



Business Case for a Standalone Manly Council

Compendium to Manly Council's
Fit For The Future Submission
to IPART June 2015



MANLY COUNCIL

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1. Executive Summary

The Northern Beaches of Sydney is a special area home to more than 250,000 people and visited by millions from the rest of the world and Sydney areas. It offers unique beaches, bushland, quality housing and special economically viable centres. It also provides unique local and regional challenges that require special management, planning and care to sustain the environment and future generations of people.

The councils on the Northern Beaches have traditionally been able to respond well to the needs of their region. However, in response to the NSW Government's Fit For the Future agenda, each council in NSW, and particularly Sydney, has been asked to consider merging and amalgamating with its neighbours (despite over-whelming community support for the status quo), and have considered their options.

It is in this regard that both Manly and Pittwater councils have considered what is best for their respective communities, undertaken extensive community consultation, research and examined their options.

This submission affirms that Manly Council meets or exceeds the FFF sustainability, scale and strategic capacity criteria as established by the NSW Government and its 'independent' panels ((IPART and ILGR).

Manly Council has consistently demonstrated its commitment to continuous improvements to anticipate and meet the changing needs and expectations of its 44,000 residents and more than 8 million visitors per annum.

An independent survey of Manly residents conducted in November 2014 by Taverner Research, the majority of respondents rejected the proposition of a Manly merger with Pittwater and Warringah Councils to form one local government area (extending from the Middle Harbour to Palm Beach). This result confirms the 2004 poll of 18,500 Manly constituents that overwhelmingly rejected boundary changes and amalgamation propositions.

Council provides sound stewardship and strong leadership through the provision of Council services and infrastructure and in the protection of the environment.

Continuous improvement, service excellence and civic leadership are core corporate values that drive Manly Council.

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

1.1 Summary Highlights

- Manly Council meets scale and capacity already
- Manly Council meets all the OLG and ILGR panel Fit For Future financial benchmarks.
- It is financially sustainable, has infrastructure and services that meet the needs of its community, and is efficient, and has achieved this on a historical basis, and intends to keep doing this into the future.
- The Manly community continues to reject structural change. Independent surveys (November 2014 and April 2015 by Taverner Research) shows the majority of Manly residents prefer the status quo, and reject Manly merging with Pittwater and Warringah Councils to form one local government area (from the Middle Harbour to Palm Beach).
- These surveys confirm the March 2004 poll of 18,500 Manly constituents that rejected boundary changes and amalgamation in a local election poll of electors.

2. About Manly – Place, People And Purpose

2.1 Manly Council's Vision and Mission

Manly Council's current and future vision for the next ten years and beyond is:

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

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

2.2 Manly Area - Location

The Manly Council area is located on Sydney's Northern Beaches - between 8 and 17 kilometres north-east of Sydney. The Manly Council area is bounded by the Warringah Council area, Burnt Bridge Creek and Manly Creek in the north, the Tasman Sea in the east, Sydney Harbour and North Harbour in the south, and Middle Harbour in the west.

The Manly Council area includes the suburbs of Balgowlah, Balgowlah Heights, Clontarf, Fairlight, Manly and Seaforth.

The Manly Council area is a predominantly residential area, with some commercial and industrial land use. The Council area encompasses a total land area of approximately 16 square kilometres, including substantial areas of water frontage and foreshore.

Manly is named after Manly Cove, which was named by Captain Arthur Phillip, who was impressed by the confident and manly behaviour of the male Aborigines he saw when he first visited the area in January 1788.

Some of the characteristics of the Manly area's place and demographics are described in the paragraphs below, with particular reference to the changes noted as a result of the 2011 Australian Bureau of Statistics Census data.

2.3 Manly - The Place

- Is geographically a small LGA (15.14km²) with predominantly water boundaries including the Pacific Ocean, Sydney Harbour and also Burnt Bridge Creek.
- Has a boundary of 37.68km, of which 32.94km is the water margin.
- Encompasses a diverse range of landforms including, bays, beaches, headlands, rugged cliffs, steep slopes and areas of plateaux.
- Is predominantly a residential area, with some commercial and industrial land-use.
- Has an important regional public transport interchange and ferry wharf.

- Is well known for its rich natural environment with landmarks such as North Head and the iconic Manly Beach.
- The area is a major visitor destination for in excess of eight million visitors a year.

2.4 Manly - Demographics:

- The current estimated resident population (ERP) as at 30 June 2013 is 44,232 people.
- From 2006 to 2011, Manly Council area's population increased by 2,634 people (7.1%).
- This represents an average annual population change of 1.38% per year over the period.
- Analysis of the household/family types in Manly Council area in 2011 compared to Greater Sydney shows that there was a lower proportion of couple families with children, as well as a lower proportion of one-parent families. Overall, 30% of total families were couple families with children, and 6.7% were one-parent families, compared with 35% and 11% in Greater Sydney.
- The Indigenous population represents 0.3% of the Manly population, or 113 people (2011 ABS Census).
- Manly has a greater cultural diversity than the rest of NSW with approximately 33% of residents born overseas compared to 26% for NSW (2011 ABS Census).
- English is the dominant language spoken in Manly due to large proportion of new arrivals from English speaking countries.
- The largest changes in age structure in the Manly area between 2006 and 2011 were in the following age groups:
 - 35 to 39 (+522 persons)
 - 0 to 4 (+514 persons)
 - 65 to 69 (+420 persons)
 - 45 to 49 (+396 persons)
- There was a decrease of 3% in couples with children aged 15 years and under between 2006 and 2011. There was also a 4% increase in lone person households during this period.
- Visitor Population: Manly is an attractive tourist destination with around 8 million visitors visiting Manly per annum. Tourism is also an important draw card for local services and businesses in Manly and provides a major source of employment, as well as goods and services provider. It also provides a draw-card for other small businesses with positive multiplier benefits that benefit locals and visitors alike.

2.5 Manly - Environment Natural and Built:

- Manly has a number of significant and diverse ecosystems, and a number of threatened fauna and flora species which require careful management.
- Contains open space that is of local and regional significance, and requires careful management to protect its community values for future generations.
- Contains a high proportion of medium and high density type dwellings, comprising 62% of private dwellings compared to separate houses (37%) (ABS Census 2011).
- Since 2006, the typical dwelling structure is changing. There has been a slight decrease in separate houses (-4) and an increase in medium density houses (+338) and high density (+508) dwellings due to new development.

- As well, Manly has experienced an increase of 885 households since 2006.
- Building activity has also fluctuated since the last Census period. For instance, residential building approvals peaked in 2007-08 when 385 dwellings were approved, then have dropped to 78 being approved in 2011-12.

2.6 Manly - Socio-Economic profile:

- On the socio-economic scales (SEIFA) Manly LGA ranks as 7th least disadvantaged area in Sydney with a disadvantage index of 1099.4.
- In 2011, analysis of individual income levels in Manly Council area compared to Greater Sydney shows that there was a higher proportion of persons earning a high income (those earning \$1,500 per week or more) and a lower proportion of low income persons (those earning less than \$400 per week). Overall, 30.6% of the population earned a high income, and 23.4% earned a low income, compared with 15.3% and 34.8% respectively for Greater Sydney.
- The dominant housing tenure type in Manly in 2011 was people that were renting (35% of all households). There was an increase of 567 persons that were renting since 2006 census. The number of fully owned houses in 2011 decreased by 93 people from 2006 census, and these represent 30% of households.
- Analysis of the monthly housing loan repayments of households in Manly Council area compared to Greater Sydney shows that there was a larger proportion of households paying high mortgage repayments (\$2,600 per month or more), and a smaller proportion of households with low mortgage repayments (less than \$1000 per month).
- Overall, 58.2% of households were paying high mortgage repayments, and 10.0% were paying low repayments, compared with 36.0% and 11.9% respectively in Greater Sydney. Compared to the Sydney SD, fewer households in Manly were experiencing housing stress due to higher proportion of resident high income earners.
- Analysis of the weekly housing rental payments of households in Manly Council area compared to Greater Sydney shows that there was a larger proportion of households paying high rental payments (\$400 per week or more), and a smaller proportion of households with low rental payments (less than \$150 per week). Overall, 72.5% of households were paying high rental payments, and 6.6% were paying low payments, compared with 39.3% and 13.3% respectively in Greater Sydney.
- The resident labour force of Manly in 2011 was 20,666 people. Since the last Census period, the employed labour force showed an increase of 2,093 persons.
- The major occupations of the residents are professionals, managers and clerical and administrative workers.
- The industry sectors that employed the greatest proportions of Manly residents were professional, scientific and technical services, financial & insurance services, followed by health care and social assistance services.
- The majority of employed residents (14,519 people) work outside the Manly area (70%) in 2011. There were 4,415 or 21% of Manly residents that lived and worked in the same area. The residents of the Manly area worked mainly in Inner Sydney (23%), as well as Warringah (12.9%), North Sydney (7.9%) and Willoughby (3.7%) in 2011.

- The most popular method of travel to work in 2011 was by private vehicle (44%) and public transport (28%) being mainly buses and ferry. There were also 1,310 people that rode their bike or walked to work at the time of the 2011 Census.
- The top three industries in Manly in 2006 were health care and social assistance, accommodation and food services, and wholesale & retail trade.
- The unemployment rate in Manly dropped from 3.9% to 3% in 2006. The unemployment rate in the SHOROC region was 3% in June 2011 compared with 5% across the Sydney SD area.

2.7 The Governance of Manly

- The Manly electorate is represented in both the Commonwealth and NSW Governments by members of the Liberal Party.
- Since the September 2012 Local Government elections, Manly Council consists of nine Councillors including the Mayor.
- This follows the result of a referendum undertaken at the 2008 Local Government elections, whereby from 2012, there will be nine Councillors forming a Council to represent the Manly LGA.

2.8 About Manly Conclusions

The population size of Manly Council should be viewed in the context of its high density living, concentrated entertainment and town centre precinct, and world renowned tourist destination with more than 8 million visitors annually

Manly is a strong, cohesive and vibrant community with a resident population of 45,000 with scale supported by:

- a visitor population of more than 8 million people per annum and the provision of services to manage and accommodate them;
- collaboration with its Northern Beaches neighbours in managing waste, sharing services, purchasing, tenders and management of environmental assets via direct partnerships;
- a strong Regional Organisation (SHOROC comprising the Mayors and General Managers of Manly, Mosman, Warringah and Pittwater Councils); and
- a separate corporation that manages regional waste (KIMBRIKI is jointly owned and established by the 4 SHOROC councils).
- Strong Local representation – number of residents per councilors is approx. 4900 people per councillor.

3. Manly Council's Fit For Future Ten Years (+) Strategies

3.1 Manly's Strengths, Weakness, Opportunities and Challenges

Manly Council's Community Strategic Plan Beyond 2025 strategies are designed to build on its strengths, minimise its weaknesses, while taking advantage of opportunities and overcoming threats for the Manly area as described below.

3.1.1 Manly's Strengths

Some of the key strengths of the Manly area are:

- Strong rate base (and history of Manly Council spending on infrastructure improvements and local initiatives and events within means rather than increasing rates through special variations);
- Relatively wealthy stable population base;
- Well educated local population, including access to educational facilities (primary, secondary and tertiary);
- Strong visitor economy and destination;
- Environmental assets – beaches, national parks and open space, diversity in fauna and flora;
- Open space, parks, bushland and high quality environmental assets;
- Range and variety of housing stock to cater for range of population needs (young, families and aged);
- Strong links with the Sydney CBD – direct bus and fast ferry services;
- Wide range of positive local initiatives & markets to cater for locals and visitors – public domain improvements, Hop, Skip and Jump bus, markets, festivals, events.

3.1.2 Manly's Weaknesses

Some of the key weaknesses of the Manly area are:

- Continued environmental protection into the future – managing development pressures in order to protect and sustain natural environment;
- Increasing population growth, and pressure on housing densities and open space and environmental assets;
- The need for existing infrastructure (including state, local and community) to cope with development and visitor pressures;
- Increased traffic congestion and demand for parking throughout the area to access open space, beaches, centres, schools and services;
- Increasing costs of maintenance (and repairs required) on basic infrastructure (roads, drainage), open space, bushland, parks and recreation facilities (including state and other assets transferred to local government for care, control and management);
- Inability to capture visitors spend on services and infrastructure provision;

- Need for more infrastructure (social, community and environmental management) to respond to population growth (e.g. schools, childcare, stormwater, sewerage, etc.).
- Local government is a creature of the state government (subject to legislative and other controls), and the associated weaknesses with inability to raise revenue, and limitations associated with rate capping in metropolitan Sydney combined with increasing demands, regulatory burdens and services required to be undertaken.

3.1.3 Manly's Opportunities

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

- Renewing and building infrastructure required to retrofit, renew and reinvigorate centres and places to respond to market (housing and commercial pressures);
- Strategic planning locally and regionally (through sub-regional planning, regional Northern Beaches or SHOROC) – working collaboratively with neighbours to plan future better for the region;
- Greater economies of scale through regional collaboration and partnerships;
- Achieving quality housing to accommodate population growth;
- Catering for the increasing population and housing, infrastructure and open space demands;
- Making it possible for more people to live and work in Manly;
- Diversifying the local economy and visitor accommodation / experiences;
- Further strengthening transport (rapid buses, ferry and other new fast travel infrastructure alternatives) links with the Sydney CBD and within the Northern Beaches Region;
- Revitalising local neighbourhoods and centres;
- Community building & maintaining needs of community; and
- Community engagement and involvement in managing development.

3.1.4 Manly's Threats

Some of the key challenges for Manly during the next ten years were noted as:

- Community resistance to change;
- Uncertainty in regional (and sub-regional) planning and loss of control locally in housing, traffic and infrastructure decisions and outcomes;
- Impact of change on environmental assets (natural and built) and ensuring protection of open space, bushlands, reserves, beaches, assets and open space, bushland, parks and recreation to make way for other competing uses as a result of traffic, housing and commercial pressures;
- Increasing problem of housing affordability in this premium area and inability of local government to control or manage these aspects;
- Increasing housing densities, together with increasing traffic congestion and demands on community and social infrastructure;

- Increasing costs of infrastructure and service maintenance and provisions for visitors and locals;
- Balancing the needs of the local community with the needs of visitors; and
- Maintaining the unique character and identity of Manly.

