

Fit for the Future

What does it mean for Willoughby?



WILLOUGHBY CITY COUNCIL



www.haveyoursaywilloughby.com.au

Have Your Say

Message from *The Mayor*



Message from the Mayor

Local Government reform is a key issue for councils. The State Government has given councils in NSW, including Willoughby, until 30 June 2015 to respond to its *Fit for the Future* proposal. The proposal recommends that Willoughby merges with North Sydney, Lane Cove, Mosman, Hunter's Hill and part of Ryde councils.

Willoughby is a unique and wonderful place and it is important that its communities continue to prosper well into the future. Council understands that any decision it makes in relation to amalgamations must be informed by the community it represents. As such, Council would like your feedback on a number of options outlined within this information pack.

I look forward to hearing your views.



Cr. Gail Giles Gidney
Mayor of Willoughby City Council

Fit for *the Future*

This information pack is designed to provide you with details of the State Government's proposal to reform local government in New South Wales. We would like to hear your feedback on the scenarios presented within this brochure.

What is Local Government Reform?

In 2013, the Independent Local Government Review Panel was established with the aim of ensuring an effective framework for the provision of services and infrastructure to local communities in NSW. The Panel acknowledged that local government works the closest with communities and highlighted how this can be an important factor in achieving local, state and national goals and objectives. The panel stated that a move to larger organisations, with greater ability to generate increased resources, work at scale and implement more effective ways of operating, would see communities benefit from better infrastructure and services and a stronger link between local and other tiers of government.

What does Fit for the Future mean?

Fit for the Future is the NSW Government's response to the Independent Local Government Review Panel's report *Revitalising Local Government*. In the report there are recommendations concerning the amalgamation of councils in metropolitan Sydney, including the recommendation that Willoughby City Council amalgamate with neighbouring councils Lane Cove, North Sydney, Mosman, Hunter's Hill and part of Ryde.

The State Government's Fit for the Future criteria are:

- scale and capacity
- financial sustainability
- efficiency
- infrastructure and services

Incentives have been offered by the State Government as part of the proposal and include \$10.5 million for each newly merged council (of two or more councils) with a population of at least 250,000 residents and an additional \$3 million for each additional 50,000 population above that threshold.

What does this mean for Willoughby?

Willoughby Council, like all other councils in NSW, has been requested to prepare a submission by 30 June 2015 under the *Fit for the Future* proposal. The submission must demonstrate how Council plans to meet the *Fit for the Future* criteria and continue to be effective and sustainable in the future.

Where does Willoughby stand?

In March 2015, Willoughby Council passed a resolution relating to its position on council amalgamations. In short, Council decided to commence community consultation on four scenarios, which are outlined in this brochure. Along with extensive community consultation, Council will also undertake a number of studies and research projects to assist in preparing a comprehensive submission to the NSW Government to ensure that Willoughby's communities are in the best position going forward.

The four scenarios being considered are:

- 1) Willoughby only (page 4)
- 2) Willoughby and North Sydney merger (page 5)
- 3) Willoughby, North Sydney and Lane Cove merger (page 6)
- 4) Willoughby, North Sydney, Lane Cove, Hunter's Hill, Mosman and part Ryde (eastern two thirds) merger (page 7)

Looking for more information?

This information pack provides detailed information on the current situation of Council and forecasts on four possible scenarios which Council has released for consultation. Table 5 provides more detailed information for Willoughby and the five other councils in the State Government's proposed merger scenario. Key references are also provided on Page 10.

Scenario 1



Table 1a

Willoughby	
Population	73,155
Population forecast by 2031	85,691
Land size	22.4km ²
Total rate income	\$41.528M
Total number of councillors	13
Councillors per population	1:5,627
Total available cash and cash equivalents	\$71,436M
Total Council debt at 30 June 2014	\$52,571,000

Is Willoughby Fit for the Future?

