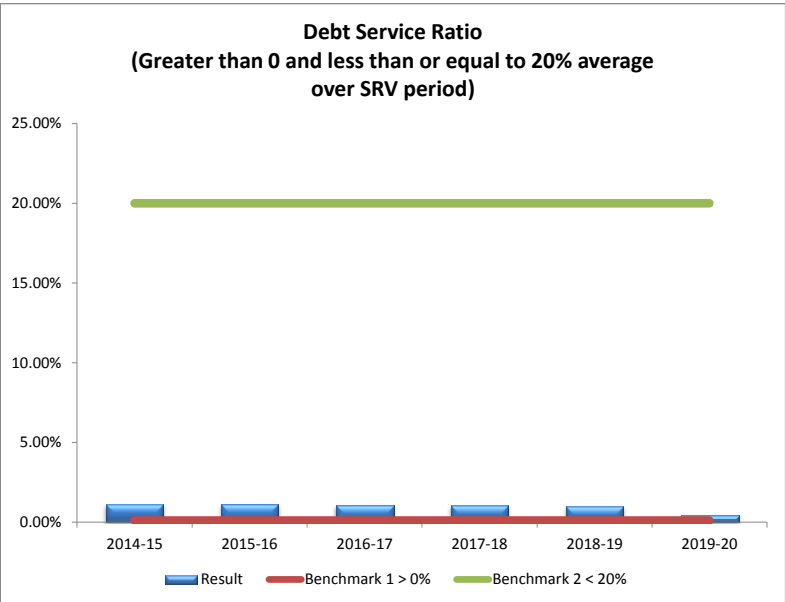
	2011-12	2012-13	2013-14	Average over 3 years	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Average over LTFP Period	Average over Whole Period
Result	0.72%	0.66%	0.68%	0.68%	1.14%	1.15%	1.10%	1.05%	1.01%	0.48%	0.97%	0.89%
Benchmark 1 > 0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Benchmark 2 < 20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%



This is how we calculated the council's result.....
(Figures are carried over from the data sheet and are in \$000)

Cost of debt service (interest expense & principal repayments)
Total continuing operating revenue (exc. capital grants and contributions)

Note: The denominator in this calculation excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets and net share of interests in joint ventures



GENERAL FUND - REAL OPERATING EXPENDITURE PER CAPITA RESULT

Council of the City of Ryde

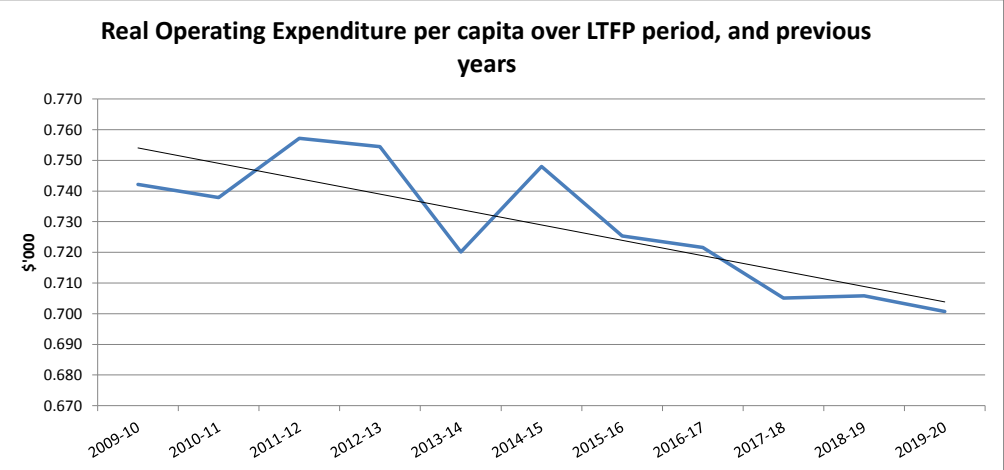
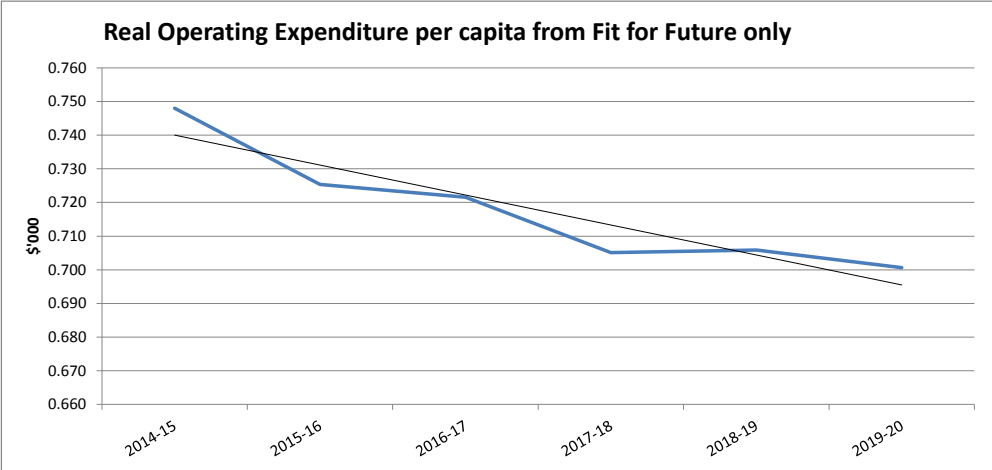
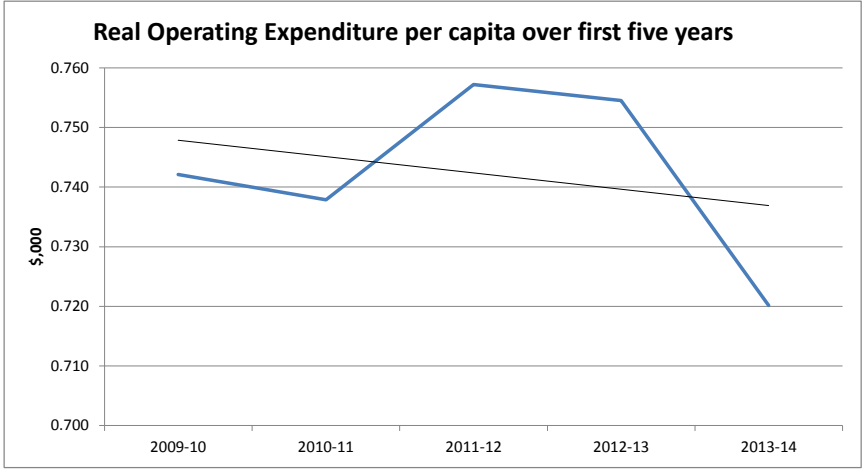
BENCHMARK AND RESULT



MEETS THE FFTF BENCHMARK			
To 2013/2014	From 2014/2015 to 2016/2017	From 2014/2015 to 2019/2020	
YES	YES	YES	

Benchmark:- A decrease in Real Operating Expenditure per capita over time

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Result	0.742	0.738	0.757	0.755	0.720	0.748	0.725	0.722	0.705	0.706	0.701



This is how we calculated the council's result.....

(Figures are carried over from the data sheet and are in \$000)

Expenditure deflated by:	CPI:-	2009-10	2010-11	LGCI:-	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
		2.3%	3%		3.0%	3.4%	3.7%	3.0%	2.6%	2.6%	2.6%	2.6%	2.6%
Discount Factor	100.0%	97.7%	94.8%		91.9%	88.8%	85.5%	82.9%	80.8%	78.7%	76.6%	74.7%	72.7%
CPI factor	100.0%	102.3%	105.4%		108.5%	112.2%	116.4%	119.9%	123.0%	126.2%	129.5%	132.8%	136.3%
CPI (buying power)	100.0%	97.8%	94.9%		92.1%	89.1%	85.9%	83.4%	81.3%	79.3%	77.2%	75.3%	73.4%

Note: The numerator in this calculation excludes revaluation decrements, net loss from disposal of assets and net loss of interests in joint ventures.

GENERAL FUND - OPERATING PERFORMANCE DATA

Council of the City of Ryde

	2011-12 GENERAL FUND DATA \$000	2012-13 GENERAL FUND DATA \$000	2013-14 GENERAL FUND DATA \$000	2014-15 GENERAL FUND DATA \$000	2015-16 GENERAL FUND DATA \$000	2016-17 GENERAL FUND DATA \$000	2017-18 GENERAL FUND DATA \$000	2018-19 GENERAL FUND DATA \$000	2019-20 GENERAL FUND DATA \$000
Note 21- Income Statement - Income - Total Income from continuing operations	113,671	111,383	110,351	99,761	106,017	110,962	116,667	122,649	126,361
Note 21 - Income Statement - Income - Grants & Contributions Provided For Capital Purposes	22,786	18,029	14,229	1,850	884	474	474	469	482
Note 21 - Income Statement - Income - Net gain from the disposal of assets	771	0	64	0	0	0	0	0	0
Note 21 - Income Statement - Income - Net share of interests in joint ventures/associates using the equity method	0	0	0	0	0	0	0	0	0
# Interest & Investment Revenue - Fair value adjustments - Investments	0	0	0	0	0	0	0	0	0
# Interest & Investment Revenue - Fair value adjustments - Other	0	0	0	0	0	0	0	0	0
# Other Revenues - Fair value adjustments - investment properties	75	345	180	0	0	0	0	0	0
# Other Revenues - Reversal of IPPE revaluation decrements previously expensed	0	0	0	0	0	0	0	0	0
Note 21 - Income Statement - Expenses - Total expenses from continuing operations	90,425	99,149	94,781	103,212	104,511	108,556	110,766	115,785	120,020
Note 21 - Income Statement - Expenses - Net Loss from the disposal of assets	0	4,247	0	0	0	0	0	0	0
Note 21 - Income Statement - Expenses - Net share of interests in joint ventures/associates using the equity method	0	0	0	0	0	0	0	0	0
* Other Expenses - Revaluation Decrements	0	0	0	0	0	0	0	0	0

For reporting purposes the consolidated data comes from Note 3. For this purpose, only enter data that relates to the **General Fund**

* For reporting purposes the consolidated data comes from Note 4. For this purpose, only enter data that relates to the **General Fund**

GENERAL FUND - OWN SOURCE REVENUE DATA

Council of the City of Ryde

	2011-12 GENERAL FUND DATA \$000	2012-13 GENERAL FUND DATA \$000	2013-14 GENERAL FUND DATA \$000	2014-15 GENERAL FUND DATA \$000	2015-16 GENERAL FUND DATA \$000	2016-17 GENERAL FUND DATA \$000	2017-18 GENERAL FUND DATA \$000	2018-19 GENERAL FUND DATA \$000	2019-20 GENERAL FUND DATA \$000
Note 21- Income Statement - Income - Total Income from continuing operations	113,671	111,383	110,351	99,761	106,017	110,962	116,667	122,649	126,361
Note 21 - Income Statement - Income - Operating Revenues - Grants & Contributions Provided For Operating Purposes	8,990	7,126	5,549	6,577	6,757	6,933	7,143	7,329	7,519
Note 21 - Income Statement - Income - Grants & Contributions Provided For Capital Purposes	22,786	18,029	14,229	1,850	884	474	474	469	482
Note 21 - Income Statement - Income - Net gain from the disposal of assets	771	0	64	0	0	0	0	0	0
Note 21 - Income Statement - Income - Net share of interests in joint ventures/associates using the equity method	0	0	0	0	0	0	0	0	0
# Interest & Investment Revenue - Fair value adjustments - Investments	0	0	0	0	0	0	0	0	0
# Interest & Investment Revenue - Fair value adjustments - Other	0	0	0	0	0	0	0	0	0
# Other Revenues - Fair value adjustments - investment properties	75	345	180	0	0	0	0	0	0
# Other Revenues - Reversal of IPPE revaluation decrements previously expensed	0	0	0	0	0	0	0	0	0

See Operating Performance data sheet notes.

GENERAL FUND - BUILDING AND INFRASTRUCTURE
ASSET RENEWAL DATA

Council of the City of Ryde

	2011-12 GENERAL FUND DATA \$000	2012-13 GENERAL FUND DATA \$000	2013-14 GENERAL FUND DATA \$000	2014-15 GENERAL FUND DATA \$000	2015-16 GENERAL FUND DATA \$000	2016-17 GENERAL FUND DATA \$000	2017-18 GENERAL FUND DATA \$000	2018-19 GENERAL FUND DATA \$000	2019-20 GENERAL FUND DATA \$000
# Building and Infrastructure Renewals	12,093	14,018	14,018	10,580	18,330	17,349	18,114	17,934	18,333
# Depreciation, Amortisation and Impairment (Building and Infrastructure)	15,080	14,970	11,384	12,463	12,972	13,290	13,835	14,285	14,989

For reporting purposes the consolidated data comes from Note 13 (11-12, 12-13) and Special Schedule 7 (13-14).

GENERAL FUND - INFRASTRUCTURE BACKLOG DATA

Council of the City of Ryde

	2011-12 GENERAL FUND DATA \$000	2012-13 GENERAL FUND DATA \$000	2013-14 GENERAL FUND DATA \$000	2014-15 GENERAL FUND DATA \$000	2015-16 GENERAL FUND DATA \$000	2016-17 GENERAL FUND DATA \$000	2017-18 GENERAL FUND DATA \$000	2018-19 GENERAL FUND DATA \$000	2019-20 GENERAL FUND DATA \$000
# Estimated cost to bring assets to a satisfactory condition	78,887	55,207	56,416	29,010	29,532	24,123	17,489	13,553	9,823
* Total (written down value) of infrastructure, buildings, other structures & depreciable land improvement assets.	1,255,242	929,300	936,885	936,885	936,885	936,885	936,885	936,885	936,885

For reporting purposes the consolidated data is collected from Special Schedule 7. For this purpose, only enter data that relates to the **General Fund**.

* For reporting purposes the consolidated data comes from Note 9/Special Schedule 7. For this purpose, only enter data that relates to the **General Fund**.

GENERAL FUND - INFRASTRUCTURE BACKLOG DATA

Council of the City of Ryde

	2011-12 GENERAL FUND DATA \$000	2012-13 GENERAL FUND DATA \$000	2013-14 GENERAL FUND DATA \$000	2014-15 GENERAL FUND DATA \$000	2015-16 GENERAL FUND DATA \$000	2016-17 GENERAL FUND DATA \$000	2017-18 GENERAL FUND DATA \$000	2018-19 GENERAL FUND DATA \$000	2019-20 GENERAL FUND DATA \$000
# Estimated cost to bring assets to a satisfactory condition	78,887	55,207	56,416	29,010	29,532	24,123	17,489	13,553	9,823
* Total (written down value) of infrastructure, buildings, other structures & depreciable land improvement assets.	896,611	648,191	665,233	665,233	665,233	665,233	665,233	665,233	665,233

For reporting purposes the consolidated data is collected from Special Schedule 7. For this purpose, only enter data that relates to the **General Fund** .

* For reporting purposes the consolidated data comes from Note 9/Special Schedule 7 . For this purpose, only enter data that relates to the **General Fund** .

GENERAL FUND - ASSET MAINTENANCE DATA

Council of the City of Ryde

	2011-12 GENERAL FUND DATA \$000	2012-13 GENERAL FUND DATA \$000	2013-14 GENERAL FUND DATA \$000	2014-15 GENERAL FUND DATA \$000	2015-16 GENERAL FUND DATA \$000	2016-17 GENERAL FUND DATA \$000	2017-18 GENERAL FUND DATA \$000	2018-19 GENERAL FUND DATA \$000	2019-20 GENERAL FUND DATA \$000
# Actual Annual Maintenance	15,191	10,932	14,369	11,306	13,573	13,989	14,421	14,804	15,196
# Required Annual Maintenance	21,864	4,793	15,752	12,753	12,544	12,385	13,401	13,354	13,384

For reporting purposes the consolidated data comes from Special Schedule 7. For this purpose, only enter data that relates to the **General Fund**.

GENERAL FUND - DEBT SERVICE DATA

Council of the City of Ryde

	2011-12 GENERAL FUND DATA \$000	2012-13 GENERAL FUND DATA \$000	2013-14 GENERAL FUND DATA \$000	2014-15 GENERAL FUND DATA \$000	2015-16 GENERAL FUND DATA \$000	2016-17 GENERAL FUND DATA \$000	2017-18 GENERAL FUND DATA \$000	2018-19 GENERAL FUND DATA \$000	2019-20 GENERAL FUND DATA \$000
@ Financing Activities - Payments - Borrowings & Advances	442	482	507	885	978	1,009	1,046	1,086	490
* Interest Charges - Interest on Loans	202	130	146	234	236	202	178	142	108
Note 21- Income Statement - Income - Total Income from continuing operations	113,671	111,383	110,351	99,761	106,017	110,962	116,667	122,649	126,361
Note 21 - Income Statement - Income - Grants & Contributions Provided For Capital Purposes	22,786	18,029	14,229	1,850	884	474	474	469	482
Note 21 - Income Statement - Income - Net gain from the disposal of assets	771	0	64	0	0	0	0	0	0
Note 21 - Income Statement - Income - Net share of interests in joint ventures/associates using the equity method	0	0	0	0	0	0	0	0	0
# Interest & Investment Revenue - Fair value adjustments - Investments	0	0	0	0	0	0	0	0	0
# Interest & Investment Revenue - Fair value adjustments - Other	0	0	0	0	0	0	0	0	0
# Other Revenues - Fair value adjustments - investment properties	75	345	180	0	0	0	0	0	0
# Other Revenues - Reversal of IPPE revaluation decrements previously expensed	0	0	0	0	0	0	0	0	0

Note:- Figures to be entered as positive amounts

@ For reporting purposes the consolidated data comes from the Statement of Cashflows. For this purpose, only enter data that relates to the **General Fund**.

* For reporting purposes the consolidated data comes from Note 4. For this purpose, only enter data that relates to the **General Fund**

See Operating Performance data sheet note

GENERAL FUND - REAL OPERATING EXPENDITURE PER CAPITA DATA

Council of the City of Ryde

# Population Data	106,651	108,016	109,777	111,694	112,545	114,460	116,410	118,390	120,410	122,460	124,550
	2009-10 GENERAL FUND DATA \$000	2010-11 GENERAL FUND DATA \$000	2011-12 GENERAL FUND DATA \$000	2012-13 GENERAL FUND DATA \$000	2013-14 GENERAL FUND DATA \$000	2014-15 GENERAL FUND DATA \$000	2015-16 GENERAL FUND DATA \$000	2016-17 GENERAL FUND DATA \$000	2017-18 GENERAL FUND DATA \$000	2018-19 GENERAL FUND DATA \$000	2019-20 GENERAL FUND DATA \$000
Note 21 - Income Statement - Expenses - Total expenses from continuing operations	81,031	84,101	90,425	99,149	94,781	103,212	104,511	108,556	110,766	115,785	120,020
Note 21 - Income Statement - Expenses - Net Loss from the disposal of assets	19	0	0	4,247	0	0	0	0	0	0	0
Note 21 - Income Statement - Expenses - Net share of interests in joint ventures/associates using the equity method	0	0	0	0	0	0	0	0	0	0	0
* Other Expenses - Revaluation Decrements	0	0	0	0	0	0	0	0	0	0	0

Australian Bureau of Statistics, Regional Population Growth, Australia - Table 1. Estimated Resident Population, Local Government Areas, New South Wales - Released 3.4.2014. The population data has been averaged over 2 calendar years except for the 2013-14 year where the population data for 2013 has been used.

* See Operating Performance data sheet note.

Attachment N

Hunter's Hill Council Resourcing Strategy

Hunter's Hill Council

Resourcing Strategy



LongTerm Financial Plan
Asset Management Strategy & Plans
Workforce Plan

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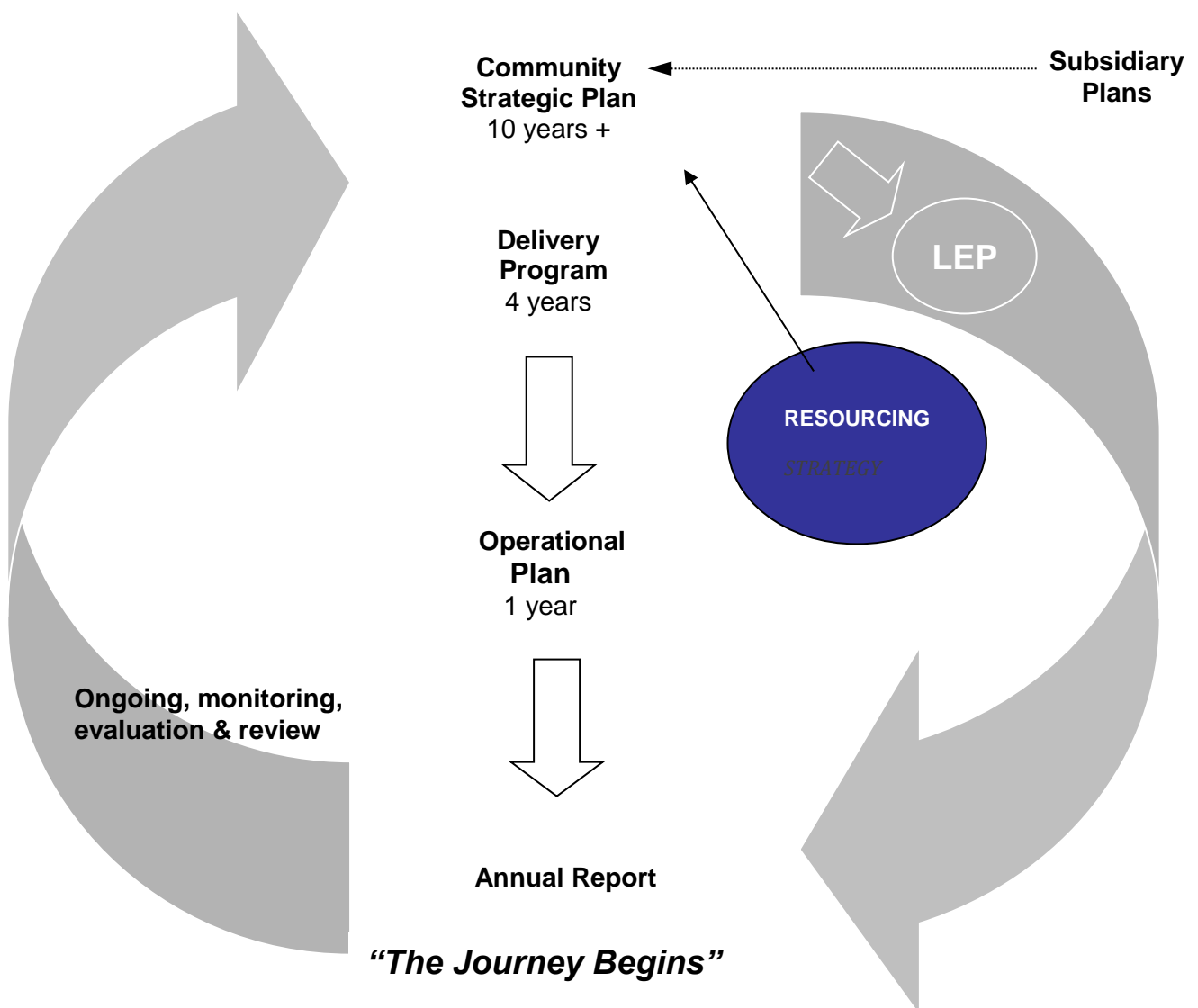
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BACKGROUND

The Resourcing Strategy has been prepared in accordance with the requirements of the State Government's Integrated Planning Framework and gives consideration to the capacity for Council to deliver on its responsibilities within *Hunter's Hill Council's Community Strategic Plan*.

The diagram below outlines the Council's integrated planning framework and shows the relationship between the Resourcing Strategy and other key plans and strategies.





The Resourcing Strategy incorporates the following:

Council's Long Term Financial Plan

The Long Term Financial Plan focuses on Council's long term goal of financial sustainability and delivering quality services to the community.

The Long Term Financial Plan is a decision making tool. It is not intended to be a document that specifically indicates to what services or proposals funds should be allocated; rather it addresses areas that impact on the Council's ability to fund its services and capital works, whilst living within its means and ensuring financial sustainability.

Council's Work Force Plan

The Workforce Plan describes where Hunter's Hill Council is today in terms of its workforce, where the Council wants to be, and the action that must be taken to achieve those goals.

The Workforce Plan has identified current and future staffing needs. It focuses on retaining existing staff as well as attracting new employees to ensure we have the right number of people, with the right skills in the right jobs at the right time, now and in the future.

The plan supports achievement of the Council's delivery program and is focused on retaining staff, developing leaders, skilling managers, and positioning Council as an employer of choice.

Council's Asset Management Framework

The Asset Management Framework is a reflection of Council's intention that our community's infrastructure network is maintained in partnership with other levels of government and stakeholders to meet the need of the local residents. As part of this, the Plan is predicated on the need for assets to be maintained at a reasonably safe and functional standard as detailed in the Plan.

Critical to the achievement of the Plan will be the provision of sufficient funding over the life of the Plan to ensure that infrastructure provides services at the standard that the community agrees to and can afford.

The Resourcing Strategy's link to Council's Vision, Community, Delivery and Operational Plans.

The Hunters Hill Municipality is renowned for its well preserved heritage buildings, sandstone walls, magnificent tree canopy and bushland, surrounded by pristine waterways and sandstone seawalls.



Our community enjoys and embraces the lifestyle, restaurants and cafes, and quiet ambience that complement Australia's oldest garden suburb.

Community organisations are flourishing with many residents volunteering their time and participating in a wide variety of activities.

Our Vision for Hunter's Hill Council is: "To protect and enhance the integrity, character, sustainability and residential amenity of Hunter's Hill Council as Australia's oldest garden suburb – through leadership, community involvement and the pursuit of excellence".

The Resourcing Strategy is the point where Council assists the community by sorting out who is responsible for what, in terms of the issues identified in the 2030 Community Strategic Plan.

Some issues will clearly be the responsibility of Council, some will be the responsibility of other levels of government and some will rely on input from community groups or individuals. The Resourcing Strategy focuses in detail on matters that are the responsibility of the Council and looks generally at matters that are the responsibility of others.

Delivery Program & Operational Plan 2012 - 2016

This is the point where the community's strategic goals are systematically translated into actions. These are the principal activities to be undertaken by the Council to implement the strategies established by the 2030 Community Strategic Plan within the resources available under the Resourcing Strategy.

The Delivery Program is a statement of commitment to the community from each newly elected council. In preparing the program, Council is accounting for its stewardship of the community's long-term goals, outlining what it intends to do towards achieving these goals during its term of office and what its priorities will be.

The Delivery Program replaces the former Management Plan requirements. It is designed as the single point of reference for all principal activities undertaken by Council during its term of office. All plans, projects, activities and funding allocations must be directly linked to this Program.

Supporting the Delivery Program is an annual Operational Plan. It spells out the details of the Program – the individual projects and activities that will be undertaken each year to achieve the commitments made in the Delivery Program.

A summary of Hunter's Hill Council's Programs & Projects for 2012/2013 is as follows. These programs and projects represent the focus of Council's workforce over the next 12 month period:



1. Our Heritage and Built Environment

- Development Applications
- Heritage Advice
- Heritage Awards
- Main Street Committees
- Promotion of Heritage Issues
- Tree Canopy
- Views
- Notification
- Swimming Pools
- Character of new Dwellings
- Commercial Centres
- Foreshore Access
- Urban Design

2. Our Community and Lifestyle

- Community Events
- The Priory
- Gladesville Library
- Cultural Diversity
- Aged, Youth and Children's Services
- Volunteers
- Disability Services
- Promotion of Community Services
- Sporting and Recreational Facilities
- Community Facilities Study
- Safety
- Graffiti
- Public Health

3. Our Environment

- Maintenance and Protection of Trees
- Improving Council's Environmental Footprint
- Improving Energy and Water Efficiency
- Reducing Fleet Emissions
- Continue to maintain and improve condition of Bushland
- Maintain and improve Stormwater runoff and health of waterways
- Improving Waste Education and Resource Recovery
- Investigate best practice options for resource recovery/waste disposal
- Reduce illegal dumping
- Education for sustainability for schools, residents, business, council staff



4. Moving Around

- Public/Private transport
- Traffic Management
- Advocacy with Sydney Ferries/RTA, etc
- Driver Safety
- Off Street Car Parking
- Bicycle Tracks
- Footpaths
- Promotional Walking/Bicycle Maps

5. Our Council

- Communication
- Promotion of services/activities
- Increasing Community Representation
- Access to information
- Councillors – reports/updates/induction
- Transparency
- Customer Services Satisfaction
- Accounting Practices (financial sustainability)
- Fees and Charges
- Generating Revenue/Reducing Costs
- Asset Management
- Workforce Management
- Best Practice
- IT – eBusiness/Software Updates/Website/Online requests

The Council conducted a Community Survey in 2009 to gauge the community opinion on the range of services offered and priority areas. The feedback received from this Survey and the community forums held in 2010/11 influenced the allocation of resources to programs and projects in the 2012-2016 Delivery Program.

It is intended that further Community Surveys will be conducted every 2 or 3 years.

HUNTER'S HILL COUNCIL SERVICE STANDARDS

1. CUSTOMER SERVICES (ALL STAFF)

Agendas and reports

- Council agendas and reports for ordinary meetings will be available for Councillors to download on the Thursday prior to the Council meeting
- minutes of Council meetings will be available for Councillors to download on the Thursday following the Council meeting



- agendas for Committee and Working Party Meetings will be published on Council's website or emailed to members at least five (5) working days prior to the scheduled meeting
- minutes of Committee and Working Party Meetings will be forwarded to members within five (5) working days of the meeting
- notification of meeting dates for the year will be provided at the first annual meeting of committees and working parties.

Answering telephone calls

Council staff will:

- answer their telephone within 6 rings
- use group pick-up, diversion or voice mail on their phones when away from their desks
- respond to customer phone calls within 2 working days.

Complaints

Council staff will:

- explain the complaint resolution process to customers
- provide information about how, when, where and to whom to address the complaint
-
- respond to all formal complaints in writing within 10 working days
- forward complaints received via email to the Business Classification System (BCS).
- target 100 complaints per annum
- enter feedback (including complaints, service requests, etc) into the Customer Request System.



Confidentiality

Council staff will:

- respect the privacy of customers and will abide by any laws relating to this protection.

Face-to-face

Council staff will:

- greet customers upon entry into the Hunter's Hill Council Customer Service Centre
- ask customers how we can assist them
-
- politely refer customers within 5 minutes of their arrival
- provide an opportunity for customers to give feedback (both good and bad).

HR

Council staff will ensure:

- all job positions to be advertised internally and externally as appropriate
- all job positions to be advertised on Council internet site
- all applications will be acknowledged in writing
- HR Advisor and relevant manager to shortlist applications for positions within three (3) days of closing date
- HR Advisor to respond to job applicants within 7 days of close date
- HR Advisor to contact unsuccessful applicants via email/mail within 10 days following interview.

Information requests

Council staff will:

- provide access to public documents listed in the GIPA Act, unless there is a disclosure against public interest



- provide hard copy or electronic copy of Council publications (charges may apply).

Meetings

Council staff will:

- be punctual for internal meetings, meetings involving community members and meetings involving other private and government organisations (this includes onsite and offsite meetings)
- turn mobile phones off, or onto silent mode during meetings.

Records

- correspondence, emails, reports, policies, etc will be uploaded to the BCS and placed in the relevant category.

Written Information (including emails)

Council staff will:

- respond to written requests and emails within three (3) working days. If a full answer cannot be given at that point, advise the correspondent that a full response will take some time but should be received within ten (10) working days (this allows staff time to seek specialist advice, if required)
- use clear, simple and concise language
- use standardised formats and templates
- provide that all written correspondence will have a name, address, contact telephone number and email address attached
- follow Council's Style Guide in order to meet style and correspondence guidelines.

Website

- Hunter's Hill Council will provide a relevant and up-to- date website for customers to access
- Every department of Council will review and update content at least once a week.



2. DEVELOPMENT AND REGULATORY CONTROL

Animals

Council staff will:

- will respond to wandering animal complaints within one (1) hour of the complaint being received
- will make every endeavour to contact the owner of the animal (via details on microchip, collar or local vet)
- possibly issue infringement notices following investigations completed within five (5) working days.

Development applications (DA's)

- customers will have access to a Planning Officer (in person) on Mon – Fri between the hours of 8.30am – 10.00 and 3.30pm or 4.30pm
- Council staff will issue Complying Development Certificates within ten (10) working days
- assessment and determination of standard residential development (DA's) will take place within three (3) months, except in the case of objections being received and the matter being referred to a Council Meeting. However two (2) months determination in low scale applications with no objections being received.
- Council staff will issue Construction certificates within 5 working days.

Food & Health

Council staff will:

- appointed contractor will conduct bi-annual inspections of food premises to ensure compliance with the Food Act
- investigate all complaints within two (2) working days.

Swimming Pools

Council staff will:

- implement and maintain a swimming pool register



- develop and maintain an inspection program
- issue compliance certificates as necessary
- conduct mandatory inspections of swimming pools.

3. WORKS & SERVICES

Parks & reserves

- parks and reserves will be mowed at least every four (4) weeks in summer and every six (6) weeks in winter, or assessed if mowing is not needed with a date to be specified
- park facilities, including amenity blocks will be cleaned at least every two (2) days
- open/closure details of playing fields will be updated regularly on Council's website.

Roads and footpaths

- potholes will be evaluated and if action is required made safe within five (5) working days
- footpath trip hazards will be evaluated and if action is required be made safe within five (5) working days
- kerb and gutter hazards will be evaluated and if action is required be made safe within ten (10) working days
- blocked drains will be cleared within 24 hours
- street sweeping will be conducted on a monthly cycle.

Trees

- Tree Preservation Orders (TPO's) will be processed within ten (10) days
- street tree's deemed dangerous will be removed within thirty (30) days.

Waste

- waste services will operate on the days outlined on the waste calendar
- waste collection services will not commence prior to 6 am



- new or replacement bins will be delivered by the contractor within two (2) working days
- reported missed services will be collected by close of the next working day, unless otherwise advised
- household clean-up services will be provided twice a year.
- waste in parks and reserves will be monitored and cleared on an ongoing basis.

Graffiti

- Hunter's Hill Council staff are not permitted to enter private property to remove graffiti without the permission of the owner of the property
- Council staff will remove graffiti on Council property within five (5) days of the graffiti being reported, or within two (2) days if the graffiti is deemed 'indecent'
- all incidences of graffiti will be added to Council's graffiti register.

4. CORPORATE GOVERNANCE

Online

- Council's website will offer payment options (TBA on ETA)
- Council's website will offer feedback options
- Hunter's Hill Council will ensure the website is accessible to most of our customers in terms of readability and functionality.

Rates

Hunter's Hill Council will:

- provide all ratepayers with rates notices
- provide ratepayers with outstanding rates notices (as is necessary).

Communication

Hunter's Hill Council will:

- distribute newsletters to residents quarterly

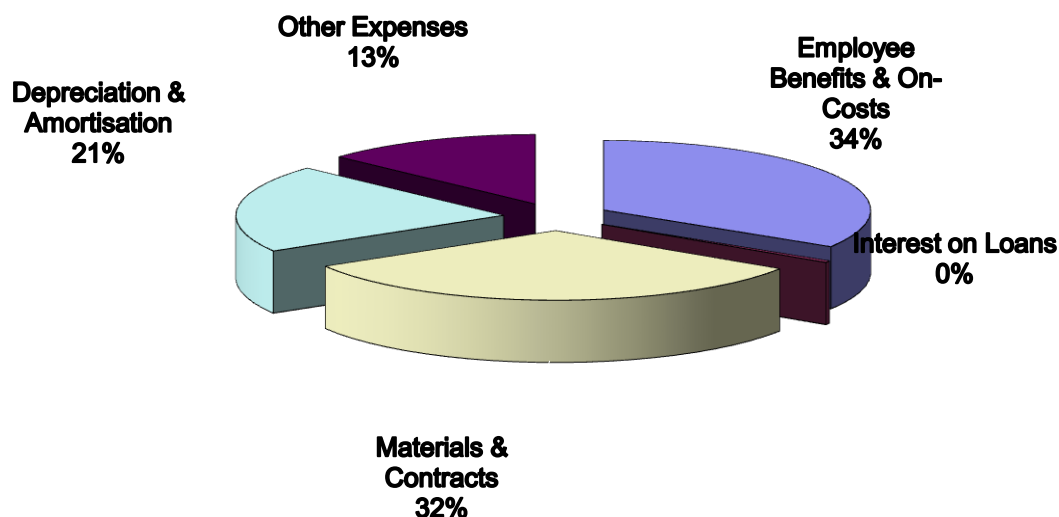


- distribute a community report in November of each year
- notify residents of all development applications in The Weekly Times newspaper and on Council's website
- notify residents about specific events and programs via a letterboxed brochure as needed.

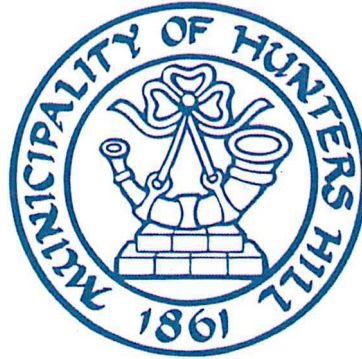
The Workforce Plan 2012 – 2016 provides a framework for aligning decisions about human resources (such as recruitment, development, internal deployment etc.) with Key Directions, Goals and Strategies in our 2020 Strategic Plan. It is a key element of our Resourcing Strategy both being informed by and informing our Long Term Financial Planning (overall Employee Benefits and On-Costs) and our Asset Management

Planning in terms of the skills required now and into the future to sustainably manage the portfolio.

The Plan sets out the issues, evidence and strategies required to deliver a sustainable Hunter's Hill Council workforce, capable of maintaining high quality services to our community over the next 4 years. We have set targets and develop strategies to facilitate recruitment in areas of known shortages and at the same time put in place strategies to retain existing staff. Our Plan also aims to influence how our workforce is educated, trained and developed into the future, aligning what we said we would do in the 2020 Strategic Plan with the right people to ensure the job gets done.



HUNTER'S HILL COUNCIL



Long Term Financial Plan

Draft

2015/2016 – 2024/2025

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1.Introduction

1.1 Integrated Planning

In 2009 the Integrated Planning and Reporting Framework for NSW Local Government was introduced.

The framework enables councils and their communities to have important discussions about funding priorities, service levels and preserving local identity and to plan in partnership for a more sustainable future.

Local Government Planning and Reporting Framework Diagram



After extensive community consultation the Hunters Hill Community Strategic Plan 2030 was formed, identifying the community's main priorities and aspirations for the future.

During this consultation process in shaping the Community Strategic Plan five main service delivery themes were identified :-

1. Our Heritage and Built Environment
2. Our Community and Lifestyle
3. Our Environment
4. Moving around
5. Our Council

The Community Strategic Plan is for the long term, at least ten years and is supported in detail by a four year Delivery Program and one year Operational Plan.

The Community Strategic Plan is reviewed in detail every four years and this should occur within 9 months of council elections.

Following the 2012 Council elections the Plan was reviewed by Council and amended following public consultation and exhibition.

In order to fulfil the outcomes of the Community Strategic Plan (CSP) a resourcing strategy is required.

The Long Term Financial Plan (LTFP) along with the Workforce Plan and Asset Management Plans forms this resourcing strategy.

1.2 What is a Long Term Financial Plan

The Long Term Financial Plan is a decision- making tool. It is a guide for future actions and it informs the CSP and Delivery Plan development by testing the long term community aspirations and goals against financial realities.

It indicates Council's ability to fund services and Capital works as identified in the CSP and Delivery Plan..

The Long Term Financial Plan is for a period of ten years but a longer period may be considered in regard to Capital Works.

The Long Term Financial Plan includes :

1. Planning assumptions used to develop the plan
2. Projected income and expenditure, balance sheet and cash flow statement
3. Sensitivity analysis – factors/assumptions most likely to affect the plan
4. Financial modelling for different scenarios
5. Methods of monitoring financial performance

1.3 Purpose of the Long Term Financial Plan

The Long Term Financial Plan seeks to answer the following questions:

1. Can we survive the pressures of the future?
2. What are the opportunities for future income and growth?
3. Can we afford what the community wants?
4. How can we go about achieving these outcomes?

1.4 Long Term Financial Sustainability

A financially sustainable Council is one that has the ability to fund ongoing service delivery and the renewal and replacement of assets without imposing excessive debt or rate increases on future generations. This definition has been translated into four key financial sustainability principles:

1. Council should achieve a fully funded operating position reflecting that Council collects enough revenue to fund operational expenditure, repayment of debt and depreciation
2. Council should maintain sufficient cash reserves to ensure that it can meet its short- term working capital requirements
3. Council should have a fully funded capital works program, where the source of funding is identified and secured for both capital renewal and new capital works.
4. Council should maintain its asset base, by renewing ageing infrastructure which is identified, and by ensuring cash reserves are set aside for those works that are yet to be identified.

It is important to note that while these principles represent financial sustainability, most Councils will find it difficult to obtain this level of sustainability.

Funding the life cycle of assets is a major issue for all levels of Government.

The Percy Allan Report (released 2006) identified that NSW Councils had an infrastructure renewal backlog of \$6.3 billion and an annual renewal gap of \$500 million. The backlog in asset renewal is a direct result of Councils in NSW not being able to cash fund depreciation. This means that as assets are consumed funds are not being put aside to replace the asset at the end of its useful life. This is not a result of poor management; Councils simply cannot afford to fund depreciation without compromising existing levels of service.

The problem with deferring asset renewals is that the older assets get the more they cost a Council to maintain. This in part is being addressed through the implementation of Integrated Planning and Reporting by allowing Councils to demonstrate to their communities the long term financial ramifications of not renewing assets now.

TCorp (New South Wales Treasury Corporation) defines sustainability as:

“A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community”

1.5 Measuring Long Term Financial Sustainability

A recent review undertaken by the Independent Pricing and Regulatory Tribunal (IPART) into the Revenue Framework for Local Government identified a number of performance indicators which measure Council's financial performance and position. The indicators measure both recurrent operations and capital sustainability.

TCorp in its recent financial assessments, sustainability and benchmarking reports uses additional ratios/indicators. Many of these indicators have been adopted by the Office of Local Government in the “Local Government Code of

Accounting Practice and Financial Reporting” to be included in Note 13 and Special Schedule 7 of Council’s Financial Statements.

Finally subsequent to the final report of the NSW Independent Local Government Review Panel in October 2013, the NSW Government, as part of its Fit for the Future Campaign, developed seven financial indicators/criteria which are also listed below.

Council will review its Long Term Financial Plan against a selection of these indicators as part of assessing the long term financial health of the organisation and its capacity to fund any proposed Delivery Program. (see table 1)

TABLE 1

Performance Measures

Local Government Code of Accounting Practice and Financial Reporting (Guidelines)

Ratio	Definition	Benchmark	What the Indicator means
1 Operating Ratio	(Operating revenue excluding capital grants and contributions -operating expenses) divided by Operating revenue excluding capital grants and contributions.	Greater than 0%	This ratio measures a Council's achievement of containing operating expenditure within operating revenue. It is important to distinguish that this ratio is focussing on operating performance and hence capital grants and contributions are excluded.
2 Own Source Operating Revenue Ratio	Rates, utilities and charges divided by Total operating revenue (inclusive of capital grants and contributions)	Greater than 60%	This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue.
3 Unrestricted Current Ratio	Current assets less all external restrictions divided by Current liabilities less specific purpose liabilities	Greater than 1.5x	Restrictions placed on various funding sources (e.g. Section 94 developer contributions, RMS contributions) complicate the traditional current ratio used to assess liquidity of businesses as cash allocated to specific projects is restricted and cannot be used to meet a Council's other operating and borrowing costs. The Unrestricted Current Ratio is specific to local government and is designed to represent a Council's ability to meet short term obligations as they fall due.
4 Debt Service Cover Ratio (DSCR)	Operating results before interest and depreciation (EBITDA) divided by Principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement)	Greater than 2.0x	This ratio measures the availability of operating cash to service debt including interest, principal and lease payments
5 Rates and Annual Charges Outstanding Percentage	Rates and Annual Charges outstanding divided by Rates and Annual Charges collectable	Less than 4%	Its purpose is to assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.
6 Cash Expense Cover Ratio	Current year's cash and cash equivalents divided by (Total expenses – depreciation – interest costs)*12	Greater than 3.0 months	This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

	Ratio	Definition	Benchmark	What the Indicator means
7	Building and Infrastructure Renewals Ratio	Asset Renewals divided by Depreciation of building and infrastructure assets	Greater than 1.0	This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration measured by its accounting depreciation. Asset renewal represents the replacement or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets or the refurbishment of old assets that increase capacity or performance.
8	Infrastructure Backlog Ratio	Estimated cost to bring assets to a satisfactory condition (from Special Schedule 7) divided by Total infrastructure, building, other structures and depreciable land improvement assets (from Note 9a)	Less than 0.02x	This ratio shows what proportion the backlog is against total value of a Council's Infrastructure.
9	Asset Maintenance Ratio	Actual asset maintenance divided by Required asset maintenance	Greater than 1.0	This ratio compares actual versus required annual asset maintenance, as detailed in Special Schedule 7. A ratio of above 1.0x indicates that the Council is investing enough funds within the year to stop the Infrastructure Backlog from growing.
10	Capital Expenditure Ratio	Annual capital expenditure divided by Annual depreciation	Greater than 1.1	This indicates the extent to which a Council is forecasting to expand its asset base with capital expenditure spent on both new assets, and replacement and renewal of existing assets.

FIT FOR THE FUTURE

Ratio	Definition	Benchmark	What the Indicator means
1 Operating Performance Ratio	(Operating revenue excluding capital grants and contributions -operating expenses) divided by Operating revenue excluding capital grants and contributions.	Greater than or equal to breakeven over a 3 year period	This ratio is an indication of how a Council generates revenue and allocates expenditure. It is an indication of continued capacity to meet ongoing expenditure requirements. Consistent deficits will not allow Councils to maintain or increase their assets and services.
2 Own Source Operating Revenue Ratio	Rates, utilities and charges divided by Total operating revenue (inclusive of capital grants and contributions)	Greater than 60% over a 3 year period	This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue.
3 Building and Infrastructure Renewals Ratio	Asset Renewals divided by Depreciation of building and infrastructure assets	Greater than 1.0 Averaged over 3 Years	This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration measured by its accounting depreciation. Asset renewal represents the replacement or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets or the refurbishment of old assets that increase capacity or performance.
4 Infrastructure Backlog Ratio	Estimated cost to bring assets to a satisfactory condition (from Special Schedule 7) divided by Total infrastructure, building, other structures and depreciable land improvement assets (from Note 9a)	Less than 2%	This ratio shows what proportion the backlog is against total value of a Council's Infrastructure.
5 Asset Maintenance Ratio	Actual asset maintenance divided by Required asset maintenance	Greater than 1.0 Averaged over 3 Years	This ratio compares actual versus required annual asset maintenance, as detailed in Special Schedule 7. A ratio of above 1.0x indicates that the Council is investing enough funds within the year to stop the Infrastructure Backlog from growing.
6 Debt Service Ratio	Debt service cost (principal & interest) divided by revenue from continuing operations (excluding capital grants and contributions)	Greater than 0 and Less than or equal to 20% Averaged over 3 Years	Indicates Council's level of debt servicing costs relative to operating revenue.
7 Real Operating Expenditure Per Capita	Operating Expenses excluding loss from sale of assets and revaluation decrements deflated by CPI divided by population.	Decreasing over time	To measure productivity changes over time. Assuming service levels remain constant.

2 General Background and Planning Assumptions

2.1 Background

Hunters Hill is the smallest metropolitan council in Sydney serving an area of 6 sq. km including the suburbs of Gladesville, Henley, Huntley's Point, Tarban, Hunters Hill and Woolwich.

Hunters Hill is predominantly residential with very little industrial development and although there is one major commercial centre on Victoria Road at Gladesville, there are several village centres which essentially provide shopping facilities for local residents.

It includes many parks and reserves.

The most distinguishing feature of Hunters Hill is its buildings, structures and gardens which has led to 75% of the municipality being recognised as a Conservation Area by the National Trust, The Heritage Council of New South Wales and the Australian Heritage Commission.

2.2 Demographics

2.2.1 Age Structure

Analysis of the age structure of the Hunters Hill Municipality in 2011 compared to the NSW average shows that there was a slightly higher proportion of people in the younger age groups (0 to 17) as well as a larger proportion of people in the older age groups (60+). 25.7% were aged 60 years and over, compared with 20.3% in NSW.

The Municipality has a number of aged accommodation facilities, and has a much larger percentage of over 80 year olds than NSW (8.3% compared to 4.2%)

There is a *smaller* percentage of young adults (18 to 34 year olds) living in the area than the NSW average (15.4% compared to 22.6%).

The largest changes in age structure between 2006 and 2011 were an increase in young families (35-49 year olds [+79] and 5-11 year olds [+67]), a decrease in number of 12-17 year olds (-125) and an increase in 60-69 years olds (+242 persons).

2.2.2 Population Projections

The NSW Department of Planning and Infrastructure makes the following forecasts, that the population in Hunters Hill will increase by an average of 1.1% per annum from 2011 to 2031, and that the average increase for NSW in total is predicted to be 1.2% per annum for the same period.

It is anticipated that the LGA will continue to grow in the next five years with continued infill medium density developments along Victoria Road and other retail centres.

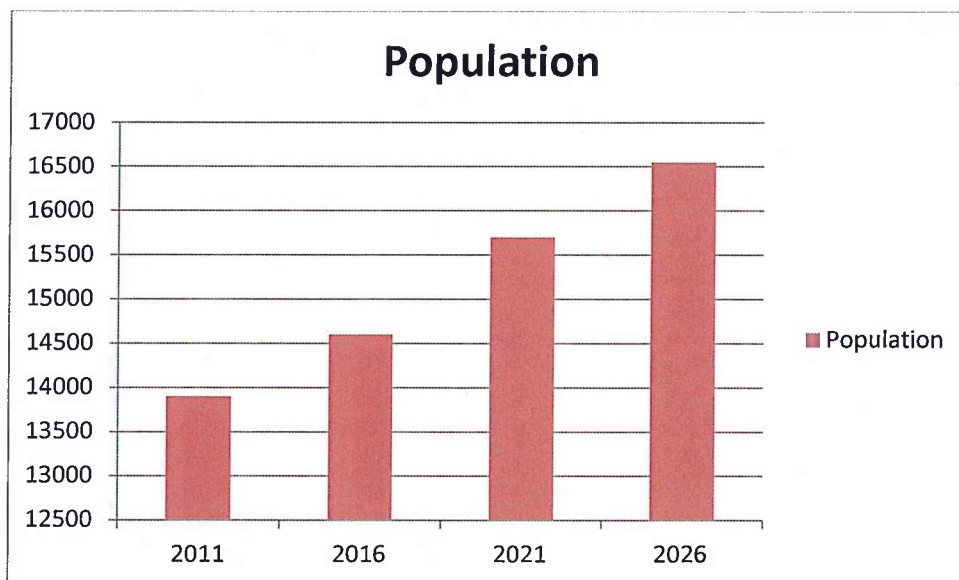
Growth is expected in the older population as a result of the general aging of the population with over 60 year olds and “empty nesters” attracted closer to the city and into new medium density developments.

The increase in the numbers of young families is also expected to continue with a corresponding increase in children 0-18 years.

Urban consolidation is likely to also see a continued increase in overseas migrants, especially residents from non-English speaking background.

Based on these trends it is estimated that the population forecasts increases from 2011 of 13,900 to 14,600 by 2016, 15,700 by 2021 and 16,550 by 2026..

Hunters Hill projected population



2.2.3 Household Income

Analysis of household income levels in the Hunters Hill Municipality in 2011 compared to the Sydney Statistical Division shows the following :

- There are a significant number of low-income earners in the Hunters Hill Municipality with 10.1% of households (455) living on low incomes (less than \$399 per week). This is a similar proportion to the Sydney average for this income group (10.7%).
- There is a much larger proportion (40.1%) of high income households (those earning \$2,500 per week or more), compared to the Sydney average (23.6%).

2.3 Government Policy and Regulation

Councils operations are regulated by the Local Government Act (1993).

Government policy and priorities can effect the level of funding available to Council through grants, for example Financial Assistance Grants.

Governments can determine service delivery models for instance they may require it on a regional basis.

There is also increased pressure on Councils to provide additional services without being appropriately compensated ie Cost Shifting. The 2012 Survey of Cost Shifting by LGNSW identified that in excess of \$500m per year is cost shifted to local government in NSW.

2.4 Rate Pegging

Rate pegging sets the maximum percentage increase allowable to general revenue for councils. The rate peg is a percentage amount that is set each year by IPART.

In the past two years IPART has reduced the rate peg amount by 0.2% below the Local Government Cost Index for anticipated productivity increases.

For 2015-2016 the rate peg has been set at 2.4% which is the Local Government Cost Index of 2.47% less required productivity increase of .04% less .03% rounding a figure less than the annual CPI Increase. (Table 2)

This constraint on revenue limits the ability of council to raise revenue to meet the increased costs in providing services.

Councils may apply for an increase to general income above the rate peg by means of a special variation.

2.5 Economic Climate

Movements in Economic growth are difficult to predict. Effects are still being experienced from the Global Financial Crisis (GFC) such as rates outstanding requiring increased level of debt recovery.

Council uses the ten year forecast from Deloitte Access Economics in the preparation of its LTFP. (Table 2)

TABLE 2

Deloitte Access Economics
Forecasts December 2014 Business Outlook

2015/2016 Estimates	1	2	3	4	5	6	7	8	9	10
Indicator	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25*
	%	%	%	%	%	%	%	%	%	%
December 2014 Outlook NSW Specific Consumer Price Index	2.9	2.9	2.4	2.4	2.4	2.5	2.5	2.5	2.4	2.4
December 2014 Outlook NSW Specific Wage Price Index	2.6	3.0	3.2	3.3	3.4	3.4	3.5	3.5	3.3	3.3
Award July Increases	2.7	2.8								
December 2014 Outlook Interest Rates (90 days)										
- Investments	2.5	3.4	3.6	3.6	3.9	4.3	4.5	4.4	4.3	4.3
Rates										
Rate Increases - Rate Pegging Limit	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

* December 2014 Outlook NSW Specific indicators excludes 2024-25 which has been based on previous years.

2.6 Council Financial Objectives

The following series of financial strategies and objectives have been the key to council's solid financial position and continuing success in managing its financial affairs.

While there are severe financial challenges facing us both now and over the next few years adhering to these will continue to assist Council in maintaining a sound financial position.

At the Ordinary Meeting on 16th December 1996, Council adopted a report recommending a series of financial policies and objectives to be referred to in the preparation of the 1997/98 Budget Estimates and Financial Plan. These objectives are reviewed annually and are still considered to be relevant and provide a solid financial foundation for Council.

Objective No. 1 – Financial Planning

To ensure the achievement of adopted financial objectives and policies through the planning and forecasting of revenue and expenditure

Objective No. 2 – Investment of Surplus Funds (Investment of Portfolio)

To provide for the secure and optimum return on the investment of surplus funds.

Objective No. 3 – Capital Improvements

To ensure improvements are programmed and undertaken within the parameters of available funding.

Objective No. 4 – Current Ratio/Liquidity

To ensure Council's level of funds is sufficient to finance recurrent operations, meet liquidity requirements and secure Council's financial position against possible future setbacks.

Objective No. 5 – Loan Funding

To provide necessary financing for capital improvements within the parameters of Council's debt servicing capacity and annual allocations by the Division of Local Government

Objective No. 6 – Creation and Maintenance of Financial Reserves

To ensure Council's level of reserves is sufficient so that:

- Specific projects and events to be undertaken in the future, such as the replacement of existing assets, can be financed by the planned transfer of funds in the periods leading up to the undertaking of the project; and
- Specific expenditures, which fluctuate over time, such as the payment of employee leave entitlements and gratuities can be funded if necessary from reserves to prevent a material effect on the budget and financial result for a particular year.

Underpinning this is the maintenance of existing service levels to the community.

The main contributor to Council revenue in the LTFP is land rates.

The current rate structure is based on the following outcomes identified by Council and the community through a number of sources and included in the LTFP. These desired outcomes include:

1. Maintaining equity on cost sharing and revenue raising
2. The need to maintain a level of expenditure on infrastructure and capital works
3. The need to continue implementation of sustainability initiatives contained in the Environmental Management Plan
4. The need to protect Council's operational revenue base from being eroded by statutory and legislative changes and devolution of powers to Local councils, without the provision of additional funding, or adequate recognition of financial impact.

The proposed 2015/16 rate structure and beyond is based on maintaining these desired outcomes.

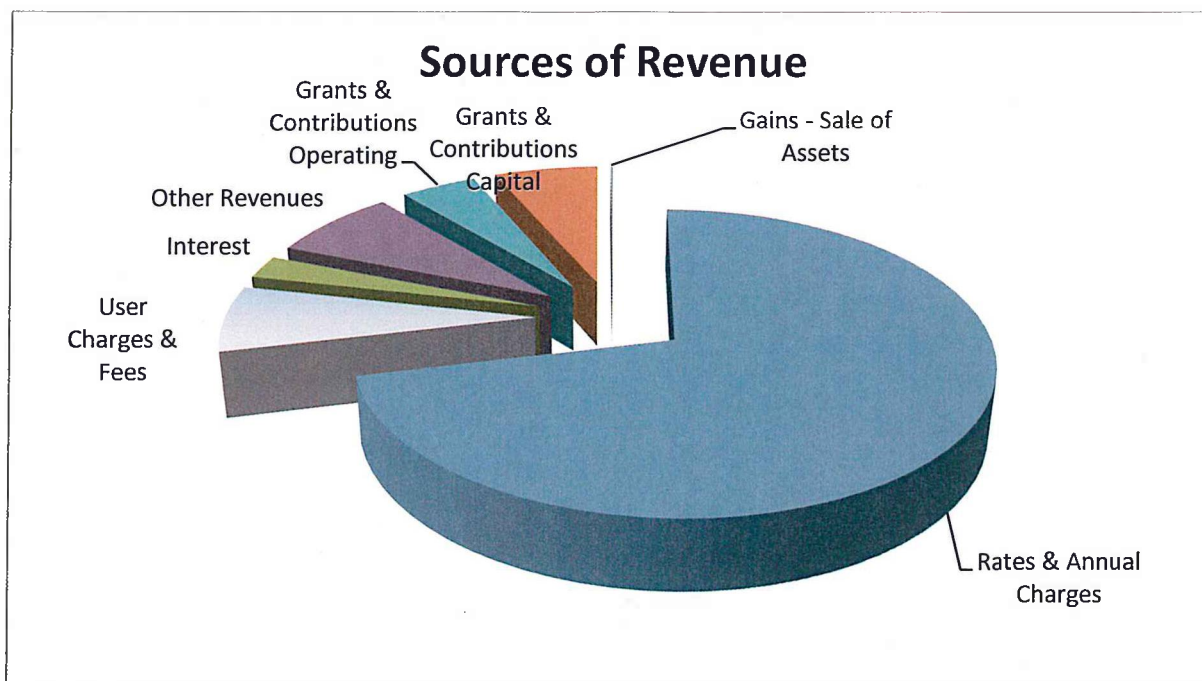
3 Revenue

3.1 Sources of Revenue

Council receives revenue from a number of different sources with rates and annual charges comprising the majority of council income, 71.25% (\$10.127m) in the 2013/2014 financial year. Other revenue sources were User Charges and Fees 7.2% (\$1.023m), Interest and Investment revenue 2.5% (\$.363m), Other Revenues 7.84% (\$1.115m), Grants and Contributions provided for Operating Purposes 4.64% (\$.660m) and Grants and Contributions provided for Capital Purposes 6.35% (\$.903m). There was also a small amount of \$.023m from gains on disposal of assets.

3.2 Revenue Distribution

As can be seen in the performance indicators on rates and annual charges coverage, because councils main source of income is through rates and annual charges it is not reliant on external funding sources which secures its stability and flexibility within its own budget. However, given that User Charges and Fees comprise only 7.2% of revenues there lacks opportunity to increase revenues alternate to rates under the present services and structure.



3.3 Rates and Annual Charges

3.3.1 Rate Pegging

The ability to raise income from rates is limited to a rate peg amount. The rate peg is the maximum percentage amount that a council may increase its general income each financial year.

The rate peg was set by the Minister for Local Government until 2011/12 when IPART commenced setting the rate peg under delegation for the Minister of Local Government.

The rate peg is based on percentage change in the Local Government Cost Index with allowances for other significant factors. For example possible Carbon Tax effect or, as has occurred over the past two years, a reduction for productivity efficiencies assumed to take place.

The rate peg amount for 2011/12 was 2.8%, for 2012/13 3.6%, 2013/14 3.4%, 2014/15 2.3%, 2015/16 2.4% and future years is assumed to be 2.5%.

Generally this rate peg figure has been less than the annual CPI increase for goods, services and contracts, meaning that all councils continue to lose parity.

3.3.2 Special Rate Variations

Council over a number of years has sought to increase its revenue by means of Special Rate Variations.

Special variations provide an opportunity for councils to increase their general income by an amount greater than the annual rate peg. The Independent Pricing and

Regulatory Tribunal (IPART) assess and determine applications by councils for special variations under powers delegated by the Minister for Local Government.

Councils may apply for a special variation for a range of purposes. These include:

- community service requirements (e.g. unmet demand for services, new demand for services or community support for enhanced service standards);
- infrastructure requirements (including essential infrastructure associated with new developments or to address infrastructure backlogs);
- projects of regional significance; and
- other special or unique cost pressures.

Council has applied for and been successful in the following special variations:

- 2007/08 4.16% for community facilities
- 2012/13 4.8% for Roads and 2% for operations
- 2013/14 2.17% for Environment, 3.1% for Infrastructure and 2% for operations

These were all for a period of 10 years and will cease in 2017, 2022 and 2023 respectively

With the expiry in 2016/17 of the Community Facilities special rates variations Council has indicated that it wishes to make a Special rate variation application to continue community facility projects to commence in the following year. Lists of works are attached in the Capital Works Section and comprise the Footpaths Renewal, Kerb and Gutter Renewal, Traffic Facilities Renewal and the Environmental Improvement Programs, Community Facilities, Roads and Infrastructure.

After consideration of the LTFP, alternate sources of income and to address the long term deficit on operations before capital grants and contributions it is considered that a 4.5% increase for operations for catch up of costs rising at levels higher than rate peg percentage be included in the special rate variation application to commence in 2017/18. A 4.5% increase would approximate \$393,000 in 2017/18.

It is assumed that as other special variations reach the end of their term that applications will be made to continue these for the purpose of funding ongoing infrastructure, community facilities and environmental works.

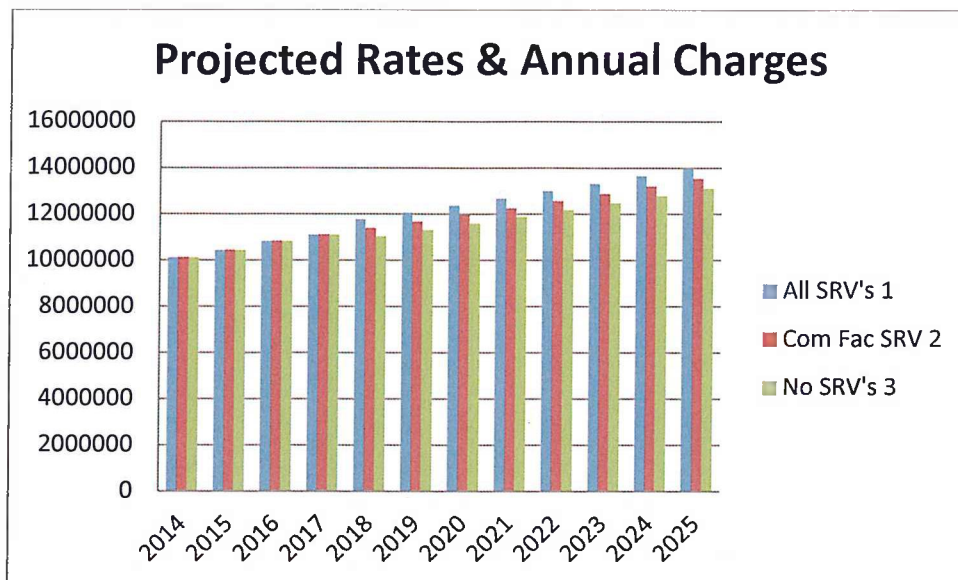
These options form the basic scenarios for Councils LTFP:

Scenario 1 Including Special Variations for Community Facilities, Operations, Rate Peg and associated proposed expenditure programs.

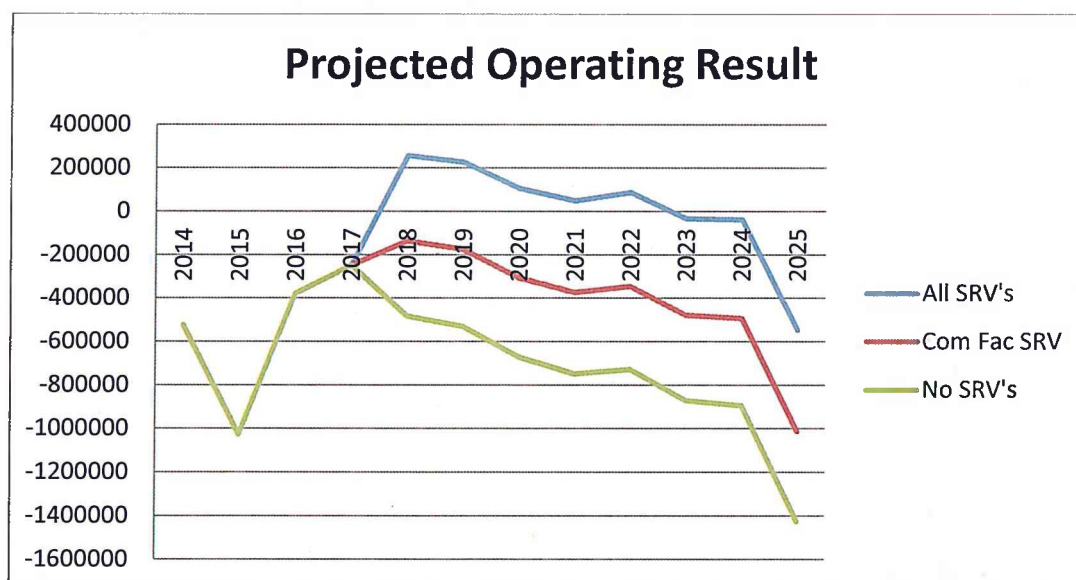
Scenario 2 No Special Variation for Operations, with a Special Variation for Community Facilities and associated proposed community facilities expenditure programs .

Scenario 3 No Special Variation for Operations or Community Facilities and no associated proposed community facilities expenditure programs .

Projected Rates and Annual Charges Revenue for 3 Scenarios



Projected Operating Result for the 3 Scenarios



3.3.3 Stormwater Management Service Charge

If Council did not have a special environmental rate it would be able to make a Stormwater Management Service Charge.

Stormwater management involves the use of structural (eg. Physical infrastructure and treatment techniques) and non-structural (eg. education programs and monitoring) measures to both improve stormwater quality and mitigate excessive flows. This contributes to pollution abatement, protection of aquatic ecosystem health and flood mitigation.

Under the Local Government (General) Regulation the upper charge limit for urban residential land is \$25. Urban business land can be charged up to \$25 per 350m² of land area, or part thereof. This acknowledges

the often greater area, proportionately, of impervious surfaces on urban business land as compared to urban residential land.

This approach would yield less revenue than the current environmental special rate.

3.3.4 Domestic Waste Management

Domestic waste charges have been set at a level to recover estimated costs. It is anticipated that costs will increase by 4.6% in the 2015-16 year however the outcome of the waste collection contract tenders and regional waste disposal tenders currently under consideration may considerably effect this.

In future years CPI increase is assumed.

3.4 User Charges & Fees

Council has the ability to raise revenue through the adoption of a fee or a charge for services or facilities.

The fees and charges which Council can charge are split into two categories:

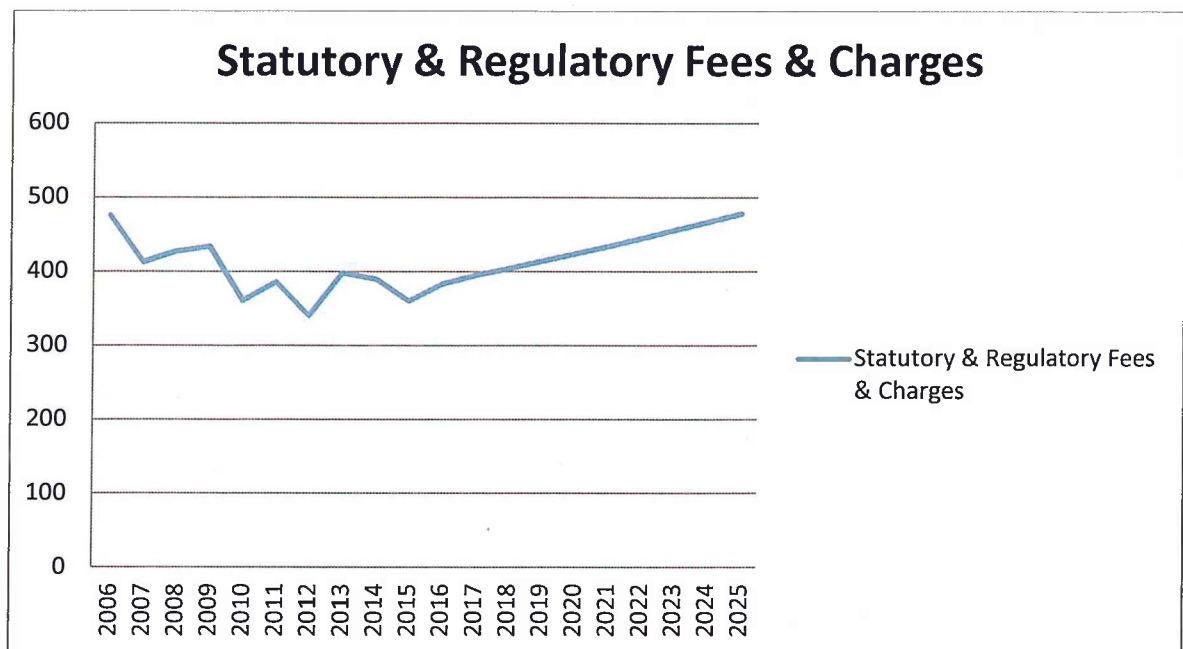
1. **Regulatory Fees** – These fees are generally determined by State Government Legislation, and primarily relate to building, development or compliance activities.

They include inspection services planning and building regulation (DA fees) and S149 Certificates and S603 Certificates.

Council has no control over the calculation or any annual increase of these fees and charges.

However these are also subject to the level of activity determined by economic conditions.

The following diagram shows previous trends due in part to the Global Financial Crisis and its effect on building activity with predictions of future revenue increasing by CPI.



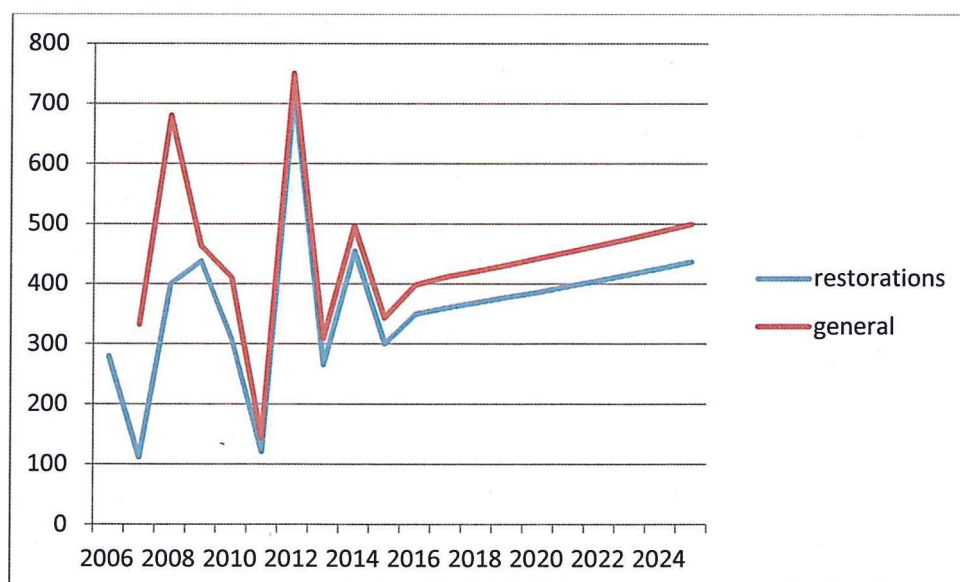
2. Discretionary Fees - Council has the capacity to determine the charge or fee for discretionary works or services such as the use of community facilities and access to community services.

These fees include leases and restoration charges. While fees and charges here can be set, total income depends on the level of activity. Over the past few years restoration charges have been shown to be volatile, difficult to predict and dependant on actions by other governments and utilities.

The trend in restoration income determines the trend in this category.

Council's leases are reviewed and renegotiated as they fall due and are usually subject to CPI adjustment over the term of the lease.

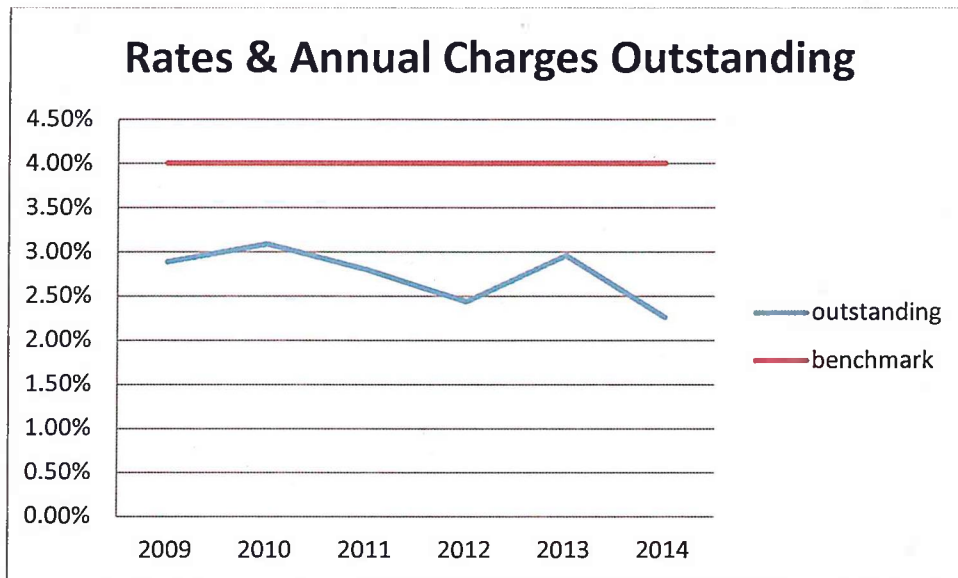
Diagram showing relationship of restorations to total other general fees and charges.



3.5 Interest and Investment Revenue

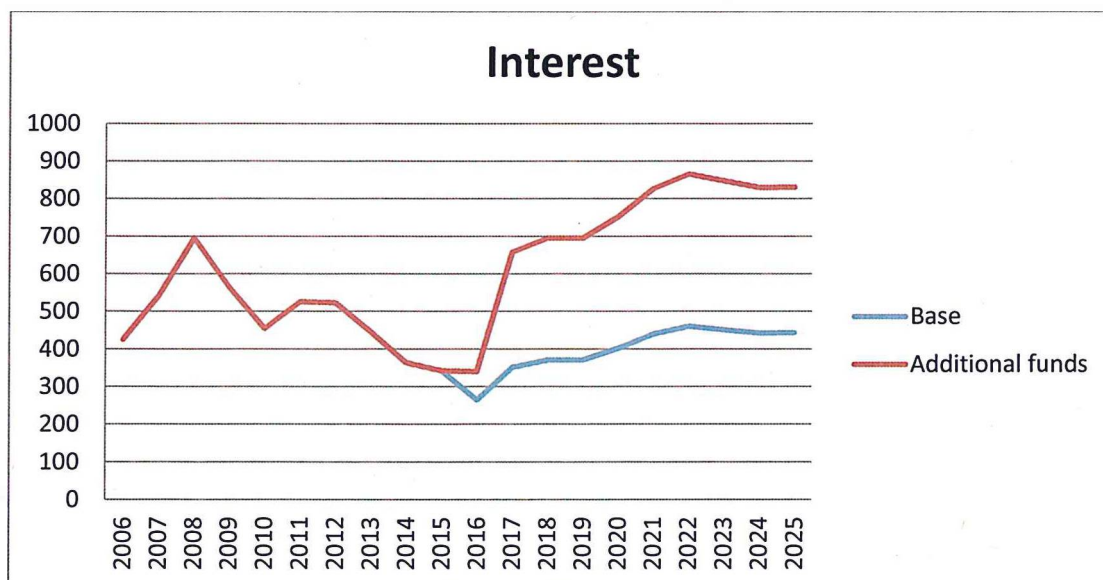
The interest rate on overdue rates and charges is set by the Local Government Department and after several years of stability has been reducing over the past few years. From a high of 11% to 2012/13 10%, 2013/14 9%.and 2014/15 8.5%

However experience is that rates outstanding since the GFC have increased across most councils. Hunters Hill has had increases and decreases due to payment of some postponed and deferred rates however careful monitoring has kept the level outstanding to better than the industry benchmark.



Interest on investments has also been falling and the 90 day bank rate as per Access Economics has been applied to the current level of investments into the future.

It is assumed that additional available funds and consequently additional income will come from proposed land sales to commence from February 2016.



3.6 Other Revenues

Other Revenue accounts for 7.84% of Council's total revenue and is comprised of rental income, fines, commission and agency fees, sundry rents and charges and the waste rebate.

The waste rebate has the most risk of these with the possibility that it will not continue into the future, however it has been confirmed for two more years.

It has been assumed that these other revenues will continue and increase by CPI.

3.7 Grants and Contributions

Financial Assistance Grant

Council currently receives the set minimum amount of the Financial Assistance Grant.

The outcome of the recent inquiry into the method of distribution of Commonwealth funding through this grant may impact on the amount of grant that council receives. Over the next 2 years the roads component of the Financial Assistance grant will remain the same while the general component will marginally decrease with an approximately 3% increase in the third year.

Future years are assumed to increase by CPI.

Operating grants

Operating Grants, for example, community services, aged and library are assumed to continue with CPI increases.

Capital Grants

Council actively seeks grant funding when this becomes available throughout the years to supplement existing funds to be used on capital works as listed in the Delivery Plan. This however depends on grant funds being available and for what purpose they can be used.

Contributions

Council currently has in place a S94A plan effective from 31 August 2011. This developer contributions scheme provides for a 1% levy on development costs over \$100,000.

When the S94A plan was first developed the anticipated revenue was in the vicinity of \$400,000 per annum, however the GFC and current levels of development has meant that those revenue levels have had to be revised downwards.

Despite this projects under this plan will still be funded using S94A and S94 funds carried over to S94A.

3.8 Capital Revenue

There are a number of possible revenue raising projects involving sale of assets.

Council has resolved that any revenue raised from sale of assets should be quarantined to be used to improve or construct new assets or to create new ongoing revenue streams to improve Council's financial sustainability.

Asset Sales & Development Activities

Council is investigating the feasibility of a number of development opportunities and/or asset sales.

Asset Sales

Partial Road Closure and Proposed Subdivision – Serpentine Rd, Hunters Hill

Council is considering a proposal to close part of an unmade road, aggregate the part closed with adjoining Council land and dispose of the resultant lot created by subdivision. Preliminary notification to residents has been undertaken and survey work completed. Discussions are being held with the Department of Lands.

It is likely that this project will come to fruition in 2016. The proceeds will be expended on Capital Works such as Roads, Parks and Reserves and Community Facilities and Buildings.

Development Opportunities

A revised LEP to guide the future development of Gladesville, has been completed and gazetted. This work was undertaken in conjunction with Ryde City Council.

Council owns a number of properties within the precinct that may present development or redevelopment opportunities to Council.

(a) Sale of Commercial Property – No. 4, 6 and 10 Cowell Street, Gladesville

Council owns commercially zoned vacant land at No. 4 and No. 6 Cowell Street and occupied land at No. 10 and has entered into an option agreement to sell these properties to Moch Pty. Ltd. The option agreement expires in March 2016 and the proceeds of the sale have been included in the LTFP

(b) Signal Hill car park construction and redevelopment – No.3A Cowell Street, Gladesville

This site is classified as operational land. Council has identified the need to increase the number of car parking spaces for shoppers and has identified that an underground parking station could be constructed at the Signal Hill Car Park (Cowell Street).

Although commercial property owners often fund these types of projects, there are an insufficient number of commercial properties in Gladesville to create a Special Parking Rate for the purpose of funding the whole project.

Construction could also be funded by way of 'user pays' fees from the introduction of paid parking for the car park.

Council is considering the construction of two levels of underground parking on the basis of creating a commercial car park.

A DA has been approved for this project with an allowance being included for the car parking requirements of any future development on the ground level car park land.

The ground level car park land has been zoned 3(b) Business General in the new LEP and the site could then be developed or sold via an expression of interest process, which may or may not include the underground car park.

Proceeds from sales, or revenue earned, would be returned to the Capital Works Reserve and used to fund future Capital Works programs.

Progress on this matter has been deferred until the current review of the Gladesville DCP has been completed, expected in late 2015.

(c) 6 Pittwater Road (Early Childhood Centre)

This site is located in the Ryde City Council area and adjoins the Gladesville Library. There is a possibility that Ryde City Council may seek an opportunity to re-develop their substantial land holdings in this area in conjunction with the Gladesville Masterplan and it would be logical that this site is included in any future proposals. Proceeds from sales, or revenue earned, would be returned to the Capital Works Reserve and used to fund future Capital Works programs.

(d) 40, 42, 44, 46& 48 Gladesville Road, Hunters Hill

These sites have been re-zoned within the Hunters Hill Village Masterplan for the purpose of using a potential redevelopment opportunity to construct new and significantly improved community facilities and car parking.

The LEP has been gazetted and plan for a potential development strategy is being developed.

Proceeds from sales, or revenue earned, would be returned to the Capital Works Reserve and used to fund future Capital Works programs.

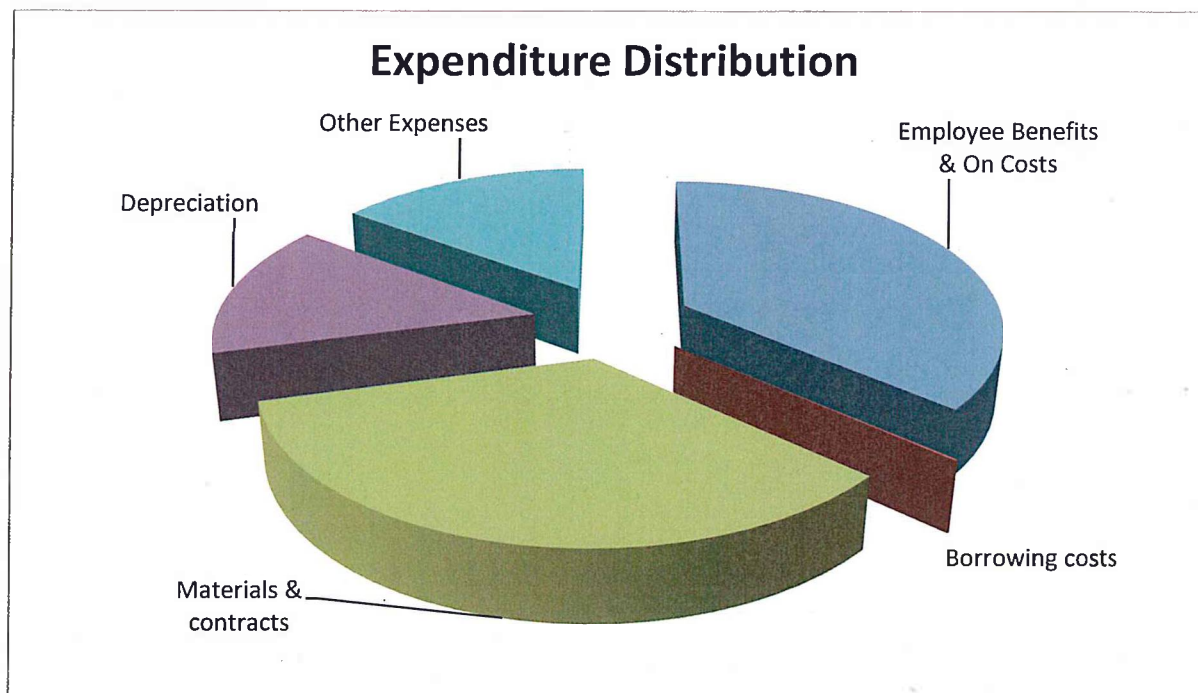
4 Expenditure

4.1 Categories of Expenditure

Council incurs expenditure in a number of different categories in the course of its operations. Employee benefits and on-costs were 36% (\$5.024m) in the 2013/2014

financial year. Other expenses were Borrowing costs 0.13% (\$0.018m), Materials and Contractors 34% (\$4.751m), Depreciation and amortisation 14% (\$1.974m) and Other Expenses 15% (\$2.067m).

4.2 Expenditure Distribution



4.3 Employee Benefits and On-costs

Salaries and Wages

Council currently employs 59 FTE staff. There is no significant increase in the number of staff planned.

An increase of 2.7% in 2015/16 and 2.8% in 2016/17, in line with the existing award ending in the 2016/17 financial year, has been allowed. Thereafter Deloitte Access Economics increases for wages and salaries has been used. It is assumed that this indicates the market increase to employ and retain staff.

Council has adopted a performance based scheme that gives a bonus of a maximum of 2% of an employees annual salary which has to be earned each year by achieving performance objectives.

Employee Leave Entitlements

Employee Leave Entitlements are assumed to increase at the same rate as salaries and wages.

Superannuation

Councils contribution to superannuation for both the accumulation and defined benefits scheme is assumed to increase by the same rate as wages and salaries.

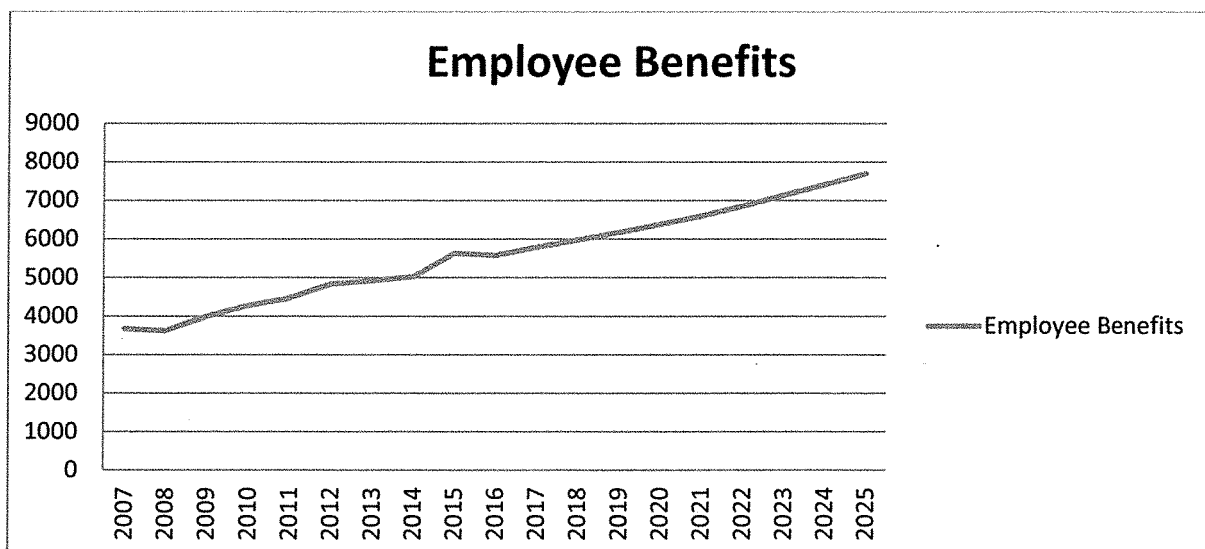
The government has extended the time period for the increase in the superannuation guarantee rate from 9.5% to 12% to between the 2014/15 and 2025/26 financial years.

Financial Year	Superannuation Guarantee Rate
2014/15	9.50%
2015/21	9.50%
2021/22	10.00%
2022/23	10.50%
2023/24	11.00%
2024/25	11.50%
2025/26	12.00%

Workers Compensation

The premium for workers compensation is based on claims history and the total wages bill. The assumption is that there is no large increase due to claims history but that wages and salaries increases would apply.

Diagram showing Employee benefits and on costs.



4.4 Borrowing Costs

Council's remaining loan is for \$500,000 for footpaths taken up in 2007 for a period of ten years.

Repayments Schedule for the balance of the loan

Date	Principal	Interest	Principal	Total
	Outstanding	Payment	Payment	Payment
7-Apr-15	160,614.86	6,932.74	28,807.05	35,739.79
6-Oct-15	130,753.48	5,878.42	29,861.38	35,739.80
5-Apr-16	99,799.20	4,785.51	30,954.29	35,739.80
5-Oct-16	67,732.07	3,672.67	32,067.13	35,739.80
5-Apr-17	34,471.23	2,478.96	33,260.84	35,739.80
5-Oct-17	0	1,268.56	34,471.23	35,739.79

TCorp in its Financial Assessment, Sustainability and Benchmarking Report of March 2013 suggest that based on a benchmark of a Debt Service Cover Ratio of greater than 2, Councils total borrowing capacity was around \$1.6m.

Although Council could increase its borrowings for capital works it is not considered prudent as funding from existing budgets would have to be found, or the operational deficit increased.

It is assumed no further loans will be taken up.