3.2 Goals and Strategies

Manly Council's goals and key strategies are contained in its Community Strategic Plan Beyond 2025, and will remain important for residents in the next ten year period and beyond and demonstrate that on its own it is Fit For the Future. These strategies are replicated in the paragraphs below.

1. A connected, involved and safe community that cares for its residents and visitors with goals to:

- Improve Manly's community safety outcomes in relation to late night Manly's culture.
- Promote healthy and active Manly community.
- Maintain and support connected Manly neighbourhoods and amenities.
- Create a more culturally vibrant Manly.
- Facilitate services that support the social and welfare needs of the Manly community.

2. A viable Manly for work, employment and infrastructure with goals to:

- Facilitate a diversified Manly economy that caters for local and visitors alike.
- Promote tourism as an important part of the local economy.
- Improve traffic, parking and sustainable transport options in Manly.
- Maintain key amenities and physical infrastructure to acceptable service standards in Manly.

3. A sustainable, protected and well managed natural and built Manly with goals to:

- Protect and conserve natural heritage, bushlands, water-ways and biodiversity.
- Create liveable neighbourhoods with more affordable housing choices.
- Maintain public health and building standards.
- Facilitate reduction in greenhouse gas emissions in the Manly area.
- Promote responsible waste management.

4. A well governed Manly with transparent and responsible decision-making in partnership with the community by goals to:

- Maintain public confidence in Council's transparent and accountable decision-making.
- Work in partnership with the community.
- Efficient use of Council's resources.
- Advocate to State and Federal Governments.

4. Strategic Capacity

The Independent Local Government Review Panel and the NSW Government's reliance on strategic capacity aspects as defined by the ten factors is welcomed, and addressed in the paragraphs below.

4.1 Robust revenue base and increased discretionary spending

Manly Council's Audited Financial Statements for the period ending 30 June 2014 (available on its www.manly.nsw.gov.au website, Annual Report 2013-14) show outstanding results and six ratios that consistently exceed the various benchmarks set by the Accounting Code (Code of Accounting Practice and Financial Reporting), NSW Treasury Corporation and Office of Local Government.

In particular, its Operating Performance Ratio, achieves a good result of 3.41% as a result of increasing revenue from rates and investments together with a reduction in expenses such as depreciation and keeping employee costs down through staff FTE reduction. Further, Council's Own Source Operating Revenue Ratio exceeds OLG and TCorp benchmarks and shows that Manly is fiscally flexible and has been at least for the last 3 years as it does not rely on external funding sources for its operating revenue.

Council expenditure and achievements in its range of high performing programs and services are described each year in its Annual Report against its Community Strategic Plan, Delivery Program; and includes its financial performance in its Audited Financial Accounts.

4.2 Scope to undertake new functions and major projects

Council's Community Strategic Plan Beyond 2025 (see www.manly.nsw.gov.au/publications) describes how Manly Council will undertake new functions and major projects annually across a wide variety of areas, across the quadruple bottom line.

Council uses its funds, assets, and staff resources carefully in order to maximise its ability to undertake new functions, projects and major projects in different ways to meet the various social, environmental, economic goals & needs of its 44,000 residents and eight million plus visitors.

Council's ten year Long Term Financial Plan (contained in Community Strategic Plan) demonstrates how Council will manage its budget, revenue, expenditure, assets and liabilities during the next ten years. It also demonstrates the capacity to undertake multi-million major projects while still meeting local government benchmarks and having a sound financial outlook.

In the last couple of years (Annual Report 2013-14), Council has demonstrated its flexibility in management of new capital projects and functions. Currently, Council has commenced

building and constructing of a new \$20 million Aquatic Swim Centre (also assisted by a NSW Government Low Interest Rate Loan 'LIRS' Subsidy), upgrading the Manly Town Centre public domain (on a street by street basis) including a variety of landscaping treatments, public furniture, place making activities, and planning the construction and design of a new underground public car park at Manly Oval (including replacement of the Manly Oval back on top) in the next 2-4 year period. Council also plans to commence construction of a \$5 million stormwater detention system at the Manly Oval to prevent downstream flooding in the Manly CBD (via a NSW Government LIRS subsidy to do this project). It hopes to undertake this project in combination with works to construct a new car park at the Manly Oval to satisfy existing and future car parking demand.

4.3 Ability to employ wider range of skilled staff

Manly Council employs a diverse range of staff of approximately 350 (FTE) across a variety of skilled roles and aims to be "Employer of First Choice". Council's November 2014 staff survey (undertaken every two years on a confidential basis by an external consultant) saw overall staff satisfaction with Council as an employer rise by 12.3% to its highest ever level since the surveys commenced in 2006. In support of these results the staff voluntary turnover rate has halved from 18% to 9% for the past two financial years and for the past calendar year reached an excellent 7.24%. There was a net loss of staff during this period generally by natural attrition and due to less staff producing the same amount and quality of output (and the use of some contractors) Council is now on the path to an extremely sustainable service delivery model.

The success of workforce planning strategies can be evidenced by:

- Attracting and Retaining Talent: - On average there are at least 10 applicants for every vacancy while staff turnover is running at 7.24% which appears equal to industry best practice.
- Leadership & Staff Engagement: - Staff Climate Survey responses saw 80%- 90% of answers to questions involving leadership, managers/supervisors and engagement at an average score of 5-6+ which indicates a high level of satisfaction.
- Operational Best Practice: - Council has a range of activities that can be characterised as a Centre of Excellence and best practice. E.g. Childcare services, Technology and Infrastructure, Regulatory & Compliance Services, Communications and Graphics, Environmental Services to name a few based on objective, quantified outcome measures (business plan and performance management measures).
- Learning and Development: - \$240,000 will be expended this year and Council has spent a proportionate amount over this past period. Staff have attended EEO, Customer Service, Induction, WHS, Code of Conduct, Performance Review etc. sessions which have involved around 25% of staff this past quarter.

4.4 Knowledge, creativity and innovation

Manly Council employs knowledge, creativity and innovation in the delivery of all its current programs and activities across the quadruple bottom line. This is demonstrated in its Annual Report on achievements, and ten year Community Strategic Plan.

This is demonstrated in programs and services such as:

- Working with stakeholders to improve community safety in relation to late night Manly's culture, and progressing the community safety program via its Stay Safe Project and community partnerships and innovative programs and marketing.
- Working hard across all age groups (from the young to the old, clubs and sporting groups) to promote a healthy and active Manly community in the media, programs and events from the young to the old.
- Connecting Manly neighbourhoods and amenities are supported through public works, parks and playgrounds involving extensive community consultation, refining plans (e.g LM Grahams Reserve, Manly 2015, Ivanhoe Park), children's playground audits, and a range of precinct and committee involvements.
- The creation of a more culturally vibrant Manly through the provision of its library and art gallery services through innovative events, displays, public programs that appeal to a range of community visitors.
- Council support the social and welfare needs of the Manly community by providing quality and affordable childcare, youth services and meals on wheels services. It works with volunteers to improve the quality of services and assets and hopes innovate these initiatives further in the future.
- A viable Manly for work, employment and infrastructure is achieved through strategies and projects that renew and activate public spaces (such as Short Street Plaza, Raglan and Sydney roads (to be undertaken in 2015) in the CBD of Manly and progress with its Manly 2015 project. It also provides place-making events (i.e beyond the summer and peak periods) such as the Food and Wine and Jazz Festivals (October 2013, and June 2014), as well as the prestigious Australian Open of Surfing held in February 2014. These events attract thousands of local, regional and international visitors and assist boost the local economy, employment and infrastructure usage.
- Council is keen to continuously maintain and improve its infrastructure and sustainable transport (via the installation of safe pedestrian measures, roundabouts on local roads, and expanded provision of cycle racks at the Manly Wharf interchange).
- The protection of Manly's environmental heritage (including beaches, bushland, water-ways, and biodiversity) is achieved through a variety of projects that manage development, monitor public health and building compliance. Council assist the local reduction in greenhouse gas emissions by installing solar power for its lighting, and water in its public buildings and facilities. Responsible waste

management is promoted by decade-long (and more) innovative local community partnerships, volunteering programs and events, and management projects. These services received widespread recognition in NSW in the last year by winning two NSW 'Keep Australia Beautiful' awards as the most sustainable city and for its innovative community partnerships evolving over decades.

- Council also works in partnership with the community volunteers to stage events, deliver environmental projects, community safety, consider development applications, reduce waste and encourage recycling. Council's highly developed precinct system established over the years provides input to services and asset renewal. Council also continuously surveys its community about its performance, and undertakes community engagement to test plans, project viability, strategies and goals, by welcoming a variety of input, through its special purpose committees, working groups and various other mechanisms.
- Council also works in partnership with its neighbouring SHOROC councils to continuously lobby various levels of government to ensure regional improvements in transport, health, and community environmental projects.

4.5 Advanced skills in strategic planning and policy development

Manly Council has advanced skills in strategic planning and policy development achieved over the years by undertaking rigorous research and planning to examine the needs and goals of its resident community to determine achievable strategies, services and actions in the short to medium term time periods. Through the careful integration of these goals and strategies, Council delivers on a wide range of priorities and services and defines this annually in its Community Strategic plan, and delivered in its annual Operational Plans.

Council undertakes regular community satisfaction surveys that are used to measure, monitor and improve services across the quadruple bottom line. These are undertaken in November since 2003 to provide benchmark data and guidance in annual budgetary planning. The recent 2014 results provide evidence of continued community satisfaction with services, and the results will be published in Council's next Beyond 2025 Community Strategic Plan and Operational Plan 2015-16.

As well, as part of the development of the community strategic plan (at the start of a new term of Council), wide-ranging community consultation (via community panel surveys) and engagement (via community, stakeholder and councillor workshops) assisted strategies, and goals development over a ten years planning horizon.

Council monitors its service delivery by collecting, measuring and reporting on a monthly, quarterly and annually progress reports. Councillors receive a monthly report across all divisional units from the General Manager's office. Council reports quarterly on the progress with its Delivery and Operational Plan, and provides budget updates and graphs of service indicators (these are contained in the Business Paper reports on Council's website). These report span Council's entire operations (e.g from community safety, lifeguards, swim centres

visitors, libraries, art galleries, events, place-making activities, public domain infrastructure improvements, the range of environmental and development assessment services, compliance, health and building services, waste management, governance and corporate services). As well, there are a variety of techniques employed to measure quality of services, business case scenarios, strategic plans that use available data on operations, competitors, markets and benchmarks.

4.6 Effective regional collaboration

Manly has actively supported the establishment of SHOROC (partnership between Manly, Mosman, Pittwater and Warringah Councils) and its regional collaboration on lobbying, resource sharing and work at a strategic level with its four Northern Sydney Beaches and neighbouring councils. It has effective partnerships, strategies, plans and programs that are pursued on a variety of regional issues, advocacy, coordination and collaboration, and effectively acts as a joint organization for the Northern Beaches region (see **Attachment**).

Some outcomes include: the formation of Kimbriki Environmental Enterprises to manage regional waste; regional advocacy on health and transport infrastructure; cost saving and efficiency program (joint tendering and collaborative cost savings & efficiency projects); regional strategies (sustainability, employment, transport, land use and state of the environment), and joint campaigns.

SHOROC member councils currently spend \$18.8 million annually through joint procurement arrangements which represents 20% of the combined materials and contracts spend of the region. Joint procurement arrangements achieve savings for Councils through increased buyer power and economies of scale. These joint tender processes regularly identify discounts in the order of 5%-10% offered by suppliers for multi-council contracts across a range of goods and services.

The SHOROC member councils continue to work with local, state and federal agencies to ensure the needs of Northern Beaches (Manly, Warringah, Pittwater and Mosman) are heard and services delivered. Regional priorities and actions being progressed at present relate to:

1. Improve access to healthcare;
2. Better transport access to the Northern Beaches;
3. Encourage the development of more affordable housing options and improve local amenity;
4. Improve support services for the young and ageing; and
5. Protecting the natural environment.

See Link: <http://shoroc.com/>

4.7 Credibility for more effective advocacy

Council works with its stakeholders, volunteers, special purpose committees and regional partners, including Councils, to advocate and deliver a variety of services of importance to the Manly and Northern Beaches community. This includes the provision of a range of innovative local social, environmental, economic and governance services.

Council also works with a range of state agencies and non-profit groups to deliver services and advocates strongly when gaps appear in funding areas.

Collaboration regionally and advocacy (through SHOROC) has improved regional public transport infrastructure (e.g bus lanes and BRT) to and from the CBD, greater frequency of bus & ferry services. It has also worked to improve community and health service delivery on the Northern Beaches, including large infrastructure (transport, roads) surrounding the development of a new private hospital at Frenchs Forest, upgrading Mona Vale Hospital and related community services.

4.8 Capable partner for state and federal agencies

Council has demonstrated its capability in undertaking projects with a number of state and commonwealth government departments. For instance, Council achieved funding in 2009 from the Commonwealth (Department of Transport and Regional Development) as part of the stimulus economic program to upgrade Manly Ocean Beach (from North Steyne to Queenscliff) involved new paving, lighting, landscaping and seawall protection (value of \$3.1 million) completed to budget with significant on-going multiplier benefits to the local Manly economy.

As well, another Commonwealth grant in 2010 was used along with Council funding (project value \$1.9 million) to add to the building structure and recreational facilities to expand the number of children places at the Manly Roundhouse Child Care Centre.

Council has also undertaken projects in collaboration with its neighbours. One involving Warringah Council has been the dredging and maintenance of Manly Lagoon over time, as well as Estuary Restoration works (works up to the value of \$2.1 million) to prepare detailed integrated environmental approvals to undertake engineering works considering all relevant environmental impacts. This also involved the in-stream removal of 4000 cubic metres of accumulated sediment, litter, vegetation, and organic material from Manly Lagoon, one of the most degraded waterways on the eastern seaboard. It also establishment of on-site innovative de-watering, and treatment technology, and a site clean-up and restoration.

It continues to work with its regional partners through the SHOROC organisation, and demonstrates collaboration on efforts to improve regional transport, traffic and connections with other areas of metropolitan Sydney. For instance, as a result of co-ordinated regional advocacy, the Minister for Transport has committed to finalising comprehensive plans for

transport in the region, and SHOROC's priorities for Bus Rapid Transport systems, and upgrades to major transport corridors has been supported by the NSW Government via its 2014 Budget, and major project plans. This is considered a major achievement for the Northern Sydney region.