In 2013, the NSW Treasury Corporation (TCorp) assessed Willoughby City Council as having a 'Moderate' Financial Sustainable Rating (same rating as 52% of New South Wales Councils) and a 'Neutral' outlook (same rating as 49% of New South Wales Councils).

In 2013, the Office of Local Government (OLG) assessed Willoughby City Council as having a 'Moderate' Infrastructure Management Assessment Rating (same rating as 40% of New South Wales Councils).

Currently Willoughby City Council does not meet all of the criteria set by the NSW Government for a council to be *Fit for the Future*¹. However, Council has submitted an application to IPART for a Special Rate Variation. If successful, the application will mean:

- The Building and Infrastructure Renewal Ratio will meet the target starting in 2022/23
- The Infrastructure Backlog will meet the target in 2021/22
- The Asset Maintenance Ratio will improve, but not meet, the *Fit for the Future* criteria within Council's current Long Term Financial Plan

Table 1b

SCENARIO 1						
Performance against <i>Fit for the Future</i> Target Indicators ¹ - (based on best available information ²)						
2016/2017	Operating Performance	Own Source Operating	Building & Infrastructure Renewal	Infrastructure Backlog	Asset Maintenance	Debt Service
Willoughby*	✓	✓	✗ ✓	✗ ✓	✗ ✓	✓

KEY:

✗ Does not meet target

✓ Meets target

✗/✓ Potential to meet target

*Assuming Infrastructure Levy is approved

¹An explanation of *Fit for the Future* criteria is provided on page 11.

²Further research and analysis of these figures is being commissioned as part of Council's *Fit for the Future* submission and will be made available at www.haveyoursaywilloughby.com.au when completed in early June.

Willoughby and North Sydney merger

Scenario 2



Table 2a

Willoughby & North Sydney	
Population	142,403
Population forecast by 2031	164,145
Land size	33 km ²
Total rate income	\$75.434M
Councillors per population based on 15 councillors	1:9,493
Total available cash and cash equivalents	\$167.054M
Total Council debt at 30 June 2014	\$52,571,000

Table 2b

SCENARIO 2						
Performance against <i>Fit for the Future</i> Target Indicators ¹ - (based on best available information ²)						
2016/2017	Operating Performance	Own Source Operating	Building & Infrastructure Renewal	Infrastructure Backlog	Asset Maintenance	Debt Service
Willoughby*	✓	✓	✗ / ✓	✗ / ✓	✗ / ✓	✓
North Sydney	✗	✓	✓	✓	✓	✓
Likely Result	✗	✓	✓	✗ / ✓	✗ / ✓	✓

KEY:

✗ Does not meet target

✓ Meets target

✗ / ✓ Potential to meet target

*Assuming Infrastructure Levy is approved

¹An explanation of *Fit for the Future* criteria is provided on page 11.

²Further research and analysis of these figures is being commissioned as part of Council's *Fit for the Future* submission and will be made available at www.haveyoursaywilloughby.com.au when completed in early June.

Willoughby, North Sydney and Lane Cove merger

Scenario 3



Table 3a

Willoughby, North Sydney & Lane Cove	
Population	176,399
Population forecast by 2031	201,669
Land size	44 km ²
Total rate income	\$95.786M
Councillors per population based on 15 councillors	1:11,759
Total available cash and cash equivalents	\$203.590M
Total Council debt at 30 June 2014	\$52,571,000

Table 3b

SCENARIO 3						
Performance against <i>Fit for the Future</i> Target Indicators ¹ - (based on best available information ²)						
2016/2017	Operating Performance	Own Source Operating	Building & Infrastructure Renewal	Infrastructure Backlog	Asset Maintenance	Debt Service
Willoughby*	✓	✓	✗ / ✓	✗ / ✓	✗ / ✓	✓
North Sydney	✗	✓	✓	✓	✓	✓
Lane Cove	✓	✓	✓	✓	✓	✗
Likely Result	✓	✓	✓	✗ / ✓	✗ / ✓	✓

KEY:

✗ Does not meet target

✓ Meets target

✗ / ✓ Potential to meet target

*Assuming Infrastructure Levy is approved

¹An explanation of *Fit for the Future* criteria is provided on page 11.