4.5 Materials and Contracts

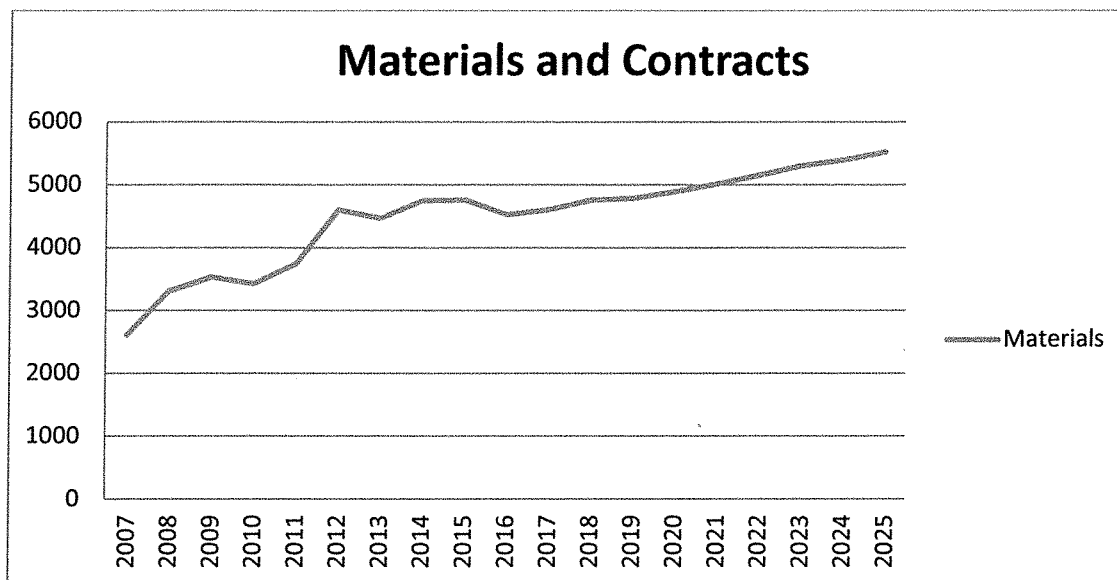
Materials

Materials consists of raw materials and consumables used in the maintenance of council's assets, and in supporting the delivery of services. Therefore with the same service levels it is assumed that costs would be constant with increases for the CPI.

Contracts

The majority of contractors and consultancy costs relate to service delivery such as waste services and maintenance. Other contractual costs include Audit Services and Legal Fees.

Council's current Audit Contract expires in 2018/19. The waste contract tender submissions are currently under evaluation. Contract costs have been assumed to increase by CPI.



4.6 Depreciation

Depreciation is the allocation of the depreciable amount of an asset over its useful life.

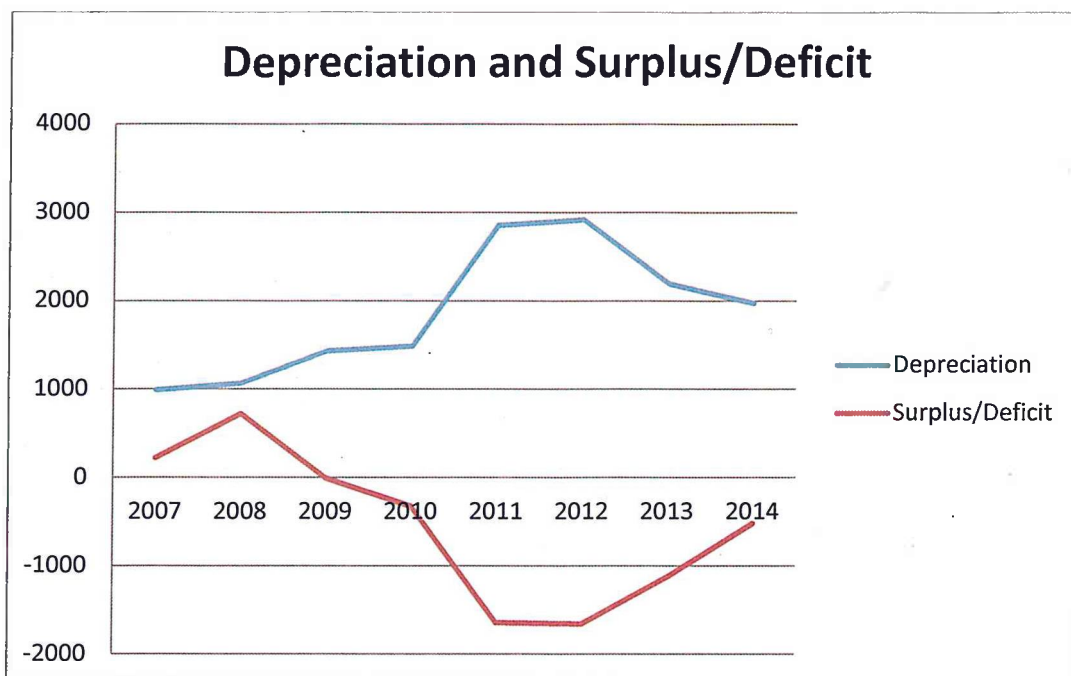
The Division of Local Government mandated the revaluation of assets to fair value under the following timetable:

- 2014/15 Roads, Bridges, Footpaths and Drainage Assets, and Other Assets
- 2015/16 Community Land
- 2016/17 Water and Sewage Assets
- 2017/18 Operational Land, Buildings, Plant and Equipment

The above valuation cycle will continue into the future.

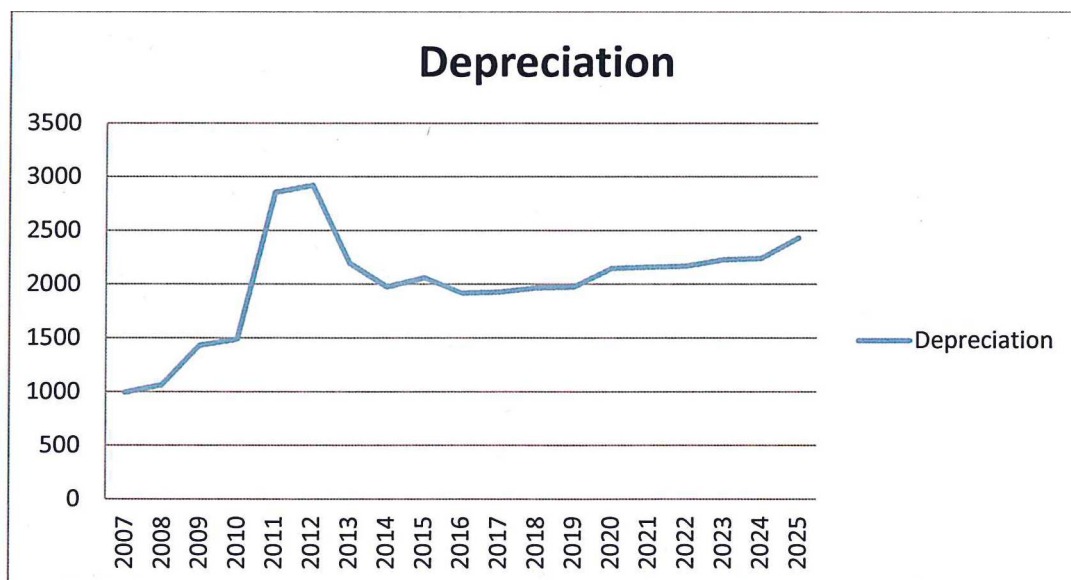
This had the effect of turning an operational surplus into a deficit over time due to increased valuations leading to increased depreciation costs particularly in the roads category.

Chart showing correlation between depreciation and surplus/deficit



After a review of the roads category with the useful lives found to be understated in comparison to actual evidence an adjustment was made and is apparent in the 2012 and 2013 results. APV are currently reviewing these assets values and conditions. The outcome of these reviews will affect future years estimates and results.

Councils projected depreciation is detailed in the following chart:

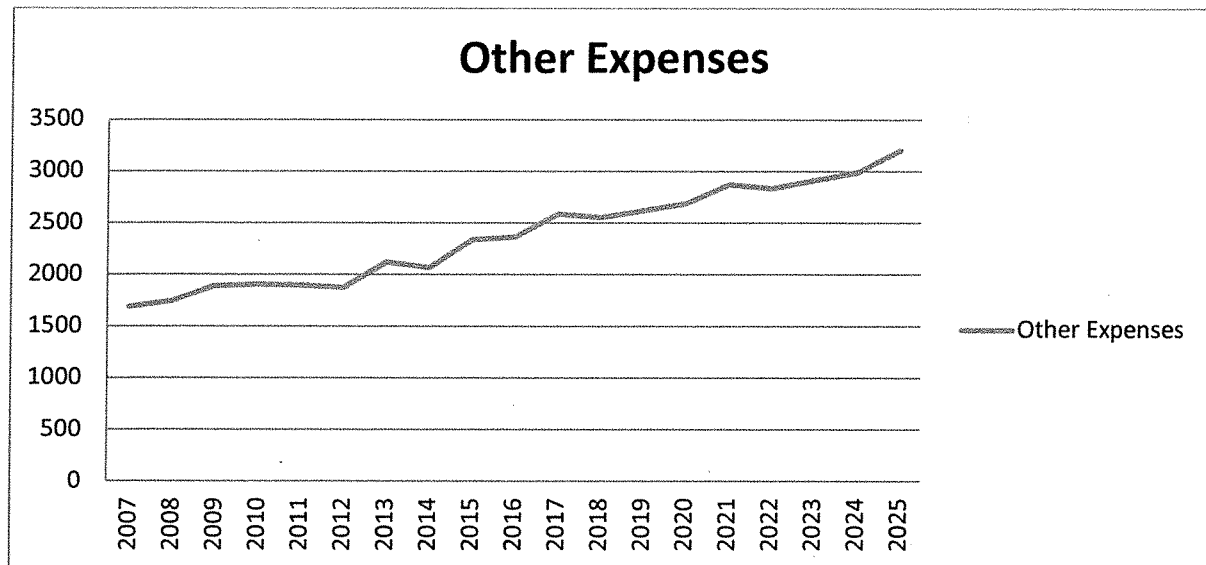


4.7 Other Expenses

Other Expenses include state government levies of NSW Fire Brigades Levy, Planning Levy and Valuation charges. Other operational costs such as Insurance, subscriptions and publications, Regional Library contribution to Ryde Council which

is tied to the rate peg percentage after a base service adjustment, Street Lighting, electricity, telephones, bank charges, and Mayoral and Councillors fees.

Where these costs have not been advised unless otherwise stated the CPI has been used in the current and future years.



5 Capital Expenditure

The capital expenditure program incorporated into the LTFP reflects that identified in the asset management plans.

As the existing S94A Plan ends in 2018-19, for the purposes of this LTFP it is assumed that S94A capital works for the period 2019-20 to 2024-25 will equal the estimated S94A contributions for the same period.

6 Balance Sheet/Cash Assumptions

6.1 Reserves

Council has a number of cash reserves which are either a legislative requirement (externally restricted) or through a council decision (internally restricted)

These reserves are intended to spread works or other costs over a number of years.

An example of this is council elections held every four years. Each year one quarter of the estimated cost is put aside to meet the election cost.

Council has the following Reserves

Externally Restricted:

- Domestic Waste Management; The surplus or deficit on Domestic Waste Management operations is transferred to this reserve. Domestic Waste Management revenue can only be used for this purpose.
- S94A Developer Contributions; Contributions received can only be used for the purposes stated in the Plan. Often contributions received and expenditure for the same year do not match.

Internally Restricted:

- Plant Replacement Reserve; Amounts equivalent to depreciation are transferred here to fund the net cost of future plant replacement.
- Employee Leave Entitlements; Council maintains this reserve at 40% of cash entitlements.
- Elections; Funds four yearly council elections
- Roads Reserve; Any sale of council road reserves is placed here for expenditure on roads.
- Insurance; Intended to fund council excess should a claim occur.
- Office Equipment Replacement; To fund replacement equipment including IT equipment.
- Town Hall Reserve; Intended to help fund any major works required.

6.2 Current Assets and Liabilities

The level of current assets and liabilities will remain static or have CPI applied where appropriate.

7 Models/Sensitivity Analysis

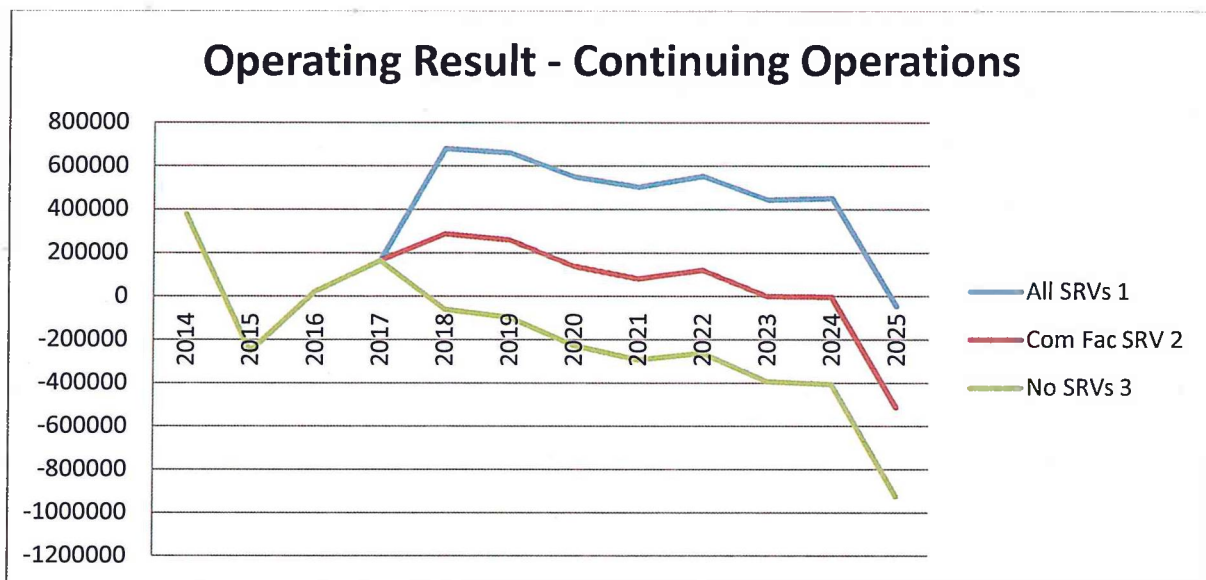
As stated previously 3 scenarios have been modelled

Scenario 1 Including Special Variations for Community Facilities, Operations, Rate Peg and associated proposed expenditure programs.

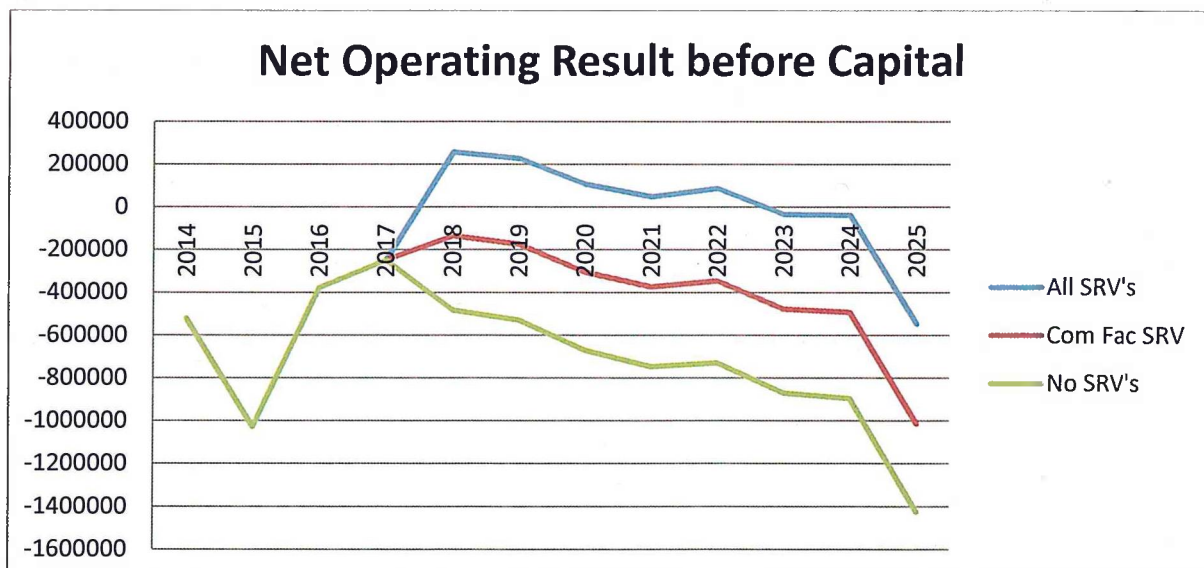
Scenario 2 No Special Variation for Operations, with a Special Variation for Community Facilities and associated proposed community facilities expenditure programs .

Scenario 3 No Special Variation for Operations or Community Facilities and no associated proposed community facilities expenditure programs.

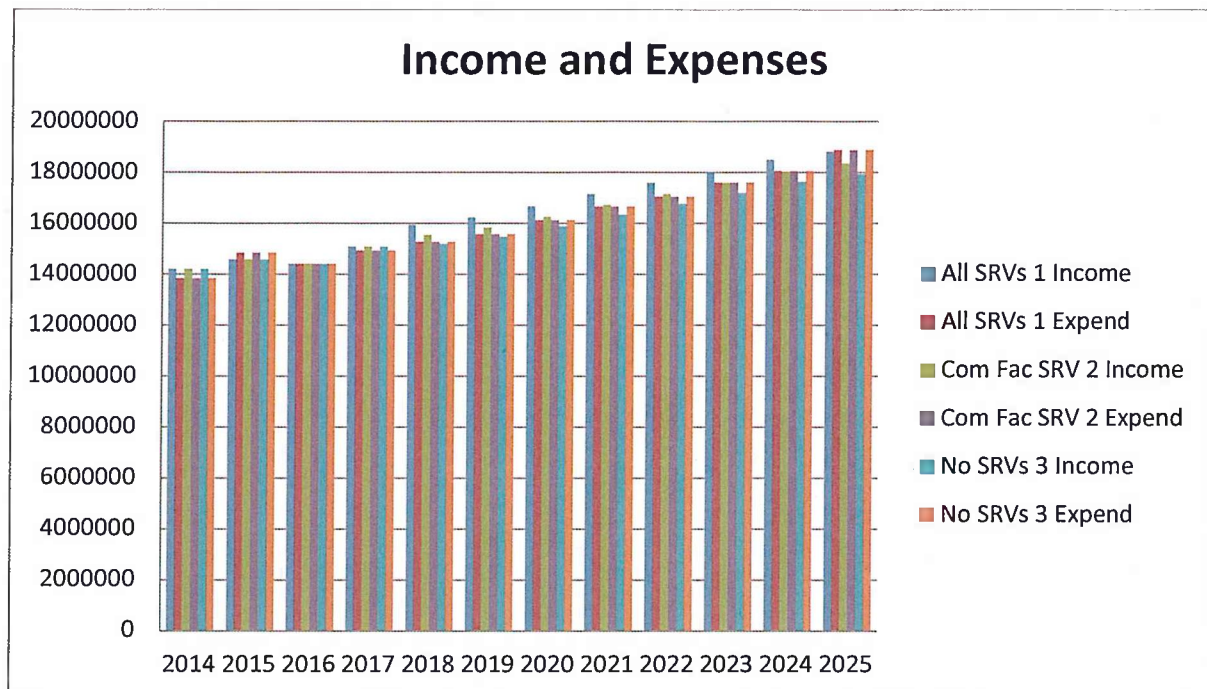
7.1 Comparative charts operating income, operating expenditure and operating results all scenarios.



Under Scenario 1 the operating result from continuing operations is in surplus for the term of the LTFP except for the final year. The deficit in this year is due in the main to an increase in depreciation as a result of revaluations and the inclusion of election expenses in that year.



The net operating result before capital for Scenario 1 becomes positive in 2017-18 and remains so until 2022-23.

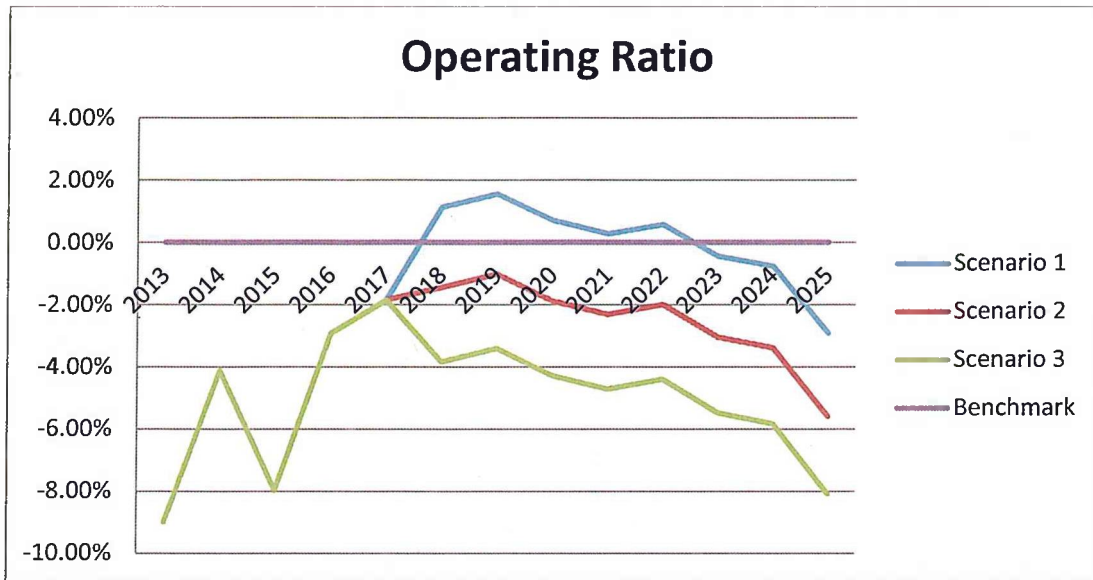


These calculations rely on an ongoing rate peg of 2.5%. However this is not sufficient to cover for example labour costs which are estimated to increase by over 3% in future years. While it may cover materials and contractors increases the rate peg is less than estimated cost increases before any reduction is made for productivity.

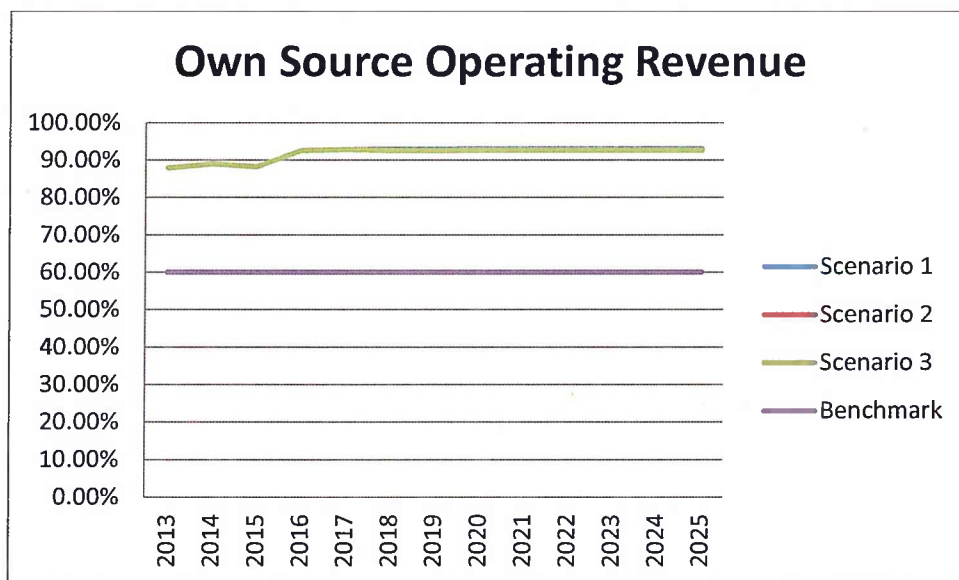
As Council's FTE staff levels have not increased this assumes that productivity savings have already been made before the rate peg figure is reduced for this.

7.2 Financial indicators for all scenarios compared to sustainable benchmarks

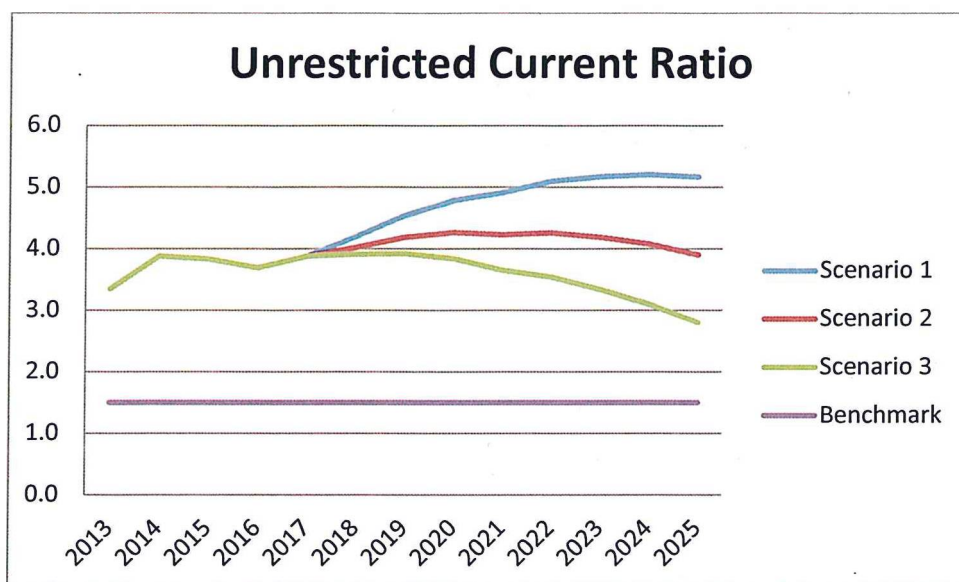
Office of Local Government Measures



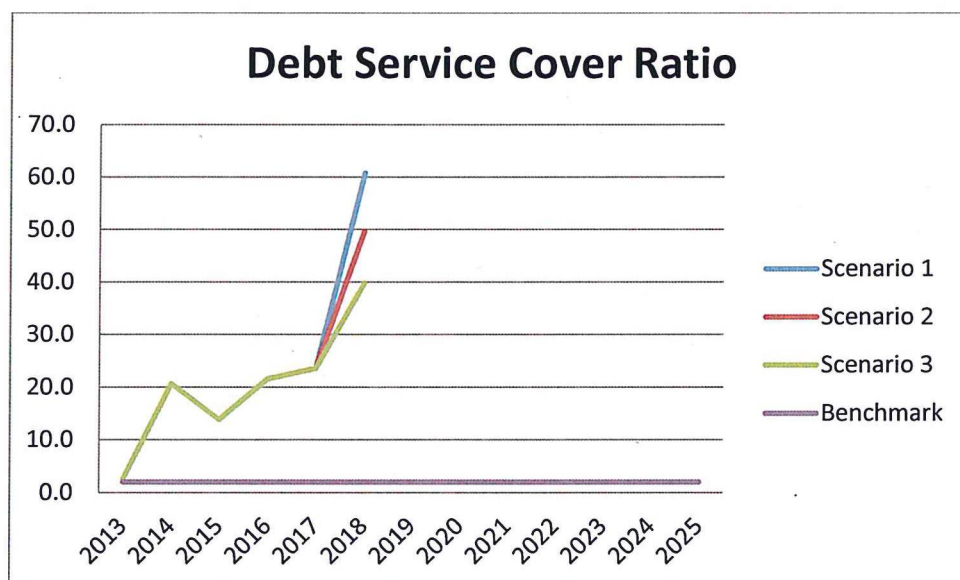
The Operating result except for scenario 1 across the term of the plan is less than the benchmark of greater than zero.



The own source operating revenue is greater than the 60% benchmark for the term of the plan for all scenarios.

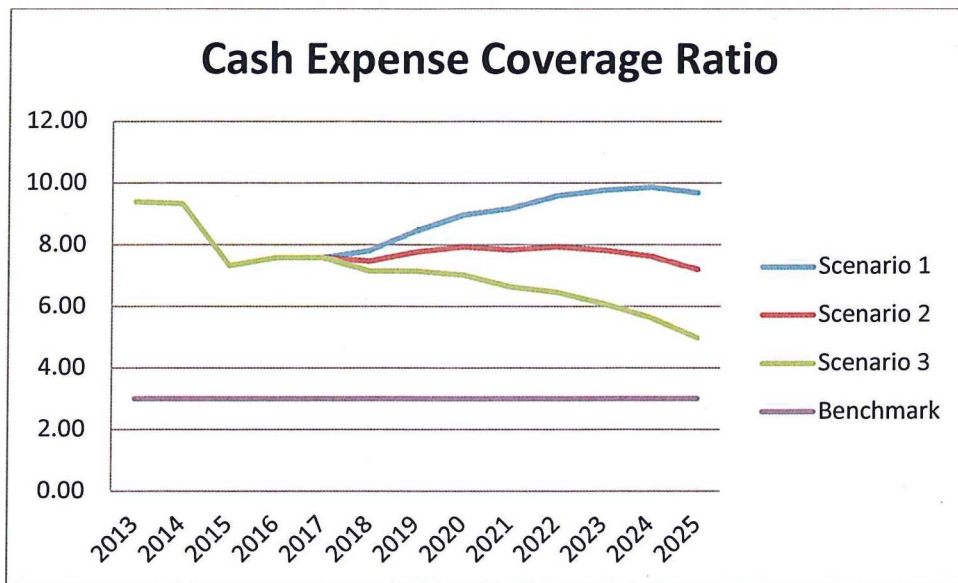


An unrestricted current ratio of greater than the sustainable benchmark of greater than 2:1 is maintained for the term of the plan.

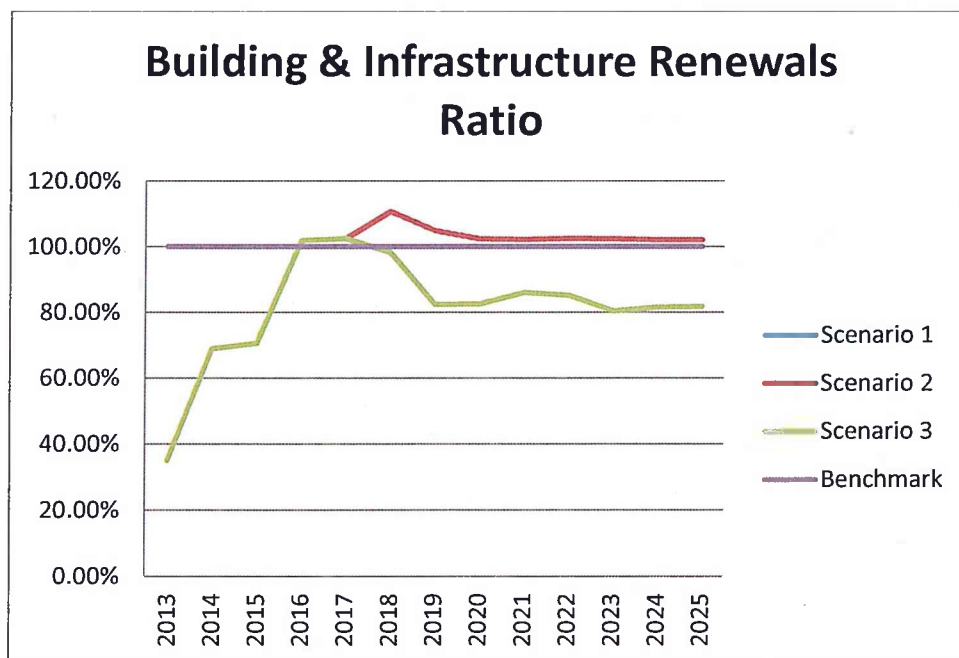


Refer 4.4 Borrowing Costs

The benchmark of greater than 2 times is met until 2018-19 when the debt has been repaid.

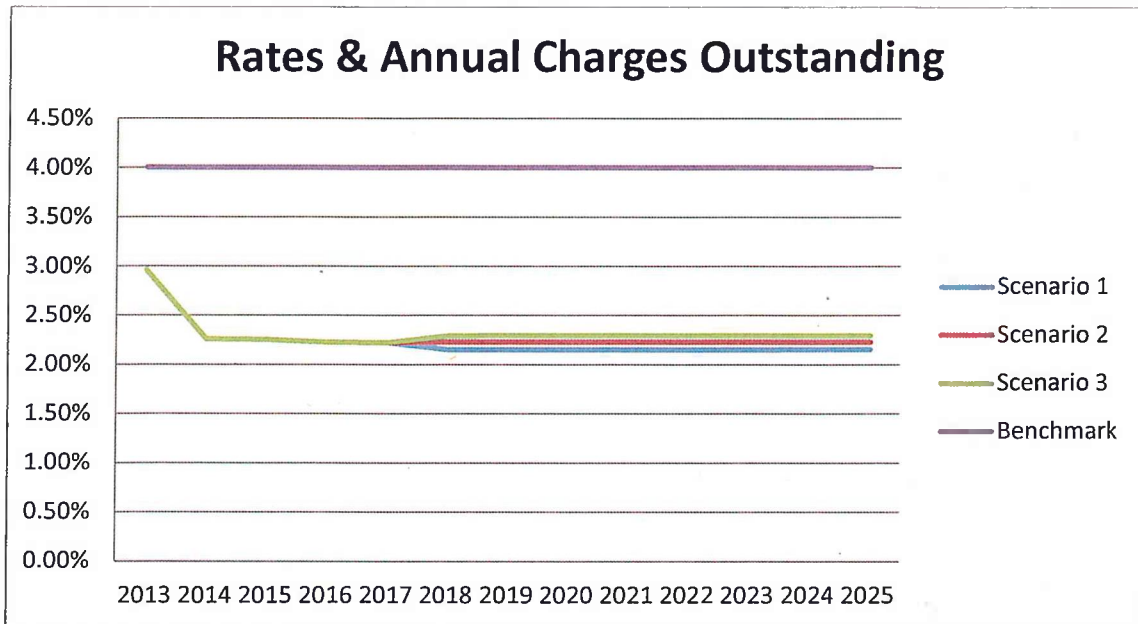


The cash expense coverage ratio for all scenarios is greater than the benchmark of 3 months for the term of the plan.

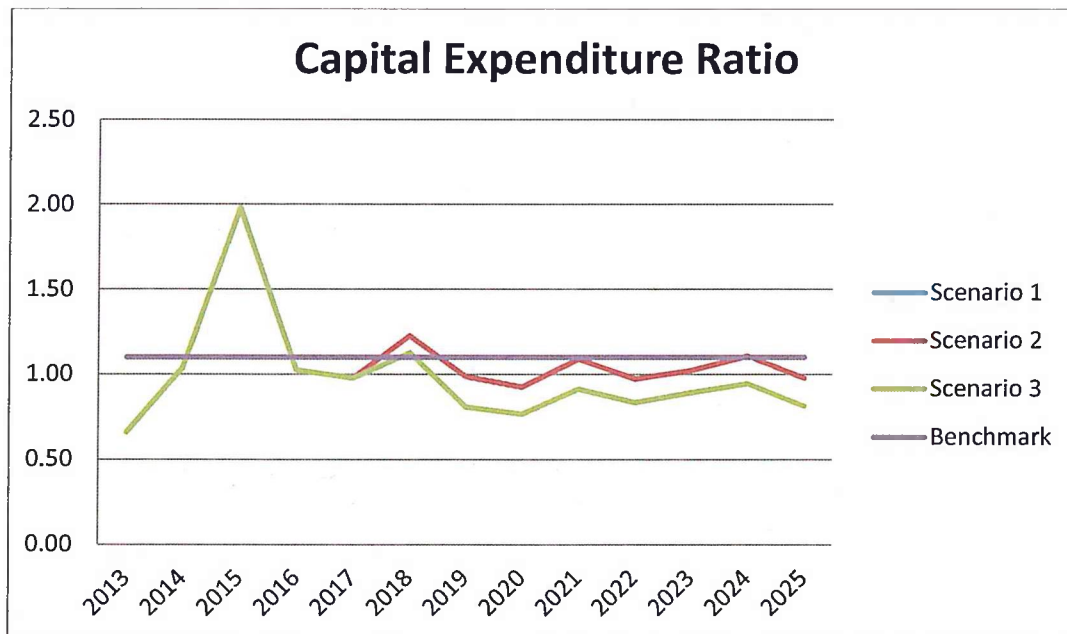


Building and Infrastructure renewals ratio exceeds the benchmark from 2016 through to 2025 for Scenarios 1 and 2.

Funding of capital renewal works past that date will have to be reviewed with the Asset Management Plans.

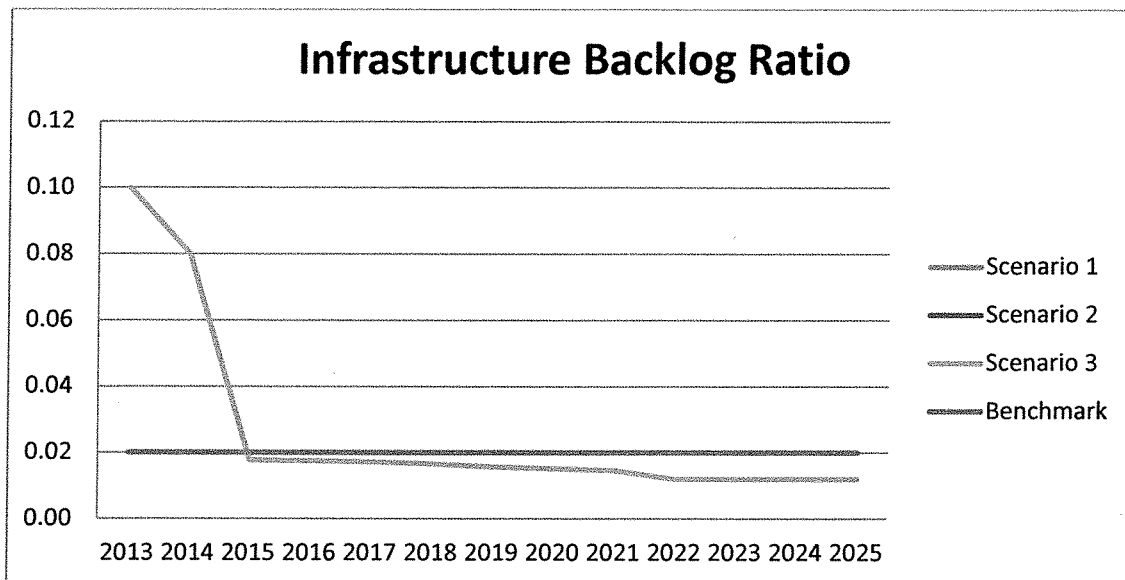


Rates and Annual charges outstanding is below the benchmark of less than 4% for the term of the plan.

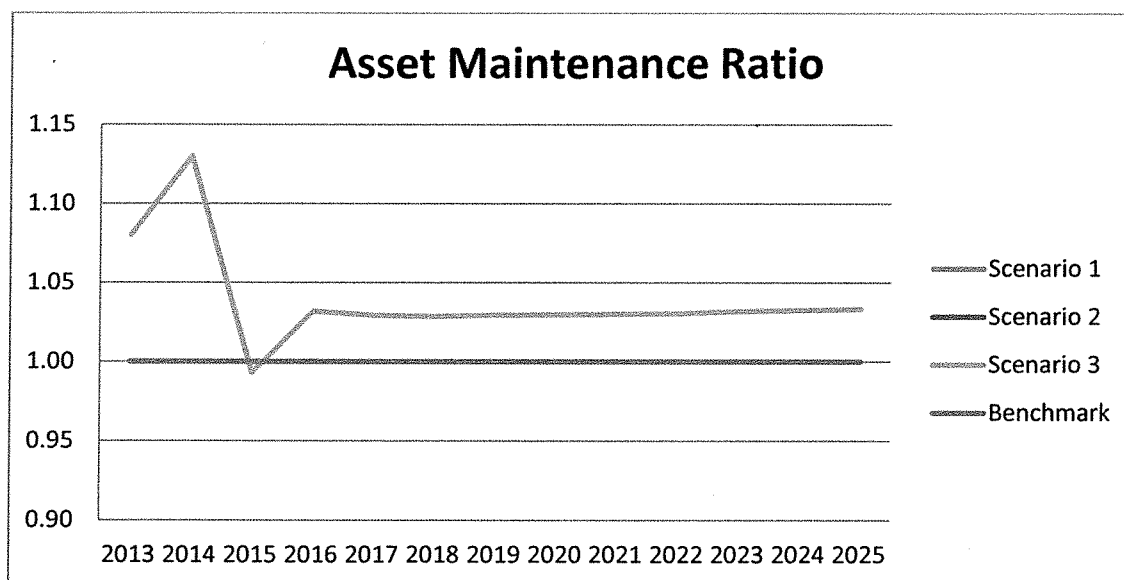


The Capital Expenditure ratio for the majority of the plan is below the benchmark of 1.1. A benchmark of 1.1 indicates an expansion in the asset base.

However the ratio is closer to a benchmark of 1.0 which indicates maintenance of the current asset base.

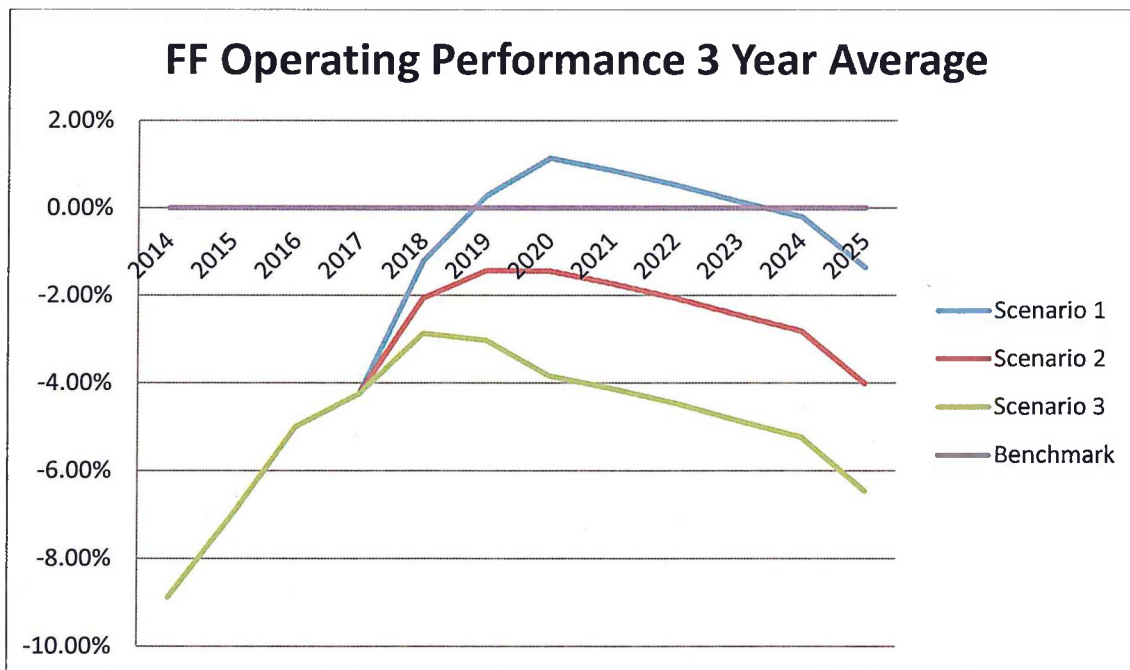
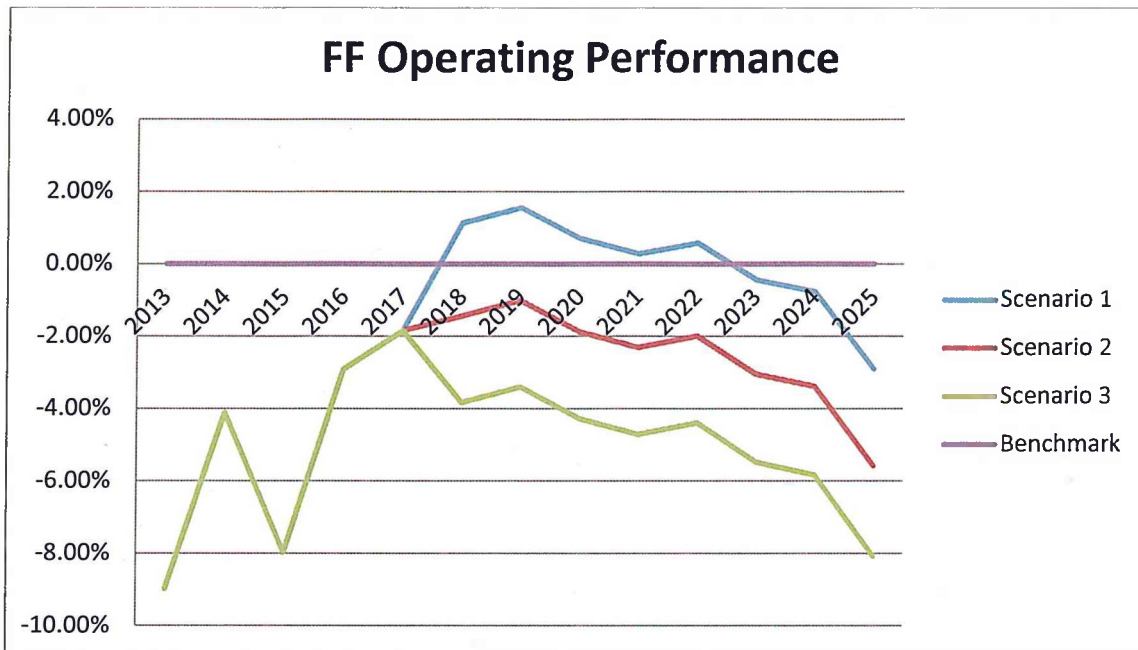


The Infrastructure Backlog Ratio meets the benchmark based on current condition ratings.

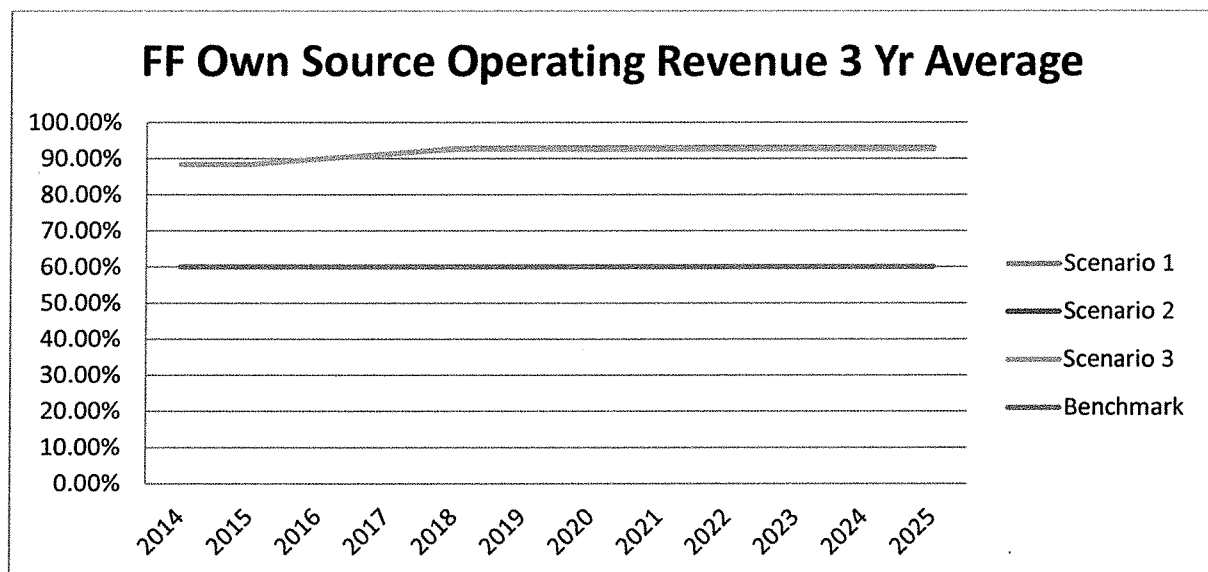
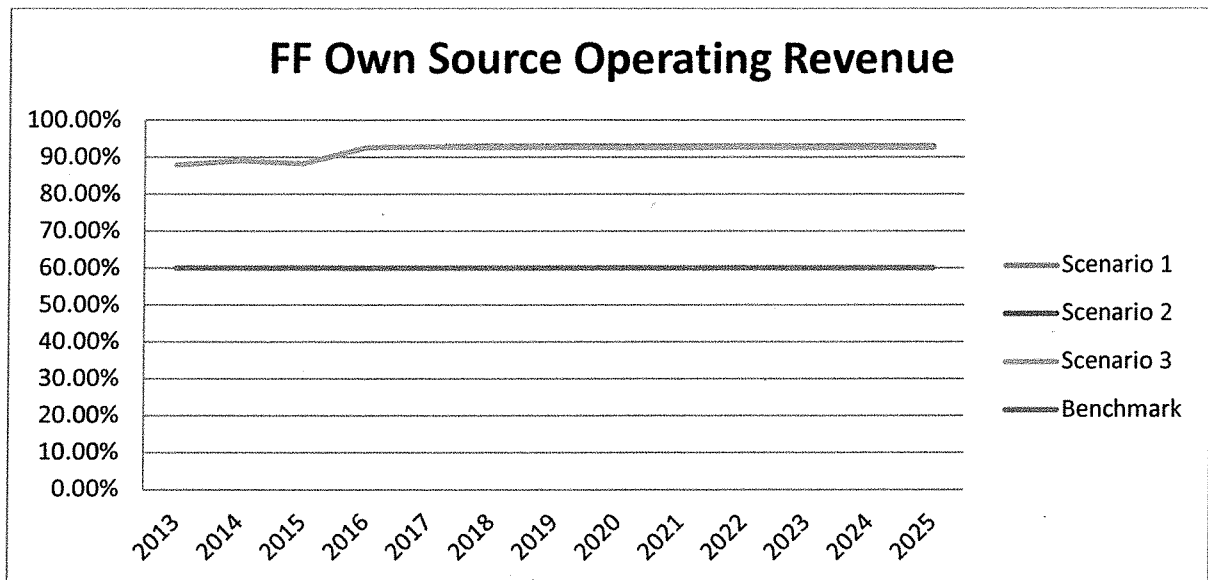


The Asset Maintenance Ratio increases to be above the benchmark for the majority of the plan.

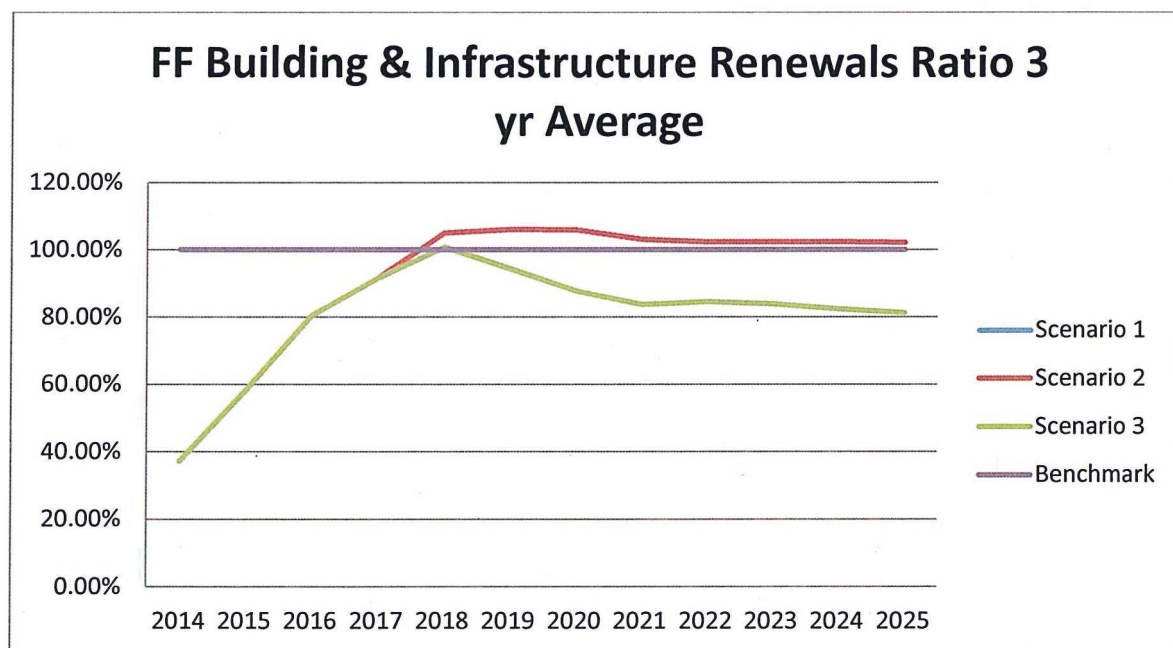
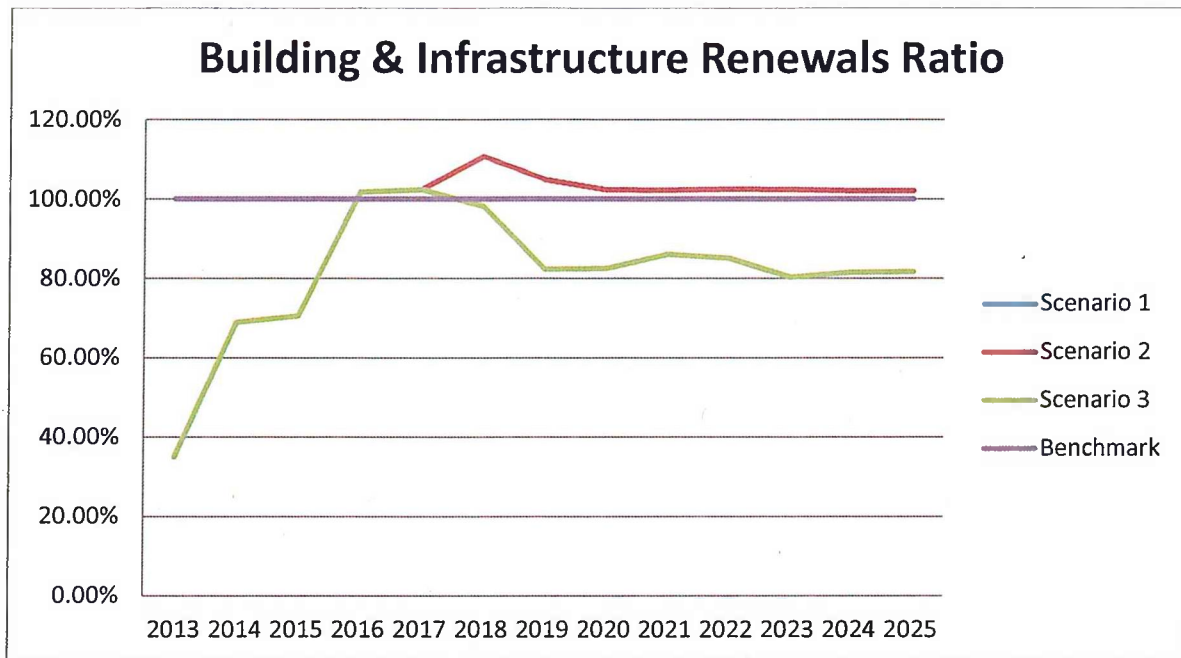
Fit For The Future Measures



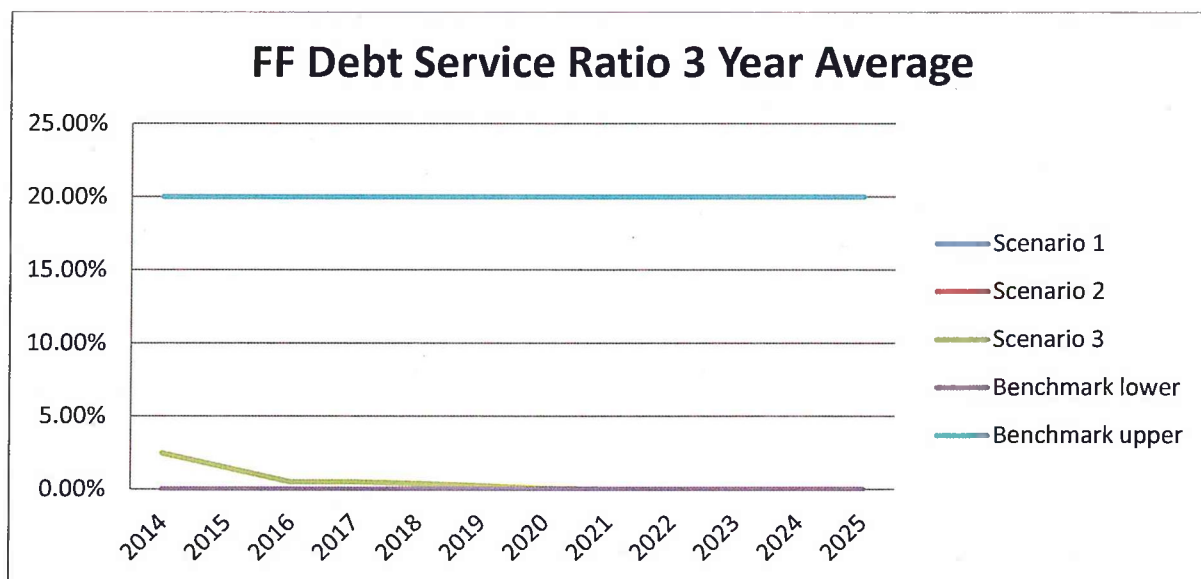
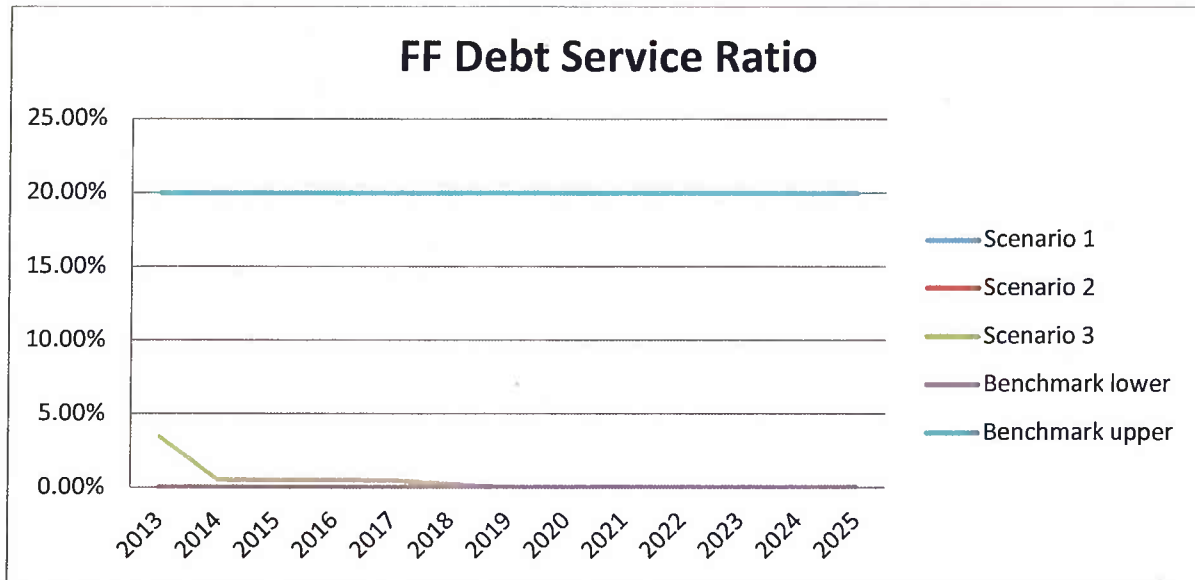
As this performance measure is an average of 3 years the breakeven point in Scenario 1 is not reached until 2018-19 even though a positive result is first achieved in 2017-18.



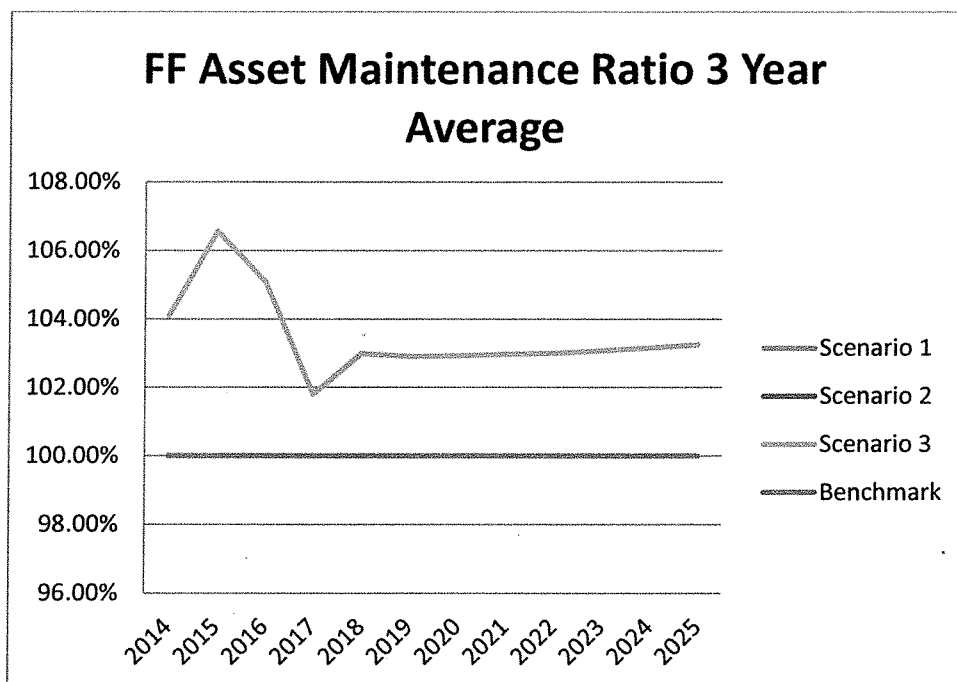
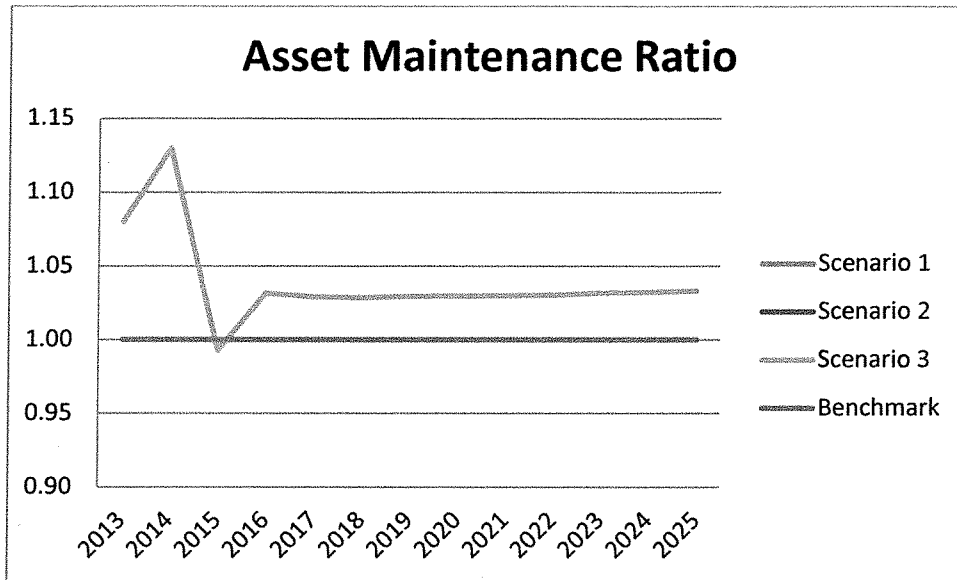
Own Source Operating revenue is above the benchmark of 60% for the term of the plan and for all Scenarios.



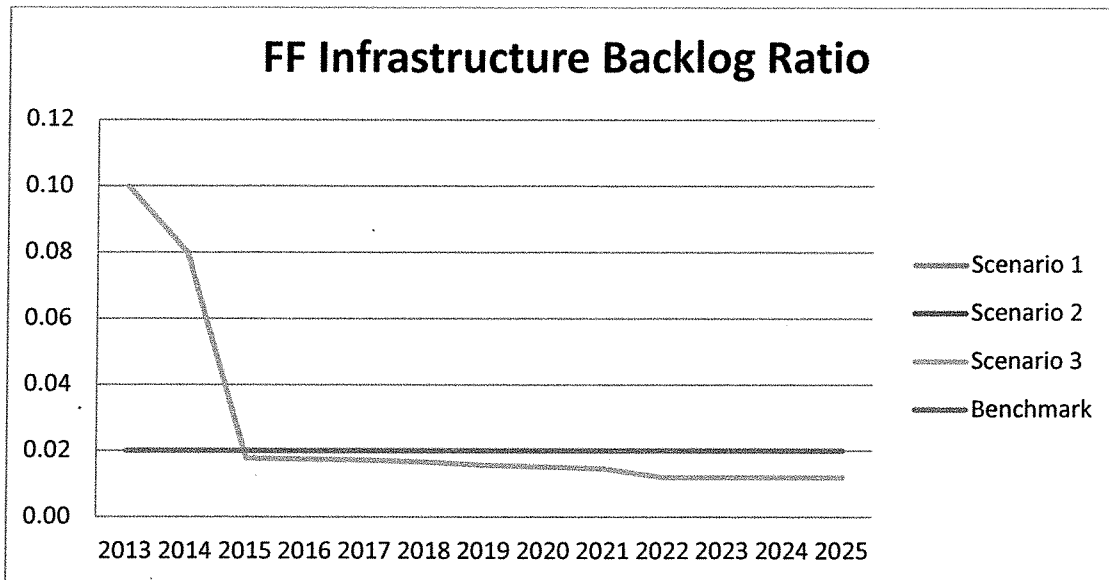
Taking a 3 year average has meant that the renewals ratio benchmark is met by scenario 1 and 2 from 2017-18.



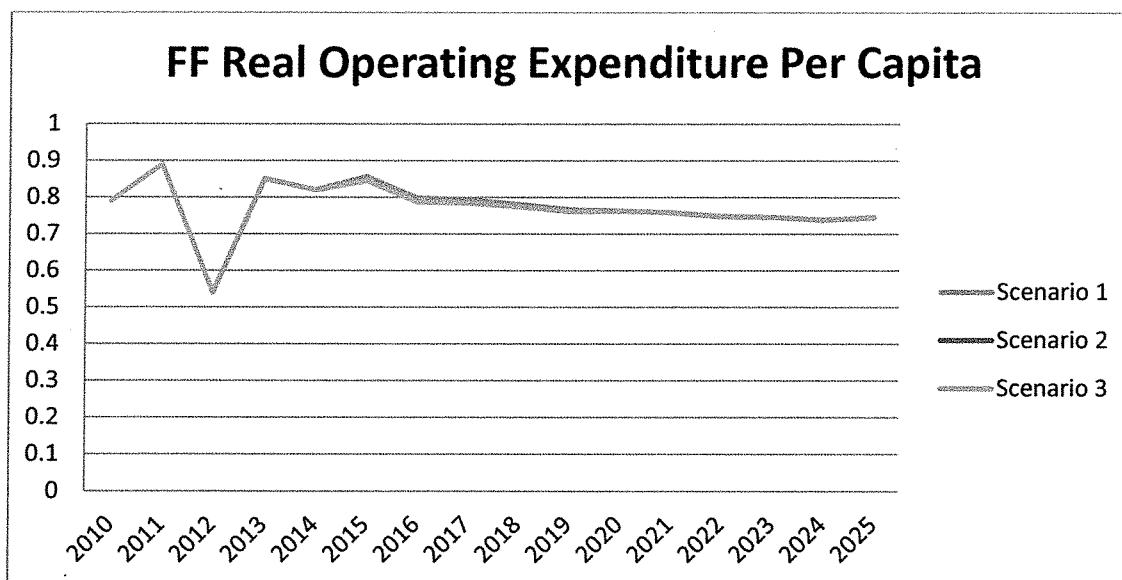
The level of Debt service is below the benchmark of less than 20% for the term of the plan.



The 3 year average Asset Maintenance is above the benchmark for the term of the plan.



This is not a 3 year average measure and as stated before is below the benchmark for the term of the plan.



This measure requires a five year declining trend.

8 Conclusion

The challenge for the future will be to establish a revenue stream other than rates, probably through asset sales and alternate investment to generate revenue on an ongoing basis to fund asset renewals and operations.

Productivity costs will be sought to offset cost increases, these have occurred during the past through technology improvements and contracting some services. It should be noted that IPART already reduces the rate peg increase by an amount assumed for productivity increases. Technology improvements would be a probable source of productivity increases in the future.

**Draft 2015-16 Scenario 1 Additional Capital Spend
Income Statement**

	Original Projected 2014-2015 \$	Actual 2013-2014 \$	Revised Projected 2014-2015 \$	Projected 2015-2016 \$	Projected 2016-2017 \$	Projected 2017-2018 \$	Projected 2018-2019 \$	Projected 2019-2020 \$	Projected 2020-2021 \$	Projected 2021-2022 \$	Projected 2022-2023 \$	Projected 2023-2024 \$	Projected 2024-2025 \$
Income From Continuing Operations													
Rates & Annual Charges	10449400	10127000	10449400	10834200	11114784	11783151	12075167	12374421	12683782	13000877	13325898	13656152	13994592
User Charges & Fees	855700	1023000	855700	935860	964690	987842	1011551	1035828	1061723	1088266	1115473	1142245	1169658
Interest & Investment Revenue	342200	363000	342200	339250	657247	695122	695752	752205	827282	865171	847270	829381	830111
Other Incomes	1149600	1115000	1166800	1207760	1242784	1272611	1303154	1334430	1367791	1401986	1437035	1471524	1506841
Grants & Contributions provided for Operating Purposes	751200	660000	932714	669520	674787	698277	715090	732307	750615	769380	788615	807603	827048
Grants & Contributions provided for Capital Purposes	416200	903000	773900	402000	413658	423586	433752	444162	455266	466648	478314	489793	501548
<i>Other Income</i>													
Net Gains from the Disposal of Assets	68600	23000	68600	28912	21728	81056	0	0	1432	0	42471	98471	0
Total Income From Continuing Operations	14,032,900	14,214,000	14,589,314	14,417,502	15,089,678	15,941,645	16,234,465	16,673,353	17,147,891	17,592,327	18,035,077	18,495,169	18,829,799
Expenses From Continuing Operations													
Employee Benefits & On-costs	5636700	5024000	5667621	5577930	5796213	5980019	6175368	6383030	6597908	6862623	7144146	7416418	7698200
Borrowing Costs	14000	18000	14000	9700	5000	700	0	0	0	0	0	0	0
Materials and Contracts	4473100	4751000	4762074	4523350.8	4609146	4763048	4784404	4892115	5013788	5156058	5305108	5396297	5525004
Depreciation & Amortisation	2061400	1974000	2061300	1918665	1927210	1964796	1973955	2149348	2160774	2170361	2227612	2239071	2432111
Other Expenses	2287300	2067000	2338402	2364533.44	2587982	2553218	2620318	2689347	2872044	2836887	2913941	2991489	3205017
<i>Other Expenses</i>													
Net Losses from the Disposal of Assets	0		0	0	0	0	19276	8933	0	12468	0	0	15509
Total Expenses From Continuing Operations	14,472,500	13,834,000	14,843,397	14,394,179	14,925,552	15,261,782	15,573,320	16,122,773	16,644,514	17,038,398	17,590,806	18,043,275	18,875,842
Operating Result from Continuing Operations	-439,600	380,000	-254,083	23,323	164,126	679,863	661,145	550,580	503,377	553,929	444,271	451,894	-46,043
Net Operating Result for the year before Grants & Contributions provided for capital purposes	-855,800	-523,000	-1,027,983	-378,677	-249,532	256,278	227,394	106,418	48,111	87,282	-34,043	-37,900	-547,591

Draft 2015-16
Statement of Cash Flows

	Original Projected 2014-2015	Actual 2013-2014	Revised Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities													
Receipts	14,032,900	14558000	14,589,314	14,417,502	15,089,678	15,941,645	16,234,465	16,673,353	17,147,891	17,592,327	18,035,077	18,495,169	18,829,799
Payments	-12,382,204	-12756000	-12,783,273	-12,457,681	-12,933,573	-13,203,415	-13,629,413	-13,876,886	-14,326,442	-14,784,720	-15,312,486	-15,686,592	-16,410,979
Net Cash provided (or used) in Operating Activities	1,650,696	1802000	1806041	1,959,821	2156106	2738230	2605053	2796467	2821449	2807608	2722591	2808577	2418820
Cash Flows From Investing Activities													
Receipts													
Sale of Infrastructure, Property,Plant and Equipment	145200	66000	159900	145200	122400	156800	273300	47500	160500	116300	176900	154100	246500
Payments													
Purchase of Infrastructure, Property,Plant and Equipment	-2977976	-2009000	-4079520	-1963647	-1884428	-2408153	-1946122	-1988136	-2351873	-2108891	-2278343	-2479750	-2378242
Net Cash provided (or used) in Investing Activities	-2832776	-1943000	-3919620	-1818447	-1762028	-2251353	-1672822	-1940636	-2191373	-1992591	-2101443	-2325650	-2131742
Cash Flows From Financing Activities													
Receipts													
Proceeds from Borrowings & Advances	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments													
Repayment of Borrowings & Advances	-56600	-52000	-56600	-60800	-65400	-34500	0	0	0	0	0	0	0
Net Cash provided (or used) in Financing Activities	-56600	-52000	-56600	-60800	-65400	-34500	0	0	0	0	0	0	0
Net Increase/(Decrease) in Cash & Cash Equivalents	-1238680	-193000	-2170179	80574	328678	452377	932231	855832	630076	815017	621148	482927	287079
Cash & Cash Equivalents at the beginning of the year	8076009	10162000	9969000	7798821	7879395	8208073	8660450	9592680	10448512	11078588	11893605	12514753	12997680
Cash & Cash Equivalents at the end of the year	6837329	9969000	7798821	7879395	8208073	8660450	9592680	10448512	11078588	11893605	12514753	12997680	13284759

**Draft 2015-16
Balance Sheet**

	Original Projected 2014-2015	Actual 2013-2014	Revised Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets													
Current Assets													
Cash & Cash Equivalents	6837329	9969000	7798821	7879395	8208073	8660450	9592680	10448512	11078588	11893605	12514753	12997680	13284759
Investments		0											
Recievables	792711	1101000	1123020	1155588	1189100	1217638	1246861	1276786	1308706	1341423	1374959	1407958	1441749
Inventories	12583	17000	17340	17843	18360	18801	19252	19714	20207	20712	21230	21740	22261
Other	97516	96000	97920	100760	103682	106170	108718	111327	114111	116963	119887	122765	125711
Total Current Assets	7740140	11183000	9037101	9153585	9519214	10003059	10967512	11856340	12521612	13372704	14030830	14550142	14874480
Non-Current Assets													
Recievables	30408	32000	32640	33587	34561	35390	36239	37109	38037	38988	39962	40922	41904
Infrastructure , Property, Plant & Equipment	485849596	542546000	544,487,620	544,473,314	544,351,858	544,653,870	544,496,861	544,311,016	544,309,447	544,179,409	544,137,611	544,238,861	544,041,882
Other	426764	417000	425340	437675	450367	461176	472244	483578	495668	508060	520761	533259	546057
Total Non- Current Assets	486306768.2	542995000	544945600	544944575	544836786	545150437	545005345	544831704	544843152	544726457	544698335	544813042	544629843
Total Assets	494046907.7	554178000	553982701	554098161	554356000	555153495	555972857	556688044	557364764	558099160	558729164	559363184	559504323
Liabilities													
Current Liabilities													
Payables	3900643	3537000	3607740	3712364	3820023	3911704	4005584	4101718	4204261	4309368	4417102	4523113	4631667
Borrowings	60800	57000	60800	65400	34500	0	0	0	0	0	0	0	0
Provisions	1698130	1723000	1767798	1815529	1866363	1926087	1989648	2057296	2127244	2201697	2278757	2353956	2431636
Total Current Liabilities	5659573	5317000	5436338	5593293	5720886	5837791	5995232	6159014	6331505	6511065	6695859	6877069	7063304
Non - Current Liabilities													
Payables		0											
Borrowings	99900	161000	99900	34500	0	0	0	0	0	0	0	0	0
Provisions	41314	21000	21546	22128	22747	23475	24250	25074	25927	26834	27774	28690	29637
Total Non - Current Liabilities	141214	182000	121446	56628	22747	23475	24250	25074	25927	26834	27774	28690	29637
Total Liabilities	5800787.69	5499000	5557784	5649921	5743634	5861266	6019482	6184089	6357432	6537900	6723633	6905759	7092941
Net Assets	488246120	548679000	548424917	548448240	548612366	549292230	549953375	550503955	551007332	551561261	552005532	552457425	552411383
Equity													
Retained Earnings	268475120	269659000	269,404,917	269,428,240	269,592,366	270,272,230	270,933,375	271,483,955	271,987,332	272,541,261	272,985,532	273,437,425	273,391,383
Revaluation Reserves	219771000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000
Council Equity Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Minority Equity Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity	488246120	548679000	548424917	548448239.8	548,612,366	549,292,230	549953375	550503955	551007332	551561261	552005532	552457425	552411383
	0	0	0	0	0	0	0	0	0	0	0	0	0

Draft 2015-16
Capital Expenditure

	Original Projected 2014-2015	Actual 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Expenditure													
WIP		261000											
Plant and Equipment	325000	152000	243400	254800	235045	517268	242995	43024	415563	141104	363749	534192	277338
Office Equipment	85200	120000	259200	81000	68500	94000	55000	91935	55000	55000	94000	55000	85000
Furniture & Fittings		87000	143200	29000	5000	30000	5000	45000	10000	100000		36000	13800
Land													
- Operational													
- Community													
Land Improvements -depreciable	165000		202400										
Land Improvements - non depreciable				65000	50000								
Buildings Non Specialised	744000	9000	470700	113000	20000	125000	185000	276982	361375	265372	294725	430458	459894
Buildings Specialised		145000		110000	595000	165000	52000	223250	187500	181250	156250	47500	128250
Buildings/Other Structures	214624	119000	88000	128581	95156	451014	359490	218049	255594	291005	263519	328602	321202
Roads, Bridges,	1387652	946000	2391220	749456	536034	496094	552820	784637	776363	746511	817741	691257	803550
Footpaths		154000		247417	129859	340689	347301	104849	113145	112421	123493	126457	129492
Kerb & Guttering		98000		98233	98093	94007	100129	97319	101830	103867	105941	108484	111087
Stormwater drainage	56500		281400	87160	51741	95080	46387	103090	75504	112361	58925	121800	48628
Total Capital Expenditure	2977976	2091000	4079520	1963647	1884428	2408153	1946122	1988136	2351873	2108891	2278343	2479750	2378242

Statement of Performance Measurement - Indicators

	Actual 2012-2013	Actual 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
Operating Ratio	-8.98%	-4.11%	-7.98%	-2.91%	-1.85%	1.14%	1.56%	0.71%	0.28%	0.58%	-0.44%	-0.76%	-2.90%
Own Source Operating Revenue Ratio	87.86%	88.99%	88.25%	92.55%	92.78%	92.93%	92.92%	92.94%	92.97%	92.97%	92.96%	92.95%	92.94%
Unrestricted current ratio	3.35	3.88	3.83	3.69	3.88	4.20	4.54	4.79	4.91	5.10	5.18	5.21	5.17
Debt Service Cover Ratio	2.53	20.66	13.86	21.57	23.59	60.82	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Rates & Annual Charges Outstanding Percentage	2.96%	2.26%	2.25%	2.23%	2.23%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.16%
Cash Expense CoverRatio	9.40	9.34	7.33	7.58	7.58	7.82	8.46	8.97	9.18	9.60	9.78	9.87	9.69
Building and infrastructure renewals ratio	34.97%	68.97%	70.57%	101.81%	102.37%	110.67%	104.89%	102.28%	102.16%	102.44%	102.32%	102.06%	102.00%
Infrastructure Backlog Ratio	0.1	0.08	0.018	0.017	0.017	0.017	0.016	0.015	0.015	0.012	0.012	0.012	0.012
Asset Maintenance Ratio	1.08	1.13	0.99	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03
Capital Expenditure Ratio	0.66	1.04	1.98	1.02	0.98	1.23	0.99	0.92	1.09	0.97	1.02	1.11	0.98

	Actual 2012- 2013	Actual 2012- 2013	Actual 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
Fit For The Future														
Operating Performance Ratio 3 year average	-13.55%	-8.98%	-4.11% -8.88%	-7.98% -7.02%	-2.91% -5.00%	-1.85% -4.25%	1.14% -1.21%	1.56% 0.28%	0.71% 1.14%	0.28% 0.85%	0.58% 0.52%	-0.44% 0.14%	-0.76% -0.21%	-2.90% -1.37%
Own Source Operating Revenue Ratio 3 year average	88.24%	87.86%	88.99% 88.36%	88.25% 88.37%	92.55% 89.93%	92.78% 91.19%	92.93% 92.75%	92.92% 92.88%	92.94% 92.93%	92.97% 92.94%	92.97% 92.96%	92.96% 92.97%	92.95% 92.96%	92.94% 92.95%
Building and Infrastructure Renewals Ratio 3 Year Average	19.60%	35.00%	69.00% 37.20%	70.57% 58.19%	101.81% 80.46%	102.37% 91.58%	110.67% 104.95%	104.89% 105.98%	102.28% 105.95%	102.16% 103.11%	102.44% 102.29%	102.32% 102.30%	102.06% 102.27%	102.00% 102.13%
Infrastructure Backlog Ratio			8.11%	1.78%	1.75%	1.73%	1.67%	1.57%	1.52%	1.47%	1.20%	1.20%	1.20%	1.20%
Asset Maintenance Ratio 3 Year Average	92.20%	107.60%	112.80% 104.10%	99.29% 106.56%	103.18% 105.09%	102.92% 101.80%	102.87% 102.99%	102.95% 102.91%	102.97% 102.93%	103.00% 102.97%	103.04% 103.00%	103.18% 103.07%	103.25% 103.16%	103.32% 103.25%
Debt Service Ratio 3 Year Average	3.46%	3.44%	0.53% 2.48%	0.51% 1.49%	0.50% 0.52%	0.48% 0.50%	0.23% 0.40%	0.00% 0.24%	0.00% 0.08%	0.00% 0.00%	0.00% 0.00%	0.00% 0.00%	0.00% 0.00%	0.00% 0.00%
Real Operating Expenditure Per Capita 2009-10 2010-11	0.79	0.89												
5 Year trend	0.54	0.85	0.82	0.86	0.80	0.79	0.78	0.77	0.76	0.76	0.75	0.75	0.74	0.75

Draft 2015-16 Scenario 2
Income Statement

	Original Projected 2014-2015 \$	Actual 2013-2014 \$	Revised Projected 2014-2015 \$	Projected 2015-2016 \$	Projected 2016-2017 \$	Projected 2017-2018 \$	Projected 2018-2019 \$	Projected 2019-2020 \$	Projected 2020-2021 \$	Projected 2021-2022 \$	Projected 2022-2023 \$	Projected 2023-2024 \$	Projected 2024-2025 \$
Income From Continuing Operations													
Rates & Annual Charges	10449400	10127000	10449400	10834200	11114784	11390151	11672342	11961526	12260564	12567078	12881255	13200393	13527439
User Charges & Fees	855700	1023000	855700	935860	964690	987842	1011551	1035828	1061723	1088266	1115473	1142245	1169658
Interest & Investment Revenue	342200	363000	342200	339250	657247	695122	695752	752205	827282	865171	847270	829381	830111
Other Incomes	1149600	1115000	1166800	1207760	1242784	1272611	1303154	1334430	1367791	1401986	1437035	1471524	1506841
Grants & Contributions provided for Operating Purposes	751200	660000	932714	669520	674787	698277	715090	732307	750615	769380	788615	807603	827048
Grants & Contributions provided for Capital Purposes	416200	903000	773900	402000	413658	423586	433752	444162	455266	466648	478314	489793	501548
<i>Other Income</i>													
Net Gains from the Disposal of Assets	68600	23000	68600	28912	21728	81056	0	0	1432	0	42471	98471	0
Total Income From Continuing Operations	14,032,900	14,214,000	14,589,314	14,417,502	15,089,678	15,548,645	15,831,640	16,260,458	16,724,673	17,158,529	17,590,433	18,039,409	18,362,646
Expenses From Continuing Operations													
Employee Benefits & On-costs	5636700	5024000	5667621	5577930	5796213	5980019	6175368	6383030	6597908	6862623	7144146	7416418	7698200
Borrowing Costs	14000	18000	14000	9700	5000	700	0	0	0	0	0	0	0
Materials and Contracts	4473100	4751000	4762074	4523350.8	4609146	4763048	4784404	4892115	5013788	5156058	5305108	5396297	5525004
Depreciation & Amortisation	2061400	1974000	2061300	1918665	1927210	1964796	1973955	2149348	2160774	2170361	2227612	2239071	2432111
Other Expenses	2287300	2067000	2338402	2364533.44	2587982	2553218	2620318	2689347	2872044	2836887	2913941	2991489	3205017
<i>Other Expenses</i>													
Net Losses from the Disposal of Assets	0		0	0	0	0	19276	8933	0	12468	0	0	15509
Total Expenses From Continuing Operations	14,472,500	13,834,000	14,843,397	14,394,179	14,925,552	15,261,782	15,573,320	16,122,773	16,644,514	17,038,398	17,590,806	18,043,275	18,875,842
Operating Result from Continuing Operations	-439,600	380,000	-254,083	23,323	164,126	286,863	258,320	137,684	80,159	120,131	-373	-3,866	-513,196
Net Operating Result for the year before Grants & Contributions provided for capital purposes													
	-855,800	-523,000	-1,027,983	-378,677	-249,532	-136,722	-175,431	-306,478	-375,107	-346,517	-478,686	-493,659	-1,014,744

Draft 2015-16
Statement of Cash Flows

	Original Projected 2014-2015	Actual 2013-2014	Revised Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities													
Receipts	14,032,900	14558000	14,589,314	14,417,502	15,089,678	15,548,645	15,831,640	16,260,458	16,724,673	17,158,529	17,590,433	18,039,409	18,362,646
Payments	-12,382,204	-12756000	-12,783,273	-12,457,681	-12,933,573	-13,203,415	-13,629,413	-13,876,886	-14,326,442	-14,784,720	-15,312,486	-15,686,592	-16,410,979
Net Cash provided (or used) in Operating Activities	1,650,696	1802000	1806041	1,959,821	2156106	2345230	2202228	2383572	2398231	2373809	2277948	2352817	1951667
Cash Flows From Investing Activities													
Receipts													
Sale of Infrastructure, Property,Plant and Equipment	145200	66000	159900	145200	122400	156800	273300	47500	160500	116300	176900	154100	246500
Payments													
Purchase of Infrastructure, Property,Plant and Equipment	-2977976	-2009000	-4079520	-1963647	-1884428	-2408153	-1946122	-1988136	-2351873	-2108891	-2278343	-2479750	-2378242
Net Cash provided (or used) in Investing Activities	-2832776	-1943000	-3919620	-1818447	-1762028	-2251353	-1672822	-1940636	-2191373	-1992591	-2101443	-2325650	-2131742
Cash Flows From Financing Activities													
Receipts													
Proceeds from Borrowings & Advances	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments													
Repayment of Borrowings & Advances	-56600	-52000	-56600	-60800	-65400	-34500	0	0	0	0	0	0	0
Net Cash provided (or used) in Financing Activities	-56600	-52000	-56600	-60800	-65400	-34500	0	0	0	0	0	0	0
Net Increase/(Decrease) in Cash & Cash Equivalents	-1238680	-193000	-2170179	80574	328678	59377	529406	442936	206858	381218	176505	27167	-180075
Cash & Cash Equivalents at the beginning of the year	8076009	10162000	9969000	7798821	7879395	8208073	8267450	8796855	9239792	9446650	9827868	10004373	10031540
Cash & Cash Equivalents at the end of the year	6837329	9969000	7798821	7879395	8208073	8267450	8796855	9239792	9446650	9827868	10004373	10031540	9851465