Council has also worked with the Northern Sydney Area Health Service in improving health services locally and on a regional basis (also through SHOROC). Improvements to services at Seaforth (Children's related services at Dalwood site) and Queenscliff are underway in construction.

Council also works with the NSW relevant departments for community services to deliver a variety of community services (e.g Meals on Wheels for aged community members, disability services for the Northern Beaches, counselling & referrals).

Over the years, Council has taken on various state agency services sometimes with grants or small fees and managed to successfully fund the cost of the additional services required. Examples include: meals on wheels, disability services, local community transport initiatives (HopSkipJump Bus), cat and dog registrations, swimming pool registrations, and range of compliance activities in building and health inspections.

4.9 Resources to copy with complex and unexpected change

Manly Council was rated by TCorp in 2013 as having a sustainable financial record and sound outlook. Manly Council's Long Term Financial Plan as contained in its Community Strategic Plan continues to demonstrate how well Council can manage its financial resources and revenue sources in the event of taking major infrastructure projects in the next few years (e.g \$15 million new swim centre, stormwater detention systems, new Manly Oval car park, and continuing public domains upgrade). This plan demonstrates how carefully Council manages its resources, through planning carefully for the next ten years to alleviate risk, report good financial ratios, and operational results.

According to the 2014 Financial Statements, Council had \$33 million in cash assets and investments, of which \$26.9 million were long term deposits in reserves. Some of these have external and internal restricted purposes, but the majority could assist complex or unexpected change (e.g natural disasters).

As well, Council has highly qualified and experienced professional staff (including engineers, builders, planners, drivers, rangers), resources (plant and equipment) in a structure that is responsive with innovative solutions to complex and unexpected changes. Council demonstrates this in its planning, and responses to events planning and natural disasters over the years (including bush fires, numerous storms, flooding of roads, and properties).

4.10 High quality political and managerial leadership

Manly Council has extensive collective experience spanning many hundreds of years. Its Council has a combined experience in the order of 100 years, as has its Executive and Senior staff (well over a couple of hundred). This experience is employed to ensure that Manly is able to deliver services and resources innovatively as required to meet the various needs of its residents and visitors.

It aims to provide a well governed Manly with transparent and responsible decision-making in partnership with the community by:

- Maintaining public confidence in Council's transparent and accountable decision-making.
- Working in partnership with the community.
- Efficiently use of Council's resources.
- Advocating to State and Federal Governments.

In order to do this, Council and the Executive team employ a range of high quality staff and managers that are extremely well qualified, flexible and adaptable to the changing political environment. Council has a range of internal and external expertise available to ensure it can deliver services, govern, lead, advise or consult to meet the needs of the community within available budgetary resources.

5. Financial Sustainability

5.1 Sustainability

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

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

Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	2012-13 = 125.5%		2015-16 = 1.748	
	2013-14 = 102%		2016-17 = 1.323	
	Average over 3 years = 108.3%		Average over 3 years = 1.375	

Manly Council's Resourcing Strategy (containing its adopted Long Term Financial Plan for the Community Strategic Plan Beyond 2025) contains the following sustainability strategies:

- Maintaining existing service levels to the community;
- Maintaining a strong cash position;
- Maintain a sufficient Employee Leave Entitlement Cash Reserve based on age and entitlements of staff in accordance with Council's Workforce Strategy;
- Continued reduction in operating expenses over time as a percentage of operating revenue (2016-2020);
- Productivity improvements in performance of services (reduction in costs); continued review of strategic services and delivery to the community (2016-2020).
- Continued reliance on own source revenue over time (2016-2020);
- Continued renewal of infrastructure and construction of new community building and assets (2016-2020);
- Highest and best usage of assets to deliver new and additional revenue sources (e.g car parks, new community facilities, leasing assets and facilities); and
- Investigation and implementation of new ways to undertake shared services in collaboration across council boundaries (e.g via SHOROC, NESROC, or other regional organisations tbc).

5.2 Infrastructure and Service Management

Manly Council's Resourcing Strategy (containing its adopted Long Term Financial Plan for the Community Strategic Plan Beyond 2025) shows that how Council plans to manage and service its infrastructure, assets and debt, and achieves the Fit For Future infrastructure and service management benchmarks as set out in the table below.

Measure/ Benchmark	2013 / 2014 performance	Achieves FFTF benchmark	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?

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

	years = 4.3%		years = 9.12%	
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These ratios are achieved via the following strategies:

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

5.3 Efficiency

Manly Council's Resourcing Strategy (containing its adopted Long Term Financial Plan for the Community Strategic Plan Beyond 2025) shows that how Council plans to be efficient during the next ten years and achieves the various Fit For Future benchmarks as set out in the table below.

Measure/ Benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?

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

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

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

5.4 Improvement Action Plan (Fit for Future Template requirement)

Manly Council contends that its Improvement Action Plan is contained within Council's current integrated planning and reporting documents, and form part of Council's strategic planning that demonstrates it is already Fit For the Future.

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

Council's Resourcing Strategy and Long Term Financial Plan (as contained in Part 2 of 3) of its Community Strategic Plan Beyond 2025 adopted on 1 June 2015) is its detailed action

plan together with supporting financial modelling, together with related plans that continue Manly Council's good financial performance during the next ten years.

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

1. Workforce Plan improvements implemented. Deliver and restructure its workforce to eliminate duplication, inefficiencies, and improve productivity in service delivery. Part of this will also involve a reduction in workforce numbers over time (to an estimated 40+ plus employees over the next 10 year period, in particular over the next 3-5 years). This builds on Council's current workforce strategies and achievements in reducing its workforce by 50 positions (409 to 355 over the last 3 year period). It will also involve simplifying and implementing technology to ensure best practice service delivery in accounting procedures, customer services, development assessments, compliance, payroll and human relations functions.
2. Reviewing fixed assets for highest and best uses, including divesting assets via sale or long term leases in order to achieve budgetary and resourcing strategies planned. This builds on existing resourcing strategies of effectively using assets to derive additional legitimate sources of income and revenue for council's continuing operations, investments and asset portfolio expansion. For instance, leases negotiated with BUPA regarding the utilisation of the Seaforth TAFE site, Council's Depot operations and leases with Energy Australia, and further investigations of these opportunities.
3. Implementing and continuing prudent and clever financial management practices to deliver infrastructure projects and new community assets. While, Councils long term financial plan shows the achievement of sound financial management ratios, it is noteworthy that this is also while delivering an additional \$48m of new community assets (as detailed below). This has been achieved also by clever borrowing practices, and borrowing at variable interest rates and below NSW Treasury benchmark rates (7%) to achieve lower cost of funding new infrastructure projects, and minimal cost to council. Council plans to continue these measures as well as investigate new methods of achieving benefits and savings for the community in service delivery.
4. Delivery of \$48m in community assets for Council via undertaking the following major projects:
 - i. The construction of a new car park (as proposed underneath Manly Oval) will deliver additional revenue and parking spaces for Manly Council, and provide an opportunity for Council to maximise its existing land at Whistler Street triangle site (that has been estimated as having the potential to deliver \$18m plus in terms of highest best useful value as a long term lease or sale for Council), as well as delivering Manly into the future and provide new opportunities for new commercial and community revitalisation of the Manly CBD, and Manly town centre.

- ii. Secondly, the construction and completion of the additional facilities at the Manly swim centre are fully costed, self-funding, and provide additional revenue for the facility and based on a sound business case.
 - iii. Public Domain infrastructure improvements (to the value of \$10m) are planned to be undertaken by Council in next couple of years as per the Manly2015 Masterplan will deliver multiplier benefits to sustain the commercial capacity of the Manly town centre.
5. Continuing business planning improvements and service improvements to reduce costs of operations. Manly Council undertakes continuous improvements of its service delivery, and monitors its performance of its services. Council fees and charges are monitored and updated on an annual basis.

Examples of recent efficiency in operations and elimination of cross-subsidisation of services, is evident as a review of costs, productivity and operations in Childcare and Children's services. Previous council subsidies (\$250k- \$500K ratepayer subsidies) have been eliminated as these operations now operate services and fees that aim for full cost recovery of the cost of operations.

6. Increasing collaboration with neighbours and opportunities for shared services in the future. Building on the successful operation and partnerships of SHOROC, Council has achieved savings through joint tenders, purchasing and state supply contracts. Collaboration and initiatives in waste management through the operation of KIMBRIKI have also resulted in new facilities, improved operations, efficiencies and potential in processing regional waste.

There are future opportunities to build on the successes of the regional collaboration through shared services and operations (payroll, human resources advertising, legal services, computer purchases and Information Technology, Environmental assessments and compliance services, strategic planning, and asset maintenance).

6. Other Actions Considered

Manly Council has considered the merits of merging with another council (KPMG studies and other documents) and its neighbours, and prefers the status quo based on the preferences of its community, its integrated plans and strategies to deliver results for the Manly and associated community.

It has decided against a merger as not being in the interests of the community, based on a number of factors of high importance:

- Historic preference to remain independent – based on polls, surveys and resident feedback conducted to date (see Attachments);
- Loss of potential services in a larger organisation or council and priorities of the smaller area being seen as less important (see Attachments);
- Loss of representation – councillors to population ratios in a large organisation were seen as prohibitive (see Attachments);
- High costs of merging, and little gain (in terms of expenditure, staff costs, savings percentages over time, expenditure or operating performance) (see Attachments);
- Inability to control own destiny in a larger merged entity was regarded as a major problem for Manly (see Attachments).

6.1 How will your plan improve performance?

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

Measure/ Benchmark	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark? Yes/No
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	0.088	0.117	0.117	0.130	yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	0.915	0.930	0.931	0.932	yes

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

6.2 Expected improvement in performance

Manly Council is already operating well in achieving all its financial benchmarks in its performance and management aspects. Its Community Strategic Plan Beyond 2025 defines strategies that the community wants to achieve over the next ten years, and its Resourcing Strategy defines how Council expects to continue its good performance while achieving major projects and delivery of additional \$63 million (plus) community assets (including New Aquatic Centre, Manly Oval Car park and Detention Tank, Manly 2015 Public Domains improvements) that have substantial multiplier benefits (social, environmental, economic) for the Manly and Northern Beaches area.

Fit For Future Business Case – Manly Council Status Quo

Council will achieve these projects in addition to delivering its wide variety of core and non-core services across the quadruple bottom (in environmental management, social capital) that the community has come to expect and those that have been required by the NSW state government over time as stated in its Community Strategic Plan. It is already achieving good results and beyond what it is required to produce and deliver and reports its progress on a quarterly basis to its council and annual reports to the community. Its community satisfaction is measured annually and also reported on a historical basis in its annual community strategic plans continues to show high levels of satisfaction with services across all social, economic, environmental, governance and community safety indicators, and these are published annually in Council's Operational Plan updates as part of revisions to its Community Strategic Plans.

7. Community Consultation - Status Quo preference

7.1 Overview

The Manly community has been asked their opinions about merger possibilities since the NSW Government released its Fit For Future requirements for local councils in September 2014.

This is because the NSW Independent Local Government Review Panel recommended in January 2014 that Manly Council undertake structural change and merge with Pittwater and Warringah councils .

However, the Manly community continues to reject structural change.

An independent survey of Manly residents conducted in both November 2014 and May 2015 by Taverner Research showed the majority of respondents rejected the proposition of a Manly merger with Pittwater and Warringah Councils to form one local government area (extending from the Middle Harbour to Palm Beach). This result confirms the 2004 poll of 18,500 Manly constituents that overwhelmingly rejected boundary changes and amalgamation propositions.

However, in order to test possible structural reform options, the Manly community and residents of the Warringah community were surveyed and asked what their preferences would be if they were forced to merge with another Northern Beaches council area in March and May 2015.

These surveys and the analysis of these surveys was undertaken independently by Taverner Research in separate reports in March and May 2015.

The results of the analysis is provided in the paragraphs below.

7.2 Independent Manly Community Survey November 2014

In November 2014, Manly residents (approx. 302) were asked as part of the annual Customer Satisfaction Survey four questions about their preferences to merge with a neighbouring Council, in order of most preferred merger options.

These questions were:

1. Are you aware of the NSW Government's proposal to reduce the number of metropolitan councils in Sydney?
2. Are you aware that this proposal includes reducing the number of Sydney Metropolitan Councils from 41 to 18?
3. Do you support having one single council on the Northern Beaches incorporating Pittwater, Warringah and Manly councils?

4. If Manly Council has to merge with a neighbouring council which are would you prefer to merge with (in order of preference), Mosman, Warringah Council; and Warringah Council up to Dee Why?

There were 89% of respondents that were aware of the State Government's proposal to reduce the number of metropolitan councils in Sydney and 63% of respondents were aware that the proposal includes reducing the number of Sydney council from 41 to 18.

In terms of the proposal to form a single council on the Northern Beaches, 57% of respondents rejected the proposition of a Manly merger with Pittwater and Warringah Councils to form one local government area (extending from the Middle Harbour to Palm Beach).

In response to the question if Manly Council had to merge with a neighbouring council, the following first preferences for Manly residents are observed:

- Area south of Dee Why up to Warringah Road (42% preferred);
- Whole of Warringah (39% preferred);
- Whole of Mosman (19% preferred).

7.3 Independent Survey on Manly Council Preferences May 2015

Manly residents were specifically asked about their merger preferences for Council in May 2015 by an independent research company Taverner Research. This was conducted by a telephone survey of 499 adult residents of the Manly Council LGA.

The survey aimed to:

- Measure awareness of the NSW Government's plan to reduce the number of councils
- Identify support or opposition for different amalgamation options

The majority of residents surveyed indicated being aware of the proposed amalgamation of councils put forward by the state government. Awareness was lowest amongst younger residents and highest amongst those who reported having received the council provided information packs regarding amalgamation. Knowledge of the detail was significantly lower with two out of five (41%) of all respondents aware of the nature of the proposed reduction of 41 councils through amalgamation.

There was greater support (51%) for the status quo (i.e. remaining as a standalone council) and this was one and a half times greater than opposition (35%) to this option.

If remaining as a standalone council was not an option, 61% of residents surveyed indicated support for amalgamation.

If amalgamation was forced by state government the preferred option for amalgamation was for two councils on the Northern Beaches of approximately equal size in population (59%); however two out of five residents (41%) still indicated support for one single Northern Beaches Council.