²Further research and analysis of these figures is being commissioned as part of Council's *Fit for the Future* submission and will be made available at www.haveyoursaywilloughby.com.au when completed in early June.

Willoughby merger with North Sydney, Lane Cove, Hunter's Hill, Mosman and part (2/3) of Ryde

Scenario 4



Table 4a

Willoughby, North Sydney, Lane Cove, Mosman, Hunter's Hill, Ryde (2/3)	
Population	295,903
Population forecast by 2031	346,073
Land size	85 km ²
Total rate income	\$152.849M
Councillors per population based on 15 councillors	1:19,726
Total available cash + cash equivalents	\$294.348M
Total Council debt at 30 June 2014	\$67,498,334

Table 4b

SCENARIO 4						
Performance against <i>Fit for the Future</i> Target Indicators ¹ - (based on best available information ²)						
2016/2017	Operating Performance	Own Source Operating	Building & Infrastructure Renewal	Infrastructure Backlog	Asset Maintenance	Debt Service
Willoughby*	✓	✓	✗ / ✓	✗ / ✓	✗ / ✓	✓
North Sydney	✗	✓	✓	✓	✓	✓
Lane Cove	✓	✓	✓	✓	✓	✗
Mosman**	✓	✓	✓	✗	✓	✓
Hunter's Hill	✗	✓	✓	✗	✓	✓
Ryde**	✗	✓	✓	✗	✓	✓
Likely Result	✗	✓	✓	✗	✓	✓

KEY:



Does not meet target



Meets target



Potential to meet target

*Assuming Infrastructure Levy is approved.

**Assuming Special Rate Variation is approved

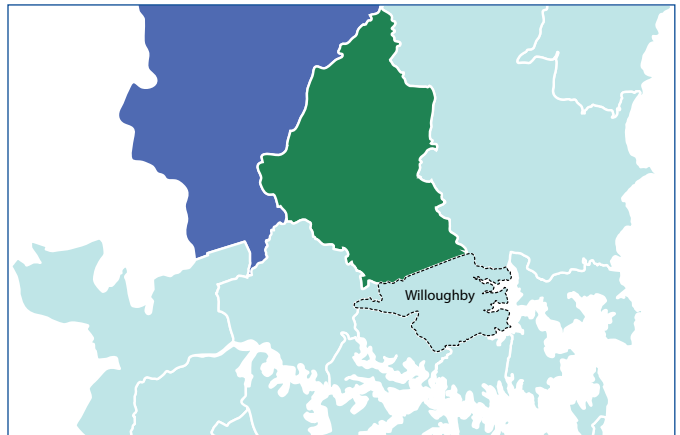
¹An explanation of *Fit for the Future* criteria is provided on page 11.

²Further research and analysis of these figures is being commissioned as part of Council's *Fit for the Future* submission and will be made available at www.haveyoursaywilloughby.com.au when completed in early June.

Hornsby and Ku-ring-gai

- Open to discussions
- Hornsby have conducted a study on possible merger scenarios
- Ku-ring-gai also open to discussions with Willoughby and Warringah

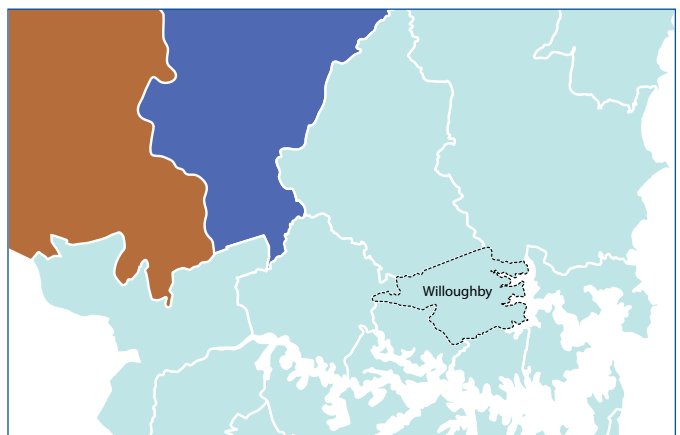
Current population of a possible merged entity = 289,592