**Draft 2015-16
Balance Sheet**

	Original Projected 2014-2015	Actual 2013-2014	Revised Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets													
Current Assets													
Cash & Cash Equivalents	6837329	9969000	7798821	7879395	8208073	8267450	8796855	9239792	9446650	9827868	10004373	10031540	9851465
Investments		0											
Receivables	792711	1101000	1123020	1155588	1189100	1217638	1246861	1276786	1308706	1341423	1374959	1407958	1441749
Inventories	12583	17000	17340	17843	18360	18801	19252	19714	20207	20712	21230	21740	22261
Other	97516	96000	97920	100760	103682	106170	108718	111327	114111	116963	119887	122765	125711
Total Current Assets	7740140	11183000	9037101	9153585	9519214	9610059	10171687	10647619	10889673	11306967	11520449	11584002	11441187
Non-Current Assets													
Receivables	30408	32000	32640	33587	34561	35390	36239	37109	38037	38988	39962	40922	41904
Infrastructure , Property, Plant & Equipment	485849596	542546000	544,487,620	544,473,314	544,351,858	544,653,870	544,496,861	544,311,016	544,309,447	544,179,409	544,137,611	544,238,861	544,041,882
Other	426764	417000	425340	437675	450367	461176	472244	483578	495668	508060	520761	533259	546057
Total Non- Current Assets	486306768.2	542995000	544945600	544944575	544836786	545150437	545005345	544831704	544843152	544726457	544698335	544813042	544629843
Total Assets	494046907.7	554178000	553982701	554098161	554356000	554760495	555177032	555479323	555732825	556033423	556218784	556397044	556071030
Liabilities													
Current Liabilities													
Payables	3900643	3537000	3607740	3712364	3820023	3911704	4005584	4101718	4204261	4309368	4417102	4523113	4631667
Borrowings	60800	57000	60800	65400	34500	0	0	0	0	0	0	0	0
Provisions	1698130	1723000	1767798	1815529	1866363	1926087	1989648	2057296	2127244	2201697	2278757	2353956	2431636
Total Current Liabilities	5659573	5317000	5436338	5593293	5720886	5837791	5995232	6159014	6331505	6511065	6695859	6877069	7063304
Non - Current Liabilities													
Payables		0											
Borrowings	99900	161000	99900	34500	0	0	0	0	0	0	0	0	0
Provisions	41314	21000	21546	22128	22747	23475	24250	25074	25927	26834	27774	28690	29637
Total Non - Current Liabilities	141214	182000	121446	56628	22747	23475	24250	25074	25927	26834	27774	28690	29637
Total Liabilities	5800787.69	5499000	5557784	5649921	5743634	5861266	6019482	6184089	6357432	6537900	6723633	6905759	7092941
Net Assets	488246120	548679000	548424917	548448240	548612366	548899230	549157550	549295234	549375393	549495524	549495151	549491285	548978089
Equity													
Retained Earnings	268475120	269659000	269,404,917	269,428,240	269,592,366	269,879,230	270,137,550	270,275,234	270,355,393	270,475,524	270,475,151	270,471,285	269,958,089
Revaluation Reserves	219771000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000
Council Equity Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Minority Equity Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity	488246120	548679000	548424917	548448239.8	548,612,366	548,899,230	549157550	549295234	549375393	549495524	549495151	549491285	548978089
	0	0	0	0	0	0	0	0	0	0	0	0	0

Draft 2015-16
Capital Expenditure

	Original Projected 2014-2015	Actual 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Expenditure													
WIP		261000											
Plant and Equipment	325000	152000	243400	254800	235045	517268	242995	43024	415563	141104	363749	534192	277338
Office Equipment	85200	120000	259200	81000	68500	94000	55000	91935	55000	55000	94000	55000	85000
Furniture & Fittings		87000	143200	29000	5000	30000	5000	45000	10000	100000		36000	13800
Land													
- Operational													
- Community													
Land Improvements -depreciable	165000		202400										
Land Improvements - non depreciable				65000	50000								
Buildings Non Specialised	744000	9000	470700	113000	20000	125000	185000	276982	361375	265372	294725	430458	459894
Buildings Specialised		145000		110000	595000	165000	52000	223250	187500	181250	156250	47500	128250
Buildings/Other Structures	214624	119000	88000	128581	95156	451014	359490	218049	255594	291005	263519	328602	321202
Roads, Bridges,	1387652	946000	2391220	749456	536034	496094	552820	784637	776363	746511	817741	691257	803550
Footpaths		154000		247417	129859	340689	347301	104849	113145	112421	123493	126457	129492
Kerb & Guttering		98000		98233	98093	94007	100129	97319	101830	103867	105941	108484	111087
Stormwater drainage	56500		281400	87160	51741	95080	46387	103090	75504	112361	58925	121800	48628
Total Capital Expenditure	2977976	2091000	4079520	1963647	1884428	2408153	1946122	1988136	2351873	2108891	2278343	2479750	2378242

	Actual 2012- 2013	Actual 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
Operating Ratio	-8.98%	-4.11%	-7.98%	-2.91%	-1.85%	-1.45%	-1.01%	-1.88%	-2.31%	-2.00%	-3.05%	-3.39%	-5.59%
Own Source Operating Revenue Ratio	87.86%	88.99%	88.25%	92.55%	92.78%	92.75%	92.74%	92.76%	92.79%	92.80%	92.78%	92.77%	92.76%
Unrestricted current ratio	3.35	3.88	3.83	3.69	3.88	4.02	4.19	4.26	4.23	4.26	4.19	4.07	3.90
Debt Service Cover Ratio	2.53	20.66	13.86	21.57	23.59	49.65	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Rates & Annual Charges Outstanding Percentage	2.96%	2.26%	2.25%	2.23%	2.23%	2.23%	2.23%	2.23%	2.23%	2.23%	2.23%	2.23%	2.23%
Cash Expense CoverRatio	9.40	9.34	7.33	7.58	7.58	7.46	7.76	7.93	7.83	7.93	7.81	7.62	7.19
Building and infrastructure renewals ratio	34.97%	68.97%	70.57%	101.81%	102.37%	110.67%	104.89%	102.28%	102.16%	102.44%	102.32%	102.06%	102.00%
Infrastructure Backlog Ratio	0.1	0.08	0.018	0.017	0.017	0.017	0.016	0.015	0.015	0.012	0.012	0.012	0.012
Asset Maintenance Ratio	1.08	1.13	0.99	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03
Capital Expenditure Ratio	0.66	1.04	1.98	1.02	0.98	1.23	0.99	0.92	1.09	0.97	1.02	1.11	0.98

[illegible]

Draft 2015-16 Scenario 3
Income Statement

	Original Projected 2014-2015 \$	Actual 2013-2014 \$	Revised Projected 2014-2015 \$	Projected 2015-2016 \$	Projected 2016-2017 \$	Projected 2017-2018 \$	Projected 2018-2019 \$	Projected 2019-2020 \$	Projected 2020-2021 \$	Projected 2021-2022 \$	Projected 2022-2023 \$	Projected 2023-2024 \$	Projected 2024-2025 \$
Income From Continuing Operations													
Rates & Annual Charges	10449400	10127000	10449400	10834200	11114784	11043760	11317291	11597599	11887539	12184727	12489345	12798685	13115689
User Charges & Fees	855700	1023000	855700	935860	964690	987842	1011551	1035828	1061723	1088266	1115473	1142245	1169658
Interest & Investment Revenue	342200	363000	342200	339250	657247	695122	695752	752205	827282	865171	847270	829381	830111
Other Incomes	1149600	1115000	1166800	1207760	1242784	1272611	1303154	1334430	1367791	1401986	1437035	1471524	1506841
Grants & Contributions provided for Operating Purposes	751200	660000	932714	669520	674787	698277	715090	732307	750615	769380	788615	807603	827048
Grants & Contributions provided for Capital Purposes	416200	903000	773900	402000	413658	423586	433752	444162	455266	466648	478314	489793	501548
<i>Other Income</i>													
Net Gains from the Disposal of Assets	68600	23000	68600	28912	21728	81056	0	0	1432	0	42471	98471	0
Total Income From Continuing Operations	14,032,900	14,214,000	14,589,314	14,417,502	15,089,678	15,202,254	15,476,589	15,896,531	16,351,648	16,776,178	17,198,524	17,637,702	17,950,896
Expenses From Continuing Operations													
Employee Benefits & On-costs	5636700	5024000	5667621	5577930	5796213	5980019	6175368	6383030	6597908	6862623	7144146	7416418	7698200
Borrowing Costs	14000	18000	14000	9700	5000	700	0	0	0	0	0	0	0
Materials and Contracts	4473100	4751000	4762074	4523350.8	4609146	4763048	4784404	4892115	5013788	5156058	5305108	5396297	5525004
Depreciation & Amortisation	2061400	1974000	2061300	1918665	1927210	1964796	1973955	2149348	2160774	2170361	2227612	2239071	2432111
Other Expenses	2287300	2067000	2338402	2364533.44	2587982	2553218	2620318	2689347	2872044	2836887	2913941	2991489	3205017
<i>Other Expenses</i>													
Net Losses from the Disposal of Assets	0		0	0	0	0	19276	8933	0	12468	0	0	15509
Total Expenses From Continuing Operations	14,472,500	13,834,000	14,843,397	14,394,179	14,925,552	15,261,782	15,573,320	16,122,773	16,644,514	17,038,398	17,590,806	18,043,275	18,875,842
Operating Result from Continuing Operations	-439,600	380,000	-254,083	23,323	164,126	-59,528	-96,730	-226,243	-292,867	-262,220	-392,282	-405,573	-924,946
<i>Net Operating Result for the year before Grants & Contributions provided for capital purposes</i>													
Contributions provided for capital purposes	-855,800	-523,000	-1,027,983	-378,677	-249,532	-483,113	-530,482	-670,405	-748,133	-728,868	-870,596	-895,367	-1,426,495

Draft 2015-16
Statement of Cash Flows

	Original Projected 2014-2015	Actual 2013-2014	Revised Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities													
Receipts	14,032,900	14558000	14,589,314	14,417,502	15,089,678	15,202,254	15,476,589	15,896,531	16,351,648	16,776,178	17,198,524	17,637,702	17,950,896
Payments	-12,382,204	-12756000	-12,783,273	-12,457,681	-12,933,573	-13,203,415	-13,629,413	-13,876,886	-14,326,442	-14,784,720	-15,312,486	-15,686,592	-16,410,979
Net Cash provided (or used) in Operating Activities	1,650,696	1802000	1806041	1,959,821	2156106	1998839	1847177	2019645	2025206	1991458	1886038	1951110	1539917
Cash Flows From Investing Activities													
Receipts													
Sale of Infrastructure, Property,Plant and Equipment	145200	66000	159900	145200	122400	156800	273300	47500	160500	116300	176900	154100	246500
Payments													
Purchase of Infrastructure, Property,Plant and Equipment	-2977976	-2009000	-4079520	-1963647	-1884428	-2211814	-1594122	-1646136	-1972873	-1808891	-1988343	-2114550	-1980742
Net Cash provided (or used) In Investing Activities	-2832776	-1943000	-3919620	-1818447	-1762028	-2055014	-1320822	-1598636	-1812373	-1692591	-1811443	-1960450	-1734242
Cash Flows From Financing Activities													
Receipts													
Proceeds from Borrowings & Advances	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments													
Repayment of Borrowings & Advances	-56600	-52000	-56600	-60800	-65400	-34500	0	0	0	0	0	0	0
Net Cash provided (or used) in Financing Activities	-56600	-52000	-56600	-60800	-65400	-34500	0	0	0	0	0	0	0
Net Increase/(Decrease) In Cash & Cash Equivalents	-1238680	-193000	-2170179	80574	328678	-90675	526355	421009	212833	298867	74595	-9340	-194325
Cash & Cash Equivalents at the beginning of the year	8076009	10162000	9969000	7798821	7879395	8208073	8117398	8643753	9064762	9277594	9576462	9651057	9641717
Cash & Cash Equivalents at the end of the year	6837329	9969000	7798821	7879395	8208073	8117398	8643753	9064762	9277594	9576462	9651057	9641717	9447392

**Draft 2015-16
Balance Sheet**

	Original Projected 2014-2015	Actual 2013-2014	Revised Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets													
Current Assets													
Cash & Cash Equivalents	6837329	9969000	7798821	7879395	8208073	8117398	8643753	9064762	9277594	9576462	9651057	9641717	9447392
Investments		0											
Recievables	792711	1101000	1123020	1155588	1189100	1217638	1246861	1276786	1308706	1341423	1374959	1407958	1441749
Inventories	12583	17000	17340	17843	18360	18801	19252	19714	20207	20712	21230	21740	22261
Other	97516	96000	97920	100760	103682	106170	108718	111327	114111	116963	119887	122765	125711
Total Current Assets	7740140	11183000	9037101	9153585	9519214	9460007	10018584	10472589	10720618	11055561	11167133	11194179	11037113
Non-Current Assets													
Recievables	30408	32000	32640	33587	34561	35390	36239	37109	38037	38988	39962	40922	41904
Infrastructure , Property, Plant & Equipment	485849596	542546000	544,487,620	544,473,314	544,351,858	544,457,531	543,948,522	543,420,677	543,040,108	542,610,070	542,278,272	542,014,322	541,419,843
Other	426764	417000	425340	437675	450367	461176	472244	483578	495668	508060	520761	533259	546057
Total Non- Current Assets	486306768.2	542995000	544945600	544944575	544836786	544954098	544457006	543941365	543573813	543157118	542838996	542588503	542007804
Total Assets	494046907.7	554178000	553982701	554098161	554356000	554414104	554475590	554413954	554294431	554212678	554006129	553782681	553044917
Liabilities													
Current Liabilities													
Payables	3900643	3537000	3607740	3712364	3820023	3911704	4005584	4101718	4204261	4309368	4417102	4523113	4631667
Borrowings	60800	57000	60800	65400	34500	0	0	0	0	0	0	0	0
Provisions	1698130	1723000	1767798	1815529	1866363	1926087	1989648	2057296	2127244	2201697	2278757	2353956	2431636
Total Current Liabilities	5659573	5317000	5436338	5593293	5720886	5837791	5995232	6159014	6331505	6511065	6695859	6877069	7063304
Non - Current Liabilities													
Payables		0											
Borrowings	99900	161000	99900	34500	0	0	0	0	0	0	0	0	0
Provisions	41314	21000	21546	22128	22747	23475	24250	25074	25927	26834	27774	28690	29637
Total Non - Current Liabilities	141214	182000	121446	56628	22747	23475	24250	25074	25927	26834	27774	28690	29637
Total Liabilities	5800787.69	5499000	5557784	5649921	5743634	5861266	6019482	6184089	6357432	6537900	6723633	6905759	7092941
Net Assets	488246120	548679000	548424917	548448240	548612366	548552839	548456108	548229865	547936999	547674778	547282496	546876923	545951977
Equity													
Retained Earnings	268475120	269659000	269,404,917	269,428,240	269,592,366	269,532,839	269,436,108	269,209,865	268,916,999	268,654,778	268,262,496	267,856,923	266,931,977
Revaluation Reserves	219771000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000	279020000
Council Equity Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Minority Equity Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity	488246120	548679000	548424917	548448239.8	548,612,366	548,552,839	548456108	548229865	547936999	547674778	547282496	546876923	545951977
	0	0	0	0	0	0	0	0	0	0	0	0	0

Draft 2015-16
Capital Expenditure

	Original Projected 2014-2015	Actual 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital Expenditure													
WIP		261000											
Plant and Equipment	325000	152000	243400	254800	235045	517268	242995	43024	415563	141104	363749	534192	277338
Office Equipment	85200	120000	259200	81000	68500	94000	55000	91935	55000	55000	94000	55000	85000
Furniture & Fittings		87000	143200	29000	5000	30000	5000	45000	10000	100000		36000	13800
Land													
- Operational													
- Community													
Land Improvements -depreciable	165000		202400										
Land Improvements - non depreciable				65000	50000								
Buildings Non Specialised	744000	9000	470700	113000	20000	75000	50000	201982	207375	205372	204725	205258	228394
Buildings Specialised		145000		110000	595000	150000	0	36250	37500	31250	26250	22500	41250
Buildings/Other Structures	214624	119000	88000	128581	95156	319675	194490	168049	180594	201005	193519	213602	242202
Roads, Bridges,	1387652	946000	2391220	749456	536034	496094	552820	754637	776363	746511	817741	691257	803550
Footpaths		154000		247417	129859	340689	347301	104849	113145	112421	123493	126457	129492
Kerb & Guttering		98000		98233	98093	94007	100129	97319	101830	103867	105941	108484	111087
Stormwater drainage	56500		281400	87160	51741	95080	46387	103090	75504	112361	58925	121800	48628
Total Capital Expenditure	2977976	2091000	4079520	1963647	1884428	2211814	1594122	1646136	1972873	1808891	1988343	2114550	1980742

	Actual 2012- 2013	Actual 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
Operating Ratio	-8.98%	-4.11%	-7.98%	-2.91%	-1.85%	-3.84%	-3.40%	-4.28%	-4.72%	-4.39%	-5.47%	-5.83%	-8.09%
Own Source Operating Revenue Ratio	87.86%	88.99%	88.25%	92.55%	92.78%	92.58%	92.58%	92.60%	92.62%	92.63%	92.62%	92.60%	92.60%
Unrestricted current ratio	3.35	3.88	3.83	3.69	3.88	3.91	3.92	3.84	3.65	3.54	3.34	3.10	2.80
Debt Service Cover Ratio	2.53	20.66	13.86	21.57	23.59	39.81	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Rates & Annual Charges Outstanding Percentage	2.96%	2.26%	2.25%	2.23%	2.23%	2.29%	2.29%	2.29%	2.29%	2.29%	2.29%	2.30%	2.30%
Cash Expense CoverRatio	9.40	9.34	7.33	7.58	7.58	7.15	7.14	7.02	6.63	6.46	6.09	5.63	4.98
Building and infrastructure renewals ratio	34.97%	68.97%	70.57%	101.81%	102.37%	98.14%	82.42%	82.56%	86.07%	85.13%	80.40%	81.54%	81.75%
Infrastructure Backlog Ratio	0.1	0.08	0.018	0.017	0.017	0.017	0.016	0.015	0.015	0.012	0.012	0.012	0.012
Asset Maintenance Ratio	1.08	1.13	0.99	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03
Capital Expenditure Ratio	0.66	1.04	1.98	1.02	0.98	1.13	0.81	0.77	0.91	0.83	0.89	0.94	0.81

			Actual 2012- 2013,	Actual 2012- 2013	Actual 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025	
Fit For The Future																	
Operating Performance Ratio			-13.55%	-8.98%	-4.11%	-7.98%	-2.91%	-1.85%	-3.84%	-3.40%	-4.28%	-4.72%	-4.39%	-5.47%	-5.83%	-8.09%	
3 year average					-8.88%	-7.02%	-5.00%	-4.25%	-2.87%	-3.03%	-3.84%	-4.13%	-4.46%	-4.86%	-5.23%	-6.46%	
Own Source Operating Revenue Ratio			88.24%	87.86%	88.99%	88.25%	92.55%	92.78%	92.58%	92.58%	92.60%	92.62%	92.63%	92.62%	92.60%	92.60%	
3 year average					88.36%	88.37%	89.93%	91.19%	92.64%	92.64%	92.59%	92.60%	92.62%	92.62%	92.62%	92.61%	
Building and Infrastructure Renewals Ratio			19.60%	35.00%	69.00%	70.57%	101.81%	102.37%	98.14%	82.42%	82.56%	86.07%	85.13%	80.40%	81.54%	81.75%	
3 Year Average					37.20%	58.19%	80.46%	91.58%	100.77%	94.31%	87.70%	83.68%	84.59%	83.87%	82.36%	81.23%	
Infrastructure Backlog Ratio					8.11%	1.78%	1.75%	1.73%	1.67%	1.57%	1.52%	1.47%	1.20%	1.20%	1.20%	1.20%	
Asset Maintenance Ratio			92.20%	107.60%	112.80%	99.29%	103.18%	102.92%	102.87%	102.95%	102.97%	103.00%	103.04%	103.18%	103.25%	103.32%	
3 Year Average					104.10%	106.56%	105.09%	101.80%	102.99%	102.91%	102.93%	102.97%	103.00%	103.07%	103.16%	103.25%	
Debt Service Ratio			3.46%	3.44%	0.53%	0.51%	0.50%	0.48%	0.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
3 Year Average					2.48%	1.49%	0.52%	0.50%	0.41%	0.24%	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	
Real Operating Expenditure Per Capita																	
2009-10 2010-11																	
5 Year trend			0.79	0.89	0.54	0.85	0.82	0.85	0.79	0.78	0.77	0.76	0.76	0.75	0.75	0.74	0.75

DRAFT 2015/2016 BUDGET Scenario 1

DRAFT 2015/2016 BUDGET Scenario 1						1	2	3	4	5	6	7	8	9	10	
DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
SUMMARY BY PROGRAM AND ACTIVITY																
OPERATIONS																
REVENUE																
OUR HERITAGE AND BUILT ENVIRONMENT		402335	341639	311626	310200	312200	320200	329486	337393	345491	353783	362627	371693	380985	390129	399492
OUR COMMUNITY AND LIFESTYLE		823110	1038918	1096632	948000	965600	979150	1007794	1032016	1056759	1082185	1109330	1137091	1165455	1193364	1221974
OUR ENVIRONMENT		1989055	2244909	2547520	2548200	2709014	2690200	2768216	2834653	2902685	2972349	3046658	3122824	3200895	3277716	3356382
MOVING AROUND		1514066	1348512	1611604	1216600	1592350	1230340	1263294	1296347	1327460	1359319	1393302	1428134	1463837	1498970	1534945
OUR COUNCIL		8353370	8497853	8686373	9050900	9051150	9240012	9764387	10485811	10647751	10952530	11283956	11581766	11874316	12186650	12369948
TOTAL REVENUE		13081936	13471831	14253755	14073900	14630314	14459902	15133176	15986221	16280145	16720165	17195873	17641509	18085488	18546829	18882740
EXPENDITURE																
OUR HERITAGE AND BUILT ENVIRONMENT		1085983	984826	980320	1167900	1182700	944182	947079	1004466	992900	1022159	1053315	1086150	1165959	1153123	1187466
OUR COMMUNITY AND LIFESTYLE		3165179	3501346	3248112	3244800	3254621	3172805	3297936	3455814	3487014	3582166	3670515	3773844	3902011	4007887	4104634
OUR ENVIRONMENT		2844297	2771789	3029056	3281500	3546695	3316917	3379255	3463080	3555522	3644232	3745058	3855229	3938333	4042867	4164299
MOVING AROUND		3659589	2804111	3229040	2902700	2963950	3170655	3246169	3308767	3370318	3590948	3658872	3729206	3808554	3880694	4126425
OUR COUNCIL		3608652	3714013	3386539	3916600	3936431	3832020	4098610	4074229	4213246	4330080	4564737	4643152	4826361	5010364	5345957
TOTAL EXPENDITURE		14363700	13776085	13873067	14513500	14884397	14436579	14969049	15306357	15618999	16169584	16692496	17087580	17641217	18094934	18928782
NET OPERATIONS		-1281763	-304254	380688	-439600	-254083	23323	164127	679864	661146	550581	503377	553929	444271	451895	-46043
CAPITAL																
CAPITAL REVENUE																
OUR HERITAGE AND BUILT ENVIRONMENT		0	37999	10735	110000	160000	0	0	0	0	0	0	0	0	0	0
OUR COMMUNITY AND LIFESTYLE		159949	368322	197108	645000	883000	130000	40000	540000	430000	0	0	0	0	0	0
OUR ENVIRONMENT		0	0	0	35000	35000	35000	0	0	0	0	0	0	0	0	0
MOVING AROUND		85511	0	0	110000	110000	95000	115000	30000	0	0	0	0	0	0	0
OUR COUNCIL		4545566	3402956	3125054	3271800	4332678	2744212	3154192	2878655	2821819	2895190	3252629	3005119	3287412	3391740	3575444
TOTAL CAPITAL REVENUE		4791026	3809277	3332897	4171800	5520678	3004212	3309192	3448655	3251819	2895190	3252629	3005119	3287412	3391740	3575444
CAPITAL EXPENDITURE																
OUR HERITAGE AND BUILT ENVIRONMENT		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OUR COMMUNITY AND LIFESTYLE		491651	418510	747850	1424014	1982156	450581	685156	991014	851490	793281	814469	837627	814494	829760	884646
OUR ENVIRONMENT		158599	1112	48770	91500	379130	122160	51741	95080	46387	103090	75504	112361	58925	121800	48628
MOVING AROUND		1051731	963148	1246779	1322262	1876122	1309906	1079031	1228059	993245	999830	1406900	1103903	1310924	1473190	1359968
OUR COUNCIL		1657998	2307065	1307666	1010000	1053912	1421380	1320442	1204500	1278949	1346520	1348410	1385065	1498856	1518209	1550100
TOTAL CAPITAL EXPENDITURE		3359979	3689834	3351065	3847776	5291320	3304027	3136370	3518653	3170070	3242721	3645283	3438956	3683199	3942958	3843342
NET CAPITAL		1431048	119443	-18168	324024	229358	-299815	172822	-69998	81749	-347531	-392655	-433837	-395787	-551218	-267898
NET SURPLUS/DEFICIT(-)		149284	-184811	362520	-115576	-24725	-276492	336949	609866	742894	203049	110722	120092	48484	-99323	-313941

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
OUR HERITAGE AND BUILT ENVIRONMENT																
OPERATIONS																
REVENUE																
Development Control		299208	295898	311544	304900	306900	315000	324135	331914	339880	348037	356738	365657	374798	383793	393004
Heritage and Conservation		304	164	82	300	300	200	206	211	216	221	227	232	238	244	250
Forward Planning		102823	45577	0	5000	5000	5000	5145	5268	5395	5524	5663	5804	5949	6092	6238
TOTAL REVENUE		402335	341639	311626	310200	312200	320200	329486	337393	345491	353783	362627	371693	380985	390129	399492
EXPENDITURE																
Development Control		905437	836738	897212	968900	950900	819782	849788	874711	900576	927256	955705	985711	1016562	1046868	1078172
Heritage and Conservation		39228	40644	44671	47900	47900	48400	59998	51295	52638	54031	55502	57028	58611	60151	61733
Forward Planning		141318	107444	38437	151100	183900	76000	37294	78460	39685	40871	42107	43411	90786	46104	47561
TOTAL EXPENDITURE		1085983	984826	980320	1167900	1182700	944182	947079	1004466	992900	1022159	1053315	1086150	1165959	1153123	1187466
NET OPERATIONS		-683648	-643187	-668694	-857700	-870500	-623982	-617594	-667073	-647409	-668376	-690687	-714457	-784974	-762994	-787974
CAPITAL																
CAPITAL REVENUE																
Development Control																
Heritage and Conservation																
Forward Planning		0	37999	10735	110000	160000	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL REVENUE		0	37999	10735	110000	160000	0	0	0	0	0	0	0	0	0	0
CAPITAL EXPENDITURE																
Development Control																
Heritage and Conservation																
Forward Planning																
TOTAL CAPITAL EXPENDITURE		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET CAPITAL		0	37999	10735	110000	160000	0	0	0	0	0	0	0	0	0	0
NET DEVELOPMENT AND ENVIRONMENT		-683648	-605188	-657959	-747700	-710500	-623982	-617594	-667073	-647409	-668376	-690687	-714457	-784974	-762994	-787974

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
OUR COMMUNITY AND LIFESTYLE																
OPERATIONS																
REVENUE																
Community Development		115912	127577	216456	131700	148900	144250	148516	152092	155734	159493	163510	167607	171776	175878	180089
Aged and Disabled		102392	153291	137188	137400	137400	142300	146427	149941	153540	157224	161155	165184	169314	173377	177538
Youth Services		10517	1275	3389	1600	1600	1600	1646	1686	1726	1768	1812	1857	1904	1949	1996
Childrens Services		66364	67489	71817	72400	72400	76600	78987	80906	82831	84861	87043	89238	91426	93580	95805
Library & Information		47282	47515	45740	46600	47000	48300	49701	50894	52115	53366	54700	56067	57469	58848	60261
Recreation and Parks		288885	451050	421635	360100	360100	378200	389168	398508	408072	417866	428312	439020	449996	460796	471855
Community Buildings		191689	174171	173138	187100	187100	171600	176576	180814	185154	189597	194337	199196	204176	209076	214094
Emergency Services		69	16550	27269	11100	11100	16300	16773	17175	17587	18010	18460	18921	19394	19860	20336
TOTAL REVENUE		823110	1038918	1096632	948000	965600	979150	1007794	1032016	1056759	1082185	1109330	1137091	1165455	1193364	1221974
EXPENDITURE																
Community Development		432113	449846	534428	430500	455500	416550	425722	437765	450428	463750	477655	492289	507695	522479	537712
Aged and Disabled		166790	200929	252511	293500	301821	251250	257372	269253	274962	280961	287238	293841	311360	318119	325105
Youth Services		15713	3681	5567	5500	3500	3600	3704	3795	3888	3983	4085	4189	4297	4402	4510
Childrens Services		185849	176713	107547	141500	139300	124430	126676	133161	135421	137772	140250	142829	152594	155274	158048
Library & Information		539775	558665	578670	589000	589700	651109	714564	732421	750724	769485	788722	808440	828651	849359	870585
Recreation and Parks		934113	1229026	995546	958600	948600	909306	930119	1014534	985800	1018840	1042290	1078313	1111281	1148059	1173744
Community Buildings		462967	458997	344941	385300	375300	377060	387533	401784	411569	421769	432526	443747	463178	474685	486565
Emergency Services		427859	423490	428902	440900	440900	439500	452245	463102	474220	485605	497749	510195	522954	535509	548366
TOTAL EXPENDITURE		3165179	3501346	3248112	3244800	3254621	3172805	3297936	3455814	3487014	3582166	3670515	3773844	3902011	4007887	4104634
NET OPERATIONS		-2342069	-2462428	-2151480	-2296800	-2289021	-2193655	-2290142	-2423798	-2430255	-2499981	-2561184	-2636753	-2736556	-2814522	-2882661
CAPITAL																
CAPITAL REVENUE																
Community Development																
Aged and Disabled		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Youth Services		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Childrens Services		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Library & Information																
Recreation and Parks		159949	368322	197108	645000	883000	130000	40000	490000	380000	0	0	0	0	0	0
Community Buildings		0	0	0	0	0	0	0	50000	50000	0	0	0	0	0	0
Emergency Services																
TOTAL CAPITAL REVENUE		159949	368322	197108	645000	883000	130000	40000	540000	430000	0	0	0	0	0	0
CAPITAL EXPENDITURE																
Community Development																
Aged and Disabled		2420	49704	144307	30000	30000	58000	385000	0	32000	217000	10000	150000	30000	203000	28000
Youth Services		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Childrens Services		0	13400	0	14000	14000	0	20000	25000	15000	45000	4000	10000	10000	0	55000
Library & Information																
Recreation and Parks		360064	338979	491208	880014	1419856	266581	48156	721014	709490	458781	575469	515127	491994	541560	638346
Community Buildings		129167	16427	112335	500000	518300	126000	232000	245000	95000	72500	225000	162500	282500	85200	163300
Emergency Services																
TOTAL CAPITAL EXPENDITURE		491651	418510	747850	1424014	1982156	450581	685156	991014	851490	793281	814469	837627	814494	829760	884646
NET CAPITAL		-331702	-50188	-550742	-779014	-1099156	-320581	-645156	-451014	-421490	-793281	-814469	-837627	-814494	-829760	-884646
NET COMMUNITY AND LIFESTYLE		-2673771	-2512616	-2702222	-3075814	-3388177	-2514236	-2935298	-2874812	-2851745	-3293262	-3375653	-3474380	-3551050	-3644282	-3767307

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
OUR ENVIRONMENT																
OPERATIONS																
REVENUE																
Environment Protection		42371	89317	65862	65000	65000	69000	71001	72705	74450	76237	78143	80096	82099	84069	86087
Waste Management		1897204	2141528	2367490	2483200	2485700	2621200	2697215	2761948	2828235	2896112	2968515	3042728	3118796	3193647	3270295
Roads and Drainage		49480	14064	114168	0	158314	0	0	0	0	0	0	0	0	0	0
Recreation and Parks		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE		1989055	2244909	2547520	2548200	2709014	2690200	2768216	2834653	2902685	2972349	3046658	3122824	3200895	3277716	3356382
EXPENDITURE																
Environment Protection		329822	312617	317999	367100	365100	367200	380667	391764	403873	416229	429392	443072	457713	471436	487284
Waste Management		2010141	2005436	2285668	2441400	2526367	2558000	2602289	2666021	2731490	2798749	2870302	2943880	3019550	3093777	3169843
Roads and Drainage		322457	276381	251315	239600	416828	166710	169201	171796	174522	188207	191200	194347	197658	200837	216012
Recreation and Parks		181877	177355	174074	233400	238400	225007	227098	233499	245638	241048	254163	273929	263411	276817	291160
TOTAL EXPENDITURE		2844297	2771789	3029056	3281500	3546695	3316917	3379255	3463080	3555522	3644232	3745058	3855229	3938333	4042867	4164299
NET OPERATIONS		-855242	-526880	-481536	-733300	-837681	-626717	-611039	-628427	-652837	-671883	-698400	-732404	-737438	-765150	-807917
CAPITAL																
CAPITAL REVENUE																
Environment Protection																
Waste Management																
Roads and Drainage		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recreation and Parks					35000	35000	35000	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL REVENUE		0	0	0	35000	35000	35000	0	0	0	0	0	0	0	0	0
CAPITAL EXPENDITURE																
Environment Protection					0	0	0									
Waste Management						55000										
Roads and Drainage		158599	1112	48770	56500	289130	87160	51741	95080	46387	103090	75504	112361	58925	121800	48628
Recreation and Parks					35000	35000	35000	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL EXPENDITURE		158599	1112	48770	91500	379130	122160	51741	95080	46387	103090	75504	112361	58925	121800	48628
NET CAPITAL		-158599	-1112	-48770	-56500	-344130	-87160	-51741	-95080	-46387	-103090	-75504	-112361	-58925	-121800	-48628
NET OUR ENVIRONMENT		-1013841	-527992	-530306	-789800	-1181811	-713877	-662780	-723507	-699224	-774973	-773904	-844765	-796363	-886950	-856545

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
MOVING AROUND																
OPERATIONS																
REVENUE																
Roads and Drainage		1067205	738432	845357	839900	839900	817420	838399	861255	881925	903091	925669	948810	972531	995871	1019772
Traffic and Parking		446861	610080	766247	376700	752450	412920	424895	435092	445534	456227	467633	479324	491307	503098	515173
TOTAL REVENUE		1514066	1348512	1611604	1216600	1592350	1230340	1263294	1296347	1327460	1359319	1393302	1428134	1463837	1498970	1534945
EXPENDITURE																
Roads and Drainage		3561708	2718033	3100277	2748600	2791100	3008045	3079899	3136727	3194775	3409671	3473761	3540130	3611345	3679386	3919178
Traffic and Parking		97881	86078	128763	154100	172850	162610	166271	172040	175544	181277	185111	189076	197209	201308	207248
TOTAL EXPENDITURE		3859589	2804111	3229040	2902700	2963950	3170655	3246169	3308767	3370318	3590948	3658872	3729206	3808554	3880694	4126425
NET OPERATIONS		-2145523	-1455599	-1617436	-1686100	-1371600	-1940315	-1982875	-2012420	-2042859	-2231629	-2265571	-2301072	-2344716	-2381725	-2591481
CAPITAL																
CAPITAL REVENUE																
Roads and Drainage		5511	0	0	110000	110000	95000	115000	30000	0	0	0	0	0	0	0
Traffic and Parking		80000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL REVENUE		85511	0	0	110000	110000	95000	115000	30000	0	0	0	0	0	0	0
CAPITAL EXPENDITURE																
Roads and Drainage		713098	580686	775840	1265832	1408944	1283640	1052082	1200410	964960	970866	1377125	1073354	1279581	1433459	1333682
Traffic and Parking		338633	382462	470939	56430	467178	26266	26949	27649	28285	28964	29775	30549	31343	39731	26286
TOTAL CAPITAL EXPENDITURE		1051731	963148	1246779	1322262	1876122	1309906	1079031	1228059	993245	999830	1406900	1103903	1310924	1473190	1359968
NET CAPITAL		-966220	-963148	-1246779	-1212262	-1766122	-1214906	-964031	-1198059	-993245	-999830	-1406900	-1103903	-1310924	-1473190	-1359968
NET MOVING AROUND		-3111743	-2418746	-2864215	-2898362	-3137722	-3155221	-2946906	-3210479	-3036103	-3231459	-3672471	-3404975	-3655640	-3854915	-3951448

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
OUR COUNCIL																
OPERATIONS																
REVENUE																
Management and Council Support		85655	91	1000	20000	20250	0	0	0	0	0	0	0	0	0	0
Information Systems																
Human Resources		11874	26568	25209	16000	16000	8000	8232	8430	8632	8839	9060	9287	9519	9747	9981
Financial Management																
Accounting Operations		8255841	8471194	8660164	9014900	9014900	9232012	9756155	10477381	10639119	10943691	11274896	11572480	11864797	12176903	12359966
Continuous Improvement																
Community Buildings																
TOTAL REVENUE		8353370	8497853	8686373	9050900	9051150	9240012	9764387	10485811	10647751	10952530	11283956	11581766	11874316	12186650	12369948
EXPENDITURE																
Management and Council Support		1017022	1004638	861055	1088800	1088800	1055400	1231725	1122925	1155056	1188796	1334527	1261532	1300307	1338336	1510692
Information Systems		418109	419793	439465	496300	496300	504800	523841	539138	555241	572197	589881	608510	628142	646963	666360
Human Resources		929542	1007879	968506	1096700	1116531	1112900	1154255	1190206	1228348	1268820	1310770	1391522	1477375	1563673	1653367
Financial Management		213266	219317	248591	274600	274600	265900	268666	274486	281753	289389	297866	306251	315069	324040	332766
Accounting Operations		398678	394671	381743	409300	409300	421300	433017	442034	474279	478405	484798	513176	517557	534036	566135
Continuous Improvement		259685	259823	269657	276600	276600	289000	301308	310941	321193	332103	343384	355391	368173	380312	392851
Community Buildings		372349	407892	217522	274300	274300	182720	185797	194499	197377	200371	203511	206770	219738	223003	223787
TOTAL EXPENDITURE		3608652	3714013	3386539	3916600	3936431	3832020	4098610	4074229	4213246	4330080	4564737	4643152	4826361	5010364	5345957
NET OPERATIONS		4744719	4783840	5299834	5134300	5114719	5407992	5665777	6411582	6434505	6622450	6719219	6938815	7047955	7176287	7023990
CAPITAL																
CAPITAL REVENUE																
Management and Council Support																
Information Systems																
Human Resources																
Financial Management		4545566	3402956	3125054	3271800	4332678	2744212	3154192	2878655	2821819	2895190	3252629	3005119	3287412	3391740	3575444
Accounting Operations																
Continuous Improvement																
Community Buildings																
TOTAL CAPITAL REVENUE		4545566	3402956	3125054	3271800	4332678	2744212	3154192	2878655	2821819	2895190	3252629	3005119	3287412	3391740	3575444
CAPITAL EXPENDITURE																
Management and Council Support		0	0	0	55000	55000	0	0	0	0	0	0	0	0	0	0
Information Systems		82276	136283	134571	85200	129112	81000	68500	94000	55000	91935	55000	55000	94000	55000	85000
Human Resources																
Financial Management		1575722	2170782	1173095	869800	869800	1340380	1251942	1110500	1223949	1254585	1293410	1330065	1404856	1463209	1465100
Accounting Operations																
Continuous Improvement																
Community Buildings																
TOTAL CAPITAL EXPENDITURE		1657998	2307065	1307666	1010000	1053912	1421380	1320442	1204500	1278949	1346520	1348410	1385065	1498856	1518209	1550100
NET CAPITAL		2887568	1095891	1817388	2261800	3278766	1322832	1833750	1674155	1542870	1548669	1904219	1620055	1788556	1873532	2025343
NET OUR COUNCIL		7632287	5879731	7117222	7396100	8393485	6730824	7499527	8085736	7977376	8171119	8623438	8558669	8836510	9049818	9049334

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
OUR HERITAGE AND BUILT ENVIRONMENT																
DEVELOPMENT CONTROL																
INCOME																
Development Application Fees		149818	176294	148507	149600	149600	161000	165669	169645	173717	177886	182333	186891	191563	196161	200869
Complying Development Certificates		520	608	827	900	900	900	926	948	971	994	1019	1045	1071	1097	1123
Notification Fees		15300	12960	20077	19000	19000	22000	22638	23181	23738	24307	24915	25538	26176	26805	27448
Subdivision Fees		4260	2050	8750	5000	5000	5000	5145	5268	5395	5524	5663	5804	5949	6092	6238
Certificates Sec 149		36612	50190	49716	48000	48000	51000	52479	53738	55028	56349	57758	59202	60682	62138	63629
Advertising Fees Statutory		16526	16697	15695	16000	16000	17000	17493	17913	18343	18783	19253	19734	20227	20713	21210
Other Revenues		23493	21524	30428	26900	26900	28500	29327	30030	30761	31489	32276	33083	33910	34724	35558
Good Design Awards		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Building Permits /Construction Certificates		29503	4957	20059	20800	20800	21000	21609	22128	22659	23202	23783	24377	24987	25586	26200
Compliance Certificates (Occup,Class,Fin)		2743	2740	2041	3000	3000	2000	2058	2107	2158	2210	2265	2322	2380	2437	2495
Compliance Swimming Pools Inspection			250	2230	2500	2500	1400	1441	1475	1511	1547	1586	1625	1666	1706	1747
Certificates S149D		10993	4278	3808	4000	4000	2000	2058	2107	2158	2210	2265	2322	2380	2437	2495
Building Inspection Fees		8198	2180	8164	8000	8000	2000	2058	2107	2158	2210	2265	2322	2380	2437	2495
Commission Building Services Corp		1242	1170	1242	1200	1200	1200	1235	1264	1295	1326	1359	1393	1428	1462	1497
Grant DA's System						2000	0	0	0	0	0	0	0	0	0	0
Total Income		299208	295898	311544	304900	306900	315000	324135	331914	339880	348037	356738	365657	374798	383793	393004
EXPENDITURE																
Salaries & allowances		393358	409340	473143	431600	431600	434800	454170	468704	484171	500633	517654	535772	555060	573377	592299
Salaries & allowances Reviews S94A,DCP,LEP					61200	61200										
Travelling		18115	16352	19030	25700	25700	20600	21197	21706	22227	22761	23330	23913	24511	25099	25701
Accrual of leave entitlement		65193	45153	45226	50800	50800	58800	60446	62381	64439	66630	68896	71307	73874	76312	78830
Accrual of leave entitlement					5000	5000										
Depreciation of vehicles		22742	23906	18273	16700	16700	16200	16200	17000	17500	17500	18100	18800	18800	19500	20300
Payments to Government		50030	51731	53024	54100	54100	55382	56988	58356	59756	61190	62720	64288	65895	67477	69096
Payments to Consultants		8480	14060	53260	30000	30000	30000	30870	31611	32370	33146	33975	34824	35695	36552	37429
Payments to Consultants Gladesville)					50000	50000										
Notification Costs		6000	4650	4800	6600	6600	6800	6997	7165	7337	7513	7701	7894	8091	8285	8484
Office Expenses		6869	4390	6013	7200	7200	7200	7409	7587	7769	7955	8154	8358	8567	8772	8983
Good Design Awards		405	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Joint Regional Planning Panels		0	0	2400	10000	10000	10000	10290	10537	10790	11049	11325	11608	11898	12184	12476
Legal expenses		334245	267156	222043	220000	200000	180000	185220	189665	194217	198878	203850	208947	214170	219310	224574
DA Tracking Grant						2000										
Total Expenditure		905437	836738	897212	968900	950900	819782	849788	874711	900576	927256	955705	985711	1016562	1046868	1078172
Total Development Control		606229	540840	585668	664000	644000	504782	525653	542797	560696	579219	598967	620054	641764	663075	685168
HERITAGE & CONSERVATION																
INCOME																
Heritage Advisor Site Visits		304	164	82	300	300	200	206	211	216	221	227	232	238	244	250
Total Income		304	164	82	300	300	200	206	211	216	221	227	232	238	244	250
EXPENDITURE																
Salaries & allowances		8217	8954	10115	10000	10000	10200	10691	11033	11397	11785	12186	12612	13066	13497	13943
Accrual of leave entitlement		876	1173	569	900	900	1400	1439	1485	1534	1586	1640	1698	1759	1817	1877
Heritage Consultant		28664	29202	32216	35500	35500	35000	36015	36879	37764	38671	39638	40629	41644	42644	43667
Heritage Week		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office Expenses		1471	1315	1771	1500	1500	1800	1852	1897	1942	1989	2039	2089	2142	2193	2246
Archaeological Assessment of aboriginal sites		0	0	0	0	0	0	10000	0	0	0	0	0	0	0	0

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Total Expenditure		39228	40644	44671	47900	47900	48400	59998	51295	52638	54031	55502	57028	58611	60151	61733
Total Heritage & Conservation		38924	40480	44589	47600	47600	48200	59792	51084	52423	53810	55276	56796	58373	59907	61483
FORWARD PLANNING																
INCOME																
Rezonings/LEP's		0	0	0	5000	5000	5000	5145	5268	5395	5524	5663	5804	5949	6092	6238
Acceleration Fund Comprehensive LEP & Mapping		102823	45577													
Total Income		102823	45577	0	5000	5000	5000	5145	5268	5395	5524	5663	5804	5949	6092	6238
EXPENDITURE																
Salaries & allowances		18276	18261	19757	20100	20100	20200	21074	21748	22466	23230	24020	24860	25755	26605	27483
Travelling		1383	1291	1324	1700	1700	1500	1544	1581	1618	1657	1699	1741	1785	1828	1871
Accrual of leave entitlement		4245	2546	2701	2800	2800	2900	2981	3077	3178	3286	3398	3517	3643	3764	3888
Depreciation of vehicles		1535	1678	1240	1200	1200	1200	1200	1300	1400	1400	1400	1400	1400	1400	1500
Review of LEP		0	0	0	5000	5000	5000	5145	5268	5395	5524	5663	5804	5949	6092	6238
Office Expenses		153	164	102	300	300	200	206	211	216	221	227	232	238	244	250
Comprehensive LEP			37999	2200												
Comprehensive LEP & Mapping		102823	45505	10735	0	20000	0	0	20000	0	0	0	0	23000	0	0
Comprehensive Review of DCP		0	0	0	110000	110000	0	0	20000	0	0	0	0	23000	0	0
Comprehensive Review of DCP							40000									
LEP/DCP Project Management Gladesville						12800										
Pittwater Rd (Princess St Precinct) LEP & DCP																
E Planning		9800	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Main Street Committees - Economic Development		3103	0	378	10000	10000	5000	5144	5276	5412	5553	5702	5856	6016	6171	6331
Total Expenditure		141318	107444	38437	151100	183900	76000	37294	78460	39685	40871	42107	43411	90786	46104	47561
CAPITAL INCOME																
S94 Contribution - Review DCP		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
S94A Contribution - Comprehensive LEP & DCP			37999	10735	110000	110000	0									
S94A Contribution - Development Admin & Mgmt S94A						50000										
Total Capital Income		0	37999	10735	110000	160000	0	0	0	0	0	0	0	0	0	0
Total Forward Planning		38495	23868	27702	36100	18900	71000	32149	73192	34290	35347	36445	37607	84837	40012	41323
TOTAL HERITAGE AND BUILT ENVIRONMENT		683648	605188	657959	747700	710500	623982	617594	667073	647409	668376	690687	714457	784974	762994	787974

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
OUR COMMUNITY AND LIFESTYLE																
COMMUNITY DEVELOPMENT																
INCOME																
Grants & Subsidies		16971	17511	17847	18200	18200	18800	19345	19809	20285	20772	21291	21823	22369	22906	23455
Art Exhibition Income		35468	41205	65045	43200	43200	46250	47674	48830	49993	51214	52525	53847	55172	56476	57821
Young in Art		507	439	0	600	600	600	617	632	647	663	680	696	714	731	749
Moocooboola Festival		54874	58535	57136	58300	65300	67100	69046	70703	72400	74137	75991	77891	79838	81754	83716
Other Festivals & Celeb		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Years Eve		5791	4387	5200	5300	5300	5500	5660	5795	5934	6077	6229	6384	6544	6701	6862
Carols By Candlelight		1200	2790	4096	4100	4100	5000	5145	5268	5395	5524	5663	5804	5949	6092	6238
Anzac Day		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advantages of Area Souvenirs		1101	2710	745	2000	2000	1000	1029	1054	1079	1105	1133	1161	1190	1218	1248
Hunters Hill Street Feast						10200										
Australia Day		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fleet Review		0	0	11711	0	0	0	0	0	0	0	0	0	0	0	0
Harbour Sculpture		0	0	54676	0	0	0	0	0	0	0	0	0	0	0	0
Total Income		115912	127577	216456	131700	148900	144250	148516	152092	155734	159493	163510	167607	171776	175878	180089
EXPENDITURE																
Salaries & allowances		235164	244879	248966	220000	220000	201400	210432	217165	224332	231959	239846	248240	257177	265664	274431
Travelling		11	632	358	3200	3200	1300	1338	1370	1403	1436	1472	1509	1547	1584	1622
Accrual of leave entitlement		33188	23541	20583	26400	26400	28100	28887	29811	30795	31842	32925	34077	35304	36469	37672
Depreciation of vehicles		0	0	0	1100	1100	600	0	0	0	0	0	0	0	0	0
Office Expenses		2928	2184	3171	3500	3500	3500	3602	3688	3776	3867	3964	4063	4164	4264	4367
Census Statistics (profile ID)			0	0												
Northern Sydney Aboriginal Social Plan Implement		2185	515	1359	1000	1000	1000	1029	1054	1079	1105	1133	1161	1190	1218	1248
Art Exhibition		31666	39254	57820	41200	41200	44250	45531	46642	47782	48953	50199	51480	52797	54089	55412
Youth Art Exhibition		3926	3994	4677	4700	4700	4700	4836	4957	5083	5213	5350	5492	5639	5782	5929
Museum		0	0	0	100	100	100	103	105	108	110	113	116	119	122	125
Moocooboola Festival		73528	69518	61269	56700	68700	67100	69038	70763	72542	74375	76320	78327	80397	82421	84497
Other Festivals & Celeb		2847	3201	1796	2200	2200	1400	1440	1477	1516	1555	1597	1641	1686	1730	1775
NewYears Eve		10187	16753	13662	13800	13800	14400	14816	15187	15570	15964	16382	16814	17260	17696	18143
Anzac Day		1071	3155	6461	12000	12000	4000	4116	4218	4324	4434	4550	4669	4793	4913	5037
Hunters Hill Street Feast						13000										
Citizenship Ceremonies		350	303	402	900	900	700	720	738	755	773	793	813	833	853	873
Volunteers Morning Tea		1272	1881	1218	2000	2000	2000	2058	2107	2158	2210	2265	2322	2380	2437	2495
Carols By Candlelight		17324	16511	18541	18200	18200	16000	16461	16883	17320	17771	18249	18744	19257	19756	20269
Australia Day		6215	12905	13073	12000	12000	10000	10289	10544	10807	11077	11364	11660	11965	12263	12569
Fleet Review		0	0	11303	0	0	0	0	0	0	0	0	0	0	0	0
Harbour Sculpture		0	368	59147	0	0	5000	0	0	0	0	0	0	0	0	0
Tourism Sundry Expenses		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advert Advantages of the Area Souvenirs		252	252	622	1500	1500	1000	1029	1054	1079	1105	1133	1161	1190	1218	1248
(OTHER COMMUNITY SERVICES)			0	0												
Community Services	N	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
Total Expenditure		432113	449846	534428	430500	455500	416550	425722	437765	450428	463750	477655	492289	507695	522479	537712
Total Community Development		316202	322269	317972	298800	306600	272300	277206	285672	294695	304258	314145	324681	335919	346601	357623

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
AGED & DISABLED																
INCOME																
G'ville Rd Comm Cntr 44		23373	27922	27820	25400	25400	25400	26137	26764	27406	28064	28766	29485	30222	30947	31690
Respite Care 42 G'ville Rd		2834	2881	2961	3100	3100	3100	3190	3266	3345	3425	3511	3599	3688	3777	3868
46 Gladesville Rd		3788	3851	3959	4100	4100	4200	4322	4426	4532	4640	4757	4875	4997	5117	5240
Henley Community Centre (Bowling Club)		11855	37226	46300	46800	46800	50400	51862	53106	54381	55686	57078	58505	59968	61407	62881
CBP Grant Henley Comm Centre			24800	0												
Henley Comm Centre Donation			1364	0												
Gladesville Reserve Plan of mgt			0	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior Citizens Week Other		1645	676	1025	1100	1100	1100	1132	1159	1187	1215	1246	1277	1309	1340	1372
Senior Citizens Week Grant		500	1000	550	600	600	600	617	632	647	663	680	696	714	731	749
Active Mind Active Body		0	273	0	700	700	300	309	316	324	331	340	348	357	366	374
Aged and Disability Grant		57597	53071	54323	55300	55300	56900	58550	59955	61394	62868	64439	66050	67702	69326	70990
NSW Carers Awards		800	227	250	300	300	300	309	316	324	331	340	348	357	366	374
Total Income		102392	153291	137188	137400	137400	142300	146427	149941	153540	157224	161155	165184	169314	173377	177538
EXPENDITURE																
Gladesville Rd Comm Centre		36484	37793	34744	39400	39400	38400	39528	40619	41755	42938	44183	45481	46833	48159	49526
Deprc.of Furniture & Fitt		2083	1385	1254	1300	1300	1300	1300	1400	1400	1400	1400	1400	1600	1600	1600
Depreciation of Buildings		26988	27196	17249	18800	18800	17250	17250	18700	18700	18700	18700	18700	21140	21140	21140
Respite Care 42 G'ville Rd		6210	4688	3972	7300	7300	6800	7012	7209	7412	7623	7847	8080	8321	8562	8813
Depreciation of Buildings		6879	6879	4755	8100	8100	4760	4760	5160	5160	5160	5160	5160	5830	5830	5830
46 Gladesville Rd		6151	5535	4353	7200	7200	6900	7106	7303	7507	7718	7941	8171	8411	8651	8899
Deprc.of Furniture & Fitt		437	437	437	400	400	400	400	500	500	500	500	500	600	600	600
Depreciation Of Buildings		5355	5355	4967	6600	6600	4970	4970	5390	5390	5390	5390	5390	6090	6090	6090
Henley Community Centre (Bowling Club)		21756	41477	65160	59300	59300	51400	53003	54593	56249	57978	59803	61716	63712	65701	67764
Deprc.of Furniture & Fitt		295	295	295	300	300	300	300	400	400	400	400	400	400	400	400
Depreciation Of Buildings		1918	2902	45872	72700	72700	45870	45870	49740	49740	49740	49740	49740	56210	56210	56210
Depreciation of Improvements				505												
Gladesville Reserve Plan of mgt			0	0												
Senior Citizens Week		2468	4720	4464	4500	4500	4700	4836	4954	5075	5199	5331	5466	5606	5742	5882
Active Mind Active Body		236	1559	717	2800	2800	2000	2058	2107	2156	2210	2265	2322	2380	2437	2495
Aged and Disability		40789	54052	45383	58100	59421	58400	60960	62911	64987	67197	69481	71913	74502	76961	79500
Accrual of leave entitlement		1438	0	4063	5600	5600	6700	6888	7108	7343	7592	7850	8125	8418	8695	8982
Aged Services Social Plan Projects		6672	5779	260	0	0	0	0	0	0	0	0	0	0	0	0
Aged Project Hunters Hill Pedestrian Plan				13000	0	7000	0	0	0	0	0	0	0	0	0	0
NSW Carers Awards		631	877	1061	1100	1100	1100	1132	1159	1187	1215	1246	1277	1309	1340	1372
Total Expenditure		166790	200929	252511	293500	301821	251250	257372	269253	274962	280961	287238	293841	311360	318119	325105
CAPITAL INCOME																
S94 Contribution - Gladesville Rd Communit TAM		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL EXPENDITURE																
46 Gladesville Rd TAM Identified Works																
Floor Coverings CF		2420	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replace Air Conditioners CF		0	0	0			20000	0	0	0	0	0	0	0	0	0
Refurbish Kitchen CF		0	0	0			10000	0	0	0	0	0	0	0	0	0
Refurbish Bathrooms CF		0	0	0	0	0	20000	0	0	0	0	0	0	0	0	0
Painting (internal & external) CF2										12000						
Glades Rd Comm Cent TAM Identified Works																
Refurbish Kitchen CF		0	0	0	0	0	0	0	0	0	0	0	0	0	0	20000
Refurbish Bathroom CF		0	0	0	30000	30000	0	0	0	0	0	0	0	0	0	0
Air Conditioner Refurbishment CF				11451											20000	
Carpet				11850												

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Furniture	CF2											10000				8000
Painting (internal & external)	CF2								20000							
42 Gladesville Rd TAM Identified Works																
Replace floor coverings	CF	0	0	0	0	0	0	5000	0	0	0	0	0	0	0	0
Replace window coverings	CF	0	0	0	0	0	3000	0	0	0	0	0	0	0	0	0
Replace Air Conditioner	CF	0	0	0	0	0	5000	0	0	0	0	0	0	0	8000	0
Kitchen/Bathroom upgrade	CF2													30000		
Painting (internal & external)	CF2									15000						
Repairs Front veranda	CF			4850												
Refurbishment (Interior & Exterior)	CF2														25000	
Henley Community Centre																
Electrical Work				8000												
Air Conditioning				9223												
Guard rail				8500												
Carpark	CF			37286												
Guttering	CF			4800												
Landscaping BBQ Area	CF			33855												
Stonewall/Fence Repairs	CF			5044												
Timberwork	CF							80000								
Fire Services Upgrade	CF							300000								
Bathroom Upgrade			22568	9448												
Resurface rear carpark	CF2										30000					
Disabled access	CF2									172000						
Replace roof	CF2												150000			
Internal Refurbishment	CF2														60000	
Landscape Pathways	CF2														90000	
CBP Grant- Henley Community Centre			27136	0												
Total Capital Expenditure		2420	49704	144307	30000	30000	58000	385000	0	32000	217000	10000	150000	30000	203000	28000
Total Aged & Disabled		66817	97342	259630	186100	194421	166950	495946	119312	153423	340736	136083	278657	172046	347742	175567
YOUTH SERVICES																
INCOME																
Grants & Subsidies Youth Week		1353	1230	1353	1400	1400	1400	1441	1475	1511	1547	1586	1625	1666	1706	1747
Grants & Subsidies Youth Worker					0	0	0	0	0	0	0	0	0	0	0	0
SkateDay		400	45	218	200	200	200	206	211	216	221	227	232	238	244	250
Grants & Subsidies Art Start(X Factor)		8764	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants & Subsidies				1818												
Total Income		10517	1275	3389	1600	1600	1600	1646	1686	1726	1768	1812	1857	1904	1949	1996
EXPENDITURE																
Other Expenses Youth Week		5121	3581	4334	4700	2700	2800	2881	2952	3025	3099	3179	3261	3345	3427	3512
Other Expenses Youth Services		258	100	0	800	800	800	823	843	863	884	906	929	952	975	998
Youth Worker 2-3 days					0	0	0	0	0	0	0	0	0	0	0	0
Grants & Subsidies Art Start(X Factor)		10334	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants & Subsidies				1233												
Total Expenditure		15713	3681	5567	5500	3500	3600	3704	3795	3888	3983	4085	4189	4297	4402	4510
CAPITAL INCOME																
S94 Contribution		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL EXPENDITURE																

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Youth Facilities Skateboard		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Expenditure		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Youth Services		5196	2406	2178	3900	1900	2000	2058	2109	2161	2215	2273	2332	2393	2453	2514
CHILDRENS SERVICES																
INCOME																
CHILD CARE																
Henley Long Day Care		36145	37217	38027	38800	38800	39500	40646	41621	42620	43643	44734	45852	46998	48126	49281
Gladesville Occ Child Care		795	804	809	800	800	2700	2778	2845	2913	2983	3058	3134	3213	3290	3369
OTHER FAMILIES & CHILDREN																
Comm Aid Support Fund		1133	916	718	600	600	500	680	720	720	780	860	900	880	860	860
EDUCATION																
Hunters Hill Pre School		5527	5107	5251	5600	5600	5600	5762	5901	6042	6187	6342	6501	6663	6823	6987
Riverside Pre School		6616	6812	6960	7100	7100	7300	7512	7692	7877	8066	8267	8474	8686	8894	9108
CHILD HEALTH CENTRES																
Other Revenues Ryde CI Cont		15997	16572	17136	17500	17500	18000	18522	18967	19422	19888	20385	20895	21417	21931	22457
Hunters Hill User Charges		151	61	2916	2000	2000	3000	3087	3161	3237	3315	3398	3482	3570	3655	3743
Total Income		66364	67489	71817	72400	72400	76600	78987	80906	82831	84861	87043	89238	91426	93580	95805
EXPENDITURE																
CHILD CARE																
Gladesville Centre		8959	7506	5131	10800	8600	9400	9689	9981	10286	10603	10935	11280	11640	12007	12389
Depreciation of Buildings		0	0	122	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation of other structures							130	130	130	130	130	130	130	130	130	130
Henley Day Care 1B Crown		564	4362	5830	4800	4800	7600	7856	8096	8347	8608	8886	9175	9477	9783	10101
Depreciation of Buildings		30637	30637	16615	18800	18800	16610	16610	18010	18010	18010	18010	18010	20360	20360	20360
Depreciation of other structures							180	180	180	180	180	180	180	180	180	180
OTHER FAMILIES & CHILDREN																
Gladesville Comm Aid Subs		15000	15000	15000	15000	15000	15000	15435	15805	16185	16573	16988	17412	17848	18276	18714
EDUCATION																
Pre School		14427	4530	3256	5700	5700	5100	5276	5445	5621	5806	6002	6207	6421	6638	6865
Deprc.of Furniture & Fitt			0	0												
Depreciation of Buildings Pre School		25490	25490	10872	14900	14900	10870	10870	11790	11790	11790	11790	11790	13320	13320	13320
Depreciation of Other Structures				666			680	700	720	740	760	780	800	820	840	860
Other Community Education		0	0	0	300	300	300	309	316	324	331	340	348	357	366	374
Riverside Pre School		5626	5720	6379	6400	6400	6400	6611	6830	7059	7300	7554	7820	8100	8383	8677
Depreciation of Buildings New Pre School		29340	29340	9281	17600	17600	10660	10660	11550	11550	11550	11550	11550	13060	13060	13060
Depreciation of Other Structures				65			70	70	70	70	70	70	70	70	70	70
CHILD HEALTH CENTRES																
Gladesville Child Health Centre		12337	12901	14611	16300	16300	19300	19858	20429	21026	21649	22301	22983	23696	24397	25121
Deprc.of Furniture & Fitt		227	227	227	200	200	200	200	300	300	300	300	300	300	300	300
Depreciation of Buildings		19228	19496	6098	11300	11300	6100	6100	6610	6610	6610	6610	6610	7470	7470	7470
Hunters Hill Child Health Centre		9125	6615	7380	10400	10400	9800	10092	10377	10674	10982	11306	11644	11995	12345	12706
Deprc.of Furniture & Fitt		182	182	182	200	200	200	200	200	200	200	200	200	200	200	200
Depreciation of Buildings		14707	14707	5832	8800	8800	5830	5830	6320	6320	6320	6320	6320	7150	7150	7150
Total Expenditure		185849	176713	107547	141500	139300	124430	126676	133161	135421	137772	140250	142829	152594	155274	158048
CAPITAL INCOME																
S94 Contribution - 9 Church St		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL EXPENDITURE																

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
Occ Care/ECC 6 Pittwater TAM Identified Works																
Refurbish Kitchen	CF	0	0	0	0	0	0	20000	0	0	0	0	0	0	0	2000
Refurbish Bathroom			13400	0												15000
Painting (internal & external)	CF2									15000						
Floor coverings	CF2										15000					
Playground Equipment	CF2															10000
Riverside Pre School TAM Identified Works																
External Painting	CF	0	0	0	6000	6000	0	0	0	0	0	0	0	10000		
9 Church St TAM Identified Works																
External Painting	CF	0	0	0	8000	8000	0	0	0	0	0	0	0	0	0	0
Gutter Replacement	CF2											4000				
External painting & timber repair	CF2												10000			
Timber Replacement	CF2															8000
Henley Day Care 1B Crown																
Floor coverings	CF2										30000					
Painting (internal & external)	CF2								25000							
Car Park Upgrade	CF2															20000
Total Capital Expenditure		0	13400	0	14000	14000	0	20000	25000	15000	45000	4000	10000	10000	0	55000
Total Childrens Services		119485	122624	35730	83100	80900	47830	67689	77255	67591	97910	57207	63591	71168	61695	117243
LIBRARY SERVICES																
INCOME																
Grants & Subsidies		40519	41315	39850	40600	40300	41400	42601	43623	44670	45742	46886	48058	49259	50441	51652
Library Development Grant		6763	6200	5890	6000	6700	6900	7100	7271	7445	7624	7814	8010	8210	8407	8609
Total Income		47282	47515	45740	46600	47000	48300	49701	50894	52115	53366	54700	56067	57469	58848	60261
EXPENDITURE																
Contribution Joint Library		528879	551121	569860	583000	583000	644209	707464	725151	743279	761861	780908	800431	820441	840952	861976
Library Development Grant		10896	7544	8810	6000	6700	6900	7100	7271	7445	7624	7814	8010	8210	8407	8609
Total Expenditure		539775	558665	578670	589000	589700	651109	714564	732421	750724	769485	788722	808440	828651	849359	870585
Total Library Services		492493	511150	532930	542400	542700	602809	664863	681528	698609	716119	734022	752373	771182	790511	810324

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RECREATION & PARKS																
INCOME																
SPORTING GROUNDS																
Football & Cricket User charges		24130	32105	33896	34700	34700	48500	49907	51104	52331	53587	54926	56300	57707	59092	60510
Bedlam Bay User Charges							6500	6689	6849	7013	7182	7361	7545	7734	7920	8110
PARKS & GARDENS																
CBP Grant - Riverglades Reserve		21000	-7251													
SSHAP Grant Riverglade Reserve																
SSHAP Grant Mornington Reserve Walkway				1338												
Contributions S94		185301	316481	365564	300000	300000	300000	308700	316109	323695	331464	339751	348244	356951	365517	374290
User Charges		19099	24925	20743	25200	25200	23000	23667	24235	24817	25412	26048	26699	27366	28023	28696
The Priory User Charges		0	0	94	200	200	200	206	211	216	221	227	232	238	244	250
The Priory Donations & Grants		19129	15854	0	0	0	0	0	0	0	0	0	0	0	0	0
The Priory Donations & Grants from CBP			31300	0												
The Priory Trust Contribution			35000	0												
Playground Donations		20225	2636	0	0	0	0	0	0	0	0	0	0	0	0	0
Playground Grants		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income		288885	451050	421635	360100	360100	378200	389168	398508	408072	417866	428312	439020	449996	460796	471855
EXPENDITURE																
(SUPERVISION)																
Salaries & allowances		61739	64107	63176	69500	69500	69800	72988	75324	77809	80455	83190	86102	89202	92145	95186
Travelling		6538	7720	7052	12300	12300	8000	8232	8430	8632	8839	9060	9287	9519	9747	9981
Accrual of leave entitlement		18875	7672	8128	10700	10700	10700	11000	11352	11726	12125	12537	12976	13443	13887	14345
Depreciation of vehicles		7115	6948	5696	4000	4000	4400	4600	4600	4900	4900	5100	5100	5400	5400	5600
Office/Sundry Expenses		716	871	589	2100	2100	1100	1132	1159	1187	1215	1246	1277	1309	1340	1372
Recreation Officer 3 Days	N															
Accrual of leave entitlement	N															
Floodlight Monitor	N															
(SWIMMING POOLS)																
Henley Baths		555	713	489	1100	1100	1000	1033	1062	1093	1125	1159	1194	1231	1267	1306
Depreciation Of Buildings		885	885	0	600	600	0	0	0	0	0	0	0	0	0	0
Depreciation Of other Structures				3747			3850	3960	4060	4160	4260	4360	4470	4580	4690	4800
Woolwich Baths		7952	3824	4450	9000	9000	10100	10415	10734	11069	11420	11789	12176	12582	12984	13402
Depreciation Of Buildings		17600	17600	2711	17700	17700	2710	2710	2940	2940	2940	2940	2940	3320	3320	3320
Depreciation Of other Structures				21071			2180	2240	2290	2340	2390	2450	2510	2570	2630	2690
(SPORTING GROUNDS)																
Boronia Park Oval		56122	72913	73178	65300	65300	67400	69326	71226	73209	75281	77455	79728	82104	84399	86760
Gladesville Reserve Oval		24367	20203	17725	22400	22400	22600	23245	23889	24563	25267	26006	26779	27589	28370	29173
Weil Park Oval		16585	12016	13844	13800	13800	14700	15120	15535	15969	16423	16899	17396	17916	18419	18936
Boat Ramps		453	1045	0	1400	1400	3000	3085	3176	3272	3374	3480	3591	3709	3822	3938
Walking Paths		867	2368	1779	5600	5600	5600	5759	5924	6096	6278	6467	6667	6876	7077	7284
Deprec. Of Improvements		672	672	672	700	700	0	0	0	0	0	0	0	0	0	0
(PARKS AND GARDENS)																
Parks & Reserves Maintenance		351157	550682	440040	354900	344900	354451	364476	374839	385706	397105	409024	421532	434665	447323	460360
Bedlam Bay							20140	15576	21246	16394	22349	17281	23557	18239	24807	19205
Graffiti Control		3079	7921	12066	12100	12100	12300	12651	13005	13376	13765	14173	14600	15047	15479	15923
Accrual of leave entitlement		51293	60459	48181	62000	62000	60800	62502	64502	66631	68897	71239	73732	76387	78907	81511
Deprec. Of Improvements		63360	65584	67746	69300	69300	55340	56720	58060	59440	60910	62430	63980	65550	67130	68710
Depreciation of Buildings		25111	25111	2246	14400	14400	2250	2250	2440	2440	2440	2440	2440	2760	2760	2760
Depreciation of Other Structures				7682												
Parks Buildings		78395	68054	74937	78500	78500	78800	81127	83510	86008	88629	91377	94262	97290	100239	103286
The Priory		18127	18952	18551	18600	18600	21100	21762	22407	23079	23780	24521	25295	26103	26908	27743
Depreciation Of Buildings - The Priory			5569	5569	22300	22300	18720	18720	20300	20300	20300	20300	20300	22950	22950	22950
Depreciation Of Buildings		53456	40716	27273	38400	38400	17330	17330	18790	18790	18790	18790	18790	21240	21240	21240
(OTHER SPORTS & RECREATION)																
Playgrounds		2819	12421	468	9000	9000	9000	9258	9503	9758	10023	10302	10593	10895	11188	11489
Deprec. Of Other Structures		3974	16977	-6587	21500	21500	10810	11120	11410	11700	11990	12280	12580	12890	13210	13530
Croquet Club Building		2612	5955	7551	8900	8900	8000	8249	8480	8720	8970	9235	9510	9796	10080	10374

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Deprc. of Furniture & Fitt		100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Depreciation of Buildings		16199	16239	5484	12400	12400	5485	5485	5950	5950	5950	5950	5950	6720	6720	6720
Sport & Recreation Needs Study		19040	3705	0	0	0	0	0	0	0	0	0	0	0	0	0
Consultation - Riverglade Reserve		24350	21179	0	0	0	0	0	0	0	0	0	0	0	0	0
Review Bike Plan	N								50000							
Public Places & Urban Design Program - Hunters Hill			89845	59932												
Depreciation of Buildings							1200	1200	1300	1300	1300	1300	1300	1500	1500	1500
Deprec. Of Other Structures							7900	8130	8330	8520	8720	8930	9150	9370	9600	9830
Total Expenditure		934113	1229026	995546	958600	948600	909306	930119	1014534	985800	1018840	1042290	1078313	1111281	1148059	1173744
CAPITAL INCOME																
Loan			2836													
S94 Contribution - Reserves Program	ER	1320	0	0	0	0	0	0	0	0	0	0	0	0	0	0
S94A Contribution - Projects	S94A		0	21670	645000	883000	130000	40000	490000	380000						
S94A Contribution - The Priory		129969	71300													
S94A Contribution - Hunters Hill Commercial Area		4310	69845	97973												
S94A Contribution - Riverglade Reserve		24350	21179													
S94 Contribution - Urban Design Impts Program			20000													
S94A Contribution - Buffalo Reserve Carpark & Lighting			89815	10314												
S94A Contribution - Gladesville Reserve Up Grade Surface			39980	7219												
S94A Contribution - Riverglade Reserve Playground Equipment																
S94A Contribution - Weil Park Upgrade Surface			35967													
S94A Contribution - Valentia St playground Equipment			17400													
S94A Contribution - Gladesville Stage 1				59932												
Total Capital Income		159949	368322	197108	645000	883000	130000	40000	490000	380000	0	0	0	0	0	0
CAPITAL EXPENDITURE																
SWIMMING POOLS																
Woolwich Baths replace Piles& decking	ER2			2273		12727				16590	16971					
Woolwich Baths replace Piers & Shark Net	S94A				35000	35000				50000						
Woolwich Baths replacement Timber Piles	CF2									80000						49000
Woolwich Baths Refurbishment Amenities Wharves Netting															0	
Woolwich Baths Refurb	C/F							6000								
Henley Baths Upgrade	ER	7120	0		0	0	0	0	0	0	0	0	0	0	0	0
PARKS AND GARDENS																
Playground Replacing Structures		61063	17395		0	0	0	0	0	0	0	0	0	0	0	0
Fairland Hall Playground Replacement	CF2									20000						
6 Pittwater Rd (OCC) Playground Replacem	CF2									15000						
Boronia Park Playground upgrade	CF2															
Buffalo Creek Park/playground Equipment	CF2								50000				40000			
Buffalo Creek Park/playground Equipment	S94A					60000										
Gladesville Reserve Playground equipment	CF2										50000					
Weil Park Playground update	CF2												50000			
Blaxland St Provision of Pathway & Steps	ER	0			5000	5000	0	0	0	0	0	0	0	0	0	0
Boronia Park North Playground Shelter	S94A															
Boronia Park Upgrade netball Courts	S94A				100000	100000										
Boronia Park Upgrade entrance structures	S94A															
Boronia Park Playing Field Impts (synthetic wicket)					30000	30000										
Boronia Park Upgrade of whole light system	S94A					75000										
Bedlam bay playing Fields Imp							30000									
Boronia Park Entrance Improvements	ER2				15390	15390										
Boronia Park North - bike path	ER2						2101							2507		
RLCIP Grant - Boronia Park Walking Track			14833													
Boronia Park Signage	CF2								30000							
Boronia Park Fencing	CF2									30000						

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Boronia Park entrance & access	S94A															
Boronia Park Improvements	S94A								100000							
Buffalo Creek - bike path	ER2					3000								3761		
Buffalo Creek - Cycle Track Upgrade	C/F						15000									
Buffalo Creek Res Lighting	CF2															0
Buffalo Creek Res car park & Lighting	S94A		89815	10314												
Buffalo Creek Walking Track Upgrade	CF2															
RLCIP Grant - Clark Point Reserve Walking Track		30500			0	0	0	0	0	0	0	0	0	30000	0	0
Clarkes Point Reserve Walkway	ER	24108			0	0	0	0	0	0	0	0	0	0	0	0
Gladesville Res Lighting Walkway	ER	0	3166		0	0	0	0	0	0	0	0	0	0	0	0
Gladesville Res Lighting Upgrade	CF2															
Gladesville Res Upgrade Surface etc	S94A		39980	7219		23000										0
Gladesville Res - bike path	ER2					5000								6269		
Gladesville Res - skate facility	ER2						5253					5955				
Gladesville Res Court/Skate area upgrade	CF2															0
Gladesville Res Path upgrade	CF2									100000						
Harry Shelley Playground Shelter	S94A			21670		10000										
Harry Shelley Playground Rubber Soft fall						31000										
Mornington Reserve - SSHAP Grant walkway				1338		16400										
Murray Prior Reserve - Dinghy Racks		4940														
Riverglade Reserve Pathway	CF			99533		140467										
CBP Grant - Riverglades Reserve		27497														
Riverglade Reserve Playground Equip	S94A															
Riverglade Reserve Amenities	S94A				50000	20000										
Riverglade Reserve Amenities	CF			47108		12892									0	40000
Weil Park Amenity Block	ER	36347			0	0	0	0	0	0	0	0	0	0	0	0
Weil Park Amenity Block Building Upgrade	CF					5000										60000
Weil Park Lighting Upgrade	CF2														0	
Weil Park Playground Upgrade (shade)														25000		
Weil Park Drainage	ER	1906			0	0	0	0	0	0	0	0	0	0	0	0
Weil Park Upgrade Surface	S94A		35967	7659		20000										
Boronia No 3 Oval - Irrigation	ER	41		51000	0	0	0	0	0	0	0	0	0	0	0	0
Boronia Picnic Tables/shelters X 3	ER	3029			0	0	0	0	0	0	0	0	0	0	0	0
Boronia Fencing	ER	3772	406					0	0	0	0	0	0	0	0	0
Boronia Park Grandstand Seating & Hot wat	CF			19444		12556										0
Boronia Park Grandstand Painting/ Refurbish	CF2										25000				15000	
Boronia Park Amenities Building Constr Nort	CF						50000									0
Playgrounds	S94A						60000		90000	30000						
Sport & Rec Plan Recommendations	S94A							40000								
Pulpit Point Sea Walls						60800										
Seawalls	IR2			24200	20520	20520	42025			45256			24439		25726	52431
Structures - Fencing /Barriers	IR2				4104	6104	4202	2156	4424	2263	2317	4764	2444	7507	5118	2627
Riverglade Reserve Seawall Refurb	CF2											75000				
Huntleys Point Reserve Sea Wall			2836													
Seawalls										100000						
PARKS BUILDINGS																
Public Amenities Improvements Program		817			0	0	0	0	0	0	0	0	0	0	0	
Gladesville Reserve Amenities bld up grade	CF						18000								22000	
Clarkes Point Reserve Car park & Sailing Club		3013														
Boronia Park Fencing		1500			0	0	0	0	0	0	0	0	0	0	0	
Buffalo Crk Amenities Build Upgrade	CF	0		19175	0	0	0	0	0	0	0	0	0	0	26800	
Kellys Bush Amenities Building Construction	CF2										100000					
Croquet Club																
Hot Water System	CF	1003			0	0	0	0	0	0	0	0	0	0	0	
External Painting	CF	0		4670	0	0	0	0	0	0	0	0	0	0	6400	
New roof	CF2									50000						
Main Hall Floor/ Refurbishment	CF2		800													10000
Disabled Access	CF2															
PUBLIC PLACES & URBAN DESIGN PROGRAM																
Gladesville		0			0	0	0	0	0	0	0	0	0	0	0	
Gladesville Stage 1	S94A			59932					250000							
Gladesville Stage 2	S94A									250000						

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H/Hill Shops		0			0	0	0	0	0	0	0	0	0	0	0	0
Commercial Area Urban Design Improvement	C/O	4310		97973	330000	410000	0	0	0	0	0	0	0	0	0	0
Welcome Signs at Entry Points			7273	17700												
Pitwater Road Public Domain Impts					100000	100000	40000									
H/Hill Shops (Flgtree Park)																
Construct Public Toilets	CF	0			90000	90000	0	0	0	0	0	0	0	0	0	0
The Priory		149098	122208		0	0	0	0	0	0	0	0	0	0	0	0
The Priory Grant - CBP			4300													
The Priory Disabled Access	CF															
Restoration of Heritage Sand stone Wall	CF				100000	100000										
The Priory Building Restoration	CF2							50000	50000	50000	50000	50000	50000	50000	50000	50000
Buildings Non Specialised	S94A										165732	169875	174122	178475	182758	187144
Other Structures	S94A										165732	169875	174122	178475	182758	187144
Total Capital Expenditure		360064	338979	491208	880014	1419856	266581	48156	721014	709490	458781	575469	515127	491994	541560	638346
Total Recreation And Parks		845343	748633	868011	833514	1125356	667687	549108	847040	907218	1059755	1189447	1154420	1153280	1228824	1340235
COMMUNITY BUILDINGS																
INCOME																
Dwellings Rents & Sundry Income																
10 Cowell Street		46821	43544	51737	47800	47800	49100	50524	51736	52978	54250	55606	56996	58421	59823	61259
Fairland Hall User Charges		13711	16369	15294	15000	15000	15500	15950	16332	16724	17126	17554	17993	18442	18885	19338
Henley Cottage User Charges		15146	18138	19504	23000	23000	23700	24387	24973	25572	26186	26840	27511	28199	28876	29569
Town Hall User Charges		6982	14630	6992	10000	10000	10000	10290	10537	10790	11049	11325	11608	11898	12184	12476
Mobile Phone Antennae Leases	ER	76529	54420	42292	54300	54300	35300	36324	37195	38088	39002	39977	40977	42001	43009	44041
48 Gladesville Rd		32500	27071	37319	37000	37000	38000	39102	40040	41001	41985	43035	44111	45214	46299	47410
Total Income		191689	174171	173138	187100	187100	171600	176576	180814	185154	189597	194337	199196	204176	209076	214094
EXPENDITURE																
Salaries & allowances		65141	56144	60335	59700	59700	60000	62605	64609	66741	69010	71356	73854	76512	79037	81645
Accrual of leave entitlement		15133	7153	-3575	8600	8600	9000	9252	9548	9863	10198	10545	10914	11307	11680	12066
DWELLINGS MAINT & EXPENSES																
10 Cowell Street		8073	8946	8982	9800	8800	9900	10179	10453	10736	11027	11337	11656	11986	12317	12659
Depreciation Of Buildings		14658	14658	1333	9200	9200	1330	1330	1450	1450	1450	1450	1450	1630	1630	1630
Fairland Hall		22502	28607	22544	26200	26200	28500	29312	30159	31045	31971	32943	33960	35024	36069	37149
Deprec. Of Furniture & Fitts		1091	1091	1091	1100	1100	1100	1100	1200	1200	1200	1200	1200	1400	1400	1400
Depreciation Of Buildings		32000	32000	14554	21100	21100	14910	14910	16170	16170	16170	16170	16170	18280	18280	18280
Henley Cottage		19954	9983	12428	15800	12200	15800	16254	16703	17168	17649	18159	18687	19234	19782	20348
Deprec. Of Furniture & Fitts		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation Of Buildings		24244	24244	24435	11200	11200	24430	24430	26490	26490	26490	26490	26490	29940	29940	29940
Town Hall & Council Chambers		227797	253387	184014	188700	187000	184300	189937	195026	200280	205707	211480	217449	223622	229773	236123
Deprec. Of Furniture & Fitts		1282	3447	11534	11400	11400	11400	11400	12600	12600	12600	12600	12600	14200	14200	14200
Depreciation Of Buildings		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation Of Other Structures				1414			1460	1500	1530	1560	1590	1630	1670	1710	1750	1790
48 Gladesville Rd		7857	8181	4519	10400	6700	8600	8854	9092	9337	9591	9858	10134	10420	10706	11002
Depreciation Of Buildings		11155	11155	1333	7100	7100	1330	1330	1450	1450	1450	1450	1450	1630	1630	1630
Audit & Modify Builids for Aged/Disabled Access		0	0	0	5000	5000	5000	5140	5304	5480	5666	5858	6064	6282	6489	6703
Concept & Feasibility Plan for Community Hub Glax		12080	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditure		462967	458997	344941	385300	375300	377060	387533	401784	411569	421769	432526	443747	463178	474685	486565
CAPITAL INCOME																
S94 Contribution		0	0	0	0	0	0	0	50000	50000	0	0	0	0	0	0
Total Capital Income		0	0	0	0	0	0	0	50000	50000	0	0	0	0	0	0

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
CAPITAL EXPENDITURE																
Henley Cottage TAM Identified Works																
External Painting	CF	1950	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kitchen/Bathroom Upgrade	CF						45000								20000	
Replace Shed at Rear	CF		0	0	0	0	0	15000		0	0	0	0	0	0	0
Floor coverings	CF2								20000							
Painting (internal & external)	CF2								15000							
Parking area refurbishment	CF2														0	
Refurbishment (Internal & External)	CF2															25000
Fairland Hall TAM Identified Works																
Painting Internal & External	CF	0	0	0	0	0	10000	0	0	0	0	0	0	0	12200	0
Replace Fence & Gate	CF	0	0	0	0	0	0	17000	0	0	0	0	0	0	0	0
Damp Course	CF	36397	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Refurbish Bathroom	CF	53576	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replace Blinds	CF	0	0	0	0	0	1000	0	0	0	0	0	0	0	8000	0
Establish Council Recovery Disaster Centre	CF			9458												
Replace Window & Exit Doors	CF					2800										
Carpet Replacement	CF2								10000							
Replace Guttering	CF2			2200										30000		
Furniture Replacement	CF2									5000					0	5800
Town Hall TAM Identified Works																
Painting Internal	CF	4050	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bathroom Upgrades	CF	33194	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office Refurbishment Stage 1				8500		15500										
Kitchen Upgrade			5227													
Tables & Chairs			11200	62413												
Restoration of Stone Façade	CF							50000	50000							
Replace Metal Roof	CF							150000	100000							
Office Refurbishment Stage 2&3	CF				500000	500000										50000
Town Hall Sound / Lighting	CF			22011												0
Remediation of front wall of Town Hall																
Mayorall Office - Insurance				7753												
Replace floor	CF2											150000				
Understage storage refurbishment	CF2									40000						
Stage Bathrooms & dressing room	CF2													60000	0	
Repaint building	CF2													40000	0	
Upgrade Airconditioning	CF2											100000				
Carpark Upgrade	CF2													100000	0	
Community Facilities Upgrade	S94A							50000	50000							
Additional for FFTF	Gen						70000				72500	75000	62500	52500	45000	82500
Total Capital Expenditure		129167	16427	112335	500000	518300	126000	232000	245000	95000	72500	225000	162500	282500	85200	163300
Total Community Buildings		400445	301252	284138	698200	706500	331460	442957	415969	271415	304672	463189	407052	541503	350809	435772
EMERGENCY SERVICES																
INCOME																
Sundry Revenue		69	257	1142	1100	1100	300	309	316	324	331	340	348	357	366	374
SES Grant			0	0												
SES Contribution			16293	26127	10000	10000	16000	16464	16859	17264	17678	18120	18573	19037	19494	19962
Total Income		69	16550	27269	11100	11100	16300	16773	17175	17587	18010	18460	18921	19394	19860	20336
EXPENDITURE																
SES		23405	21734	19539	23300	23300	23300	23975	24554	25147	25754	26401	27064	27744	28414	29101
SES Half Vehicle Cost		0	0	0	0	0	0							0	0	0
Other Public Order & Safety																
Contribution To Fire Brigade		404454	401756	409363	417600	417600	416200	428270	438548	449073	459851	471347	483131	495209	507094	519265

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Total Expenditure		427859	423490	428902	440900	440900	439500	452245	463102	474220	485605	497749	510195	522954	535509	548366
Total Emergency Services		427790	406940	401633	429800	429800	423200	435473	445927	456633	467596	479289	491274	503559	515649	528029
Total Our Community and Lifestyle		2673771	2512616	2702222	3075814	3388177	2514236	2935298	2874812	2851745	3293262	3375653	3474380	3551050	3644282	3767307

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OUR ENVIRONMENT																
ENVIRONM'T PROTECTION																
INCOME																
ADMIN & INSPECTION (HEALTH)																
Inspection Fees		13206	16459	16050	16000	16000	16500	16979	17386	17803	18231	18686	19153	19632	20103	20586
Fines		1360	7480	1760	2000	2000	2000	2058	2107	2158	2210	2265	2322	2380	2437	2495
Outstanding Health Notices		7850	17448	17150	16000	16000	17000	17493	17913	18343	18783	19253	19734	20227	20713	21210
OEH Home Power Savings Program			3200													
Outdoor Dining Fees							8000	8232	8430	8632	8839	9060	9287	9519	9747	9981
Sub Total Admin & Inspect & Enviro		22416	44587	34960	34000	34000	43500	44762	45836	46936	48062	49264	50495	51758	53000	54272
PUBLIC ORDER & SAFETY ANIMAL																
Registration Fees		2220	6000	3674	3000	3000	3000	3087	3161	3237	3315	3398	3482	3570	3655	3743
Fines & Costs		4310	35	220	1000	1000	1000	1029	1054	1079	1105	1133	1161	1190	1218	1248
Environmental Fines		7890	20165	3567	5000	5000	5000	5145	5268	5395	5524	5663	5804	5949	6092	6238
Placement of Mini Skips		5535	18530	23089	22000	22000	16000	16464	16859	17264	17678	18120	18573	19037	19494	19962
Impounding Fees				352			500	515	527	539	552	566	580	595	609	624
Sub Total Public Order & Safety		19955	44730	30902	31000	31000	25500	26240	26869	27514	28174	28879	29601	30341	31069	31815
Total Income		42371	89317	65862	65000	65000	69000	71001	72705	74450	76237	78143	80096	82099	84069	86087
EXPENDITURE																
(ADMIN & INSPECTION)																
Salaries & allowances		30243	37059	40481	41800	41800	42200	43998	45406	46905	48500	50149	51904	53772	55547	57380
Travelling		1856	1138	2159	3200	3200	2400	2470	2529	2590	2652	2718	2786	2856	2924	2994
Accrual of leave entitlement		8667	2918	3926	5000	5000	5700	5860	6047	6247	6459	6679	6912	7161	7398	7642
Depreciation of vehicles		2182	2518	1988	2000	2000	2000	2000	2000	2100	2100	2100	2200	2200	2200	3600
Relief Staff		14156	15741	14390	16200	16200	15500	15950	16332	16724	17126	17554	17993	18442	18885	19338
Office Expenses		256	192	117	2000	2000	2100	2161	2213	2266	2320	2378	2438	2499	2559	2620
Law Costs, Prosecutions		0	102	0	5000	5000	5000	5145	5268	5395	5524	5663	5804	5949	6092	6238
Destruction Of Plants/Pests		3911	4114	5368	4500	2500	4500	4631	4742	4855	4972	5096	5224	5354	5483	5614
Noxious Weeds Control		6686	7474	5500	10500	10500	10600	10907	11169	11437	11712	12005	12305	12612	12915	13225
Other Expenses - Health Education		0	0	0	1000	1000	1000	1029	1054	1079	1105	1133	1161	1190	1218	1248
Other Expenses - Health Education Food Handler		0	0	0	1000	1000	1000	1029	1054	1079	1105	1133	1161	1190	1218	1248
Consultant Environ Mgmt Plan(Monitoring Prog)		2000	2178	1402	3000	3000	3000	3087	3161	3237	3315	3398	3482	3570	3655	3743
State of Environment Report		1354	0	0	2000	2000	2000	2058	2107	2158	2210	2265	2322	2380	2437	2495
Water Savings Action Plan		363	12083	0	0	0	0	0	0	0	0	0	0	0	0	0
NSW Office of Water Grant		8110	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OEH Home Power Savings Program			3200	0												
Sub Total Admin & Inspect		79784	88716	75331	97200	95200	97000	100324	103083	106072	109098	112268	115690	119175	122531	127385
PUB ORD & SAFETY-ANIMAL CONT																
Salaries & allowances(Ranger)		173896	155302	159320	183900	183900	184800	192339	198494	205044	212015	219224	226897	235065	242822	250835
Vehicle Expenses		12095	11693	21183	24700	24700	19800	20374	20863	21364	21877	22424	22984	23559	24124	24703
Accrual of leave entitlement		19216	19166	20520	22400	22400	24500	25186	25992	26850	27763	28707	29711	30781	31797	32846
Depreciation of vehicles		12692	9889	5691	4700	4700	5100	5400	5400	5700	5700	6000	6000	6300	6300	6600
Administration		31693	27851	35598	33700	33700	35500	36530	37406	38304	39223	40204	41209	42239	43253	44291
Impounding Expenses		446	0	356	500	500	500	515	527	539	552	566	580	595	609	624
Sub Total Public Order & Safety		250038	223901	242668	269900	269900	270200	280343	288682	297801	307130	317124	327381	338539	348905	359899
Total Expenditure		329822	312617	317999	367100	365100	367200	380667	391764	403873	416229	429392	443072	457713	471436	487284
Total Environment Protection		287451	223300	252137	302100	300100	298200	309666	319059	329423	339992	351249	362976	375615	387367	401197