7.4 Manly Community Brochures and Feedback Forms

As well, in order to fully test the community's views about amalgamation options (including the option of one Northern Beaches Council as proposed by the NSW Independent Panel), a community brochure (see Attachment 1) together with a feedback form was sent to all residents in the Manly area, as well an on-line survey asking the same questions as the feedback form.

This brochure was also published on Council's website, together with various research publications, research and a page of frequently asked questions. There was also an advertising campaign undertaken in the Manly Daily during May 2015 (1,7,16, and 20), Pensinsula Living that encouraged residents to "Your Manly, Your Say" on amalgamations, and participate in community consultation a variety of forums.

Over 18,000 community brochures were printed, distributed and delivered to the mail boxes of residents in the Manly area during the period 4 May to 5 June 2015. Feedback forms were to be sent back to Council with a reply paid envelope by the 5 June 2015. Residents could also request copies from Customer Services if they did not receive one in their mail box, and the forms received were couriered for collation and analysis to Taverner Research.

Residents were also encouraged to provide Feedback forms, together with the on-line survey results were independently analysed by Taverner Research. The results of this research are summarised in the paragraphs below.

Independent Analysis of Manly Community Feedback Forms June 2015

There were 1,963 people that responded to the request for feedback via Council's Feedback form or on-line survey as part of the 'Your Manly Your Say' campaign.

The people responding to this campaign included Manly Council staff, residents with a specific Manly address, and those providing online survey responses on the options provided in Manly Council's community brochure (as required under the Fit For Future NSW Government submission).

These responses were independent tabulated, collated and analysed by research company Taverner Research in June 2015 for the period 11 May to 5 June 2015.

There were two options surveyed via the Feedback Forms and Community Brochures. These options were:

- Option A “Two Councils of Equal population based on existing suburb and catchment boundaries”
- Option B “The State Government’s proposal to merge your Council with Pittwater and Warringah Councils into one Mega Council”.

The results are as follows:

- That 76% of feedback forms received show support for Option A (Two Councils on the Northern Beaches). This is in preference to Option B One Mega Council (24% support).
- That of the online survey responses, there was 67% support for Option A (2 Councils) as opposed to Option B One Mega Council (33% support).
- That in terms of staff support, there was greater support for Option A Two Councils (85% support) than Option B One Mega Council (15% support).

7.5 Conclusions

Manly Council has undertaken independent research and analysis on the various options for its residents.

The research and surveys conducted since November 2014 regarding merger options for the only community show preference for the status quo.

If mergers are forced, then there is over-whelming support and preference for there to be two councils on the Northern Beaches, as opposed to one large Northern Beaches (Mega) Council serving the region.

On the whole, it appears that there is greatest support in the Manly area for merging to the north to form two councils (of equal population based on existing suburb and catchment boundaries) on the Northern Beaches peninsula.

8. ATTACHMENT 1: SHOROC - A JOINT ORGANISATION ACHIEVING SCALE FOR MANLY

Council is a member of SHOROC, the Shore Regional Organisation of Councils and remains committed to the concept of regional collaboration for planning, lobbying and supporting efficiencies

SHOROC is a strong effective partnership of Manly, Mosman, Pittwater & Warringah Councils. Established in 1996 as an Incorporated Association it is led by a Board of the council Mayors and General Managers and run by a small administration. SHOROC collectively represents a population of 290,000 residents who contribute \$22.5 billion to the NSW economy, and a region of 288km².

SHOROC effectively performs the role of Joint Organisation for this region, advocating with a united voice, coordinating subregional planning, building partnerships with the state and federal governments and supporting council productivity through joint procurement.

With a strong history of achievement, SHOROC strengthens council strategic capacity. For example:

Advanced skills in strategic planning and policy development

- Developed the subregional plan Shaping Our Future integrating land-use and infrastructure planning for housing, jobs, transport and health. Now being implemented.
- Developed a regional strategic plan aligned to the NSW Government's state plan NSW2021, identifying strategic priorities for state and local services, infrastructure, economy, environment and governance. Forms basis of NSW Government's Regional Action Plan.
- Developed regional sustainability strategy, waste strategy and economic development planning underway.

Effective advocacy

- Strong united advocacy that resulted in:
 - \$633 million in NSW Government funding for regional public transport and roads including a new Bus Rapid Transit system, major road upgrades and planning for a major motorway tunnel.
 - Over \$600 million for hospitals and health services, including construction of a new level 5 Hospital.

Capable partner for State and federal agencies

- Hold SHOROC Leaders Forums, building a strong partnership between local NSW and Commonwealth MPs and council Mayors/GMs through regular meetings to agree and progress regional priorities including infrastructure and services.

- Directly partners with NSW Government agencies and represents councils on high-level NSW Government project committees for health, transport, community services, youth, ageing and in other government forums as required.

Effective regional collaboration

- Coordinates regular meetings of 11 Mayors northern Sydney to collaborate and work with the NSW Government of sub regional planning and partnerships
- Manages collaborative regional projects and working parties for economic development, planning, community services, environment, waste, procurement, road works
- Well-established strategic procurement role for tendering and contract management, with contracts for councils across northern Sydney totaling \$20 million annually, including 10 contracts such as for asphalt, linemarking, stationery, records, concrete and more.
- Prepared joint submissions on major NSW Government reviews and reform including for planning, transport, NSW2021, Local Government review and Act review, NSW Infrastructure Strategy, regional ageing and youth strategies.
- Facilitated formation of Kimbriki Environmental Enterprises Pty Ltd (KEE) to sustainably manage the region's waste and resource recovery center, managed by an independent board with the councils as shareholders.

The SHOROC model and achievements play an important role in in both supporting local needs and priorities; and furthering broader regional strategies. It also provides a solid base on which to build an even stronger regional collaboration model for local government, with regional organisations matched to the NSW Government planning groupings and supported by a legislative framework and commitment to partnership by NSW Government MPs and agencies.

9. ATTACHMENT 2: MANLY COUNCIL FINANCIAL SUSTAINABILITY STRATEGIES

Sustainability Strategies and Outcomes Table

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

Fit For Future Business Case – Manly Council Status Quo

Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
	Workforce Strategy.			Expenditure per capita
	<ul style="list-style-type: none"> Continued real reduction in operating expenses over time as a percentage of operating revenue (2016 - 2020). 	Continuous until 2020	<ul style="list-style-type: none"> Continued delivery of services across quadruple bottom line. 	<ul style="list-style-type: none"> Sustainability: Operating Performance Ratios Efficiency: Real Operating Expenditure per capita
	<ul style="list-style-type: none"> Productivity improvements in performance of services (reduction in costs); continued review of strategic services and delivery to the community (2016 - 2020). 	Continuous until 2020	<ul style="list-style-type: none"> Continued delivery of services across quadruple bottom line. 	<ul style="list-style-type: none"> Sustainability: Operating Performance Ratios Efficiency: Real Operating Expenditure per capita
	<ul style="list-style-type: none"> Highest and best usage of assets to deliver new and additional revenue sources (e.g car parks, new community facilities, leasing assets and 	Continuous until 2020	<ul style="list-style-type: none"> Better utilised assets; Additional or new revenue sources for council service delivery. 	<ul style="list-style-type: none"> Asset Maintenance Ratio

Fit For Future Business Case – Manly Council Status Quo

Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
	facilities)			
	<ul style="list-style-type: none"> Investigation and implementation of new ways to undertake shared services in collaboration across council boundaries (e.g via SHOROC, NESROC, or other regional organisations tbc) 	Continuous until 2020	<ul style="list-style-type: none"> Shared services Better usage of resources Possible cost savings Greater regional collaboration 	<ul style="list-style-type: none"> Sustainability: Operating Performance Ratios improved Efficiency: Real Operating Expenditure per capita
2. Minimal Financial Grant dependency (as percentage of revenue forecast)	<ul style="list-style-type: none"> Continued reliance on own source revenue over time (2016 - 2020). 	Long term (ten years as per plans 2020)	<ul style="list-style-type: none"> Continued reliance on own sourced revenue to undertake projects, service delivery for sustainable operations. Resourcing is not dependent on grant funding. 	<ul style="list-style-type: none"> Own Source Revenue ratio
3. Continued building and infrastructure asset renewals over time	<ul style="list-style-type: none"> As per Council's Resourcing strategy, Long Term Financial Plan, Asset Management Plan: minimal to moderate 	Long term (ten years as per plans 2020)	<ul style="list-style-type: none"> Continued building and infrastructure spending to renew and maintain assets 	<ul style="list-style-type: none"> Debt Service Ratio

Fit For Future Business Case – Manly Council Status Quo

Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
	degradation of assets; essential maintenance of existing assets and building two new ones.		throughout the Manly LGA; <ul style="list-style-type: none"> Continued depreciation, amortisation and impairment of assets 	

Infrastructure and Service Management and Outcomes Table

Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
1. Minimal Infrastructure Backlog	<ul style="list-style-type: none"> Maintaining existing service levels to the community; 	Continuous improvements until 2020	<ul style="list-style-type: none"> Continued delivery of services across quadruple bottom line 	<ul style="list-style-type: none"> Infrastructure Backlog ratio Operating Performance Ratio Own source revenue ratio
	<ul style="list-style-type: none"> Review utilisation of assets for highest and best uses; 	Continuous improvements until 2020	<ul style="list-style-type: none"> Continued utilisation of assets effectively and efficiently; Provide additional or new sources of revenue for Council; Enable continued service delivery and asset & infrastructure renewal. 	<ul style="list-style-type: none"> Infrastructure Backlog ratio Asset Maintenance ratio Operating Performance Ratio
	<ul style="list-style-type: none"> Renew assets and infrastructure to maintain category 3 condition ratings in Asset Management 	Continuous improvements until 2020	<ul style="list-style-type: none"> Continued renewal of assets and reduction in asset deterioration. 	<ul style="list-style-type: none"> Infrastructure Backlog ratio Asset Maintenance

Fit For Future Business Case – Manly Council Status Quo

Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
	Strategy			Ratio
2. Continued maintaining assets (as per Resourcing Strategy and Asset Management Strategy)	<ul style="list-style-type: none"> Continued asset maintenance expenditure over time (2016-2020); and 	Long term (ten years as per plans 2020)	<ul style="list-style-type: none"> Continued maintenance of assets and infrastructure to acceptable community service standards. 	<ul style="list-style-type: none"> Asset Maintenance Ratio
3. Continue to service debt through council operating revenue	<ul style="list-style-type: none"> As per Council's Resourcing strategy, Long Term Financial Plan, Asset Management Plan: maintenance of existing assets and building two new ones via debt finance. 	Long term (ten years as per plans 2020)	<ul style="list-style-type: none"> Continued building and infrastructure spending to renew and maintain assets throughout the Manly LGA; Infrastructure borrowings and finance secured at interest rates that remain low, affordable and do not impact council service performance and operations. Debt finance repaid through revenue received in operations of new and existing facilities. 	<ul style="list-style-type: none"> Operating Performance Ratio Debt service ratio

Efficiency Management and Outcomes Table

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

Fit For Future Business Case – Manly Council Status Quo

	collaboration to deliver shared services (with Council neighbours, and via SHOROC & NESROC, or other specific arrangements).			
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Greater Manly Business Case

Attachment to Manly Council's
Fit For The Future Submission
to IPART June 2015



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1. Executive Summary

1.1 Proposed Merger

Since September 2014, Manly Council has comprehensively assessed all possible amalgamation options with neighbouring councils as part of the State Government's Fit for the Future (FFF) program.

As part of this process, Council, together with industry experts KPMG, meticulously looked at every financial, social, strategic and practical implication a council merger might have on our bottom line and our community.

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

The State Government has stated they have a 'no forced amalgamations policy' and Manly Council fully supports this. Experiences in Western Australia and Queensland have shown that council amalgamations will fail if they are forced.

This policy is of particular importance to the Manly community who are opposed to amalgamating with other councils, as evidenced in the 2004 poll of 18,500 Manly constituents who overwhelmingly rejected boundary changes. This result was confirmed by additional surveys in November 2014 and May 2015 that once again showed that the majority of respondents did not want to amalgamate.

However, should the State Government change their policy and force councils to merge, Manly has considered and consulted on two possible options – one single council on the Northern Beaches and two councils of similar population size.

During this consultation, Council found that the Manly community's clear preference out of the two forced merger options was to have two councils of equal population i.e. a Greater Manly Council and a Greater Pittwater Council.

This option, while inferior to remaining independent, is canvassed in the following report, in the case that the NSW Government chooses to force councils on the Northern Beaches to merge.

The boundaries for the two councils would typically follow natural watercourses and greenways to avoid splitting communities, however the exact boundaries would be determined by the NSW Government.

1.3 Benefits of the Option

If the NSW Government forces councils to amalgamate, it is the preference of Manly Council and its residents to create two councils of equal population size on the Northern Beaches.

While the case for creating two new councils is less favourable than remaining independent, this option is more compelling than the alternative of one 'mega council'.

Sydney's Northern Beaches is home to over 250,000 people across an area of 163 km². While the region as a whole enjoys a relaxed yet prosperous lifestyle, the 'communities of interests' of residents in the south are measurably different to those in the north.

The 'two-council' option would achieve:

- similar communities of interest;
- complementary demographics in each area;
- greater local control of environmental assets than the 'mega council' option;
- greater political leadership and representation than the 'mega council' option;
- better management of council operations;
- sustainable financial ratios and operations; and
- well-managed assets and low infrastructure backlogs.

2. Scale and Capacity

The proposed 'two-council' option meets all of the strategic capacity aspects defined by the Independent Panel and the NSW Government as outlined below.

2.1. Robust revenue base and increased discretionary spending

KPMG modelling shows that all seven ratios exceed the benchmarks set by the Code of Accounting Practice and Financial Reporting, NSW Treasury Corporation and the Office of Local Government.

In particular, the proposed Greater Manly Council's Operating Performance Ratio¹ achieves excellent financial performance (> 8% in the years to 2020), which exceeds OLG and the NSW Treasury Corporation benchmarks. It shows increasing revenue from rates and investments, together with a reduction in expenses such as depreciation and employee costs. Importantly, the proposed council would be fiscally flexible, as has historically been the case in Manly, as it would not rely on external funding sources for its operating revenue.