Hills and Hornsby

- Hornsby open to discussions with Hills

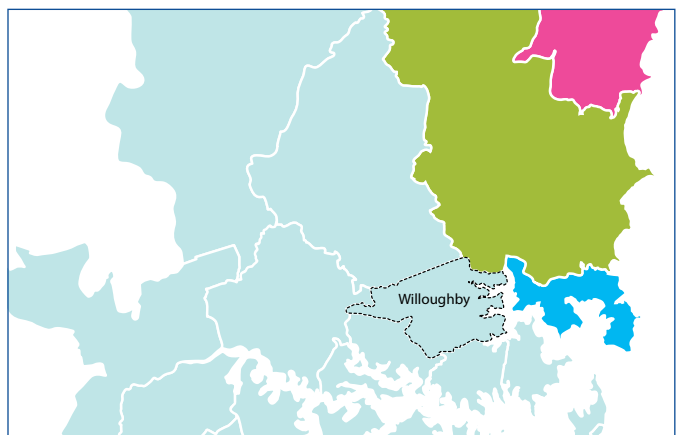
Current population of a possible merged entity = 308,681



Manly, Pittwater and Warringah

- Manly and Pittwater have commissioned a study on possible merger options
- Warringah and Manly in process of having discussions

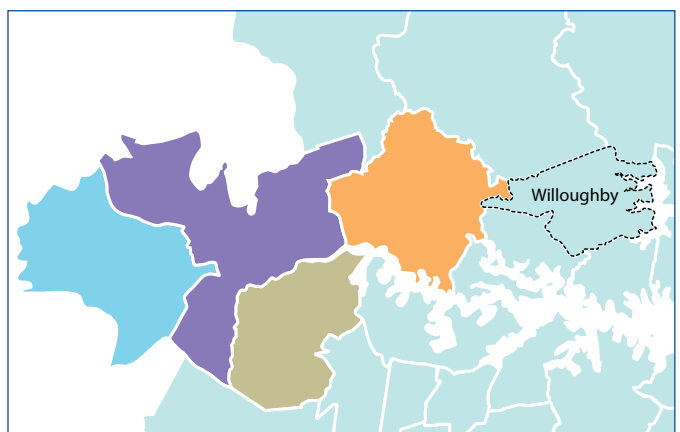
Current population of a possible merged entity = 263,413



Auburn, Holroyd, Ryde and Parramatta

- Auburn, Holroyd and Ryde strongly oppose forced amalgamations
- Parramatta consulting on a number of merger scenarios

Current population of a possible merged entity = 501,076



Current *status*

A snapshot of the current status of the six councils included in the Independent Local Government Review Panel's suggested amalgamation, is presented in **Table 5** below.