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WASTE MANAGEMENT																
INCOME																
GARBAGE FEES																
User Charges Domestic Waste		1724960	1942526	2131565	2272500	2272500	2405000	2474745	2534139	2594958	2657237	2723668	2791760	2861554	2930231	3000557
User Charges Business Waste		101210	115299	140493	150300	150300	155500	160010	163850	167782	171809	176104	180507	185019	189460	194007
Vacant Land Charge		652	861	819	900	900	2300	2367	2424	2482	2541	2605	2670	2737	2802	2870
Interest		5408	5632	5487	5500	5500	5600	5762	5901	6042	6187	6342	6501	6663	6823	6987
Pensioner Rebate Subsidy		-28880	-29401	-29332	-30000	-30000	-30900	-31796	-32559	-33341	-34141	-34994	-35869	-36766	-37648	-38552
Waste Performance Improvement		81630	86329	89903	74800	74800	77000	79233	81135	83082	85076	87203	89383	91617	93816	96068
Love Food Hate Waste Education Project		1371	7757	862												
NSW Litter Prevention			5000	22500		2500										
Replacement Bins		7159	3625	4079	5200	5200	5400	5557	5690	5827	5966	6116	6268	6425	6579	6737
Compost Bins		664	364	356	500	500	500	515	527	539	552	566	580	595	609	624
STREET CLEANING																
Rubbish Pick Ups		3030	3536	758	3500	3500	800	823	843	863	884	906	929	952	975	998
Total Income		1897204	2141528	2367490	2483200	2485700	2621200	2697215	2761948	2828235	2896112	2968515	3042728	3118796	3193647	3270295
EXPENDITURE																
CONTRACTOR																
Garbage Contractor		590256	612147	813384	839000	839000	863400	888439	909761	931595	953954	977803	1002248	1027304	1051959	1077206
TIPPING FEES																
Garbage		741435	798698	839909	844000	844000	868500	893687	915135	937098	959589	983578	1008168	1033372	1058173	1083569
Litter Bins Contract		54681	37913	6843	57200	57200	58900	60608	62063	63552	65077	66704	68372	70081	71763	73486
Litter Bins Accrued Leave		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bins Replacement		27614	20227	63942	48500	48500	49900	51347	52579	53841	55134	56512	57925	59373	60798	62257
Regional Waste Project				43131	30000	30000	30000	0	0	0	0	0	0	0	0	0
STREET CLEANING		51044	61286	50395	58000	58000	63200	64981	66964	69063	71285	73593	76036	78624	81093	83641
St Clean Accrual of leave entitlement		7022	2994	0	4100	4100	3600	3701	3819	3945	4079	4218	4366	4523	4672	4826
Vehicle Running Expenses		69117	31587	34900	14500	14500	36400	37456	38355	39275	40218	41223	42254	43310	44349	45414
Tipping Fees		125117	132133	142728	157400	157400	149300	153630	157317	161092	164959	169083	173310	177642	181906	186272
Other Expenses		6392	7733	6763	8000	8000	7000	7203	7376	7553	7734	7928	8126	8329	8529	8733
Other Expenses Contractor		153157	151484	154252	162000	162000	167000	171843	175967	180190	184515	189128	193856	198702	203471	208355
St Clean Gladesville							41600	42786	43978	45224	46529	47896	49328	50828	52274	53762
Rubbish Pick Ups		1452	1054	55	3200	3200	800	823	846	870	895	922	949	978	1006	1035
OTHER SANITATION & GARBAGE																
Disposal of Dead Animals		0	214	0	100	100	100	103	106	110	113	117	121	126	130	134
Education Program/Sustainability Officer		34596	32329	35082	68800	68800	69200	72268	74581	77042	79662	82370	85253	88322	91237	94248
Accrued Leave		1270	4300	-1775	6600	6600	6900	7093	7320	7562	7819	8085	8368	8669	8955	9250
Waste Performance Improvement		72534	67089	55138	74800	134865	72200	74299	76042	77821	79637	81579	83562	85587	87587	89633
Accrued Leave						4800		4934	5092	5260	5439	5624	5821	6031	6230	6435
Publicity & Promotion & Education		31983	29589	25305	31800	31800	31800	32722	33508	34312	35135	36014	36914	37837	38745	39675
Waste Bin Audit		28955	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Love Food Hate Waste Education Project		13515		7944												
NSW Litter Prevention				98		24902										
Increase E waste recovery			14124	6494	25700	25700	25700	26445	27080	27730	28395	29105	29833	30579	31313	32064
Plan for minimisation of dumping Cameras etc			0	1080	7700	7700	7700	7921	8132	8352	8581	8822	9073	9335	9588	9849
Contribution to climate clever shop			535	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditure		2010141	2005436	2285668	2441400	2526367	2558000	2602289	2666021	2731490	2798749	2870302	2943880	3019550	3093777	3169843
CAPITAL EXPENDITURE																
Plant Purchases - Garbage Truck						50000										
Plant Purchases - Chipper																
Total Expenditure		0	0	0	0	50000	0	0	0	0	0	0	0	0	0	0

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Total Waste Management		112937	-136092	-81822	-41800	90667	-63200	-94926	-95927	-96745	-97364	-98213	-98848	-99246	-99871	-100452
ROADS & DRAINAGE																
INCOME																
DRAINAGE																
Weed Action Project Year 2		10000														
Weed Action Project Year 3			4064													
Weed Action Project Year 4				5000												
Weed Action Project Year 5						5000										
Weed Control Program		3480	10000	0												
STORMWATER IMPROVEMENT PROGRAM																
EM Lane Cove River - Boronia Park Saltmarsh		36000														
HNCMA - Lane Cove River -Hunters Hill				18182												
Restoring EECs along Lane Cove River Estuary				23563		76337										
River To River Project				3000												
Estuary Grant for Buffalo Creek				6423		29577										
Sediment Constructed wetlands (Riverglade Res)				48000												
EEC - Gladesville Reserve				10000		10000										
EEC - Betts Park						10000										
ECC Riverglade Reserve						20000										
Native Habitat Recoery- Parramatta River						7400										
Total Income		49480	14064	114168	0	158314	0	0	0	0	0	0	0	0	0	0
EXPENDITURE																
URBAN STORMWATER DRAINAGE																
Drains Maintenance		83254	88933	73281	79500	79500	81700	84017	86464	89038	91748	94575	97552	100689	103697	106796
Depreciation Of Drains		143094	145663	77312	148600	148600	79010	79010	79010	79010	89830	89830	89830	89830	89830	101730
Environmental Trust Riverglade Reserve 09		39654	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parra River Foreshore Access Part 4		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FNPW Coastal Saltmarsh & Mangrove Rehabilitatic		19975														
Weed Action Project Year 2		8741	1250	0												
Weed Action Project Year 3			4064	0												
Weed Action Project Year 4				4991												
Weed Action Project Year 5						5000										
Weed Control Program		3480	10000	0												
EM 2012 - Lane Cove River- Boronia Park Saltmarsh		24259														
Estuary Management Lane Cove River			9091	0												
Environmental Trust Riverglade Reserve 09			6016	0												
STORMWATER IMPROVEMENT PROGRAM																
Parramatta River Catchment Group			6364	5500	6000	6000	6000	6174	6322	6474	6629	6795	6965	7139	7310	7486
Lane Cove River CatchmentMgt Committee			5000	0	5500	5500	0	0	0	0	0	0	0	0	0	0
HNCMA - Lane Cove River -Hunters Hill				18159												
Restoring EECs along Lane Cove River Estuary				14649		85251										
River To River Project				3000												
Estuary Grant for Buffalo Creek				6423		29577										
Sediment Constructed wetlands (Riverglade Res)				48000												
EEC - Gladesville Reserve				0		10000										
EEC - Betts Park						10000										
EEC - Gladesville Reserve Year 2						10000										
ECC Riverglade Reserve						20000										
Native Habitat Recoery- Parramatta River						7400										
Total Expenditure		322457	276381	251315	239600	416828	166710	169201	171796	174522	188207	191200	194347	197658	200837	216012
CAPITAL INCOME																

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S94 Contribution - Drainage	ED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL EXPENDITURE																
Drainage																
Siltation Traps, Upgrade Pit Inlet Capacities																
Bonnefin Rd - Upgrade Pit Inlet Cap 47	ED	144655	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Catchment Outlets	ED	13944			0	0	0	0	0	0	0	0	0	0	0	0
Hillcrest/Batemans	ED	0	1112	0	0	0	0	0	0	0	0	0	0	0	0	0
Brickmakers crk pit inlet	ED2						10465		11027		11563		12160		12763	
Brickmakers crk pipeline	ED2				10300	20300				11314				12537		
Brickmakers crk augment pipeline	ED2					20000						35730				
Hillcrest	ED2				10300	10300			11060			11190			12813	
Venus pit inlet	ED2						10506			11314			12220			13134
Venus pipeline	ED2							10779			11586			12537		
Outlet Enhancements new	ED2					30000	31519		33179		34757		36659		38477	
Outlet Enhancements maint	ED2			48770	15400	170030	15759	19403	19907	23759	24330	28584	29327	33851	34662	35494
Efficiency pit & pipeline	ED2					18000	18911		19907		20854		21995		23085	
Stormwater Reuse	ED2				20500	20500		21559								
Total Capital Expenditure		158599	1112	48770	56500	289130	87160	51741	95080	46387	103090	75504	112361	58925	121800	48628
Total Roads And Drainage		431576	263429	185917	296100	547644	253870	220942	266876	220909	291297	266704	306708	256583	322637	264640
RECREATION & PARKS																
INCOME																
PARKS & GARDENS																
Reserves Plans of Management Grant																
Total Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EXPENDITURE																
(PARKS AND GARDENS)																
Grants																
Environmental/Bushland Coordination		107892	103836	95093	87800	87800	88700	92417	95375	98522	101872	105335	109022	112947	116674	120524
Accrual of leave entitlement		7883	6445	5723	8100	8100	8500	8738	9018	9315	9632	9959	10308	10679	11031	11396
Bushland Regenerators																
Natural Assets Maintenance	ER	48519	45951	46045	46900	46900	48329	49585	50874	52045	53294	54786	56210	57672	58653	60061
Drainage/ Soil Profiles																
Boronia No 1	ER2					5000		5379			5781			6226		
Boronia No 2	ER2				5100	5100			5514			5926			6375	
Boronia No 3	ER2							5379					6080			
Gladesville Reserve	ER2						5233			5646			6080			6535
Weil Park	ER2						5233			5646			6080			6535
Riverglade Reserve	ER2				5100	5100			5514			5926			6375	
Buffalo Creek	ER2						5233			5646			6080			6535
Enhance Stands Of Bushland	ER	17583	18214	27213	28100	28100	28779	29585	30325	31053	31798	32593	33440	34243	35065	35907
Planet Footprint	ND		2909		5000	5000	5000	5145	5268	5395	5524	5663	5804	5949	6092	6238
Reserves Plans of Management - Boronia P	ND															
Reserves Plans of Management - Clarks P	ND															
Review Reserves Plans of Management					47300	47300	30000	30870	31611	32370	33146	33975	34824	35695	36552	37429
Total Expenditure		181877	177355	174074	233400	238400	225007	227098	233499	245638	241048	254163	273929	263411	276817	291160
CAPITAL INCOME																

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S94A Contribution	S94A				35000	35000	35000									
Total Capital Income					35000	35000	35000	0	0	0	0	0	0	0	0	0
CAPITAL EXPENDITURE																
Bushland Regeneration	S94A				35000	35000	35000									
Total Capital Expenditure					35000	35000	35000	0	0	0	0	0	0	0	0	0
Total Recreation And Parks		181877	177355	174074	233400	238400	225007	227098	233499	245638	241048	254163	273929	263411	276817	291160
Total Our Environment		1013841	527992	530306	789800	1176811	713877	662780	723507	699224	774973	773904	844765	796363	886950	856545
MOVING AROUND																
ROADS & DRAINAGE																
INCOME																
ADMINISTRATION																
Vehicle Lease		10741	14234	15849	14200	14200	19900	21890	22415	22953	23504	24092	24694	25311	25919	26541
Engineering Inspections				200												
Construction Zones		1651	20068	1545	2000	2000	2000	2058	2107	2158	2210	2265	2322	2380	2437	2495
Erection of Hoardings		1460	19029	17257	2000	2000	2000	2058	2107	2158	2210	2265	2322	2380	2437	2495
ROADS																
Regional Roads & Traffic RTA		25000	26000	27000	28000	28000	28000	28812	29503	30212	30937	31710	32503	33315	34115	34934
RTA Roads		27070	15000	15000	15000	15000	15000	15435	15805	16185	16573	16988	17412	17848	18276	18714
Local Roads (Federal Grants)		175023	136986	69067	141500	141500	142720	142720	148880	152453	156112	160014	164015	168115	172150	176281
Roads To Recovery Grant		0	0	0	90000	90000	0	0	0	0	0	0	0	0	0	0
Bus Routes		4961	4741	5891	6000	6000	6200	6380	6533	6690	6850	7022	7197	7377	7554	7735
Road Opening Permits		3679	9067	16379	14000	14000	16000	16464	16859	17264	17678	18120	18573	19037	19494	19962
Reimburse Roads/ Footpaths Reinstatement		597412	265238	455185	300000	300000	350000	360150	368794	377645	386708	396376	406285	416442	426437	436671
Traffic Facilities Council Roads		39000	40000	41000	41000	41000	42000	43218	44255	45317	46405	47565	48754	49973	51172	52401
Road Safety Officer Grant			0	0	0	0	0	0	0	0	0	0	0	0	0	0
ANCILLIARY ROADWORKS																
Vehicle Entrance/Recovery Works		7091	7376	5514	6200	6200	10100	10393	10642	10898	11159	11438	11724	12017	12306	12601
Tree Preservation Order		15663	17259	8673	9500	9500	9100	9364	9589	9819	10054	10306	10563	10828	11087	11353
STREET LIGHTING																
State Subsidies		33000	34000	34000	35000	35000	35000	36015	36879	37764	38671	39638	40629	41644	42644	43667
BUS SHELTERS																
Bus Shelters Advertising		125254	129434	132797	135500	135500	139400	143443	146885	150410	154020	157871	161818	165863	169844	173920
Total Income		1067205	738432	845357	839900	839900	817420	838399	861255	881925	903091	925669	948810	972531	995871	1019772
EXPENDITURE																
(ADMINISTRATION)																
Salaries & allowances		441989	433700	498752	507000	507000	507500	530140	547104	565159	584374	604243	625391	647905	669286	691372
Travelling		33861	33493	38102	33500	33500	31400	32311	33086	33880	34693	35561	36450	37361	38257	39176
Accrual of leave entitlement		76624	51950	108691	65400	65400	64000	65792	67897	70138	72523	74988	77613	80407	83061	85802
Depreciation of vehicles		36006	32749	23916	24100	24100	19200	19400	20000	20400	20700	21600	22400	23100	23600	23600
Insurance Public Risk		81000	15130	65246	79000	79000	94000	107000	112350	117968	123866	130059	136562	143390	150560	158088
Insurance Reserve						50000										
Consultant Arborist		3233	1238	0	5000	5000	5000	5145	5268	5395	5524	5663	5804	5949	6092	6238
Compensation to the Public		6143	39570	12818	25000	25000	25000	25725	26342	26975	27622	28313	29020	29746	30460	31191
Engineering Office Expenses		9301	10181	13030	12700	12700	13300	13686	14014	14350	14695	15062	15439	15825	16205	16594
Stores Unallocatable		8306	44021	129	2000	2000	500	515	527	539	552	566	580	595	609	624
Works Depot Expenses		35973	70448	83110	51100	46100	46400	47770	49293	50842	52445	54096	55830	57594	59365	61195

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Deprec. Of Buildings Depot		32865	32865	10400	28700	28700	10400	10400	11280	11280	11280	11280	11280	12740	12740	12740
Other Expenses		6335	2889	3463	6700	6700	5300	5454	5585	5719	5856	6002	6152	6306	6457	6612
Legal Expenses		7678	4004	5195	6000	6000	6000	6174	6322	6474	6629	6795	6965	7139	7310	7486
(OTHER COMMUNITY AMENITIES)																
(ROADS)																
Regional Roads		26619	25942	26999	28000	28000	28000	28812	29503	30212	30937	31710	32503	33315	34115	34934
Council Roads Maint		143240	196679	130041	154200	154200	158500	163031	167486	172136	176990	182088	187414	192980	198357	203889
Accrual of leave entitlement		5521	15090	10500	11700	11700	12100	12439	12837	13260	13711	14177	14674	15202	15704	16222
Council Roads Restorations		0	3113	11660	14600	14600	15000	15435	15807	16188	16579	16995	17423	17861	18292	18733
Depreciation Of Roads		1690295	906674	1117509	961500	961500	1127480	1127480	1127480	1127480	1281860	1281860	1281860	1281860	1281860	1451720
Council Rds Traffic Facil		42144	39085	30777	41000	41000	42000	43206	44344	45525	46753	48047	49392	50791	52149	53545
Regional Rds Traffic Facil		3446	10230	6611	12000	12000	12000	12347	12652	12965	13287	13629	13982	14345	14700	15065
Road Safety Officer			0	0	0	0	0	0	0	0	0	0	0	0	0	0
(ANCILLARY ROADWORKS)																
Gutter Bridges / Veh Ent																
Road & Traffic Signs		4503	5955	3064	5800	3300	3400	3498	3587	3679	3774	3874	3978	4085	4190	4298
Recoverable Works		0	2694	0	5000	5000	5000	5144	5276	5412	5553	5702	5856	6016	6171	6331
Tree Pruning & Planting		127073	119387	119917	93000	93000	117000	120373	123426	126580	129837	133287	136853	140541	144140	147833
STREET LIGHTING		210037	275186	254771	309000	309000	300000	308700	316109	323695	331464	339751	348244	356951	365517	374290
(FOOTPATHS)			0													
Footpaths Maintenance		61605	60982	62491	45500	45500	51300	52760	54253	55819	57461	59179	60982	62875	64696	66571
Footpaths Restorations		462217	278684	458225	207800	207800	300000	308699	316117	323714	331495	339794	348302	357024	365605	374392
(BUS SHELTERS)																
Bus Shelters		2919	3319	3540	10100	10100	6900	7101	7302	7511	7731	7961	8201	8453	8697	8948
Depreciation Of Buildings Bus Shelters		2775	2775	1320	3200	3200	1365	1365	1480	1480	1480	1480	1480	1690	1690	1690
Total Expenditure		3561708	2718033	3100277	2748600	2791100	3008045	3079899	3136727	3194775	3409671	3473761	3540130	3611345	3679386	3919178
CAPITAL INCOME																
Loan - Footpaths		5511	0	0	0	0	0	0	0	0	0	0	0	0	0	0
S94A Contribution	S94A				110000	110000	95000	115000	30000							
Total Capital Income		5511	0	0	110000	110000	95000	115000	30000	0	0	0	0	0	0	0
CAPITAL EXPENDITURE																
ROADS																
Minor Plant		6250	2792	1587	5000	5000	5000	5145	5268	5395	5524	5663	5804	5949	6092	6238
Public Works Plant		152116	22400	0	85000	85000	142000	108000	281000	30000	0	66000	10000	217000	261000	31000
Motor Vehicles		193314	147378	150464	235000	235000	107800	121900	231000	207600	37500	343900	125300	140800	267100	240100
Roads Additional FFTF	Gen						210000				217500	225000	187500	157500	135000	247500
Street Lighting Joubert St	S94A				30000	30000										
Contract Surfacing Reseal	IR	75462	17688	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000
Roads To Recovery Grant Reseal		0	0	0	90000	90000	0	0	0	0	0	0	0	0	0	0
RTA Roads		26944	14558	15000	15000	15000	15000	15435	15805	16185	16573	16988	17412	17848	18276	18714
Road Reconstruction	IR	222055	90505	145000	145000	145000	145000	145000	145000	145000	145000	145000	145000	145000	145000	145000
Additional New Roads Program	IR		285365	334242	314100	314100	303190	298650	257640	313350	296600	309600	316050	316050	316050	316050
Prince Edward & Princ e George Pdes						37859										
Street trees pathway management	S94A				50000	50000		50000								
PAMP Gladesville	S94A						35000	35000								
Pedestrian crossing Gladesville Rd							60000									
Footpaths Renewal	IR2	20951	0	1908	90288	180180	112417	94889	90689	97301	104849	113145	112421	123493	126457	129492
Kerb & Gutter Renewal	IR2	0		77639	96444	111805	98233	98093	94007	100129	97319	101830	103887	105941	108484	111087
Access Committee Kerb Ramping		16006	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bus Shelters	S94A				30000	30000		30000	30000							
Works Depot																
Building Refurbishment	CF				30000	30000										38500
Total Capital Expenditure		713098	580686	775840	1265832	1408944	1283640	1052082	1200410	964960	970866	1377125	1073354	1279581	1433459	1333682
Total Roads And Drainage		3202090	2560286	3030760	3064532	3250144	3379265	3178582	3445882	3277809	3477445	3925218	3664674	3918395	4116974	4233087

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TRAFFIC & PARKING																
INCOME																
Parking Fines and Costs		180889	191088	231191	210000	210000	240000	246960	252887	258956	265171	271801	278596	285560	292414	299432
Parking Fees Clarkes Point		0	0	0	150000	150000	125000	128625	131712	134873	138110	141563	145102	148729	152299	155954
Parking Fees Buffalo Creek							25000	25725	26342	26975	27622	28313	29020	29746	30460	31191
Dinghy Fees		1728	1440	1639	2500	2500	9760	10043	10284	10531	10784	11053	11330	11613	11891	12177
Parra River Foreshore & Access Grant Dinghy Racks																
Other Revenues Road Leases		10730	15573	12470	14200	14200	13160	13542	13867	14199	14540	14904	15276	15658	16034	16419
Murray Prior Dinghy Racks		5798	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Riverglade to River Bike Track Grant			55843	76424												
Margaret Street Boat Ramp Design																
Margaret Street Boat Ramp		247716	307508	433273												
Margaret Street Boat Ramp Car park			38628													
Dept Transport - Huntleys Point Rd Car Parking						18750										
Dept Transport - Huntleys Point Rd Car Parking Construction				11250		200000										
Dept Transport - Huntleys Point Rd Interchange Wharf						157000										
Total Income		446861	610080	766247	376700	752450	412920	424895	435092	445534	456227	467633	479324	491307	503098	515173
EXPENDITURE																
(PARKING)																
Parking Areas Maintenance		9411	9430	6736	15300	15300	15300	15740	16147	16569	17006	17468	17947	18444	18927	19424
Maintenance Clarkes Point Parking		0	0	0	50000	50000	40000	41143	42274	43456	44690	45986	47341	48758	50126	51533
Maintenance Buffalo Creek Parking							7800	8026	8219	8416	8618	8834	9054	9281	9503	9732
Depreciation Of Car Parks		2230	2538	10985	8000	8000	10990	10990	10990	10990	13120	13120	13120	13120	13120	14860
Parking Studies		0	8000	24298	0	0	0	0	0	0	0	0	0	0	0	0
Dept Transport - Huntleys Point Rd Car Parking Design				11250		18750										
(WATER TRANSPORT)																
Wharves & Jetties		12643	7311	5946	15600	15600	16700	17280	17838	18419	19025	19671	20346	21051	21769	22520
Depreciation Of Buildings		44371	55583	28221	61000	61000	28230	28230	30590	30590	30590	30590	30590	34600	34600	34600
Depn of Other Structures				40625			41770	42990	44080	45130	46200	47360	48540	49760	51010	52270
Dinghy Storage Maintenance		0	0	0	1000	1000	1100	1132	1162	1194	1227	1261	1298	1335	1372	1410
Depn of Other Structures		3216	3216	702	3200	3200	720	740	760	780	800	820	840	860	880	900
(OTHER TRANSPORT)																
Consultant Traffic Management Plan		26010	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditure		97881	86078	128763	154100	172850	162610	166271	172040	175544	181277	185111	189076	197209	201308	207248
CAPITAL INCOME																
S94 Contribution - Riverglade Bikeways		70000														
S94 Contribution - Gladesville Rd Traffic Cal S94A		10000	0	0												
S94 Contribution - Buffalo Creek		0														
Total Capital Income		80000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL EXPENDITURE																
Riverglade to River Bike Track Grant		89516	0	76424	0	0	0	0	0	0	0	0	0	0	0	0
Murray Prior Dinghy Racks		1401	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Riverglade to River Bike Track Grant			36326													
Margaret Street Boat Ramp		247716	307508	12482												
Margaret Street Car Park - Grant			38628	380781												
Buffalo Creek Reserve - car park and lighting																
Dept Transport - Huntleys Point Rd Car Parking Construction						200000										
Dept Transport - Huntleys Point Rd Interchange Wharf						157000										
Huntleys Point Wharf Waiting Area	CF														12800	
Tram Facilities	IR2			1252	56430	110178	26266	26949	27649	28285	28964	29775	30549	31343	26931	26286
Total Capital Expenditure		338633	382462	470939	56430	467178	26266	26949	27649	28285	28964	29775	30549	31343	39731	26286

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Total Traffic And Parking		-90347	-141540	-166545	-166170	-112422	-224044	-231675	-235403	-241706	-245986	-252747	-259699	-262755	-262059	-281639
Total Moving Around		3111743	2418746	2864215	2898362	3137722	3155221	2946906	3210479	3036103	3231459	3672471	3404975	3655640	3854915	3951448

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OUR COUNCIL																
MANAGEMENT & COUNCIL SUPPORT																
INCOME																
150th Anniversary of the Municipality		74746	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Metro Pool Enterprise Risk Management		1818	91	0												
Restoration of HH RSL German Howitzer No. 1177		9091	0	1000		250										
Anzac Day 2015 Restoration of Howitzer				0	20000	20000	0									
Total Income		85655	91	1000	20000	20250	0	0	0	0	0	0	0	0	0	0
EXPENDITURE																
GENERAL																
Salaries & allowances		299553	305090	327073	423000	423000	432000	451189	465627	480993	497347	514257	532255	551417	569613	588411
Travelling		12541	11561	13373	14700	14700	13300	13686	14014	14350	14695	15062	15439	15825	16205	16594
Accrual of leave entitlement		66541	56795	47006	57300	57300	60200	61886	63866	65974	68217	70536	73005	75633	78129	80707
Deprec. On Vehicles		10690	10523	8155	8500	8500	4800	4800	5200	5100	5100	5500	5500	5500	6000	6000
Extra Clerical Assistance		14552	2078	2219	15000	15000	10000	10290	10537	10790	11049	11325	11608	11898	12184	12476
Advertising		39677	22818	26470	30000	30000	30000	30870	31611	32370	33146	33975	34824	35695	36552	37429
Telephones		23304	16931	16522	17500	17500	17800	18316	18756	19206	19667	20159	20663	21179	21687	22208
Printing & Stationery		60326	47348	58763	58000	58000	59700	61431	62906	64415	65961	67610	69301	71033	72738	74484
Subscriptions		5608	1580	972	6000	6000	6000	6174	6322	6474	6629	6795	6965	7139	7310	7486
Consultants		21926	38733	26095	50000	50000	30000	30870	31611	32370	33146	33975	34824	35695	36552	37429
Consultants- Joint Venture			75570	0												
Miscellaneous Insurance		0	0	3000	2000	2000	1000	1040	1082	1125	1170	1217	1265	1316	1369	1423
Fidelity Guarantee			2000	0	3000	3000	2000	1000	1050	1103	1158	1216	1276	1340	1407	1477
Enterprise Risk Management Implementation		13200	13200	13200	13200	13200	13200	13583	13909	14243	14584	14949	15323	15706	16083	16469
Public Relations & Community Relations		26047	18102	16894	18500	18500	21000	21609	22128	22659	23202	23783	24377	24987	25586	26200
Community Survey					18000	18000	0									
Community Engagement																
150th Anniversary of The Municipality of Hunters Hill SHHMC		174802	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Postages		23835	19644	29777	38900	38900	35000	36015	36879	37764	38671	39638	40629	41644	42644	43667
Other Administration Exps		13579	16694	18437	18000	18000	18500	19037	19493	19961	20440	20951	21475	22012	22540	23081
Document Service Standards			0	0												
Review Performance Indicators			2600													
Legal Exps		6221	29693	10830	10000	10000	12000	12348	12644	12948	13259	13590	13930	14278	14621	14972
COUNCIL																
Mayoral Allowance		27240	25595	40487	39100	39100	40300	41469	42464	43483	44527	45640	46781	47950	49101	50280
Members Fees		117602	119420	124033	128700	128700	129200	132947	136138	139405	142751	146319	149977	153727	157416	161194
Travel Exp & Subsist Meetings		10394	34845	38546	40000	40000	41700	42908	43946	45009	46099	47261	48453	49676	50878	52110
Mayoral & Councillor Expense Carers		0	0	0	2000	2000	2000	2058	2107	2158	2210	2265	2322	2380	2437	2495
Councillors Training		0	400	0	7000	7000	7000	7203	7376	7553	7734	7928	8126	8329	8529	8733
Delegates Expenses		10271	13091	0	11000	11000	11000	11319	11591	11869	12154	12458	12769	13088	13402	13724
Insurance - Members		0	0	2000	2000	2000	2000	2100	2205	2315	2431	2553	2680	2814	2955	3103
Mayoral Association			0	0	10000	10000	10000	10290	10537	10790	11049	11325	11608	11898	12184	12476
Subscriptions LG Association		14480	15063	15974	16900	16900	17500	18375	19294	20258	21271	22335	23452	24624	25855	27148
LG Association Constitutional Recognition			8454	-8454	0	0	0									
Subscriptions Other Council Groups		23634	24838	24958	27500	27500	26200	26855	27526	28215	28920	29643	30384	31144	31922	32720
Donations		1000	0	180	3000	3000	2000	2058	2107	2158	2210	2265	2322	2380	2437	2495
Election Expenses		0	71973	0	0	0	0	100000	0	0	0	110000	0	0	0	133700
Saluting Their Service - Restoration of Gun				3636												
Restoration of HH RSL German Howitzer No. 1177				909												
Total Expenditure		1017022	1004638	861055	1088800	1088800	1055400	1231725	1122925	1155056	1188796	1334527	1261532	1300307	1338336	1510692
CAPITAL EXPENDITURE																

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
Heat Binder		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restoration & Relocation Howitzer					55000	55000										
Total Capital Expenditure		0	0	0	55000	55000	0	0	0	0	0	0	0	0	0	0
Total Management & Council Support		931367	1004547	860055	1123800	1123550	1055400	1231725	1122925	1155056	1188796	1334527	1261532	1300307	1338336	1510692
INFORMATION SYSTEMS																
EXPENDITURE																
Salaries & allowances		266978	271618	281671	289500	289500	291000	303877	313601	323950	334964	346353	358475	371380	383636	396296
Travel		0	0	0	100	100	100	103	105	108	110	113	116	119	122	125
Accrual of leave entitlement		36256	24258	31467	33200	33200	35700	36700	37874	39124	40454	41829	43294	44852	46332	47861
Office Expenses		1474	1398	1336	2500	2500	2500	2573	2634	2697	2762	2831	2902	2975	3046	3119
Records Storage		10801	10650	13965	16000	16000	16000	16464	16859	17264	17678	18120	18573	19037	19494	19962
Software Licenses & maintenance		102600	111870	111026	155000	155000	159500	164126	168065	172098	176228	180634	185150	189779	194333	198997
Total Expenditure		418109	419793	439465	496300	496300	504800	523841	539138	555241	572197	589881	608510	628142	646963	666360
CAPITAL EXPENDITURE																
Computer System																
Sundry Office Equipment		14053	63317	30104	25000	35211	25000	25000	64000	25000	46935	25000	25000	64000	25000	40000
Software System		26073	49107	29233	30000	30000	30000	43500	30000	30000	45000	30000	30000	30000	30000	45000
Accounting System - Everest Management System																
Management Plan System		4946	2217	24830	0	0	0	0	0	0	0	0	0	0	0	0
Records system		37204	9610		0	0	0	0	0	0	0	0	0	0	0	0
Asset Management System			12032			25505										
Ranger Devices & Software							26000									
On line DA submission					17000	17000										
On line Service Request			0	0	13200	18800										
Electronic Business Paper																
On line Payments System			0	50404		2596										
Total Capital Expenditure		82276	136283	134571	85200	129112	81000	68500	94000	55000	91935	55000	55000	94000	55000	85000
Total Information Systems		500385	556076	574036	581500	625412	585800	592341	633138	610241	664132	644881	663510	722142	701963	751360

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HUMAN RESOURCES																
INCOME																
Safety &Welfare - OHS Incentive		11874	13832	15930	16000	16000	8000	8232	8430	8632	8839	9060	9287	9519	9747	9981
Paid Parental Leave			12736	9279												
Total Income		11874	26568	25209	16000	16000	8000	8232	8430	8632	8839	9060	9287	9519	9747	9981
EXPENDITURE																
Salaries & allowances		119382	123521	148194	156100	156100	156900	163863	169107	174687	180627	186768	193305	200264	206873	213699
Accrual of leave entitlement		24781	18442	17408	20500	20500	22700	23336	24082	24877	25723	26597	27528	28519	29461	30433
Safety &Welfare Exps		6132	12902	19370	20600	40431	12500	12863	13171	13487	13811	14156	14510	14873	15230	15595
Training Program		34721	35688	46414	41000	41000	42000	43218	44255	45317	46405	47565	48754	49973	51172	52401
Training Program Outdoor Labour Charge		9549	10302	3484	11200	11200	11500	11822	12200	12603	13031	13474	13946	14448	14925	15417
Competency Assessment		0	3713	0	0	0	0	0	0	0	0	0	0	0	0	0
Conferences		3314	4517	802	6300	6300	6500	6689	6849	7013	7182	7361	7545	7734	7920	8110
Office Expenses		0	400	0	500	500	500	515	527	539	552	566	580	595	609	624
LABOUR OVERHEADS																
Accrual of leave entitlement NEI		24074	21797	20496	26100	26100	26300	27036	27902	28822	29802	30816	31894	33042	34133	35259
Superannuation		463682	482017	506919	543200	543200	556400	579484	598027	617762	638766	660484	719832	783033	847699	915078
Public Holidays NEI		37666	42417	39811	45800	45800	45500	46774	48271	49864	51559	53312	55178	57164	59051	61000
Workers Compensation		96194	148997	49572	111500	111500	114500	117706	121473	125481	129748	134159	138855	143853	148600	153504
FBT		67498	55458	54650	57000	57000	57400	59065	60482	61934	63420	65006	66631	68297	69936	71614
Sick Leave NEI		36029	33610	46509	49400	49400	50700	52120	53787	55562	57452	59405	61484	63697	65800	67971
Family Leave		5231	641	4945	6500	6500	8700	8944	9230	9534	9859	10194	10551	10930	11291	11664
Pre Employment Medicals		1289	720	600	1000	1000	800	823	843	863	884	906	929	952	975	998
Paid Parental Leave			12737	9332												
Total Expenditure		929542	1007879	968506	1096700	1116531	1112900	1154255	1190206	1228348	1268820	1310770	1391522	1477375	1563673	1653367
Total Human Resources		917668	981311	943297	1080700	1100531	1104900	1146023	1181777	1219716	1259981	1301710	1382235	1467857	1553926	1643386
FINANCIAL MNGEM'T & INTERN AUD																
EXPENDITURE																
Salaries & allowances		109907	99386	114212	118700	118700	119300	124696	128687	132933	137453	142126	147101	152397	157426	162621
Travelling		5755	5351	5183	6700	6700	8400	8644	8851	9063	9281	9513	9751	9995	10234	10480
Accrual of leave entitlement		16128	14102	14591	15600	15600	16000	16448	16974	17534	18131	18747	19403	20102	20765	21450
Deprec. On Vehicles		9957	9442	7317	7500	7500	7400	7400	6300	6300	6300	6800	6800	6800	7300	7300
Stores Operations		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office Expenses		2814	2750	3743	4400	4400	4400	4528	4636	4748	4861	4983	5108	5235	5361	5490
Audit Fees		25500	26500	27200	27100	27100	28500	29327	30030	30751	31489	32276	33083	33910	34724	35558
Internal Audit		43205	51786	46345	50600	50600	52000	53508	54792	56107	57454	58890	60362	61871	63356	64877
Internal Audit Committee				0	4000	4000	4000	4116	4215	4316	4420	4530	4643	4759	4874	4991
Asset Management System			10000	30000												
Asset Valuations					40000	40000	25900	20000	20000	20000	20000	20000	20000	20000	20000	20000
Total Expenditure		213266	219317	248591	274600	274600	265900	268666	274486	281753	289389	297866	306251	315069	324040	332766
CAPITAL INCOME																
ASSETS SOLD																
Assets Sold Motor Vehicles (Book Value)		102164	92720	26498	76600	76600	59288	78674	141344	129176	24633	192668	68568	92529	139429	143109
Assets Sold Plant (Book Value)		32326	0	40809	0	0	0	0	0	0	0	0	0	0	0	0
DEPRECIATION																
Deprec. Plant Charges Works		110218	118903	101681	92400	92400	97384	104047	105311	96233	96233	98033	85533	120781	141281	103781
Deprec.Furniture & Fittings		5597	7164	14825	15000	15000	15000	15000	16700	16700	16700	16700	16700	18800	18800	18800
Deprec. Office Furniture		91678	123135	118961	84200	84200	86600	88900	91100	93300	95600	98000	100500	102900	105400	105400
Deprec. Motor Vehicles		110301	105033	78038	75300	75300	66000	65300	66500	68100	68400	71600	72700	73800	76600	79900

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Deprec. Other Structures		71222	86449	138603	94700	94700	123530	127100	130260	133370	136530	139900	143370	146920	150540	154180
Depreciation Buildings		695371	695466	315520	586800	586800	321930	320730	347760	347760	347760	347760	347760	393080	393080	393080
Depreciation Roads		1690295	906674	1117509	961500	961500	1127480	1127480	1127480	1127480	1281860	1281860	1281860	1281860	1281860	1451720
Depreciation Car Parks		2230	2538	10985	8000	8000	10990	10990	10990	10990	13120	13120	13120	13120	13120	14860
Depreciation Drains		143094	145663	77312	148600	148600	79010	79010	79010	79010	86830	86830	86830	86830	86830	101730
TRANSFERS FROM RESERVES																
Employees Entitlements		323010	386692	390025	448600	448600	652000	668600	594700	700700	724524	749158	775378	803292	829800	857184
Plant		119789	22400	0	64800	64800	105000	64000	167500	19000	0	42000	9800	150500	152000	18000
Plant SES Vehicle half Cost		41256	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office Furniture & Equip Replacement Reserve		0	58557	0	85200	85200	0	0	0	0	0	0	0	0	0	0
Election Expenses		0	71973	0	0	0	0	100000	0	0	0	112000	0	0	0	133700
Inc in Provision For Employee Leave Ent		134890	104899	128870	72500	72500	0	0	0	0	0	0	0	0	0	0
Domestic Waste		334473	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Domestic Waste - Truck			56100	0												
Domestic Waste - Regional Project Officer																
Insurance Reserve						50000										
RESTRICTED ASSETS																
Community Facilities					444800	444800		304361	0							
E Planning Project (Council Contribution)		9400	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Environment Drainage Special Rate 06-07		2200	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Environment Reserves General Fund Supporting R		16347	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2007-2008 Incomplete																
Water Savings Action Plan		363	12083	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Community Facilities 07/08 Levy		1003	2500	0	0	0	0	0	0	0	0	0	0	0	0	0
Environment Drainage Special Rate 07-08		12000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Environment Reserves General Fund Supporting R		5800	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008-2009 Incomplete																
Environment Drainage Levy 08-09		6800														
Environment Reserves General Fund Supporting R		20900														
Environmental Trust Riverglade Reserve 09 Council		10819	6016	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Facility Special Rate 08-09			37700	0												
Safety & Welfare OH&S Incentive			500	0												
Asset Management System			12032	0												
2009-2010																
Sport & Recreation Needs Study		19040			0	0	0	0	0	0	0	0	0	0	0	0
2009-2010 Incomplete																
Clarks Point Reserve Car Park & Sailing Club Cl A		3013														
Community Facility Special Rate 09-10		36397	17700													
Environment Drainage General Fund Supporting Dr		34000														
Environment Reserves Levy 09-10		1906														
Special Loan Repay			213900													
2010-2011 Incomplete Works																
NSW Office Of Water Grant		8110														
Environmental Trust Riverglade Reserve 09		28800														
FNPW Coastal Saltmarsh & Mangrove Rehabilitato		20000														
Aged and Disability			9300													
Environment Drainage Levy 10-11		47000														
Contract Surfacing Reseal		50000														
Road Reconstruction		70400														
RLCIP Grant - Clark Point Reserve Walking Track		30500														
Playground Grants		28950														
Playground Council Contribution		9000														
Environment Reserves General Fund Supporting R		24941														
Public Amenities Improvements Program		817														
Love Food Hate Waste Education Project		12200														
Software System		17100														
Management Plan System		4946	2217			25506										
Concept & Feasibility Plan for Community Hub Glac		4900														
RLCIP Grant - Boronia Park Walking Track			14833													
Sport & Recreation Needs Study			3705													
Safety & Welfare - OHS Incentive			9400													
2011-2012 Incomplete Works																
Aged services Grant			15400													

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Road Reconstruction			17688													
Software System			23000													
Safety & Welfare Exps OH&S Incentive			3002													
Welcome Signs at Entry Points			7273													
Lane Cove River Stormwater Impt Works Grant			9091													
Weed Action Project Year 2			1250													
LEP/DCP Project Management Gladesville				2200		12800										
Pittwater Rd (Princess St Precinct) LEP & DCP				0		20000										
Comprehensive LEP				0												
Aged and Disability				4617												
Aged and Disability				13000		8321										
Electrical Work				8000												
Bathroom Upgrade				9448												
Airconditioning				9223												
Guard rail				8500												
Boronla No 3 Over Bridge				48400												
Welcome Signs at Entry Points				17700												
The Priory Grant - CBP				0												
Office Refurbishment Stage 1				8500												
Tables & Chairs				62413												
Waste Performance Improvement				55138		110065										
Love Food Hate Waste Education Project				7800		22402										
Brickmakers Upgrade Pipeline						20000										
Outlet Enhancements maint				48770		139630										
Additional New Roads Program				116500												
Parking Studies				12000												
Saluting Their Service - Restoration of Gun				3600	3600	3600										
Restoration of HH RSL German Howitzer No. 1177				909	9200	9200										
Computer System				14500		10211										
Asset Management System				30000												
Management Plan System				24830												
On line Service Request						5600										
On line Payments System				40000		2596										
Safety & Welfare Exps				19370		19831										
2013-2014 Incomplete Works																
SSHAP Grant - improvement at Morningside Reserve						16400										
ER2						25727										
CF						220215										
IR2						161001										
ED2						73000										
Park Rd between Prince st & High St						37859										
Restoring EECs along Lane Cove River Estuary						8914										
Estuary Grant for Buffalo Creek						0										
EEC - Gladesville Reserve						10000										
Pulpit Point Sea Walls						60800										
Total Capital Income		4545566	3402956	3125054	3271800	4332678	2744212	3154192	2878655	2821819	2895190	3252629	3005119	3287412	3391740	3575444
CAPITAL EXPENDITURE																
TRANSFER TO RESERVE																
Employees Entitlements		376966	428651	338476	477600	477600	607520	623537	586313	657486	679841	702955	727559	753751	778624	804319
Plant		110218	118903	112490	0	0	97384	104047	105311	96233	96233	98033	85533	120781	141281	103781
Plant SES		12000	12000	0	0	0	0	0	0	0	0	0	0	0	0	0
Office Equipment		40000	40000	0	0	0	0	0	0	0	0	0	0	0	0	0
Town Hall Replacements		30000	30000	30000	0	0	0	0	0	0	0	0	0	0	0	0
Election Expenses		22500	22500	25000	20000	20000	20000	20000	22800	22800	22800	22800	33500	33500	33500	33500
S94 Reserve		185301	316481	365564	300000	300000	300000	308700	316109	323695	331464	339751	348244	356951	365517	374290
S94 Reserve interest		70396	58599	45679	15600	15600	11700	17600	24500	15700	12540	14366	15680	16022	16347	17050
Insurance Reserve		19857	0	12182	0	0	0	0	0	0	0	0	0	0	0	0
LOANS																
Principal Repayments		332366	350493	52510	0	0	0	0	0	0	0	0	0	0	0	0
Principal Repayments Footpaths		45500	48970	30000	56600	56600	60800	65400	34500	0	0	0	0	0	0	0

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Domestic Waste - Truck																
Dec in Provision For Employee Leave Ent							111200	112658	20967	108034	111707	115505	119548	123852	127939	132161
RESTRICTED ASSETS																
Community Facilities							131776									
2011-2012 Incomplete Works																
Aged services Grant		15370														
Environment Reserves General Fund Supporting R		870														
Environment Reserves Special Rate 11-12		14130														
Road Reconstruction		17833														
Software System		23027														
Safety & Welfare Exps OH&S Incentive		10078														
Welcome Signs at Entry Points		25000														
Community Facility Special Rate 11-12		179810														
Environment Drainage Levy 11-12		22400														
Restoration of HH RSL German Howitzer No. 1177		9100														
Lane Cove River Stormwater Impt Works Grant		11741														
Weed Action Project Year 2		1259														
2012-2013 Incomplete Works																
Community Facility Special Rate			295665													
Environment Reserves Special Rate			16061													
Environment Drainage Special Rate			81179													
Roads infra general Fund Supporting Special rate			116531													
Parking Studies			12000													
Document Service Standards			5000													
Review Performance Indicators			2400													
Computer System			14550													
On line Service Request			5600													
On line Payments System			40000													
Safety & Welfare Exps OH&S Incentive			12300													
Safety & Welfare Exps			5800													
Aged services Grant			17900													
The Priory Grant - CBP			31000													
Waste Performance Improvement			75300													
NSW Litter Prevention			5000													
Love Food Hate Waste Education Project			7800													
Restoration of HH RSL German Howitzer No. 1177 Contribution			100													
2013-2014 Incomplete Works																
Woolwich Baths replace Piles& decking				12727												
Buffalo Creek - bike path				3000												
Gladesville Res - bike path				5000												
River Glade Reserve Pathway				140467												
Total Capital Expenditure		1575722	2170782	1173095	869800	869800	1340380	1251942	1110500	1223949	1254585	1293410	1330065	1404856	1463209	1465100
Total Financial Management and Internal Audit		-2756578	-1012857	-1703368	-2127400	-3188278	-1137932	-1633584	-1493669	-1316117	-1351216	-1661352	-1368803	-1567486	-1604492	-1777578

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
ACCOUNTING OPERATIONS																
INCOME																
Sundry Permits		2554	125	3305	3200	3200	3300	3396	3477	3561	3646	3737	3831	3926	4021	4117
Rates Certificates Sec 603		15925	18135	24640	18000	18000	20500	21095	21601	22119	22650	23216	23797	24392	24977	25576
Charges Pipes & Installations S611		51367	52462	54376	53900	53900	57500	59168	60588	62042	63531	65119	66747	68416	70058	71739
Gen Purpose Fines & Costs		50	0	50	0	0	100	103	105	108	110	113	116	119	122	125
Gain on Sale of Motor Vehicles & Plant		44521	7675	26375	68600	68600	28912	21728	81056	0	0	1432	0	42471	98471	0
Sundry Sales & Services		1525	1198	1386	1000	1000	1500	1544	1581	1618	1657	1699	1741	1785	1828	1871
Other Revenue		2860	3110	3239	3500	3500	3900	4290	4393	4498	4606	4722	4840	4961	5080	5202
General Rate Current		6232028	6440451	6819937	6982100	6982100	7193200	7373030	7557356	7746290	7939947	8138446	8341907	8550454	8764216	8983321
Rate Increase Loan Repayment	IR	300968			0	0	0	0	0	0	0	0	0	0	0	0
Road Infrastructure Rate 12/13			317891	334966	342900	342900	354100	362953	372026	381327	390860	400632	410647	420914	431436	442222
Rate Increase Loan Repayment	IR2	225720	237457	225717	0	0	0	0	0	0	0	0	0	0	0	0
Other Infrastructure 2013/14					231000	231000	238500	244463	250574	256838	263259	269841	276587	283502	290589	297854
Environmental levy Drainage	ED	79130	83392	79018	80900	80900	83500	85588	87727	89920	92168	94473	96834	99255	101737	104280
Environmental levy Reserves	ER	79130	83392	79017	80900	80900	83500	85588	87727	89920	92168	94473	96834	99255	101737	104280
Rate Increase Community Buildings	CF	280422	295665	311846	319200	319200	329700	337943	346391	355051	363927	373025	382351	391910	401707	411750
General Rate Increase 2% for 10 years	2%		138100	145600	148900	148900	152500	156313	160220	164226	168331	172540	176853	181275	185806	190452
General Rate Increase 4.5%	4.5%								393000	402825	412896	423218	433798	444643	455760	467154
Extra Charges		21030	21539	19127	20000	20000	18800	19270	19752	20246	20752	21270	21802	22347	22906	23479
Interest On Investments		494245	416642	337545	316000	316000	314300	631400	668600	668600	724317	798606	835750	817178	798606	798606
Financial Assistance Grants		370924	289293	141407	293000	293000	296700	295500	307100	314470	322018	330068	338320	346778	355100	363623
Pensioner Rate Subsidy		53442	55016	52613	51800	51800	51500	52788	54107	55460	56846	58268	59724	61217	62748	64316
Local Government Procurement Rebate			274													
Other Revenue - Put Fee			9378													
Total Income		8255841	8471194	8660164	9014900	9014900	9232012	9756155	10477381	10639119	10943691	11274896	11572480	11864797	12176903	12359966
EXPENDITURE																
Salaries & allowances		239371	253859	259343	280600	280600	291200	304288	314025	324388	335417	346821	358960	371883	384155	396832
Travelling		3665	4024	6153	9900	9900	3600	3704	3793	3884	3978	4077	4179	4283	4386	4491
Accrual of leave entitlement		33657	27666	30584	33400	33400	38100	39167	40420	41754	43174	44642	46204	47867	49447	51079
Deprec. On Vehicles		7382	7382	5762	4000	4000	4300	4300	4700	4700	4700	5000	5000	5000	5400	5400
Banking Charges		32072	34640	36917	39500	39500	45200	46511	47627	48770	49941	51189	52469	53781	55071	56393
Valuation Fees		19954	21065	22073	23400	23400	23400	24079	24656	25248	25854	26501	27163	27842	28510	29195
Bad And Doubtful Debts		3194	5904	361	3500	3500	5000	5145	5268	5395	5524	5663	5804	5949	6092	6238
Loss on Sale of Motor Vehicles & Plant		2836	2589	2452	0	0	0	0	0	19276	8933	0	12468	0	0	15509
Loans Interest		31354	13194	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans Interest - Footpaths		25193	21663	17974	14000	14000	9700	5000	700	0	0	0	0	0	0	0
Office Expenses		0	13	124	1000	1000	800	823	843	863	884	906	929	952	975	998
Carbon Tax			2672	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditure		398678	394671	381743	409300	409300	421300	433017	442034	474279	478405	484798	513176	517557	534036	566135
Total Accounting Operations		-7857163	-8076523	-8278421	-8605600	-8605600	-8810712	-9323138	-10035348	-10164841	-10465286	-10790098	-11059304	-11347240	-11642867	-11793831
CONTINUOUS IMPROVEMENT																
EXPENDITURE																
Salaries & allowances		224139	233760	230287	243600	243600	254700	266046	274560	283620	293263	303234	313848	325146	335876	346960
Travelling		36	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrual of leave entitlement		35510	26063	39370	32000	32000	33300	34232	35328	36494	37734	39017	40383	41837	43217	44644
Office Expenses - Brochures		0	0	0	1000	1000	1000	1029	1054	1079	1105	1133	1161	1190	1218	1248
Total Expenditure		259685	259823	269657	276600	276600	289000	301308	310941	321193	332103	343384	355391	368173	380312	392851
Total Continuous Improvement		259685	259823	269657	276600	276600	289000	301308	310941	321193	332103	343384	355391	368173	380312	392851

DESCRIPTION	Note	2011/2012 ACTUAL	2012/2013 ACTUAL	2013/2014 ACTUAL	2014/2015 ESTIMATE ORIGINAL	2014/2015 ESTIMATE REVISED	2015/2016 ESTIMATE DRAFT	2016/2017 ESTIMATE DRAFT	2017/2018 ESTIMATE DRAFT	2018/2019 ESTIMATE DRAFT	2019/2020 ESTIMATE DRAFT	2020/2021 ESTIMATE DRAFT	2021/2022 ESTIMATE DRAFT	2022/2023 ESTIMATE DRAFT	2023/2024 ESTIMATE DRAFT	2024/2025 ESTIMATE DRAFT
COMMUNITY BUILDINGS																
EXPENDITURE																
Repairs & Maintenance Office Equipment		4253	7119	11711	11200	11200	11200	11525	11801	12085	12375	12684	13001	13326	13646	13973
DEPRECIATION																
Deprec. Of Office Equipment		91678	123135	118961	84200	84200	86600	88900	91100	93300	95600	98000	100500	102900	105400	105400
Depreciation Of Buildings		259510	259633	69100	161900	161900	69320	69320	75160	75160	75160	75160	75160	84950	84950	84950
RENT & LEASE OF FURN/EQUIP																
Rent & Lease Of Furn / equip Operating Lease		16908	18005	17750	17000	17000	15600	16052	16438	16832	17236	17667	18109	18561	19007	19463
Total Expenditure		372349	407892	217522	274300	274300	182720	185797	194499	197377	200371	203511	206770	219738	223003	223787
Total Community Buildings		372349	407892	217522	274300	274300	182720	185797	194499	197377	200371	203511	206770	219738	223003	223787
Total Our Council		-7632287	-5879731	-7117222	-7396100	-8393485	-6730824	-7499527	-8085736	-7977376	-8171119	-8623438	-8558669	-8836510	-9049818	-9049334

New or increased Items	N
Environmental Drainage Special Rate	ED
Environmental Reserves Special Rate	ER
Community Facilities Special Rate	CF
Total Asset Management Program Some F	TAM
Carried Over Project	C/O
Public Places Mainly S94 Funded	PP
S94A Works	S94A
Infrastructure Rate(cont local loan1)	IR
Environmental Reserves Special Rate Contir	ER2
Environmental Drainage Special Rate Contir	ED2
Infrastructure Rate 2 (cont local loan 2)	IR2
Community Facilities Special Rate 2017 On	CF2
Additional to comply with FFTF	Gen

HUNTERS HILL COUNCIL

Road Related Asset Renewal Program 2013/14 - 2024/25

street	total cost	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
footpath renewal program	1,030,462	91,000	90,288	112,417	94,859	90,689	97,301	104,849	113,145	112,421	123,493	126,457	129,492
kerb & gutter renewal program	988,862	93,000	96,444	98,233	98,093	94,007	100,129	97,318	101,830	103,867	105,941	108,484	111,087
traffic facilities renewal	280,430	25,000	25,650	26,266	26,948	27,649	28,285	28,965	29,775	30,549	31,343	26,931	26,286
traffic facilities renewal Hunters Hill Village	60,780	30,000	30,780										
sea wall renewal program	132,240	0	20,520	42,025	0	0	45,256	0	0	24,439	0	25726	52431
miscellaneous structures eg fencing, safety barricades	31,181	2,000	4,104	4,202	2,156	4,424	2,263	2,317	4,764	2,444	2,507	5,118	2,627
total	2,523,955	241,000	267,786	283,143	222,056	216,769	273,234	233,449	249,514	273,720	263,284	292,716	321,923

Footpath Renewal Program 2013/14 to 2024/25					1	2	3	4	5	6	7	8	9	10	1	2
street	section	side	type	cost	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Alexandra St	D'Aram - Ferry	north	pavers	33,000	33,000											
Alexandra St	Mount - Stanley	south	asphalt	25,000	25,000											
Alexandra St	Mount - D'Aram	north	asphalt	22,000	22,000											
Lloyd Ave	Alexandra - Brown	west	concrete	11,000	11,000											
Margaret St	Woolwich - Alfred	both	asphalt	27,189		27,189										
Ernest St	Alexandra - Maeline	both	asphalt	6,669		6,669										
Pittwater Rd	Princes - Ryde	east	concrete	37,823			37,823									
Woolwich Rd	Gladstone - Franki	north	asphalt	63,037			63,037									
Toocooya Rd	Ellesmere - Toocooya L	north	asphalt	11,557			11,557									
Woolwich Rd	Vernon - Gladstone	north	asphalt	56,430		56,430										
Figtree Rd	Ryde - Avenue	south	concrete	6,467				6,467								
Victoria Rd	Massey - Cowell	east	pavers	64,677				64,677								
Flagstaff St	Cowell - Massey	north	concrete	7,742					7,742							
Venus St	Pittwater - Massey	both	concrete	23,715				23,715								
Venus St	Massey - Cowell	both	concrete	26,543					26,543							
Woolwich Rd	Ferry - Wybalena	south	asphalt	46,450					46,450							
Woolwich Rd	Crescent - Futuna	north	asphalt	38,468						38,468						
Woolwich Rd	Futuna - Vernon	north	asphalt	38,468						38,468						
Venus St	Cowell - Batemans	both	concrete	38,232							38,232					
Ady St	Alexandra - Madelina	both	asphalt	9,954					9,954							
Avenue Rd	various	both	concrete	8,110							8,110					
Ferry St	Alexandra - Woolwich	both	concrete	6,951							6,951					
Huntleys Point Rd	Victoria - school	both	asphalt	20,365						20,365						
Mary St	various	both	concrete	19,116							19,116					
Pittwater Rd	Venus - Victoria	east	concrete	8,110							8,110					
Alexandra St	Kokera - end	north	concrete	5,214							5,214					
Stanley Rd	Mount - Lyndhurst	south	concrete	6,372							6,372					
Ryde Rd	Pittwater - Blaxland	south	concrete	12,744							12,744					
Ryde Rd	Blaxland - Mary	south	concrete	10,719								10,719				
Ryde Rd	Park - Mary	north	concrete	5,359								5,359				
Point Rd	Gale - Angelo	north	concrete	7,741								7,741				
D'Aram St	various	both	asphalt	10,719								10,719				
Earl St	various	both	concrete	9,528								9,528				
Ferry St	Woolwich - end	both	asphalt	11,911								11,911				
Joubert St north	Martin - Avenue	west	asphalt	7,741								7,741				
Mount St	Church - north end	west	concrete	6,550								6,550				
Prince George Pde	Gladstone - end	both	concrete	7,741								7,741				
Prince Edward Pde	various	both	concrete	8,932								8,932				
Huntleys Point Rd	along Betts Park	east	asphalt	13,102								13,102				
Jeanneret St	Woolwich - Glenview	both	asphalt	13,102								13,102				
Prince Edward St	various	both	concrete	9,776									9,776			
Point Rd	Angelo - Werambie	both	concrete	8,554									8,554			
Viret St	various	both	concrete	5,499									5,499			
Auburn St	various	both	concrete	7,943									7,943			
Augustine St	various	both	concrete	13,441									13,441			

[illegible]

Kerb & Gutter Renewal Program 2013/14 to 2023/24					1	2	3	4	5	6	7	8	9	10	1	2
street	section	side	type	cost	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Gale St	Woolwich - end	east	sandstone	7,500	7,500											
Prince George Pde	Gladstone - end	both	concrete	32,500	32,500											
Prince Edward Pde	Gladstone - Tiree	both	concrete	53,000	53,000											
Venus St	Pittwater - Massey	both	concrete	46,170		46,170										
Matthew St	Gladesville - Short	both	sandstone	3,078		3,078										
Ferry St	Woolwich - Alexandra	both	sandstone	11,286		11,286										
Park Rd	Princes - High	west	concrete	51,669		35,910	15,759									
Ferdinand St	Alexandra - end	both	concrete	68,291			68,291									
Alexandra St	Kokera - end	north	concrete	8,930			8,930									
Farnell St	Princes - High	west	concrete	5,253			5,253									
Blaxland St	Everard - Note	west	concrete	29,643				29,643								
Crescent St	Woolwich - end	east	sandstone	5,390				5,390								
Glenview Cr	Wybalena - end	both	concrete	43,118				43,118								
Everard St	various	both	concrete	12,935				12,935								
Mary St	various	both	concrete	19,907					19,907							
Reserve St	Gladesville - Manning	east	concrete	38,708					38,708							
Kelly St	Crown - Dick	both	concrete	7,007				7,007								
Gladesville Rd	Mary - Rocher	north	sandstone	16,590					16,590							
Martin St	various	both	sandstone	14,378					14,378							
The Avenue	Reiby - Mount	north	concrete	37,235					4,424	32,811						
Augustine St	Milling - Mark	west	concrete	7,354						7,354						
Ady St	Alexandra - McBride	both	concrete	20,365						20,365						
Leo St	Abbey - end	both	concrete	22,628						22,628						
Abbey St	Aston - Everard	west	concrete	25,488							25,488					
Batemans Rd	Makinson - Prince Edward	both	concrete	16,971						16,971						
High St	Pittwater - Blaxland	north	concrete	16,220							16,220					
Figtree Rd	Abigail - Joubert	north	concrete	25,488							25,488					
Luke St	Ryde - Gladesville	west	sandstone	12,744							12,744					
Sherwin St	Crown - William	both	concrete	47,153							17,378	29,775				
Makinson St	Batemans - Massey	both	concrete	65,505								65,505				
Isler St	Hillcrest - Sunnyside	south	concrete	6,550								6,550				
Joubert St north	Gladesville - Martin	both	concrete	48,878									48,878			
Ambrose St	Ferry - Passey	both	concrete	42,769									42,769			
Point Rd	Angelo - Valetia	north	concrete	27,265										12,220	15,045	
Point Rd	Mayfield - Angelo	south	concrete	48,269											48,269	
Garrick Ave	Crescent - end	both	concrete	20,687											20,687	
Toocooya Rd	Ferry - end	both	concrete	21,940											21,940	
			total	988,862	93,000	96,444	98,233	98,093	94,007	100,129	97,318	101,830	103,867	105,941	0	0
next works:																
Ferry St	Woolwich - end	both	sandstone	15,000											19,182	
Kokera St	Alexandra - Viret	west	concrete	11,000											14,067	
Rooke St	Rooke L - end	east	concrete	6,500											8,312	

Kerb & Gutter Renewal Program 2013/14 to 2023/24					1	2	3	4	5	6	7	8	9	10	1	2
street	section	side	type	cost	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
			total	32,500											41,561	
						2	2.90%	2.90%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.40%	2.40%
															108,484	111,087

Traffic Facilities Renewal Program 2013/14 to 2023/24																		
					1	2	2.90%	2.90%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.40%	2.40%		
Precinct	section	side	type	cost	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25		
Gladesville/Ryde Rd (Hunters Hill Village)				60,780	30,000	30,780	0	0	0	0	0	0	0	0	0	0		
Unallocated				0														
Henley/Huntleys Cove				17,019	0	0	5,253	0	0	5,657	0	0	6,109	0	0	6,566	6565.895	
Boronia Park				66,152	10,000	0	10,507	10,779	11,060	0	11,586	0	12,220	0	1,286	0	12826.11	
Hunters Hill				79,652	5,000	5,130	5,253	5,390	11,060	11,314	5,793	5,955	12,220	12,537	12,838	13,146	12837.89	13146
Woolwich				55,671	5,000	10,260	5,253	0	5,529	5,657	5,793	11,910	0	6,269	6,419	6,574	6419	6574
Gladesville				61,936	5,000	10,260	0	10,779	0	5,657	5,793	11,910	0	12,537	6,388	0	6388.15	
Program Total				341,210	55,000	56,430	26,266	26,948	27,649	28,285	28,965	29,775	30,549	31,343	26,931	26,286		

Seawall Renewal Program 2013/14 to 2024/25							2.90%	2.90%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.40%	2.40%
					1	2	3	4	5	6	7	8	9	10	1	2
Location	section	side	type	cost	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Pulpit Point Reserve				42,025	0	0	42,025	0	0	0	0	0	0	0	0	52,431
Clarkes Point Reserve				45,256	0	0	0	0	0	45,256	0	0	0	0	0	0
Dick St				20,520	0	20,520	0	0	0	0	0	0	0	0	25,726	0
Valentia St				24,439	0	0	0	0	0	0	0	0	24,439	0	0	0
Program Total				132,240	0	20,520	42,025	0	0	45,256	0	0	24,439	0	25,726	52,431
Miscellaneous Structures Program 2013/14 to 2024/25																
					1	2	3	4	5	6	7	8	9	10	1	2
Precinct	section	side	type	cost	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fencing & safety barriers																
Henley/Huntleys Cove				4,483	0	0	2,101	0	0	0	0	2,382	0	0	0	0
Boronia Park				6,759	0	2,052	0	0	0	2,263	0	0	2,444	0	0	2,627
Hunters Hill				6,473	2,000	0	0	2,156	0	0	2,317	0	0	0	2,555	0
Woolwich				6,771	0	2,052	0	0	2,212	0	0	0	0	2,507	0	0
Gladesville				6,695	0	0	2,101	0	2,212	0	0	2,382	0	0	2,563	0
Program Total				31,181	2,000	4,104	4,202	2,156	4,424	2,263	2,317	4,764	2,444	2,507	5,118	2,627

HUNTERS HILL COUNCIL

Environmental Improvement Program 2013/14 - 2024/25

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HUNTERS HILL COUNCIL

Environmental Improvement Program 2013/14 - 2024/25

catchment/program	total cost	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
drainage/soil profile	22,452	5,000			5,390			5,793			6,269		
Boronia No 2													
drainage/soil profile	16,615		5,130			5,530			5,955			6375	
Boronia No 3													
soil profile	11,500				5,390					6,110			
Gladesville Reserve													
drainage/soil profile	17,020			5,253			5,657			6,110			6,535
Weil park													
drainage/soil profile	17,020			5,253			5,657			6,110			6,535
Riverglade Reserve													
drainage/soil profile	16,615		5,130			5,530			5,955			6375	
Buffalo Creek													
drainage/soil profile	17,020			5,253			5,657			6,110			6,535
Woolwich Baths													
replacing piles and decking	48,560	15,000				16,590	16,970						
Other Assets													
Boronia Park													
entrance renewal	15,390		15,390										
Boronia Park North													
bike path	4,608			2,101							2,507		
Buffalo Creek													
bike path	6,761	3,000									3,761		
Gladesville Reserve													
bike path	11,269	5,000									6,269		
skate facility	11,208			5,253					5,955				
totals	1801055	174500	157491	187536	141749	204051	163488	194058	181627	226674	169881	228268	164201

COMMUNITY FACILITIES ASSET INFRASTRUCTURE SPECIAL RATE													
Schedule of Works													
	YR6	YR7	YR8	YR9	YR10	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
EXPENDITURE	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fairland Hall													
Painting (internal & external)	0	0	0	10,000	0							12,200	
Replace fence, gate, playground equipment	0	0	0	0	17,000								
Replace blinds	0	0	0	1,000	0							8,000	0
Carpet Replacement						10,000							
Playground Replacement							20,000						
Establish Council disaster recovery centre		10,000											
Replace Guttering											30,000		
Furniture Replacement							5,000					0	5800
	0	10,000	0	11,000	17,000	10,000	25,000	0	0	0	30,000	20,200	5,800
46 Gladesville Rd HACC													
Refurbish kitchen	0	0	0	10,000	0								
Refurbish bathrooms	0	0	0	20,000	0								
Replace air conditioners	0	0	0	20,000	0								
Painting (internal & external)							12,000						
	0	0	0	50,000	0	0	12,000	0	0	0	0	0	0
44 Gladesville Rd Comm Centre													
Refurbish kitchen	0	25,000	0	0	0								20,000
Refurbish bathroom	0	0	30,000	0	0								0
Furniture									10,000				8000
Air conditioner refurb	0	20,000		0								20,000	
Painting (internal & external)							20,000						
	0	45,000	30,000	0	0	0	20,000	0	10,000	0	0	20,000	28,000
2a Crown St (Riverside P/school)													
External painting	0	0	6,000	0	0						10,000		
	0	0	6,000	0	0	0	0	0	0	0	10,000	0	0
6 Pittwater Road (OCC)													
Refurbish kitchen	0	0	0	0	20,000								2000
Painting (internal & external)							15,000						
Floor coverings								15,000					
Refurbish bathroom	20,000	0	0	0	0								15,000
Playground Equipment							15,000						10000
	20,000	0	0	0	20,000	0	30,000	15,000	0	0	0	0	27,000
1a-1b Crown St (Henley Long Day Care)													
Floor coverings								30,000					
Painting (internal & external)						25,000							
Car Park Upgrade													20000
	0	0	0	0	0	25,000	0	30,000	0	0	0	0	20,000
9 Church St (Pre-school & ECC)													
Gutter Replacement									4,000				

	YR6	YR7	YR8	YR9	YR10	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
EXPENDITURE	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
External painting & timber repair	0	0	8,000	0						10,000			
Timber Replacement													8000
	0	0	8,000	0	0	0	0	0	4,000	10,000	0	0	8,000
Henley Cottage, Victoria Rd													
Floor coverings						20,000							
Painting (internal & external)						15,000							
Kitchen/Bathroom upgrade				45,000								20000	
Parking area refurbishment												0	
Refurbishment (Internal & External)													25000
	0	0	0	45,000	0	35,000	0	0	0	0	0	20,000	25,000
Shed at rear of Henley cottage													
Replacement	0	0	0	0	15,000								
	0	0	0	0	15,000	0	0	0	0	0	0	0	0
42 Gladesville Rd													
Replace floor coverings	0	0	0	0	5,000								
Replace window coverings	0	0	0	3,000	0								
Replace air conditioner	0	0	0	5,000	0							8000	
Kitchen/Bathroom upgrade											30,000		
Painting (internal & external)								15,000					
Refurbishment (Internal & External)												25000	
	0	0	0	8,000	5,000	0	0	15,000	0	0	30,000	33,000	0
Hunters Hill Town Hall													
Council Offices and Museum													
Restoration of stone façade					50,000	50,000							
Replace metal roofing Town Hall					150,000	100,000							
Office refurbishment Stage 1	40,000												
Office Refurbishment Stage 2&3			500,000										50000
Town Hall chairs/tables	50,000												
Replace floor									150,000				
Understage storage refurbishment							40,000						
Stage Bathrooms & dressing room											60,000		
Repaint building											40,000		
Upgrade Airconditioning										100,000			
Carpark Upgrade											100,000		
Town Hall sound and lighting		30,000											0
	90,000	30,000	500,000	0	200,000	150,000	40,000	0	150,000	100,000	200,000	0	50,000
Council Depot													
Building refurbishment			30,000										38,500
	0	0	30,000	0	0	0	0	0	0	0	0	0	38,500
10 Cowell St, Gladesville													
	0	0	0	0	0	0	0	0	0	0	0	0	0
40 Gladesville Rd													
(Croquet Club)													
External Painting	0	5,000	0	0	0							6,400	
New roof							50,000						

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	YR6	YR7	YR8	YR9	YR10	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
EXPENDITURE	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Playground Update (Shade)										50,000		25000	
Amenities Building Upgrade	0	5,000	0	0	0								60,000
lighting Upgrade												0	
	0	5,000	0	0	0	0	0	0	0	50,000	0	25,000	60,000
Woolwich Baths													
Refurbishment-Amenities/wharves/netting	0	0	0	0	6,000							0	
Replacement timber piles						80,000							49000
	0	0	0	0	6,000	80,000	0	0	0	0	0	0	49,000
Priory													
Priory Disabled access	31,000												
Restoration of Heritage Sandstone Wall at Priory	0	0	100,000	0	0								
Building Restoration						50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	31,000	0	100,000	0	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Henley Community Centre													
Electrical work	8,000												
Bathroom upgrade	25,000											0	
Airconditioning	20,000												
Guard rail	8,000												
Carpark		30,000											
Guttering		5,000											
Landscaping/BBQ area		45,000											
Stone wall/fence repairs		8,000											
Timberwork					80,000								
Fire services upgrade					300,000								
Resurface rear carpark								30,000					
Disabled access								172,000					
Replace roof									150,000				
Internal Refurbishment												60000	
Landscape Pathways												90000	
	61,000	88,000	0	0	380,000	0	0	202,000	0	150,000	0	150,000	0
PROGRAM TOTAL	204,000	546,000	764,000	197,000	643,000	430,000	357,000	387,000	389,000	400,000	390,000	401,200	411,300

REVISED Yearly program based on current expenditure levels
\$500,000 per year (including Roads to Recovery)
2012-13 to 2021-22

Street	Section	Cost	Year
2015-16			
Blaxland St	Everard - Ryde	21450	2015-16
Wybalena Rd	Glenview - Francis	53000	2015-16
Toocooya Lane	Toocooya Road - Toocooya Roa	27900	2015-16
Toocooya Rd	Ferry - Toocooya Lane	25200	2015-16
Mark St	Mary - Ryde	50000	2015-16
Gladstone Ave	end to end	99000	2015-16
Elgin St	Woolwich - Franki	21540	2015-16
Ferry St	Alexandra - Woolwich	33000	2014-15
Futuna St	Woolwich - Crescent	31500	2014-15
Sherwin St	Dick - William	54600	2014-15
High St	Pittwater - Blaxland	81000	2014-15
		<u>498190</u>	
2016-17			
Martin St	Abigail - Jourbert	71000	2016-17
Figtree Rd	Abigail - Joubert	63000	2016-17
The Point Rd	Valentia - end	107250	2016-17
Pittwater Rd	High – Buffalo Creek Reserve	84000	2020-21
Joly Pde	Centenary - end	34200	2019-20
Milling St	Wallace - Augustine	64200	2016-17
Woolwich Rd	Margaret-Gale	70000	2016-17
		<u>493650</u>	
2017-18			
Ady St	Alexandra End	37500	2017-18
Blaxland St	Ryde - Princes	81000	2017-18
Farnell St	Princes - High	86100	2017-18
Paul St	Augustine - Mary	34200	2017-18
Park Rd	Ryde - Princes	93000	2017-18
Garrick Ave	Crescent - end	18600	2017-18
D'Aram St	Alexandra - Madeline	18150	2017-18
Hunter St	Point Road - end	24900	2017-18
Kokera St	Alexandra - Viret	19440	2017-18
Glenview Cr	Wybalena - end	52500	2017-18
Glenview Rd	Woolwich - Glenview Cr	7500	2017-18
Martha St	Ambrose - Viret	17250	2017-18
		<u>452640</u>	
2018-19			
Viret St	Martha - end	108000	2018-19
Mary St	Gladesville - Richmond	97650	2018-19
Hillcrest Ave	Victoria - end	130500	2018-19
High St	Blaxland - Park	83100	2018-19
High St	Park - end	89100	2018-19
		<u>508350</u>	
2019-20			
Figtree Rd	Ryde - Joubert	63000	2019-20
Martin St	Ryde - Abigail	71000	2019-20
Abigail St	Ryde - Martin	121500	2019-20
Ferdinand St	Alexandra - end	36000	2019-20

Joubert St south	Gladesville - end	49500	2019-20
Howard Pl	Joubert - Ryde	15000	2019-20
Kareela Rd	Moorefield - end	15600	2019-20
Moorefield Ave	Church - Herberton	99000	2019-20
Pitt St	King - George	21000	2019-20
		<u>491600</u>	

2020-21

Downing St	Tarban - Prince Edward	4500	2020-21
Manning Rd	Prince Edward - Gladesville	90000	2020-21
Prince Edward St	Isler - Batemans	77400	2020-21
Tarban St	Prince Edward - Manning	23850	2020-21
Gray St	Kelly - end	19500	2020-21
Kelly St	Crown - end	45000	2020-21
Bayview Cr	William End	9750	2020-21
King St	DeMilhau - Joubert	27000	2020-21
Pittwater Rd	Ryde - High	114000	2020-21
The Point Rd	Gale - Valentia	63750	2020-21
Werambie St	The Point - End	29850	2020-21
		<u>504600</u>	

2021-22

Short St	Luke - Matthew	24000	2021-22
Matthew St	Ryde - Gladesville	25500	2021-22
Luke St	Ryde - Gladesville	44550	2021-22
Rooke Lane	Rooke St - Passy	13200	2021-22
Passey Ave	Woolwich - Ambrose	43800	2021-22
Ambrose St	Ferry-Martha	37350	2021-22
Everard St	Pittwater - Blaxland	78000	2021-22
Gaza Ave	High - Barons	37800	2021-22
Ramleh St	High - Park	39750	2021-22
Nelson Pde	Prince George - end	48600	2021-22
Yerton St	Ferry - End	11700	2021-22
The Avenue	Reiby - Mount	62400	2021-22
Ernest St	Alexandra - end	44400	2021-22
		<u>511050</u>	

2022-23

2023-24

2024-25

2022+

Unscheduled road works

2022+

Abby St	Aston - Everard	27360
Alexandra St	Mount-Ferry	69000
Alexandra St	Ferry-End	121500
Angelo St	Point Road - end	30300
Aspinall Pl	View Street - end	7950
Avenue Rd	Martin - Joubert	73200
Barons Cr	Park-Myer	165300
Batemans Rd	Victoria - Venus	93300
Bayview Cr	William End	9750
Blaxland St	Princes - Barons	112500
Bonnefin Rd	Ryde - Martin	126000
Boronia Ave	Ryde - End	33000
Centenary Ave	DeMilhau - end	27900
Collingwood St	Gale - end	36300
Cowell St	Flagstaff - Venus	70200
Croissy Ave	Ferry - end	7500
Crescent St	Woolwich - end	66000
De Milhau Rd	Gladesville - end	90000
Durham St	Church - end	72000
Ellesmere Ave	Alexandra - Toocoya	31500
Euthella Ave	Pitt - end	17100
Foss St	Ferry - end	41250
George St	De Milhau - Pitt	47700
Herberton Ave	Church - end	54000
Huntleys Point Rd	Victoria - Roundabout	120600
Isler St	Hillcrest - Prince Edward	65700
Jeanneret St	Woolwich - end	21600
John St	Augustine - Mary	65250
Joubert St north	Gladesville - end	31800
Junction St	Victoria - venus	54600
Lyndhurst Cr	Stanley - end	61500
Madeline St	D'Aram - Addy	48000
Makinson St	Batemans - Venus	152400
Mark St	Augustine - Mary	121350
Massey Lane	Pittwater - Massey	9000
Mount Morris St	Point - end	4500
Mount St	Alexandra - Church	30000

Mount St	Alexandra - south end	55500
Muirbank Ave	Ferry - end	7200
Nemba St	Reiby - end	24000
North Pde	Ferdinand - end	32550
Prince Edward St	Victoria - Isler	74100
Princes St	Pittwater - Park	180000
Reiby Rd	Church - End	81000
Reserve St	Gladesville - Manning	18000
Richmond Cr	Mary - Manning	34200
Rocher Ave	Gladesville - Joly	63900
Serpentine Rd	Woolwich - End	10050
St Ives Ave	Vernon - End	9750
Stanley Lane	Mount - End	9000
Stanley Rd	Alexandra - Mount	48750
Sunnyside St	Victoria - Isler	100800
Thorn St	Barons - End	7200
Tiree Ave	Woolwich - Prince Edward	26550
Unwins Lane	Blaxland - End	13500
Valentia St	The Point - End	16500
View St	Angelo - Aspinall	35700
Wandella Ave	Herberton - End	12000
Windeyer Ave	Batemans - End	31200
Wybalena Rd	Woolwich - Glenview	150000
Aston St	Pittwater - end	45000
Batemans Rd	Venus-Gladesville	63900
Brookes St	Crescent - end	7200
Chevalier Pl	Le Vessnet - end	28200
Church St	Durham - Mount	84000
Cowell St	Victoria - Flagstaff	55800
Cullens Lane	Ferdinand - end	12000
D'Aram St	Madeline - North	18150
Earl St	Ryde - Princes	75000
Earnshaw St	Venue - Makinson	90000
Fern Rd	Wybalena - end	12540
Flagstaff St	Junction - Masey	52200
Francis St	Wybalena - end	27000
Gale St	Woolwich - Point Road	31500
Gale St	Point Road - end	27600
Gladesville Rd	Augustine - Mary	93000
Gladesville Rd	Mary - Ryde	78000
Gladesville Rd	Ryde - Burns Bay Road	54000
James St	Martin - end	44700
Jupiter St	Mars - end	7500
Le Vesinet Dr	St Malo - end	49500
Lloyd Ave	Alexandra - end	63000
Lot Lane	Madeline - end	9000
Madeline St	Ferdinand - end	21450
Mars St	Makinson - Earnshaw	12000
Massey St	Victoria - Flagstaff	42600
Mount St	Alexandra - north end	87000
Note St	Earl - Farnell	15600
Pains Rd	Pittwater - end	32400
Pittwater Rd	Victoria - Ryde	159000
Punt Rd	Victoria - End	42000
Rooke St	Crescent - End	24450
Ryde Rd	Pittwater - Park	198900

Ryde Road	Park - Gladesville	378300
Salter St	Victoria - Manning	28800
St Malo Ave	Wybalena - End	87000
The Close	Mount - End	14400
Vernon St	Woolwich - End	42000
Woolwich Rd	Ferry - Gladestone	308700
Wybalena Rd	Francis - end	183000
Barons Cr	Blaxland - Park	60000
Ferry St	Woolwich - end	48000
Johnson St	Gladesville - Manning	21000
Margaret St	Woolwich end	60,000
Alfred St	Margaret - Edgecliffe	19380
Alfred St	Margaret - end	15600
Auburn St	Pittwater - Augustine	136500
Clarke Rd	Franki - end	36000
Dick St	Kelly to end	90000
Earl St	Princes - High	72000
Edgecliff Rd	Franki - Alfred	15300
Farnell St	Ryde - Princes	89250
Franki Ave	Woolwich - Clarke	24000
Massey St	Venus - Auburn	45000
Mayfield Ave	Point - end	31950
Meyers Ave	Baron - end	49050
Milling St	Pittwater - Wallace	81000
Park Rd	High - Barons	82500



HUNTER'S HILL COUNCIL



Fees & Charges

2013/2014 - 2022/2023



CUSTOMER SERVICES & CORPORATE FEES

Advertising in Council Publications

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
In Newsletter	\$364.60	\$374.00	Y
Annual Report (glossy publication)	\$2940.15	\$3022.50	Y
Written Information (sundry)	\$169.35	\$174.00	Y
List of Organisations	\$24.70	\$25.40	Y

Art & Craft Exhibition – Town Hall

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Art & sculpture entry fee	\$27.50	\$25.00	Y
Advertising in Art Catalogues			
1/8 page	\$172.30	\$275.00	Y
¼ page	\$285.45	\$550.00	Y

Certificates

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
149D - Building Certificate (of the Act) (Class 1 and Class 10)	\$250.00	\$250.00	N
Building Certificate – Floor area not exceeding 200m ² (Classes other than Classes 1 & 10)	\$250.00 + \$0.50 per square metre over 200	\$250.00 + \$0.50 per square metre over 200	N
If the application relates to a wall only and does not otherwise have floor area	\$250	\$250	N
Building Certificate – floor area exceeding 2,000 m ²	\$1165.00 + \$0.075 per square metre over 2,000	\$1165.00 + \$0.075 per square metre over 2,000	N
Building certificates requiring more than one inspection	\$90.00 per inspection	\$90.00 per inspection	N
<p>An additional fee will apply where the building work to which this application relates has been completed within the past 24 months, the applicant for the certificate was responsible for the work, and the work was not authorised to be carried out under the EP&A Act.</p> <p>The fee will be equivalent to the maximum fee imposed if the application was for a combined development application / construction certificate application, or complying development application (whichever is relevant) for the building or part of the building, the result of the unauthorised work.</p>			



Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Copy of building certificate	\$13.00	\$13.00	N
S603 Certificate (Local Government Act)	\$65.00	\$70.00	N
S149(2) Certificate (zoning)	\$53.00	\$53.00	N
S149(5) additional information	\$80.00	\$80.00	N
Outstanding Notices	\$100.00	\$100.00	N
S121ZP Certificate	\$150.00	\$150.00	N
S88G Certificate	\$35.00	\$35.00	N

Corporate Merchandise

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Scarf (synthetic)	\$41.80	\$41.80	Y
Scarf (silk)	\$52.80	\$52.80	Y
Umbrellas	\$30.25	\$30.25	Y
Men's ties	\$32.35	\$32.35	Y
Flags	\$176.00	\$176.00	Y
Badges	\$2.30	\$2.30	Y
Spoons	\$5.80	\$5.80	Y
Coasters (small)	\$17.50	\$17.50	Y
Coasters (large)	\$20.60	\$20.60	Y
Copy of miscellaneous research reports and strategy documents	\$23.10 per volumes	\$24.60 per volume	Y
Pictorial History Hunters Hill (soft back)	\$24.95	\$24.95	Y
Pictorial History Hunters Hill (hard back)	\$34.95	\$34.95	Y
Commemorative Map (A2)	\$165.00	\$165.00	Y
Commemorative Map (A1)	\$275.00	\$275.00	Y



Facsimile Charges

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Fax of 149 and 603 certificates	\$13.00	\$13.35	Y
Sending Faxes			
First Page	\$5.50	\$5.65	Y
Subsequent pages	\$0.55 per page	\$0.60 per page	Y
Receiving Faxes (up to ten pages)			
First page	\$5.50	\$5.65	Y
Subsequent pages	\$0.55 per page	\$0.60 per page	Y

Government Information (Public Access)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Consideration of requests for information under the GIPA Act.	\$30	\$30	N
Government Information (Public Access) formal application	\$30	\$30	N
Processing fee for all applications	\$30 per hr	\$30 per hr	N

Hire of Fete Stalls

For Moocooboola Festival, Carol, Australian Day and New Years Eve

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
<i>Community Stalls</i>			
Fete stall Hire (Structure Only)	\$91.35	\$91.35	Y
Community Stall General (Site Only)	\$45.65	\$45.65	Y
Trestle Table Hire (Table Only)	\$22.85	\$22.85	Y
Community Food Stall (Site Only)	\$114.20	\$114.20	Y
Power (1 □ 10 or 15 amp outlet)	\$57.10	\$57.10	Y
<i>General Stalls</i>			
General Market Stalls (Site Only)	\$171.25	\$171.25	Y
Art Tent (2 □ screens faces + tentage space)	\$114.20	\$114.20	Y
Food Stall (Site Only)	\$595	\$595	Y
Trestle table Hire (table only)	\$22.85	\$22.85	Y
Fete stall Hire (structure only)	\$91.35	\$91.35	Y
Craft/Enviro stall (Site Only)	\$91.35	\$91.35	Y
Power (1 □ 10 or 15 amp outlet)	\$68.50	\$68.50	Y
Carol (Food Stall)	\$330	\$330	Y
Carol (General Stall)	\$171.25	\$171.25	Y
Carol (Community Stall)	\$45.65	\$45.65	Y
Australian Day (Food Stall)	\$570.90	\$570.90	Y



Australian Day (general)	\$171.25	\$171.25	Y
New Year's Eve Stall (general)	\$275	\$275	Y
New Year's Eve Stall (food)	\$550	\$550	Y

Lease, Licence or Purchase of Council Property

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Application fee (non-refundable) to lease or purchase council property	\$302.25	\$302.25	Y
Preparation of lease by Council + stamp duty	\$302.25	\$302.25	Y

Local History Services

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Information booklet - "History of Hunters Hill"	\$4.00	\$4.40	Y
Book – "Hunters Hill – Australia's Oldest Garden Suburb" by Beverley Sherry	\$38.50	\$38.50	Y
Book – "Heritage of Hunters Hill"	\$15.00	\$15.00	Y
Hunters Hill heritage history search (requiring a written reply)	\$197.00	\$202.50	Y
Historical building search (requiring a written reply)	\$197.00	\$202.50	Y

Photocopying Fees

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Plans – up to A2 (per page)	\$10.00	\$34.70	Y
Plans – up to A1 (per page)	\$10.00	\$50.70	Y
Plans – up to A0 (per page)	N/A	\$71.70	Y
A4 documents (per page)	\$0.60	\$0.65	Y
A3 documents (per page)	\$1.20	\$1.25	Y

Printing Charges

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Colour printer			
A4 document (per page)	\$13.20	\$13.55	Y
A3 document (per page)	\$16.75	\$17.20	Y
Hourly labour rate (per hour)	\$77.40	\$79.55	Y
Laser printer – black and white			
A4 document (per page)	\$3.90	\$4.00	Y
A3 document (per page)	\$5.20	\$5.35	Y
Hourly labour rate (per hour)	\$77.40	\$79.55	Y



Rates – Charges on Overdue Accounts

An interest charge of 9% (Subject to change pending advice from the Division of Local Government) applies to any rate or principal rate account that is not paid in full by the date it is due. This is a flat charge calculated on a daily basis for the sum outstanding at that time pursuant to section 566 of the Local Government Act 1993.