2.2 Scope to undertake new functions and major projects

The proposed new council would strategically utilise its funds, assets and staff resources to maximise its ability to undertake new projects to meet the needs of its 130,000 (plus) residents and eight million (plus) visitors.

Manly Council's current project list, which includes the redevelopment of the Manly CBD and the construction of a new car park under Manly Oval, would be expanded to include projects in the commercial and business precincts of Brookvale and Frenchs Forest around the new hospital.

2.3 Ability to employ a wider range of skilled staff

Like Manly Council, the new council would employ a diverse range of staff across a variety of skilled roles. Workplace planning strategies would include:

- attracting and retaining talent;
- leadership and staff engagement;
- operational best practice; and -
- learning and development.

2.4 Knowledge, creativity and innovation

The new council would apply knowledge and experience to create innovative, effective programs and activities that delivered demonstrable results in:

- community safety;
- promoting a healthy and active community;
- improving transport;
- the availability and affordability of childcare;
- youth and meals on wheels services;
- activating public spaces in Manly, Brookvale and Warringah Mall;

¹ According to revised KPMG modelling undertaken for Council in June 2015.

- major events such as the Australian Open of Surfing and the Manly Jazz Festival, which could be extended into new areas.

2.5 Advanced skills in strategic planning and policy development

The new council would draw on existing resources from the former councils to develop an ambitious, holistic 10-year community strategic plan. This process would include wide-ranging community consultation to help identify priorities for the area and translate them into practical strategies to be delivered by the council. The performance of the new council would be monitored through monthly, quarterly and annual progress reports.

2.6 Effective regional collaboration

The new council would continue to actively support SHOROC (as a partnership between Mosman Council and the proposed Greater Pittwater Council) and extend this on a sub-regional basis to the Northern Sydney region. This regional body would continue to actively pursue synergies and cost savings opportunities in relation to waste, health, transport, joint tendering, regional employment and the environment.

2.7 Credibility for more effective advocacy

The new council would continue to work with volunteers, local committees and regional partners to advocate for and deliver a variety of important services for the community including the Northern Beaches Hospital and the Northern Beaches Transport Action Plan.

2.8 Capable partner for state and federal agencies

The new council would continue to work with state and federal agencies to deliver infrastructure and services including the provision of childcare and SES facilities, the revitalisation of lagoons and waterways, regional health services and community services such as Meals on Wheels.

2.9 Resources to cope with complex and unexpected change

The new council would have access to monetary resources to acquit complex and unexpected change and the in-house experience to tackle unusual capital budgeting decisions. While it would use its financial reserves to plan and anticipate future needs, it would not use these reserves at the expense of core functions or service deliveries.

2.10 High quality political and managerial leadership

The proposed Greater Manly Council would have high-quality managerial leadership team that is experienced in delivering council services and resources and providing transparent, responsible decision-making.

2.11 Summary

The proposed Greater Manly Council would meet the ILGR Panel's criteria for scale and capacity, however, in any amalgamation there will be a loss of identity and flexibility to cater for smaller interest groups and areas.

It is important to note that this loss would not be as severe as under the 'mega council' option for a single local government area on the Northern Beaches, particularly as the 'two-council' option groups together likeminded communities of interest.

3. Greater Manly Council area

3.1 Key Challenges and Opportunities

The proposed Greater Manly Council would be presented with a range of challenges and opportunities, as outlined below.

3.1.1 Strengths

Some of the key strengths of the proposed Greater Manly area would be:

- ✓ Strong rate base and a focus on spending within Council's means rather than increasing rates through special variations.
- ✓ Relatively wealthy, stable population base.
- ✓ Well-educated local population with good access to educational facilities.
- ✓ Robust tourism economy supported by high visitor numbers.
- ✓ Strong commercial precincts including Manly CBD, Brookvale and Warringah Mall.
- ✓ New health and hospital precinct with opportunities for new commercial, retail and affordable housing.
- ✓ High-quality environmental assets – beaches, parks, bushland and open space.
- ✓ Variety in housing to cater for a range of population needs.

3.1.2 Weaknesses

Some of the key weaknesses of the proposed Greater Manly area would be:

- Continued environmental protection.
- Increasing population growth and pressure on housing densities.
- Increasing traffic congestion and demand for parking throughout the area to access beaches, sporting facilities, schools and services.
- Increasing costs of maintenance of basic infrastructure such as roads, bushland and parks (including state and other assets transferred to local government).
- Inability to capture visitors' spend.
- Need for more social and community infrastructure such as schools and childcare as the population grows.

3.1.3 Opportunities

Some of the key opportunities for the proposed Greater Manly area would be:

- ✓ Renewing and building infrastructure required to reinvigorate centres and alleviate housing and commercial pressures.
- ✓ Create more opportunities for people to live and work in the new LGA.
- ✓ Continue to achieve economies of scale through regional collaboration and partnerships;
- ✓ Continue to advocate for improved regional services and infrastructure through bodies such as SHOROC. Maximise on the current investments being delivered in relation to the Northern Beaches hospital and the rapid bus transit project.
- ✓ Further strengthen transport links with the Sydney CBD and the Northern Beaches Region.
- ✓ Promote quality housing projects to accommodate population growth.

3.1.4 Challenges

Some of the key challenges for the proposed Greater Manly area would be:

Greater Manly Business Case

- Community resistance to change.
- Maximising the potential of new and existing centres for housing, work and commercial opportunities.
- Protection of environmental assets.
- Housing affordability.
- Increasing traffic congestion and demand on community infrastructure.
- Rising costs of infrastructure and service maintenance.
- Balancing the needs of the local community with the needs of visitors; and
- Identifying and fostering the character of the new community, created by the new LGA.

4. Greater Manly Council Priorities

4.1 Delivering Goals and Strategies

The Greater Manly Council would seek to build on the strengths and minimise weaknesses of the area, capitalising on the opportunities and limiting the threats and challenges.

A new community strategic plan would be developed in consultation with the community that builds on the goals and key strategies of the former councils.

4.1.1 Social Priorities:

A connected, safe community that cares for its residents and visitors with goals to:

- Improve community safety
- Promote a healthy and active community.
- Maintain and support amenities.
- Create a more culturally vibrant Manly.
- Support the social and welfare needs of the community.

4.1.2 Economic Priorities:

A viable area for work, employment and infrastructure with goals to:

- Facilitate a diverse local economy.
- Promote tourism as an important part of the local economy.
- Improve traffic, parking and sustainable transport options.
- Maintain key amenities and infrastructure.

4.1.3 Environmental Priorities:

A sustainable, well-managed area with goals to:

- Protect and conserve natural heritage, bushlands, waterways and biodiversity.
- Create liveable neighbourhoods with more affordable housing choices.
- Maintain public health and building standards.
- Facilitate reduction in greenhouse gas emissions in the area.
- Promote responsible waste management.

4.1.4 Governance and Leadership Priorities

Transparent and responsible decision-making with goals to:

- Maintain confidence in Council's decision-making.
- Work in partnership with the community.
- Efficiently use council resources.
- Advocate to State and Federal Governments.

5. Delivering Non-Financial Benefits to the Greater Manly area

There are a number of non-financial benefits that could be realised in the formation of a Greater Manly Council, serving a community linked by demographics, geography, shared interests and environmental assets. These are outlined below.

5.1 Community of Interest

The 'two-council' option would provide an opportunity to delineate the Northern Beaches into two entities that group together similar 'communities of interest'. Retention of the Manly and Pittwater brands (which are also geographical landmarks) would also have the potential to improve the social and economic capital of the region.

The key aspects are:

- The two councils, which would have similar resident populations (approx. 130,000), would collaborate as partners while maintaining control of local identity and the ability to advocate for local priorities.
- Greater Manly Council would have a strong focus on improving transport, childcare and community safety. It would also engage with stakeholders on transport and precinct planning for the new Northern Beaches Hospital.
- The two-council model would enable each Council to retain service levels and respond more efficiently and effectively to community needs.

5.2 Geography and Environment

The 'two-council' model would provide an opportunity to simplify ownership of environmental assets on the Northern Beaches.

Key considerations include:

- The suburbs of North Curl Curl, Brookvale, Beacon Hill, Frenchs Forest and Belrose would become part of the Greater Manly Council. This would bring the commuter ring of suburbs that surround Manly Town centre into a single council.
- The proposed Greater Manly Council would gain complete responsibility of Manly Lagoon while the proposed Greater Pittwater Council would gain responsibility of Narrabeen Lagoon and KuRingGai National Park.

5.3 Demographic Profile

The projected demographic profile of the two councils is outlined in the table below.

Key considerations are:

- The proposed Greater Pittwater Council would have a relatively older resident population with less frequent public transport patronage and relatively lower density housing.
- The proposed Greater Manly would be more densely populated, have a higher public transport patronage and be more closely aligned to the city of Sydney and North Sydney.
- The grouping of 'communities of interest' will help the new councils identify the priorities of their area and tailor policies to suit each local profile.

Selected Indicator	Greater Manly	Greater Pittwater
Population (2013)	129,500	126,500

Land Area (km2)	54km2	188km2
Median Age (yrs)	38	40
Population Density (per km2)	2,398	673
Households with children (%)	34.1	37.5
Travelled to work by public transport (%)	20.3	12.0

5.4 Service focus

Any amalgamation option will dilute the ability of the new council to provide efficient, effective, targeted services to its community. However, the 'two-council' option is preferable over the 'mega council' as the negative effects on service delivery are lessened.

Some features might be:

- The lower median age in the southern council could see a greater focus on services such as childcare while the northern area might focus on ageing services and health.
- The different housing densities between north and south might facilitate different approaches between planning, regulations, road congestion and asset management.
- The key commercial precincts located in the southern area might provide an opportunity to implement strategies that assist precinct growth and representation.
- Coordination of bushfire, flooding and coastal erosion – a key priority of the NSW Government – would be clearly delineated between the two councils, with the northern council managing the high risk areas of Collaroy, Narrabeen, Mona Vale, Bilgola coastal erosion zones and the marine estate of Pittwater, while the southern council would manage Manly Lagoon, Garrigal National Park, Davidson Park and Curl Curl Lagoon.

5.5 Trusted leadership (Scale + local)

The new southern council would build on the local leadership shown to date in managing the strengths, weaknesses, opportunities and challenges of the region.

KPMG modelling shows that the potential impacts of the merger in relation to local representation would be:

- former Manly residents - local representation would be reduced from 4,900 residents per councillor to approx. 13,000 residents per councillor;
- former Pittwater residents - local representation would be reduced from 6,900 residents per councillor to approx. 12,900 residents per councillor;
- former Warringah residents – local representation would increase from 15,200 residents per councillor to approx. 12,850 residents per councillor.

5.6 Greater Manly's Place in Global Sydney

Manly is an attractive tourist destination with around eight million (plus) visitors per annum. The proposed merger would continue to bolster Manly's reputation as part of global Sydney and draw its neighbouring suburbs into its economic multiplier benefits.

Neighbouring residential areas and centres such as Freshwater, Curl Curl, Brookvale, Belrose, Warringah Mall, Frenchs Forest would benefit from being part of the 'Manly' brand.

The challenge for the proposed Greater Manly Council would be the continued management of a high volume of visitors with associated real and perceived increases in traffic, litter, garbage, noise and the need to protect the natural environment.

6. Delivering the Financial Benefits for the Greater Manly area

Financial benefits realised in the formation of two Northern Beaches councils would be based on the continuation of current financial sustainability and efficiency and the current Council's strongly performing assets and infrastructure.

6.1 Financial Sustainability

Analysis by KPMG shows that, despite implementation costs, the two council option would produce positive net financial ratios and impacts for the region.

Each council would meet the FFF benchmark and benefit from improved operating results. These include:

6.1.1 Staff Establishment

There is scope for an estimated 41 FTE council employee redundancies across the Northern Beaches region.

6.1.2 Net Financial Impacts

The successful implementation on the proposed Greater Manly Council would result in an estimated net financial gain of \$3.3 million over a ten-year period from 2014-15 in net present terms. When accounting for possible NSW Government financial assistance for council mergers, the net financial impact increases to \$13.7 million over the ten-year period.

The estimated net financial impact represents an aggregate improvement to current net operating results of 1.9 per cent (without financial assistance) and 8.1% (with financial assistance). When measured as a proportion of the merged entities' operating revenue, the net financial impacts account for 0.2% (without financial assistance) and 0.6% (with financial assistance).

In total, this option offers \$29.2 million in savings over ten years for the Northern Beaches region stemming from reductions in the total number of council employees (est. 41 FTE reduction) and improved operating efficiencies. It also assumes higher upfront implementation costs given the need to create two new council entities which results in the anticipated benefits not being realised until towards 2020 (e.g. post 2017 for Greater Manly).

6.1.3 Fit For Future Benchmarks

The two new councils would incur significant costs in implementing a merged and split Warringah structure. Nevertheless, they are still forecast to deliver strong future financial benchmarks that show they are sustainable, efficient and provide well-serviced infrastructure and assets.²

² KPMG, Independent review of structural options for Manly Council & Pittwater Council, Part B Compendium Report & Appendices, 1 April 2015.

Table 5-9: Financial performance indicators for Greater Manly Council

Ratio	Benchmark	Period					
		14/15	15/16	16/17	17/18	18/19	19/20
Operating Performance	>0%	N/A	-2.8%	4.5%	3.4%	5.4%	5.9%
Own Source Revenue	>60%	N/A	93%	94%	94%	94%	94%
Building & Infrastructure Asset Renewal	>100%	N/A	138%	101%	106%	103%	104%
Infrastructure Backlog	<2%	N/A	0.0%	0.0%	0.0%	0.0%	0.0%
Asset Maintenance	>100%	N/A	100%	100%	100%	100%	100%
Debt Service	<20%	N/A	6.4%	6.0%	6.1%	5.9%	5.6%
Real Operating Expenditure per capita	Declining	N/A	1,252	1,182	1,213	1,203	1,195

Source: KPMG analysis

Table 5-10: Financial performance indicators for Greater Pittwater Council

Ratio	Benchmark	Period					
		14/15	15/16	16/17	17/18	18/19	19/20
Operating Performance	>0%	N/A	-3.7%	2.3%	1.9%	2.9%	3.1%
Own Source Revenue	>60%	N/A	88%	85%	87%	90%	92%
Building & Infrastructure Asset Renewal	>100%	N/A	138%	101%	106%	103%	104%
Infrastructure Backlog	<2%	N/A	1.1%	0.3%	0.0%	0.0%	0.0%
Asset Maintenance	>100%	N/A	120%	120%	120%	121%	121%
Debt Service	<20%	N/A	3.5%	3.6%	3.6%	3.6%	3.4%
Real Operating Expenditure per capita	Declining	N/A	1,170	1,103	1,121	1,112	1,105

Source: KPMG analysis

7. Community consultation

For decades, the Manly community has been clear on its wish to remain independent, having repeatedly rejected any propositions for structural change.