Table 5

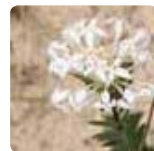
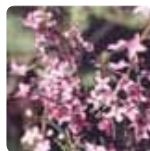
	Hunter's Hill	Lane Cove	Mosman	North Sydney	Ryde	Willoughby
TCorp assessment – current*	Moderate	Sound	Weak	Moderate	Sound	Moderate
TCorp assessment – outlook**	Neutral	Negative	Positive	Neutral	Negative	Neutral
OLG infrastructure management assessment***	Weak	Moderate	Moderate	Moderate	Moderate	Moderate
Population	14,491	33,996	29,983	69,248	112,545	73,155
Councillors	7	9	7	13	12	13
Councillors per population	1:2,070	1:3,777	1:4,283	1:5,327	1:9,378	1:5,627
Staff	59	184	161	383	440	406
Residents per staff	1:245	1:184	1:186	1:180	1:255	1:180
Population forecast by 2031	15,817	37,524	31,770	78,454	145,226	85,691
Land size	5.7km ²	10.5km ²	8.7km ²	10.5km ²	40.5km ²	22.4km ²
Total Rates Income	\$7.974M	\$20.352M	\$17.055M	\$33.906M	\$48.051M	\$41.528M
Pensioner rebate on rates	Yes	Yes	Yes	Yes	Yes	Yes
Total available cash and cash equivalents	\$9.969M	\$36.536M	\$10.150M	\$95.618M	\$105.958M	\$71.436M
Infrastructure backlog	\$3.703M	\$6.032M	\$7.864M	\$12.717M	\$56.416M	\$36.702M
Total Council debt at 30 June 2014	\$218K	Nil	\$10.966M	Nil	\$5.615M	\$52.571M
Open space (hectares)	67	212	177	131	698	593
Average ordinary residential rate (\$)	1,688.99	1,192.19	1,256.47	513.40	645.62	828.97
Average ordinary business rate (\$)	863.51	4,157.15	2,593.59	2,916.57	6,992.46	5,941.70
Average domestic waste charge (\$)	416.01	370.52	432.79	262.00	363.38	439.10

***Note:** New South Wales Treasury Corporation (known as TCorp) is the central borrowing authority for the State of New South Wales. The TCorp current financial sustainability measure assesses if a council is currently able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community.

****Note:** The TCorp financial sustainability outlook measure assesses if a council will be able to generate sufficient funds to provide the level of service and infrastructure agreed by its community into the future, based on population growth.

*****Note:** In 2013, the Office of Local Government (OLG) undertook an infrastructure audit of councils in NSW to assess infrastructure management. The OLG Infrastructure Management assessment measure rates each council on how they are managing their infrastructure (roads, buildings etc) and addressing the infrastructure backlog.

Have your Say



Willoughby City Council Have your say

For more information and to have your say on your preferred option please visit
www.haveyoursaywilloughby.com.au

You can also make a submission by email to email@willoughby.nsw.gov.au or in writing addressed to the General Manager, Willoughby City Council, PO Box 57, Chatswood NSW 2057

Closing Date 29 May 2015

There will be pop up information displays at the following locations:

Chatswood Library on The Concourse

10am – 12pm and 2pm – 4pm

Wednesday 13 May

409 Victoria Ave, Chatswood

Dougherty Community Centre

10am – 12pm, 2pm – 4pm and 6pm – 8pm

Wednesday 20 May

7 Victor Street, Chatswood

Staff will be available to answer any questions and gather community feedback.

For Further Information and References Visit:

- *Fit for the Future* website at www.fitforthefuture.nsw.gov.au
- Independent Local Government Review Panel website at www.localgovernmentreview.nsw.gov.au

Timeline



Explanation of *Fit for the Future* targets

OPERATING PERFORMANCE – This measures a council's achievement of containing operating expenditure within operating revenue.

OWN SOURCE REVENUE – This measures fiscal flexibility. It is the degree of reliance on external funding sources such as grants and contributions.

BUILDING AND INFRASTRUCTURE RENEWAL RATIO – Measures the rate at which infrastructure assets are being renewed relative to the rate at which they are depreciating.

INFRASTRUCTURE BACKLOG – Measures the annual assessment of what one off spend is required to bring all infrastructure assets to a satisfactory condition relative to their total written down value.

ASSET MAINTENANCE RATIO – Compares actual versus required maintenance. A ratio above 1.0 indicates that Council is investing in enough funds to stop the infrastructure backlog figure from growing.

DEBT SERVICE RATIO – Measures the cost of debt servicing (principal and interest) against total operating revenue (excluding capital grants and contributions).



the Future

www.haveyoursaywilloughby.com.au