Sale of Tender Documents

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Hardcopy	\$195.25	\$182.00	N
Disk	\$263.65	\$246.00	N

Special Event Management Fee – Events Such as New Year's Eve, Public Addresses

For areas such as Clarks Point Reserve, Boronia Park No.1 and Gladesville Reserve

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Minor Special Event			
Application fee (per application)	\$246.15	\$230.00	N
Management fee	\$134.20	\$125.50	N
Major Special Event			
Application fee (per application)	\$615.45	\$632.70	N
Management fee	\$670.80	\$689.50	N

Sundry Administration Fees

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Credit card services fee (per transaction	1.10% per transaction	1.1% per transaction	Y
Electronic Payment Fee	\$1.00	\$1.00	Y
Cancellation of applications and services	20% of original fee (min. charge \$16.50)	20% of original fee (min. charge \$16.50)	
Council papers, Council agendas and minutes of Council meetings – (12 month subscription fee)	\$685.00	\$704.20	N
Administration fee for Dishonoured cheque	\$17.15	\$17.65	Y
Preparation of urgent cheques for payment of contractors	\$62.90	\$64.65	Y
Copy of Local Government Act 1993	\$18.85	\$19.40	N



Television & Film Charges within the Municipality

The following fees are for the application of the use of locations in Hunters Hill Municipality for film and television locations as from the 1st July 2011 in accordance with Council's established policy and the Local Government Filming Protocol for this activity

The following charges apply when an application is approved:

Ultra Low	Low	Medium	High	GST Applies
No more than 10 crew	11-25 crew	26-50 crew	>50 crew	Y/N
No disruption is caused to the Council's stakeholders retailers or motorists or other events in the vicinity of the activities	No more than 4 trucks/vans	No more than 10 trucks	>10 trucks	
Activities are contained to footways or public open space areas only.	No construction	Some construction	Significant construction	
Public safety is maintained at the locations	Minimal equipment/lighting	Equipment used eg: dolly trucks medium sized cranes jibs	Extensive equipment	
Vehicles associated with the conduct of the activities are legally parked at all times and are not driven onto footways parks or plaza areas	Small or no unit base required	Unit base required	Large unit base required	
	Usually 1-2 locations	No more than 4 locations	>4 locations	
\$0	\$0 - \$165	\$0 - \$330	\$0 - \$550	N
Security Deposit for use of Parks & Reserves				\$1,000

Location Fees as set by the Local Government Filming Protocol

	Ultra Low/Low	Medium	High	2013/14 Total	GST Applies
	11-25 crew	26-50 crew	>50 crew		
For Council owned locations Or \$200 (+GST) per hr.	\$1,020		\$102	\$1,122	Y
Closure of street (e.g. Angelo street) for production and support vehicles. (Each application to be determined by the General Manager)	\$1,020		\$102	\$1,122	N
Parks	\$1,020		\$102	\$1,122	Y
Town Hall including exterior and foyer –	\$1,640		\$164	\$1,804	Y
per hour hire	\$200			\$220/per hr	Y



Council Chamber	\$1,640		\$164	\$1,804	Y
Other and Owned Property	\$1020		\$102	\$1,122	Y
Other and Owned Property – Additional days in the same location within same application	20%		10%		Y
Security Deposit				\$1,000	GST applies if deposit forfeited
Note: Under the terms and conditions of Film and Television Locations (in a separate document) written confirmation is required from an Insurance Broker for Public Liability cover of \$20 million.					

Assessment of Traffic Management Plans

The following fees cover the administrative cost of processing traffic management plans.

Low	Medium	High	GST Applies Y/N
Stop/go traffic control on a local or Council-managed road.	Stop/go traffic control on a multi-lined or state road.	Road Closures	
Police consultation	Police consultation	Police consultation	
	RTA consultation	RTA consultation	
\$0-\$100 Including GST	\$0-\$300 Including GST	As per Council's adopted road closure fees that apply to other applicants.	N

*Support vehicles include: buses, caravans, cranes, generators, camera / recording units, catering, wardrobe / dressing, gaffer, grips props, production vehicles, technical equipment and general carrying vehicles.

Valuation Property Enquiry

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Re-numbering of houses	\$635.05	\$593.50	N
Valuations conducted by Council's appointed Valuer			
Small property	\$725.60	\$745.90	Y
Large property	\$1,815.25	\$1,866.00	Y



DEVELOPMENT & REGULATORY CONTROL

ANIMALS

Animal Registration Fees

Item	2012/13	2013/14	GST Applies Y/N
Lifetime Registration under the Companion Animals Act			
Desexed animal	\$40	\$40	N
Entire (undesexed) animal	\$150	\$150	N
Desexed animal owned by a pensioner	\$15	\$15	N
Entire (undesexed) animal owned by a pensioner	\$150	\$150	N
Registered Breeder – entire (undesexed) animal	\$40	\$40	N
Assistance Animal	No charge	No charge	
Animal kept for animal research: desexed	\$40	\$40	N
Animal kept for animal research: entire (undesexed) animal	\$150	\$150	N
Animal kept for animal research: entire (undesexed) animal	\$150	\$150	N

Animal Traps

Item	2012/13	2013/14	GST Applies Y/N
Possum Trap Note: a permit from National Parks & Wildlife must be issued prior to rental of the trap.	\$31 per week	\$35	Y
Security Deposit for Animal traps: Note: refundable subject to compliance with conditions of hire	\$155	\$155	GST applies only if deposit is forfeited

Disposal of Companion Animal

Item	2012/13	2013/14	GST Applies Y/N
Companion Animal	\$100.00	\$100.00	N



Dog Pound Release Fees

Item	2012/13	2013/14	GST Applies Y/N
Registered dogs	\$53.00 1 st day + \$31.00 for each additional day	\$55.00 1 st day + \$32.00 for each additional day	N
Unregistered Dogs (Plus registration)	\$53.00 1 st day + \$31.00 for each additional day + registration fee	\$55.00 1 st day + \$32.00 for each additional day	N

CONSTRUCTION

BUILDING INSPECTION

Council acting as PCA (where construction/complying development certificate has been issued by Council)

Estimated Cost of works for Class 1 and 10	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Up to \$50,000	N/A	N/A	Y
\$50,001 - \$100,000	N/A	N/A	Y
\$100,001 - \$250,00	N/A	N/A	Y
\$250,001 - \$500,000	N/A	N/A	Y
More than \$500,000	N/A	N/A	Y
Per critical stage inspection	\$140.00	\$140.00	Y
Re-Inspection fee	\$200.00	\$200.00	Y
Class 2 to 9			
Per critical stage inspection	\$311.40	\$311.40	Y
Re-Inspection fee	\$311.40	\$311.40	Y

Council acting as PCA (where construction/complying development certificate has been issued by Private Accredited Certifier)

Change of PCA	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Review of Construction Certificate	\$830.40	\$830.40	Y
Residential Dwelling Class 1a and 1b	\$311.40	\$311.40	Y
Outbuilding Class 10 and 10b	\$311.40	\$311.40	Y
Class 2 to 9	\$415.20	\$415.20	Y
Re-inspection due to incomplete work	\$415.20	\$415.20	Y



Builders Security Deposit

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Building Works up to \$10,000	\$500.00	\$500.00	GST applies if deposit is forfeited
Building works greater than \$10,000	\$1,000.00	\$1,000.00	GST applies if deposit is forfeited

Sundry Building Fees – stamping fee for additional plans and scanning

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Scanning of all correspondence and associated documentation for DA's, Construction Certificates and Modification Applications	N/A	\$40.00	N
A3 or A4 (per set)	\$103.80	\$97.00	N
A1 or A0 (per page)	\$228.35	\$213.00	N

Compliance Certificates

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Compliance Certificate	\$238.75	\$247.00	Y
Compliance Certificate where council is not PCA	\$363.30	\$376.00	Y

Complying Development Certificate

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Bed & Breakfast	\$519.00	\$533.00	Y
Carports / Garages	\$363.30	\$373.50	Y
Change of use	\$363.30	\$373.50	Y
Decks, verandas	\$155.70	\$160.00	Y
Dwelling House	\$622.80	\$640.00	Y
Dwelling House (single storey)	\$539.75	\$555.00	Y
Outbuildings	\$155.70	\$160.00	Y
Subdivisions	\$622.80	\$640.00	Y
Swimming Pools	\$363.30	\$373.50	Y
Demolition	N/A	\$373.50	Y

Construction Certificates



Estimated Cost of Construction for Class 1 and 10	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Up to \$5,000	\$363.30	\$373.50	Y
\$5,001 - \$100,000	\$415.20 + 0.6%	\$427.00	Y
\$100,001 - \$250,000	\$1141.80 + 0.5%	\$1174.00	Y
\$250,001 - \$500,000	\$2076.00 + 0.3%	\$2134.00	Y
More than \$500,000	\$2595.00 + 0.2%	\$2668.00	Y
Estimated Cost of Construction for Class 2 - 9			
Up to \$5,000	\$622.80	\$640.00	Y
\$5,001 - \$100,000	\$622.80 + 0.6%	\$640.00	Y
\$100,001 - \$250,000	\$1141.80 + 0.5%	\$1174.00	Y
\$250,001 - \$500,000	\$2076.00 + 0.3%	\$2134.00	Y
More than \$500,000	\$2595.00 + 0.2%	\$2668.00	Y

Fire Safety

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Enquiry fire safety of property requiring inspection	\$415.20 per inspection	\$456.70 per inspection	Y
Registration fee for Annual fire safety statement lodgement by due date	\$110.00	\$110.00	N
Enquiry regarding fire safety statement requiring inspection	N/A	N/A	Y

Occupation Certificates

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Class 1A	\$218.00	\$224.00	Y
Class 2 to 9	\$363.30	\$373.50	Y
Class 10	\$218.00	\$224.00	Y



DEVELOPMENT APPLICATIONS

Application for Modification to a Consent for Local Development or State Significant Development

Modification under Section 96	Maximum Payable for 2013/14	GST Applies Y/N
Minor amendment under s96(1) of EPA Act 1997	\$71.00	N
Amendment under s96(1a) of EPA Act 1997	50% of the original D.A. fee (maximum \$645)	N
Amendment under s96(2) of EPA Act 1997	50% of the original D.A. fee	N
An application with respect to a D.A. that does not involve the erection of a building or the demolition of a work or building	50% of the original D.A. fee	N
An application with respect to a D.A. that involves the erection of a dwelling house with an estimated cost of construction of \$1,000,000 or less	\$190	N
An additional amount of not more than \$665.00 is required if notice of the application is required to be given under s96(2) or 96AA(1) of the Act		
An additional fee not exceeding \$760.00 is payable to development which clause 115(3) applies		

Application for Modification of a Consent for Local Development or State Significant Development

Note: Fees with respect to any D.A. other than specified in the above table

Estimated Cost of Works	Maximum Fee Payable for 2013/14	GST Applies Y/N
Up to \$5000	\$55	N
\$5,001 - \$250,000	\$85 + \$1.50 for each \$1,000 (or part of \$1,000) of the estimated cost of works	N
\$250,001 - \$500,000	\$500 + \$0.85 for each \$1,000 (or part of (\$1,000) by which the estimated cost exceeds \$250,000	N
\$500,001 – \$1,000,000	\$712 + \$0.50 for each \$1,000 (or part of \$1,000) by which the cost of works exceeds \$500,000	N
\$1,000,001 - \$10,000,000	\$987 + \$0.40 for each \$1,000 (or part of \$1,000) by which the estimated cost of works exceeds \$1,000,000	N
More than \$10,000,000	\$4,737 + \$0.27 for each \$1,000	N



	(or part of \$1,000) by which the estimated cost exceeds \$10,000,000	
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Construction Zones

Estimated Cost of Development	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Construction zones application fee	\$155.70	\$160.00	N
Up to 15m frontage	\$415.20 per week	N/A	N
15-30m frontage	\$581.30 per week	N/A	N
30-40m frontage	\$726.60 per week	N/A	N
40-50m frontage	\$923.80 per week	N/A	N
Over 50m frontage	\$1038.00 per week	N/A	N
Frontage (per lineal metre)	N/A	\$18 per lineal metre per week	N

Development Application Fees

Note: the following fees are based on Government regulations and any subsequent changes to the regulation will be automatically adopted.

Estimated Cost of Works	Maximum Fee Payable 2013/14	GST Applies Y/N
Up to \$5,000	\$110	N
\$5001 - \$50,000	\$170 + \$3 for each \$1,000 (or part of \$1,000) of the estimated cost of works	N
\$50,001 - \$250,000	\$352 + \$3.64 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$50,000	N
\$250,001 - \$500,000	\$1,160 + \$2.34 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$250,000	N
\$500,001 - \$1,000,000	\$1,745 + \$1.64 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$500,000	N
\$1,000,001 - \$10,000,000	\$2,615 + \$1.44 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$1,000,000	N
More than \$10,000,000	\$15,875 + \$1.19 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$10,000,000	N
Public Buildings (schools, hospital building or police station)	Standard D.A. fees apply	N
Development involving the erection of a dwelling house with an estimated cost of construction of \$100,000 or less	\$455.00	N



Development not involving the erection of a building, the carrying out of a work, the subdivision of land or the demolition of a building or work	\$285.00	N
Additional Fees – Implementation of plan first (statutory charge)		
Estimated costs of works more than \$50,000	\$0.64 for each \$1,000 of the estimated cost	N

Integrated Development

Item	2012/13 Excluding GST	2013/14 Excluding GST	GST Applies Y/N
Integrated Development Application	D.A. Fees as per local development + fee of up to \$320.00 to relevant authority + \$140.00 administrative fee	D.A. Fees as per local development + fee of up to \$320.00 to relevant authority + \$140.00 administrative fee	N
SEPP 65 – Design Review Panel	\$760.00	\$760.00	N

Long Service Leave Levy

Council shall act as an agent for the Long Service Payments Corporation and accept Levy Payments.

Item	2012/13 Excluding GST	2013/14 Excluding GST	GST Applies Y/N
Levy payable – value of work \$25,000 or more	0.35% of value of work	0.35% of value of work	N
Levy payable – value of work less than \$25,000	No levy payable	No levy payable	N

Preliminary Development Application Consultation

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Pre-lodgement for single dwelling, ancillary uses and dual occupancy attended by owner of the property	N/A	N/A	Y
Pre-lodgement for single dwelling and ancillary uses attended by consultants without owner of property	\$450.00	\$450.00	Y
Pre-lodgement Consultation for any development other than single dwelling and dual occupancy	\$450.00	\$450.00	Y
On-site meeting with Heritage Advisor	\$90.00	\$100.00	Y



Request for a Review of Determination Under S82a

Item	Maximum Payable for 2013/14	GST Applies Y/N
Request with respect to a D.A. that does not involve the erection of building or the demolition of a work or building	50% of the original D.A. fee	N
Request with respect to DA that involves the erection of a dwelling-house with an estimated cost of construction of \$100,000.00 or less	\$190.00	N
Request with respect to any other development application, as set out in the Table to this clause		
If notice is required to be given on section 82A of the Act an additional amount of	\$620.00	N

Request for Review of Determination Under S82a with Respect to any Other Development Application

Estimated Cost of Works	Maximum Payable for 2013/14	GST Applies Y/N
Up to \$5,000	\$55.00	
\$5,001 - \$250,000	\$85.00 + \$1.50 for each \$1,000 (or part of \$1,000) of the estimated cost of works	N
\$250,001 - \$500,000	\$500.00 + \$0.85 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$250,000	N
\$500,001 - \$1,000,000	\$712.00 + \$0.50 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$500,000	N
\$1,000,001 - \$10,000,000	\$987.00 + \$0.40 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$1,000,000	N
More than \$10,000,000	\$4,737.00 + \$0.27 for each \$1,000 (or part of \$1,000) by which the estimated cost exceeds \$10,000,000	N



Review of Decision to reject a development application

The fee for an application under section 82b for a review of a decision is as follows:

Item	Maximum Payable for 2013/14	GST Applies Y/N
If the estimated cost of development is less than \$100,000	\$55.00	N
If the estimated cost of development is \$100,000 or more and less than or equal to \$1,000,000	\$150.00	N
If the estimated cost of the development is more than \$1,000,000	\$250.00	N

Sundry Development Application Charges

Item	2012/13 Excluding GST	2013/14 Excluding GST	GST Applies Y/N
Advertising - (Newspaper – applies to designated development and clause 19C & 255 of LEP no.1)	\$539.75	\$555.00	N
Advertising of development consents and approvals in newspaper	\$51.90	53.00	N
Advertising Signs			
First sign	\$285.00	\$285.00	N
Second and subsequent signs	\$93.00 for each advertisement	\$93.00 for each advertisement	N
or			
The fee calculated using the table for estimated cost of development, whichever is the greater			N
Copy of development application report	\$2.60 per page (minimum \$5.50)	\$2.60 per page (minimum \$5.50)	N
Designated Development	Standard D.A. Fee + \$920.00	Standard D.A. Fee + \$920.00	N
Notification fee – public display of sign and neighbour notification	\$80.00	\$82.30	N
PCA (Principal Certifying Authority) Certificate recording administration fee	\$36.00 per certificate	\$36.00 per certificate	N



HEALTH

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Skin Penetration Premises (Public Health Act)	\$114.20	\$107.00	N
Inspection of premises by Health Surveyor	\$114.20	\$107.00	N
After hours inspection fee relating to food shops	\$155.70	\$145.50	N
Temporary food events	\$51.90 per stall	\$48.50 per stall	N

HOARDINGS

Charge per metre per week with minimum charge

Item	2012/13 Excluding GST	2013/14 Excluding GST	GST Applies Y/N
Application lodgement fee	\$311.40 per metre per week	\$320.00 per metre per week	N
Type A (fences)	\$11.40 per metre per week	\$11.70 per metre per week	N
Type B – without overhead sheds/storage	\$20.75 per metre per week	\$21.30 per metre per week	N
Type B – with single storey site sheds/storage	\$25.95 per metre per week	\$26.70 per metre per week	N
Type B – with double storey site sheds/storage	\$31.15 per metre per week	\$32.00 per metre per week	N

LEP REZONING PREPARATION - PLANNING PROPOSAL

Item	2012/13 Excluding GST	2013/14 Excluding GST	GST Applies Y/N
Minor re-zoning	\$6,435.60	\$7,000.00	N
Major re-zoning (preparation and planning proposal processing which increase yield above 15 dwellings or as determined by the General Manager)	\$12,871.20	\$15,000.00	N



MOTOR VEHICLES

Impounded items and motor vehicles

Item	2012/13 Excluding GST	2013/14 Excluding GST	GST Applies Y/N
Storage / release of impounded articles other than vehicles (per day)	\$51.90 per day	\$40.00 per day	N
Release of impounded shopping trolleys	\$83.05	\$85.40	N
Access to Infringement photos	\$41.50 per application	\$20.00 per application	N
Removal of Unwanted Vehicles	\$83.05	\$100.00	N

Dinghy Storage

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
OPEN STORAGE (per year)			
Resident	\$64.00	\$140.00	Y
Non-resident	\$180.50	\$400.00	Y
ENCLOSED STORAGE (per year)			
Resident	\$297.00	\$400.00	Y
Non-resident	\$297.00	\$400.00	Y
OTHER DINGHY STORAGE FEES			
Dinghy impounding fee	\$52.40	\$54.00	N

ONSITE SEWERAGE MANAGEMENT SYSTEM (OSMS)

Item	2012/13	2013/14	GST Applies Y/N
Aerated Water Treatment System (AWTS)			
AWTS – to install an OSMS	\$259.50	\$266.80	N
AWTS – to amend an OSMS	\$114.20	\$117.40	N
Septic Tank (SEP)			
SEP – to operate an OSMS	\$103.80	\$106.70	N
SEP – Renewal application to operate an OSMS	\$103.80	\$106.70	N



SUBDIVISION

Development Application

Item	2012/13 Excluding GST	2013/14 Excluding GST	GST Applies Y/N
Subdivision involving the opening of public road	\$665.00 + \$65.00 per additional lot created	\$665.00 + \$65.00 per additional lot created	N
Subdivision not involving the opening of public road	\$250.00 + \$40.00 per additional lot created	\$250.00 + \$40.00 per additional lot created	N
Strata Subdivision	\$330.00 + \$53.00 per additional lot created	\$330.00 + \$53.00 per additional lot created	N

Subdivision Certificate

Item	2012/13 Excluding GST	2013/14 Excluding GST	GST Applies Y/N
Torrens Title and Strata Subdivision fees. Note: subdivisions also require development consent	\$750.00 + \$550.00 per additional lot	\$750.00 + \$550.00 per additional lot	N

SUBPOENA

Item	2012/13 Excluding GST	2013/14 Excluding GST	GST Applies Y/N
Search subpoena files (per file)	\$62.30 up to 50 pages	\$64.00 up to 50 pages	N
Search Subpoena files (less than 14 days notice given)	Fees as above + \$60.00	Fees as above + \$61.70	N
Subpoena of Council Officer – Professional staff	\$238.75 per hour	\$245.40 per hour	N
Subpoena of Council Officer – non-professional staff	\$150.70 per hour + trace costs	\$155.00 per hour + trace costs	N



SUNDRY FEES & CHARGES

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Certified copies of documents	\$72.65	\$74.70	N
Comprehensive Develop Control Plans	\$51.90	150.00	N
Local Environment Plan (LEP) maps	\$103.80	260.00	N
Local Environment Plan (LEP) instruments	\$31.15	150.00	N
Policies - General	\$0.60 per page	\$0.80 per page	N
Resuscitation poster	\$16.50 each	\$20.00 each	Y

SWIMMING POOLS ACT

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Swimming Pools Act Exemption - s22 Pools Act	\$70.00	\$150.00	N
Swimming Pools Act Compliance Certificate	\$70.00	\$150.00	N
Re-inspection	N/A	\$100.00	N
Registration Fee	N/A	\$11.00	Y



WORKS & SERVICES

PLAYING FIELDS – RENTS & CHARGES

Hunter's Hill Council has only five (6) playing fields available for organised sport. Preference for competition purposes is given to local clubs and associations who have had a consistent relationship with the Council.

Application For Discount / Reduction / Waiver of Hire Charges

The Local Government Act allows discounts for local schools, churches and societies of up to 30% discount according to the type of function and subject to specific approval on written application to council and payable in advance of the function. Local day schools are permitted to use playing fields free-of-charge for school sports days and athletics carnivals, subject to the discretion of the General Manager.

The General Manager is authorised to direct closure of playing fields where damaged may be caused to the fields due to weather conditions.

Seasonal Rent for Weekend Sport (Winter From 1 April to 31 August)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Boronia Park No 1	\$1,988.30	\$2044.00	Y
Boronia Park No 2	\$595.10	\$612.00	Y
Boronia Park No 3	\$425.45	\$437.00	Y
Gladesville Reserve	\$1,233.65	\$1268.00	Y
Weil Park	\$595.10	\$612.00	Y
Riverglade Reserve	\$428.45	\$440.00	Y

Seasonal Rent for Weekend Sport (Summer From 1 September to 31 March)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Boronia Park No 1	\$1,865.15	\$1917.00	Y
Boronia Park No 2	\$932.00	\$958.00	Y
Boronia Park No 3	\$932.00	\$958.00	Y
Gladesville Reserve	\$932.00	\$958.00	Y
Weil Park	\$932.00	\$958.00	Y
Riverglade Reserve	\$739.50	\$760.00	Y
Buffalo Creek	\$466.00	\$479.00	Y



Training

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
	Per hour	Per hour	
Daytime Training until sunset - does not include use of lights			
Bedlam Bay Oval	\$12.35	\$13.00	Y
Boronia Park No 1	\$18.50	\$19.00	Y
Boronia Park No 2	\$13.55	\$14.00	Y
Boronia Park No 3	\$13.55	\$14.00	Y
Gladesville Reserve	\$18.50	\$19.00	Y
Weil Park	\$13.55	\$14.00	Y
Riverglade Reserve	\$13.55	\$14.00	
Buffalo Creek	\$13.55	\$14.00	Y
Night Training – Includes use of lights.			
Bedlam Bay Oval	\$17.25	\$18.00	Y
Boronia Park No 1	\$20.30	\$21.00	Y
Boronia Park No 2	\$20.30	\$21.00	Y
Buffalo Creek	\$17.25	\$18.00	Y
Gladesville Reserve	\$20.30	\$21.00	Y
Weil Park	\$20.30	\$21.00	
Hunters Hill Rugby Union Football Club – special rate applies on account of capital contribution to flood lights.			
Boronia Park No 1	\$8.00	\$8.20	Y
Boronia Park No 2	\$8.00	\$8.20	Y
Gladesville Reserve	\$8.00	\$8.20	Y

Casual Reservations of Playing Fields (Per Hour)

The rents and charges for casual reservation **include weekends and public holidays** and are in accordance with Council's established policy (whereby at least one team must have substantial local membership)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
	Per hour	Per hour	
<i>Winter</i>			
Boronia Park No 1	\$96.00	\$99.00	Y
Boronia Park No 2	\$73.80	\$76.00	Y
Boronia Park No 3	\$60.30	\$62.00	Y
Gladesville Reserve	\$82.50	\$85.00	Y
Weil Park	\$60.30	\$62.00	Y
Riverglade Reserve	\$67.70	\$70.00	Y
Henley Bowling Greens	\$13.00	\$13.40	Y
<i>Summer</i>			
Boronia Park No 1	\$82.50	\$85.00	Y
Boronia Park No 2	\$73.80	\$76.00	Y
Boronia Park No 3	\$60.30	\$62.00	Y
Gladesville Reserve	\$82.50	\$85.00	Y



Weil Park	\$60.30	\$62.00	Y
Riverglade Reserve	\$67.70	\$70.00	Y
Henley Bowling Greens	\$13.00	\$13.40	Y
<i>Additional Fee For Use Of Dressing Room</i>			
Boronia Park No 1	\$96.00	\$99.00	Y
Boronia Park No 2	\$96.00	\$99.00	Y
Boronia Park No 3	N/A	N/A	Y
Gladesville Reserve	\$73.80	\$76.00	Y
Weil Park	N/A	N/A	Y

Commercial Personal Trainers - Annual Fee

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
	Per annum	Per annum	
Up to 2 clients per session	\$469.50	\$483.00	Y
3-5 clients per session	\$939.00	\$965.00	Y
6-10 clients per session	\$1,408.50	\$1448.00	Y
11 or more clients per session	\$1,878.05	\$1930.00	Y
Additional charge for lights for night use	\$21.10 per hr	\$22.00 per hr	Y

Commercial Personal Trainers – Casual Fee

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
	Per hr	Per hr	
Up to 2 clients per session	\$18.80	\$19.00	Y
3-5 clients per session	\$37.60	\$39.00	Y
6-10 clients per session	\$56.30	\$58.00	Y
11 or more clients per session	\$75.10	\$77.00	Y
Additional charge for lights for night use	\$21.10	\$22.00	Y

Council Registered Community Trainers

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Council registered community trainers are those trainers that register with Council to provide a not-for-profit fitness training services to residents/workers of Hunters Hill.	N/A	N/A	



Casual Reservations of Council Parks and Reserves – Functions (Per Hour)

The use of any recreation reserves for wedding ceremonies, picnics, barbeques, organised functions and other gatherings

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
	Per hour	Per hour	
Boronia Park No 1,2, 3, Weil Park and Other reserves			
1-20 people	Free	Free	
20-50 people	\$61.60	\$63.00	Y
More than 50 people	\$89.40	\$92.00	Y
Weddings - ceremony and/or photos only, no structures, reception elsewhere	\$241.80 per ceremony	\$249.00 per ceremony	Y
Gladesville Reserve, Clark's point Reserve, Buffalo Creek, Bedlam Bay Oval & Riverglade Reserve			
1-20 people	Free	Free	
20-50 people	\$74.90	\$77.00	Y
More than 50 people	\$102.65	\$106.00	Y
Weddings - ceremony and/or photos only, no structures, reception elsewhere	\$241.80 per ceremony	\$249.00 per ceremony	Y
The Priors – 2 Salter Street (adjoining open space to building) <i>(for building charges see property section)</i>			
1-20 people	Free	Free	
20-50 people	\$74.90	\$77.00	Y
More than 50 people	\$102.65	\$106.00	Y
Weddings - ceremony and/or photos only, no structures, reception elsewhere	\$241.80 per ceremony	\$249.00 per ceremony	Y

Security Deposits

Security deposits are required for the all reservations of reserves for functions. Refund of security deposit is subject to compliance with Council's conditions of use. An inspection of the reserve or park will be carried after event to determine the extent of damage, if any

Item	2012/13	2013/14	GST Applies Y/N
Corporate function	\$1000	\$1000	GST is payable if deposit is forfeited
Corporate function (with marquee)	\$1500	\$1500	
Casual function	\$300	\$300	
Casual function (with marquee)	\$500	\$500	
Function with jazz band / orchestra	\$400	\$400	
Jumping castle, amusement ride or kindly farm on Council reserve or oval	\$300	\$300	



Marquees On Ovals And Reserves

Note: For the erection of marquees and tents on Council's parks and reserves in conjunction with conferences, weddings and functions, cancellations due to wet weather will be subject to a 20% cancellation fee

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
	Per Day	Per Day	
Corporate Groups	\$148.90	\$153.00	Y
Community Groups	\$73.80	\$76.00	Y

Jazz Bands / Orchestras

An application fee to be paid seven (7) days prior to the event and 30% reimbursed subject to compliance with Council's terms of use

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
	Per Day	Per Day	
Jazz Band / Orchestra	\$593.20	\$610.00	Y

Amusement Rides / Jumping Castles

Permit for amusement rides, jumping castles and kindy farms on Council Ovals and reserves

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
	Per Day	Per Day	
Amusement rides / jumping castles	\$73.80 per ride/jumping castle	\$69.00 per ride/jumping castle	N

Permit to Let off Fireworks in Parks or Reserves

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Permit to let off fireworks	\$430.80 per application	\$403.00 per application	N



PROPERTY

COMMUNITY CENTRES & HALLS

Application for discount / Reduction / Waiver of hire charges

The Local Government Act allows discounts for local schools, churches and societies of up to 30% discount according to the type of function and subject to specific approval on written application and payable in advance of the function.

The hourly rate is charged for the hours you are in the hall **including** setting up prior to the start of your function and cleaning after the event.

Gladesville Road Community Centre (44 Gladesville Road)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Main Hall (9.00am to 11.00pm)			
Individuals & business groups	\$23.50/hour	\$24.20/hour	Y
Community groups	\$20.00/hour	\$20.60/hour	Y
Meeting Room (9.00am to 9.00pm)			
All groups	\$7.05/hour	\$12.70/hour	Y

Fairland Hall (9.00am to 11.00pm)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Individuals & business groups	\$21.20/hour	21.80/hour	Y
Community groups	\$18.85/hour	19.40/hour	Y

Henley Cottage (9am to 11pm)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Individual & business groups	\$19.25/hour	\$19.80/hour	Y
Community groups	\$17.00/hour	\$17.50/hour	Y

Henley Community Centre

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Individual & business groups	\$23.50/hour	\$24.20/hour	Y
Community groups	\$20.00/hour	\$20.60/hour	Y
Event Hire Friday & Saturday nights 12 noon to 11.00pm	\$900/function	\$925/function	Y

Baby Health Centre (9.00am to 11.00pm)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Individual, business groups & community groups (waiting room only)	\$12.35/hour	\$12.70/hour	Y
Individual, business groups & community groups (waiting room & consulting room)	N/A	\$19.80/hour	Y

The Priory (9.00am to 11.00pm) Single Room Only

The event hire fee includes access to the venue on from 9am for set up and next day for clean up until 12noon

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Individuals & business groups (weekday usage)	\$23.50/hour	\$24.20/hour	Y
Community groups (weekday usage)	\$20.00/hour	\$20.60/hour	Y
Event Hire (Friday & Saturday Nights)	\$900.00 per function	\$925/function	Y

The Priory (9am To 11pm) Whole Building

Day Time (up to 6.00pm)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Weekdays	\$84.75/hour	\$87.15/hour	Y
Weekends (Saturday & Sunday)	\$169.35/hour	\$174.10/hour	Y

Evening (After 6.00pm) and Weekends

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
First Four Hours			
Monday - Thursday	\$352.80	\$362.70	Y
Friday – Saturday	\$528.65	\$543.45	Y
Sunday	\$646.25	\$664.35	Y
After The First Four Hours			
Monday – Thursday	\$70.80/hour	\$72.80/hour	Y
Friday – Saturday	\$117.60/hour	\$120.90/hour	Y
Sunday	\$170.65/hour	\$175.40/hour	Y



The Priory Grounds

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Weddings, ceremonies etc. and/or photos only, no structures, no use of building or rooms.	\$242.25/ ceremony	\$250/ ceremony	Y

(For use of adjoining open space see parks and reserves section)

Security Deposits

Security deposits are required for the all reservations of community facilities for functions. Refund of security deposit is subject to compliance with Council's conditions of use. An inspection of the facility will be carried out after the event to determine the extent of damage, if any.

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Corporate function	\$1000	\$1000	GST applies if deposit is forfeited
Casual function	\$300	\$500	
Function with entertainment (e.g. band, DJ, orchestra etc.)	\$400	\$400	

PROPERTY - TOWN HALL HIRE

APPLICATION FOR DISCOUNT / REDUCTION / WAIVER OF HIRE CHARGES

The Local Government Act allows discounts for local schools, churches and societies of **up to 30%** discount according to the type of function and subject to specific approval on written application and payable in advance of the function.

Whole Auditorium (includes the kitchen facilities)

Day Time (up to 6.00pm)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Weekdays	\$105.80/hour	\$108.80/hour	Y
Weekends (Saturday & Sunday)	\$159.70/hour	\$164.20/hour	Y



Evening (from 6.00pm to 11.00pm)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
First Four Hours			
Monday - Friday	\$509.25	\$523.50	Y
Saturday	\$882.30	\$907.00	Y
Sunday	\$1,005.50	\$1033.60	Y
After The First Four Hours			
Monday – Friday	\$92.90/hour	\$95.50/hour	Y
Saturday	\$161.10/hour	\$165.60/hour	Y
Sunday	\$242.30/hour	\$250.00/hour	Y

Town Hall – Exhibitions, Bazaars, Markets and Auctions

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Per Day	\$692.70	\$712.00	Y
Setting up	\$70.60/hour	\$72.60/hour	Y
Dismantling & clean up	\$56.50/hour	\$58.10/hour	Y

Town Hall – Main Hall with Divider (stage end)

Day Time (up to 6.00pm)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
First Four Hours			
Weekdays	\$124.65	\$128.15	Y
Saturday	\$261.10	\$268.40	Y
Sunday	\$318.65	\$327.60	Y
After First Four Hours			
Weekdays	\$41.75/hour	\$43.00/hour	Y
Saturdays	\$70.60/hour	\$72.60/hour	Y
Sundays	\$92.90/hour	\$95.50/hour	Y



Evening (from 6.00pm to 11.00pm)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
First Four Hours			
Monday - Thursday	\$352.80	\$352.80	Y
Friday – Saturday	\$348.10	\$357.80	Y
Sunday	\$352.80	\$362.70	Y
After First Four Hours			
Monday – Thursday	\$77.65/hour	\$79.80/hour	Y
Friday – Saturday	\$92.90/hour	\$95.50/hour	Y
Sunday	\$118.80/hour	\$122.10/hour	Y

Town Hall – Rehearsals

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
First four hours			
Day time to 6.00pm	\$181.10	\$186.20	Y
Evening from 6.00pm to 11.00pm	\$235.20	\$241.80	Y
After the first four hours			
Day time to 6.00pm	\$41.70/hour	\$42.90/hour	Y
Evening from 6pm to 11.00pm	\$55.30/hour	\$56.80/hour	Y

Town Hall - Hire of Equipment

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Full stage lighting	\$110.55/hour	\$113.70/hour	Y
Concert Grand Piano (by written confirmation only)	\$70.60/hour	\$72.60/hour	Y

Decorating or Preparation of Hall / Auditorium

Item	2012/13 Including GST	2013/14 Including GST 1	GST Applies Y/N
Setting Up Fee			
Monday – Thursday	\$68.20/hour	\$70.10/hour	Y
Friday – Sunday	\$101.15/hour	\$104.00/hour	Y
Dismantling & Clean Up			
Monday – Thursday	\$63.50/hour	\$65.30/hour	Y
Friday – Sunday	\$82.30/hour	\$84.60/hour	Y



Town Hall – Security Deposit

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Whole Auditorium	\$350	\$600	GST applies if deposit is forfeited
Main Hall	\$300	\$500	
Memorial Hall	\$150	\$300	
Weddings, parties, other	100% loading	100% loading	



ROADS

Quoted Road and Footpath Construction Work

Note: The charges apply when residents want work done for a driveway on Council property for car access. Council provide a quote for the work and commence work once payment has been received

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Construction			
Layback crossing - standard 4m kerb opening	\$949.75	\$975.00	Y
Layback crossing (per additional metre opening)	\$124.55	\$128.00	Y
Overhead crossing (per metre)	\$949.75	\$976.00	Y
Gutter / build-up (per metre)	\$145.30	\$149.00	Y
Kerb & guttering (per metre)	\$207.60	\$213.00	Y
Concrete and pavement – 80mm thick (per square metre)	\$145.30	\$149.00	Y
Concrete and pavement – 125mm thick (per square metre, including excavation)	\$218.00	\$224.00	Y
Bitumen driveway (per square metre)	\$124.55	\$128.00	Y
Bitumen repairs or adjustment (per square metre)	\$57.10	\$58.00	Y
Provision of footpath level	\$145.30	\$150.00	Y
Additional Excavation			
O.T.R (per cubic metre)	\$124.55	\$128.00	Y
Rock (per cubic metre)	\$363.30	\$373.00	Y

Road Opening Permits

Note: This charge is for a permit to open the road or footpath; additional fees will apply for the restoration of the road or footpath (see Road Restoration charges)

Item	2012/13 Excluding GST	2013/14 Excluding GST	GST Applies Y/N
Road Opening Permit	\$135 per application	\$140 per application	N

Road and Footpath Openings and Restoration (Per Square Metre)

Note: these charges apply when Plumbers, Residents, Builders, Telstra, Energy Australia, Sydney Water, Gas or any other authority open roads or their work in addition to the fee for the Road Opening Permit



Footpath

Item	2012/13 Including GST cost per sq/m	2013/14 Excluding GST cost per sq/m	GST Applies Y/N
Asphalt, concrete or hot mix	\$207.60	\$191.00	N
Paving Blocks - If existing paving blocks returned to Council yard	N/A	\$164.00	N
Paving Blocks – If existing paving blocks not returned to Council yard	N/A	\$245.00	N
Paving blocks or bricks (on concrete base)	\$311.40	\$291.00	N
Cement concrete (75mm)	\$238.75	\$223.00	N

Driveways

Item	2012/13 Including GST cost per sq/m	2013/14 Excluding GST cost per sq/m	GST Applies Y/N
Cement concrete driveways – residential un-reinforced driveways (125mm)	\$311.40	\$291.00	N
Commercial / industrial un-reinforced driveways (150-200mm)	\$332.15	\$310.00	N
Earth, gravel	\$93.40	\$87.00	N
Asphalt driveways	\$228.35	\$213.00	N

Road

Item	2012/13 Including GST cost per sq/m	2013/14 Excluding GST cost per sq/m	GST Applies Y/N
Asphaltic concrete with cement concrete base	\$628.00	\$586.00	N
Cement concrete	\$570.90	\$533.00	N
Asphalt paving on any class of flexible base	\$311.40	\$291.00	N
Earth and gravel water bound macadam pavement	\$83.00	\$77.00	N
Unsealed pavement	\$93.40	\$87.00	N
Unsealed shoulders	\$77.85	\$73.00	N
Unsealed shoulders – well grassed	\$77.85	\$73.00	N



Nature Strip

Item	2012/13 Including GST cost per sq/m	2013/14 Excluding GST cost per sq/m	GST Applies Y/N
Formed or grass area	\$83.05	\$77.00	N

Kerb and Guttering

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Concrete kerb & guttering including lay backs per metre	\$285.45	\$266.00	N
Kerb only per metre	\$207.60	\$194.00	N
Guttering only per metre	\$207.60	\$194.00	N
Dish crossing per metre	\$363.30	\$340.00	N
Kerb outlet	\$207.60	\$194.00	N
Gully pit lintels	\$4,048.20	\$3,782.00	N
Saw cut (25mm depth)	\$20.75 + \$100.00 establishment fee	\$19.00	N

Pram Ramps

Item	2012/13 Including GST cost per sq/m	2013/14 Excluding GST cost per sq/m	GST Applies Y/N
Asphalt pram ramps	N/A	\$227.00	N
Cement concrete pram ramps	N/A	\$309.00	N



Engineering Inspection Fees

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Kerb & gutter inspection fees where cost of construction exceeds \$10,000	\$129.75	\$127.00	N
Submission of engineering plans	\$129.75	\$127.00	N
Design of driveway crossings (does not include supervision)	\$181.65	\$169.00	N
Engineering inspections	\$129.75	\$127.00	N
Connection to Council stormwater	\$129.75	\$121.00	N
Reserve access fees	\$70.60	\$65.00	N

Sundry Charges – Footpath and Roads

Note: These charges apply when residents engage a private contractor to do work on their access driveway and this work crosses over council land

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Footpath levels – supervision of driveway construction to known levels	\$129.75	\$127.00	N

Road Barriers and Lamp Hire

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Lamp hire – per day	\$12.00/day	\$12.00/day	Y
Lamp hire – per week	\$35.95/day	\$36.00/day	Y
Road lamp security deposit	\$60.00/day	\$60.00/day	GST applies only if deposit is surrendered due to damage to lamp



Section 611 Charges

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Drainage pipes beneath public places	\$40.00	\$40.00	N
Overhead & underground telecommunications cable charge	\$570.90 per kilometre per annum	\$527.00 per kilometre per annum	N
A rail, pipe, wire, pole, cable, tunnel or structure laid, erected, suspended, constructed or placed on, under or over a public place	\$36.35	\$37.00	N

Sundry Fees and Charges

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Landscape inspection fee	\$80.35	\$85.00	Y
Licence fee to transport mini-skips, waste containers through Hunters Hill Municipality – waste transport companies	\$544.20	\$550.00	N
Penalty Notice Offences:	As per Act	As per Act	N

TREES & TREE PRESERVATION

Tree Preservation Order (TPO)

Item	2012/13 Excluding GST	2013/14 Excluding GST	GST Applies Y/N
Application to remove one tree	\$75.00	\$75.00	N
Second and each subsequent application to remove a tree	\$20.00	\$20.00	N
Review of TPO decision	\$50.00	\$50.00	N

Pruning

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Application to prune 1-5 trees	\$22.00	\$23.00	N
Application to prune 6+ trees	\$33.00	\$34.00	N



USE OF COUNCIL ROADS & RESERVES

Use of Footpaths and Roads

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Engaged in trade or business	\$126.00	\$118.00	N
Public entertainment (single event)	\$60.00	\$62.00	N
Temporary enclosure for entertainment	\$333.70	\$343.00	N
Use of amplifier / loud speaker	\$126.00	\$117.00	N
Public address, public meeting or religious meeting	\$126.00	\$117.00	N
Damage deposit	\$363.30	\$373.00	GST applies if deposit is forfeited

Footpath Merchandising Display Fees

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Application Fee	\$52.00	\$54.00	N
\$ per square metre per annum Other areas - Major	\$342.50	\$320.00	N
\$ per square metre per annum (greater than 20 shops) Other areas - Minor	\$171.30	\$160.00	N
\$ per square metre per annum (greater than 10 shops & less than or equal to 20 shops) Other areas - Minor	\$91.30	\$85.00	N
\$ per square metre per annum (less than 10 shops)	\$68.50	\$64.00	N

Licence to Use Footpath (Displays, Eating Areas etc)

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Licence fee for use of footpath	\$117.30	\$110.00	N
Administration fee - transfer ownership of outdoor eating area licence	\$23.90	\$23.00	N



Hire of Boat Shed (Ferdinand Street and Others)

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Hire of Ferdinand Boatshed	\$328.85/year	\$338.00	Y

Helicopter Landings in Parks / Public Places

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Single landing	\$570.90	\$587.00	Y
Pick up and return landing	\$570.90	\$587.00	Y

Application for use of Concrete Pumps and Cranes on Council Reserve, Roads and Footpaths

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Concrete Pump	\$456.70 Each	\$250.00 each concrete pump per day	N
Crane	\$456.70 Each	\$427.00 each crane per day	N

Waste Bin, Mini-Skip, Building Materials, Site Sheds, Fenced off Areas on Public Reserve

Item	2012/13 Including GST	2013/14 Excluding GST	GST Applies Y/N
Waste Bin or Mini-Skip (maximum 14 days)			
First 7 days	\$62.30	\$58.00	N
Additional days after the first 7 days	\$18.70	\$17.00	N
Building Materials, Site Sheds And Fenced Off Areas Up To 10m ² (maximum 14 days)			
First 7 days	\$62.30	\$58.00	N
Subsequent days	\$18.70	\$17.00	N
Building Materials, Site Sheds And Fenced Off Areas Over 10 m ²			
Per day	\$1.25 per m ² (minimum \$55)	\$1.15 per m ² (minimum \$55)	N



Waste Removal

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Unauthorised building matters in public place			
Replacement or additional bin	\$125.75	\$129.30	Y
On-demand clean up service	\$93.40	\$96.00	Y
On-demand green waste service	\$93.40	\$96.00	Y
Compost bin	\$41.00		
220L	N/A	\$41.15	Y
400L	N/A	\$52.15	Y
Worm Farm	\$74.65	\$76.75	Y
Blankets (to cover worm farm)	\$6.85	\$6.85	Y

RATES - CHARGES ON DOMESTIC & COMMERCIAL WASTE SERVICES

Item	2012/13 Including GST	2013/14 Including GST	GST Applies Y/N
Domestic Waste Service for full services including Red, Blue Yellow and Green Bin			
Waste – 80L Bin	\$271.58	\$295.78	N
Waste – 120L Bin	\$387.26	\$421.76	N
Waste – 120L Bin 2 Shared (Units Only)	\$193.63	\$210.88	N
Waste – 240L Bin	\$523.06	\$569.66	N
Waste – 240L Bin 2 Shared (Units Only)	\$261.53	\$284.83	N
Waste – 240L Bin 3 Shared (Units Only)	\$174.35	\$189.88	N
Waste – Combination for 120L & 240L	\$910.32	\$991.41	N
Domestic Waste Service for other services			
Waste – Availability Charge (Vacant Land)	\$26.11	\$28.44	N
Extra Green Waste Service for 240L only	\$111.22	\$121.13	N
Extra Blue or Yellow Recycling Service for 120L or 240L	\$111.22	\$121.13	N
Commercial Waste Service for full services including Red, Blue and Yellow Bin (GST is not applicable for 2012/13)			
Waste – 120L Bin & Street Bin Service	\$624.84	\$820.27	Y
Waste – 240L Bin & Street Bin Service	\$736.44	\$953.98	Y
Waste – 120L Bin (Additional full Service)	\$363.11	\$435.01	Y
Waste – 240L Bin (Additional full Service)	\$474.71	\$568.71	Y
Commercial Waste Service for other services (GST is not applicable for 2012/13)			
Waste for Street Bin Service	\$261.72	\$385.26	Y
Green Waste Service for 240L only	\$111.22	\$133.24	Y
Extra Blue or Yellow Recycling Service for 120L or 240L	\$111.22	\$133.24	Y



HUNTER'S HILL COUNCIL RENTED PROPERTIES 2013-2014

PROPERTY/LOCATION	LESSEE/LICENSEE	TERM	START	EXPIRY	CURRENT RENT	PROPOSED RENT
Morts Reserve	Hunters Hill Sailing Club	10 years	1 Oct 2001	31 Dec 2011	\$913.92 PA + CPI + GST	Under negotiation
1A Crown Street Henley	Henley Long Day Care Centre Ltd	10 years	1 Jan 2006	31 Dec 2015	\$36,793.60 PA + CPI +GST	\$37640.70 PA + CPI +GST
42 Gladesville Road	Hunters Hill Respite Care	5 years	1 July 2010	30 June 2015	\$3334.36 PA + CPI +GST	\$3389.33 PA + CPI +GST
44 Gladesville Road Community Centre	Hunters Hill Ryde Community Services	1 year	1 July 2012	30 June 2014	\$5720.00 PA	\$5720.00 PA + CPI
	Moocooboola Computer club	1 year			\$2574.00 PA	\$2574.00 PA + CPI
	Co-As-It	1 year			\$2750.00 PA	\$2750.00 PA + CPI
	Dowers	1 year			\$1056.00 PA	\$1056.00 PA+ CPI
	Table Tennis Group	1 year			\$1540.00 PA	\$1540.00 PA+ CPI
	Seniors Art Class	1 year			\$1430.00 PA	\$1430.00 PA+ CPI
46 Gladesville Road	Gladesville Community Aid	5 years	1 July 2010	30 June 2015	\$4456.82 PA +CPI + GST	\$4530.30 PA + CPI + GST
Henley Cottage	2 RRR	5 years	1 July 2008	30 June 2013	\$8073.53 PA + GST	Under negotiation
	Colin Legg	1 year	19 February 2013	18 February 2014	N/A	\$14560 PA + GST
10 Cowell St	Solutions in Property Pty Ltd	1 year	1 October 2007	30 September	\$3901.76 + GST	\$3979.80 + GST

Hunter's Hill Council Resourcing Strategy



PROPERTY/LOCATION	LESSEE/LICENSEE	TERM	START	EXPIRY	CURRENT RENT	PROPOSED RENT
				2008		
48 Gladesville Rd	S. Bhatti	1 year	14 July 2012	12 July 2013	\$33280 + GST	Under negotiation
6 Pittwater Rd	Gladesville Occasional Care	5 years	1 July 2009	30 June 2014	\$773.75 + CPI + GST	\$787.15 + CPI + GST
Henley Community Centre (storage room)	Hunters Hill Rugby Club	1 year	1 July 2012	30 June 2013	\$634 PA + GST	Under negotiation
	All Saints Hunters Hill Soccer Club	1 year			\$634 PA + GST	
Town Hall - Part of Council Chambers	Hutchisons 3G Australia Pty Ltd	20 years	1 June 2003	31 May 2023	\$29,549.11 PA + CPI + GST	\$31,026.56 PA + CPI + GST
Boronia Park	Hutchisons 3G Australia Pty Ltd	20 years	8 December 2004	7 December 2024	\$22361.34 PA + CPI + GST	\$23032.18 PA + CPI + GST
Weil Park – Woolwich Scout Hall	The Scout Association of Australia	5 years	1 July 2010	30 June 2015	\$91.73 PA +CPI +GST	\$93.21 PA + CPI + GST
9 Church Street	Hunters Hill Pre School Inc	10 years	1 July 2002	30 June 2012	\$5025 PA + CPI + GST	Under negotiation
2a Crown Street	Riverside Pre School	10 years	1 January 2002	31 December 2012	\$7923.04 +CPI +GST	Under negotiation
Ferdinand Street Boatshed Road Leases	Various tenants	1 years	1 June 2011	30 May 2012	\$298.95 + GST	Under negotiation
	X. Fang & L Yao	5 years	4.3.10	3.3.15	\$1957.00 + GST	\$1957.00 + GST
	J. Latimer		1.1.12	31.12.17	\$3516.00 + GST	\$3516.00 + CPI + GST
	P. Bartlett & A. Bartlett		1.7.12	30.6.17	\$7118.20 + GST	\$7118.20 + CPI + GST
	D. Tucker		1.9.12	30.8.17	\$1468.00 + GST	\$1468.00 + CPI + GST



PART 2

ASSET MANAGEMENT STRATEGY

1. INTRODUCTION

1.1 Background

Hunter's Hill Council is following the guidelines that accompany the Local Government Amendment (Planning and Reporting) Bill 2009 in the development of this strategic asset management plan. The Bill makes the development of a strategic asset management plan a mandatory requirement for NSW local governments.

The primary role of assets is to support the delivery of services that deliver Council's long term objectives. As Council's assets age there are increased maintenance, refurbishment and disposal costs which increase the cost of the services that they support. It is currently estimated that Hunter's Hill Council has approximately \$104 million of depreciating physical assets.

The cost of asset creation or acquisition is generally less than 20% of the life cycle cost of an asset and includes operation, refurbishment and disposal costs. Before any asset is purchased or constructed the life cycle costs and risks must be considered as they will place an increased burden on Council's budget. In an extreme position, Councils can make themselves financially unsustainable in the longer term with an aggressive asset creation program that does not consider the life cycle costs.

The objective of this plan is to identify the balance between service delivery requirements to maximise the achievement of Council's long term objectives and the life cycle costs of asset ownership within agreed risk tolerances. The information currently available for each asset groups dictates the level of sophistication of the strategy for that asset class.

1.2 Planning relationships

The current council planning framework has been revised to align with the legislated planning framework in the Local Government Amendment (Planning and Reporting) Bill 2009 and the Planning and Reporting Guidelines for Local Government in NSW. This plan has been developed in line with the legislated framework.

The legislated framework addresses the balance between the resources available against the long term aspiration objectives of Council to ensure that there is not an over commitment to resources (particularly assets) in the short term.



The long term community plan for Hunter's Hill Council is outlined in Hunter's Hill Community Strategic Plan 2030. This document provides a series of strategic drivers for the community with each driver having a number of goals and strategic actions to achieve the desired goals. It should be noted that Hunter's Hill Community Strategic Plan 2030 includes objectives in which Council will perform an advocacy role of guiding the private sector and other entities in delivering the objectives in the plan.

The key strategic priorities have been developed and linked to a strategy in the long term community plan. These priorities also guide the four year delivery program. As both the long term community plan and the four year delivery program require community consultation, a strategy has been implemented to ensure that the priorities align with community requirements. Figure 1- Integrated planning and reporting framework shows the relationship between the various plans and resourcing strategies.

Figure 1- Integrated planning and reporting framework



As part of this planning process, Council has also prepared a resourcing strategy which includes a Long Term Financial Plan, an Asset Management Policy and Asset Management Strategy and the Workforce Management Plan.

Hunter's Hill Community Strategic Plan 2030, the Delivery Program and Operational Plan have informed and been informed by the Resourcing Strategy. Figure 2 – Resourcing strategy framework Figure 2 – Resourcing strategy framework shows the relationship between the various resourcing strategies.



Figure 2 - Resourcing strategy framework



This asset management strategy establishes a framework to guide the planning, construction, maintenance and operation of the infrastructure necessary to achieve the goals and objectives as set out in Hunter's Hill Community Strategic Plan 2030 and the Delivery Plan 2012-2016.

Underpinning the asset management policy and asset management strategy are individual asset management plans for the various classes of assets held by Council.

2. PURPOSE

2.1 Developing the Asset Management Strategy

Hunter's Hill Council provides a wide range services to its community. Some of these services are supported by infrastructure assets. A strong and informed decision-making process is required to effectively and adequately plan to manage, renew and replace existing assets, and develop new ones. In developing this plan, Council has predicted infrastructure consumption, renewal needs and additional infrastructure requirements to meet future community service expectations. It sets out the short and long-term expenditure requirements of Council and includes the annual capital works planning process (which identifies infrastructure renewal and expansion projects), detailing the expenditure commitments that will be made by Council.

The purpose of the Asset Management Strategy is to:

- communicate information about assets in the local government area (including condition and performance)



- identify strategies and actions required to provide defined levels of service
- prioritise and address asset renewal and maintenance to ensure ongoing service priority to the community.

2.2 Asset management principles

The key elements of infrastructure asset management are:

- taking a life cycle approach
- developing cost-effective management strategies for the long-term
- providing a defined level of service and monitoring performance
- understanding and meeting the demands of growth through demand management and infrastructure investment
- managing risks associated with asset failures
- sustainably using physical resources
- ensuring continuous improvement in asset management practices.

It is essential that the assets required to provide the services to our community are managed and maintained in a sustainable manner. Asset sustainability identifies the need to spend more on asset renewal than is being consumed on an annual and ongoing basis.

3. POLICY AND OBJECTIVES

3.1 Background

Asset management is important because:

- Infrastructure networks provide the platform for economic and social development
- Good quality infrastructure is the cornerstone of public health and safety
- Risk management practices safeguard long-term asset investment and benefits to stakeholders
- Infrastructure and property assets increasingly meet recreational and other needs of the community,



- Benchmarking condition and performance promotes innovation and efficiencies

The goal of asset management is to meet a required asset level of service in the most cost-effective way through the planning, creation, acquisition, maintenance, operation, rehabilitation and disposal of assets to provide for present and future customers.

A formal approach to the management of assets is essential in order to provide services in the most cost-effective manner and to demonstrate this to management, the community, and other stakeholders.

The key elements of asset management are:

- Taking a lifecycle approach
- Developing cost-effective management strategies for the long-term
- Providing a defined level of service and monitoring performance
- Managing risks associated with asset deterioration and failure
- Sustainable use of physical and natural resources
- Continuous improvement in asset management practices

The principles to guide asset management planning and decision-making focus on:

- Ensuring service delivery needs form the basis of asset management
- Integrating asset management with corporate, financial, business and budgetary planning
- Informed decision making, incorporating a lifecycle approach to asset management
- Establishing accountability and responsibility for asset condition, use and performance, and
- Sustainability, providing for present needs while sustaining resources for future generations

Hunter's Hill Council owns and/or operates a significant portfolio of assets. These assets include roads and transport assets, stormwater drainage assets, parks and recreation assets, foreshore assets, property and building assets, plant and equipment assets and Information Technology assets. Council has three primary functions in managing assets:



- Act as custodian for assets under its control
- Play a leading role in asset management and strategic asset planning
- Ensuring sustainability and inter-generational equity i.e. ensuring future generations can enjoy assets and facilities and related services at least as they are now

As custodian of the assets, Council is responsible for establishing and implementing optimal asset management strategies and practices that enable the assets to be sustained and related levels of service acceptable to the community to be provided at the lowest possible overall cost whilst controlling exposure to risk and loss.

The application of sound asset management underpins the key organisational values of the Hunter's Hill Councils, Strategy:

- Provide a range of services and programs which meet the needs of the community as effectively and economically as possible.
- Promote the principles of ecological sustainable development (ESD)
- Understanding the community needs
- Work with other organisations as partners
- Manage resources and logistics efficiently and effectively.
- Use information to learn and improve our services
- Make fair and responsible decisions
- Leadership and planning.

3.2 Coverage

This policy applies to all infrastructure assets owned or controlled by Council and forms part of the resourcing strategy that supports the Community Strategic Plan whilst meeting the outcomes of the integrated planning and reporting framework in accordance with the Local Government Act and Division of Local Government's Integrated Planning and Reporting Guidelines.

3.3 Purpose

This policy has been developed to identify the importance of sustainable asset management to Hunter's Hill Council and as a guide to recognise Council's responsibilities and commitment to the efficient and effective management of the assets under its control.



This policy also outlines the framework for developing and implementing sustainable asset management strategy and plans in a coordinated and structured way.

The policy is in place to set guidelines for implementing consistent asset management processes throughout Council.

The policy is to ensure adequate provision is made for the long-term management and replacement of major assets by:

- Ensuring that Council's services and infrastructure are provided sustainably, with the appropriate quality levels of service to residents, visitors and the environment.
- Safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial treatment of those assets.
- Creating an environment where all Council employees take an integral part in overall management of Council's assets by creating and sustaining asset management awareness throughout Council.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.

3.4 Policy

Council will apply the principles of sustainable asset management to ensure the community's physical assets serve the current community and the needs of future generations.

This will be achieved through:

- Developing and implementing a corporate approach to sustainable asset management within Hunter's Hill Council, and
- Managing and maintaining the community's assets in accordance with "best appropriate" sustainable asset management principles and practices

Sustainable asset management is a responsibility of all elected representatives and employees within Council.



Elected representatives are responsible for adopting the policy and ensuring that sufficient resources are applied to manage Council's assets.

Specific responsibility for developing and implementing sustainable asset management within the organisation will rest with the General Manager and Group Manager of Works & Services.

Specific asset management teams and officers within the Public Works & Infrastructure Department will have asset management development, planning and implementation responsibilities.

The Group Manager of Works & Services will oversee and monitor asset management development and implementation with a specific role of monitoring implementation in accordance with the Asset Management Strategy and Improvement Plan.

Council will continuously seek opportunities to improve adherence to this Policy, by establishing specific asset monitoring, auditing and review mechanisms.

3.4 Adoption of policy

Council's Asset Management Policy was adopted by Council at its meeting held on 3 April, 2012.

4. LEVELS OF SERVICE

4.1 Community priorities

The Resident's Survey was undertaken in March and April 2009. The survey was delivered to all households in the Municipality, as well as distributed through a range of groups in the area. Approximately 5,600 surveys were distributed. The survey was also available for completion on the Council website. A total of 560 surveys were returned to the Council, which is a 10% return rate.

The purpose of the survey was to provide an opportunity, for residents, to express their level of satisfaction with the services that are provided by Hunter's Hill Council and for the Council to understand the needs of the community. The information will be used to target and improve the Council services.

The survey included three preliminary questions asking background information about the respondent: gender, address and age. This information enabled the survey respondents to be compared with the resident population and ensure that any bias was acknowledged.



Respondents were provided with a list of twenty-nine Council services in the form of a table which has been used in previous years. They were asked to rate, on a three-tier scale, the importance of each of the services to them and secondly to indicate how satisfied they were with each of the services. This question allowed the Council to compare the results from previous years to track changes over time in relation to residents' views on performance and the importance of the services.

Twenty-nine aspects of Council services were presented to participants for rating as to their Importance and Degree of Satisfaction. A three-tiered rating scale was used with the respondent rating each service as "Very Important", "Important" or "Not Important".

Fourteen aspects of Council services were identified by more than 50% of respondents as being "Very Important". These were (in rank order):

- Garbage and Litter Collection (70%)
- Forward Planning (68%)
- Recycling (67%)
- Green Waste Service (64%)
- Litter Control (63%)
- Parks and Reserves (60%)
- Footpaths, Kerbs and Guttering (58%)
- Noise Control (58%)
- Road Maintenance (58%)
- Building and Development (57%)
- Nature Conservation (54%)
- Traffic Management (53%)
- Stormwater Control (53%)
- Heritage Preservation (51%)

A similar scale was used to identify the degree of satisfaction with Council services. A three- tiered rating scale was used, with the respondents having the options of "Very Satisfied", "Satisfied" and "Not Satisfied".



More than 90% of respondents were “Satisfied” or “Very Satisfied” with the following services:

- Garbage (96%) Also rated as “Very Important”
- Recycling (95%) Also rated as “Very Important”
- Cultural services (95%)
- Aged and Disability services (94%)
- Community Buildings (94%)
- Environmental Education (92%)
- Council Information (91%)

Six services were rated by more than 30% of respondents as “Not Satisfied”. All these services were also rated as “Very Important” They were:

- Footpaths, Kerbs and Guttering (50%)
- Road Maintenance (43%)
- Building & Development (40%)
- Traffic Management (36%)
- Planning for the Future (33%)
- Street Cleaning (30%)

The key issues to come from this report are:

- There are 6 service areas that more than 30% of respondents rated as Not Satisfied with the level of service that currently is provided by Council:
 - Footpaths, Kerbs and Guttering – the level of satisfaction has remained the same or similar since 2004;
 - Road Maintenance – the level of satisfaction has increased slightly since 2004;
 - Building and Development Control – the level of satisfaction has increased since 2004;



- Traffic Management – level of satisfaction has increased slightly since 2004;
 - Planning for the Future – level of satisfaction has increased since 2004;
 - Street Cleaning – level of satisfaction has decreased since 2004.
- The three social issues of concern that received the most responses are Public Transport (49% of respondents), Safety and Security in the Local Area (49% of respondents) and Improved Local Facilities (34% of respondents).
- The three recreational activities that are most popular in the local area are walking/jogging (with 80% of respondents choosing this), informal use of parks and playgrounds (56% of respondents) and team sports (51% of respondents).
- The three key things that respondents would like to see improved in the area are;
 - Traffic management issues were raised by 28% of the respondents. Their concerns included speeding cars, rat runners, parking in streets and problems with traffic flow.
 - Footpaths, Kerbs and Guttering received comments from 25% of the respondents wanting to have smoother footpaths that are free of hazards.
 - The shopping areas and car parks with 25% of the respondents commenting about them. Comments including having more parking, improved policing, concern about specific locations, an improvement in the “look” of the current shops and a improved community atmosphere for the shops in all areas.

4.2 Hunter's Hill Community Strategic Plan 2030

The Vision for Hunter's Hill Local Government area is detailed in Hunter's Hill Community Strategic Plan the Councils Community Strategic Plan and is detailed as:

in 2030.....

Hunter's Hill is renowned for its well preserved heritage buildings, sandstone walls, magnificent tree canopy and bushland, surrounded by its pristine waterways and sandstone seawalls. People enjoy and embrace the lifestyle, restaurants and cafes, and quiet ambience that complement Australia's oldest garden suburb.



Architectural excellence is evident throughout Hunter's Hill. New developments have been limited in height to two storeys in residential areas, which is compatible with the character of the area.

There is a strong sense of community, residents are committed to the area, know their neighbours and feel a strong sense of belonging to Hunter's Hill.

Our Aboriginal heritage and cultural diversity are reflected in a vibrant cultural scene and harmonious community.

The broad needs of the community are provided through a range of facilities, services, and events.

Community organisations are flourishing with many residents volunteering their time and participating in a wide variety of activities. Gladesville is the focal point of commerce and our thriving village centres (Woolwich, Garibaldi, Hunter's Hill, and Pittwater Rd) are warm and welcoming, supported by a network of business people and the community.

Our footpaths, walking trails and cycleways are popular as they connect the Municipality and provide access to waterways, foreshores, and open green spaces, and traffic is managed so that people can move around safely. Residents and visitors can get where they want to go easily via an integrated public transport system that is cost effective, comfortable, convenient and accessible.

Ferries are bringing people from all parts of the world to enjoy what Hunter's Hill has to offer, and this has led to water's edge improvements around the wharves.

We have upgraded our infrastructure, public facilities, urban spaces and sea walls by taking up opportunities to provide more diverse sources of income. Council has sustainably managed its assets with the support of the community to ensure its on-going financial viability.

Hunter's Hill has become a jewel in the world's greatest city, Sydney.

4.3 Integration

Assets play an important part in the delivery of services to our community. As such, infrastructure assets will play both a direct and an indirect role in the delivery of a number of the key community drivers and Council actions. The table below indicates which assets play a role in the delivery of Councils key strategies linked to the community plan themes and goals.

Hunter's Hill Council Resourcing Strategy



Table 1 - Asset linkages to the community strategic plan

Theme	Goal	Strategy	Roads	Drainage	Buildings	Parks
Our Heritage And Built environment	To ensure the preservation of our heritage buildings, garden areas, views, streetscapes and tree canopy.	1.1 To develop a community awareness campaign that ensures continuing participation by residents in the development application process			✓	✓
	To accommodate increased population by using our existing housing, and by new buildings that exemplify architectural excellence and demonstrate ecologically sustainable principles	Work with the community to: a. Review heritage character statements. b. Prepare a new comprehensive planning document (LEP) that integrates with all aspects of land usage, the environment and community lifestyle: i. Prepare new detailed controls (DCP) including complementary chapters on sustainability (ESD). ii. Implement outcomes from main street committees. iii. develop comprehensive tree management strategies.				
	To ensure that the focal point of commerce and services is Gladesville, and our village centres are thriving		✓	✓	✓	✓
Our Community & life Style	to ensure a caring and safe community where people enjoy living.	2.1 Accessible, well-designed and managed community facilities and public spaces are provided that encourage community connection, volunteering and safety.	✓		✓	✓

Hunter's Hill Council Resourcing Strategy



Theme	Goal	Strategy	Roads	Drainage	Buildings	Parks
		2.2 Support the sustainable and equitable provision of a wide range of cultural, recreational and leisure activities, events and services for people of all ages and abilities.			✓	✓
Our Environment	To work in partnership with the Community to achieve an environmentally sustainable Hunter's Hill and to preserve and restore our bushlands and waterways	3.1 The Sustainability Plan and sustainability principles are adopted and implemented in all planning and operational decisions	✓	✓	✓	✓
	Achieve a balance of environmental, social and economic interests today, without harming the prospects of the generations of tomorrow.	3.2 Help people understand ways in which they can live their everyday lives so that they protect the environment for future generations. "We need to play our part in reducing carbon emissions and conserving water."	✓	✓	✓	✓
Moving Around	To provide for safe and orderly movement and coordination of vehicular, pedestrian, bicycle and public transport traffic throughout Hunter's Hill.	4.1 Work with regional organisations (NSROC) and providers (RTA, STA and Sydney ferries) on providing a better integrated public transport network for our community as it grows, including integrated timetabling and ticketing.	✓		✓	✓
		4.2 Integrated traffic, parking, cycleway and pedestrian management plans are developed and implemented.	✓		✓	✓

Hunter's Hill Council Resourcing Strategy



Theme	Goal	Strategy	Roads	Drainage	Buildings	Parks
Our Council	Hunter's Hill Council is: • a model of participative democracy • a provider of quality customer service and innovative management of its financial resources • is efficient, effective and sustainable	5.1 Have an informed community aware of the challenges facing Council's future viability and contributing to the strategy for ensuring it.				
		5.2 Ensure our long-term financial sustainability.	✓	✓	✓	✓
		5.3 Ensure that staff are highly skilled and competent to meet the challenges of the future and deliver appropriate services to the community.				
		5.4 Invest in information and communication technologies to support the continued improvement of our services				



4.4 Service level outcomes

The asset management plans for each asset category specifically defines the community levels of service and the technical levels of service.

Community levels of service are related to the service that the community receives. The community's expectations with regards to levels of service are communicated to Council via consultation. This can be measured in a number of ways, both tangible and intangible, such as appearance of facilities, speed of service and availability of service.

Technical levels of service are technical in nature and are measurable quantitatively. It is the means by which council officers establish the level of operation and maintenance required to ensure that the community levels of service are achieved.

These levels of service have been combined to deliver five asset related service level outcomes. The service level outcomes are:

- Accessibility
- Quality
- Responsiveness
- Affordability
- Health and Safety

Each of the service level outcomes is related directly to Council's Community Strategic Plan Hunter's Hill Community Strategic Plan 2030 by the way each asset class helps deliver the services required by the community. These service level outcomes are essential to ensure the asset portfolio is not only maintained to a satisfactory level but also caters for the future demands of the community whilst balancing the potential risks to the community and the Council. The service level outcomes and how they are related to the assets and Council's strategies are detailed in Table 2 - Service level outcomes.

Accessibility

To ensure the asset base performs as required it is essential that the asset, no matter which type of asset, is generally available to the community as required. As a service outcome the council's customers will require assets that are accessible and can be relied upon to deliver the services that are not only expected, but the services that are required.



Quality

Asset quality is also very important. In this regard, Council should determine the quality of the assets required for the city area. Quality will have more to do with manner and type of the asset rather than its condition. An asset may be poor in quality yet have a condition which is described as good.

Responsiveness

Council will maintain assets in a workman-like manner and be responsive to the needs of the community now and into the future. Whilst this may be difficult in some instances, Council places a high emphasis on customer service and it's responsiveness to customer enquiries. Strategies will be implemented to ensure that Council maintains a high level of customer support.

Affordability

Council will maintain its infrastructure assets in a cost effective affordable manner in accordance with responsible economic and financial management. In order for Council's assets to assist in meeting the strategic goals and in attaining optimum asset expenditure Council will need to continually review its current operational strategies and adopt new and proven techniques to ensure that assets are maintained in their current condition.

Health and Safety

Council will ensure that all assets are maintained to minimise the risk exposure to Council as a result of Council's extensive asset network. To achieve this service outcome Council will need to ensure that issues of health and safety are acted upon in a timely and efficient manner



Table 2 - Service level outcomes

Theme	Goal	Strategy	Service Level Outcomes				
			Accessibility	Quality	Affordability	Responsiveness	Health & Safety
Our Heritage And Built environment	To ensure the preservation of our heritage buildings, garden areas, views, streetscapes and tree canopy.	1.1 To develop a community awareness campaign that ensures continuing participation by residents in the development application process	✓				
	To accommodate increased population by using our existing housing, and by new buildings that exemplify architectural excellence and demonstrate ecologically sustainable principles	<p>Work with the community to:</p> <ul style="list-style-type: none"> a. Review heritage character statements. b. Prepare a new comprehensive planning document (LEP) that integrates with all aspects of land usage, the environment and community lifestyle: <ul style="list-style-type: none"> i. Prepare new detailed controls (DCP) including complementary chapters on sustainability (ESD). ii. Implement outcomes from main street committees. iii. develop comprehensive tree management strategies. 					

Hunter's Hill Council Resourcing Strategy



Theme	Goal	Strategy	Service Level Outcomes				
			Accessibility	Quality	Affordability	Responsiveness	Health & Safety
Our Community & life Style	To ensure that the focal point of commerce and services is Gladesville, and our village centres are thriving		✓	✓			✓
	to ensure a caring and safe community where people enjoy living.	2.1 Accessible, well-designed and managed community facilities and public spaces are provided that encourage community connection, volunteering and safety.	✓	✓	✓	✓	✓
		2.2 Support the sustainable and equitable provision of a wide range of cultural, recreational and leisure activities, events and services for people of all ages and abilities.	✓	✓	✓		✓
Our Environment	To work in partnership with the Community to achieve an environmentally sustainable Hunter's Hill and to preserve and restore our bushlands and waterways	3.1 The Sustainability Plan and sustainability principles are adopted and implemented in all planning and operational decisions	✓	✓	✓		

Hunter's Hill Council Resourcing Strategy



Theme	Goal	Strategy	Service Level Outcomes				
			Accessibility	Quality	Affordability	Responsiveness	Health & Safety
Moving Around	Achieve a balance of environmental, social and economic interests today, without harming the prospects of the generations of tomorrow.	3.2 Help people understand ways in which they can live their everyday lives so that they protect the environment for future generations. "We need to play our part in reducing carbon emissions and conserving water."	✓				✓
	To provide for safe and orderly movement and coordination of vehicular, pedestrian, bicycle and public transport traffic throughout Hunter's Hill.	4.1 Work with regional organisations (NSROC) and providers (RTA, STA and Sydney ferries) on providing a better integrated public transport network for our community as it grows, including integrated timetabling and ticketing.		✓	✓	✓	
		4.2 Integrated traffic, parking, cycleway and pedestrian management plans are developed and implemented.	✓	✓		✓	

Hunter's Hill Council Resourcing Strategy



Theme	Goal	Strategy	Service Level Outcomes				
			Accessibility	Quality	Affordability	Responsiveness	Health & Safety
Our Council	Hunter's Hill Council is: <ul style="list-style-type: none"> • a model of participative democracy • a provider of quality customer service and innovative management of its financial resources • is efficient, effective and sustainable 	5.1 Have an informed community aware of the challenges facing Council's future viability and contributing to the strategy for ensuring it.					
		5.2 Ensure our long-term financial sustainability.			✓		
		5.3 Ensure that staff are highly skilled and competent to meet the challenges of the future and deliver appropriate services to the community.					
		5.4 Invest in information and communication technologies to support the continued improvement of our services					



5. FUTURE DEMAND

5.1 Demand forecast

The future infrastructure demand for community infrastructure and facilities is driven by changes and trends in:

- Population growth/reduction
- Changes in the demography of the community
- Lifestyle changes
- Residential occupancy levels
- Commercial/Industrial demand
- Technological changes which impact the asset
- The economic situation
- Government policy
- Environmental

5.2 Population forecasts

The estimated current and forecast resident population of Hunter's Hill LGA from the New South Wales Local Area Population Projections is shown in the table below:

Table 3 - Population projections

Year	Total Population	Annual Average Growth Rate	%age population 0-17 years old	%age population 18-35 years old	%age population 35-60 years old	%age population >60 years old
2011	13,216		25.2	15.4	43.7	25.7
2015	13,500	2.15				
2020	13,700	1.48				

The majority of population growth is likely to occur within the southern section of Hunter's Hill in the Victoria Road Buildings corridor.

Analysis of the age structure of the Hunters Hill Municipality in 2011 compared to the NSW average shows that there was a slightly higher proportion of people in the younger age groups (0-17) as well as a larger proportion of people in the older age groups (60+). 25.7% were aged 60 years and over, compared with 20.3% in NSW.

The Municipality has a number of aged accommodation facilities, and has a much larger percentage of over 80 year olds than the NSW average (8.3% compared to 4.2%).



There is a *smaller* percentage of young adults (18-34 year olds) living in the area than the NSW average (15.4% compared to 22.6%).

The largest changes in age structure between 2006 and 2011 were an increase in young families (35-49 year olds [+79] and 5-11 year olds [+67], a decrease in number of 12-17 year olds (-125) and an increase in 60-69 years old (+242 persons).

The population growth in the Hunters Hill Municipality was slower in the period 2006-2011 than the previous five years, with the population increasing by 115 people.

It is anticipated that the LGA will continue to grow at a similar rate in the next five years with continued infill medium density developments along Victoria Road and other retail centres.

Growth is expected in the older population as a result of the general ageing of the population and with over 60 year olds and “empty nesters” attracted closer to the city and into new medium density developments.

The increase in the numbers of young families is also expected to continue with a corresponding increase in children 0-18 years.

Urban consolidation is likely to also see a continued increase in overseas migrants, especially residents from non-English speaking backgrounds.

Based on current growth trends it is estimated that the population forecast should be reviewed downwards from previous estimations with likely increases to 13,500 by 2015, and 13,700 by 2020.

5.3 Changes in technology

Technology changes may affect the delivery of buildings services as a result of improvements to construction materials and methods and more efficient operational costs.

These may potentially increase the life of some assets and reduce susceptibility to damage.



5.4 Demand management plan

Table 4 - Future demand impact on assets

Demand factor	Impact on services – Building Assets	Impact on services – Drainage Assets	Impact on services – Roads Assets	Impact on services – Parks Assets
Population	Population growth will place an increased demand on buildings assets, especially libraries and , community centres.	Population growth itself will not have a significant impact on drainage services, however the associated increase in buildings and impermeable areas will lead to increased demand on drainage assets	Population growth will place an increased demand for the provision of roads assets and increased private vehicle and public transport usage	Population growth will lead to an increased demand for and usage of parks and associated assets
Demographics	The trend towards an aging population will place an increased demand on some buildings assets, especially libraries and community centres		The trend towards an aging population will place a higher demand on public transport	The trend towards an aging population may lead to an increased demand for certain types of parks assets e.g. benches and seats
Social/Economic			The trend towards increased population density units will place a higher demand on public transport	The trend towards increased population densities will lead to an increased demand for and usage of parks and associated assets
Transportation Changes			The design and provision of transport networks will need to address future needs, including the increased demand for public transport, cycle ways and footpaths	
Increasing Costs	Requirement to continue to maximise service delivery within the funding limitations.	Requirement to continue to maximise service delivery within the funding limitations.	Requirement to continue to maximise service delivery within the funding limitations.	Requirement to continue to maximise service delivery within the funding limitations.

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Demand factor	Impact on services – Building Assets	Impact on services – Drainage Assets	Impact on services – Roads Assets	Impact on services – Parks Assets
Environment and Climate	Some building assets may be impacted by change such as more severe weather events.	Drainage assets will be impacted by change such as more severe weather events.	Some infrastructure assets may be impacted by change such as more severe weather events.	Some parks assets may be impacted by change such as more severe weather events.
Lifestyle	Will impact on the type and size of facilities provided into the future			Will impact on the number and size of sports catered for with recreational assets
Technology	May require improved environmental management of facilities		Will allow for more efficient and effective maintenance and renewal of assets	



6. CURRENT SITUATION

6.1 Asset management roles and responsibilities

The responsibilities relating to infrastructure assets within Council are as follows:

Council – Owns all assets and acts as a steward for the assets. The Council will set the asset management policy and vision, and ensures that resources are available for asset management activities.

Executive – Reviews the Strategic Asset Management Plan (including the four-year Asset Delivery Program) and asset business cases in line with the asset management policy, and advises Council on asset matters.

Group Manager Works & Services – Is delegated by Council to act in the capacity of asset owner and make recommendations to Council, and responsible for the development of the Strategic Asset Management Plan which recommends the most sustainable use of available funds across the asset portfolios.

Works Engineer – Responsible for the establishment and delivery of operations and maintenance and capital works programs and for the establishment and maintenance of asset management systems and processes.

Design Engineer – Responsible for technical advice for works on stormwater drainage.

6.2 Asset management systems

Currently Council has no formalised asset management system. All asset data for depreciation purposes is stored in the corporate financial system. The asset registers for asset management purposes are maintained in a series of standalone spread sheets maintained by the individual asset managers. This is not an acceptable long term solution and the asset management improvement program recommends a single corporate asset register.

6.3 Data collection and validation

In the preparation of this asset management strategy and the development of the asset management plans, Council has used the most current and up to date information that it has available. This information will be required to be updated on a regular basis. Currently there is no fixed regime of data collection and or data validation. Data is collected as and when required.

As part of the asset management improvement plan it is proposed that these matters be addressed on an ongoing basis.



7. LIFE CYCLE MANAGEMENT

7.1 Lifecycle management strategy

Council has collected asset condition data for most of its assets. This data is based on a 1 – 5 condition assessment as detailed below:

Table 5 - Condition matrix

Condition Rating	Condition	Descriptor	Guide	Residual Life as a % of Total Life	Mean %age residual life
1	Excellent	Sound physical condition. Asset likely to perform adequately without major work.	Normal maintenance required	>86	95
2	Good	Acceptable physical condition, minimal short term risk of failure.	Normal maintenance plus minor repairs required (to 5% or less of the asset)	65 to 85	80
3	Satisfactory	Deterioration evident, failure in the short term unlikely. Minor components need replacement or repair now but asset still functions safely.	Significant maintenance and/or repairs required (to 10 - 20% of the asset)	41 to 64	55
4	Worn	Deterioration of the asset is evident and failure is likely in the short term. No immediate risk to health and safety.	Significant renewal required (to 20 - 40% of the asset)	10 to 40	35
5	Poor	Failed or failure is imminent or there is significant deterioration of the asset. Health and safety hazards exist which present a possible risk to public safety.	Over 50% of the asset requires renewal	<10	5



7.2 Asset category – Roads

Table 6 - Road assets summary

Road Assets							
Holdings	Council provides a road and footpath network throughout the Hunter’s Hill Council area comprising:						
	69 km of Roads		109 km Kerb and Guttering				
	87 km Footpaths & Cycle ways						
	1 Road Bridges		3 Retaining Walls				
	40 Traffic Islands		10 Roundabouts				
	1072m guardrail.						
Available Data	A road asset valuation undertaken in 2010 by ARRB. The current condition and estimated remaining useful life of the asset groups						
	Condition is measured using a 1-5 rating system						
Condition data	Condition by length and number						
	Condition Rating		Pavement	Surface	Footpaths	K&G	
	1	Excellent					
	2	Good	2				
	3	Satisfactory		3	3		
	4	Worn				4	
	5	Poor					

Hunter's Hill Council Resourcing Strategy



Road Assets

Main Findings	<p>Generally, Council's roads assets are fully utilised and provided in accordance with industry design and safety standards where relevant. Ongoing restoration of the road surface caused by the service utility companies maintaining their assets will continue to pose the greatest impact on Council's over-all road asset condition.</p> <p>Overall residents perceive roads as a very important asset and are somewhat satisfied with the performance and delivery of the asset.</p>
Budget Implications	<p>Up and till 2011/12 the budget for resurfacing works has been approximately \$300,000 plus roads to recovery money. From 2012 on, a special rates variation for road works has been approved with will allocate an additional \$200,000 per year to resurfacing. It is estimated that this will be sufficient to maintain the existing network in its current condition and allow for a slight improvement over a period of time. An ongoing works program has been developed to ensure optimal asset renewal expenditure, to achieve the adopted network service levels. It is anticipated that the financial projections will be reviewed in line with this approach on an annual basis and as required.</p>

	Asset Group / Class	Asset Consumption Ratio	Asset Renewal Funding Ratio
Asset Reporting	Road pavement	69%	0%
	Road Surface	62%	149%
	Footpaths & Cycle ways	64%	78%
	Kerb & Gutter	78%	100%
	Street Signs and Traffic Facilities	83%	52%



7.3 Asset category – Drainage

Table 7 - Drainage assets summary

Drainage Assets						
Holdings	Council provides a drainage network throughout the Hunter's Hill Council the area comprising Stormwater Pits \$2,588,000 Stormwater Pipes \$4,705,000 Gross Pollutant Traps Culverts / outlets / headwalls Other environmental assets					
Available Data	Council undertook a valuation of its drainage asset. The valuation included a desk top based reassessment of asset condition of the following drainage assets: Stormwater pipes Stormwater pits Box culverts Open channels Water quality devices were not included in the valuation Condition is measured using a 1-5 rating system. Where condition is not available it will be collected over a period of time as required.					
Condition Data	Condition by % based on value					
	Condition Rating	Pipes	Pits	Culverts	Channels	
	1 Excellent					
	2 Good					
	3 Satisfactory	3	3	3	3	
	4 Worn					
	5 Poor					
Main Findings	Generally, Council's Drainage assets are fully utilised and provided in accordance with industry design and safety standards where relevant.					

Hunter's Hill Council Resourcing Strategy



Drainage Assets

Council's Drainage assets have a much longer total life when compared to the other asset classes. As a result the drainage assets will need to be continually monitored to ensure that there is no accelerated decline in the condition of the assets. Drainage Assets are vulnerable to damage from over loading by vehicular traffic, as a result some asset may not achieve there usefull life capacity. Damaged pit lintels are the major contributor to Drainage maintenance and renewal.

Budget Implications

Maintenance expenditure levels are considered adequate to meet current Community Levels of Service, however renewed focus on maintaining the existing assets will require increased allocation of funds
The estimated expenditure for maintenance and renewals on Drainage assets is to remain at existing levels. All new asset expenditure will effectively be funded through Council's environmental levy.
An ongoing works program has been developed to ensure optimal asset expenditure, to achieve the adopted network service levels. It is anticipated that the financial projections will be reviewed in line with this approach on an annual basis.

	Asset Group / Class	Asset Consumption Ratio	Asset Renewal Funding Ratio
Asset Reporting	Stormwater pipes	49%	28%
	Stormwater pits	46%	85%



7.4 Asset category – Parks

Table 8 - Parks asset summary

Parks Assets	
Holdings	<p>Council provides park services throughout the Hunter's Hill Council area comprising</p> <ul style="list-style-type: none"> • Sporting Grounds • Swimming pools • Parks • Park buildings • Amenities buildings • Cricket wickets • BBQ's • Shelters • Seats • Boat ramps
Available Data	Basic information regarding Parks assets is available, however significant buildings in parks are included in the parks building asset management plan
Condition Data	<p>Council has number of asset registers covering the majority of the Council's parks assets. Importantly, high risk assets such as playground equipment are inspected quarterly in accordance with Australian Standards by internal staff.</p> <p>Condition should be measured using a 1-5 rating system</p>
Main Findings	<p>Generally, Council's Parks assets are fully utilised and provided in accordance with industry design and safety standards where relevant. Council maintains registers relating to parks assets Levels of Service however has limited formal information regarding asset capacity and performance. Evidence gathered through Council's community consultation suggests that Council's parks assets are generally in good condition and meeting community needs. Sporting oval capacity continues to be a challenge and strategies will need to be developed to ensure ongoing equitable access to playing fields.</p> <p>Due to the nature of Parks assets, the majority of works being carried out is maintenance work. This is particularly true for sports fields and tree management.</p>
Budget Implications	Maintenance expenditure levels are considered to be adequate to meet current Community Levels of Service. This is in accordance with Council's overall asset strategy where ongoing productivity and service improvements will offset any increases in maintenance and



Parks Assets

operational costs required to maintain the existing levels of service.

The estimated expenditure for maintenance and renewals on Park assets is to remain at existing levels. All new asset expenditure will effectively be funded from grants and / or developer contributions. Section 7, Financial Forecasts details the asset expenditure over the life of this strategy.

Currently the renewal of parks infrastructure assets is not optimal and future funding will need to be set at a level that reduces the rate of asset degradation and improve over all service delivery. An ongoing works program will be developed to ensure optimal asset renewal expenditure, to achieve the adopted network service levels. It is anticipated that the financial projections will be reviewed in line with this approach on an annual basis.

	Asset Group / Class	Asset Consumption Ratio	Asset Renewal Funding Ratio
Asset Reporting	Sporting Grounds	31%	83%
	Swimming Pools	54%	62%
	Parks	59%	140%
	Other	40%	90%



7.5 Asset category – Buildings

Table 9 - Building assets summary

Building Assets									
Holdings	Council provides a range of buildings across the Council area for public and Council use comprising: 1 Council Administration buildings 2 Baby Health centres 4 Child Care Centres 2 Multi-Purpose buildings 10 Special use buildings 9 Parks buildings								
Available Data	Council undertook a Community Facilities Strategic Plan by SGL group in 2011. The physical components of the building assets are set out in volume 2 of the SGL strategic Plan and include;: Floors Building envelopes Fit-out Floor Fit-out Internal Screens Roof Mechanical Services Fire Services								
Condition data	Condition is based on an audit of building condition completed in 2013								
	Condition Rating	Floor	Envelop	Fit out floor	Fit out Internal	Roof	Mechanical Services	Fire Services	
	1 Excellent								
	2 Good	2	2	2	2		2	2	
	3 Satisfactory					3			
	4 Worn								
	5 Poor								
Main Findings	Generally, Council's building assets are fully utilised and provided in accordance with industry design and safety standards where relevant. Councils building portfolio is generally in good condition, however the ownership/trusteeship of the Henley community centre is to be resolved.								
Budget	Maintenance expenditure levels are considered to be adequate to meet current required community levels of service.								