Two separate surveys of Manly residents in November 2014 and May 2015 conducted by independent research company, Taverner Research, found that the majority of respondents rejected the proposition of a merger with Pittwater and Warringah Councils to form one local government area.

This result confirms the 2004 poll of 18,500 Manly constituents that overwhelmingly rejected boundary changes and amalgamation propositions.

However, the State Government could change its mind and force councils to amalgamate. Should this happen, Council conducted surveys of Manly and Warringah residents on what their preferences would be if **forced**.

To do this, Council produced a community information pack, titled *Your Manly Your Say* which explained the State Government's FFF process, provided a summary of Council's decision to remain independent and set out two amalgamation scenarios if the government forced councils on the Northern Beaches to merge.

To protect the integrity of this process, these results were collated and analysed by Taverner Research.

Taverner Research also undertook two independent, random surveys of a representative sample of 499 Manly residents and 498 Warringah residents.³

At the close of the campaign on 5 June 2015, Council received 1079 feedback forms and 520 online submissions.

Result

1. The Manly community strongly supports Manly standing alone

The random telephone survey by Taverner Research found that the majority of residents support standing alone and an independent Manly (59%).⁴

These findings are consistent with the 2004 poll⁵ and the November 2014 survey of residents.⁶

2. The community does not support a Northern Beaches 'mega council'

³ Taverner Research, March and May 2015 Reports to Council.

⁴ Taverner Research "A survey of Manly Residents on Council Merger Options" May 2015, page 5.

⁵ In March 2004, Manly Council carried out a poll of electors in conjunction with the local elections. The questions were:

- Do you support the amalgamation of the Council of Manly with any other local government area or areas? Results were Yes 25.7% to No 74.3%.
- Do you support any boundary adjustments involving the adjoining councils with the Council of Manly? Results were Yes 17.5% to No 82.5%.

⁶ Do you support having one single council on the Northern Beaches incorporating Pittwater, Warringah, and Manly Councils? Results were Yes 43% to No 57%

Taverner Research found that, if amalgamation was forced, the community would not support one mega council on the Northern Beaches.⁷ This opposition was also found in the results of the *Your Manly Your Say* feedback forms.⁸

3. Two councils of equal population preferred if amalgamation was forced

The Taverner Research phone survey and the *Your Manly Your Say* consultation both found that, if amalgamation was forced, the community's preference would be two councils of equal population on the Northern Beaches.⁹

7.5 Conclusions

The research and surveys conducted since November 2014 regarding merger options for the Manly community show that if the status quo is not an option, and mergers are forced, then the over-whelming preference is for two councils on the Northern Beaches, as opposed to one 'mega council'.

⁷ Telephone Survey	Number of Responses	Scenario A (%) 2 Councils of equal size	Scenario B (%) Mega Council
	499	59	41

⁸ Self-Completed Feedback Forms	Number of Responses	Scenario A (%) 2 Councils of equal size	Scenario B (%) Mega Council
Online	520	67	33
Reply Paid	1079	76	24
Total	1599	73	27

⁹ ibid



Summary Report

Amalgamation Questions from Customer Satisfaction Survey December 2014

June 2015

Project Reference Number: 4924

Manly Council Contacts: Kathryn Parker & Henry Wong

Taverner Contact: Michael Trigwell

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1. Project Background & Methodology

Manly Council commissioned Taverner Research to conduct telephone research amongst residents in the Manly LGA to measure customer satisfaction.

The telephone survey was conducted using a CATI methodology from 9-17 December 2014 and included questions regarding amalgamation preferences.

Responses to those questions are summarised in this document.

In total n=302 responses were achieved with a sample

Figure 1 shows the sample achieved by different demographics.

Figure 1: Sample Achieved by Method

Demographic Group	%	N
GENDER		
Male	49	148
Female	51	154
AGE		
18-34	4	13
35-54	24	73
55+	71	215
LOCATION		
Balgowlah	23	68
Balgowlah Heights	6	17
Clontarf	7	22
Fairlight	17	52
Manly	33	100
Seaforth	14	43

Error Variance

The sample error variance based on the total sample of n=302 at a 95% confidence interval is approximately +/- 5.6%. This implies that for a response figure of 50%, the true population figure will be between 44.4% and 55.6% in 19 samples out of 20.

On this basis the survey results can be deemed to be an accurate account of the views of those who chose to respond to the survey.

2. Detailed Findings

This section of the report provides charted and narrative commentary for the questions asked about amalgamation preferences.

Note that where two or more responses have been combined the sum of the combination may be different (+/- 1%) to the sum of the individual items due to rounding.

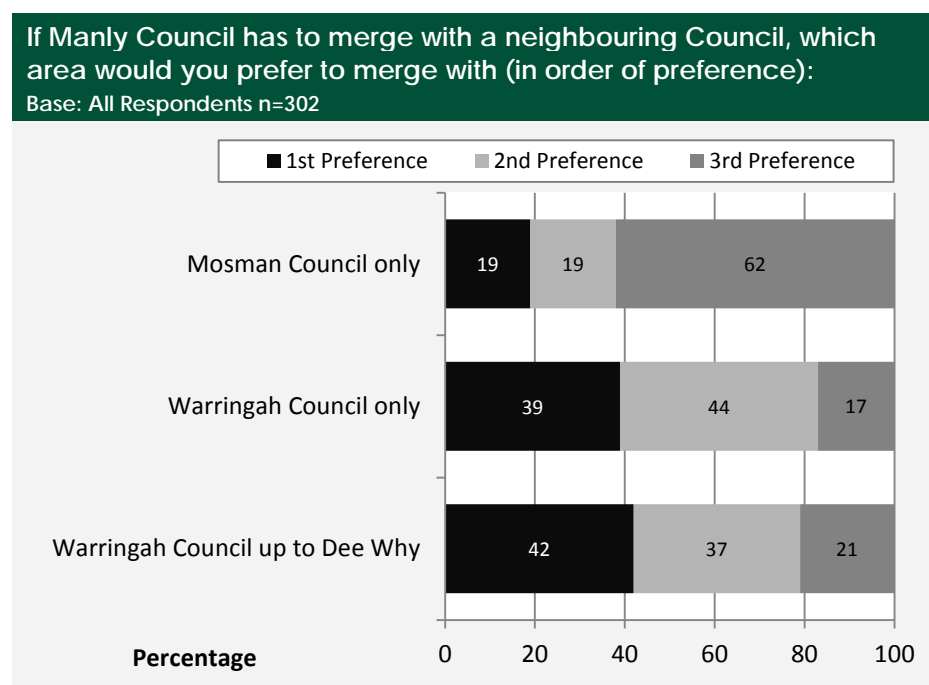
2.1. Preference for Amalgamation Options

Three amalgamation options were presented to respondents and they were asked to rate each of these options in order of preference from first to third.

As shown in Figure 2, amalgamation with Mosman Council was the least supported; 19% selected it as their first preference and 62% selected it as their third preference from the three options presented.

Support for amalgamation with Warringah Council either in its entirety (39% selected as first preference) or up to Dee Why only (42% selected as their first preference) was relatively even.

Figure 2: Preference Order for Each Amalgamation Option



In conclusions residents expressed a clear preference for amalgamating with Warringah Council than Mosman Council. However residents were split on which approach between amalgamating with all of Warringah or only up to Dee Why was their preferred.



Research Report

Have Your Say – Community Feedback Form & Online Survey

June 2015

Project Reference Number: 4968

Manly Council Contacts: Kathryn Parker & Henry Wong

Taverner Contact: Michael Trigwell

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1. Project Background & Methodology

Manly Council commissioned Taverner Research to data enter the survey responses from the hard copy survey and analyse the data from both the online and hard copy survey and provide a report on the findings.

A copy of the hard copy survey form used is shown in Appendix 1 to this report.

1.1. Methodology

The research was conducted using both a hard copy mail out and reply paid mail back form and an online survey.

The survey was closed on the 5th of June 2015, only responses received on or before this date are shown in the analysis.

Quotas

No quotas were set for this project, with only those who self-selected to participate being included in the results.

Sample Achieved

Figure 1 shows the sample achieved by each of the methods. The number

Figure 1: Sample Achieved by Method

Method	Total Received N	No Response Given to the Key Question	Total Base N
Online	839	319	520
Hard copy returns	1,124	45	1,079
TOTAL	1,963	364	1,599

Error Variance

The sample error variance for each of the methods based on the usable sample sizes of n=520 and n=1,079 at a 95% confidence interval are approximately:

- ✧ +/- 4.3% for the online sample
- ✧ +/- 2.9% for the hard copy sample

This implies that for a response figure of 50%, the true population figure will be between 45.7% and 54.3% and 47.1% and 52.9% in 19 samples out of 20 for the online and hard copy methods respectively.

On this basis the survey results can be deemed to be an accurate account of the views of those who chose to respond to the survey.

2. Detailed Findings

This section of the report provides charted and narrative commentary for the question asked and shows results for the online and hard copy samples separately.

Note that where two or more responses have been combined the sum of the combination may be different (+/- 1%) to the sum of the individual items due to rounding.

2.1. Preference for Amalgamation Options

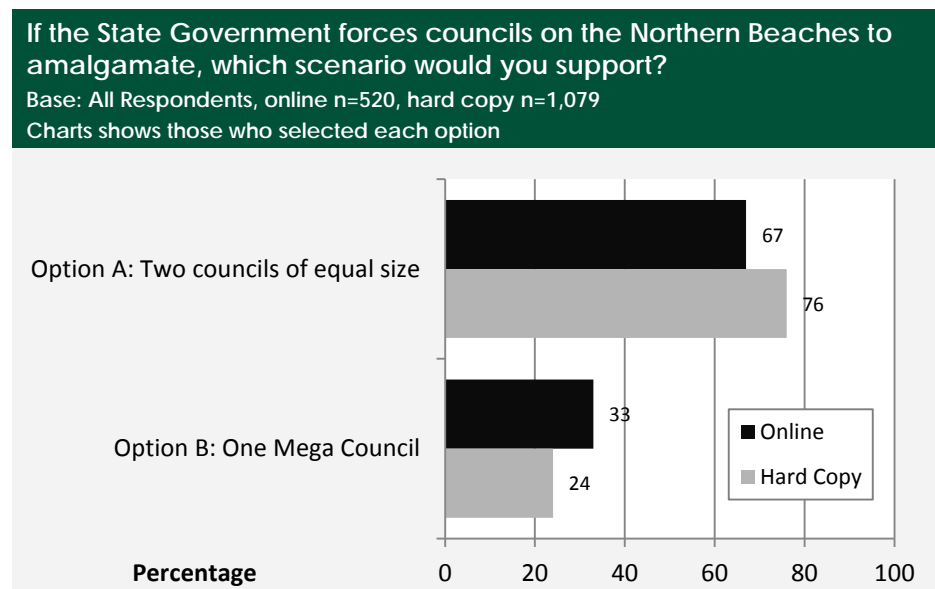
Two options were presented to respondents in both the online and hard copy surveys. The respondent was asked to select which of the following options they supported if the State Government forces councils on the Northern Beaches to amalgamate.

Option A: Two Councils of equal population based on existing suburb and catchment boundaries

Option B: The State Government's proposal to merge your Council with Pittwater and Warringah Councils into one Mega Council

As shown in Figure 2, two thirds (67%) of the online sample supported option A, twice as many (33%) than who supported option B. While three quarters (76%) of respondents to the reply paid hard copy survey supported option A, three times the proportion (24%) who supported option B.

Figure 2: Support for Option A or B by Method



Amongst those who responded to the hard copy survey form there was no significant difference in support for option A amongst those who indicated they resided in the Manly Council are (76%) and those who did not (75%).

Appendix I: Hard Copy Survey Form

HAVE YOUR SAY COMMUNITY FEEDBACK FORM



Name: _____

Address: _____

Postcode: _____

Email: _____

Do you live in Manly Council Area? ☐ Yes ☐ No





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E

You can also have your say at www.manly.nsw.gov.au
using your code: **CMMCF**

Council will be advising the State Government that
no merger is best for Manly.

If the State Government forces councils on the Northern Beaches to amalgamate, which scenario would you support?

A. Two Councils of equal population based on existing suburb and catchment boundaries, or;

B. The State Government's proposal to merge your Council with Pittwater and Warringah Councils into one Mega Council.

Please write A or B in the box to indicate your choice

Please add any comments on the reverse.

COMMENTS:

Feedback must be received by **5 June 2015**

Manly Council takes your privacy seriously. The information collected in this form will only be used for lawful purposes directly related to the functions of Council.



Agenda

Extraordinary Meeting of Council

Notice is hereby given that an Extraordinary Meeting of Council of Council will be held at Council Chambers, at 7.30pm
1 Belgrave Street, Manly, on:

Monday 22 June 2015

Persons in the gallery are advised that the proceedings of the meeting are being taped for the purpose of ensuring the accuracy of the Minutes. However, under the Local Government Act 1993, no other tape recording is permitted without the authority of the Council or Committee. Tape recording includes a video camera and any electronic device capable of recording speech.