Hunter's Hill Council Resourcing Strategy



Building Assets

Implications

Council is half way through a 10 year buildings improvement program funded by a special rate variation. The aim of the program is to improve the overall quality and condition of councils community buildings.
An ongoing works program has been developed to ensure optimal asset renewal expenditure, to achieve the adopted network service levels. It is anticipated that the financial projections will be reviewed in line with this approach on an annual basis.

	Asset Group / Class	Asset Consumption Ratio	Asset Renewal Funding Ratio
Asset Reporting	Administration Buildings	48%	43%
	Baby Health centres	34%	19%
	Child care Centres	26%	7%
	Multi-use buildings	48%	146%
	Special use buildings	47%	71%
	Parks buildings/Amenities	47%	13%



8. FINANCIAL FORECASTS

The following general assumptions have been made in preparing the expenditure forecasts:

- Costs are at 1 July 2013 as shown in the annual financial statement. No allowance has been made for inflation.
- The renewals program and forecasts have been established on the basis of the most recent condition assessment and currently assessed replacement values and limited historical cost data.
- Maintenance costs allow for the forecast increase in assets due to development and increase demand on assets due to demand changes.
- The rate and pattern of development are as detailed in Section 4 - Future Demand.
- The average useful life and average remaining life of assets are based on current local knowledge, industry standards, historical trends and condition assessment.

The method of valuation of Council's assets is by 'fair value' in accordance with the AAS27, International Accounting Standard AASB116 and the DLG Circulars No. 06-43 & 06-75.

Table 10 - Asset depreciation

Asset Class	Replacement Value	Accumulated Depreciation	Depreciated Replacement Cost	Asset Consumption
Roads	\$57,080,979	\$17,799,915	\$39,281,063	69%
Drainage	\$7,292,924	\$3,778,261	\$3,514,663	48%
Parks	\$5,949,601	\$3,225,381	\$2,724,220	46%
Buildings	\$18,675,050	\$10,471,810	\$8,203,240	44%
Total	\$88,998,553	\$35,275,366	\$53,723,186	60%

The asset valuation data suggests that Council's assets have been depreciated by approximately 40% on average which would indicate that the assets have sufficient residual life to effectively manage the existing services of the Council.



Table 11 - Asset operational and maintenance expenditure highlights the expected asset expenditure projections for the period 2012/13 to 2021/22. The expenditure projection is based on maintaining the asset base. Operational activities are those carried out to keep the asset usable but have no impact on the condition of the asset such as cleaning, utilities and data collection. Maintenance activities are those required to maintain the ability of the asset to provide the required service levels. The expenditure projection also takes account of assets required to deliver the community strategic plan objectives.



Table 11 - Asset operational and maintenance expenditure

Operations and Maintenance Expenditure										
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Roads	1,254,600	1,291,700	1,312,852	1,353,511	1,395,022	1,438,644	1,482,725	1,527,945	1,577,072	1,628,396
Drainage	73,100	72,300	74,697	77,074	79,482	72,019	84,608	87,254	90,103	93,105
Parks	854,700	874,100	907,741	941,339	964,954	995,307	1,031,738	1,051,824	1,091,761	1,139,747
Buildings*	572,900	604,100	621,685	639,096	657,434	676,497	695,043	714,343	735,984	757,952
Total	2,755,300	2,842,200	2,916,975	3,011,020	3,096,892	3,182,467	3,294,114	3,381,366	3,494,920	3,619,200

Table 12 - Asset renewal expenditure prediction highlights the expected asset expenditure renewal projections for the period 2012/13 to 2021/22. The expenditure projection is based on renewing, restoring, replacing or rehabilitating the asset to its original condition without increasing the design capacity. The expenditure projection also takes account of assets which may need to be restored following work carried out on or under the asset by others, e.g. utilities companies. The renewal expenditure projections assume that Council will be successful in obtaining a special rate variation.



Table 12 - Asset renewal expenditure prediction

Asset Renewal Expenditure										
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Roads	509,400	853,000	850,662	942,056	818,551	827,535	849,065	837,732	864,350	882,887
Drainage	106,000	73,000	56,430	87,201	51,741	95,113	46,387	103,113	75,504	112,421
Parks	285,500	60,000	400,014	123,581	12,156	191,014	239,490	62,317	95,719	126,883
Buildings*	176,000	246,000	674,000	132,000	643,000	270,000	192,000	337,000	214,000	310,000
Total	1,076,900	1,232,000	1,981,106	1,284,838	1,525,448	1,383,662	1,326,942	1,340,162	1,249,573	1,432,191

Table 13 - New asset expenditure prediction highlights the expected new asset expenditure projections for the period 2012/13 to 2021/22. The New Asset Expenditure Prediction is based on works that create a new asset that did not previously exist or increase the capacity of or improve the quality of an existing asset. New works detailed in the Developer Contribution Plan are included in the expenditure prediction. The expenditure prediction also takes account of assets required to deliver the community strategic plan objectives.

Table 13 - New asset expenditure prediction

New Asset Expenditure										
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Roads	270,000	200,000	0	0	0	0	0	0	0	0
Drainage	0	0	0	0	0	0	0	0	0	0
Parks	70,000	250,000	65,000	35,000	0	0	0	0	0	0
Buildings	31,000	460,000	90,000	50,000	0	0	0	0	100,000	0
Total	371,000	910,000	155,000	85,000	0	0	0	0	100,000	0

Table 14 - Total asset expenditure prediction highlights the total asset expenditure for the period 2012/13 to 2021/22.



Table 14 - Total asset expenditure prediction

Total Asset Expenditure										
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Roads	2,034,000	2,344,700	2,163,514	2,295,567	2,213,573	2,266,179	2,331,790	2,365,677	2,441,422	2,511,283
Drainage	179,100	145,300	131,127	164,275	131,223	177,132	130,995	190,367	165,607	205,526
Parks	1,210,200	1,184,100	1,372,755	1,099,920	977,110	1,186,321	1,271,228	1,114,141	1,187,480	1,266,630
Buildings	779,900	1,310,100	1,385,685	821,096	1,300,434	946,497	887,043	1,051,343	1,049,984	1,067,952
Total	4,203,200	4,984,200	5,053,081	4,380,858	4,622,340	4,576,129	4,621,056	4,721,528	4,844,493	5,051,391



9. CRITICAL ASSETS

Council does not have a current method in place for determining its critical assets, however from local knowledge and experience the assets below have been identified as critical to the operation of Council business.

Council's administration building and Council chambers
Council's Works Depot
Church Street Hunter's Hill

These assets are considered critical in terms of the ability of Council to operate on a day to day basis, Church Street Hunter's Hill has been included due to its impact on the area as a whole in particular its importance as a central access route for the community. Currently no risk mitigation strategies have been developed for these assets. In relation to the council administration building, appropriate risk management processes have been developed around security of Council's data and corporate knowledge; however more work is required in terms of business continuity planning in relation to these assets. It is understood that these matters will be addressed over the next twelve months.

10. ASSET MANAGEMENT STRATEGY

An asset management strategy focuses development and implementation of plans and programmes for asset creation, operation, maintenance, rehabilitation/replacement, disposal and performance monitoring to ensure that the desired levels of service and other operational objectives are achieved to optimum cost for the lifecycle of the asset.

Lifecycle Management aims to develop decision support information, to model future asset maintenance and rehabilitation requirements and compare these predictions with historical expenditure trends.

The lifecycle management strategies for each asset category will outline:

- Supporting data for each asset category
 - Holdings
 - Available data
 - Condition data
- Main findings
- Budget implications



If the cost of all the asset strategies exceeds the available budget Council will need to allocate funds to those assets that are of the highest priority.

10.1 Asset strategy

Councils overall strategy is to maintain and improve current asset condition by improved work processes and productivity improvements without any significant increasing of budget allocations (apart from the 2013/14 special rate variation application). We aim to achieve this by ongoing service reviews and the adoption of improved management and work practices.

Council recognises that it manages an extensive and complex range of assets and that the management of these assets must be undertaken in a responsible manner taking into account service delivery and Council's ability to manage the assets in a long term financially sustainable manner. Council will ensure that all assets are managed in long term sustainable manner which maximises productivity and utilisation of assets to meet the community and Council's objectives.

In order for councils overall strategy to be achieved, it will be necessary to use at least core level asset management skills and practices across all asset classes. Council's strategy to achieve that is based on a gap analysis which has identified the gap between the current and desired practices and has a number of improvement actions to close the gap.

No.	Strategy	Desired Outcome
1	Move from Annual Budgeting to Long Term Financial Planning	The long term implications of Council services are considered in annual budget deliberations.
2	Review Asset Management Plans covering at least 10 years for all major asset classes.	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.



5	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
6	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
7	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
8	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within 2 years.	Improved financial and asset management capacity within Council.
9	Report six monthly to the senior management team on development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

10.2 Gap analysis

An asset management gap analysis process has been undertaken for the overall Asset management function.

The gap analysis process has included an:

- assessment of current asset management practice against various desired asset management criteria and elements
- assessment of desired/target asset management practice to be achieved within the target timeframe against various best practice asset management criteria and elements
- identification of the gap between current asset management practice and desired/target asset management practice.
-

The results of the gap analysis are shown on the following page.



The results indicate that there are clear roles and responsibilities defined for the assets classes, however the areas showing the biggest gap include data processes and techniques and the strategic asset planning processes.

Ref: 6890 Asset Management Strategy for Hunter's Hill Council



Strathfield Council Gap Analysis Assessment Chart - Overall

Overall	Current Score	Desired score 3yrs	Priority (1-3)	1	2	3	4	5	6	7	8	9	10
Asset Knowledge / Data	3.3	6.0											
Asset Classification / hierarchy	3	6											
Physical attributes and location	5	6											
Operational / Maintenance data	3	6											
Condition data	4	6											
Performance utilisation data	3	6											
GIS / spatial data	2	6											
Lifecycle cost data	3	6											
Valuation, depreciation and effective life data	3	6											
Data processes / techniques	2.6	6.0											
Asset identification / clarification processes	2	6											
Data capture strategies and processes	3	6											
Condition assessment processes / rating systems	4	6											
Performance utilisation processes	3	6											
Asset GIS mapping systems	2	6											
Asset handover procedures	2	6											
Data management processes	2	6											
Strategic Asset Planning Processes	2.8	6.0											
Levels of service	3	6											
Demand forecasting	4	6											
Risk management	2	6											
Optimised decision making / predictive modelling	2	6											
Lifecycle planning and funding projections	3	6											
Financial planning and capital investment	3	6											
Asset capital processes	3	6											
Asset management plans	2	6											
Operations Maintenance and Work Processes	3.0	6.0											
Maintenance strategies	3	6											
Emergency response plans	2	6											
Contract administration	4	6											
Maintenance management	3	6											
Design / construction strategies	3	6											
Critical assets	3	6											
Information Systems	2.9	6.0											
Asset register	3	6											
Asset costing systems	3	6											
Plans & records	5	6											
Works / maintenance management	3	6											
GIS	3	6											
Asset management system / modules	2	6											
Systems integration	2	6											
Availability / user friendly	2	6											
Organisational / Commercial Context	4.2	6.0											
Organisational strategy	2	6											
Asset management review / improvement	3	6											
Commercial tactics	5	6											
Corporate sponsorship / commitment	5	6											
AM roles and responsibilities	7	6											
Training and awareness	3	6											
Relative Score	3.1	6.0											



10.3 Improving asset management capability

As part of our ongoing commitment to asset management within the organisation each asset class has a number of improvement tasks which have been prioritised and as each task is actioned Council's capability and capacity for improved management of assets will be enhanced. Below are the actions which will lead to improved management of Council's assets as a whole. Specific actions related to individual asset categories are included in the individual asset management plans.

Table 15 - Asset management improvement plan

Task	Current Status	Responsibility	Priority
Review, develop and implement data collection processes	Currently reviewing and developing data collection processes including GPS and GIS.		On going
Undertake further asset data collection and condition assessment	Currently in progress		On going
Develop and implement a management and maintenance system including works orders and costing	Review in progress		On going
Implement capitalisation policy	Currently in progress		On going
Collect and record lifecycle cost and expenditure data			On going
Review and develop long term capital work programs and financial forecasts, including separate identification of renewals and new forecasts			1
Review and develop asset inspection processes			1

Hunter's Hill Council Resourcing Strategy



Task	Current Status	Responsibility	Priority
Review and determine data management responsibilities			1
Review organisation structure and resourcing for asset management focus including clear definition of roles and responsibilities			1
Revise and develop risk management plan for the management of assets			1
Prepare management plans to identify how technical levels of service performance targets will be achieved			1
Develop and implement strategies for managing planned and unplanned maintenance			2
Develop a consolidated asset register			2
Development of levels of service			2
Develop capital project approval process including lifecycle cost forecasts			2
Develop spatial systems for asset management representation and strategic use			3
Develop and implement asset management training and awareness program			3
Develop and implement asset rationalisation strategy			2

Hunter's Hill Council Resourcing Strategy



Task	Current Status	Responsibility	Priority
Review and further develop the asset management plan			3
Develop and implement service specifications and service level agreements			3
Integrate and interface asset systems, spatial systems and corporate/finance system			3
Undertake lifecycle costing/planning			3
Review asset management policy			3



10.4 Performance measures

Performance in relation to asset management will be measured using the Key Performance Indicators in Table below. The overall objective is to reach the target performance levels in accordance with the Council's sustainability policy;

KPI	Current Performance	Target Performance	Time frame
Asset Consumption ratio	72.9%	50% – 75%	Achieved
Asset sustainability ratio		100%	TBD
Asset renewal Funding Ratio	19.6%	95% – 105%	TBD

Please note that some information is not currently available and will be included in future plans when available.

10.5 Monitoring and review procedures

This Asset Management Strategy will be reviewed in conjunction with the review of the Infrastructure Asset Management Policy and Infrastructure Asset Management Plans every four years.



11. SELF ASSESSMENT CHECKLIST

	Requirement	Reference	Yes	Partial	No	N/A	Link to evidence/examples
	Asset Management Planning (AM)						
2.16	Council has accounted for and planned for all existing assets and any new asset solutions proposed in CSP and Delivery Program	EE - 2.9	✓				All assets are accounted for in Schedule 7 of Council's Annual Statements of Accounts.
2.17	AM exists to support the CSP and Delivery Program	EE - 2.10	✓				
2.18	AM plan/s exist to support the CSP and Delivery Program	EE - 2.10	✓				Asset management plans have been developed for all major infrastructure assets and take into account the objectives and strategies defined in the Community Strategic plan and Council's Delivery Plan.
2.19	Asset management strategy and plan/s have a minimum 10 year timeframe	EE - 2.11	✓				The AM strategy AMPs and LTFFP cover a period of 10yrs
2.20	AM strategy includes a council endorsed AM policy	EE - 2.12	✓				The AM strategy includes the AM Policy, endorsed by Council on the 3 April, 2012.
2.21	AM strategy identifies assets critical to Council's operations, and outlines risk management strategies for these assets	EE - 2.13	✓				Critical assets have been identified in the asset management strategy.
2.22	AM strategy includes specific actions required to improve AM capability and projected resource requirements and timeframes	EE - 2.14	✓				Asset management improvement plan is included as part of this strategy.
2.23	AM plan/s encompass all assets under council's control	EE - 2.15	✓				Asset management plans have been completed for all infrastructure assets, except sea wall assets Asset management plans for minor assets will be completed as required.
2.24	AM plan/s identify asset service standards	EE - 2.16	✓				Levels of service for all assets have been included in the asset management plans and the asset management strategy also includes the service level outcomes for all

Hunter's Hill Council Resourcing Strategy



	Requirement	Reference	Yes	Partial	No	N/A	Link to evidence/examples
							infrastructure assets
2.25	AM plan/s contain long-term projections of asset maintenance, rehabilitation and replacement costs.	EE - 2.17	✓				Long term asset expenditure requirements are included as part of the asset management strategy and outstanding maintenance requirements included as part of Schedule 7 of the Statements of Accounts
2.26	Condition of assets is reported in annual financial statements	EE - 2.18	✓				Schedule 7 of the Statements of Accounts also shows the condition of assets. Where condition is unknown a plan exists to fill the gaps in knowledge as part of the asset management improvement plan.



Part 3 WORKFORCE PLAN

1. EXECUTIVE SUMMARY

Workforce Planning is the process of identifying current and future staffing needs. It focuses on retaining existing staff as well as attracting new employees to ensure we have the right number of people, with the right skills in the right jobs at the right time, now and in the future.

Our Vision for Hunter's Hill Council is: "To protect and enhance the integrity, character, sustainability and residential amenity of Hunter's Hill Council as Australia's oldest garden suburb – through leadership, community involvement and the pursuit of excellence".

This Workforce Plan sets out the issues, evidence and strategies required to deliver a sustainable Hunter's Hill Council workforce capable of continuing to deliver high quality services to our community to 2015 and deliver on our vision. It builds upon the directions set out in the 2020 Strategic Plan and 2012 - 2016 Delivery Program and its associated budget and is aligned with the overarching NSW Planning and Reporting framework.

Workforce planning aims to determine the future need on the basis of information we currently have. With the knowledge that overall, the Australian population is ageing and our workforce is shrinking due to declining birth rates, these demographic changes present significant long-term implications for the Australian economy and will also have an impact on our organisation.

The changing age profile of the Australian population is important to us for two reasons:

- a. Firstly, the age profile is one factor that determines our services. An ageing population will be a key driver of the type and mix of services supplied by us to our community.
- b. Secondly, the ageing of the population is likely to directly influence the potential pool of employees available to us. Our current workforce encompasses a range of occupations that require a variety of skills and experience. This places us in a vulnerable position if employees were to retire over a short period of time, as the current skills may be difficult to replace.

Within these broad trends are several challenges. Firstly, considering the relative reduction in size of the overall labour force and the proportion of the population aged over 65, it is essential that we are able to maintain or improve our relative attractiveness as an employer. Secondly, it is imperative that our retention rates are maximised across council.



To deal with these demands this plan looks at the most effective and efficient means of having the right people with the right skills undertaking the right tasks. Our plan aims to facilitate recruitment in areas of known shortages and at the same time put in place strategies to retain existing staff. In this way our Workforce Plan is engaged at all levels of the supply of workers. It also aims to influence how our workforce is educated, trained and developed into the future.

Our key initiatives focus on:

- Employer Branding: develop our employer brand, which we will use on our external communications, to build brand awareness of local government and more specifically our organisation as a career destination. This will help candidates understand there are good career opportunities at Hunter's Hill Council.
- Effective Recruitment Strategies: using more specific, targeted and cost effective recruitment strategies for specific positions.
- Entry level programs –“growing our own”: A range of traineeships and access to government incentives to employ people for these traineeships.
- Skills and Knowledge Succession Planning: identifying the critical skills and knowledge within each department, at all levels within our organisation as well as developing our employees to ensure retention and transfer of these skills and knowledge as well as coverage of these skills and knowledge during absence or in case of retirement.
- Learning and Development: opportunities that contribute to employees choosing to stay with our organisation. We are looking at staff access to learning and further education, including traineeships, apprenticeships and on the job possibilities.
- Analyse the findings from the Employee Culture Survey conducted in August 2011 and develop and implement action plans to improve the culture of the organisation based on the survey results.
- Maintain, further develop and expand and our regional joint council strategic partnerships.



2. INTRODUCTION: WHAT IS A WORKFORCE PLAN?

Workforce Planning is the process of identifying current and future staffing needs. It focuses on retaining existing staff as well as attracting new employees to ensure we have the right number of people, with the right skills in the right jobs at the right time, now and in the future.

Why is it important?

The Workforce Plan 2012 – 2016 provides a framework for aligning decisions about human resources (such as recruitment, development, internal deployment etc.) with Key Directions, Goals and Strategies in our 2020 Strategic Plan. It is a key element of our Resourcing Strategy both being informed by and informing our Long Term Financial Planning (overall Employee Benefits and On-Costs) and our Asset Management Planning in terms of the skills required now and into the future to sustainably manage the portfolio.

The Plan sets out the issues, evidence and strategies required to deliver a sustainable Hunter's Hill Council workforce, capable of maintaining high quality services to our community over the next 4 years. We have set targets and develop strategies to facilitate recruitment in areas of known shortages and at the same time put in place strategies to retain existing staff. Our Plan also aims to influence how our workforce is educated, trained and developed into the future, aligning what we said we would do in the 2020 Strategic Plan with the right people to ensure the job gets done.

How Does the Workforce Plan Relate to Council's Other Strategic Documents?

Hunter's Hill Council 2020 Community Strategic Plan

The Council's 2020 Community Strategic Plan is the highest level plan that Council has prepared. The purpose of the Plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals. In doing this, the planning process will consider the issues and pressures that may affect the community and the level of resources that will realistically be available to achieve its aims and aspirations.

The Hunters Hill community created a strategic planning framework to ensure the integration of sustainability into the future direction and planning for Hunters Hill. This framework outlines five interlinked and interdependent key directions:



1. Our Heritage and Built Environment
2. Our Community and Lifestyle
3. Our Environment
4. Moving Around
5. Our Council

Resourcing Strategy

The 2030 Community Strategic Plan provides a vehicle for expressing long-term community aspirations. However, these will not be achieved without sufficient resources – time, money, assets and people – to actually carry them out.

The Resourcing Strategy consists of three components:

- Long Term Financial Planning
- Workforce Management Planning
- Asset Management Planning.

The Resourcing Strategy is the point where Council assists the community by sorting out who is responsible for what, in terms of the issues identified in the 2030 Community Strategic Plan. Some issues will clearly be the responsibility of Council, some will be the responsibility of other levels of government and some will rely on input from community groups or individuals. The Resourcing Strategy focuses in detail on matters that are the responsibility of the Council and looks generally at matters that are the responsibility of others.

Delivery Program & Operational Plan 2012 - 2016

This is the point where the community's strategic goals are systematically translated into actions. These are the principal activities to be undertaken by the Council to implement the strategies established by the 2030 Community Strategic Plan within the resources available under the Resourcing Strategy.

The Delivery Program is a statement of commitment to the community from each newly elected council. In preparing the program, Council is accounting for its stewardship of the community's long-term goals, outlining what it intends to do towards achieving these goals during its term of office and what its priorities will be.

The Delivery Program replaces the former Management Plan requirements. It is designed as the single point of reference for all principal activities undertaken by Council during its term of office. All plans, projects, activities and funding allocations must be directly linked to this Program.



Supporting the Delivery Program is an annual Operational Plan. It spells out the details of the Program – the individual projects and activities that will be undertaken each year to achieve the commitments made in the Delivery Program.

A summary of Hunter's Hill Council's Programs & Projects for 2012/2013 is as follows. These programs and projects represent the focus of Council's workforce over the next 12 month period:

1. Our Heritage and Built Environment

- Development Applications
- Heritage Advice
- Heritage Awards
- Main Street Committees
- Promotion of Heritage Issues
- Tree Canopy
- Views
- Notification
- Swimming Pools
- Character of new Dwellings
- Commercial Centres
- Foreshore Access
- Urban Design

2. Our Community and Lifestyle

- Community Events
- The Priory
- Gladesville Library
- Cultural Diversity
- Aged, Youth and Children's Services
- Volunteers
- Disability Services
- Promotion of Community Services
- Sporting and Recreational Facilities
- Community Facilities Study
- Safety
- Graffiti
- Public Health



3. Our Environment

- Maintenance and Protection of Trees
- Improving Council's Environmental Footprint
- Improving Energy and Water Efficiency
- Reducing Fleet Emissions
- Continue to maintain and improve condition of Bushland
- Maintain and improve Stormwater runoff and health of waterways
- Improving Waste Education and Resource Recovery
- Investigate best practice options for resource recovery/waste disposal
- Reduce illegal dumping
- Education for sustainability for schools, residents, business, council staff

4. Moving Around

- Public/Private transport
- Traffic Management
- Advocacy with Sydney Ferries/RTA, etc
- Driver Safety
- Off Street Car Parking
- Bicycle Tracks
- Footpaths
- Promotional Walking/Bicycle Maps

5. Our Council

- Communication
- Promotion of services/activities
- Increasing Community Representation
- Access to information
- Councillors – reports/updates/induction
- Transparency
- Customer Services Satisfaction
- Accounting Practices (financial sustainability)
- Fees and Charges
- Generating Revenue/Reducing Costs
- Asset Management
- Workforce Management
- Best Practice
- IT – eBusiness/Software Updates/Website/Online requests

The Council conducted a Community Survey in 2009 to gauge the community opinion on the range of services offered and priority areas. The feedback received from this Survey and the community forums held in 2010/11 influenced the allocation of resources to programs and projects in the 2012 - 2016 Delivery Program. It is intended that further Community Surveys will be conducted every 2 or 3 years.

3. OUR WORKFORCE PLANNING FRAMEWORK

Our Workforce Plan is underpinned by the Workforce Planning framework. This is pictured and described in more detail below:

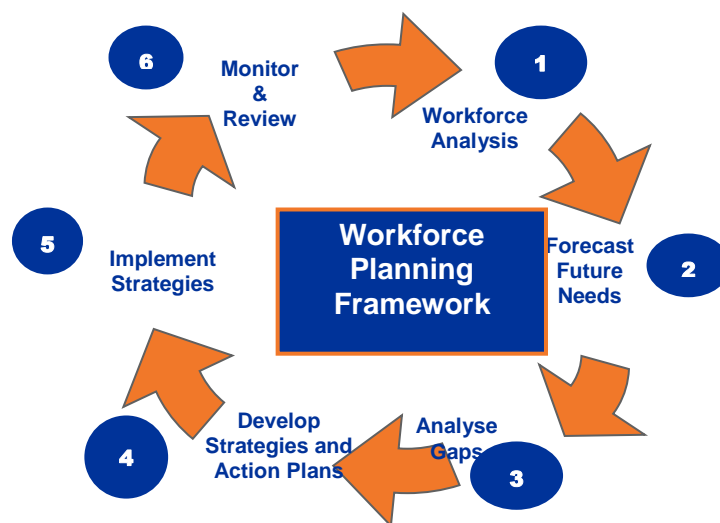


Figure 1: The Workforce Planning Framework

The key steps are:

- a. **Workforce Analysis:** Establishing the profile of our existing workforce. This analysis includes a snapshot of national workforce trends as well as a profile of our own workforce.
- b. **Forecast Future Needs:** Establishing the future profile of our workforce based on the business direction over the mid to long term. This involves identifying changes to the service delivery requirements of our organisation, tying in closely to our 2020 Strategic Plan.
- c. **Gap Analysis:** Understanding the gap between our existing workforce and the future profile of our workforce. This step involves using the results of workforce analysis (step 1) and forecasting (step 2) to identify current and future gaps between the demand for services and the supply of labour to meet those demands.



- d. **Develop Strategies and Action Plans:** Establishing strategies to develop the skills internally to match the future needs and where applicable source the skills externally and overcome any constraints. This involves the planning and design of specific programs and projects that will enable us to develop and maintain a workforce capable of delivering our 2020 Strategic Plan.
- e. **Implement Strategies:** This is the delivery of the specific programs and projects required to develop and maintain the capability and capacity of our workforce. The implementation of these strategies is integrated into the broader business planning and operational management activities of our organisation.
- f. **Monitor and review** the application of the strategies. This step is conducted to determine the effectiveness, efficiency and appropriateness of the workforce planning strategies and activities. Performance information is required to determine the impact of workforce planning on the overall achievement of organisational objectives and our 2020 Strategic Plan. This will be an ongoing process once the strategies have been implemented.

4. WORKFORCE ANALYSIS

Current work profile of Hunters Hill Local Government Area

The Hunter's Hill Local Government Area is a relatively affluent area with a well educated labour force. Our residents enjoy relatively high average incomes compared to Sydney, state and national averages.

Current population as at 30 June 2010 was 14,591.

Unemployment rates remain low in the Northern Sydney Region and in Hunter's Hill; historically these rates track lower than the state and national rates.

Where do our workers come from?

Understanding where workers come from is important information for Local Government. It assists in planning and advocacy for roads and public transport provision. It also helps to clarify the economic and employment drivers across areas and assists in understanding the degree of employment self containment within a local government area. This data is a part of the 'journey to work' data set.

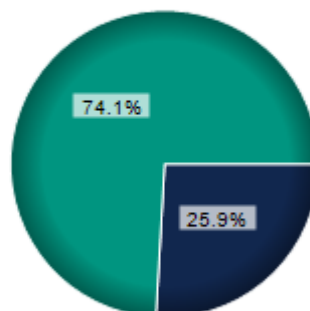


Residential^(a) location of workers in Hunters Hill Council, 2006

	Number	Percent (%)
Live and work within the Hunters Hill Municipality	966	25
Live outside, but work within the Hunters Hill Municipality	2,762	74
Total workers in the Hunters Hill Municipality	3,728	100

Residential location of workers

■ Live and work within the Council area
■ Live outside, but work within the Council area



Source: Australian Bureau of Statistics, Australian Bureau of Statistics, Journey to work, unpublished data, 2006

Source: Australian Bureau of Statistics, Journey to work, unpublished data, 2006.

(a) 'Residential' refers to place of enumeration on Census night.

How old are we?

Analysis of the age structure of the Hunters Hill Municipality in 2006 compared to the Sydney Statistical Division shows that there was a larger proportion of people in the younger age groups (0 to 17) as well as a larger proportion of people in the older age groups (60+).

Overall, 25.7% of the population was aged between 0 and 17, and 23.9% were aged 60 years and over, compared with 23.6% and 16.7% respectively for the Sydney Statistical Division.

The major differences between the age structure of the Hunters Hill Municipality and the Sydney Statistical Division were:

- A *larger* percentage of 12 to 17 year olds (11.8% compared to 7.9%);
- A *larger* percentage of 70 to 84 year olds (10.4% compared to 7.3%);
- A *larger* percentage of persons aged 85 and over (4.3% compared to 1.6%), and;
- A *smaller* percentage of 25 to 34 year olds (8.6% compared to 15.3%).

Hunter's Hill Council Resourcing Strategy



age group (years)	2006			2001			
Enumerated data	number	%	Sydney Statistical Division %	number	%	Sydney Statistical Division %	Change 2001 to 2006
0 to 4	750	5.7	6.6	693	5.5	6.7	57
5 to 11	1,075	8.2	9.1	1,077	8.6	9.5	-2
12 to 17	1,545	11.8	7.9	1,573	12.5	8.0	-28
18 to 24	992	7.6	9.9	936	7.4	9.9	56
25 to 34	1,128	8.6	15.3	1,304	10.4	16.0	-176
35 to 49	2,665	20.3	22.5	2,651	21.1	22.6	14
50 to 59	1,809	13.8	12.2	1,577	12.5	11.4	232
60 to 69	1,207	9.2	7.8	956	7.6	7.1	251
70 to 84	1,363	10.4	7.3	1,267	10.1	7.3	96
85 and over	567	4.3	1.6	536	4.3	1.4	31
Total	13,101	100.0	100.0	12,570	100.0	100.0	531

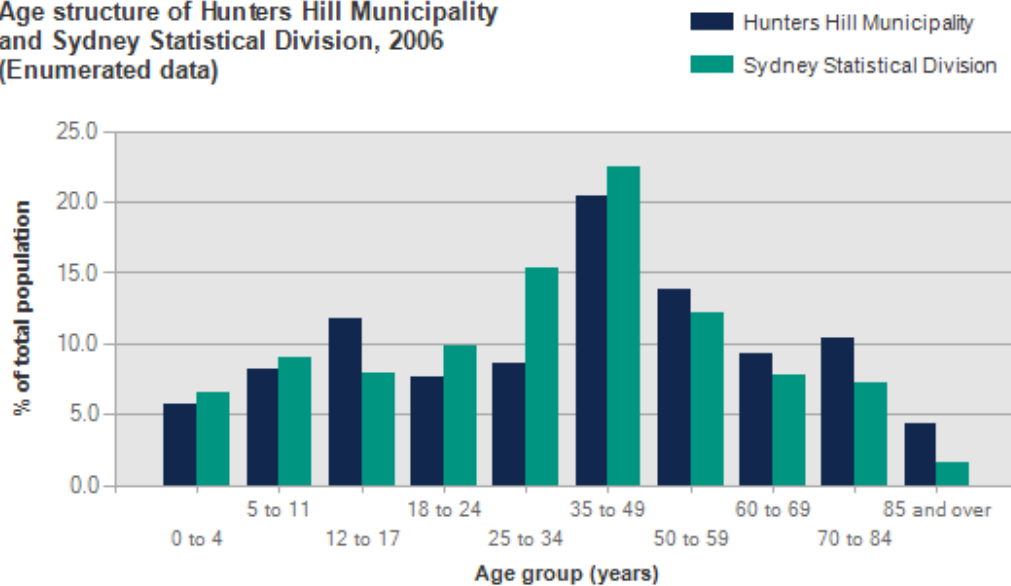
Source: Australian Bureau of Statistics, Census of Population and Housing, 2006, 2001, 1996, and 1991.

The largest changes in age structure in this area between 2001 and 2006 were in the age groups:

- 60 to 69 (+251 persons);
- 50 to 59 (+232 persons);
- 70 to 84 (+96 persons), and;
- 25 to 34 (-176 persons).



Age structure of Hunters Hill Municipality and Sydney Statistical Division, 2006
(Enumerated data)



Source: Australian Bureau of Statistics, 2006 Census of Population and Housing (Enumerated)

What is our employment status?

The size of the Hunters Hill Municipality's labour force in 2006 was 5,809 persons, of which 1,908 were employed part-time (32.8%) and 3,621 were full time workers (62.3%).

Analysis of the employment status of the population in the Hunters Hill Municipality in 2006 compared to the Sydney Statistical Division shows that there was a larger proportion in employment, and a smaller proportion unemployed.

Overall, 97.3% of the labour force was employed (53.0% of the population aged 15+), and 2.7% unemployed (1.5% of the population aged 15+), compared with 94.7% and 5.3% respectively for the Sydney Statistical Division.

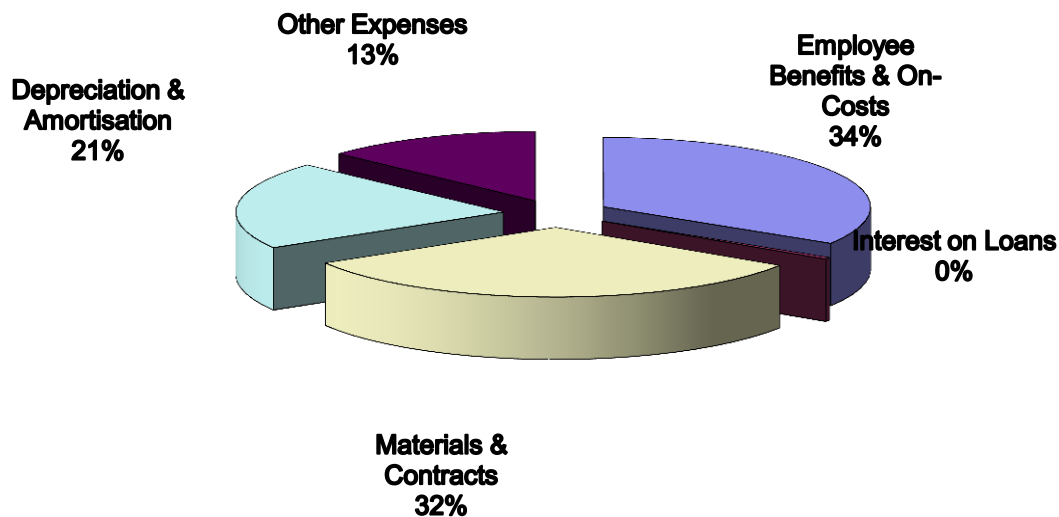
Between 2001 and 2006, the number of people employed in the Hunters Hill Municipality showed an increase of 111 persons and the number unemployed showed a decrease of 67 persons.

The labour force participation rate refers to the proportion of the population over 15 years of age that was employed or actively looking for work. "The labour force is a fundamental input to domestic production. Its size and composition are therefore crucial factors in economic growth. From the viewpoint of social development, earnings from paid work are a major influence on levels of economic well-being. (Australian Bureau of Statistics).

Analysis of the labour force participation rate of the population in the Hunters Hill Municipality in 2006 shows that there was a smaller proportion in the labour force (54.5%) compared with the Sydney Statistical Division (60.7%).

Between 2001 and 2006 in the Hunters Hill Municipality the number of people in the labour force showed an increase of 44 people, or 0.8%.

Current profile of Hunter's Hill Council Workforce (as at 30 June 2013)



Hunter's Hill Council is the smallest council in the NSW Metropolitan area.

Employment Status

Our workforce consists of permanent, temporary and casual staff and this combination contributes to not only commitment and loyalty but also allows flexibility in responding to the needs of our community.

The following information is also reflected in Council's Long-Term Financial Plan:

Council currently employs 59 staff. There is no significant increase in the number of staff planned. Minor increases of one day to two part-time staff, one in planning and one in human resources have been included in the budget.

An increase of 3.25%, in line with the existing award ending in the 2013/14 for wages and salaries. Thereafter, Access Economics increases for wages and salaries has been used. It is assumed that this indicates the market increase to employ and retain staff.

Council has implemented a performance based scheme that provides a bonus of a maximum of 2% of an employee's annual salary which needs to be earned each year. Please see appendix.



As indicated above, approximately 90% of our staff are employed on a permanent basis and 10% are employed on a temporary / casual basis. One quarter of all permanent staff are employed on a part time basis indicating that flexible work arrangements are utilised by Council.

Employee Leave Entitlements

Employee Leave Entitlements are assumed to increase at the same rate as salaries and wages.

Superannuation

Council's contribution to superannuation for both the accumulation and defined benefits scheme is assumed to increase by the same rate as wages and salaries.

In addition, the government has imposed an increase in the superannuation guarantee rate from 9% to 12% between the 2013/14 and 2019/20 financial years.

Financial Year	Superannuation Guarantee Rate
2013/14	9.25%
2014/15	9.50%
2015/16	10.00%
2016/17	10.50%
2017/18	11.00%
2018/19	11.50%
2019/20	12.00%

Gender Profile

Currently the ratio of female to male staff is almost equal, with 49.5% of our workforce female, and 50.5% male. This demonstrates a good mix of diversity in our workforce. Further, it should be noted that this ratio closely matches the gender profile of the community which we serve.

Age

As at June 2013, 52% of our employees are aged 50 years or over (*source Hunters Hill Council Payroll System*). This brings financial and social implications for the workplace. In addition, corporate knowledge retention requires a planned approach over the next ten-year period.

The average age of females is 44 while the average age of males is 48.

Our permanent workforce is spread across all age ranges, as outlined below:



Age Bracket	Number of Staff
Under 25 yrs	1
25 – 34 yrs	3
35 – 44 yrs	16
45 – 49 yrs	11
50 – 54 yrs	8
55 – 59 yrs	11
60 above	8

This demographic profile impacts on the internal labour supply in several ways, particularly in relation to a diminishing supply of younger employees and the ageing workforce. Obviously there is a high attrition rate associated with older workers, especially as they approach retirement age. As the baby-boomer generation continues to exit the workforce, the Australian labour market of the next 20 years has already been born and it is short on both numbers and skills. The pressure to boost workforce participation and global competition for talent are having an impact across most employment markets.

Council also has good representation of staff in the mid career age brackets, particularly women returning to work after having children which supports the strategies in Hunter's Hill Council's EEO Plan.

Younger workers are critical to a sustainable Council. Attracting and retaining women is also critical to a sustainable council serving a population made up of males and females. Programs targeted to ensuring a diverse workforce are outlined in Council's EEO Plan.

Occupations

Council employs staff across a range of occupational groups, including various professional, technical, operational and administrative positions.

According to a recent Workforce Planning Survey issued to Managers, many consider that a large proportion of positions across their areas of delegation are critical to the ongoing success of Council operations. This means that we must, where possible, ensure that we have the right skills and capabilities available at any time to fulfil these positions.

Length of Service

Linked to the concept of an ageing workforce is length of service. The length of service for the Council's staff is low compared to most councils. This is likely to be the result of the size of Council and staff outgrowing roles with only limited career paths.



Skills Shortage

Maintaining relevant and required skills is essential to the ongoing effectiveness and performance of the organisation in serving the Hunters Hill community.

Results from a skills audit in 2010 indicated there were gaps in knowledge across the organisation. This included skills in project management (depot supervisors) management (supervisory staff) and leadership (group managers). In addition, a world wide shortage of qualified and experienced Town Planners, Engineers and Building Surveyors has been identified and is negatively affecting Council by:

- High recruitment costs due to turnover and shortage of applicants
- Cost of training staff and high turnover
- Low skill base

The skills shortage is due to a number of factors including:

- A reduction of number of students entering the relevant fields of study
- A reduction of courses available at tertiary institutions
- Development of in a private certification industry, increasing competition for staff
- Increase of complexity of the planning and development / building assessment systems
- Superior salary packages from other councils and agencies

The Council's skills shortage is a critical issue that if left unaddressed will put at risk the organisation achieving its objectives. Support for initiatives to address the skills shortage will need to continue.

Turnover

Staff turnover for the Council is keeping with local government industry rates. Council's turnover rate was 7.4% for the 1 July 2011 to 30 June 2012 period.

At a senior management level the turnover has been 1% over the past 10 years. The Council is not losing office or depot staff at a rate that is of concern.



Attraction and Retention Capacity of Council

Attracting the right people with the right skills is an important issue for the organisation. Maintaining market competitiveness is essential to ensuring we have the right people with the right skills at the right time. Council's size and geographic location increases the competition for skilled employees. Maintaining market competitiveness will have an impact on employment costs, through salary packages that reflect market rates and include market recognised incentives such as motor vehicles, flexible work practices and learning and development issues.

Increase Reliance on External Contractors

The reliance on short-term contractors and casuals is likely to increase as it represents a more flexible work option for areas to deliver on required services within constrained employment budgets.

The positive result of this is the quick implementation of expertise into delivering a project, without long-term employment costs. The negatives include lack of skill development of existing staff which has a negative impact though reduction of ongoing human resources capability.

Service Planning – culture change required for integrating the focus and purpose of the business

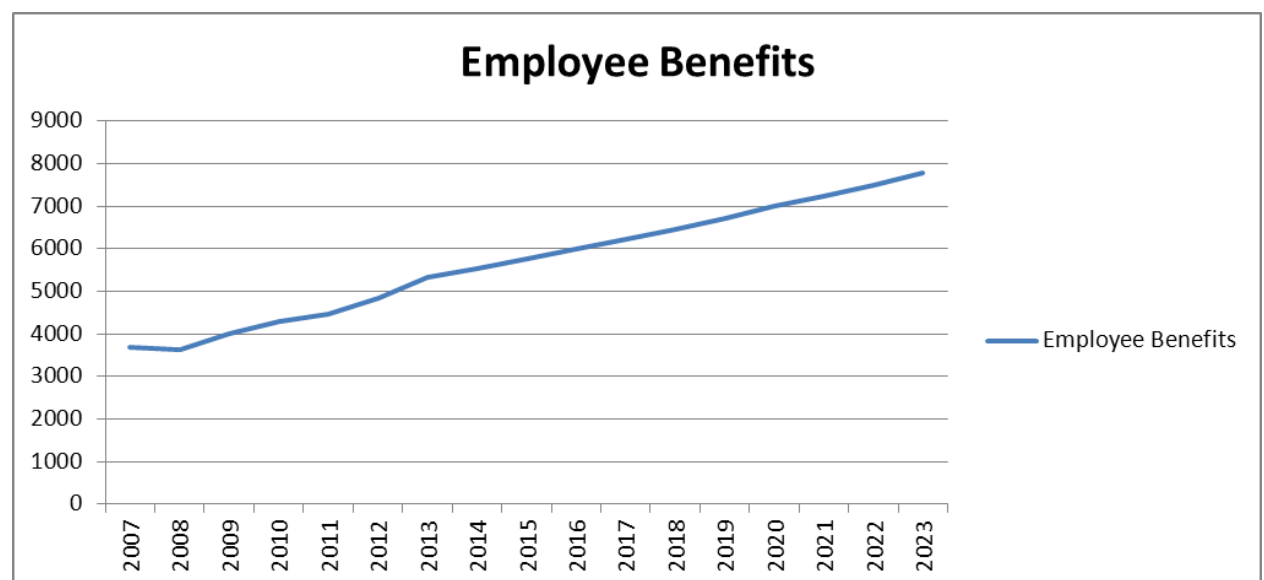
The need for greater integration of the business through service planning has been reinforced during the community engagement process. The process has emphasised the necessity for an organisational culture that reinforces common goals and cross functional cooperation. In meeting the reform's requirements, considerable progress has been made in creating a cross-functional culture between Finance, Assets, Human Resources, Sustainability, Corporate Strategy and Community Services. The need for integrated service planning is further reinforced as the business addresses its financial and asset challenges while continuing to provide satisfactory and affordable service levels to meet community expectations.

Initial planning sessions has emphasised the need for a cross functional culture in which better integration of business systems provides the best information to decision makers quickly and efficiently. Such systems integration has the potential to increase the quality and availability of integrated business data and avoid much of the costly duplication of staff time and effort.

Workers Compensation

Currently Workers Compensation claims are low at Hunter's Hill Council. However with an ageing workforce, Workers Compensation premium increase is increasingly a risk exposure for the Council. A cultural change is required including increased accountability across Council and management skill development in this area.

The premium for workers compensation is based on claims history and the total wages bill. The assumption is that there is no large increase due to claims history but that wages and salary increases would apply.



Government Legislation for National Employment Standards

Effective 1 January 2010, the Federal Government introduced the National Employment Standards which sets out 10 minimum standards required for all modern awards. The minimum standards are largely covered by the Local Government (State) Award however there is more support for employee flexibility in the Standards.

Hunter's Hill Council is supportive of work/life balance and this is a strategy used to attract and retain its staff.

Changes in Legislation for Accreditation

Recent proposed changes to the accreditation process for Building Surveyors means that appropriate accreditation through training will be required and will have an impact on employment costs.



The new accreditation requirements will also impact our market competitiveness, with the reduction in advantages for working with council as opposed to private practice. An impact on our employment costs and staff retention, in this already difficult to recruit for area, can be expected.

This is a significant issue for a key professional group within Council which already has been identified as a critical skills shortage area.

Changes in service levels in response to community priorities

Council has undertaken, and continues to undertake, significant community engagement to determine residents' priorities in relation to services and service levels. A challenge for Council is to deliver affordable services at levels the community considers are satisfactory, and which are supported by sustainable financial, asset and human resources planning. In response to required changes in services, Council must ensure that analysis is conducted to determine the impact on the organisation, budget and asset implications.

Workforce Issues Identified

A number of issues are currently facing Council in terms of our existing workforce and such issues have been identified via:

Analysis of Workforce

Results of Staff Surveys – One survey was issued to staff asking respondents about their work and retirement plans and what is shaping these plans. The results showed that 40% had no immediate plans to retire however 9% were planning phased retirement with 3% planning retirement within 2-3 years.

60% of the workforce is planning retirement over the next 10 years with 65% interested in phased retirement.

Most indicated that reasons for working were economic and reasons for phased retirement was due to lifestyle.

Another survey was issued to department Managers and sought information about current and future staffing and skill needs, including the identification of critical and difficult to fill positions, as well as general thoughts on Council's working environment.

In addition, Council conducted an organisation wide employee opinion survey, which provided further relevant information to assist with the ongoing development of our Workforce Plan.



Internal Factors

The Survey results, together with information from our current workforce profile indicate the following:

Age profile of our workforce

Half of our current workforce is aged over 50 years and many staff will be considering retirement within the next 10 years. This means that we will face challenges in filling the skill gaps as older employees retire and leave the workforce.

Differing needs of a multigenerational workforce

Council has three generations currently engaged in the workforce: the baby boomers, generation X and generation Y.

Each generation has unique traits which define them and influence their attitudes and expectations regarding work. For example, external studies show that generation X and Y are defined by an increased grasp on technology, mobility and an idealology that seeks a balance in life. Baby boomers on the other hand have a deep knowledge base, are fiercely loyal and have traditionally worked longer hours.

The staff opinion survey provided further information on the attitudes and expectations of our existing workforce. Regardless, varying attitudes and expectations towards work directly impacts on the types of attraction and retention strategies that should be adopted by Council.

Further, results of our Future Work Plans survey indicated that a large proportion of our employees aged over 50 years may be interested in accessing flexible work arrangements leading in to retirement. Again, this indicates a need to put in place programs to ensure Council is responding to the needs of our workers.

Critical Positions

Managers have identified via the Workforce Planning Survey that a number of positions are critical to the ongoing functioning of Council's operations. If such positions were left vacant for a period of time, this could have a detrimental impact on service delivery. These critical positions have been identified at all levels of the organisation, not just at Management and senior levels. Many of these positions are considered critical for various reasons, including community / customer demand or simply due to the specialised nature of the position and the specialised skill and knowledge requirements of the position incumbent.



To minimise any detrimental effects that could be caused by a position incumbent leaving a critical position, Council must ensure ongoing succession planning is undertaken for such positions.

Internal Skill Gaps

Many of our workers will soon be approaching retirement age and we may face some challenges in filling skill / employment gaps as these older employees leave the workforce.

Younger employees remaining with Council are less likely to have the acquired skills and experience necessary for promotion to senior and managerial roles, which indicates a need for ongoing succession planning.

Managers however have identified that such skill gaps may be able to be filled internally, in some cases by the acquisition of relevant tertiary qualifications and on-the-job experience and mentoring. Also, more than half of all department Managers believe that future leaders exist within their departments, which means that many of these skills gaps can in fact be filled internally, by encouraging ongoing staff development and internal promotion of such staff.

Specific skill shortages have been identified in the following areas: Records, Environmental Health, Engineering, Waste Collection, Town Planning.

External factors

Australia is confronted with the global phenomena of technological and demographic changes that are slowing growth of the workforce and dramatically changing the way we work. These national and global trends all contribute to a skills shortage in particular key areas.

Specifically, some external influences which may impact upon our future Workforce include:

An ageing workforce

Australia's population is ageing and this is mainly due to sustained low levels of fertility and increasing life expectancy. According to the latest population projections released by the Australian Bureau of Statistics (ABS), Australia's population is set to change substantially over the next 50 years, and it is predicted that around one in four Australians will be 65 years or older by 2056³. This is in contrast to population figures in 2007 which showed that only 13% of our population were 65 years and older.



Research highlights that there is a reduced desire to remain in the workforce for those of retirement age for various reasons (mid 50s to early 60s). The ageing workforce together with the trend towards early retirement will have a direct impact on the size of our workforce and will directly impact on the potential pool of employees available to local government, and more specifically, Council.

A shrinking workforce

Australia's workforce is shrinking. This can be demonstrated by the following statistics: Our working age population usually grows by around 180,000 people every year, but trends already in place will see the working age population grow by just 190,000 for the entire decade of the 2020s - a tenth of the current pace. This is a direct result of the ageing population, as well as a fall in the number of young people of working age, which is due to lower levels of fertility. This will obviously result in a much smaller workforce and will directly impact on the potential pool of employees available to local Government, and more specifically, Council.

Differing needs and expectations of multi-generational workforce

As is reflected within our own workforce, the labour market as a whole consists of three generations, all of which have varying attitudes and expectations towards work. This means that employers need to adopt a variety of workforce strategies to meet the various needs of workers.

Skills shortages

Skills shortage is a major issue facing Australia's workforce, as the Australian workforce is not growing fast enough to keep up with the demand for labour and the particular skills required by many industries.

Skill shortages have been identified in a number of occupations required by local government, including engineering, town planning, environmental health.

Increasing Competition

There is increasing competition across local government and private industry to attract and recruit employees with the right skills and experience, which means employers need to continually set themselves apart from others and market and promote themselves accordingly.

Other factors

In addition, technological changes, rising expectations of the community, financial reforms, together with changes in legislation could also impact on our future workforce requirements.



Currently IT related use training is ad-hoc and largely informal. To improve business practices and standards, a set of defined minimum essential training will be developed for staff. This will allow IT and HR staff to have a baseline of training and expectations for staff in how to use the software systems and Council.

OPPORTUNITIES

Despite the above challenges facing Council now and in the future, there are a number of positive factors that should be highlighted.

- Evidence suggests that Council has a good reputation, an enviable work culture and offers competitive employment conditions and benefits;
- Managers have identified that a number of 'future leaders' exist across Council;
- Many existing staff may have the potential to fill critical positions in the future, (provided specific qualifications are acquired and further training is undertaken);
- The global economic crises may lessen the impact of candidates in short supply (in the short term).

To address workforce issues identified in the previous section and to ensure any workforce gaps are minimised, the following general recommendations are made:

1. Continue to attract and recruit staff from a wider applicant pool so as to allow Council to become a career pathway for a range of potential new recruits – i.e. consider age diversity (both young and mature), people from diverse backgrounds (multi cultural, indigenous Australians, women with children, people with a disability)
2. Focus on retaining appropriately skilled staff, including retaining our older workforce as well as younger generations;
3. Continue to strengthen our reputation as an employer of choice, thereby assisting with attraction and retention; and
4. Offer continuous learning and development opportunities for all staff and accelerate the development of the next generation of leaders, thereby ensuring any skill gaps are reduced.

5. FORECAST FUTURE TRENDS

Public Sector and Local Government Sector Workforce Trends

Overall, the Australian population is ageing and our workforce is shrinking. These are demographic changes that present significant long-term implications for the Australian economy and will also have an impact on our organisation.

The ageing population will be the most prominent external force likely to shape the nature of local government services. This presents two central issues for local government. The first is the change in the structure of the demand for our council's services. As the population ages, demand for health and aged care related services increases and demand for education and child care services as a proportion of total expenditure will, theoretically, decrease. These challenges can affect workforce capacity and the capabilities required by councils to achieve their strategic priorities.

Secondly, all councils will have to compete in a labour market that will shrink as the older population withdraws from the labour force. And finally, the characteristics of the labour force will look different across all age cohorts, for example, younger employees have different expectations of their jobs, careers and employers.

More specifically, people working in the Australian public sector are on average 10 years older than the overall workforce, with 42% of the public sector workforce aged 45 years or over, compared with 33% of the NSW workforce. Over the next decade, a substantial proportion of key workers with critical skills and experience in the public sector will be lost as the so-called 'baby boom' generation reaches retirement age.

Because of these factors, it has become increasingly difficult to fill some positions particularly where a skill set is in short supply. This may mean having to recruit on a state, national or even global level to fill some positions. If these trends are not managed properly, this will place strains on maintaining essential services to our community.

Another trend across Australia is the trend away from fulltime to part-time work. Local Government as an industry has seen the number of part time employees grow from 15% in 1985 to 27.1% at the time of the last Census in 2006. It is expected if current trends in the broader economy continue by the time of the next Census in 2011 the percentage of part time employees will have grown again.

Nationally 43.7% of employees in local government are women (Census 2006), up from 40% in 2001. However, large differences can be identified amongst occupational groups, with a higher percentage of clerical workers being women and a large majority of men in labouring and management roles.



Challenges

Within these broad trends are several challenges. Firstly, considering the relative reduction in size of the overall labour force and the proportion of the population aged over 65, it is essential that we are able to maintain or improve our relative attractiveness as an employer. Secondly, it is imperative that our retention rates are maximised across council. To deal with these demands this plan looks at the most effective and efficient means of having the right people with the right skills undertaking the right tasks.

It is also likely that community expectations will have an impact on demand. Consideration must be given to the extent our services are going to change in the future to understand future employee needs. Our plan aims to facilitate recruitment in areas of known shortages and at the same time put in place strategies to retain existing staff. In this way our Workforce Plan is engaged at all levels of the supply of workers. It also aims to influence how our workforce is educated, trained and developed into the future.

Local trends and challenges

Hunters Hill's age structure has significantly changed over the last 5 years. Notably we have seen a large decrease in people aged 18 to 49 years and a large increase in people aged 50 to 69 years. The age structure of the Hunters Hill community as at 2006 Census reveals the following:

- 24.3% of the population was aged between 0 to 17 years
- 20.8% were aged 60 years and over
- 60+ population is 4.1% larger than the Sydney Region.

Coupled with a relatively low projected population growth (4% in total from 2005 projected to 2031) and the education levels of our local workforce that keep improving, we will be more dependent on drawing workers from outside Hunters Hill Local Government Area. This will be particularly the case for positions that require no qualifications.

However, the cost of housing prevents a large proportion of workers from moving to Hunters Hill and poor public transport links, particularly along the east west corridor, make it difficult to commute to Hunters Hill from other areas. This has implications for both the diversity and cohesiveness of our community as well as for the long-term viability of its economy. Over time this may lead to increasing difficulties in recruiting staff.



Overall, immigration plays an important role in changing the demographic composition of our residential population. We are continuously striving to ensure that our workforce reflects the residential population. The benefits of ensuring a diverse workforce include better local representation, improved communication and better understanding of the issues affecting our local community. Additionally, it will maximise the pool of workers from which we can address the workforce issues currently facing our organisation, such as skills shortages and an ageing workforce.

6. GAP ANALYSIS

Emerging issues identified from gap analysis

■ Ageing Workforce

In some parts of our business (Works and Services) a considerable number of workers will be approaching or have already reached retirement age. Most of these workers are in the field and could pose OH&S risks given the nature of the manual tasks they perform, coupled with their age. Strategic action is needed to ensure continual availability and accessibility of critical skills, particularly in these areas. In order to minimise associated risks and to ensure immediate and future service and community needs are met we need to develop a strategy to address this issue as a priority. A "Fitness for Work" guideline will be developed in 2012/2013 to start addressing this issue.

■ Retention

With the economic climate improving following the Global Financial Crisis, it is vital that we focus considerable efforts on retaining our key staff. There is a general consensus among HR professionals and managers that employee turnover rates will increase as the job market increases. With the number of advertised jobs across the Sydney region picking up, we need to ensure that key workers with critical skills and experience will remain in our workforce. Examples include planners, engineers, building surveyors, rates and IT staff, etc.

■ Technological changes

The role of local councils is continuously changing in order to meet the needs of the community. New technologies, new methods of work and new management systems are being looked at to ensure that we can continuously meet those demands. We need to make sure that changes are communicated clearly and at an early stage and that staff are appropriately consulted and trained.



■ Existing/Potential Skill Gaps

Initial discussions with Group Managers indicates a potential need to fill skill gaps in the areas of asset management and property/commercial management in the short to medium term. The need to retain and attract staff highly skilled in electronic systems management will be a priority in the future, particularly in the planning and asset management areas.

An equally important emerging gap revolves around leadership, management and supervisory skills. With the composition of the workforce becoming so diverse and managing skill gaps so critical, greater pressure will be placed on up-skilling all levels of people management skills.

7. STRATEGIES AND ACTION PLANS: LOCAL GOVERNMENT AND NSROC

Local Government Sector initiatives

The issues described in the previous chapters are not unique to our Council, or local government as a sector. A great deal of research has been undertaken by both the public and private sectors to identify solutions to the challenges described above. As most councils will clearly be affected by these changes, the local government sector is currently developing options and strategies for approaching demographic changes and workforce trends. Through this, councils and the sector as a whole can take coordinated and consistent action to plan and respond accordingly.

The Department of Local Government is currently working on collecting workforce data across the whole sector as part of a Skills Shortages Task Force. This data includes diversity measurements and should allow for benchmarking between councils and analysing workforce trends. Although not directly linked to workforce and integrated planning, the outcomes of this project should promote better practise and will allow us to compare ourselves more directly and clearly with other councils. It should also allow us to form and further develop strategic alliances with other surrounding councils, to jointly tackle shared issues.

The Local Government & Shires Associations (LGSA) has established a Local Government Workforce Development Steering Committee. This committee is currently working on numerous projects for the nationwide promotion of Local Government as Employer of Choice.



NSROC

Northern Sydney Regional Organisation of Councils (NSROC) is comprised of seven councils in the northern part of Sydney which have voluntarily come together to address regional issues, work co-operatively for the benefit of the region, and advocate on agreed regional positions and priorities. The seven member councils are **Hornsby, Hunters Hill, Ku-ring-gai, Lane Cove, North Sydney, Ryde and Willoughby**. The objectives of NSROC as defined in the NSROC Constitution are as follows:

Objectives

1. To **strengthen the role of Local Government in regional affairs**, particularly where the region may be affected by Commonwealth or New South Wales Government policies.
2. To ensure that as a region we are **providing leadership and participating in the development of; sound urban infrastructure; economic infrastructure and employment opportunities**.
3. To facilitate the **integration of transport, human and environmental infrastructure projects** that support opportunities that meet community and business needs.
4. To improve the **quality and access to human services infrastructure**.
5. To improve the **quality and efficiency of Local Government service delivery** throughout the Northern Sydney Region.
6. To ensure the organisation develops as a **highly credible and cost-effective organisation**



8. **Suggested NSROC workforce initiatives:**

Category	Activity
A. Immediate (within 6 months)	<ul style="list-style-type: none"> ▪ NSROC/ Hunter's Hill Council stand at Careers days and University open days. ▪ NSROC collaborative approaches regarding training & recruitment and/ or access to special project work for retirees. ▪ Sharing policies / information about: <ul style="list-style-type: none"> ○ Mentoring programs; ○ Retiree project employment.
B. Short Term (12 months)	<ul style="list-style-type: none"> ▪ Targeted recruitment with shared process for in-demand occupations; ▪ Secondments between NSROC Councils; ▪ Information sharing: <ul style="list-style-type: none"> ○ Position Description and Selection Criteria; ○ Working from home policies; ○ Increasing participation of women.
C. Medium Term (2 years)	<ul style="list-style-type: none"> ▪ Common approaches to succession / talent management, leadership development ▪ Skilled labour sharing / shared service arrangements; ▪ Apprentice secondments between NSROC Councils; ▪ Partnerships with universities for work experience / research projects; ▪ NSROC work experience program ▪ Special interest groups facilitated by mature employees / retirees; ▪ Shared policies around: <ul style="list-style-type: none"> ○ Knowledge transfer; ○ Secondments; ○ Flexible working hours; ○ Purchase of leave/ pooling of leave, e.g. for carers / family leave; ○ Taking leave at half pay; <p>Phased retirement through reduced working hours and/or responsibility.</p>

9. Strategies and Action Plans: Hunters Hill's Workforce Strategy

When we look at how we are planning on retaining and attracting the right staff, we asked three key questions:

1. Who is currently in our organisation (retention)?
2. What motivates them (attraction and retention)?
3. Who do we want and need to attract to our organisation (recruitment)?

We have grouped our workforce strategies accordingly in the following categories: attraction, recruitment, retention and other. Below is a summary of strategies and action plans. These are described in more detail in the remainder of this chapter.

Strategy	Action
Attraction/ Competition for Labour	<ul style="list-style-type: none"> ▪ Employer Branding via job advertising - LHR and newsletters and other publications. ▪ Career fairs. ▪ Information at local schools / universities.
Effective Recruitment Strategies	<ul style="list-style-type: none"> ▪ Youth Recruitment, Graduates, Apprenticeships and Entry level programs – A range of traineeships and student employment/ internship programs ▪ Targeted Recruitment for In-demand Occupations.
Effective Retention Strategies	<ul style="list-style-type: none"> ▪ Employee Climate Surveys; ▪ Consult with staff on retention mechanisms (i.e. what do staff want?). As a part of this consultation process, look into benefits, such as: <ul style="list-style-type: none"> ○ Flexible working arrangements: working from home, access to part-time work, casual work, and flexible working hours; ○ Other rewards & non-monetary benefits, associated with employee health & well being and engagement. ○ Improved packaging of employee benefits. ▪ Skills and Knowledge Succession Planning; ▪ Learning and Development: accredited courses/ qualifications; ▪ Secondments/transfers to other business units within Council to expand skills, engage staff longer; ▪ Employee engagement through internal networks.



Other

- **Encouraging Older Workers to Stay in the Workforce;**
- Superannuation seminars and retirement planning seminars;
- Staff Reward and Recognition programs and performance management system, ensuring that merit and achievement are used to differentiate rewards and recognition between employees;
- Analysis of Exit Interviews;
- Salary surveys; regular review of Council's salary position through survey to ensure competitive salaries are being paid;
- Benchmarking & trend analysis to review Council's performance.

10. Attraction/Competition for Labour

As the pool of potential employees shrinks, there will be increasing competition for job candidates for local government positions from both the public and private sector. This puts significant pressure on Council to market itself as an employer of choice and to improve recruitment practices.

The growth in competition for workers can be expected to increase the bargaining power held by employees in negotiating work and remuneration conditions. The strategic positioning of remuneration packages will become even more important as labour market conditions become more competitive. In practice, it is anticipated that this will lead to pressure on wages, and for a broader array of non-pecuniary benefits provided by Council. Considering Council's limited revenue raising capacity, this will require greater planning to ensure the workforce is efficient and that competitive wages can be offered.

However, Council offers a number of benefits that can be marketed as attractive to potential employees. Research has shown that factors other than salary are particularly important to Generation X and Y when choosing a potential employer. For example:

- Greater sense of purpose and achievement;
- Community connection, social responsibility is a core value
- Constantly looking at new opportunities
- The ability to make a difference
- Relative security in employment; and
- A variety of experience



It is essential that we promote the benefits of working in Council in order to remain sustainable in this competitive environment. The activities below close the gap by attracting potential employees to come and work for Hunter's Hill Council.

We are currently working on the following initiatives:

- **Employer Branding**

Our employer brand, which we will develop and use on our external human resources communications, will build brand awareness of local government and more specifically our organisation as a career destination. This will help candidates understand there are good career opportunities at Hunter's Hill Council. All our external human resources processes and communications will be tied in by this one consistent 'brand' which will consist of a logo and value proposition.

Work is currently being undertaken by the Human Resources Officer and advertisers Leonard Holt Robb to implement a re-branding job advertising campaign.

- **Career Fairs**

Hunter's Hill Council participated in the Careers Expo in 2009 and will endeavour to continue to attend career fairs to promote working in local government and showcase our organisation as a career destination. In the future this may also involve going to local schools such as St Joseph's College, Hunters Hill and TAFE giving presentations about the breadth of opportunities available within the Council at all levels of education and experience.

11. Effective Recruitment Strategies

These activities close the gap by using targeted recruitment: using more specific, targeted and cost effective recruitment strategies for specific positions.

- **Youth Recruitment**

The recruitment of youth is an increasingly important element of our capability strategy and can be expected to generate a continuing core of employees with long-term careers, albeit with a greater focus on skills development. The possibilities and utility of a well developed organisation wide youth recruitment approach are endless and necessary to address critical and imminent future workforce shortages.



Research conducted by the Management Advisory Committee for the Australian public service suggests that factors important in the retention of graduates include: favourable employment conditions, job security, and interesting work. Training and professional development opportunities are also an important attraction factor.

As part of youth recruitment, we are looking at the following programs and offerings:

- Entry level programs – A range of traineeships and access to government incentives to employ people for these traineeships.
- A variety of student employment/ apprenticeship programs. Student programs allow young professionals the opportunity to view and value local government work. Such interaction can lead to a better understanding of the great services our Council provides, can distinguish local government as an employer of choice, and can offer us a reservoir of ready and skilled candidates to draw from when vacancies occur. We can target future critical shortages in various areas of our workforce by setting up programs with universities and TAFE colleges to recruit specific candidates and disciplines. Business units can also utilise students simply to address present workforce shortages or to complete specific projects.
- Council has had partnerships with Macquarie University and participated in the PACE program (Participation and Community Engagement Partnership Agreement). Cadets and trainees have been appointed for the Sustainability and Events Management departments.
- **Targeted Recruitment for In-demand Occupations**

General recruitment is the most common recruitment method, although the least focused. It involves reaching mass audiences through a range of media, such as newspapers or websites. The expectation is that a broadly advertised vacancy will attract a range of applicants leading to the successful appointment of a suitable candidate.

It is recommended that for in-demand occupations we will use more targeted recruitment methods, focusing on the specific skills and characteristics required to fill such a position, and strategically tracking down the people in the community who may have these skills and characteristics.



Utilising targeted recruitment advertising practices will better place Council to attract talented staff from all groups in the community and respond better to changing needs and aspirations.

To determine the type of candidate to recruit for a certain in-demand position, we would consider the following:

- Where do our candidates generally come from?
- Does the job description accurately reflect the skills and characteristics needed to do the job?
- Where are these candidates found? (think about work and educational settings, publications they might read, geographic area, professional and social networks)
- What motivations of candidates can we appeal to? (demographic, personal motivations, career progression, job flexibility, social interaction)
- What are the current motivations and background of current employees in the particular team?

12. Effective Retention Strategies

We are fully aware that workforce planning is as much about engaging and retaining employees as it is about attracting new staff. Our retention strategies focus on providing our staff with a supportive work environment: to provide all staff with the direction and tools needed to perform our organisation's activities to the best of their ability, including quality work-life considerations, offering a safe and productive environment, and fostering a sense of belonging and community spirit.

Our staff turnover rate is relatively steady at 7% for 2011 which was the same as the previous year.

Some of the activities we are currently undertaking to optimise our retention rate are:

- **Employee Culture Survey**

In 2010 we conducted an all staff culture survey. The survey looked at both the current organisation culture and the desired culture and behaviours from the employee perspective. We have analysed the results and feedback from these surveys and will be developing and implementing action plans based on the feedback which will point us in the right direction to focus our efforts and will enable us to continue to improve and maintain our commitment to becoming an excellent organisation.



- **Probation Interviews and Staff Surveys**

At Hunter's Hill Council we routinely conduct staff interviews within the first 3 months of employment at Hunter's Hill Council to see how they are settling in. Human Resources is currently designing a survey to be given to current staff to periodically test the “temperature” of the organisation. These surveys will play an important role in staff retention by enabling Council to address issues of concern to staff early rather than allow them to fester resulting in staff leaving the organisation needlessly.

- **Desire for Flexibility**

There is evidence to suggest that employees are increasingly seeking greater flexibility in their working arrangements, such as home based work and flexible hours/days of work. This is partly due to changes in caring responsibilities of the current workforce but it is also due to shifting ideas about work/life balance. It is likely that employees will increasingly focus on the total benefits provided by paid employment over and above the remuneration package. In addition, factors that influence women's participation in the labour force, such as the availability of part-time work, the cost and availability of child care and family-friendly policies, are expected to become increasingly more important as the percentage of females in the workforce increases.

- **Working From Home**

Working From Home is a flexible work practice that allows our staff to perform various work activities at a location other than a council office, for example, the staff member's place of residence. Hunter's Hill Council supports the use of working from home as one of a range of flexible workplace practices developed with the aim of achieving an optimal balance between the needs of our people and our organisation.

Working from home also goes some way towards addressing the issues associated with transport limitations into Hunters Hill and the lack of affordable housing in Hunters Hill discussed earlier, as it enables staff to become “telecommuters” remote from the Hunters Hill LGA. Reducing the reliance on motor vehicles being driven by staff to and from Hunter's Hill Council offices on a daily basis also contributes towards Council's sustainability objectives.

Some of the areas we will focus on are specific retention mechanisms, such as:



<p>Flexible working arrangements and hours:</p> <ul style="list-style-type: none"> Flexible start and finish times Flexible rostering or scheduling Part-time options Job sharing Working from home opportunities. 	<p>Retirement:</p> <ul style="list-style-type: none"> Retiree project or casual employment Phased retirement through reduced working hours and/or responsibility Flexible exit strategies for older workers Retirement intention survey / discussion planner.
<p>Leave arrangements:</p> <ul style="list-style-type: none"> Part-year employment, i.e. 6 months on, 6 months off Paid leave/shut down over Christmas/New Year period Taking leave at half pay. 	<p>Secondments:</p> <ul style="list-style-type: none"> Secondments, transfers within Council Apprentice secondments within Council Graduate program (working across various areas of Council).
<p>Other processes:</p> <ul style="list-style-type: none"> Mentoring/coaching programs Career development opportunities Leadership Programs. 	<p>Rewards:</p> <ul style="list-style-type: none"> Staff Recognition Program Performance Management System Competency based arrangements Retention bonuses to in-demand occupations across Council Service years recognition.

■ **Skills and Knowledge Succession Planning**

Skills and Knowledge Succession Planning is the process of:

1. identifying the critical skills and knowledge within each business unit and/ or section, at all levels within our organisation;
2. developing our employees to ensure retention and transfer of these skills and knowledge as well as coverage of these skills and knowledge during absence or in case of retirement.



Council keeps records of the age of our employees. This helps us to identify any areas of concern (for example where all employees are nearing retirement or where you need to recruit to fill expanding or critical areas). Council will determine who currently possesses these critical skills and knowledge in each unit/ section as well as determine what needs doing to ensure the retention and/ or transfer of these critical skills and knowledge. It is one supply mechanism to meet the demands highlighted in our Workforce Plan and ensures the retention and transfer of knowledge. Additionally, it will provide a continuous flow of talented people.

As part of the knowledge management strategy, Council will also analyse what processes need to be documented and/or automated to reduce the impact of skilled employees leaving the Council. The automation of Council's business processes and the development of electronic management systems to manage processes such as development assessment, processing of tree preservation order applications, etc reduces the amount of knowledge needed to be retained within employees and transfers that knowledge into automated electronic business systems so that new staff commencing work at the Council can be efficient and productive almost immediately, without having to learn about existing business processes from other more experienced staff.

- **Learning and Development**

These activities give current employees the opportunities to have growth opportunities and tools to help develop their skill sets. It also helps by providing opportunities to current staff to improve their marketability. Training and development opportunities such as accredited courses/ qualifications contribute to employees choosing to stay with our organisation. We are looking at staff access to learning and further education, including traineeships, apprenticeships and on the job possibilities. We are also currently trialling and investigating e-learning and training opportunities.

- **Career Development for Female Staff**

A number of initiatives have been implemented to assist the career development of the female staff in the Council. These initiatives will continue in the longer term and include:

NSROC Management Challenge: as a career development opportunity, high potential female staff were identified to participate as Hunter's Hill Council's representatives in the annual regional management challenge program in 2009 and 2010.



Mentoring training for women: Female staff members participated in the LGMA women mentoring program.

13. Other Strategies and Action Plans

Other activities that we are looking at undertaking to optimise our retention rate are:

- **Encouraging Older Workers to Stay in the Workforce**

Research conducted by the Australian Public Service Management Advisory Committee suggested that a number of factors influence employees' resignation and retirement patterns in the Australian public service. Employees responding to a survey stated that retirement (47%), financial security (21%) or superannuation (15%) were the main drivers influencing their decision to leave at their intended retirement age. This does not necessarily mean they intend withdrawing from the workforce as a whole, but maybe a life change frequently involving re-engagement under different arrangements, which is reflected in a strong preference expressed for greater flexibility.

Mature-aged employees will be a key focus of private and public sector strategies responding to the ageing of the overall workforce—not just because of the existing corporate knowledge and networks of these employees, but because they represent one of the only segments of the workforce where significant increases in participation rates can be achieved.

One measure to address the overall decrease in the (local) workforce participation rate is to encourage mature age workers to remain in paid employment. There are a number of benefits of encouraging older workers to work longer. For the individual there are benefits related to the flexibility of work during the transition to retirement, the potential to keep earning a salary after retirement, and experience, skills and abilities can be better recognised. For the organisation there is better retention of corporate memory, scope for mentoring younger staff, diverse perspectives in projects, and a workforce that is more representative of the community, which may encourage better policy.

According to a recent ALGA survey, local councils have employed a range of workforce management initiatives to assist mature workers continue employment. The three initiatives that received the highest response rates in this survey were part-time work, promotion of a healthy work environment and carer's leave.



Providing access to more flexible working arrangements, such as part-time work and phased retirement, would assist in the retention of mature-aged workers. Consideration could also be given to more creative ways of using their skills such as coaching or mentoring, skills transfer, and different roles with the opportunity, where desired and appropriate, to phase out managerial responsibilities.

- **Superannuation seminars and retirement planning seminars**

In some parts of our business workers will be approaching or have already reached retirement age. In 2011/2012, we will be organising superannuation seminars together with superannuation providers for all Hunter's Hill Council staff. This way, we are hoping to encourage mature workers to continue on (part-time) working, without being disadvantaged financially. Additionally, Council will be running retirement planning seminars with superannuation providers to 'prepare' staff for retirement.

- **Staff Recognition Program/Performance Management System**

We recently revised our Staff Recognition Program and performance management system. This is to ensure that achievement and results are used to differentiate rewards and recognition between employees and their contribution to making us an excellent organisation. These activities build trust, value people and develop positive relationships, which are all essential to building a successful organisation. The staff recognition program was expanded to also include service awards to long serving staff of Hunter's Hill Council as our feedback has indicated that such recognition is valued by our staff.

- **Exit Interviews**

In 2011/2012 we will carry out greater analysis of our exit interview results. This will allow us to identify any issues or trends within the workplace we need to respond to and check that individuals are not leaving due to unfair treatment or discrimination/harassment and, importantly, act on any justified complaints.

- **Benchmarking & Trend Analysis**

We will continue trend and external benchmark analysis to help assess Council's performance against the market to help determine trends within the organisation and areas where performance is lagging behind comparable industries, to enable strategies to be developed to improve our performance.



- **Employee Health and Wellness Programs**

In 2009 we introduced our first annual Employee Wellness Program with Shining Light. The Program was well received by staff.

It is intended to run a Health Fair for staff in 2012. The Program will include various health awareness talks (prostate cancer, mental health, stress management, skin cancer, etc), Quit Smoking Campaign & Mini Health Fair (free blood glucose, cholesterol, blood pressure checks, etc). Such programs are of increasing importance to staff as awareness of health issues in the community increases and our older staff become more focused on maintaining good health into retirement.

- **Recognising Changing Internal Communications**

Hunter's Hill Council recently introduced a staff "blog" to enable staff to express views and opinions on a range of organisational issues. Internationally, social network technologies have recently indicated that they have the power to mobilise thoughts and actions without defined leadership or specific agenda.

This phenomena has implications for the way organisations are managed and how individuals and groups engage with the organisation in either a positive or negative way.

Organisations today, for really the first time, have ranges of "constituencies" that have different expectations and aspirations. We often refer to this as Gen Y, Gen X, Baby Boomers and Veterans. The simple mathematics of the demographic changes indicate that Gen X will be replacing the Veterans at a rapid rate and Gen Y will be taking over more senior positions at a much earlier age. This is not only driven by numerics, but by the techno savvy and use of social network facilities coupled with their rapidity in exceeding the abilities of the Veterans in the technological age. These younger groups will make things happen not sit and wait.



Staff blogs at Hunter's Hill Council already show that we opened up a very important medium of communication. A medium that is not reliant on staff asking management to justify or explain a position but one that has opened a dialogue within and between constituencies. This is an important change that we need to recognise and plan for in the evolution of organisational management. Organisations are rapidly becoming democratised through technology and through natural constituencies now being given a voice and to some degree developing a way of generating a consensus amongst those constituencies. Old fashion hierarchies will not last. We need to be able to utilise these social networks within the work place and to channel the energies into constructive avenues for input, decision making and engagement and hence develop ways of keeping the various groups engaged for longer periods.

▪ **Equal Employment Opportunity Planning**

Hunter's Hill Council has a commitment to equal employment opportunity under the obligations of the Anti-Discrimination Act, the Local Government Act and other relevant legislation. This commitment is not based merely on the legal requirement but on the need to provide a safe, equitable and discrimination free workplace and is reflected by the integration of the principles of EEO into Council's policies and work practices.

The Council's EEO objectives are:

- to eliminate discrimination in general, with particular emphasis on the elimination of racial and sex (gender, marital status, pregnancy, sexual preference) discrimination;
- to eliminate harassment and intimidation from the workplace;
- to eliminate unacceptable personal behaviour from the workplace;
- to ensure that every person regardless of his/her membership of a particular group (women, racial minority and/or physically or mentally impaired) is given a fair and equitable chance to compete for any vacant positions within the Council; and
- to review Council policies and procedures on a regular basis to ensure that they are free from discrimination.



All employees and external applicants for positions are given an equal chance when they apply for positions, promotions, training opportunities and in their workplace conditions. Any factors such as sex, race, marital status or other groupings under the legislation are irrelevant to employment and any appointment is based on merit and skill.

Workplace problems and/or issues are addressed in accordance with the Council policies and work practices to ensure EEO principles are adhered to and all staff are treated with fairness and respect.

Council will particularly promote EEO for members of the following EEO target groups:

- Women;
- People of non English speaking background;
- People of Aboriginal or Torres Strait Islander descent; and
- People with a disability.

The Local Government Act 1993 requires Council to prepare and implement an EEO management plan in order to achieve the objectives within the Act and to include provisions relating to:

- the devising of policies and programs to achieve EEO principles;
- the communication of those policies and programs to Council staff;
- the collection and recording of EEO information;
- the application of personnel practices within Council (including recruitment techniques, selection criteria, training and staff development programs, promotion and transfer policies and patterns, and conditions of service) to eliminate any discriminatory practices;
- the setting of goals or targets, where these may reasonably be determined, against which the success of the plan may be assessed;
- evaluating the policies and programs referred to in the plan; and



- the revision and amendment of the plan.

The purpose of the Council's EEO Plan is to:

- engender a culture that values and responds to the diversity of Council staff;
- overcome past disadvantages for members of target groups;
- build trust between managers, supervisors and staff;
- provide education which is socially, culturally and gender inclusive;
- remove barriers to participation and progression in employment and training;
- increase flexibility through exposure to new ideas and different ways of working, and
- enhance the quality and accessibility of training and employment with increasing links to cultural diversity.

Hunter's Hill Council's EEO Plan details the programs developed to achieve the integration of equity and diversity and equal opportunity principles into all aspects of employment.

The Plan is intended to educate staff of their rights and responsibilities as Council staff members.



14. Summary Action Plan

Present Position (Needs analysis)	Action Plan	KPI
<p>Need to develop Hunters Hill brand and EVP;</p> <p>Need for current understanding of employee view of culture of organisation;</p> <p>Need to address needs and retention of older workers;</p> <p>Need to review recruitment strategy to better target increasingly scarce skilled workers;</p> <p>Need to develop knowledge management strategy to retain key corporate knowledge;</p> <p>Need to continually review performance management system and staff recognition program to ensure rewards reflect the desires of staff;</p>	<ul style="list-style-type: none"> Develop Hunter's Hill Council Employer Brand and Employee Value Proposition. Change the job advertising look and format. Review results of staff culture survey, develop and implement appropriate action plans; Arrange superannuation seminars for Council staff working together with superannuation providers; Arrange retirement planning seminars to 'prepare' staff for retirement; Develop contemporary, targeted, efficient recruitment strategy; Develop a knowledge management & succession planning strategy; Review performance management reward system to ensure rewards reflect the desires of staff; 	<p>Develop employer brand by 30 June 2012.</p> <p>Develop & implement action plans by 30 June 2012.</p> <p>Conduct seminars throughout 2011/2012.</p> <p>Develop and implement revised recruitment strategy by 30 June 2012</p> <p>Develop strategy by 30 June 2012</p> <p>Complete review of performance management system by 30 June 2012</p> <p>Develop employee health and well being program for implementation by 30 June 2012.</p>



<p>Need to analyse existing and future skill requirements of Council staff;</p> <p>Need to develop a mechanism to monitor staff satisfaction shortly after commencement and on an ongoing basis;</p> <p>Need to develop skills acquisition in key areas identified in this Plan.</p> <p>Need to develop an Ageing Workforce Strategy.</p>	<ul style="list-style-type: none"> ▪ Develop and implement employee health & well being program; ▪ Conduct a skills audit to identify critical skill gaps in certain areas of the organisation; ▪ Conduct “on board” and “stay” surveying of staff; ▪ Review Corporate Training Plan to incorporate training and staff development in key skill areas. ▪ Invite nominations and review high potential staff for inclusion in Career Development Program (CDP); ▪ Develop an Ageing Workforce Strategy; ▪ Develop a “Fitness for Work” guideline. 	<p>Conduct skills audit/ skills need analysis by 31 March 2012</p> <p>Conduct surveys throughout 2011/2012.</p> <p>Review and update Corporate Training Plan by 30 June 2012</p> <p>Develop CDP for implementation in February 2012.</p> <p>Develop Strategy by 30 June 2012</p> <p>Develop Guideline by 30 June 2012</p>
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15. Literature

In developing this plan the following materials have been considered:

- 'The Impending Skills Shortage', by John M. McArthur, December 2009
- Department of Local Government Draft Planning and Reporting Guidelines and Manual for Local Government in NSW 2009
- Municipal Association of Victoria Department for Victorian Communities, Workforce Planning in Local Government, Discussion Paper, January 2006
- LGSA Workforce Planning Workshop, June 2007
- Australian Bureau of Statistics, Census of Population and Housing 2001 and 2006
- NSROC Economic Profile
- NSROC Regional Employment Study
- 'Australia to 2050:future challenges', Circulated by The Hon. Wayne Swan MP, Treasurer of the Commonwealth of Australia, January 2010



16. Our Current Employee Benefits

We recognise that there is much more to our employees than just the job they perform for us. For this reason, we have developed a comprehensive list of benefits focused on our employee's wellbeing, development, lifestyle and financial future. These benefits include (but are not limited to):

Reward & Recognition

- Performance Payments – paid annually to those employees who have performed well following annual performance review (subject to Council's financial capacity to pay each year).
- Salary Increases – Award increases provided annually.
- Staff Recognition Awards – categories of performance awards available on a quarterly basis valued up to \$100 per employee.

Packaged Benefits

- Car Parking – free car parking areas available for staff to use.
- Vehicles – fully serviced and maintained (including fuel) private use vehicles available for staff in designated positions for weekly fee (currently \$60.00 per week).
- Mobile Phones/PDA's – available to employees in designated positions for business use and nominal personal use, all personal charges above nominal amount to be paid for by the employee at our corporate call rates.

Health & Wellbeing

- Employee Assistance Program – access to professional counsellors at Hunters Hill Medical Practice to help staff if they need professional advice on issues that may affect their health, work, performance or personal relationships.
- Vaccinations – free annual flu shots offered to all staff.
- Hearing tests – free to check hearing for depot staff.
- Sick Leave – 3 weeks sick leave (accumulative).



Career

- Study Assistance – 75% reimbursement of the course fees for university study, per academic year of study and up to \$100.00 reimbursed for stationary/book expenses.
- Exam/Study Leave – two half days paid exam leave per examination.
- In-house courses – a range of courses are run in house and available to all staff.
- Conferences and Seminars – opportunities to attend conferences and seminars relevant to the employee's position.

Family

- Paid Maternity Leave – once 12 months service has been completed, staff members have options of paid maternity leave: 9 weeks leave on full pay, 18 weeks leave on half pay or a combination on full and half pay.
- Part Time Work – Staff can request to return to work part time following maternity leave until child reaches school age.
- Parental Leave – Up to 2 years unpaid parental leave.
- Carers Leave – use of sick leave entitlements to care for an immediate family member.
- Supporting Parent Leave – once 12 months service has been completed, up to 5 days paid leave from sick leave balance is available at the time a partner gives birth.

Workplace

- Lunch Room with refrigerator and supplied tea, coffee and milk and filtered water, as well as free use of facilities such as microwave oven, sandwich press and oven.

Other

- Nine day fortnight – one day off per fortnight for all depot staff.
- Transfer Entitlements – accumulated benefits transferrable if moving from another Council (Long Service Leave and Sick Leave, up to max. 13 weeks).



- Generous Long Service Leave – available after completion of 5 years service and available at half or double pay - ratio to leave taken.
- Superannuation – choice of the Local Government Super Scheme or your own nominated complying fund.
- Salary sacrifice arrangements are available for certain items.
- Social Club – a staff committee run a social club which offers events, activities and discounts to its members.
- Christmas Party lunch for all staff.



17. Hunters Hill Council EEO Plan

EQUAL EMPLOYMENT OPPORTUNITY (EEO)

MANAGEMENT PLAN

2011 – 2015



INTRODUCTION

The purpose of Hunters Hill Council's EEO Management Plan is to eliminate discrimination in the workplace and provide actions to ensure equality in the workplace.

Aims of Hunters Hill Council's EEO Management Plan:

- To ensure that prospective employees are treated equitably when applying for positions within Council.
- To facilitate the fair and equitable treatment of its employees by promoting a workplace free of discrimination.
- To promote and encourage good working relationships and providing a workplace free of harassment.

Treating people fairly and equitably, and recognising that each person can contribute something valuable to Council, will assist employees in realising their full potential whilst also enhancing Council's effectiveness, efficiency and service to the community.

The Anti-Discrimination Act (1977) provides that it is illegal to discriminate on a number grounds as outlined in Council's EEO policy. Every employee of Hunters Hill Council has a responsibility to ensure compliance with this legislation.

CONTENTS

1. Communication and awareness
2. Consultation
3. Recruitment
4. Appointment, Promotion and Transfer
5. Conditions of Service
6. Training and Development
7. Target Groups



1. COMMUNICATION AND AWARENESS

Objective:

1.1 To ensure that all employees (ie supervisory and non-supervisory employees) are aware of:

- EEO principles
- Their responsibilities in relation to EEO principles
- The existence of the EEO Management Plan and where it is located
- Council's lack of tolerance of harassment in the workplace.

Actions	Target	Responsibility	Performance Indicators	Target Date
Arrange training for managers and supervisory staff on EEO principles and their responsibilities relating to the appropriate legislation.	Supervisory employees	HR	All managers and supervisory staff trained. Managers updated when changes occur to the legislation. Managers conduct retraining sessions for their supervisors when changes occur to the legislation.	Commenced (May 2006) and ongoing
Conduct training for all non-supervisory staff on EEO principles and their responsibilities relating to the appropriate legislation.	Non-supervisory employees	HR	All non-supervisory staff trained. Managers/supervisors conduct retraining sessions for their staff when changes occur to the legislation.	Commenced (May 2006) and ongoing
Communicate EEO information to all new full-time and part-time employees as part of the Council's induction program.	All new full-time and part-time employees	HR	All new employees provided with induction	Commenced and ongoing
Promote EEO, anti-discrimination and anti-harassment via the staff newsletter	All employees	HR	Articles and information placed in the staff newsletter "The Whisper".	Ongoing
Promote prohibition of on-line harassment (ie use of email) as detailed in Council's Web Access and Email Policy	All employees	HR / IT	No incidents of online harassment	Commenced and Ongoing



2. CONSULTATION

Objective:

- 2.1 To ensure the participation of employees in the decision-making about the EEO Management Plan

Actions	Target	Responsibility	Performance Indicators	Target Date
Invite comment and input during the development of Hunters Hill Council's EEO Management Plan from employees via the Consultative Committee.	All employees	HR & Consultative Committee members	Minutes of Consultative Committee Meetings	Ongoing



3. RECRUITMENT PROCESS

Objective:

- 3.1 To ensure that those who participate in interview panels are aware of, and implement, EEO principles throughout the recruitment process.
- 3.2 To ensure that those who participate in interview panels comply with Hunters Hill Council's Recruitment and Selection policy and procedures as detailed in the Human Resources Manual.
- 3.3 To include knowledge and understanding of EEO principles as one of the criteria for appointment to a supervisory position.

Actions	Target	Responsibility	Performance Indicators	Target Date
Ensure that EEO principles are included in Interview Skills training for panel members.	Interview panel members and managers	HR	EEO principles are included in the Interview Skills training course.	Ongoing
Develop a competency assessment process on EEO principles	Interview panel members and managers	HR	Competency assessment developed	Completed
Conduct competency assessments on EEO principles and Hunters Hill Council's recruitment policy and procedures.	Interview panel members and managers	HR	Competency assessments undertaken	Annual performance reviews
Ensure interviews for management and supervisory positions include questions related to EEO responsibilities	Applicants for supervisor / management positions	HR & Department Managers	Interview questions for supervisory positions No applicants are appointed to supervisory positions unless they demonstrate knowledge and understanding of EEO principles If appointed and are identified as lacking understanding of EEO principles – they must undertake training as a priority.	Commenced and ongoing



4. APPOINTMENT, PROMOTION & TRANSFER PROCESSES

Objective:

- 4.1 To ensure that all appointments, promotions and transfers are based on merit and/or position-related criteria.
- 4.2 To ensure that all employees who are injured at work and unable to return to their pre-injury duties are assessed for suitable duties in accordance with their abilities.

Actions	Target	Responsibility	Performance Indicators	Target Date
Monitor appointments, promotions and transfers to ensure they do not breach EEO principles.	All employees	HR	Nil substantiated complaints regarding non-compliance with EEO principles for appointments, promotions and transfers.	Commenced and ongoing.
Ensure that if and when opportunities to act in higher grade positions are available that they are assigned	All employees	HR	Employees are given equal opportunity to act in higher grade positions appropriate to their skills, experience and proficiency. No employee is discriminated against in accordance with EEO principles Nil substantiated complaints in regards to non-compliance with EEO principles for offers of acting in higher positions.	Commenced and ongoing
Check that offers of suitable duties are based on the injured worker's abilities	Employees who are injured at work.	Department Managers Supervisors	Nil substantiated complaints regarding non-compliance. Return to work plans are completed in accordance with EEO principles.	Commenced and ongoing



5. CONDITIONS OF SERVICE

Objective:

5.1 To ensure that conditions of service comply with EEO principles.

Actions	Target	Responsibility	Performance Indicators	Target Date
Review Council's Work and Family policy to ensure no breach of EEO principles.	All indoor employees	HR	Minutes of Consultative Committee meetings show that issues raised via consultation are given consideration prior to finalisation of policy. Nil substantiated complaints about the illegal discrimination relating to the policy.	Commenced and ongoing
Human Resources policies and procedures are developed and reviewed to ensure compliance with EEO principles.	All employees	HR	Minutes of Consultative Committee meetings show that issues raised via consultation are given consideration prior to finalisation of policy. Nil substantiated complaints about the illegal discrimination relating to the policy.	Commenced and ongoing



6. TRAINING & DEVELOPMENT PROCEDURES

Objective:

- 6.1 To ensure that training is arranged according to the needs of Council and that all staff are provided with the opportunity for training to ensure compliance with their job requirements.
- 6.2 To ensure that training courses are appropriate and comply with EEO principles.

Actions	Target	Responsibility	Performance Indicators	Target Date
Arrange training according to the needs of Council	All employees	Department Managers in consultation with HR	Nil substantiated complaints regarding illegal discrimination in the support of training.	Commenced and ongoing.
Examine in-house and external training courses and materials to ensure they are not discriminatory and consistent with EEO principles	All employees	HR	Courses and materials are non-discriminatory. No breaches of EEO principles.	Commenced and ongoing.



7. EEO TARGET GROUPS

Objective:

- 7.1 To provide opportunities for those who are members of certain EEO target groups (eg. Women, Non-English Speaking Background (NESB) Aboriginal & Torres Strait Islander (ATSI), People with a disability) to improve their skills to make them more marketable for employment.
- 7.2 To convert positions – where appropriate – into traineeships or apprenticeships.
- 7.3 To convert positions – where appropriate – into positions suitable for people with a disability.
- 7.4 To convert positions – where appropriate – into part-time positions – suitable for people with a disability, or women.
- 7.5 To improve understanding of the needs and capabilities of people with a disability.
- 7.6 To improve understanding of the needs and capabilities of NESB and ATSI.

Actions	Target	Responsibility	Performance Indicators	Target Date
Provides opportunities for unpaid work experience placements to enhance employment opportunities.	NESB ATSI People with a disability	Managers and HR	Number of work experience placements through various schools, colleges and agencies in each target group.	Commenced and ongoing.
Ascertain whether positions	NESB ATSI	Managers & HR	Number of positions are redesigned for traineeships or apprenticeships	Commenced and ongoing
Ascertain whether positions, as they become vacant, are suitable for redesign for a person with disability.	People with disability	Managers & HR	Positions redesigned for people with a disability.	As appropriate positions become available.
Ascertain whether positions, as they become available, are suitable for redesign for part-time employment.	People with a disability Women	Managers & HR	Number of positions that are redesigned for part-time employment	Commenced and ongoing
Conduct awareness-raising sessions for managers with appropriate agencies for people with a disability	NESB ATSI People with a disability	HR	Number of sessions conducted	
Conduct awareness-raising sessions for managers with appropriate agencies	NESB ATSI	HR	Number of sessions conducted	



18. Plans for Retirement Survey

In order to assist in the management of Council's workforce and future needs could you please take a moment to complete this survey.

This survey is for the purposes of information only and the results will be incorporated in Council's Workforce Plan on a percentage basis.

1. Please indicate your age bracket:

Under 25 yrs	
25 – 34 yrs	
35 – 44 yrs	
45 – 49 yrs	
50 – 54 yrs	
55 – 59 yrs	
60 – 65 yrs	
66 and above	

2. Do you have any intention of retiring from Council over the following periods:

- 1 – 2 years ☐
 3 – 5 years ☐
 6 – 8 years ☐
 9 – 10 years ☐
 No plans ☐ Go to question 4

Other _____(please specify)

3. What are the main influences of your plans to retire?

- Economic ☐
 Family ☐
 Age ☐

Other: _____(please specify)

4. Have you considered phased retirement (ie working on a part-time basis until retirement)?

- Yes ☐
 No ☐
 Require more information ☐

Thank you for your time. Your input is much appreciated!



HUNTER'S HILL COUNCIL TRAINING PLAN – 1 JANUARY 2012–30 JUNE 2012

The Hunter's Hill Council Training Plan outlines training requirements that are:

- **Mandatory for all employees,**
- **Generic to groups of staff, (prioritised from Performance Review Training Plans)**
- **Identified organisational needs, having relevance to Hunters Hill Council's Delivery Plan.**

All other requests for training including study support under the Study Support Scheme will require formal application using the ***“Application for Educational Assistance”*** form which is located on the shelf in front of the payroll office or by contacting the Human Resources Officer. This form should be submitted to the manager or General Manager for authorisation.

Approval will be assessed based upon:

- Relevance to position description and duties of the job
- New technologies, systems or legislation required for the job
- Need to retain currency of qualifications, accreditation or information
- New organisational needs

Implementation of the training plan will assist in the execution of the Workforce Plan and Resourcing Strategy in an equitable and accountable manner. Analysis of training needs and reporting of training activities will be more transparent and reliable.



HUNTER'S HILL COUNCIL TRAINING PLAN

1 Jan 2012–30 Jun 2012

Department	Training/Development	Staff member/s	Provider	By When
Community Services	New employee induction ½ day program	On-the-job	HR Officer	Date of commencement
	Fire and Emergency Training	Fire Wardens	First Five Minutes	Monthly
	Occupational Health & Safety 2012 Awareness Training	All	Medilife Pty Ltd	March 2012
	MS Project		Raise the Bar	
	Infovision Training – Records Management System			
	Staff Development Day – Code of Conduct	All	General Manager	
	MS Office	All	Mario Aloï	
Corporate Services	New employee induction	On-the-job	HR Officer	Date of commencement
	Fire and Emergency Training	Fire Wardens	First Five Minutes	Monthly

Hunter's Hill Council Resourcing Strategy



	Occupational Health & Safety 2012 Awareness Training	All	Medilife Pty Ltd	March 2012
	Staff Development Day	All	General Manager	
	MS Office	All	Mario Aloï	
Customer Services	New employee induction	On-the-job	HR Officer	Date of commencement
	Fire and Emergency Training	Fire Wardens	First Five Minutes	Monthly
	Rating Issues at the Enquiry Counter	Local Government Association	Supervisor Customer Services	
	Infovision Training – Records Management System			February 2012
	Staff Development Day – Code of Conduct	All	General Manager	
	MS Office	All	Mario Aloï	
	Occupational Health & Safety 2012 Awareness Training	All	Medilife Pty Ltd	March 2012
Development & Regulatory Control	New employee induction ½ day program	On-the-job	HR Officer	Date of commencement
	Fire and Emergency Training	Fire Wardens	First Five Minutes	Monthly

Hunter's Hill Council Resourcing Strategy



	DA tracking – training for Administration Officers	Intranet Training	IT Officer	July 2011
	Staff Development Day – Code of Conduct	All	General Manager	
	Law Enforcement Training	Rangers	Aust Institute of Local Government Rangers	August 2009
	MS Office	All	Mario Aloï	
	Occupational Health & Safety 2012 Awareness Training	All	Medilife Pty Ltd	March 2012
Corporate Governance	New employee induction ½ day program	On-the-job	HR Officer	Date of commencement
	Fire and Emergency Training	Fire Wardens	First Five Minutes	Monthly

Hunter's Hill Council Resourcing Strategy



	Update finance information	Local Government Finance Professionals	LGSA	March 2012
	Update Rating information	NSW Rating Professionals Annual Conference	LGSA	May 2012
	Staff Development Day – Code of Conduct	All	General Manager	
	MS Office	All	Mario Aloï	
	Occupational Health & Safety 2012 Awareness Training	All	Medilife Pty Ltd	March 2012
Works and Services	New employee induction ½ day program	On-the-job	HR Officer	Date of commencement
	Fire and Emergency Training	Fire Wardens	First Five Minutes	Monthly
	Staff Development Day – Code of Conduct	All	General Manager	
	MS Office	All	Mario Aloï	
	MS Project		Raise the Bar	Partially complete
	Occupational Health & Safety 2012 Awareness Training	All	Medilife Pty Ltd	March 2012

Hunter's Hill Council Resourcing Strategy



	OHS Consultation – 1 day	OHS Committee Members		February 2012
Works & Services Depot	Identification, application and disposal of chemicals.	Chemical Training	Overseer	Ongoing
	Correctly lifting techniques	Back Basics Safe Manual Handling Program	Courtenell Pty Ltd	
	Truck License			
	Traffic Control License			
	Operating Tractor	Tractor operator to provide instruction to crew member	In-house	
	Update changes in legislation	Littering Law for Parking Officers	LGSA	
	Update changes in legislation	Companion Animals Workshop	LGSA	
	Traffic Control Blue Card	Depot staff	Comet Training	
	Occupational Health & Safety – new legislation 1 Jan 2012	Depot staff		

Occupational Health & Safety Legislation Awareness Training (for all staff): Medilife \$1980.00

Hunter's Hill Council Resourcing Strategy



WORKFORCE/RECRUITMENT STRATEGY BY DEPARTMENT

1 Jan 2013–30 Jun 2013

Department	CSP Outcomes	Current Positions (Headcount)	Employment Status	Additional Staff Required
Community Services	Implementation of a range of arts and cultural programs and actively support local cultural organizations and events.	Manager Community Services	Full-time	
	Maintenance and promotion of multicultural and Indigenous heritage	Events Coordinator	Part-time	
	Access to an efficient library or resource centre that meets information, learning and leisure needs.			
	A caring community where different groups and individuals feel that they belong.	Administration Officer	Full-time	
	A high level of participation in local volunteering			
	Strong local community service organizations			
	The needs of the most disadvantaged and vulnerable in the community are met eg for the young and aged.	Aged Care & Disability Coordinator	Part-time	Youth Worker (Part-time)
	Adequate and effective information about community services is provided to residents.			
	Maximised sustainable and equitable access and use of high quality sporting and recreational facilities.			Recreation Officer (Part-time)
Corporate Services	Increased level of participation in a range of healthy lifestyle activities.			
	The community of Hunters Hill is well informed, participative and contributes to solutions	General Manager	Full-time	
	There is a broader representation of the community	PA to Mayor/General Manager	Full-time	

Hunter's Hill Council Resourcing Strategy



	Council is recognised and respected as an open and transparent organization	Administration Officer	Part-time	
	Council staff are accredited with qualifications required to effectively service the community	Human Resources Officer	Part-time	
	Council is recognised by the community and industry as a leader	Community Relations Officer	Part-time	
Corporate Governance	Greater satisfaction with Customers Services	Group Manager Corporate Governance	Full-time	
	Residents are happy to pay fees and charges commensurate with services provided by Council	IT Supervisor	Full-time	
	Increase revenue from various sources to provide required services	IT Officer	Full-time	
	Increase numbers of people using e-business facilities	Rates/Revenue Accountant	Full-time	
	Greater awareness and use of electronic information	Financial Accountant	Full-time	
		Finance Officer	Full-time	
		Payroll Officer	Full-time	
		Purchasing Officer	Full-time	
		Records Manager	Full-time	
		Records Coordinator	Full-time	
		Supervisor Customer Services	Full-time	
		Deputy Supervisor Customer Services	Full-time	
		2 x Customer Services Officer	Full-time	
Development & Regulatory Control	To ensure that heritage & conservation of the area is respected.	Group Manager Development & Regulatory Control	Full-time	
	Preservation of the character, views to and from the municipality and the tree canopy	Senior Development Officer	Full-time	
	A range of housing types that meet popular demands.	Senior Environmental Health & Bldg Surveyor	Full-time	
	Commercial development that meets community and lifestyle needs.	Development Assessment Officer	Full-time	
	Maintenance and improvement of open space and foreshore access for the public.	Strategic Planner	Part-time	
	Provision and maintenance of high quality public spaces.	Administration Officer (1)	Part-time	
	Development meets environmental controls and standards (eg Basix, the State Govt Building Sustainability Index)	Administration Officer (2)		

Hunter's Hill Council Resourcing Strategy



		Community Law Enforcement Supervisor	Full-time	
		Ranger	Full-time	
		Weekend Ranger	Part-time	
Works & Services	Protection of the natural and built environment for the benefit of future generations	Group Manager Works & Services	Full-time	
	Reduction of carbon emissions and energy consumption.	Project Officer	Part-time	
	Enhanced management of bushland and its biodiversity.	Parks & Landscape Coordinator	Full-time	
	Decrease waste sent to landfill and increase recovery of resources through recycling and sustainable purchasing.	Assist Design & Dev Engineer	Full-time	
	Ensure the sustainable use and re-use of water	Assistant Asset Engineer	Full-time	
	Increased active and informed participation by local residents and business owners in creating a sustainable future.	Bushland Coordinator	Full-time	
	Environmental education is improved and used in conjunction with other organizational tools and strategies to promote sustainability	Sustainability Officer	Full-time	
	Minimise the need for any use of private motor cars	Facilities Manager	Full-time	
	Advocate for a reasonable pricing policy to counter the cost of private transport and to encourage patronage of public transport	Works Engineer	Full-time	
	Level of service and safety to satisfy community expectations	Depot Works Supervisor	Full-time	
	Network connected to points of greatest demand	Depot Works Supervisor	Full-time	
	Implementation of local area traffic management plans and resident parking schemes which manage traffic flow, not speed	Garden Crew Leader x 2	Full-time	
	Off street car parking provided where demand dictates	Labour Crew Leader x 2	Full-time	
	Provision of additional commuter car parking facilities in consultation with public transport authorities	Garden staff x 3	Full-time	
	Control on-street car parking	Labourer x 3	Full-time	
	Extended and integrated bicycle track network and improved safer pedestrian facilities connected to transport nodes, activity areas and village centres that are pedestrian friendly	Carpenter	Full-time	
	Assets maintained to a level that maximizes their economic life and sustainability			



Hunter's Hill Council

STAFF VALUES

At Hunter's Hill Council Values are at the **heart** of what we do and who we are. As such, we are represented by the following Values:

Honesty
Excellence
Accountability
Respect
Team Work

Our Values help Council to:

1. Provide a framework of how we treat one another at work.
2. Provide a framework of how we treat our customers.
3. Help us make sense of our working life and how we fit into the big picture.
4. Provide a framework for achieving our Vision and increasing the effectiveness of our organization.
5. Creating an environment conducive to job satisfaction and innovation.
6. Differentiating Council from other organisations.
7. Impact on professional practice.
8. Help Council to success and for staff to reach their goals and objectives.
9. Provide a measurement of success for individuals ie indicators in performance reviews.

The Values are broken down into indicators, as follows:

Honesty

- Being open and honest with each other.
- Being reliable and delivering on our commitments.
- Acting fairly and lawfully.



- Being consistent in our decision making, behaviour and interactions.
- Maintaining high standards of personal conduct and character.

Excellence

- Listening and responding to the needs of both our internal and external customers to understand their needs.
- Delivering prompt, courteous and helpful service.
- Providing services and facilities that offer value to the community in terms of cost, quality, reliability and timeliness.
- Providing a range of services and programs that meet the needs of the community as effectively and economically as possible.
- Ensuring our decisions are economically, socially and environmentally sustainable.
- Having positive interactions with other staff and the community.

Accountability

- Being reliable, responsible and delivering on our commitments.
- Acknowledging and assuming responsibility for our actions, decisions and reporting.
- Making sound decisions based on Council's Code of Ethics, Policies and Procedures.
- Taking responsibility for the actions required to achieve the outcomes in the Delivery Plan.
- Manage resources and logistics efficiently and effectively.
- Strong leadership and effective planning.

Respect

- Treating others with kindness and fairness.
- Speaking to staff, management and customers in a respectful and courteous manner.



- Respecting people's differences and accepting their individual characteristics.
- Embracing diversity.
- Acknowledging the ideas and contributions of others and celebrating successes.
- Working in a safe manner.

Teamwork

- Willingness to be flexible in assisting others when they need help.
- Sharing knowledge, ideas and talents to problem solve and achieve outcomes.
- Listening to, and respecting, other people's views.
- Working with other organisations as partners.



WORKFORCE PLANNING STRATEGIES

Objective 1: Attraction and Recruitment of staff from a wider applicant pool

To provide opportunities for Council to become a career pathway for a range of potential new recruits

Strategy	Action	KPI's
Recruitment of younger workers by:	<ol style="list-style-type: none"> 1. Continued annual recruitment of trainees and apprentices in various positions, including those positions identified as critical (5% target of total workforce) 2. Continued implementation of Work Experience Program, thereby promoting a career with Council 3. Strengthening of links with local High Schools, Universities and Technical Colleges, thereby promoting a career with Council. 	
Recruitment of a diverse workforce by:	Continued implementation of Council's EEO Management Plan, including consideration of whether positions, as they become vacant are suitable for redesign for part time employment or other flexible work arrangements – to suit women, mature workforce or people with a disability.	
	<ol style="list-style-type: none"> 1. Advertising in a variety of media, i.e. Local papers, internet job advertising sites, industry magazines, especially 	

Hunter's Hill Council Resourcing Strategy



<p>Attract adequate numbers of new recruits by:</p>	<p>for jobs where candidates are in short supply</p> <ol style="list-style-type: none"> 2. Continuing to utilise volunteers and invite them to apply for any current or future vacancies 3. Encourage and invite work experience students to apply for any current or future vacancies 4. Continuing with an open door return policy so that talented staff exiting the organisation are aware that they are welcome to apply for Council vacancies in the future 5. Continued benchmarking of external salaries and necessary adjustment to ensure Council remains competitive and is able to attract candidates in short supply or of high calibre. 	
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Objective 2: Retention of appropriately skilled staff

To retain existing staff, including mature aged workers, generation X and Y, by providing opportunities for career diversity and flexibility that accommodates both professional and personal aspirations.

Strategy	Actions	KPI's
Retention of mature aged workers by:	<ol style="list-style-type: none"> 1. Developing a Flexible Retirement Options Policy, which offers a range of flexible work options to staff approaching retirement and establishes a structured process for individual phased retirement plans 2. Raising awareness among managers of the value of the older worker and ensuring promotion of such diversity within Council 3. Continuing professional development 4. New skill development to permit staff taking on new roles such as mentoring and coaching 5. Creating a pool of experienced people who have retired but are willing to work during peak periods, on specific projects or for leave coverage. 6. Allowing access to extended leave to allow social and caring needs 	
Retention of younger workers by:	<ol style="list-style-type: none"> 1. Developing and implementing a coaching / mentoring program for emerging talent 	

Hunter's Hill Council Resourcing Strategy



	2. Encouraging and offering opportunities to act at higher levels by regularly advertising internal promotional opportunities and other short term vacancies	
Retention of appropriately skilled and experienced staff (which may also include mature and younger workers) by:	<p>1. Continuing to offer best practice flexible working arrangements and promotion within (i.e. Investigate condensed working week and other leading edge initiatives)</p> <p>2. Reviewing existing performance and remuneration system and development & implementation of new system, ensuring best practice</p>	



Objective 3: Employer of Choice

To promote the use of flexible and leading edge human resource management practices that ensures Council is a desirable workplace.

Strategy	Action	KPI's
Establish innovative HR practices responsive to workers' needs by:	<ol style="list-style-type: none"> 1. Regularly monitoring and reviewing the appropriateness of existing policies - conduct internal employee opinion survey to seek feedback from staff 2. Regularly conducting external research of 'best practice' in a range of employment areas, such as career diversity, professional and personal development, work life balance, reward and recognition, job flexibility etc 3. Reviewing existing salary system and continued benchmarking to ensure market competitiveness 	
Promote Council as an employer of choice by:	<ol style="list-style-type: none"> 1. Marketing the benefits of working for Council by development of promotional brochures to hand out to job candidates, school advisors, tertiary institutions etc 2. Continuing to market the benefits of working for Council via Council's website 3. Marketing the benefits of working for Council via all job advertisements. This would involve a review of the format and 	

Hunter's Hill Council Resourcing Strategy



	<p>style of job advertisements</p> <p>4. Participate in interviews, presentations or attend various forums to promote Council</p>	
Grow our own leaders and other key professionals by:	<p>1. Researching and developing a Succession Management Policy, which ensures succession plans are developed for all senior and critical positions</p> <p>2. Encouraging and regularly offering opportunities to act at higher levels</p> <p>3. Supporting career development secondments within Council and facilitating secondments / transfers between other Councils</p> <p>4. Improving the level of skills available in Council by actively recruiting new staff with appropriate qualifications</p>	
Offer continuous learning and development opportunities by:	<p>1. Promoting participation in performance review process, which involves a structured approach to individual development and training plans</p> <p>2. Increasing staff utilisation of sponsored study</p> <p>3. Increasing staff access to leadership / management training</p> <p>4. Continuing to build the capacity and skills of our existing Senior staff</p>	



PERFORMANCE DEVELOPMENT SYSTEM (PDS) WORKPLAN

Employees Name:	Period from / /	Manager's Title:
Position Title:	Period to / /	Manager's Name:
Department:	Employee Signature:	Manager's Signature:
	Date: / /	Date: / /
<p>OVERVIEW</p> <p>This PDS Workplan is to be completed by the employee.</p> <p>It involves the employee and manager determining what needs to be done during the year, agreeing development, reviewing achievement and giving feedback. To ensure we are all heading in the same direction, workplans are to be aligned to the strategies and objectives relevant to your department / work area as defined in the Delivery and Operational Plans.</p> <p>The PDS Workplan is to be completed each financial year.</p> <p>A progress review is to be conducted at six months and a final review is to be conducted at the end of 12 months.</p> <p>At the beginning of the review period you and your manager are to complete:</p> <ul style="list-style-type: none"> Review of Objectives achieved 	<p>WORKPLAN RATINGS</p> <p>5 Exceptional Performance – Performance and achievements far exceed job requirements. Set objectives are achieved to a higher than expected level. (Evidence must be provided).</p> <p>4 Exceeds Expectations – Performance consistently exceeds job requirements. Set objectives are achieved to a higher than expected level</p> <p>3 Meets Expectations- Good solid performer who clearly meets all set objectives.</p> <p>2 Requires Development – Generally meets some objectives but not all. Further development and improvement is required.</p> <p>1 Unsatisfactory – Failed to meet job requirements and set objectives. Improvement goals are to be documented which include timeframes and are monitored to measure progress.</p> <p>VALUES / BEHAVIOUR RATINGS</p> <p>5 Role models this behaviour to an exceptional</p>	<p>TRAINING AND DEVELOPMENT</p> <p>The Training and Development plan section provides you and your manager the opportunity to discuss and agree on the skills and key development activities required for your role and career objectives.</p> <p>This section is to be completed when setting objectives for the review period ahead and is to be updated and checked for progress at the six and 12 month review.</p> <p>SKILLS</p> <p>Hunter's Hill Council is committed to making sure that all staff have the skills required to get the job done.</p> <p>CONFIDENTIALITY</p> <p>This document is confidential between the employee, supervisor and manager as required. Human Resources will be responsible for</p>



<ul style="list-style-type: none"> • Review of Values (expected behaviours) • Assess Training and Development achieved (ensuring that training relates to the objectives) 	<p>level</p> <p>4 Consistently displays this behaviour to a high level</p> <p>3 Often displays the behaviour</p> <p>2 Sometimes displays the behaviour</p> <p>1 Rarely or never displays this behaviour</p>	<p>filing on completion and retaining confidentiality.</p> <p>RECORD KEEPING</p> <p>Completed Workplans are to be signed by both employee and manager and file in the employee's personnel file. Copies should be kept by employee and manager within each review cycle.</p>
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WORKPLAN OBJECTIVES (WHAT WE DO)

This should be completed in conjunction with the Job Specification, Delivery Plan and Operational Plan.

Delivery/Operational Plan	Individual Objectives	KPI's	Service Standards	6 Month Progress Review Comments	12 Month Final Review Comments
Which objectives of the strategic plans is your role aligned to? Refer to the Operational Plan for your department	Outline the key objectives that you will be working towards	What things will tell you when the strategies and objectives have been achieved?	What standards do I need to follow to achieve my goal/objective?	To be completed approximately six months into the Performance Development cycle. Comment on achievement and action required for work performed to date	To be completed at the end of the 12 month Performance Development Cycle. Give a final rating between 1-5 with 1 being Unsatisfactory and 5 demonstrating Exceptional Performance. Refer to front page for further details.



HUNTER'S HILL COUNCIL VALUES (HOW WE DO IT)

Values	Key Actions	6 Month Progress and Rating	12 Month Final Review Comments and Rating
How we achieve is as important as what we achieve. Below are Council's Values: H-E-A-R-T , along with the Safety behaviour important to our Council. We work to achieve by demonstrating:	A <i>guide</i> is provided below detailing the type of key actions that may be displayed when demonstrating the behaviour.	Provide examples and rating. 5 Role models this behaviour to an exceptional level 4 Consistently displays this behaviour to a high level 3 Often displays this behaviour 2 Sometimes displays this behaviour 1 Rarely or never displays this behaviour	Provide examples and rating. 5 Role models this behaviour to an exceptional level 4 Consistently displays this behaviour to a high level 3 Often displays this behaviour 2 Sometimes displays this behaviour 1 Rarely or never displays this behaviour
Honesty	<ul style="list-style-type: none"> Being honest with others at all times Being reliable and delivering on commitments Flags and negotiates, as soon as possible, when commitment cannot be met Acts fairly and lawfully Is consistent in decision making, behaviours and interactions Maintains high standards of personal conduct and character 		
Excellence	<ul style="list-style-type: none"> Listens and responds to the 		

Hunter's Hill Council Resourcing Strategy



	<p>needs of both internal and external customers to understand their needs</p> <ul style="list-style-type: none"> • Delivers prompt, courteous and helpful service • Provides services and facilities that offers value to the community in terms of cost, quality, reliability and timeliness. • Ensures decisions are economical and environmentally sustainable • Has positive interactions with other staff and the community 		
Accountability	<ul style="list-style-type: none"> • Is reliable, responsible and delivers on commitments • Acknowledges and assumes responsibility for actions, decisions and reporting. • Makes sound decisions based on Council's Code of Conduct, Policies and Procedures. • Takes responsibility for the actions required to achieve the outcomes in the delivery plan. • Manages resources and logistics efficiently and effectively. • Strong leadership and effective planning. 		
Respect	<ul style="list-style-type: none"> • Treats others with kindness and fairness 		

Hunter's Hill Council Resourcing Strategy



	<ul style="list-style-type: none"> • Speaks to staff, management and customers in a respectful and courteous manner • Respects people's differences and accepting their individual characteristics • Embraces diversity • Acknowledges the ideas and contributions of others 		
Teamwork	<ul style="list-style-type: none"> • Willingness to be flexible in assisting others when they needs help • Shares knowledge, ideas and talents to problem solve and achieve outcomes • Listens to, and respects, other people's views 		
Safety	<ul style="list-style-type: none"> • Takes personal responsibility for safe behaviour • Looks out for own and others' safety • Acts safely by following policies, procedures, rules and instructions • Identifies and assesses hazards effectively • Is responsible for conducting Risk Assessment on own position • Speaks up when something is unsafe • If unable to make it safe, stops 		



	work and tells someone who can <ul style="list-style-type: none">• Makes sure they are aware of the requirements of the WHS legislation		
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HONESTY	EXCELLENCE	ACCOUNTABILITY	RESPECT	TEAMWORK
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TRAINING AND DEVELOPMENT PLAN

What areas of your knowledge, skills and capabilities need to be developed for you to achieve your key objectives for the review period?				
What areas of your knowledge, skills and capabilities would you like to develop to achieve your career objectives?				
What areas of Hunters Hill Council's Values and Behaviours (including Workplace Safety) do you require development in?				
Area	AREA FOR DEVELOPMENT/OBJECTIVE <small>List skills, competencies or behaviours requiring development</small>	TYPE OF DEVELOPMENT <small>e.g. Training, coaching, mentoring, project, conference, secondment</small>	AGREED ACTION <small>List particular course or action e.g. Traffic Controller, Supervision, Leadership</small>	TIMEFRAME
Role Specific				
Career				



OVERALL COMMENTS AND SIGNATURES

6 Month Progress Review Comments:

Manager:	Employee:

12 Month Final Annual Review Comments:

Manager:	Employee:

Workplan Sign Off:

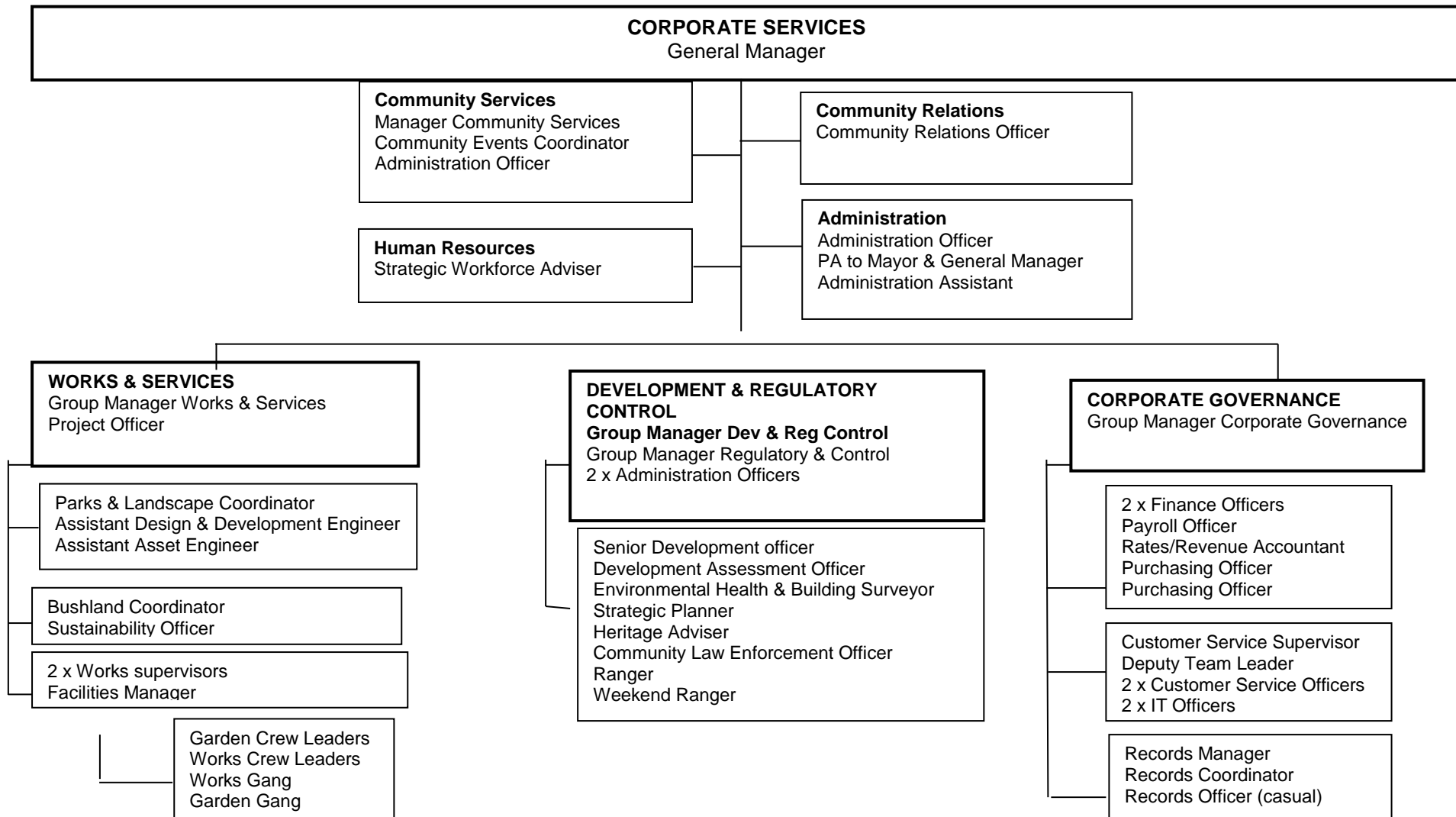
The signatures below express agreement to all pages of the PDS Workplan.

_____	_____	Date / /
Employee's Signature	Manager's Signature	
_____	_____	Date / /
Employee's Title	Manager's Title	

- Please give the original completed document to Human Resources to be filed on your Personnel file. Retain a copy for yourself and your manager.



HUNTER'S HILL COUNCIL ORGANISATIONAL CHART @ 1 DECEMBER 2012



Attachment O

Hunter's Hill Council Self-Assessment

Draft 2015-16 Scenario 1
Income Statement

Original Projected 2014-2015 \$	Actual 2013-2014 \$
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Income From Continuing Operations

Rates & Annual Charges	10449400	10127000
User Charges & Fees	855700	1023000
Interest & Investment Revenue	342200	363000
Other Incomes	1149600	1115000
Grants & Contributions provided for Operating Purposes	751200	660000
Grants & Contributions provided for Capital Purposes	416200	903000

Other Income

Net Gains from the Disposal of Assets	68600	23000
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Total Income From Continuing Operations	14,032,900	14,214,000
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Expenses From Continuing Operations

Employee Benefits & On-costs	5636700	5024000
Borrowing Costs	14000	18000
Materials and Contracts	4473100	4751000
Depreciation & Amortisation	2061400	1974000
Other Expenses	2287300	2067000

Other Expenses

Net Losses from the Disposal of Assets	0	
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Total Expenses From Continuing Operations	14,472,500	13,834,000
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Operating Result from Continuing Operations	-439,600	380,000
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Net Operating Result for the year before Grants & Contributions provided for capital purposes	-855,800	-523,000
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Draft 2015-16
Statement of Cash Flows

Original Projected 2014-2015 \$	Actual 2013-2014 \$
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Cash Flows from Operating Activities

Receipts	14,032,900	14558000
Payments	-12,382,204	-12756000
Net Cash provided (or used) in Operating Activities	1,650,696	1802000
Cash Flows From Investing Activities		
Receipts		
Sale of Infrastructure, Property, Plant and Equipment	145200	66000
Payments		
Purchase of Infrastructure, Property, Plant and Equipment	-2977976	-2009000
Net Cash provided (or used) in Investing Activities	-2832776	-1943000
Cash Flows From Financing Activities		
Receipts		
Proceeds from Borrowings & Advances	0	0
Payments		
Repayment of Borrowings & Advances	-56600	-52000
Net Cash provided (or used) in Financing Activities	-56600	-52000
Net Increase/(Decrease) in Cash & Cash Equivalents	-1238680	-193000
Cash & Cash Equivalents at the beginning of the year	8076009	10162000
Cash & Cash Equivalents at the end of the year	6837329	9969000

**Draft 2015-16
Balance Sheet**

Original	
Projected	Actual
2014-2015	2013-2014
\$	\$

Assets

Current Assets

Cash & Cash Equivalents	6837329	9969000
Investments		0
Receivables	792711	1101000
Inventories	12583	17000
Other	97516	96000
Total Current Assets	7740140	11183000

Non-Current Assets

Receivables	30408	32000
Infrastructure , Property, Plant & Equipment	485849596	542546000
Other	426764	417000
Total Non- Current Assets	486306768.2	542995000

Total Assets	494046907.7	554178000
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Liabilities**Current Liabilities**

Payables	3900643	3537000
Borrowings	60800	57000
Provisions	1698130	1723000
Total Current Liabilities	5659573	5317000

Non - Current Liabilities

Payables		0
Borrowings	99900	161000
Provisions	41314	21000
Total Non - Current Liabilities	141214	182000

Total Liabilities	5800787.69	5499000
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Net Assets	488246120	548679000
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Equity

Retained Earnings	268475120	269659000
Revaluation Reserves	219771000	279020000
Council Equity Interest	0	0
Minority Equity Interest	0	0
Total Equity	488246120	548679000

0 0

Draft 2015-16**Capital Expenditure**

Original
Projected Actual
2014-2015 2013-2014

\$

Capital Expenditure

WIP		261000
Plant and Equipment	325000	152000
Office Equipment	85200	120000
Furniture & Fittings		87000
Land		
- Operational		
- Community		

Land Improvements -depreciable	165000	
Land Improvements - non depreciable		
Buildings Non Specialised	744000	9000
Buildings Specialised		145000
Buildings/Other Structures	214624	119000
Roads, Bridges,	1387652	946000
Footpaths		154000
Kerb & Guttering		98000
Stormwater drainage	56500	
Total Capital Expenditure	2977976	2091000

Statement of Performance Measurement - Indicators

	Actual 2012- 2013	Actual 2013-2014
Operating Ratio	-8.98%	-4.11%
Own Source Operating Revenue Ratio	87.86%	88.99%
Unrestricted current ratio	3.35	3.88
Debt Service Cover Ratio	2.53	20.66
Rates & Annual Charges Outstanding Percentage	2.96%	2.26%
Cash Expense CoverRatio	9.40	9.34
Building and infrastructure renewals ratio	34.97%	68.97%
Infrastructure Backlog Ratio	0.1	0.08
Asset Maintenance Ratio	1.08	1.13
Capital Expenditure Ratio	0.66	1.04

	Actual 2012- 2013	Actual 2012- 2013	Actual 2013-2014
Fit For The Future			
Operating Performance Ratio	-13.55%	-8.98%	-4.11%
3 year average			-8.88%
Own Source Operating Revenue Ratio	88.24%	87.86%	88.99%
3 year average			88.36%

Building and Infrastructure Renewals Ratio	19.60%	35.00%	69.00%
3 Year Average			37.20%
Infrastructure Backlog Ratio			8.11%
Asset Maintenance Ratio	92.20%	107.60%	112.80%
3 Year Average			104.10%
Debt Service Ratio	3.46%	3.44%	0.53%
3 Year Average			2.48%
Real Operating Expenditure Per Capita			
	0.54	0.85	0.82
5 Year trend			

Revised

Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021
\$	\$	\$	\$	\$	\$	\$

10449400	10834200	11114784	11783151	12075167	12374421	12683782
855700	935860	964690	987842	1011551	1035828	1061723
342200	339250	657247	695122	695752	752205	827282
1166800	1207760	1242784	1272611	1303154	1334430	1367791
932714	669520	674787	698277	715090	732307	750615
773900	402000	413658	423586	433752	444162	455266

68600	28912	21728	81056	0	0	1432
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14,589,314	14,417,502	15,089,678	15,941,645	16,234,465	16,673,353	17,147,891
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5667621	5577930	5796213	5980019	6175368	6383030	6597908
14000	9700	5000	700	0	0	0
4762074	4523350.8	4609146	4763048	4784404	4892115	5013788
2061300	1918665	1927210	1964796	1973955	2149348	2160774
2338402	2364533.44	2587982	2553218	2620318	2689347	2872044

0	0	0	0	19276	8933	0
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14,843,397	14,394,179	14,925,552	15,261,782	15,573,320	16,122,773	16,644,514
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-254,083	23,323	164,126	679,863	661,145	550,580	503,377
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-1,027,983	-378,677	-249,532	256,278	227,394	106,418	48,111
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Revised

Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021
\$	\$	\$	\$	\$	\$	\$

14,589,314	14,417,502	15,089,678	15,941,645	16,234,465	16,673,353	17,147,891
-12,783,273	-12,457,681	-12,933,573	-13,203,415	-13,629,413	-13,876,886	-14,326,442

1806041	1,959,821	2156106	2738230	2605053	2796467	2821449
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159900	145200	122400	156800	273300	47500	160500
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-4079520	-1963647	-1884428	-2408153	-1946122	-1988136	-2351873
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-3919620	-1818447	-1762028	-2251353	-1672822	-1940636	-2191373
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0	0	0	0	0	0	0
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-56600	-60800	-65400	-34500	0	0	0
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-56600	-60800	-65400	-34500	0	0	0
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-2170179	80574	328678	452377	932231	855832	630076
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9969000	7798821	7879395	8208073	8660450	9592680	10448512
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7798821	7879395	8208073	8660450	9592680	10448512	11078588
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Revised

Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021
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\$	\$	\$	\$	\$	\$	\$
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7798821	7879395	8208073	8660450	9592680	10448512	11078588
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1123020	1155588	1189100	1217638	1246861	1276786	1308706
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17340	17843	18360	18801	19252	19714	20207
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97920	100760	103682	106170	108718	111327	114111
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9037101	9153585	9519214	10003059	10967512	11856340	12521612
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32640	33587	34561	35390	36239	37109	38037
544,487,620	544,473,314	544,351,858	544,653,870	544,496,861	544,311,016	544,309,447
425340	437675	450367	461176	472244	483578	495668
544945600	544944575	544836786	545150437	545005345	544831704	544843152
553982701	554098161	554356000	555153495	555972857	556688044	557364764

3607740	3712364	3820023	3911704	4005584	4101718	4204261
60800	65400	34500	0	0	0	0
1767798	1815529	1866363	1926087	1989648	2057296	2127244
5436338	5593293	5720886	5837791	5995232	6159014	6331505

99900	34500	0	0	0	0	0
21546	22128	22747	23475	24250	25074	25927
121446	56628	22747	23475	24250	25074	25927

5557784	5649921	5743634	5861266	6019482	6184089	6357432
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548424917	548448240	548612366	549292230	549953375	550503955	551007332
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269,404,917	269,428,240	269,592,366	270,272,230	270,933,375	271,483,955	271,987,332
279020000	279020000	279020000	279020000	279020000	279020000	279020000
0	0	0	0	0	0	0
0	0	0	0	0	0	0
548424917	548448239.8	548,612,366	549,292,230	549953375	550503955	551007332
0	0	0	0	0	0	0

Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021
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\$	\$	\$	\$	\$	\$	\$
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243400	254800	235045	517268	242995	43024	415563
259200	81000	68500	94000	55000	91935	55000
143200	29000	5000	30000	5000	45000	10000

202400						
	65000	50000				
470700	113000	20000	125000	185000	276982	361375
	110000	595000	165000	52000	223250	187500
88000	128581	95156	451014	359490	218049	255594
2391220	749456	536034	496094	552820	784637	776363
	247417	129859	340689	347301	104849	113145
	98233	98093	94007	100129	97319	101830
281400	87160	51741	95080	46387	103090	75504
4079520	1963647	1884428	2408153	1946122	1988136	2351873

Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021
-7.98%	-2.91%	-1.85%	1.14%	1.56%	0.71%	0.28%
88.25%	92.55%	92.78%	92.93%	92.92%	92.94%	92.97%
3.83	3.69	3.88	4.20	4.54	4.79	4.91
13.86	21.57	23.59	60.82	#DIV/0!	#DIV/0!	#DIV/0!
2.25%	2.23%	2.23%	2.15%	2.15%	2.15%	2.15%
7.33	7.58	7.58	7.82	8.46	8.97	9.18
70.57%	101.81%	102.37%	110.67%	104.89%	102.28%	102.16%
0.018	0.017	0.017	0.017	0.016	0.015	0.015
0.99	1.03	1.03	1.03	1.03	1.03	1.03
1.98	1.02	0.98	1.23	0.99	0.92	1.09

Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021
-7.98%	-2.91%	-1.85%	1.14%	1.56%	0.71%	0.28%
-7.02%	-5.00%	-4.25%	-1.21%	0.28%	1.14%	0.85%
88.25%	92.55%	92.78%	92.93%	92.92%	92.94%	92.97%
88.37%	89.93%	91.19%	92.75%	92.88%	92.93%	92.94%

70.57%	101.81%	102.37%	110.67%	104.89%	102.28%	102.16%
58.19%	80.46%	91.58%	104.95%	105.98%	105.95%	103.11%
1.78%	1.75%	1.73%	1.67%	1.57%	1.52%	1.47%
99.29%	103.18%	102.92%	102.87%	102.95%	102.97%	103.00%
106.56%	105.09%	101.80%	102.99%	102.91%	102.93%	102.97%
0.51%	0.50%	0.48%	0.23%	0.00%	0.00%	0.00%
1.49%	0.52%	0.50%	0.40%	0.24%	0.08%	0.00%
0.86	0.80	0.79	0.78	0.77	0.76	0.76

Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
\$	\$	\$	\$
13000877	13325898	13656152	13994592
1088266	1115473	1142245	1169658
865171	847270	829381	830111
1401986	1437035	1471524	1506841
769380	788615	807603	827048
466648	478314	489793	501548
0	42471	98471	0
17,592,327	18,035,077	18,495,169	18,829,799

6862623	7144146	7416418	7698200
0	0	0	0
5156058	5305108	5396297	5525004
2170361	2227612	2239071	2432111
2836887	2913941	2991489	3205017
12468	0	0	15509
17,038,398	17,590,806	18,043,275	18,875,842
553,929	444,271	451,894	-46,043
87,282	-34,043	-37,900	-547,591

Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
\$	\$	\$	\$

17,592,327	18,035,077	18,495,169	18,829,799
-14,784,720	-15,312,486	-15,686,592	-16,410,979

2807608	2722591	2808577	2418820
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116300	176900	154100	246500
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-2108891	-2278343	-2479750	-2378242
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-1992591	-2101443	-2325650	-2131742
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0	0	0	0
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0	0	0	0
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0	0	0	0
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815017	621148	482927	287079
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11078588	11893605	12514753	12997680
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11893605	12514753	12997680	13284759
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Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
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\$	\$	\$	\$
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11893605	12514753	12997680	13284759
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1341423	1374959	1407958	1441749
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20712	21230	21740	22261
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116963	119887	122765	125711
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13372704	14030830	14550142	14874480
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38988	39962	40922	41904
544,179,409	544,137,611	544,238,861	544,041,882
508060	520761	533259	546057
544726457	544698335	544813042	544629843
558099160	558729164	559363184	559504323

4309368	4417102	4523113	4631667
0	0	0	0
2201697	2278757	2353956	2431636
6511065	6695859	6877069	7063304

0	0	0	0
26834	27774	28690	29637
26834	27774	28690	29637

6537900	6723633	6905759	7092941
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551561261	552005532	552457425	552411383
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272,541,261	272,985,532	273,437,425	273,391,383
279020000	279020000	279020000	279020000
0	0	0	0
0	0	0	0
551561261	552005532	552457425	552411383
0	0	0	0

Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
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\$	\$	\$	\$
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141104	363749	534192	277338
55000	94000	55000	85000
100000		36000	13800

265372	294725	430458	459894
181250	156250	47500	128250
291005	263519	328602	321202
746511	817741	691257	803550
112421	123493	126457	129492
103867	105941	108484	111087
112361	58925	121800	48628
2108891	2278343	2479750	2378242

Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
0.58%	-0.44%	-0.76%	-2.90%
92.97%	92.96%	92.95%	92.94%
5.10	5.18	5.21	5.17
#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
2.15%	2.15%	2.15%	2.16%
9.60	9.78	9.87	9.69
102.44%	102.32%	102.06%	102.00%
0.012	0.012	0.012	0.012
1.03	1.03	1.03	1.03
0.97	1.02	1.11	0.98

Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
0.58%	-0.44%	-0.76%	-2.90%
0.52%	0.14%	-0.21%	-1.37%
92.97%	92.96%	92.95%	92.94%
92.96%	92.97%	92.96%	92.95%

102.44%	102.32%	102.06%	102.00%
102.29%	102.30%	102.27%	102.13%
1.20%	1.20%	1.20%	1.20%
103.04%	103.18%	103.25%	103.32%
103.00%	103.07%	103.16%	103.25%
0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%
0.75	0.75	0.74	0.75

Performance Measures Scenario 1

		Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	
		2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	
1	Operating Ratio															
	(Operating revenue excluding capital grants and contributions -operating expenses) divided by Operating revenue excluding capital grants and contributions.				Op Rev	14589314	14417502	15089678.28	15941645.2	16234465.23	16673353.31	17147890.86	17592327.39	18035076.85	18495168.77	18829799.46
					Net Gain on sale of assets	68600	28912	21728	81056		1432		42471	98471		
					Cap Grants & Cont	773900	402000	413658	423586	433752	444162	455266	466648	478314	489793	501548
					Sub Total	13746814	13986590	14654292.28	15437003.41	15800713.38	16229191.41	16691192.92	17125679.8	17514292.07	17906904.46	18328251.1
	Excludes Loss/Gain on sale of assets				Op Exps	14,843,397	14,394,179	14,925,552	15,261,782	15,573,320	16,122,773	16,644,514	17,038,398	17,590,806	18,043,275	18,875,842
					Net Loss on sale of assets					-19276	-8933		-12468			-15509
					Sub Total	14,843,397	14,394,179	14,925,552	15,261,782	15,554,044	16,113,840	16,644,514	17,025,930	17,590,806	18,043,275	18,860,333
					Numerator	-1,096,583	-407,589	-271,260	175,222	246,670	115,351	46,679	99,750	-76,514	-136,371	-532,082
					Denominator	13746814	13986590	14654292.28	15437003.41	15800713.38	16229191.41	16691192.92	17125679.8	17514292.07	17906904.46	18328251.1
	Indicator	-13.55%	-8.98%	-4.11%	-7.98%	-2.91%	-1.85%	1.14%	1.56%	0.71%	0.28%	0.58%	-0.44%	-0.76%		-2.90%
2	Own Source Operating Revenue Ratio															
	Rates, utilities and charges divided by Total operating revenue (inclusive of capital grants and contributions)				Op Rev	14589314	14417502	15089678	15941645	16234465	16673353	17147891	17592327	18035077	18495169	18829799
					Net Gain on sale of assets	68600	28912	21728	81056		1432		42471	98471		
					Sub Total	14520714	14388590	15067950.28	15860589.2	16234465.23	16673353.31	17146458.86	17592327.39	17992605.85	18396697.77	18829799.46
					Cap Grants & Cont	773900	402000	413658	423586	433752	444162	455266	466648	478314	489793	501548
					Op Grants & Cont	932714	669520	674787	698277	715090	732307	750615	769380	788615	807603	827048
						12814100	13317070	13979505.18	14738726.54	15085623.76	15496884.19	15940578.01	16356299.52	16725677.29	17099301.7	17501203.13
					Numerator	12814100	13317070	13979505.18	14738726.54	15085623.76	15496884.19	15940578.01	16356299.52	16725677.29	17099301.7	17501203.13
					Denominator	14520714	14388590	15067950.28	15860589.2	16234465.23	16673353.31	17146458.86	17592327.39	17992605.85	18396697.77	18829799.46
	Indicator	88.24%	87.86%	88.99%	88.25%	92.55%	92.78%	92.93%	92.92%	92.94%	92.97%	92.97%	92.96%	92.95%		92.94%
3	Unrestricted Current Ratio															
	Current assets less all external restrictions divided by Current liabilities less specific purpose liabilities				Current Assets	9037101	9153585	9519214	10003059	10967512	11856340	12521612	13372704	14030830	14550142	14874480
					Developer S94A	482594	534294	705594	476202	385598	398138	412504	428184	444206	460553	477603
					Domestic waste	359177	359177	359177	359177	359177	359177	359177	359177	359177	359177	359177
					Special Levies	376019	508719	203661	120052	118103	95030	87580	72797	94925	93306	69686
					Sub Total	7819312	7751396	8250782	9047627	10104634	11003995	11662351	12512545	13132522	13637107	13968014
					Current Liabilities	5436338	5593293.006	5720886	5837791	5995232	6159014	6331505	6511065	6695859	6877069	7063304
					Domestic waste	170340	175280	180363	184692	189124	193663	198505	203467	208554	213559	218685
					Provisions	962880	990804	1019537	1044006	1069062	1094719	1122087	1150139	1178893	1207186	1236159
					Payables deposits etc	2263380	2329018	2396560	2454077	2512975	2573286	2637618	2703559	2771148	2837655	2905759
					Sub Total	2039738	2098192	2124427	2155016	2224071	2297346	2373295	2453900	2537264	2618667	2702701
					Numerator	7819312	7751396	8250782	9047627	10104634	11003995	11662351	12512545	13132522	13637107	13968014
					Denominator	2039738	2098192	2124427	2155016	2224071.361	2297345.552	2373294.854	2453899.664	2537264	2618667.282	2702701
	Indicator	3.15	3.35	3.88	3.83	3.69	3.88	4.20	4.54	4.79	4.91	5.10	5.18	5.21		5.17
4	Debt Service Cover Ratio (DSCR)															
	Operating results before interest and depreciation (EBITDA) divided by Principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement)				Operating Result	-1027983	-378677	-249532	256278	227394	106418	48111	87282	-34043	-37900	-547591
					Net Loss/Gain on sale of assets	-68600	-28912	-21728	-81056	19276	8933	-1432	12468	-42471	-98471	15509
					Interest	14000	9700	5000	700	0	0	0	0	0	0	0
					Depreciation	2061300	1918665	1927210	1964796	1973955	2149348	2160774	2170361	2227612	2239071	2432111
					Sub Total	978717	1520776	1660951	2140718	2220624	2264699	2207452	2270111	2151098	2102701	1900029
					Principal	56600	60800	65400	34500	0	0	0	0	0	0	0
					Interest	14000	9700	5000	700	0	0	0	0	0	0	0

		Actual 2011-2012	Actual 2012-2013	Actual 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
	Sub Total				70600	70500	70400	35200	0	0	0	0	0	0	0
	Numerator				978717	1520776	1660951	2140718	2220624	2264699	2207452	2270111	2151098	2102701	1900029
	Denominator				70600	70500	70400	35200	0	0	0	0	0	0	0
	Indicator	2.93	2.53	20.66	13.86	21.57	23.59	60.82	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
5	Rates and Annual Charges Outstanding Percentage														
	Rates and Annual Charges outstanding divided by Rates and Annual Charges collectable														
	Rates and Annual Charges outstanding end				241428	247222	253403	259738	266231	272887	279709	286702	293870	301216	308747
	Rates and Annual Charges outstanding begin				236000	241428	247222	253403	259738	266231	272887	279709	286702	293870	301216
	Rates and Annual Charges Levied				10449400	10834200	11114784	11783151	12075167	12374421	12683782	13000877	13325898	13656152	13994592
	Interest on Rates & Charges				25300	24200	24827	25442	26072	26718	27386	28071	28773	29485	30216
	Sub Total				10710700	11099828	11386833.47	12061995.81	12360977.01	12667371.08	12984055.36	13308656.75	13641373.16	13979506.91	14326024.39
	Numerator				241428	247222	253403	259738	266231	272887	279709	286702	293870	301216	308747
	Denominator				10710700	11099828	11386833.47	12061995.81	12360977.01	12667371.08	12984055.36	13308656.75	13641373.16	13979506.91	14326024.39
	Indicator	2.44%	2.96%	2.26%	2.25%	2.23%	2.23%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.16%
6	Cash Expense CoverRatio														
	Current year's cash and cash equivalents divided by (Total expenses – depreciation – interest costs)*12														
	Cash and cash equivalents				7798821	7879395	8208073	8660450	9592680	10448512	11078588	11893605	12514753	12997680	13284759
	Total Expenses				14843397	14394179.24	14925551.81	15261781.78	15573319.87	16122773.42	16644514.23	17038398.28	17590805.93	18043275.04	18875842.06
	Depreciation				2061300	1918665	1927210	1964796	1973955	2149348	2160774	2170361	2227612	2239071	2432111
	Interest Costs				14000	9700	5000	700	0	0	0	0	0	0	0
	Sub Total				12768097	12465814.24	12993341.59	13296285.55	13599364.93	13973425.81	14483740.42	14868036.88	15363193.99	15804203.86	16443730.69
	Numerator				7798821	7879395	8208073	8660450	9592680	10448512	11078588	11893605	12514753	12997680	13284759
	Denominator				12768097	12465814.24	12993341.59	13296285.55	13599364.93	13973425.81	14483740.42	14868036.88	15363193.99	15804203.86	16443730.69
	Indicator	9.18	9.40	9.34	7.33	7.58	7.58	7.82	8.46	8.97	9.18	9.60	9.78	9.87	9.69
7	Building and Infrastructure Renewals Ratio														
	Asset Renewals divided by Depreciation of building and infrastructure assets														
	Asset Renewals Build & Infra				1203074	1567328	1575883	1733705.44	1643126.771	1773419.205	1771310.535	1776128.224	1820593.529	1816080.87	2002103.491
	Depreciation of Buildings				586800	321930	321930	349060	349060	349060	349060	349060	394580	394580	394580
	Depreciation of Roads				961500	1127480	1127480	1127480	1127480	1281860	1281860	1281860	1281860	1281860	1451720
	Depreciation of Car Parks				8000	10990	10990	10990	10990	13120	13120	13120	13120	13120	14860
	Depreciation of Drains				148600	79010	79010	79010	79010	89830	89830	89830	89830	89830	101730
	Sub Total				1704900	1539410	1539410	1566540	1566540	1733870	1733870	1733870	1779390	1779390	1962890
	Numerator				1203074	1567328	1575883	1733705.44	1643126.771	1773419.205	1771310.535	1776128.224	1820593.529	1816080.87	2002103.491
	Denominator				1704900	1539410	1539410	1566540	1566540	1733870	1733870	1733870	1779390	1779390	1962890
	Indicator	19.64%	34.97%	68.97%	70.57%	101.81%	102.37%	110.67%	104.89%	102.28%	102.16%	102.44%	102.32%	102.06%	102.00%
8	Infrastructure Backlog Ratio														
	Estimated cost to bring assets to a satisfactory condition (from Special Schedule 7) divided by				1739	1708	1682	1629	1528	1478	1428	1168	1168	1168	1168
	Total infrastructure, building, other structures and depreciable land improvement assets (from Note 9a)				97767	97637	97497	97568	97511	97449	97448	97383	97277	97200	97084

	Actual 2011-2012	Actual 2012-2013	Actual 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
Indicator	0.07	0.1	0.08	0.018	0.017	0.017	0.017	0.016	0.015	0.015	0.012	0.012	0.012	0.012

9

Asset Maintenance Ratio

Actual asset maintenance divided by Required asset maintenance				1399000 1408973	1496000 1449833	1535000 1491443	1571000 1527238	1610000 1563892	1649000 1601425	1691000 1641781	1734000 1682825	1779000 1724223	1823000 1765604	1868000 1807979
---	--	--	--	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------

Indicator	0.92	1.08	1.13	0.99	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03
-----------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

10

Capital Expenditure Ratio

Annual capital expenditure divided by Annual depreciation	Capital expenditure			4079520	1963647	1884428	2408153	1946122	1988136	2351873.047	2108891	2278343	2479750	2378242
--	---------------------	--	--	---------	---------	---------	---------	---------	---------	-------------	---------	---------	---------	---------

	Depreciation			2061300	1918665	1927210	1964796	1973955	2149348	2160774	2170361	2227612	2239071	2432111
--	--------------	--	--	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

Indicator	0.77	0.66	1.04	1.98	1.02	0.98	1.23	0.99	0.92	1.09	0.97	1.02	1.11	0.98
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1

Operating Performance Ratio

(Operating revenue excluding capital grants and contributions -operating expenses) divided by Operating revenue excluding capital grants and contributions.	Op Rev			14589314	14417502	15089678.28	15941645.2	16234465.23	16673353.31	17147890.86	17592327.39	18035076.85	18495168.77	18829799.46
	Net Gain on sale of assets			68600	28912	21728	81056			1432		42471	98471	
	Cap Grants & Cont			773900	402000	413658	423586	433752	444162	455266	466648	478314	489793	501548
	Sub Total			13746814	13986590	14654292.28	15437003.41	15800713.38	16229191.41	16691192.92	17125679.8	17514292.07	17906904.46	18328251.1

Excludes Loss/Gain on sale of assets	Op Exps			14,843,397	14,394,179	14,925,552	15,261,782	15,573,320	16,122,773	16,644,514	17,038,398	17,590,806	18,043,275	18,875,842
	Net Loss on sale of assets							-19276	-8933		-12468			-15509
	Sub Total			14,843,397	14,394,179	14,925,552	15,261,782	15,554,044	16,113,840	16,644,514	17,025,930	17,590,806	18,043,275	18,860,333

	Numerator			-1,096,583	-407,589	-271,260	175,222	246,670	115,351	46,679	99,750	-76,514	-136,371	-532,082
	Denominator			13746814	13986590	14654292.28	15437003.41	15800713.38	16229191.41	16691192.92	17125679.8	17514292.07	17906904.46	18328251.1

Indicator	-13.55%	-8.98%	-4.11%	-7.98%	-2.91%	-1.85%	1.14%	1.56%	0.71%	0.28%	0.58%	-0.44%	-0.76%	-2.90%
3 Year Average			-8.88%	-7.02%	-5.00%	-4.25%	-1.21%	0.28%	1.14%	0.85%	0.52%	0.14%	-0.21%	-1.37%

2

Own Source Operating Revenue Ratio

Rates, utilities and charges divided by Total operating revenue (inclusive of capital grants and contributions)	Op Rev			14589314	14417502	15089678.28	15941645.2	16234465.23	16673353.31	17147890.86	17592327.39	18035076.85	18495168.77	18829799.46
	Net Gain on sale of assets			68600	28912	21728	81056			1432		42471	98471	

	Actual 2011-2012	Actual 2012-2013	Actual 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017	Projected 2017-2018	Projected 2018-2019	Projected 2019-2020	Projected 2020-2021	Projected 2021-2022	Projected 2022-2023	Projected 2023-2024	Projected 2024-2025
Sub Total				14520714	14388590	15067950.28	15860589.2	16234465.23	16673353.31	17146458.86	17592327.39	17992605.85	18396697.77	18829799.46
Cap Grants & Cont				773900	402000	413658	423586	433752	444162	455266	466648	478314	489793	501548
Op Grants & Cont				932714	669520	674787	698277	715090	732307	750615	769380	788615	807603	827048
				12814100	13317070	13979505.18	14738726.54	15085623.76	15496884.19	15940578.01	16356299.52	16725677.29	17099301.7	17501203.13
Numerator				12814100	13317070	13979505.18	14738726.54	15085623.76	15496884.19	15940578.01	16356299.52	16725677.29	17099301.7	17501203.13
Denominator				14520714	14388590	15067950.28	15860589.2	16234465.23	16673353.31	17146458.86	17592327.39	17992605.85	18396697.77	18829799.46
Indicator	88.24%	87.86%	88.99%	88.25%	92.55%	92.78%	92.93%	92.92%	92.94%	92.97%	92.97%	92.96%	92.95%	92.94%
3 Year Average			88.36%	88.37%	89.93%	91.19%	92.75%	92.88%	92.93%	92.94%	92.96%	92.97%	92.96%	92.95%

3 Building and Infrastructure Renewals Ratio

Asset Renewals divided by
Depreciation of building and infrastructure assets

Asset Renewals Build & Infra				1203074	1567328	1575883	1733705.44	1643126.771	1773419.205	1771310.535	1776128.224	1820593.529	1816080.87	2002103.491
Depreciation of Buildings				586800	321930	321930	349060	349060	349060	349060	349060	394580	394580	394580
Depreciation of Roads				961500	1127480	1127480	1127480	1127480	1281860	1281860	1281860	1281860	1281860	1451720
Depreciation of Car Parks				8000	10990	10990	10990	10990	13120	13120	13120	13120	13120	14860
Depreciation of Drains				148600	79010	79010	79010	79010	89830	89830	89830	89830	89830	101730
Sub Total				1704900	1539410	1539410	1566540	1566540	1733870	1733870	1733870	1779390	1779390	1962890
Numerator				1203074	1567328	1575883	1733705.44	1643126.771	1773419.205	1771310.535	1776128.224	1820593.529	1816080.87	2002103.491
Denominator				1704900	1539410	1539410	1566540	1566540	1733870	1733870	1733870	1779390	1779390	1962890
Indicator	19.60%	35.00%	69.00%	70.57%	101.81%	102.37%	110.67%	104.89%	102.28%	102.16%	102.44%	102.32%	102.06%	102.00%
3 Year Average			37.20%	58.19%	80.46%	91.58%	104.95%	105.98%	105.95%	103.11%	102.29%	102.30%	102.27%	102.13%

4 Infrastructure Backlog Ratio

Estimated cost to bring assets to a satisfactory condition
(from Special Schedule 7) divided by
Total infrastructure, building, other structures and
depreciable land improvement assets (from Note 9a)

				1739	1708	1682	1629	1528	1478	1428	1168	1168	1168	1168
				97767	97637	97497	97568	97511	97449	97448	97383	97277	97200	97084
Indicator			8.11%	1.78%	1.75%	1.73%	1.67%	1.57%	1.52%	1.47%	1.20%	1.20%	1.20%	1.20%

5 Asset Maintenance Ratio

Actual asset maintenance divided by
Required asset maintenance

				1399000	1496000	1535000	1571000	1610000	1649000	1691000	1734000	1779000	1823000	1868000
				1408973	1449833	1491443	1527238	1563892	1601425	1641781	1682825	1724223	1765604	1807979
Indicator	92.20%	107.60%	112.80%	99%	103%	103%	103%	103%	103%	103%	103%	103%	103%	103%
3 Year Average			104.10%	106.56%	105.09%	101.80%	102.99%	102.91%	102.93%	102.97%	103.00%	103.07%	103.16%	103.25%

6 Debt Service Ratio

		Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
		2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Debt service cost (principal & interest) divided by revenue from continuing operations (excluding capital grants and contributions)	Principal				56600	60800	65400	34500		0	0	0	0	0	0
	Interest				14000	9700	5000	700		0	0	0	0	0	0
	Sub Total				70600	70500	70400	35200		0	0	0	0	0	0
	Op Rev				14589314	14417502	15089678	15941645	16234465	16673353	17147891	17592327	18035077	18495169	18829799.46
	Net Gain on sale of assets				68600	28912	21728	81056			1432		42471	98471	
	Cap Grants & Cont				773900	402000	413658	423586	433752	444162	455266	466648	478314	489793	501548
	Sub Total				13746814	13986590	14654292	15437003	15800713	16229191	16691193	17125680	17514292	17906904	18328251
	Numerator				70600	70500	70400	35200	0	0	0	0	0	0	0
	Denominator				13746814	13986590	14654292	15437003	15800713	16229191	16691193	17125680	17514292	17906904	18328251
Indicator		3.46%	3.44%	0.53%	0.51%	0.50%	0.48%	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	3 year average			2.48%	1.49%	0.52%	0.50%	0.40%	0.24%	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%
7	Real Operating Expenditure Per Capita														
Operating Expenses excluding loss from sale of assets and revaluation decrements deflated by CPI divided by population.	Op Exps				14,843,397	14,394,179	14,925,552	15,261,782	15,573,320	16,122,773	16,644,514	17,038,398	17,590,806	18,043,275	18,875,842
	Net Loss on sale of assets								-19276	-8933		-12468			-15509
	Sub Total				14,843,397	14,394,179	14,925,552	15,261,782	15,554,044	16,113,840	16,644,514	17,025,930	17,590,806	18,043,275	18,860,333
	Expenditure Deflation				12379781	11656973	11748855	11725199	11662942	11792712	11874115	11842560	11934473	11947656	12188956
	LGCI	3.00%	3.40%	3.70%	2.47%										
	CPI					2.90%	2.87%	2.40%	2.40%	2.40%	2.52%	2.50%	2.46%	2.40%	2.40%
	Population	14029.5	14326.5	14491	14464	14609	14814	15021	15231	15444	15661	15833	16007	16183	16361
Indicator	2010 0.79	2011 0.89	0.54	0.85	0.82	0.86	0.80	0.79	0.78	0.77	0.76	0.76	0.75	0.75	0.75
					12379781	11656973	11748855	11725199	11662942	11792712	11874115	11842560	11934473	11947656	12188956

Attachment P

Lane Cove Council Resourcing Strategy



Resourcing Strategy 2015 to 2025

**(Incorporating the Lane Cove Council
Asset Management Strategy,
Long Term Financial Plan and the
Workforce Management Plan)**





Resourcing Strategy 2015 – 2025

Our Vision

Lane Cove for a better quality of life.

Our Mission

To be aware of and responsive to the diverse needs and aspirations of the Lane Cove Community.



Our Guiding Principles

These Guiding Principles ensure a holistic approach to planning and contribute to improving organisational effectiveness:-

Community

To develop a strong inclusive community that promotes access, equity and participation in decision making, working towards a better Lane Cove for everyone.

Creativity

To nurture diverse creative expression in the community and foster innovation, to meet the needs of Lane Cove.

Sustainability

To ensure that all decisions consider a balance of economic, environmental, cultural and social elements to enhance the quality of life in Lane Cove.

Best Value

To balance the provision of quality services to the community of Lane Cove with cost and to always seek continuous improvements to the services provided.





Resourcing Strategy 2015 – 2025

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Resourcing Strategy 2015 – 2025

Executive Summary

Introduction

This Executive Summary outlines the integrated suite of plans and strategies prepared by Lane Cove Council in accordance with the Integrated Planning and Reporting framework that form our Resourcing Strategy. This overarching summary describes the important part each of our plans and strategies play in achieving the objectives we set out to achieve in our Community Strategic Plan, **Lane Cove 2025**. By working collaboratively with our community, we understand the needs of our residents while balancing the challenges facing local government.

The Resourcing Strategy is not a static document but rather it is comprehensively reviewed on an annual basis. This is to measure Council's performance against our plans and to ensure that the expectations of our community are being met.

Council's Resourcing Strategy has been developed to clearly forecast Council's ability to deliver assets and services to the Lane Cove community, and ultimately deliver our four year strategies and priorities, as outlined in the Delivery Program and Operational Plan 2014 – 2018.



Resourcing Strategy 2015 – 2025

Our Integrated Planning and Reporting Framework

In October 2009, the NSW Government endorsed a new integrated planning and reporting framework for local councils, requiring each council to develop a Community Strategic Plan, Delivery Program, Operational Plan and a Resourcing Strategy.

In response, Lane Cove Council developed and adopted an Integrated Planning and Reporting Framework comprising our Community Strategic Plan – **Lane Cove 2025**, Delivery Program and Operational Plan, Resourcing Strategy and Annual Report.

Our aim is to improve Council's long term community, financial and asset planning and ensure these are full integrated into Council operations.

Each of our plans is inter-connected, as shown in our Integrated Planning and Reporting Framework on page 6.



Resourcing Strategy 2015 – 2025





Resourcing Strategy 2015 – 2025

Lane Cove 2025

Lane Cove 2025 is a strategic document that reflects the community's priorities and aspirations. It is designed to guide and coordinate our services and activities through to 2025 and was developed through extensive community consultation.

Six key planning themes were developed from the **Lane Cove 2025** consultation to deliver a sustainable and liveable community;-

- Our Society;
- Our Built Environment;
- Our Natural Environment;
- Our Culture;
- Our Local Economy; and
- Our Council

Council uses these key themes in our planning to guide our activities and service provision and thereby achieve the community's vision for the local government area. Our four year Delivery Program and Operational Plan (and Budget) determine our directions and annual actions. We measure our performance against each key service area via our integrated planning and reporting system, the annual Community Satisfaction Survey and through performance indicators and service level agreements.

Each key planning theme is supported by the Resourcing Strategy and other Council endorsed plans, including the Local Environmental Plan.



Resourcing Strategy 2015 – 2025

The Resourcing Strategy

The development of a Resourcing Strategy is a fundamental requirement of the NSW integrated Planning and Reporting Framework and associated legislation.

The Resourcing Strategy underpins our Integrated Planning Framework. The Resourcing Strategy forecasts Council's ability to deliver assets and services to the community over the next 10 years in line with the Community Strategic Plan, **Lane Cove 2025**. Its aim is to ensure that the resources required to achieve the vision of **Lane Cove 2025** – people, assets and finances – are available as and when required.

The legislation requires the Resourcing Strategy to consist of three components:-

- Asset Management Strategy- including a policy, a strategy for at least 10 years and plans for all asset classes under Council's control;
- Long Term Financial Plan – projecting Council's financial position for a minimum of 10 years; and
- Workforce Management Plan – outlining Council's strategies and actions for developing and maintaining a workforce to deliver on the four year strategies outlined in the Delivery Program.

Following is an outline of the three components of our Resourcing Strategy.



Resourcing Strategy 2015 – 2025

The Asset Management Strategy and Plans

Lane Cove Council is responsible for the management of a significant range of infrastructure assets. These assets represent an important public investment and are critical to community well-being and safety. These assets, including roads, footpaths, seawalls, bridges, wharves, stormwater drainage networks, parks, reserves, recreational facilities, aquatic facilities, property and buildings, have a combined replacement values of approximately \$600M.

Council has a strong focus on asset management with dedicated teams to deal with asset planning relative to the key service areas of **Lane Cove 2025** and is funded (in the main) through the Long Term Financial Plan. To support this we have developed the following:-

- Asset Management Strategy and Plans; and
- Asset Management System (ASSETIC).

The policies and plans outline the responsibilities for asset management within Lane Cove, how we will manage the assets using a lifecycle approach and the sustainable funding levels required to provide and maintain assets to the desired levels of service.



Resourcing Strategy 2015 – 2025

The Long Term Financial Plan

The Long Term Financial Plan (LTFP) helps us to better plan our long-term financial requirements. This includes consideration of sustainability, service provision levels and the creation, upgrading and renewal of infrastructure. The LTFP is a dynamic document, which is reviewed and updated annually with the development of the Operational Plan (and Budget).

The LTFP draws on data and information contained within the Council's Community Strategic Plan, Delivery Program and Operational Plan and Budget, and costed short, medium and long term plans. Importantly, the LTFP also talks to and is informed by the Council's Asset Management Strategy and Plans and the Workforce Management Plan.



Resourcing Strategy 2015 – 2025

The Workforce Management Plan

The Workforce Management Plan provides a framework to develop our most critical asset, our staff. By engaging and developing high performing staff we can achieve our strategic directions, develop innovative solutions and deliver services and programs efficiently and effectively for the community.

The plan gives us long-term workforce strength and capability with the following key themes:-

- Attraction of Talented People;
- Retention of Talented People;
- Learning and Development
- Staff Engagement and Wellbeing; and
- Creating a Safe Workplace Environment

The Workforce Management Plan takes into account the external environment (e.g. NSW Government's Fit of the Future program) and issues pertinent to the local government sector. The Workforce Management Plan provides a link between the needs and aspirations of the community, as set out in **Lane Cove 2025** and the organisation and management of the Council itself. It is perhaps the most critical planning document without which the achievement of the vision, goals and actions of **Lane Cove 2025** would not be possible. As a consequence, it is essential to continue to monitor and review the Workforce Management Plan in line with changes in the industry and the vision of the Council and community.



Resourcing Strategy 2015 – 2025

Supporting Plans

Complementing **Lane Cove 2025**, the Delivery Program and Operational Plan (and Budget) and the Resourcing Strategy are Council's other significant plans, including (but not limited to):-

- Community and Cultural Plan
- Lane Cove Social Plan
- Lane Cove LEP 2009
- Sustainability Action Plan
- Village Structure Plan
- Disability Discrimination Act Action Plan
- Major Projects Plan
- Information Technology Strategy
- Road Safety Strategic Plan

The Way Forward

Integrated and forward planning enables Lane Cove Council to both effectively and efficiently anticipate as well as respond to both external and internal challenges facing the organisation. It also equips Council to engage with the community on complex issues, such as levels of service provision and future funding constraints.

Planning also allows Council to engage with an informed and considered community and to ascertain its views on Council's fiscal priorities. This resourcing strategy underpins Lane Cove Council's Integrated Planning and Reporting Framework and forecasts Council's ability to deliver assets and services to our community over the next 10 years. The strategy will be reviewed as part of the comprehensive review of Council's vision and strategies following each Council election.



Resourcing Strategy 2015 – 2025

Resourcing Strategy 2015 – 2025

(Incorporating the Asset Management Strategy, Long Term Financial Plan and the Workforce Management Plan)

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Disclaimer

Lane Cove Council accepts no liability for any loss or damage that you may suffer as a result of your reliance on the information provided in this Resourcing Strategy 2015 - 2025, whether or not there has been any error, omission or negligence on the part of Lane Cove Council or its employees.

Attachment Q

Lane Cove Council Self-Assessment

The background of the top half of the slide is a semi-transparent overlay of various financial charts. It includes candlestick charts with green and red bars, and line graphs in blue, green, and red. Numerical values such as 11.12, 14.56, 19.00, 05.14, 08.47, 1.7765, and 1.7810 are scattered across the charts. The overall color scheme is a mix of blue, green, and red on a light background.

2015 Update of the Long Term Financial Plan

May 2015



Update of the Long Term Financial Plan 2015

Our Vision

Lane Cove for a better quality of life.

Our Mission

To be aware of and responsive to the diverse needs and aspirations of the Lane Cove Community.



Our Guiding Principles

These Guiding Principles ensure a holistic approach to planning and contribute to improving organisational effectiveness:-

Community

To develop a strong inclusive community that promotes access, equity and participation in decision making, working towards a better Lane Cove for everyone.

Creativity

To nurture diverse creative expression in the community and foster innovation, to meet the needs of Lane Cove.

Sustainability

To ensure that all decisions consider a balance of economic, environmental, cultural and social elements to enhance the quality of life in Lane Cove.

Best Value

To balance the provision of quality services to the community of Lane Cove with cost and to always seek continuous improvements to the services provided.



Update of the Long Term Financial Plan 2015

Lane Cove Council's Integrated Planning Framework





Update of the Long Term Financial Plan 2015

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Update of the Long Term Financial Plan 2015

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Update of the Long Term Financial Plan 2015

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Update of the Long Term Financial Plan 2015

Executive Summary

Purpose of the Long-Term Financial Plan

The purpose of the Lane Cove Council Long Term Financial Plan (LTFP) is to enable the Council to better plan and understand long-term financial requirements. This includes consideration of sustainability, service levels and the creation, upgrading and renewal of infrastructure. The role of the LTFP is to ensure the Council has a financially sustainable long-term vision.

The Resourcing Strategy outlines the integration of Lane Cove Council's LTFP, Asset Management Strategy and Workforce Management Plan.

The LTFP is a key component of Lane Cove Council's Resourcing Strategy. This Strategy underpins the Council's Integrated Planning and Reporting framework and demonstrates how the Lane Cove Community Strategic Plan 2025, Delivery Program and Operating Plans will be resourced over the next 10 years.

The Integrated Planning Framework encourages and supports the review and implementation of plans relating to the Financial, Asset and Workforce contributions to the Council. Through sound financial planning, proactive asset management and the development of a strong workforce, Lane Cove Council will maintain its position as a sustainable and fit for the future Council.



Update of the Long Term Financial Plan 2015

Financial Sustainability

Financial sustainability is one of the key issues facing local government. This is due to several contributing factors including cost shifting from other levels of government, ageing infrastructure and constraints on revenue growth. Financial sustainability in local government has been the topic of several industry wide reviews and media articles in recent years.

In April 2013 NSW Treasury Corporation (TCorp) released its report on the

Financial Sustainability of the New South Wales Local Government Sector. TCorp rated Lane Cove Council's Financial Sustainability (FSR) as 'Sound' and its Financial Outlook as 'Moderately Sustainable'.

The TCorp report also identified a number of areas that could be addressed to improve the Financial Outlook. These matters such as continuing Operating Surpluses and adequate Maintenance and Renewal expenditure have been addressed in the current LTFP and Asset Management Plans through the successful application of a Special Purpose Infrastructure Variation in 2012. This variation, and increases in growth across the City, has seen expenditure exceed required asset maintenance, asset renewals in excess of depreciation and continued Operating Surpluses after Capital Contributions.

The Council's auditor, in the Audit Report of the 2013/14 Financial Reports, also assessed the Council's financial position and reported that, in his opinion, the overall financial position is sound.

"Council is considered to be in a sound and stable financial position. All financial indicators are better than accepted industry benchmarks."



Update of the Long Term Financial Plan 2015

Preparation of the Plan

The LTFP is created using a set of integrated spreadsheets that draw on information contained within the Council's Community Strategic Plan 2025, Delivery Program, Operational Plan, prior year 2013/14 Financial Statements, Current 2014/15 Budget, proposed 2015/16 estimates and a range of indicators and measures that are outlined in this plan to extrapolate future financial scenarios. The LTFP is developed in conjunction with the Workforce Management Plan and Asset Management Strategies and Plans.

Forecasts regarding Employee Costs and Employee Leave Entitlements liability reflect the assumptions and strategies contained within the Workforce Management Plan. The financial impacts of issues such as an ageing workforce that have been identified in the Workforce Management Plan are also addressed in the LTFP through areas such as the management of the Employee Leave Entitlements reserve. Council has in the past fully funded the Employee Leave Liability which is another sign of its financial sustainability.

The service levels, asset maintenance and renewal requirements outlined in the Asset Management Plan have determined the capital expenditure and maintenance expenditure components of the LTFP. The objectives of the Asset Management Plans correlate with the LTFP objectives and measures regarding capital expenditure. The Council spent up to \$21.280 million on capital expenditure in 2013/14.

The LTFP is a dynamic document, updated each year on the adoption of the Budget and the completion of the annual Financial Reports. The LTFP changes as the needs, strategies and the financial position of the Council change over time.



Update of the Long Term Financial Plan 2015

Long Term Financial Plan Objectives

The LTFP intends to achieve the following objectives over the 10 year timeframe:

1. Maintain or improve the existing **service levels** to the community
2. Maintain a strong **cash** position.
3. Maintain a **surplus** in the annual budget
4. Maintain a sufficient **Employee Leave Entitlements Cash Reserve** based on the age and entitlements of all staff in accordance with the Council's Workforce Strategy.
5. **Capital expenditure** on asset renewal, upgrades and extensions exceed depreciation to continue to **reduce infrastructure backlog**.
6. That Council continues **to reduce real operating costs per capita**.



Update of the Long Term Financial Plan 2015

Measuring Financial Performance

Name of Measure	What it Measures	Target	2013/14
Available Working Capital	Current Assets less all restrictions	>\$1.5M	\$2,130M
Operating Performance Ratio	Containment of Operating Expenditure within Operating Revenue	>0%	0.30%
Own Source Operating Revenue	Fiscal Flexibility	>60%	72.59%
Unrestricted current ratio	Ability to meet financial obligations	>1.5%	2.52%
Debt service ratio	Availability of cash to service debt	<.20%	0%
Rates & annual charges	Impact of uncollected Rates and Charges	<3%	1.82%
Cash Expense Cover Ratio	The number of months Council can pay expenses without additional cash flows	>3 Months	14.53 Mths
Building and infrastructure renewals ratio	The rate of asset renewal against the rate they are depreciated	>100%	225%
Infrastructure Backlog Ratio	The proportion of backlog against the value of the infrastructure	<2%	1.79%
Asset Maintenance Ratio	Actual versus required annual asset maintenance	>100%	136%
Capital Expenditure Ratio	Extent of expansion in asset base against depreciation	>100%	332%
Real Operating Expenditure	Operating expenditure per capita	Decreasing over time	.93%



Update of the Long Term Financial Plan 2015

Current Financial Position

Council's current financial position continues to remain sound. The audited Financial Statements at the 30 June 2014 indicated that Council's internally restricted cash reserves totalled \$13.3M and its externally restricted cash reserves (such as developer contributions (\$94), grants and special levies) totalled \$13.1M and unrestricted cash of \$10.1M.

The key performance measures upon which council is measured are listed in the table above. For the year ended 2013/14 all indicators were in a healthy position and better than industry benchmarks.

Council has achieved this financial position whilst also delivering significant community assets without the use of debt. These included:-

- 2001 Council opened a state-of-the-art Aquatic Centre, \$10M;
- 2005 added an additional floor to the Lane Cove Community Centre, \$1M;
- 2008 commenced a Neighbourhood Shopping Centres Upgrades program, \$1M plus;
- 2009 Council purchased and converted the Lane Cove Police Station to a Child Care Centre, \$1.8M;
- 2009, in a joint deal with Woolworths, Lane Cove Market Square opened with new retail arcade, gymnasium, 320 car parking spaces;
- In 2010 a 3300 sqm state-of-the-art Library facility opened at a cost of \$12M;
- 2011 Council called tenders for the construction of a new Meeting House Community Centre and Child Care Centre in Lane Cove North, \$4.5M. This project was completed in August 2013;
- 2012 Council completed the conversion of the top floor of the Lane Cove Community Centre into Gallery Lane Cove, a permanent Art Gallery \$0.5M;



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- 2012/13 Council committed to the expansion of the gymnasium within the Lane Cove Aquatic Centre;
- 2013/14 work commenced at 314 Burns Bay Road – Road Works, Community Centre and Open Space \$3.3M;
- 2013/14 work was completed on Aquatic Centre Upgrade, \$5.250M;
- 2013/14 Blackman Park synthetic playing fields installation commenced \$7.8M;
- 2014/15 Stage 2 Plaza Upgrade to Completed, \$4.4M;
- 2014/15 Traffic Management including traffic signals at Longueville Road and Birdwood Avenue, Lane Cove, \$.680M;
- 2014/15 Little Lane Car Park Redevelopment commenced, \$12.5M – The project will deliver 200 car park spaces, 1,045sqm of community space and 550sqm of commercial space; and
- 2014/15 Kindy Cove (Child Care Centre) refurbished and extended, \$1.2M.

Council over the next 10 years will continue to upgrade community facilities through the ongoing implementation and review of the Major Projects Strategic Plan.



Update of the Long Term Financial Plan 2015

Assumptions and Forecasts

The 2013/14 Financial Statements, Current 2014/15 Budget and the Proposed 2015/16 estimates are the base years for the LTFP. The following assumptions have been used to forecast growth in both income and expenditure over the next 10 years.

Category	Commentary	Assumption
Rates	Indexed by estimated NSW State Government rate pegging.	2.7%
Rates and Annual Charges Growth	Growth based on new properties, 3900 additional dwellings by 2031.	1.25%
User Charges and Fees	Estimated annual increases of	3%
Interest and Investment Revenue	Not indexed to CPI, based on average real expected yield of	4.5%
Grants and Contributions – Operating	Estimated annual increases of	3%
Grants and Contributions – Capital	Estimated annual increases of	3%
Other Revenue	Estimated annual increases of	3.5%
Employee Benefits and On Costs	In line with award entitlements and on-costs including estimated Superannuation levy increases and Workers Compensation costs etc.	4.5%



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Category	Commentary	Assumption
Materials and Contracts	Based on estimated annual increases of	2.6%
Depreciation	Based on estimated annual increases of	2.0%
Other Expenses	Includes government levies and utilities, based on estimated annual increases of	2.6%

Population

The most comprehensive population count available in Australia is derived from the Census of Population and Housing conducted by the Australian Bureau of Statistics (ABS) every five years. At the 2011 Census, Lane Cove City had an estimated resident population (ERP) of 31,510.

Planning NSW projected the resident population would increase by 3,900 new dwellings by 2031, representing an average annual growth rate of approximately 0.6%. However as of the 1/4/15 more than 2700 new dwelling have already been approved and are either completed, under construction or pending.

According to the ABS, at 30 June 2013 Lane Cove City had an ERP of 33,996. The LTFP is modelled on the ERP figures as they are more closely aligned with the Council's service delivery drivers. Due to the high level of development Lane Cove's population is increasing at a much faster rate than anticipated and growth in 2013/14 was approximately 1.25%. This growth is expected to continue and has been extrapolated in the LTFP.



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Inflation

The Consumer Price Index (CPI) measures changes in the price of a fixed 'basket' of goods and services as a way of determining how much inflation is occurring in the economy.