Copies of business papers are available at the Customer Service Counters at Manly Council, Manly Library and Seaforth Library and are available on Council's website:

www.manly.nsw.gov.au



Seating Arrangements for Meetings

Executive
Manager

Minute
Taker

General
Manager

**Mayor
Jean Hay AM
presiding**

Deputy
General
Manager

Deputy
General
Manager

Clr Cathy Griffin

Clr Hugh Burns

Clr Barbara Aird

Clr Alan Le Surf

Clr Candy Bingham

Clr Steve Pickering **Deputy Mayor**

Clr Adele Heasman

Clr James Griffin

Press

Public
Addresses

Public Gallery

Chairperson: The Mayor, Clr Jean Hay AM

Deputy Chairperson: Clr Steve Pickering

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TO: Extraordinary Meeting of Council - 22 June 2015
REPORT: General Managers Division Report No. 8
SUBJECT: Manly Council's Report on the NSW Government's Fit For the Future program
FILE NO: MC/15/72817

SUMMARY

Independent research engaged by Council, following its unanimous resolution of 30 March on Council's Fit for the Future Position, has once again found that the majority of the community support a standalone and independent Manly.¹

Consequently, this report, *inter alia*, recommends that Council, in its response to the State Government on Fit for the Future (FFF):

1. Strongly supports the long-held and repeatedly affirmed position of the community for Manly Council to remain independent²;
2. Rejects any proposal to amalgamate Manly with Warringah and Pittwater into one 'mega council';
3. In terms of the FFF requirements, submits Council's improvement proposal advising the government and the Independent Pricing and Regulatory Tribunal (IPART) of Council's business case to remain as a standalone council because:
 - i. Manly Council is and will continue to be a highly successful and sustainable council;
 - ii. Council has demonstrable strategic capacity to deliver services and infrastructure to the community into the future; and
 - iii. Council has the civic leadership to plan and secure a prosperous future for the whole community.

REPORT

Background to this Report

The State Government announced the Fit for the Future Local Government Reform package in September 2014 and published the assessment criteria in October 2014.

In November, Manly and Pittwater Councils jointly engaged KPMG to analyse the structural options for councils on the Northern Beaches, against the government's stated criteria.

From KPMG's work, Council at its meeting of 30 March 2015 unanimously resolved that no merger is best for Manly (Attachment 1).

In late April, Council began consulting the community on amalgamation options. At the same time, the government appointed IPART to act as the independent panel for assessing FFF responses.³

¹ Taverner Research "A survey of Manly Residents on Council Merger Options" May 2015, page 5 – On the status quo question, of those who responded, 59% supported a standalone (status quo) Manly.

In March 2004 Manly Council carried out a poll of electors in conjunction with the local elections. The questions were:

- Do you support the amalgamation of the Council of Manly with any other local government area or areas? Results were Yes 25.7% to No 74.3%.
- Do you support any boundary adjustments involving the adjoining councils with the Council of Manly? Results were Yes 17.5% to No 82.5%.

Taverner Research conducted in November 2014 on mergers found the majority of the community (57%) rejected a merger into one mega council

² *ibid*

General Managers Division Report No. 8 (Cont'd)

IPART consulted on their assessment methodology in late May, to which the Council provided a detailed response⁴ (Attachment 2). IPART formally released their final methodology on 5 June 2015, with the submission closing date of 30 June 2015.

Community Engagement

Following the 30 March 2015 unanimous resolution, Council proactively communicated its decision to the community.

Council produced a community information pack, titled *Your Manly Your Say* which explained the State Government's FFF process, provided a summary of Council's decision to remain independent and set out two amalgamation scenarios if the government forced councils on the Northern Beaches to merge.

Each pack included a feedback form together with a reply-paid envelope. Residents and ratepayers were also given the option to provide feedback online via a secure website.

Promotion and distribution of this information included:

- Hard copies of the essential information pack were delivered to Manly ratepayers and residents.
- Hard copies were made available at Council's Customer Service counter and could be requested by email and phone.
- Electronic copies of the information pack, additional information on the FFF program, and independent research papers on council amalgamations were provided on Manly Council's website.
- The community consultation process was heavily promoted through editorial and advertisements in local media, the weekly Mayoral column, social media, and Council's 10,000 eNews subscribers.

To protect the integrity of this process, the results of the feedback forms were collated and analysed by independent research firm, Taverner Research.

Taverner Research also undertook an independent, random telephone survey of a representative sample of 499 Manly residents on the council amalgamation options.

At the close of the *Your Manly Your Say* campaign on 5 June 2015, the website received 2,573 direct unique views and 830 requests to complete the online feedback form. Of these, 520 online forms were submitted. Council also received 1,079 completed feedback forms by reply-paid post.

The total number of completed responses received via post, online and telephone was 2,098.

Result**1. The Manly community strongly supports Manly standing alone**

The telephone random survey by Taverner Research found that the majority of residents support standing alone and an independent Manly (59%).⁵

The survey also found that support for Council standing alone was strongest in the 18 to 35 age group (66%).

³http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt/Reviews/Fit_for_the_future/Review_of_Local_Council_Fit_For_The_Future_proposals

⁴ Council's response questioned the IPART's methodology, particularly its late inclusion of certain criteria that contradicted earlier announcements upon which councils have relied and engaged experts to provide advice on.

⁵ Taverner Research "A survey of Manly Residents on Council Merger Options" May 2015, page 5.

General Managers Division Report No. 8 (Cont'd)

The Taverner Research findings are consistent with the 2004 poll⁶ and the November 2014 survey of residents.⁷

2. The community does not support a Northern Beaches 'mega council'

Taverner Research found that, if amalgamation was forced, the community would not support one mega council on the Northern Beaches.⁸ This opposition was also found in the results of the *Your Manly Your Say* feedback forms.⁹

Discussion^{10, 11}

The NSW Minister for Local Government, the Honourable Mr Paul Toole, announced the government's FFF program on September 11 last year.

A summary background to FFF program is attached to the report in Attachment 3.

The FFF program assumes a number of quantitative and qualitative criteria to guide councils in their sustainability and strategic capacity assessments.

This report affirms that Manly Council meets or exceeds the FFF sustainability and strategic capacity criteria.

In terms of the important "community of interest" test, it is a matter of record and historical fact that Manly is a strong, vibrant and cohesive community, bound by the geographic area its citizens proudly call home.

This long-standing sense of community pride is one of the overarching reasons why Manly Council is committed to continuously delivering improvements to the local area, and meeting the changing needs of its residents and visitors. Council has achieved this by providing sound stewardship and strong leadership through the provision of services and infrastructure, and in the protection of the environment.

Continuous improvement, service excellence and civic leadership are core corporate values that drive Manly Council.

It is the conclusion of this report that there is no reason, nor would it be in the Manly community's interest to recommend any structural change in Council's FFF response to the Minister.

The State Government has stated they have a 'No Forced Amalgamations Policy' and Manly Council fully supports this. Recent experience from Western Australia and Queensland shows that council amalgamations will fail if they are forced.¹²

⁶ In March 2004, Manly Council carried out a poll of electors in conjunction with the local elections. The questions were:

- Do you support the amalgamation of the Council of Manly with any other local government area or areas? Results were Yes 25.7% to No 74.3%.
- Do you support any boundary adjustments involving the adjoining councils with the Council of Manly? Results were Yes 17.5% to No 82.5%.

⁷ Do you support having one single council on the Northern Beaches incorporating Pittwater, Warringah, and Manly Councils? Results were Yes 43% to No 57%

⁸ Telephone Survey	Number of Responses	Scenario A (%) 2 Councils of equal size	Scenario B (%) Mega Council
	499	59	41

⁹ Self-Completed Feedback Forms	Number of Responses	Scenario A (%) 2 Councils of equal size	Scenario B (%) Mega Council
Online	520	67	33
Reply Paid	1079	76	24
Total	1599	73	27

¹⁰ The General Manager's Report to Council of 30 March 2015 is substantially reproduced in this report for prudential and consistency reasons.

¹¹ "Merger Analysis for the Northern Beaches" further advice issued by KPMG. June 2015

¹² "The WA Council amalgamation process, how not to do it" presentation by Peter Kenyon, Bank of IDEAS at the 2015 MVA Future of Local Government Summit, 28 May 2015, Melbourne, Australia web: www.mva.asn.au

General Managers Division Report No. 8 (Cont'd)

An independent survey of the Manly community conducted in November 2014 by Taverner Research showed that the majority of respondents rejected the proposition of a Manly merger with Pittwater and Warringah Councils to form one local government area that extends from the Middle Harbour to Palm Beach¹³. This result is consistent with and confirms the 2004 poll of 18,500 Manly constituents who overwhelmingly rejected boundary changes and amalgamation propositions.¹⁴

However, the 2013 TCorp Report and the 2014 Independent Local Government Review Panel's Report commissioned by the State Government suggests that no change is not an option for some councils. It is therefore fair and reasonable that the Minister for Local Government asks that all NSW councils prepare a response to him on how they will become sustainable, provide effective and efficient services, have the scale and capacity needed to meet the needs of communities and partner with the state.

The Minister added: ".... each council must examine itself and propose how it intends to become fit for the future."

It is important to note that other than financial incentives offered to councils to reach a population size of 250,000 by 2036, population size itself appears not to be a criterion for FFF consideration¹⁵.

Why structural change is not in the public or democratic interests of the community

1. Localism and community of interest ✓

Historically, Manly has demonstrated that it is not only a cohesive community; it also has a strong and vibrant community of interest, bound by the geographic area defined by its present boundaries. The community has also consistently rejected any propositions for structural change to their local area.¹⁶

Manly has a vibrant local democracy in which Council delivers high quality and continually improving local services. It also provides the community with strong, confident and mature leadership.

Manly Council is regularly recognised by its peers for its high levels of achievement across many fronts, including environmental and financial management, which far surpass those of much larger councils.¹⁷

Arguments claiming benefits from "economy of scale" are out-dated as Manly Council achieves all of these benefits through the use of advanced technology-based systems, by nurturing its staff's skills to ensure they are of the highest calibre and by its strategic use of alliances and partnerships.¹⁸

Through SHOROC, the four member councils, Mosman, Manly, Warringah and Pittwater, put forward a strategic plan on regional transport and health that has not only been adopted but is being delivered. The four councils also have a well-established system of information, technology and plant sharing which achieves advantages resulting from size while enabling each council to retain the exceptionality and independence of each area. Retaining Council's independence also

¹³ Do you support having one single council on the Northern Beaches incorporating Pittwater, Warringah, and Manly Councils? Results were Yes 43% to No 57%.

¹⁴ In March 2004 Manly Council carried out a poll of electors in conjunction with the local elections. The questions were:

- Do you support the amalgamation of the Council of Manly with any other local government area or areas? Results were Yes 25.7% to No 74.3%.
- Do you support any boundary adjustments involving the adjoining councils with the Council of Manly? Results were Yes 17.5% to No 82.5%.

¹⁵ Based on Mr Steve Orr, the Acting CEO, Office of Local Government advice to a workshop of Mayors and GMs held on 29 September 2014 - Macquarie Graduate School of Management

¹⁶ *ibid* footnotes 1

¹⁷ Awarded the winner of the 2014 Sustainable City Award (NSW)

¹⁸ "Up to the Job? An analysis of the NSW Government's Fit for the Future Local Government Reform Policy Package": Prof Brian Dollery, and Graham Kelly, University of New England, Feb 2015

General Managers Division Report No. 8 (Cont'd)

allows it to remain committed to protecting the history and heritage of the area through tailor-made policies and priorities.

A larger council area with fewer councillors would pose a real threat to Manly residents' democratic interests. Residents would automatically have far less opportunity to be heard, reducing the likelihood of their expectations being achieved.

In addition to meeting its community expectations, which are no less demanding than any other areas, Manly also makes welcome, on behalf of the state and the nation, millions of visitors every year. While in Manly, it is Council's role to make sure each visitor has exceptional and memorable experiences.

Therefore, balancing these demands requires a council with staff imbued with a service culture of delighting our customers¹⁹.

Successful and sustainable local councils that are strongly supported by their local community, and with strong and unequivocal evidence of common purpose and community of interest, are councils of the people and by the people.

By any measure, Manly Council is one such council.

2. Financial sustainability ✓

Based on the 2013 TCorp assessment of local government financial sustainability, Manly Council is one of just 32 out of the 152 councils in NSW to be rated SOUND.

The Minister's FFF announcement was predicated on his concerns for the long-term sustainability of councils in general, and particularly those councils found not to be sound.

Table 1 below shows how Manly Council meets or exceeds FFF sustainability criteria.

Table 1 – Assessments for Sustainability²⁰

Criteria	Benchmark	2015 -16	2016 - 17	2017 - 18	2018 - 19	2019 - 20	Benchmark Met?
Operating Performance (%)	> 0	9.9	8.8	11.7	11.7	13	✓
Own Source Revenue	> 60	92	91.5	93	93.1	93.2	✓
Building & Infrastructure Asset Renewal (%)	> 100	174.8	132.3	100	100	100	✓
Infrastructure Backlog (%)	< 2	.045	.043	.044	.044	.044	✓
Asset Maintenance (%)	> 100	105.4	103.5	103.5	103.5	103.5	✓
Debt Service (%)	< 20	9.01	10.27	9.2	8.76	8.41	✓
Real Operating Expenditure per capita (\$ '000)	Declining	1.307	1.304	1.306	1.286	1.269	✓

Manly Council has also achieved a strong track record and reputation for infrastructure delivery. Its forward plan is driven by a desire to future-proof Manly's social and economic prosperity for all its residents. This plan is both realistic and visionary, and Council has the means and knowhow to deliver it.

¹⁹ Council's annual customer satisfaction surveys have consistently showed that respondents' satisfaction are consistently high in all delivery areas surveyed: Governance, Economics, People Services, Infrastructure, Environment, Leadership, and Community Safety; and that Council had also consistently met or exceeded respondents' expectations.

²⁰ Manly Council's LTFP

General Managers Division Report No. 8 (Cont'd)**Strategic Capacity ✓**

According to Professor Graham Sansom, Chair of the State Government's Independent Local Government Review Panel, the strategic capacity of a council is a key ingredient that defines capable, successful and adaptive councils.

Manly is such a council. The analysis below sets out why Manly Council more than meets the FFF indicators and objectives and therefore satisfies the FFF strategic capacity considerations.

- ✓ **Finance:** Manly Council has an unambiguously strong track record in financial management with robust revenue sources and discretionary spending. Council's audited statements show that it consistently meets or exceeds OLG, TCORP and Accounting Code benchmarks.

Manly Council was one of a small number of councils to be rated as financially sound by TCorp's 2013 review for all the right reasons. Council has the technical skills and experience to strategically use its capital structure to ensure there is intergenerational equity in the way, when and how infrastructure is acquired. Council also understands the power of applying the correct capital structure to contemporaneously invest in enduring public assets for the benefits and enjoyment of both present and future generations of residents. Finally, Council has the technical expertise to cost-effectively deliver infrastructure that is the best fit for purpose.