The headline CPI drives a number of revenue and expenditure items in the LTFP. Federal Treasury provides the 'official' view of CPI forecasts. The Federal Treasury recently released (May 2014) forecasted CPI inflation for 2014/15 at 2.25% and 2.5% for 2015/16.

Inflation extrapolated in the LTFP is set at 2.6% with the expectation that CPI will increase over the life of the plan.

Rating

The Council's rating policy is structured on an 'ad valorem' basis with two categories – residential and business. For each category, a minimum rate applies.

The rating structure is reviewed annually to ensure equitable distribution among ratepayers. Any change to the rating structure does not equate to additional income to the Council but redistributes the rating liability of different property types.

To this end Council sought and received a 7% increase in the Minimum Rate from 2014/2015 for a five year period to address equity having regard to the high number of units and apartments.

Rate increases have been conservatively set at 2.7% in the LTFP. In addition growth of 1.25% has been added to the rate increase as discussed re population increases.



Update of the Long Term Financial Plan 2015

User Fees and Charges

Statutory Charges:

The Council has no discretion to determine the amount of the fee for a service when the amount is fixed by regulation or by another authority. Examples of statutory fees include development assessment fees, filming permits and planning certificates. The majority of statutory charges do not provide for annual increase, however some fees are charged on the basis of a percentage of the construction cost of a development. The income derived from these charges is expected to increase by CPI annually.

User Fees and Charges

It is assumed these services will continue to be provided on the same pricing basis. Increases are based on the forecasted rise in the cost of the provision of these services. 75 per cent of the cost is related to employee expenses with the remaining 25 per cent based on movements in the CPI.

Having regard to the mix of Statutory and other user fees and charges, the LTFP has projected a 3.0% increase for User Fees and Charges over the life of the plan.

Interest and Investment Revenue

Investments will be made in accordance with the Minister's Investment Order and Council's Investment Policy. Investment returns have been based on a rate of 0.5 per cent above the forecasted 90 day commercial bank bill rate. While the current cash rate remains low investment opportunities allow for returns above this level. Movements in cash reserves have also been factored into the forecast.

The LTFP has a projected return on investments of 4.5% for the 10 year period.



Update of the Long Term Financial Plan 2015

Grants and Contributions

It is assumed all recurrent operating grants and contributions will be maintained at current levels with CPI adjustments plus an allowance for employee costs. Capital Grants and Contributions consist largely of Developer Contributions and Voluntary Planning Agreements which continue to grow from year to year in line with population and development growth. Both Operating and Capital Grants and Contributions are extrapolated in the LTFP at 3.0%.

Employee Costs

Increases in employee costs consist of two components; award increases and movements within the grading system as part of the annual performance review process. Staff levels are planned to notionally increase over time to meet expected population growth and service level expectations, as outlined in the Workforce Plan.

The Council is party to an Industry Defined Benefit Superannuation Plan. In 2009 the Scheme advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, the scheme asked for significant increases in contributions from 2009-10 onwards to fund the deficiency. Council has been advised by Local Government Super that additional contributions will remain in place until 30 June 2018. Lane Cove Council's estimated additional contribution is \$193,255 each year.

Having regard to these issues, increases in Employee Costs have been set at 4.50% for the period of the LTFP.

Materials and Contracts

Materials and Contracts have been estimated to increase in line with inflation. These costs include many day to day costs such as legal costs, consultancies and suppliers. Also included in Materials and Contracts is the required annual maintenance for Council's assets set out in the Asset Management Plan.



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Borrowings

No Borrowings have been included in the LTFP. However, borrowings may be considered in future periods where revenue streams from major projects cover debt servicing costs.

Capital Expenditure

Capital expenditure is based on the Council's Asset Management Plans and other short and medium term plans. The Council's Asset Management Plans outline the maintenance and renewal strategies for each of the Council's major assets including roads, footpaths, drainage, buildings and open space assets.

The Asset Management Plans provide a condition assessment of each asset, a cost to bring each category of asset back to a satisfactory condition and the required annual maintenance that needs to be expended.

For the period of the LTFP it has been assumed that Capital Expenditure will account for 20% of Council's Operating Expenses from Continuing Operations. With Depreciation currently at 17.4% of Operating Expenses the renewal of Assets will remain above industry benchmarks.

In addition, funds received from Developer Contributions and Voluntary Planning Agreements have been added to Capital Expenditure. 50% of the capital grants and contributions have been included in periods 2017 and 2018 and 75% has been included for the remaining periods to account for the renewal and new assets required to cater for growth that has been factored into the plan.



Update of the Long Term Financial Plan 2015

Future Known Assets and Revenue Streams

A number of Voluntary Planning Agreements (VPAs) have been entered into with Council along with Council initiatives that will provide future assets and revenue streams. These adjustments have been made in the LTFP and are summarised as follows:

- 150 Epping Rd – Expected to be completed in 2016 with 15 low cost housing units to be provided to Council. These units are expected to return approximately \$300,000 per annum. 50% has been included in the 2016/2017 projection.
- Little Lane Car Park – This project is expected to be completed by the end of 2016. Leasing of car spaces, parking fees and leasing of commercial space is expected to derive \$230,000 per annum. 50% has been included in the 2016/2017 projection.
- 314 Burns Bay Rd – The completion of this project is expected by the end of 2017. Leasing retail space of \$50,000 per annum and child care space of \$170,000 per annum is expected. 50% has been included in the 2017/2018 projection.

As discussed above, capital expenditure for renewals has been set at 20% of operating expenditure which exceeds depreciation (17%) plus 50% of Capital Grants and Contributions (mainly S.94) for 2017 and 2018 and 75% for the remaining years. The LTFP is conservative and does not incorporate proposed major projects that are not committed to, or adopted by Council. As the LTFP is revised on an annual basis major projects and revenue streams from same will be included when commitment and certainty can be modelled.



Update of the Long Term Financial Plan 2015

Sensitivity Analysis

The LTFP contains a number of assumptions based on various sources such as legislation, inflation, current service provisions and wage markets. Variations in these assumptions during the life of the plan may have a significant impact on the Council's future financial plans. The LTFP is updated each year to ensure the assumptions are continually updated with the latest information available.

Interest on Investments

The Council has a large investment portfolio that is subject to movements in interest rates. Investments are placed and managed in accordance with the Council's adopted Investment Policy in compliance with the Local Government Act. As a custodian of the community's funds, the Council ensures funds are invested with the same care, diligence and skill that a prudent person would exercise.

Inflation

Changes in inflation will impact both revenue and expenditure.

Employee Costs

Changes in employee costs will impact both revenue and expenditure. Termination patterns will impact the Employee Leave Entitlements' reserve and liability as well as recruitment and training costs.



Update of the Long Term Financial Plan 2015

Grants

The LTFP models only include recurring operational grants. A number of the grants that are received fund specific programs that may not be offered by the Council if the grants were eliminated. The general purpose component of the Council's Financial Assistance Grant is currently approximately \$1 Million. If this grant was eliminated, the Council would need to consider increasing rates or reducing capital expenditure and service levels.

Capital grants and Contributions recorded in the LTFP are impacted by Section 94 contributions and Voluntary Planning Agreements that are currently at a high level due to the current development activity and ensuing population increases.



Update of the Long Term Financial Plan 2015

Risk Assessment

Throughout the development of the LTFP the assumptions underlying the plan are continually tested through a risk assessment process.

A conservative approach has been taken in developing the LTFP to ensure chosen options are more likely to succeed and expose the Council to the least amount of risk. For example, conservative estimates regarding income generated from known future revenue streams have been included in the plan. Capital Expenditure Reviews have and will be undertaken for high valued projects to minimise risk to the Council and ensure a well informed decision-making process.

Statement of Comprehensive Income

	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Income												
Net 6% Infra Levy	1,032	1,056	1,081	1,121	1,164	1,192	1,221	1,250	1,280	1,311	1,342	1,374
Rates and annual charges	24,304	25,122	25,941	26,753	27,596	28,714	29,877	31,087	32,346	33,656	35,019	36,437
User charges and fees	5,123	5,876	5,809	6,100	6,405	6,597	6,795	6,999	7,209	7,425	7,648	7,877
Interest and investment revenue	1,361	948	1,211	1,253	1,297	1,576	1,686	1,805	1,935	2,074	2,225	2,387
Other revenues	3,156	2,774	2,410	2,494	2,581	2,671	2,765	2,862	2,962	3,065	3,173	3,284
Grants and contributions - operating	2,257	3,115	2,720	2,802	2,886	2,973	3,062	3,154	3,248	3,346	3,446	3,549
Grants and contributions - capital *	10,843	10,697	10,857	11,319	11,659	12,008	12,369	12,740	13,122	13,515	13,921	14,339
Net gain from the disposal of assets	1,579	50	50	52	54	54	54	54	54	54	54	54
Joint ventures and associates	21	50	25	26	27	27	27	27	27	27	27	27
Total income	49,676	49,688	50,104	51,920	53,669	55,812	57,854	59,977	62,182	64,473	66,854	69,328
Expenses												
Employee benefits and on-costs	14,932	15,972	16,158	16,966	17,814	18,616	19,453	20,329	21,244	22,199	23,198	24,242
Borrowing costs	0	0	0	0	0	0	0	0	0	0	0	0
Materials and contracts	12,072	12,946	12,892	13,227	13,572	13,925	14,287	14,658	15,039	15,431	15,832	16,243
Depreciation and amortisation	6,398	6,559	6,691	6,825	6,961	7,101	7,243	7,387	7,535	7,686	7,840	7,996
Impairment	0	0	0	0	0	0	0	0	0	0	0	0
Other expenses	3,440	2,942	3,117	3,179	3,243	3,327	3,414	3,503	3,594	3,687	3,783	3,881
Interest and investment losses	0	0	0	0	0	0	0	0	0	0	0	0
Net loss from the disposal of assets	0	0	0	0	0	0	0	0	0	0	0	0
Joint ventures and associates	0	0	0	0	0	0	0	0	0	0	0	0
Total expense	36,842	38,419	38,858	40,197	41,590	42,968	44,397	45,877	47,412	49,003	50,653	52,363
Net operating result for the year *	12,834	11,269	11,246	11,723	12,078	12,844	13,458	14,100	14,770	15,470	16,201	16,964
Net operating result before Capital Grants and Contributions	1,991	572	389	404	420	835	1,089	1,360	1,648	1,954	2,280	2,626
Other comprehensive income												
Gain or loss on revaluation of assets	0	0	0	0	0	0	0	0	0	0	0	0
Correct P.Y. Depreciation errors	0	0	0	0	0	0	0	0	0	0	0	0
Total other comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive income	12,834	11,269	11,246	11,723	12,078	12,844	13,458	14,100	14,770	15,470	16,201	16,964
Attributable to council	12,834	11,269	11,246	11,723	12,078	12,844	13,458	14,100	14,770	15,470	16,201	16,964
Attributable to minority interests	0	0	0	0	0	0	0	0	0	0	0	0
	12,834	11,269	11,246	11,723	12,078	12,844	13,458	14,100	14,770	15,470	16,201	16,964

Cash Flow Statement

		Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
(1)	Cash flows from operating activities												
	Receipts	51,601	49,573	50,530	51,703	53,445	55,582	57,617	59,732	61,930	64,213	66,586	69,052
	Payments	-30,166	-31,860	-32,803	-33,372	-34,629	-35,868	-37,154	-38,490	-39,877	-41,317	-42,813	-44,367
	Net cash provided by (or used in) operating activities	21,435	17,713	17,727	18,330	18,816	19,714	20,463	21,242	22,053	22,896	23,773	24,685
(2)	Cash flows from investing activities												
	Receipts:												
	Sale of investments	27,100	13,500	1,529	0	0	0	0	0	0	0	0	0
	Sale of infrastructure, property, plant and equipment	4,779	115	211	217	224	231	237	245	252	260	267	275
	Payments:												
	Purchase of investments	-21,600	0	0	-5,659	-5,829	-1,509	-1,456	-1,397	-1,333	-1,265	-1,189	-1,108
	Purchase of infrastructure, property, plant & equipment	-21,280	-31,827	-18,933	-12,484	-12,791	-17,600	-18,156	-18,730	-19,324	-19,937	-20,571	-21,227
	Net cash provided by (or used in) investing activities	-11,001	-18,212	-17,193	-17,926	-18,396	-18,878	-19,374	-19,883	-20,405	-20,943	-21,493	-22,059
(3)	Cash flows from financing activities												
	Receipts - Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
	Payments - Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
	Net cash provided by (or used in) financing activities	0	0	0	0	0	0	0	0	0	0	0	0
	Net increase (decrease) in cash and cash equivalents	10,434	-499	534	404	420	835	1,089	1,360	1,648	1,954	2,280	2,626
(4)	Cash and cash equivalents at beginning of reporting period	7,602	18,036	17,537	18,071	18,475	18,895	19,731	20,820	22,179	23,828	25,781	28,062
	Cash and cash equivalents at end of reporting period	18,036	17,537	18,071	18,475	18,895	19,731	20,820	22,179	23,828	25,781	28,062	30,688
	Cash and Investments												
	Cash at Bank (Overdraft)												
	External restrictions	13,112	5,012	3,647	7,042	10,540	11,445	12,319	13,157	13,957	14,716	15,429	16,094
	Internal restrictions	13,285	7,885	7,721	9,985	12,316	12,920	13,502	14,061	14,594	15,100	15,576	16,019
	Unrestricted	10,139	9,640	10,174	10,578	10,998	11,833	12,922	14,283	15,931	17,885	20,165	22,791
	Total	36,536	22,537	21,542	27,605	33,854	36,198	38,743	41,501	44,482	47,701	51,170	54,904

Balance Sheet Projections to the Year 2025

	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assets												
Current assets												
Cash and cash equivalents	18,036	17,537	18,071	18,475	18,895	19,731	20,820	22,179	23,828	25,781	28,062	30,688
Investments	18,500	5,000	3,471	9,130	14,959	16,467	17,923	19,322	20,654	21,920	23,108	24,216
Receivables	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019
Inventories	7	7	7	7	7	7	7	7	7	7	7	7
Other	0	0	0	0	0	0	0	0	0	0	0	0
Total current assets	38,562	24,563	23,568	29,631	35,880	38,224	40,769	43,527	46,508	49,727	53,196	56,930
Non-current assets												
Investments	0	0	0	0	0	0	0	0	0	0	0	0
Receivables	101	101	101	101	101	101	101	101	101	101	101	101
Infrastructure, property, plant & equip.	486,558	511,827	524,068	529,727	535,556	546,056	556,969	568,311	580,099	592,350	605,082	618,313
Investments accounted for using equity method	959	959	959	959	959	959	959	959	959	959	959	959
Investment property	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880
Total non-current assets	493,498	518,767	531,007	536,668	542,496	552,995	563,908	575,251	587,039	599,290	612,022	625,253
Total assets	532,060	543,329	554,575	566,298	578,376	591,220	604,677	618,777	633,547	649,017	665,218	682,183
Liabilities												
Current liabilities												
Payables	10,956	10,956	10,956	10,956	10,956	10,956	10,956	10,956	10,956	10,956	10,956	10,956
Borrowings	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	5,074	5,074	5,074	5,074	5,074	5,074	5,074	5,074	5,074	5,074	5,074	5,074
Total current liabilities	16,030	16,030	16,030	16,030	16,030	16,030	16,030	16,030	16,030	16,030	16,030	16,030
Non-current liabilities												
Payables	0											
Borrowings	0		0	0	0	0	0	0	0	0	0	0
Provisions	128	128	128	128	128	128	128	128	128	128	128	128
Total non-current liabilities	128	128	128	128	128	128	128	128	128	128	128	128
Total liabilities	16,158	16,158	16,158	16,158	16,158	16,158	16,158	16,158	16,158	16,158	16,158	16,158
Net assets	515,902	527,171	538,417	550,140	562,218	575,062	588,520	602,619	617,389	632,859	649,060	666,025
Equity												
Retained earnings	307,839	319,108	330,354	342,077	354,155	366,999	380,457	394,556	409,326	424,796	440,997	457,962
Revaluation reserves	208,063	208,063	208,063	208,063	208,063	208,063	208,063	208,063	208,063	208,063	208,063	208,063
Council equity interest												
Minority equity interest	0											
Total equity	515,902	527,171	538,417	550,140	562,218	575,062	588,520	602,619	617,389	632,859	649,060	666,025

Projected Capital Expenditure to the Year 2025

	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Plant and equipment	771	597	748	493	505	695	717	740	763	788	813	839
Office equipment	259	220	417	275	282	388	400	413	426	439	453	468
Furniture and fittings	17	22	22	15	15	20	21	22	22	23	24	25
Land:				0	0	0	0	0	0	0	0	0
- Operational land	0	0	0	0	0	0	0	0	0	0	0	0
- Community land	795	0	0	0	0	0	0	0	0	0	0	0
Buildings	11,062	24,693	5,329	3,514	3,600	4,954	5,110	5,272	5,439	5,612	5,790	5,975
Roads, bridges, footpaths	6,896	3,983	10,913	7,196	7,373	10,145	10,465	10,796	11,138	11,492	11,857	12,235
Stormwater drainage	1,178	2,008	1,200	791	811	1,116	1,151	1,187	1,225	1,264	1,304	1,345
Library books	302	304	304	200	205	283	292	301	310	320	330	341
Total Capital Expenditure	21,280	31,827	18,933	12,484	12,791	17,600	18,156	18,730	19,324	19,937	20,571	21,227
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Asset Sales	78	115	211	217	224	231	237	245	252	260	267	275
Reserves	14,169	18,061	14,106	5,366	5,527	8,695	8,956	9,224	9,501	9,786	10,080	10,382
Grants and Contributions	1,444	5,966	285	294	302	311	321	330	340	351	361	372
Recurrent Revenue	5,589	7,685	4,331	6,607	6,737	8,363	8,642	8,931	9,230	9,541	9,863	10,197
Total	21,280	31,827	18,933	12,484	12,791	17,600	18,156	18,730	19,324	19,937	20,571	21,227

Statement of Performance Measures

		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Target	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Working Capital	>\$1.5M	\$2,130.00	\$1,631.00	\$2,165.00	\$2,569.49	\$2,989.46	\$3,824.00	\$4,913.00	\$6,274.00	\$7,922.00	\$9,876.00	\$12,156.00	\$14,782.00
Operating Performance Ratio	>0%	0.30	1.47	0.99	1.00	1.00	1.91	2.39	2.88	3.36	3.84	4.31	4.78
Operating Perform Ratio over 3 years	>0%	1.60	0.69	0.92	1.15	1.00	1.30	1.77	2.39	2.88	3.36	3.83	4.31
Own Source Operating Revenue	>60%	72.59	71.99	72.71	72.61	72.72	72.98	73.16	73.34	73.52	73.70	73.88	74.06
Own Source Operating Revenue over 3 years	>60%	77.53	76.02	72.43	72.44	72.68	72.77	72.95	73.16	73.34	73.52	73.70	73.88
Unrestricted current ratio	>1.5%	2.52	1.94	1.97	2.24	2.51	2.66	2.82	3.02	3.23	3.48	2.59	2.70
Debt service ratio **	<.20\$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rates & annual charges outstanding percentage	<3%	1.82	1.81	1.81	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82
Cash Expense Cover Ratio	>3 Months	14.53	8.49	7.88	9.93	11.73	12.11	12.51	12.94	13.39	13.85	14.34	14.85
Building and infrastructure renewals ratio	>100%	223.88	555.30	309.43	200.04	200.92	271.05	274.13	277.26	280.43	283.66	286.95	290.28
Building and Infrastructure Renewals Ratio over 3 years	>100%	179.33	337.33	362.87	354.92	236.80	224.00	248.70	274.15	277.27	280.45	283.68	286.96
Infrastructure Backlog Ratio	<2%	1.79	1.68	1.64	1.62	1.60	1.57	1.54	1.51	1.47	1.44	1.41	1.45
Asset Maintenance Ratio	>100%	136.03	128.00	130.00	136.03	136.03	136.03	136.03	136.03	136.03	136.03	136.03	136.03
Capital Expenditure Ratio	>100%	3.33	4.85	2.83	1.83	1.84	2.48	2.51	2.54	2.56	2.59	2.62	2.65
Real Operating Expenditure	Decrease Over Time	0.92	0.90	0.90	0.88	0.86	0.84	0.82	0.81	0.79	0.78	0.76	0.74
Estimated Population		33996	34421	34851	35287	35728	36175	36627	37085	37548	38017	38493	38974
Meets Target Measure													
Does Not Meet Target Measure													

** As advised by OLG Councils should not take on Debt solely to meet criteria

Attachment R

Online Survey Results (All three councils)

Joint Council Research on Fit for the Future option

Fit for our Future

 City of Ryde



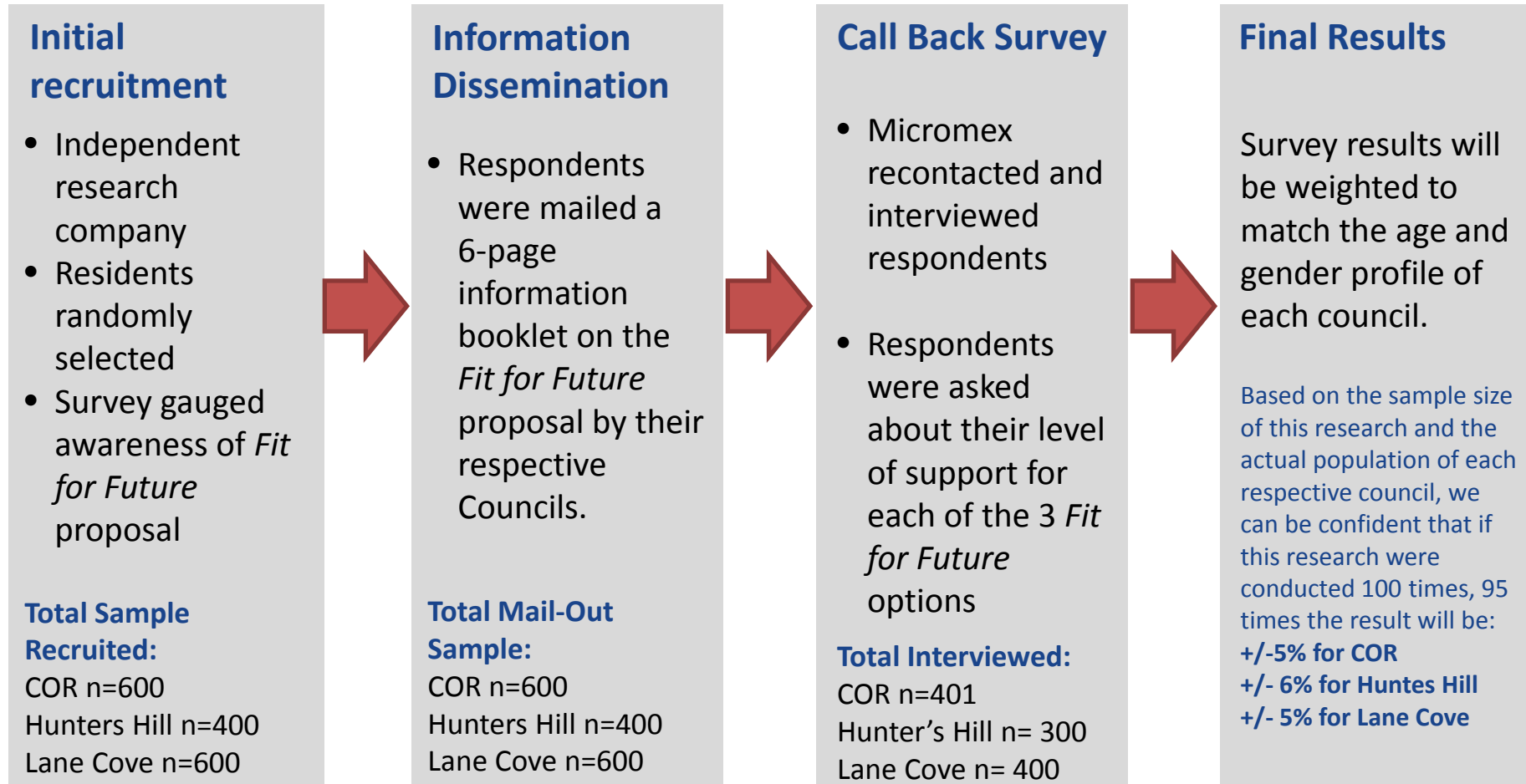
TELEPHONE SURVEY RESULTS

Fit for our Future

 City of Ryde



TELEPHONE SURVEY | Micromex Research



Fit for our Future

 City of Ryde



MICROMEX TELEPHONE SURVEY

CITY OF RYDE, HUNTERS HILL, LANE COVE COMMUNITIES UNITED IN DESIRE FOR JOINT REGIONAL AUTHORITY

TELEPHONE POLL
PREFERENCE

City of Ryde

Hunters Hill

Lane Cove

1

**JOINT
REGIONAL
AUTHORITY**

**JOINT
REGIONAL
AUTHORITY**

**JOINT
REGIONAL
AUTHORITY**

2

**STAND
ALONE**

**STAND
ALONE**

**STAND
ALONE**

3

**MERGED
WITH OTHER
COUNCILS**

**MERGED
WITH OTHER
COUNCILS**

**MERGED
WITH OTHER
COUNCILS**

Fit for our Future

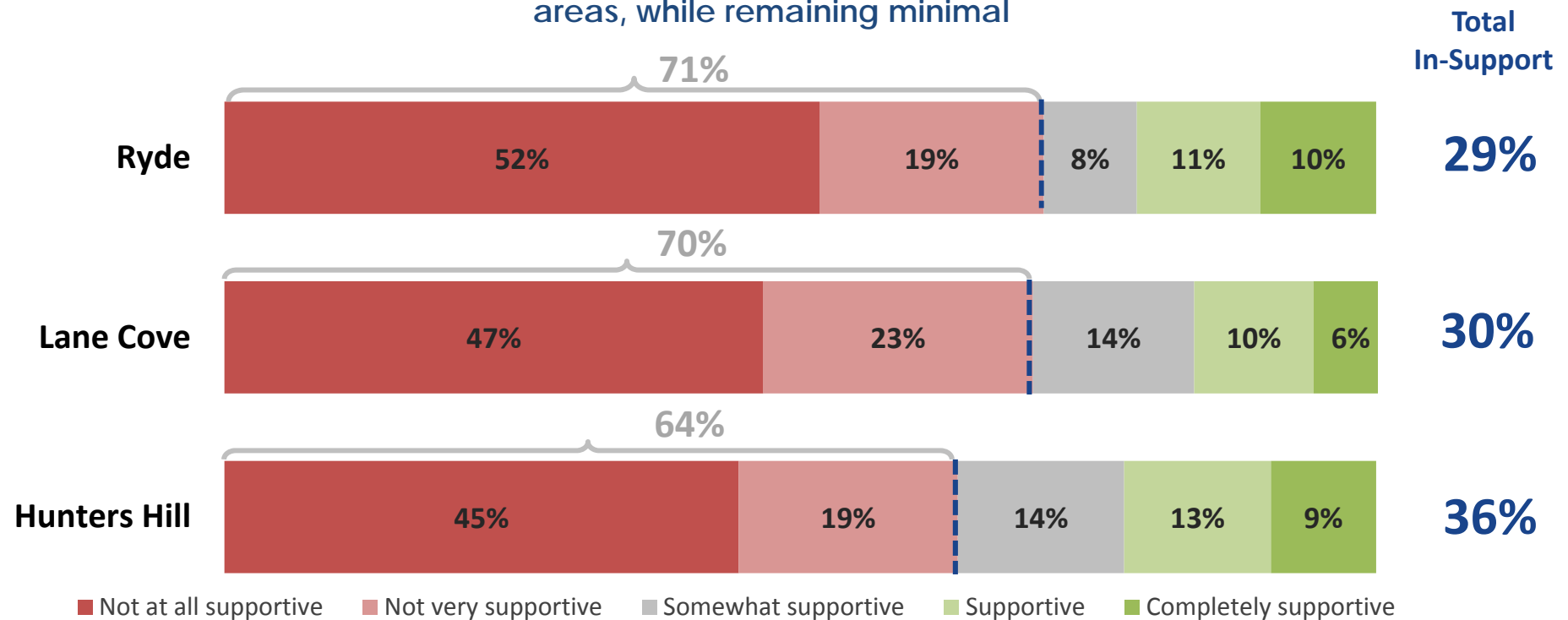
 City of Ryde



Support for Option 1: the State Government's Proposal

The recommendation of the State Government's panel is to merge Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby, and two thirds of Ryde, Councils, to create a super council with a population of 356,000+

Support for the State Government's recommended option was low throughout the region, with between 29% and 36% of residents indicating any degree of support. Support for this outcome was marginally higher in Hunters Hill than in other Council areas, while remaining minimal



Q3a. How supportive are you of [Council] being merged into a new Mega Council?
Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

Fit for our Future

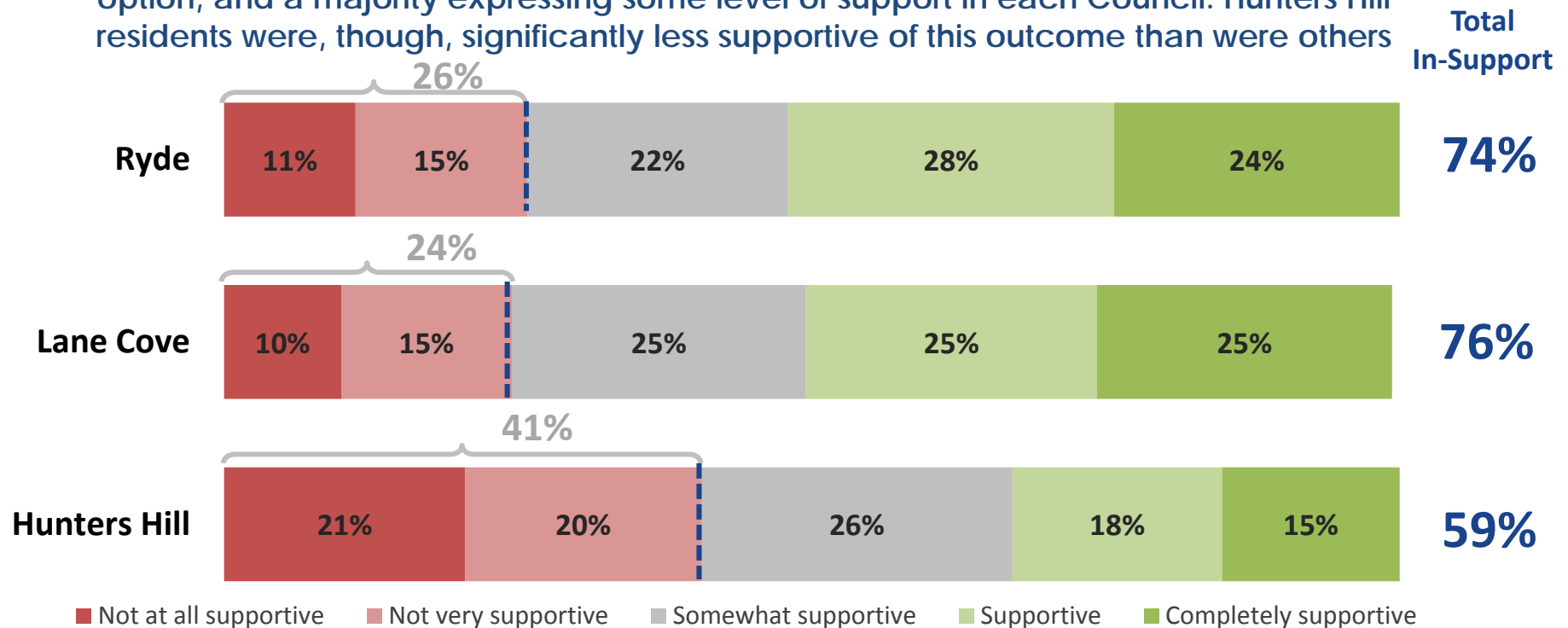
City of Ryde



Support for Option 2: Council Standing Alone

Council could reject the merger proposal by standing alone as an individual council and demonstrating that it can continue to deliver effective and efficient services to its community, and that it meets the strategic capacity as set out by the State Government's Fit for the Future criteria

Support for Council standing alone was reliably moderate across the whole area, with between 33% and 52% of residents indicating that they were 'supportive' or better of the option, and a majority expressing some level of support in each Council. Hunters Hill residents were, though, significantly less supportive of this outcome than were others



Q3b. How supportive are you of [Council] staying alone?

Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

Fit for our Future

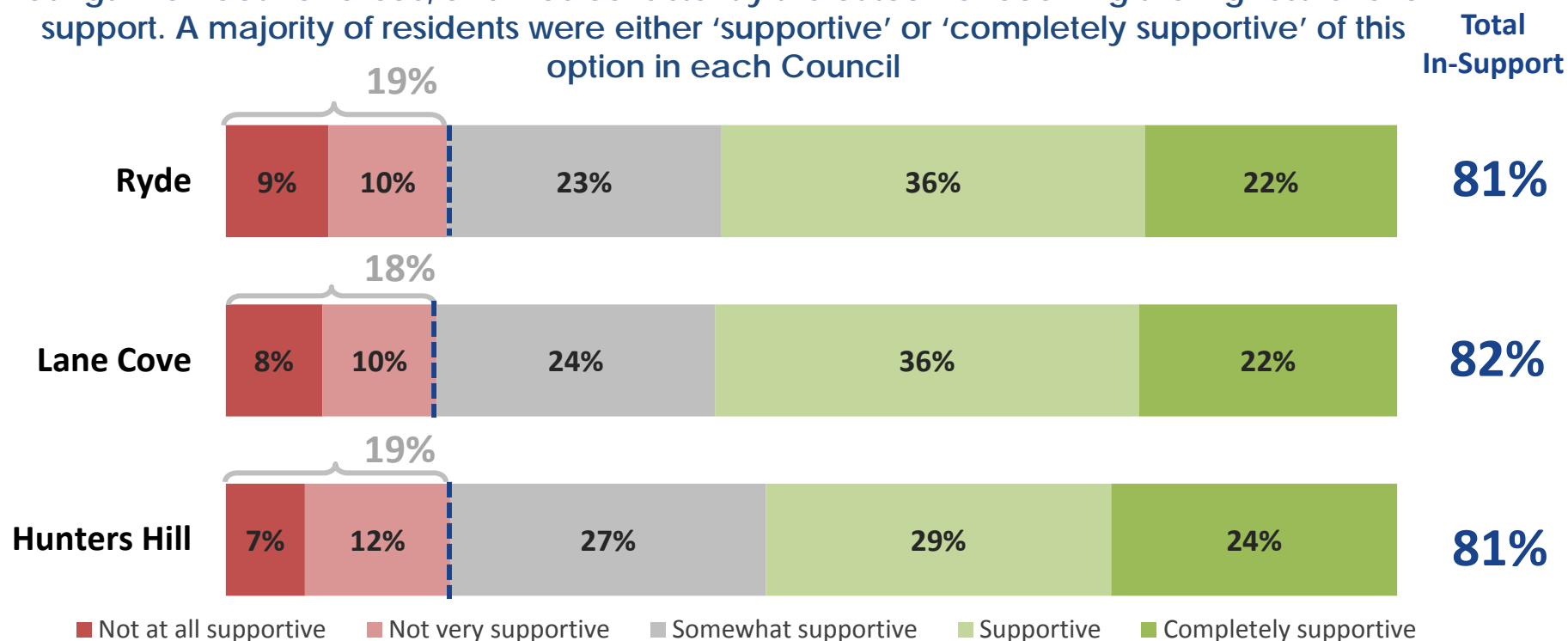
City of Ryde



Support for Option 3: A Joint Regional Authority

Ryde, Lane Cove, and Hunters Hill have also investigated a third option that, in addition to standing alone, would involved a joint organisation of individual councils that strategically plans, advocates, and collaborates on shared services on a regional level and across the three council areas, whilst continuing to deliver local services and activities

Option 3 – Exploring a Joint Regional Authority received almost identical mean support ratings in all Council areas, and was consistently the outcome receiving the highest level of support. A majority of residents were either ‘supportive’ or ‘completely supportive’ of this option in each Council



Q3c. How supportive are you of [Council] standing alone and exploring an alternative option of a Joint Regional Authority?

Base: Hunters Hill N=300, Lane Cove N=400, Ryde N=401

Fit for our Future

City of Ryde



ONLINE SURVEY RESULTS

Fit for our Future

 City of Ryde



Online survey – interim results

- Online survey is a replica of the telephone survey questions and included access to the brochure sent to the telephone survey participants
- All Councils have promoted this survey and we will continue to collect results until 23 June 2015

INTERIM RESULTS AS AT 1:44PM 28 MAY 2015

Total respondents	City of Ryde	Hunters Hill	Lane Cove
1,280	542	33	705

Fit for our Future

 City of Ryde



ONLINE SURVEY

JOINT REGIONAL AUTHORITY CONTINUES TO BE THE MOST PREFERRED AND MERGED COUNCIL THE LEAST

ONLINE
PREFERENCE

City of Ryde

Hunters Hill

Lane Cove

1

**JOINT
REGIONAL
AUTHORITY**

**JOINT
REGIONAL
AUTHORITY**

**JOINT
REGIONAL
AUTHORITY**

2

**STAND
ALONE**

**STAND
ALONE**

**STAND
ALONE**

3

**MERGED
WITH OTHER
COUNCILS**

**MERGED
WITH OTHER
COUNCILS**

**MERGED
WITH OTHER
COUNCILS**

Fit for our Future

 City of Ryde

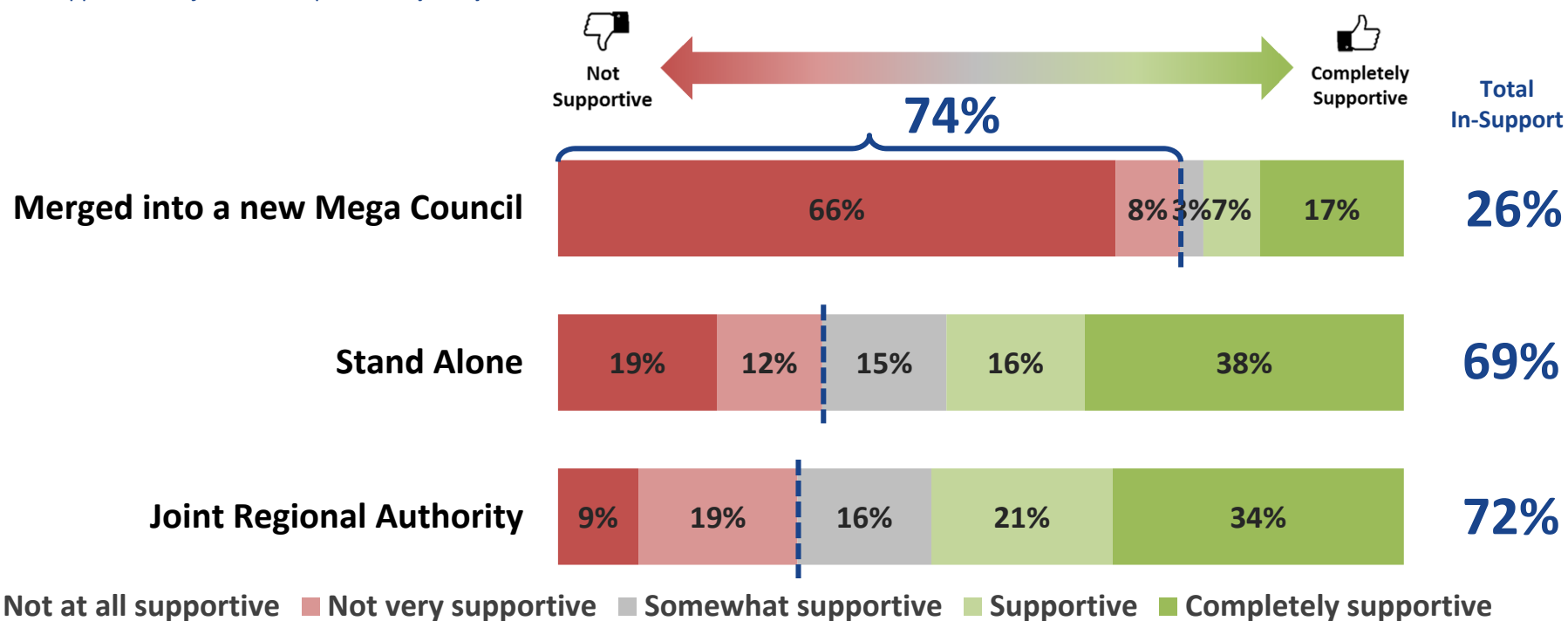


City of Ryde

SMALLER PREFERENCE GAP FOR JOINT REGIONAL AUTHORITY VS. STAND ALONE. MERGED OPTION LEAST POPULAR

ONLINE

Level of Support for *Fit for Future* Options: City of Ryde



Q. How supportive are you of City of Ryde...
BASE: Weighted Result for Residents residing in the City of Ryde (n=537-540)

Fit for our Future

City of Ryde

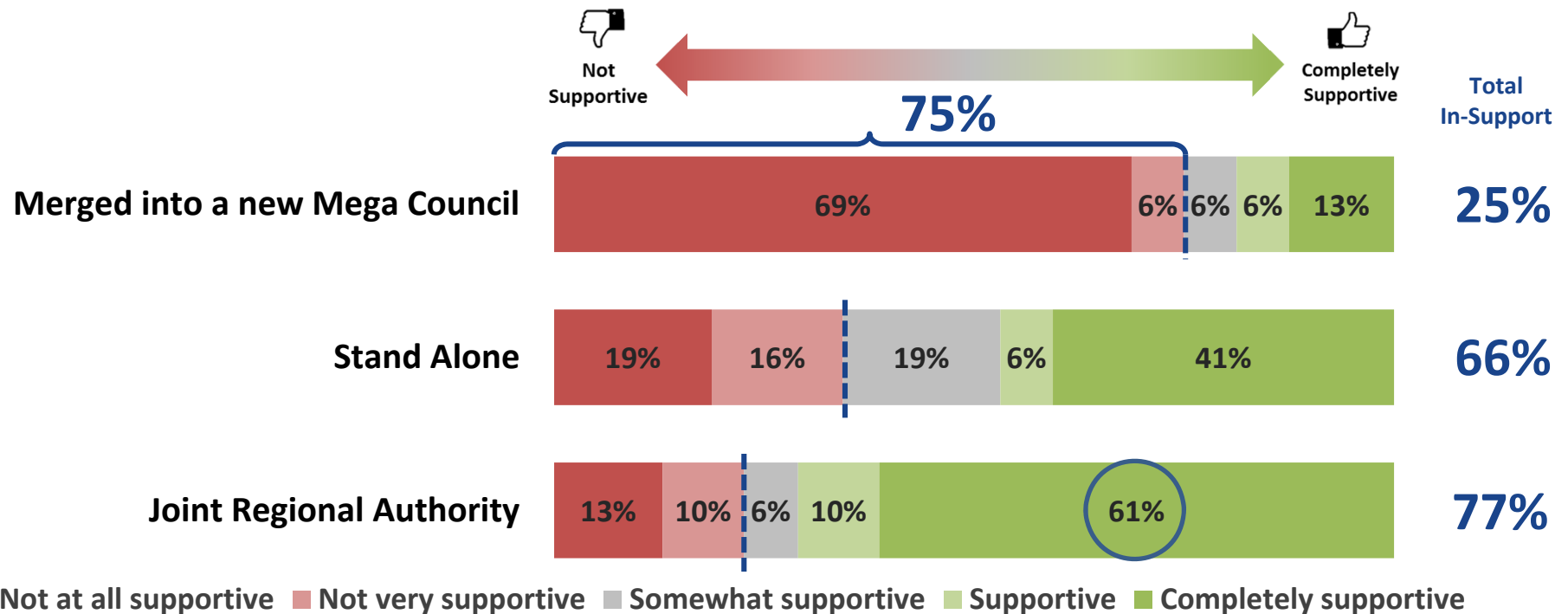


Hunter's Hill

INDICATIVELY, JRA HAS THE GREATEST LEVEL OF SUPPORT & REPRESENTS OPTION WITH HIGHEST % IN COMPLETE SUPPORT

ONLINE

Level of Support for *Fit for Future* Options: Hunter's Hill



Q. How supportive are you of Lane Cove Council...
BASE: Weighted Result for Residents residing in Hunter's Hill LGA (n=31-32)

Fit for our Future

City of Ryde

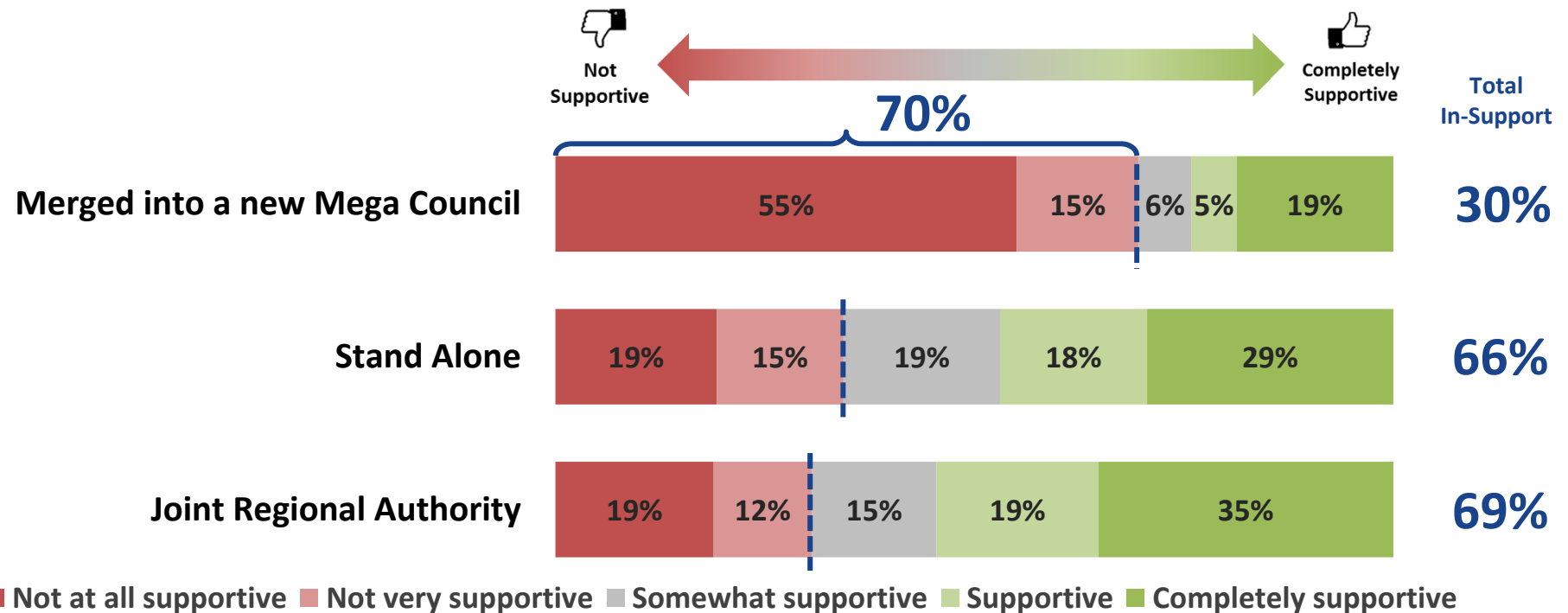


Lane Cove

SMALLER PREFERENCE GAP FOR JRA VS. STAND ALONE, INDICATIVELY HIGHER % COMPLETELY SUPPORTIVE OF JRA

ONLINE

Level of Support for *Fit for Future* Options: Lane Cove



Q. How supportive are you of Lane Cove Council...
BASE: Online Result for Residents residing in Lane Cove LGA (n=689-691)

Fit for our Future

City of Ryde



Attachment S

Council Resolutions

**EXTRACT FROM MINUTES OF COUNCIL MEETING
NO. 10/15 AT ITS MEETING HELD ON 9 JUNE 2015****COUNCIL REPORT****4 FIT FOR THE FUTURE – JOINT RESPONSE FROM THE COUNCILS OF
HUNTER'S HILL, LANE COVE AND CITY OF RYDE**

Note: Tony Abboud addressed the meeting in relation to this Item.

Note: A Supplementary Report was tabled and considered in conjunction with this Item and a copy is ON FILE.

RESOLUTION: (Moved by the Mayor, Councillor Pickering and Councillor Etmekdjian)

- (a) That Council note the extensive analysis, research, evidence and community consultation that has been undertaken as required by the Minister for Local Government's Fit for the Future program, in exploring all options and in preparing Council's response to the Fit for the Future program;
- (b) That following Council's extensive research and analysis, Council rejects the proposed merger of Hunter's Hill, Lane Cove, Willoughby, Mosman, North Sydney and the eastern two thirds of the City of Ryde Councils, as recommended by the Independent Review Panel, as it is not the superior option for the reasons as detailed in this report;
- (c) That City of Ryde endorse lodging the Joint Submission, **ATTACHMENT 1 CIRCULATED UNDER SEPARATE COVER**, in response to the Fit for the Future program, with both Lane Cove and Hunter's Hill Councils, that details Council's Template 2 submission (Council Improvement Proposal) and the unique Joint Regional Authority proposal (Council's preferred option) and delegate to the General Manager, the authority to complete and lodge Council's submission, making any necessary adjustments in finalising Council's submission in response to the final IPART methodology and community surveys;
- (d) That Council endorse including in the Joint Submission, as an incentive for the proposed Joint Regional Authority (JRA), the option to pilot the JRA for a period of 12 months, with the Office of Local Government to be invited to provide a representative as an observer on the JRA board;

- (e) That Council in demonstrating its commitment to be a member of the Joint Regional Authority (JRA), and as a further incentive for Government, delegate to the Mayor and the General Manager the authority to sign the Joint Regional Authority - Memorandum of Understanding (MOU) on Council's behalf;
- (f) That Council endorse undertaking a targeted advocacy program with both Lane Cove and Hunter's Hill Councils, between July and November 2015, on an equal basis in sharing costs to a maximum of \$30,000 (to be approved by Council) as detailed in the report and delegates to the Mayor and the General Manager the authority to undertake this action post 30 June 2015;
- (g) That Council note the Terms of Reference for the Parliamentary Inquiry into the State Government's Fit for the Future reform agenda, (announced on 27 May 2015), and delegate to the Mayor and General Manager the authority to lodge a submission and appear, if necessary, at the Parliamentary Inquiry;
- (h) That Council note that the estimated total cost of the shared research into exploring all options and undertaking an extensive communication and community engagement program, as required by the Minister for Local Government's Fit for the Future program, is estimated to be \$360,000, with City of Ryde's contribution being \$205,000, with an additional \$170,000 being expended in further communications, surveys and the external audit of Council's calculations of its Fit for the Future financial benchmarks;
- (i) That Council endorse copies of Council's submission being available in all Council Libraries, Customer Service Centres and on Council's website in addition to being forwarded to the Minister for Local Government, the Chief Executive Officer of the Office of Local Government all relevant State and Federal Members of Parliament, all Unions and other key stakeholders as determined by the Mayor and General Manager.
- (j) That the General Manager and staff be thanked for their efforts on this campaign.

Record of Voting:

For the Motion: The Mayor, Councillor Pickering and Councillors Etmekdjian, Li, Maggio, Pendleton, Salvestro-Martin and Stott

Against the Motion: Councillors Laxale and Simon

For Action Item - Fit for the Future

TO: Annie Goodman - Corporate Strategist

COPY TO: Barry Smith, Annie T. Hathaway

DATE: 10 June 2015

MEETING: Council Meeting of 6/9/2015

Action is required for this item as per the Council Resolution outlined below.

RESOLVED ON the motion of Cllr Sheil, seconded Cllr Bennett

That Council:

1. Notes the extensive analysis, research, evidence and community consultation that has been undertaken as required by the Minister for Local Government's Fit for the Future program, in exploring all options and in preparing Council's response to the Fit for the Future program;
2. Following Council's extensive research and analysis, Council rejects the proposed merger of Hunter's Hill, Lane Cove, Willoughby, Mosman, North Sydney and the eastern two thirds of the City of Ryde Councils, as recommended by the Independent Review Panel, as it is not the superior option for the reasons as detailed in this report;
3. Endorses lodging the Draft Joint Submission (Attachment 9), in response to the Fit for the Future program, with both Lane Cove and Ryde City Councils, that details Council's Template 2 submission (Council Improvement Proposal) and the unique Joint Regional Authority proposal (Council's preferred option) and delegate to the General Manager, the authority to complete and lodge Council's submission, making any necessary adjustments in finalising Council's submission including strengthening in Councils submission, the section addressing the social impacts of amalgamation on Hunters Hill, with Final submission to be tabled at Council's next Ordinary Meeting 22 June 2015;
4. Endorses including in the Joint Submission, as an incentive for the proposed Joint Regional Authority (JRA), the option to pilot the JRA for a period of 12 months, with the Office of Local Government to be invited to provide a representative as an observer on the JRA board;
5. Demonstrates its commitment to being a member of the Joint Regional Authority (JRA), and as a further incentive for Government, delegate to the Mayor and the General Manager the authority to sign the Joint Regional Authority - Memorandum of Understanding (MOU) on Council's behalf (Attachment 4);

6. Endorses undertaking a future advocacy campaign with both Lane Cove and Hunter's Hill Councils, between July and November 2015, on an equal basis in sharing costs to a maximum of \$30,000 subject to a further report to Council;
7. Delegate to the Mayor and General Manager the authority to lodge a submission and appear, if necessary, at the Parliamentary Inquiry;
8. Places copies of Council's submission in all Council Libraries, Customer Service Centres and on Council's website in addition to being forwarded to the Minister for Local Government, the Chief Executive Officer of the Office of Local Government all relevant State and Federal Members of Parliament, all Unions and other key stakeholders as determined by the Mayor and General Manager.

Subject: Fit for the Future - Joint Response from the Councils of Hunters Hill, Lane Cove and City of Ryde

Target Date: 29/06/2015

Notes:

FIT FOR THE FUTURE - JOINT RESPONSE FROM THE COUNCILS OF HUNTERS HILL, LANE COVE AND CITY OF RYDE

111 RESOLVED on the motion of Councillors Bennison and Hutchens that:-

1. Council note the extensive analysis, research, evidence and community consultation that has been undertaken as required by the Minister for Local Government's Fit for the Future program, in exploring all options and in preparing Council's response to the Fit for the Future program;
2. Following the extensive research and analysis, Council rejects the proposed merger of Hunter's Hill, Lane Cove, Willoughby, Mosman, North Sydney and the eastern two thirds of the City of Ryde Councils, as recommended by the Independent Local Government Review Panel, as it is not the superior option for the reasons as detailed in this report;
3. Council endorse lodging the Joint Submission, shown at **AT-1** in response to the Fit for the Future program, with both the City of Ryde and Hunter's Hill Councils, that details Council's Template 2 submission (Council Improvement Proposal) and the unique Joint Regional Authority proposal (Council's preferred option) and delegate to the General Manager, the authority to complete and lodge Council's submission, making any necessary adjustments in finalising Council's submission in response to the final IPART methodology and community surveys;
4. Council endorse including in the Joint Submission, as an incentive for the proposed Joint Regional Authority (JRA), the option to pilot the JRA for a period of 12 months, with the Office of Local Government to be invited to provide a representative as an observer on the JRA board;
5. Council in demonstrating its commitment to being a member of the Joint Regional Authority (JRA), and as a further incentive for Government, delegate to the Mayor and the General Manager the authority to sign the Joint Regional Authority - Memorandum of Understanding (MOU) on Council's behalf;
6. Council endorse undertaking a future advocacy campaign with both the City of Ryde and Hunter's Hill Councils, between July and November 2015, on an equal basis in sharing costs to a maximum of \$30,000 as detailed in the report and delegates to the Mayor and the General Manager the authority to undertake this action post 30 June 2015;
7. Council note the Terms of Reference for the Parliamentary Inquiry into the State Government's Fit for the Future reform agenda, (announced on 27 May 2015), and delegate to the Mayor and General Manager the authority to lodge a

submission and appear, if necessary, at the Parliamentary Inquiry;

8. Council endorse copies of Council's submission being available in all Council Libraries, Customer Service Centres and on Council's website in addition to being forwarded to the Minister for Local Government, the Chief Executive Officer of the Office of Local Government all relevant State and Federal Members of Parliament, all Unions and other key stakeholders as determined by the Mayor and General Manager;
9. The General Manager writes to the Premier of NSW the Hon Mike Baird and requests that he affords Lane Cove Council the opportunity to present to him our superior alternative to the panel's recommendation. The request should emphasise the amount of effort that Lane Cove, Hunters Hill and the Ryde Councils have devoted to the consideration of an alternative superior model and highlight that Professor Percy Allan has stated in his opinion that the recommendations put forward by the panel would be lucky to break even in ten years where our superior alternative model is estimate to accrue profits of approximately \$4mil pa from the get go. The letter should also note that we have met with IPART and the Minister the Hon Paul Toole that is scheduled for this Friday 19 June; and
10. Notwithstanding Council's signature to the MOU with Ryde and Hunter's Hill, Lane Cove welcomes approaches from other NSROC councils who may wish to be included in the JRA.

For the Motion were Councillors Gold, Hutchens, Karpin, Palmer, Bennison, Brent, Brooks-Horn and Strassberg (Total 8).
Against the Motion was Nil (Total 0).

Attachment T

Professor Percy Allan

Review of Joint Regional Authority Model.

June 2015

A Review of the Joint Regional Authority (JRA) proposed by three North Shore Local Councils (Ryde, Lane Cove and Hunters Hill)



Professor Percy Allan AM

Principal, Percy Allan & Associates Pty Ltd

Public Policy, Management and Finance Advisers

16th June 2015

Terms of Reference

- 1. In your opinion, on the research and analysis that supports this business case, is the formation of a Joint Regional Authority (JRA) superior than the proposed Independent Local Government Review Panel's (ILGRP) recommended merger of Hunter's Hill, Lane Cove, Mosman, North Sydney, Willoughby and the eastern two thirds of the City of Ryde? If so, what are the key differences and benefits?*
- 2. In your opinion, does the proposed JRA address the critical objectives that were being sought by the ILGRP in its final report "Revitalising Local Government" and the Minister for Local Government's "Fit for the Future" program?*
- 3. In your opinion, how important is the Shared Services component within the proposed scope of the JRA and what benefits do you believe can be realised?*
- 4. In your opinion, is the JRA a viable option for the Sydney metropolitan area and could this be a model for other regions within the Sydney metropolitan area? Do you support the concept of a Pilot?*
- 5. In your opinion, are the core functions and powers intended to be delegated to the JRA adequate, to ensure that the State Government's objectives will be met, whilst still maintaining the balance at the local level, comprising local identity, representation and service delivery?*
- 6. In your assessment of the JRA option, if this was supported by the State Government, what are the major risks that would need to be addressed by members of the JRA, to ensure its success?*

Combined Submission of Three Councils

Roy Newsome, Group Manager - Corporate Services, Ryde City Council, communicated the following intent of the combined submission on behalf of the three councils of Ryde, Lane Cove and Hunters Hill:

After reviewing the research provided by all of our consultants we designed the JRA to minimise risks and develop a practical/workable organisation. As a result our Submission does vary from the research undertaken by our various advisors, mainly in that we have staged the establishment of the JRA to incorporate the following core functions and powers to make this option viable.

- *Subregional land use and infrastructure planning that includes;*
 - *Single approach to subregional plan priorities and policy;*
 - *Agreed centres hierarchy;*
 - *Single endorsed set of State/Major local infrastructure priorities;*
 - *Subregional Section 94 Plan.*
- *Single point of contact for State and Federal Government on subregional matters;*
- *Subregional advocacy;*
- *Subregional procurement;*
- *Introduce a shared services centre to deliver services that demonstrate benefits through economies of scale.*

In respect of the decision making powers for the JO, it will be constituted to make joint decisions on strategic planning and infrastructure priorities for the region with no Council having the ability to opt out (this reflects the current draft JO legislation).

The JRA will need the following powers:

- *To plan for subregional land use and infrastructure;*
- *To develop a single subregional Section 94 plan;*
- *To represent all Councils in negotiations for subregional planning and infrastructure matters;*
- *To undertake subregional advocacy;*
- *To procure subregional services and enter in subregional contracts; and*

- *To apply for subregional grants.*

The reasons why this option is superior to the merger option are;

- 1. It addresses the critical functions associated with the strategic subregional planning for the region, where there are clear advantages in planning and delivering on a subregional basis in partnership with the State Government;*
- 2. Provides one point of contact for the State and Federal Government on subregional matters;*
- 3. The JRA is a customised option that enhances scale and capacity for each of the three Councils and addresses the critical subregional planning objectives of the State Government;*
- 4. It avoids the high cost and disruptions of amalgamations that the empirical evidence has demonstrated; and*
- 5. It retains each Council's local identity, proper representation and continues to deliver those services best delivered at a local level.*

Nevertheless, we have detailed in our submission that there are other functions the JRA will need to consider in future, but only after being established and having some clear goals.

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6. What are major risks and key success factors of a JRA	Page 21

Introduction and Disclaimer

Because of time constraints it was not possible to critically examine and validate the assumptions, computations and conclusions of the quantitative analyses undertaken by other consultants, namely Professor Brian Dollery and Morrison Low on the costs and benefits of a full merger and SGS Economics on the net benefits of merging solely the planning function within a Joint Regional Organisation.

So this review of the Combined Submission on a JRA does not take account of these findings other than reporting SGS Economics' findings on transferring planning functions to a JRA (as formally agreed by the three councils) and Percy Allan & Associates' findings of transferring the back-office component of corporate support services to a Shared Services Centre (which the three councils have formally agreed to investigate further).

Question 1: Is a JRA superior to a merger?

In your opinion, on the research and analysis that supports this business case, is the formation of a Joint Regional Authority (JRA) superior than the proposed Independent Local Government Review Panel's (ILGRP) recommended merger of Hunter's Hill, Lane Cove, Mosman, North Sydney, Willoughby and the eastern two thirds of the City of Ryde? If so, what are the key differences and benefits?

Answer: Yes, a partial merger via a JRA which ultimately included both planning and shared services should extract benefits with less cost.

The primary case for merging Sydney's local councils into mega-councils on a sub-regional basis is:

1. It would compel the planning and design of local infrastructure to take account of the needs of a whole sub-region and not just the concerns of a few neighbourhoods.
2. It would enable local government to understand and meaningfully interact with state and federal governments on sub-regional issues rather than purely local matters.
3. It would provide sufficient critical mass in terms of professional staffing and budgetary resources to manage complex strategic issues and projects.
4. It would enlarge local government to take advantage of economies of scale in processing high-volume transactions and undertaking mass procurements.

The counter arguments for retaining existing smaller councils on a municipal basis are:

1. Local councils are meant to address local issues so making them regional robs them of their rationale, thereby stoking community disenchantment with democracy.
2. Converting local councils to regional government will restrict the opportunity for the concerns of individuals and neighbourhoods to be dealt with on council agendas.
3. Big bureaucracies unlike lean ones have a tendency towards group think, risk aversion and tardiness in responding to citizen needs and changing circumstances.
4. The future of local government is as much in human services as property services. Human services have diseconomies of scale because they need face-to-face contact.

A JRA enables regional decision making to be lifted to a regional authority without detracting from the core role of local councils to serve local needs and aspirations. It effectively transfers responsibility for Sydney sub-regional urban planning, regional economic promotion and intergovernmental relations to a dedicated political and administrative authority with the powers of a County Council.

Should it incorporate a dedicated Shared Services Centre as proposed in "A Shared Services Centre Migration Plan For North Shore Councils" (Percy Allan & Associates Pty Ltd, 12th May 2015) it would also allow local councils to obtain economies of scale associated with most back-office functions (e.g. financial transaction processing, ITC and HR development) and

various property related front-office services (e.g. waste collection and road maintenance) by procuring them from such a Shared Services Centre (SSC) or specialist external provider (supervised by the SSC).

In essence a JRA that incorporated both planning and shared service functions would allow councils within a sub-region of Sydney to operate both locally and regionally. This would achieve the benefits of a merger without the huge cost and disruption associated with centralising everything as identified by the reports of Professor Brian Dollery and Morrison Low. Also it would preserve the best of small government associated with local issues management and human services delivery.

This concept is not unique. In the United States, Lakewood Plan councils that share services with other councils and providers have been popular since the 1950s and are considered amongst the most efficient and effective local government units in the world. There is no reason why a similar model using the JRA concept should not be trialled in Sydney. It would serve both the need for councils to be efficient and effective in service delivery while also being strategic and responsive to community and economic needs in planning future infrastructure and services.

Question 2: Does the JRA address Fit for the Future objectives?

In your opinion, does the proposed JRA address the critical objectives that were being sought by the ILGRP in its final report “Revitalising Local Government” and the Minister for Local Government’s “Fit for the Future” program?

Answer: Yes, if it ultimately incorporated both planning and shared services functions it should address the core aspirations of the ILGRP and the Minister.

The Government’s reasons for favouring mergers within the Sydney metropolitan area are most clearly stated in its answer to the two following question in the FAQ section of its *Fit for the Future* website (<http://www.fitforthefuture.nsw.gov.au/faq-page#t41n2004>). They mirror the messages of its prime policy statement *Fit for the Future - A Blueprint for the Future of Local Government* (September 2014).

Why is reform needed in Sydney?

Sydney is the fastest growing capital city in Australia. In the next 20 years, a further two million people will make the city their home, with most of them settling in Sydney’s West.

A new international airport will be established and major growth centres will be developed in the North West and South West regions. Some communities will quadruple their size.

New motorways and freight hubs will be needed, as well as hospitals, schools and large scale sporting facilities.

To cope with this growth and Sydney’s emerging role as a Global City, we need a modern, more connected system of local government.

There are currently 41 councils in Greater Sydney, all with their own local rules and regulations.

This means multiple licences, fees and approvals for small business and different development rules for people who want to build or renovate their homes.

It also means people in different suburbs receive different levels of service.

The NSW Government believes everyone in Sydney deserves a strong future.

Our city cannot continue to be constrained by boundaries that were set over a hundred years ago

Why is the NSW Government reforming local government?

The NSW Government is determined to deliver a strong future for our great State. To have a strong future, we need strong councils providing the services and infrastructure communities need.

Councils are losing over \$1 million a day. What is very clear is that the position of the local government sector is not improving, in fact, it's deteriorating. Sydney will not be able to accommodate the projected extra 2 million people in the next twenty years if we do not take action to fix the antiquated system.

We need smarter, modern local councils that can work with the State to deliver the housing, jobs and transport people need.

The Independent Local Government Review Panel (ILGRP) in the preamble to its final report, *Revitalising Local Government* (October 2013, page 7), said:

Local government in NSW needs a new agenda and a fresh start. The same applies to its relationship with the State government and how the two work together in practice.

With respect to metropolitan councils it stressed:

Nowhere is this more evident than in the Sydney region, where the structure of local government has been largely 'snap frozen' for more than half a century. Australia's global city is still divided amongst forty-one councils, many of which lack the scale and resources to play an important role in metropolitan affairs. There is also a deepening divide between a privileged east and a struggling west. Gaps in coordination amongst State agencies have made matters worse.

The Independent Local Government Review Panel was tasked with formulating options for a stronger and more effective system of local government. The two key words are options and system. The Panel has made a decisive move away from 'one size fits all', and has sought to give communities and regions more options for the way local government is arranged and how it operates.

The Panel claimed its approach to be "evidence-based and pragmatic, not ideological" and argued that:

...a strong commitment to local identity and democracy does not rule out creating larger council areas to improve efficiency and effectiveness.

The Panel sees encouraging signs of an understanding that things must change. This can be found in the Destination 2036 Action Plan, the joint local and State government initiative to 'create strong communities through partnerships'.

Key themes that emerge from the Government's answers and the Panels preamble are a desire for:

1. **Consistency** - Local councils need to harmonise their rules, regulations and services to make it easier for businesses and households to operate across the metropolitan area.
2. **Capacity** - Local councils need the strategic capacity and resources to work with State government on large infrastructure and public facilities to accommodate Sydney's growth.
3. **Choice** - Communities and regions need more options for the way local government is arranged and how it operates. One suite does not fit all.
4. **Cooperation** - The need to strengthen communities through partnerships so as to creating larger council areas to improve efficiency and effectiveness.

On each of these counts the proposed JRA passes muster.

Total policy and outcome **consistency** is not possible without a single council for the whole Sydney metropolitan area, but this option is not canvassed, let alone proposed by either the Panel or the Government. Instead greater consistency of rules, regulations and services within each Sydney sub-region is sought.

Because professional urban planning and development approval advice would be provided by a single professional team located within the JRA, the JRA board, member councils (and hopefully associated regional and local planning panels) would share a consistent policy advisory framework in making infrastructure and development decisions.

Also with a JRA Board regularly deliberating on regional strategies and policies and a SSC (if adopted as part of the JRA) negotiating service level agreements with each member council, there would be strong internal and external pressure on councils to converge and remain comparable on rates, fees charges, services and facilities.

As for **capacity**, a JRA would have the professional resources (if it involved a SSC), the legal powers (through being a County Council) and the political stature (through having a board of Mayors) to interact with State Government ministers and agencies on a high-level strategic basis in regards to Sydney sub-regional matters.

On **choice**, a JRA would offer communities both the advantages of local governance on local matters through their existing councils and regional governance through a JRA representative of each member council to ensure major public infrastructure and private developments took account of both local and regional needs. No other model would offer this duality without adopting an expensive and constitutionally difficult fourth tier of government.

Finally, the JRA is the embodiment of **cooperation** since it would be a partnership between member councils to make cross-council planning and development decisions at a sub-

regional level and (if a SSC was adopted) to share back and front office services that offer economies of scale and scope.

All in all, the JRA proposal offers an optimal solution to the aspirations for metropolitan local government to more strongly assert itself on a sub-regional basis yet retain its close connection to local communities that want to maintain their identity within a sub-region.

In terms of the specific judging criteria used in the Fit for the Future template guidance material the JRA proposal also stacks up well. In summary its benefits against each scale and capacity test are:

- **More robust revenue base and increased discretionary spending** – The JRA would be funded by equal contributions from member councils. According to SGS Economics the consolidation of planning staff within the JRA and the coordination and determination of sub-regional planning by the JRA (and its execution by the JRPP) would generate a net benefit (after costs) in today's value of over \$0.5m between 2016 and 2031. Should the JRA be expanded to include Mosman, North Sydney and Willoughby the present value of such a net benefit would rise to over \$3.4 million. Presumably some of this economic benefit to the sub-region would flow back to JRA member councils as increased rate and other forms of revenue.

According to Percy Allan and Associates the cost savings from sharing back-office corporate-support services (if this was agreed as part of the JRA) would range between \$2m and \$4m per annum after four years for the initial three member councils. Any savings from sharing front-office property-related services would be additional to these estimates. Potential savings should all six councils on the North Shore join the SSC would be considerably higher. It is assumed that cost savings accrued during the first four years of the SSC would be used to defray capital costs of its establishment.

- **Scope to undertake new functions and major projects** - The location of sub-regional planning resources and decision-making within the JRA would provide the scope to undertake new functions and coordinate major projects on a sub-regional basis. These might include new transport hubs, civic centres and recreation facilities extending across council boundaries.
- **Ability to employ a wider range of skilled staff** - The transfer of all planning staff to the JRA would create a critical mass of professional planners to give both general and specialised transport, economic, social and environmental advice to the JRA on sub-regional planning policies, the IHAP on medium sized DAs and local councils or their local planning panels on a small scale DAs. In addition the provision of shared finance, HR, ITC, procurement, engineering and waste management services by the SSC (if this was agreed as part of the JRA) would enable greater division of labour, specialization of task and cross-skilling. By offering better career opportunities in back-office functions the SSC should be able to attract a wider range of skilled personnel than individual

councils doing these functions in-house.

- **Knowledge, creativity and innovation** – The JRA proposal encourages knowledge, creativity and innovation at two levels; a local one and a sub-regional one. The SSC (if this was agreed as part of the JRA) by taking over back office chores and front office property related services would free up Council management to focus on people and place issues. This should allow for a more strategic and less reactive approach to local issues management. Likewise having the planning team within the JRA provide both sub-regional (JRA) and local (council and IHAP) urban planning and DA assessment advice should encourage its members to think more strategically and broadly and take an interest in urban renewal ideas from around the world.
- **Advanced skills in strategic planning and policy development** - Locating strategic planning personnel within the JRA should advance their skills by creating a critical mass of professional planners to research issues, share knowledge and brainstorm urban development solutions at both a local and sub-regional level. The JRA in addressing sub-regional policy matters would demand strong policy making skills from its secretariat.
- **Effective regional collaboration** - The JRA by its very nature would be built on regional cooperation and collaboration in forging sub-regional policy agreements. These would not be confined to just urban planning and infrastructure projects, but also economic and social development and environmental protection. Should a SSC become part of the JRA, participating councils would benefit from joint applications for state and federal grant programs, common procurement contracts and sharing of community facilities, mobile plant and equipment and strategically located works depots.
- **Credibility for more effective advocacy** – The JRA as a Council of Mayors or as a statutory body would have the legal authority of a County Council, the seniority of high level council representation and the administrative resources (if a SSC became part of it) to be a credible and effective advocate for the interests of its sub-region. The JRA would represent 216,000 to 427,000 people by 2031 (3 or 6 councils respectively) giving it a powerful voice in the Sydney metropolis.
- **Capable partner for State and Federal agencies** - The regional focus of the JRA, the presence of Mayors or other senior councilors on its governing body and the strong planning, policy and administrative skills of its secretariat (if it was part of a larger in SSC) should ensure it was a capable partner for negotiating sub-regional matters with State and Federal agencies. It would provide a convenient single point of contact for all State and Federal Government dealings on local government matters affecting the sub-region.
- **Resources to cope with complex and unexpected change** – The JRA would be governed by senior Councillors with considerable political skills in handling community challenges and changes. They would be assisted by a secretariat that would have a

keen focus on sub-regional issues and trends by the nature of its work. Should a SSC be part of the JRA, change management would be uppermost in the mind of its CEO because the SSC's performance would be judged against service level agreements with the JRA, local councils and IHAP.

- **High quality political and managerial leadership** – The JRA's governing body would be drawn from each Council's political leadership. Should a SSC be part of the JRA, the position of CEO of the SSC (that would provide secretariat services to the JRA and shared services to member councils) would require both demonstrated strategic and operational management skills. Ideally the SSC would be a company limited by guarantee with a board comprising the general managers of each member council. Hence its CEO would be accountable at two levels; through service level agreements with each of the SSC's clients (namely the JRA, planning panels and individual councils) and by reporting to the board of the SSC as a subsidiary company of the member councils.

Question 3: How important are shared services to a JRA?

In your opinion, how important is the Shared Services component within the proposed scope of the JRA and what benefits do you believe can be realised?

Answer: Shared services are very important for both efficiency and strategic reasons. Without them the JRA would be largely confined to planning, which does not fully address the scope and capacity ambitions of the Government's Fit for the Future goals.

The shared services component of the JRA is critical for two reasons.

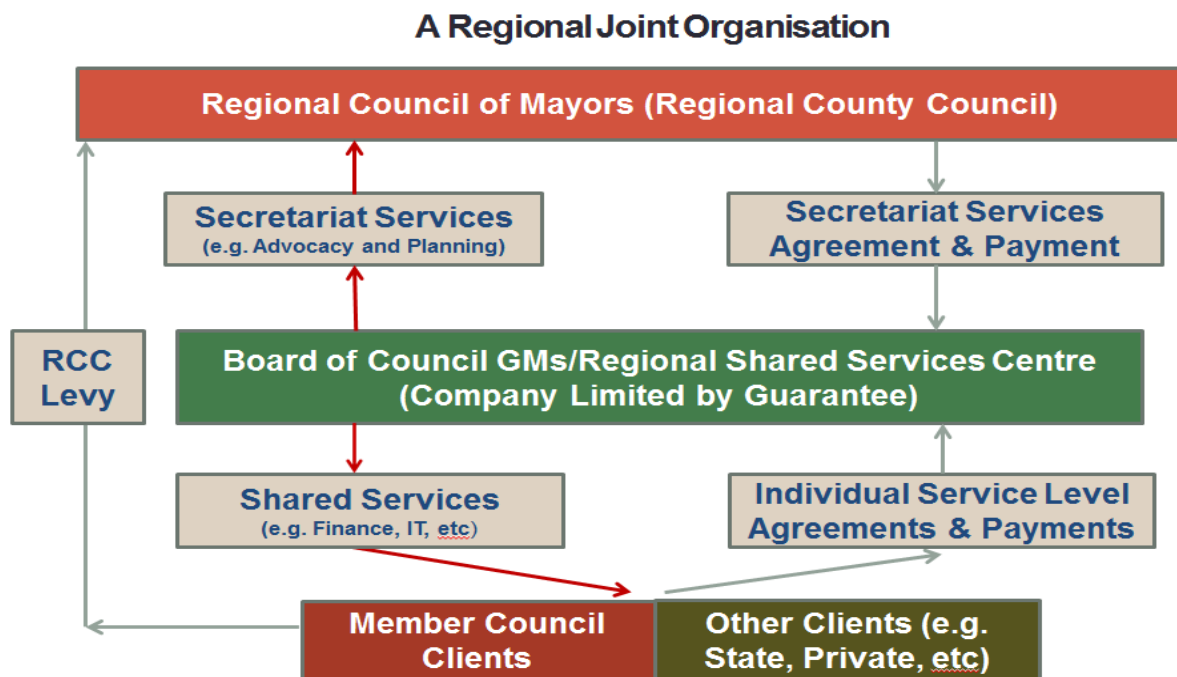
Firstly, it would enable member councils to achieve cost saving efficiencies and process quality improvements for many back-office functions and property-related services which enjoy economies of scale.

Secondly, it would provide the administration centre for the JRA which would be constituted as a County Council with a board of Mayors or other senior representatives of local councils within the sub-region. The Shared Services Centre (SSC) would not only provide joint services to member councils but also act as the secretariat for the JRA.

Because of its administrative nature a SSC should have its own CEO and be accountable to a board of member council General Managers. Indeed a SSC should be a company limited by guarantee so that it could operate as a business able to offer services to member councils on a basis that was price competitive with other private and public sector providers. Otherwise member councils could become disenchanted with using its services.

Effectively, the JRA's governing board would contract the SSC to operate the County Council which would be the legal shell of the JRA. Likewise member councils would contract the SSC to provide back-office corporate support functions as well as front-office property related functions.

The organisational structure, service agreements and financial arrangements between the JRA Board and County Council, the SSC and Member Councils might look as follows which is a refinement of the concept advanced by the ILGRP. The JRPP, which is independent of the JRA, would be served by the planning staff of the SSC rather than each council's own planning staff as is the case at present (<http://www.jrpp.nsw.gov.au/>).



Source: *A Regional Joint Organisation Structure for North Shore Councils*, Percy Allan and Associates Pty Ltd, 7th May 2015.

It should be stressed that the three Councils have not yet adopted the concept of a SCC let alone the above organisational structure. However, they have agreed to investigate further the possibility of a SSC being part of the JRA.

Question 4: Does a JRA model have wider applicability to Sydney Councils?

In your opinion, is the JRA a viable option for the Sydney metropolitan area and could this be a model for other regions within the Sydney metropolitan area? Do you support the concept of a Pilot?

Answer: Yes, especially if it incorporates a SSC, it would offer significant gains without the pain of a full merger. Piloting a metropolitan JRA would help refine its design and showcase its advantages.

As mentioned in answer to Question 1 there are certain advantages of local government operating sub-regionally, but in so doing it is important that it not lose its local roots. The JRA model would allow local government within the Sydney Metropolitan region to have both a sub-regional and local presence without establishing a fourth tier of government.

If it incorporated a SSC, it would effectively enable the merger (i.e. centralisation) of much of the back office corporate services and front-office property services of councils while leaving their middle-office (governance) and front-office human services to concentrate on issues management involving people and places that demand the most attention. It would also elevate Sydney sub-regional strategic planning and intergovernmental interface to where it belongs, namely to a County Council with commensurate powers, responsibilities and skills.

Piloting such a JRA (if it incorporated a SSC) using the three councils of Ryde, Lane Cove and Hunters Hill makes sense since their leaders and communities would be committed to the concept. Trialling such a JRA before rolling it out more widely would enable its design and operation to be refined and made workable so that it could be a demonstration model for other sub-regions to adopt. If successful it would show how councils could serve both local and sub-regional needs and as such attract international academic and practitioner attention just as Lakewood Plan councils do in America.

Question 5: Will a JRA balance the benefits of centralisation and localisation?

In your opinion, are the core functions and powers intended to be delegated to the JRA adequate, to ensure that the State Government's objectives will be met, whilst still maintaining the balance at the local level, comprising local identity, representation and service delivery?

Answer: Yes, but only if the JRA included both planning and shared services. It would then captures the upsides of a merger while retaining a Council's capacity to relate to people and places on a neighbourhood basis.

The **core functions** that could be shared and conducted by the JRA through its County Council Board, Joint Regional Planning Panel and Shared Services Centre (assuming that was included in the JRA) are the following:

1. County Council Board - Regional Planning, Economic Development and Advocacy:

- **Strategic Planning/Infrastructure:** A shared approach and common priorities to sub-regional development and infrastructure planning (e.g. agreement on areas with spare capacity and on preferred siting and scale of development hubs and infrastructure projects), a single sub-regional LEP with DCP harmonisation (i.e. common design standards), a single sub-regional s94 Plan (to achieve a larger total fund with more flexibility and better liquidity) and shared strategic planning research resources.
- **Corporate and Social Planning:** Collaboration on corporate and community plan preparation (e.g. joint grant applications, joint use of facilities, joint procurement, common fees for facilities), integrated Community Plans, a joint approach to local implementation of State social policy targets and agendas (e.g. youth policy) and pooled grant funding for sub-regional facilities (e.g. SSHAP, Metro Greenspace).
- **Economic Development:** Coordinate sub-regional economic growth initiatives (e.g. shared prospectus for investment opportunities, shared support for identified clusters/hubs for a skill or industry), a common sub-regional economic development plan and a council knowledge network (e.g. documenting and sharing best practices within member councils).
- **Advocacy, Representations and Campaigns:** Common representations and campaigns on key policy, funding and governance issues (e.g. shared promotion of a common set of grant funding opportunities or tourism sites), a single point of approach to State and Federal Governments on sub-regional matters (e.g. light rail routes)
- **Governance and Organisation Structure:** Separate councils and staffs would remain in place, but strategic planning and other shared service staff would be located within the SSC to serve the JRA Board, JRPP and member councils through service level agreements (SLAs) negotiated with each

entity. The JRA would be governed by a board or council of mayors, have the authority of a County Council and be responsible for sub-regional planning matters and issues crossing boundaries. The service delivery functions of the JRA would be executed via a Shared Services Centre which would be a member council subsidiary in the form of a company limited by guarantee to give it the commercial flexibility to compete with alternative state and private providers. Such a business model is used by the Hunter Regional Organisation of Councils (Hunter Councils Ltd).

2. Shared Services Centre - Back-Office (Corporate-Support) Services and Front-Office (Property-Related) Services (should a SSC be adopted as part of the JRA):

- **Financial Transaction Processing:** Accounts Receivable, Accounts Payable, General Ledger, Billing and Rates Collections, Travel and Expense Reimbursement and Treasury Management.
- **Personnel Administration:** Payroll, Employee Benefits, Workers Compensation Insurance, Training and Education, Time and Leave Administration and OHS Compliance.
- **Procurement Management:** Requisitions Management, Receiving, Sourcing and Vendor Management, Stationery and Stores, Asset Registers, Property and Fleet Management, Leasing, Property Insurances, Cleaning, Utilities and Telecommunications.
- **Information and Communication Systems:** Desktop Support, Telecommunications, Data Centre Operations, Hardware/Software Acquisitions and Disaster Recovery.
- **Other Corporate Support:** Legal, Security, Printing, Records and Archives, Call Centre and Library Services.
- **Infrastructure Provision:** Asset management including renewal and maintenance of roads, pavements, street lighting, storm-water drainage and sea walls.
- **Waste Management:** Garbage and recyclables management including the production, collection, transport, treatment and sale or disposal of waste.

Should the JRA ultimately incorporate a SSC, all residual council activities – particularly middle office (governance-related) and most front office (human service) functions - would continue to be performed by local councils. This would include deciding local development applications unless this function was delegated to IHAPs.

In such a model (which assumes the JRA eventually includes a SSC) the **decision-making powers** would be split between Local Councils, the County Council Board and the Regional Planning Panel as follows:

1. Local Councils would continue to decide their own community strategic, operating and financial plans as well as rates, services and infrastructure.

Should it be agreed to attach a SSC to the JRA then all accounting, rates collection, payments processing, personnel record keeping and ITC systems would be undertaken on behalf of councils by the JRA's Shared Services Centre (SSC).

Ultimately front-line property services such as waste and road maintenance might also be provided by the SSC acting either directly (using day labour) or indirectly (by external procurement) to meet the agreed requirements of each member council.

Any SSC would be the local councils' servant not its master. Local town plans would still be decided by each council as would small (<\$5M) and medium (\$5M-\$20M) scale development applications (DAs) though such decisions would need to accord with the sub-regional plan set by the JRA.

2. All councils within a region would continue to have a say in appointing the Joint Regional Planning Panel (JRPP) that decides major development applications of a regional nature using policy guidelines set by the County Council board in conformity with the State Government's Sydney metropolitan strategy (*A Plan for Growing Sydney, February 2015*).

According to the NSW Government:

JRPPs provide independent, merit-based decision making on regionally significant development. Applications for regionally significant development are notified and assessed by a local council professional staff and then determined by the relevant regional panel.

Regional panels may also have a role in planning proposals, where the Minister for Planning has appointed the regional panel to act as the relevant planning authority (RPA) or has requested the regional panel to undertake a pre or post Gateway review.

Source: <http://www.jrpp.nsw.gov.au/>

Because all council planning staff would be transferred to the JRA, the JRPP would be assisted by the professional planning staff of the JRA, not that of individual councils.

Question 6: What are major risks and key success factors of a JRA?

In your assessment of the JRA option, if this was supported by the State Government, what are the major risks that would need to be addressed by members of the JRA, to ensure its success?

Answer: To succeed a JRA will need strong sponsorship from the Minister, member Councils, a clear blueprint and a competent implementation team.

The **major risks** in implementing a JRA with a shared planning function are the following:

- Lack of partner commitment and support,
- Having unrealistic expectations (overambitious goals),
- Underestimating the cost and effort required to succeed,
- Lacking project leadership, planning and technical competency,
- Not agreeing on service levels in advance of implementation,
- Centralising activities before redesigning their processes,
- Insufficient change management planning to help staff cope (i.e. retraining, and transferring, relocating, recruiting and retrenching staff).

Should the JRA incorporate a SSC, other risks would be:

- Not having a compelling business case,
- Pursuing cost savings at the expense of service standards,
- Sharing complex services not amenable to standardisation,
- Adopting IT systems centrally that don't interface locally,
- Migrating to shared services before piloting the migration plan,
- Introducing shared services concurrently, rather than sequentially,
- Structuring the SSC as general government bureaucracy antithetical to running a business,
- Sheltering the SSC from the prospect of market contestability, and
- Appointing an SSC board not representing member councils (i.e. sponsor customers).

Yet done well, a JRA incorporating a SSC would deliver the following **benefits**:

- **Strategy** – elevate strategic thinking and planning to a Sydney sub-regional basis for infrastructure and development proposals that have a wide economic and social impact.
- **Consistency** – help standardise rules, regulations, rates and services within each Sydney sub-region by highlighting existing discrepancies between councils.
- **Efficiency** – reduce unit costs of routine transactions by standardising work processes and desktop systems, consolidating operations in a lower rent location and aggregating volume to exploit economies of scale.

- **Quality** – reduce transaction errors by standardising work practices and ITC systems, reducing decision control points, documenting office procedures and reporting regularly against agreed transaction service benchmarks.
- **Service** – improves service level timeliness and responsiveness by forcing client agencies to more clearly specify their precise needs, reporting regularly against service level agreements (SLAs) and compliance and complaints handling mechanisms.
- **Specialisation** – enable back-office functions to have dedicated expertise and management applied to their operations and thereby free up client agencies to focus on their core tasks.
- **Careers** – improves career prospects for transaction-oriented staff by offering a bigger work environment and opportunities to learn best practice processes and cutting edge technologies with dedicated supervisors.
- **Technology** – allow leading edge ITC systems to be employed at lower cost, with closer maintenance and more frequent upgrades by consolidating them centrally.
- **Compliance** – improve compliance with audit, tax, OHS and other regulatory requirements by upgrading and standardising record-keeping and consolidating reporting.
- **Performance** – improve performance of client agencies by standardising management reports to enable inter-agency performance comparisons.

The establishment of the JRA would require the following **actions**:

- Obtain the formal agreement of a core group of Local Councils and the State Government to the concept of a Joint Regional Authority (JRA).
- Investigating a Shared Services Centre (SSC) to strengthen the case for a JRA as an alternative to council mergers for achieving Fit for the Future outcomes.
- Appointing a SSC Steering Group, CEO and Specialist Consultant to develop a detailed Business Case and Project Plan for implementing a JRA (and if agreed a SSC) for formal approval by the participating Councils and the Minister for Local Government.
- Implementing the Project Plan according to an agreed budget, timetable and key milestones.

The **Project Plan** would involve the following steps which are similar to those proposed in “A Shared Services Centre Migration Plan for North Shore Councils” (Percy Allan & Associates Pty Ltd, 12th May 2015)

1. Agree on JRA Concept (including or excluding a SSC)
2. Adopt Vision Statement
3. Endorse Business Case
4. Appoint Leadership

5. Adopt Project Plan
6. Communicate Vision
7. Design Model
8. Analyse Gaps
9. Establish JRA and SSC
10. Knowledge Transfer
11. Go Live
12. Office Stabilisation
13. Project Review
14. Celebrate Outcome
15. Regular Reviews