Bringing its experience to bear, Council has confidently delivered significant new infrastructure in recent years including the 1.6km Ocean Beach promenade, Long Day Care Centres, the revitalisation of The Corso, seawall protection work on the Ocean Beach, a new SES complex in Balgowlah, a new depot complex for staff, the rehabilitation and leasing of the former Seaforth TAFE - just to name a few. All of these examples are multi-million dollar and multi-discipline projects that were delivered directly by Council's own design and construction staff.

- ✓ **Infrastructure:** Manly Council has made a long-term investment in our local capacity to deliver major capital works projects. Projects being planned or underway include the Manly Town Centre upgrade, Manly Oval car park, flood mitigation works and the new aquatic centre.

Council understands the economic and social multiplier effects from investments in infrastructure and uses this understanding to engender community pride, improve perceived community safety and incentivise private investment.

Council provides and maintains an extensive list of public infrastructure assets that spans the whole of the local government area end-to-end.

More specifically, unlike most council areas, Manly Council has no infrastructure void or backlog and all existing assets are technically rated in a good serviceable condition.

- ✓ **Innovation:** Manly Council leads local government in technology infrastructure innovation and business systems. Many systems that are used at other councils in the country and internationally have their genesis at Manly, including Council's Knowledge Management Platform, online services, CCTV technology, crowd pattern recognition technology for use in public order management, number plate recognition and parking management and enforcement systems.

Council also has experienced and highly qualified staff resources that are creative and innovative in the delivery of programs, infrastructure and activities across the quadruple bottom

General Managers Division Report No. 8 (Cont'd)

line, as demonstrated in its Annual Report achievements and ten year Community Strategic Plan. For example, the Burnt Bridge Creek water harvesting scheme, Manly Lagoon rehabilitation works using Manly Council designed dewatering and bulking up systems, seawall toe protection works and environmental education programs such as the award-winning 'Litter-Guard' initiative.

- ✓ **Strategic planning:** Council has highly qualified and experienced staff with advanced skills in financial management, professional engineering, eBusiness, legal, strategic planning and policy development. These in-house skills have enabled Council to meet the needs and goals of its community, implement new and improved cost-efficient services and develop forward-thinking strategies.

Some of the programs and ideas that have been adopted by other levels government have been developed at Manly, such as the Northern Beaches Bus Rapid Transit project announced by the State Government.

Additionally, staff at Manly Council have been recognised for their business analytical skills and strategic planning expertise that have helped transformed and strengthen the local capacities of developing countries in our region.

- ✓ **Collaboration with neighbours:** Manly supported the establishment of SHOROC (partnership between Manly, Mosman, Pittwater and Warringah Councils) and its regional collaboration on advocacy, resource sharing and strategies. These are pursued on a variety of regional issues, providing coordination and collaboration to achieve desired outcomes. In particular, Manly Council, working with Pittwater and Mosman Councils, has formed a strategic alliance on shared and purchasing services.
- ✓ **Local community partnerships:** Council works with volunteers, special purpose committees and local and regional partners, including other councils, to advocate and deliver a variety of important services to the Manly and Northern Beaches community. This includes the provision of innovative local social, environmental, economic and governance services. For example, Street Tree Management Plan with the precincts, the Aboriginal Heritage Office, the Manly Hospital community engagement process, the Northern Beaches Hospital, and the Northern Beaches Transport Plan.
- ✓ **State partnerships:** Council has clearly demonstrated its capability to undertake important infrastructure and regeneration projects with a number of state and commonwealth government departments over the years. Highlights include protection of open space and environmental assets, provision of childcare and SES facilities, revitalisation of lagoons and waterways, and the stabilisation of and improvements to the ocean beachfront. Council also works with a range of state agencies and not-for-profit groups to deliver services, and advocates when gaps appear in funding areas.
- ✓ **Well resourced:** Council has access to monetary resources to acquit complex and unexpected change and the in-house experience to tackle unusual capital budgeting decisions. While

General Managers Division Report No. 8 (Cont'd)

Council uses financial reserves to plan and anticipate future needs, it does not use these reserves at the expense of core functions or service deliveries.

- ✓ **Highly skilled and experienced staff:** the work of Council is supported by a diverse range of staff (approximately 350 FTE) across a variety of roles. Not only are staff highly experienced and qualified, they all share the same customer-focused ethos and an unbreakable “can do” attitude towards problem solving.

Staff are provided with training, education and development opportunities and Council grows its own talent pool by offering traineeships, internships, career articulation and mentoring opportunities.

Human resources statistics show that staff at Manly Council are highly motivated by their work and enjoy working for Council in their chosen careers.²¹

Council's political and managerial leadership is also highly experienced, with a collective experience spanning many hundreds of years. This experience manages the delivery of services to meet the needs of its 45,000 residents and eight million annual visitors.

- ✓ **Strong community consultation:** Council undertakes continual improvements in community consultation and engagement, an important component of strategic capacity in the local community.

Council conducts community panel surveys using externally facilitated workshops to help develop its Community Strategic Plan, as well as the four year Delivery Program. This research is also utilised to capture the new interests and priorities.

Council continues to record high levels of engagement and use of its website by the community.

Manly Council is one the first councils to establish an effective community precinct system through which it receives feedback on area-wide issues. Precincts are also engaged in helping prioritise local infrastructure programs.

- ✓ **Strong record of community satisfaction.** Since 2003, Council has conducted annual surveys of a representative sample of households on the service Council provides to the community.

The 2014 results showed that residents surveyed were again highly satisfied with the services they received from Manly Council; and that Council also met or exceeded their expectations in all areas surveyed.²²

Manly Council's inherently dynamic strategic capacity is incontrovertible. It is only matched by its strong track record of acting with courage and resolve to achieve solutions, and by its resilience and adaptability.

In summary, there is no case for Manly Council to consider other structural options in its FFF response to the government.

²¹ (i) 2014 Staff Climate Survey and (ii) Annual staff turnover is <8%

²² Based on a 10 factor scale - Economic (7.3), Social (8.5), Infrastructure (7.3); Environment (8.4); Leadership (7.4), Governance (7.4)

General Managers Division Report No. 8 (Cont'd)**3. The Sansom's Structural Option for the Northern Beaches**

The Sansom Report advocates for a single council on the Northern Beaches.²³

The analysis undertaken by KPMG indicates this proposition may deliver, as a proportion of operating revenue, a Net Present Value (NPV) of net benefit in 10 years of 1.6% without, or 2.1% with government incentives.

The financial cost of the Sansom proposal was estimated by KPMG to be \$20.45 million in present value (PV).

Given all three councils on the Northern Beaches are financially sustainable and the so-called financial benefit from a mega merger is 2.1% in 10 years, at best, then the issue for examination is whether a mega council will better protect the community and democratic interests of Manly. For reasons already discussed in this report, any merger is incapable of delivering prosperity to residents, nor would it be in their community or democratic interest, therefore no merger is best for Manly.

While this report concludes that there is no case for Manly Council to consider other structural options, Council should formally reject the Sansom recommendation for Manly to merge with Pittwater and Warringah to form one council area that runs from Middle Harbour to Palm Beach. This option will disproportionately place a costly burden and have adverse consequences on the Manly community, as well as diminish its community of interest and geo-political representation.

Any rationalisation for the Sansom option based on analytics that cannot be sustained is not only very disappointing, it is also misguided.²⁴

IPART Announcement Accepting Alternative Proposals²⁵

Following consultation on its review methodology, IPART announced that it will accept and consider alternative FFF proposals. This announcement opens the way for some councils to form alternative views.

The strongest of these, in my view, is SHOROC. This organisation has already been highly effective in achieving results for the community through regional co-operation on political advocacy and procurements (see SHOROC summary attached in Attachment 4).

In this regard, Council, in Template 2, will provide a strong business case that also features the role and work of SHOROC, which acts to aggregate scale and capacity for its member councils.

It is also the recommendation of this report to test the 'two councils of equal proportion' concept as a direct response to IPART's invitation for alternative options, should amalgamation be forced.

Taverner Research found both Manly and Warringah residents have shown interest in creating two councils along the Northern Beaches.²⁶

The Taverner Research phone survey and the *Your Manly Your Say* consultation both found that, if amalgamation was forced, the community's preference would be two councils of equal population on the Northern Beaches.²⁷

While KPMG found, as a proportion of operating revenue, that the Net Present Value (NPV) of financial benefit in 10 years is 0.2% and the PV cost of this option is \$25.97 million, by any

²³ *Final Report of the NSW Independent Local Government Review Panel*, October 2013, p105

²⁴ An Assessment of SGS Report – Local Government Structural Change: Options Analysis: Prof. B Dollery, University of New England, 2013

²⁵ IPART "Assessment Methodology - Methodology for Assessment of Council Fit for the Future Proposals" - June 2015 pp 10,13, 15, 17, 22, 24, 32, 36, 48, 49, and 50

²⁶ Ibid 8, 9 and Taverner Research Report "A Survey of "A Survey of Warringah Residents on Council Merger Options" March 2015, page 5,

²⁷ ibid

General Managers Division Report No. 8 (Cont'd)

measure, this option is superior to a mega merger in terms of community and democratic interests, but not better than remaining independent.

RECOMMENDATION

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

1. Strongly support the long-held and repeatedly affirmed position of the community for Manly Council to remain independent;²⁸
2. Reject any proposal to amalgamate Manly with Warringah and Pittwater into one 'mega council';
3. In terms of the Fit for the Future requirements, submit Council's improvement proposal (Template 2) by 30 June 2015, advising the government and the Independent Pricing and Regulatory Tribunal (IPART) of Council's business case to remain as a standalone council because:
 - i. Manly Council is and will continue to be a highly successful and sustainable council;
 - ii. Council has demonstrable strategic capacity to deliver services and infrastructure to the community into the future; and
 - iii. Council has the civic leadership to plan and secure a prosperous future for the whole community.
4. In relation to IPART's invitation for alternative options, provide it with a test business case for two Councils on the Northern Beaches

ATTACHMENTS

AT- 1	1.The General Manager's Report to the 30 March 2015 ExtraExtraordinary Meeting of Council	11 Pages
AT- 2	2. Councils Response to Independent Pricing and Regulatory Tribunal (IPART) on its Fit for the Future assessment methodology	8 Pages
AT- 3	3. Background to the NSW Government's Fit for the Future Program	3 Pages
AT- 4	4. Using a Joint Organisation to achieve scale - SHOROC	2 Pages

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***** End of General Managers Division Report No. 8 *****

²⁸ Ibid 1

Manly Council

Agenda

Extraordinary Meeting of Council

Notice is hereby given that a Extraordinary Meeting of Council of Council will be held at Council Chambers, 1 Belgrave Street, Manly, on:

Monday 30 March 2015

Commencing at 7.30pm for the purpose of considering items included on the Agenda.

Persons in the gallery are advised that the proceedings of the meeting are being taped for the purpose of ensuring the accuracy of the Minutes. However, under the Local Government Act 1993, no other tape recording is permitted without the authority of the Council or Committee. Tape recording includes a video camera and any electronic device capable of recording speech.

Copies of business papers are available at the Customer Service Counters at Manly Council, Manly Library and Seaforth Library and are available on Council's website:

www.manly.nsw.gov.au

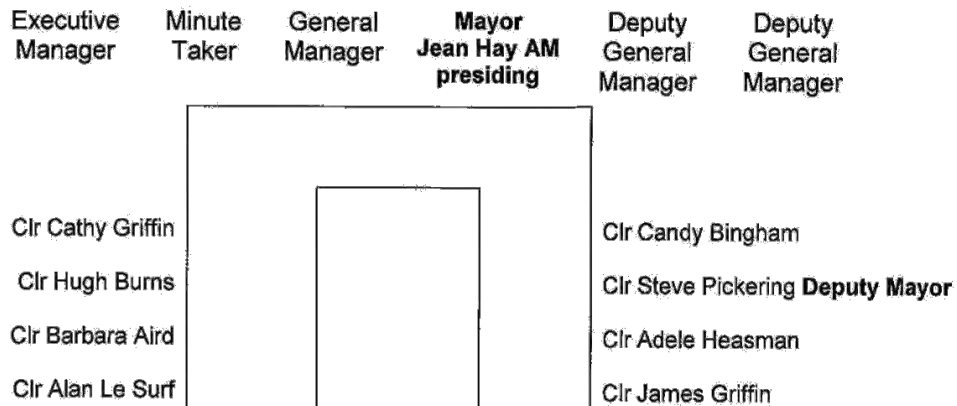


ATTACHMENT 1

General Managers Division Report No. 8.DOC - Manly Council's Report on the NSW Government's Fit For the Future program

1.The General Manager's Report to the 30 March 2015 Extraordinary Meeting of Council

Seating Arrangements for Meetings



Press

Public
Addresses

Public Gallery

Chairperson: The Mayor, Cllr Jean Hay AM
Deputy Chairperson: Cllr Steve Pickering

ATTACHMENT 1

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1.The General Manager's Report to the 30 March 2015 Extraordinary Meeting of Council

EXTRAORDINARY MEETING

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General Managers Division Report No. 8.DOC - Manly Council's Report on the NSW Government's Fit For the Future program

1.The General Manager's Report to the 30 March 2015 Extraordinary Meeting of Council

EXTRAORDINARY MEETING

30 MARCH 2015

TO: Extraordinary Meeting of Council - 30 March 2015
REPORT: General Managers Division Report No. 4
SUBJECT: Manly Council's Position on the NSW Government's Fit for the Future Program
FILE NO: MC/15/37564

SUMMARY

The NSW Minister for Local Government, the Honorable Mr Paul Toole, announced the Government's *"Fit for the Future"* (FFF) program on September 11th last year.

The FFF program assumes a number of quantitative and qualitative criteria to guide councils in their sustainability and strategic capacity assessments.

This Report affirms that Manly Council meets or exceeds the FFF sustainability and strategic capacity criteria.

In terms of the important "community of interest" test, it is a matter of record and historical fact that Manly is a cohesive community with a strong and vibrant community of interest that binds it to the geographic area its citizens proudly call home.

This historical attachment to the Manly community is one of the overarching reasons why Manly Council has consistently demonstrated its commitment to continuous improvements to anticipate and meet the changing needs and expectations of its residents and visitors. Council has achieved this by providing sound stewardship and strong leadership through the provision of Council services and infrastructure and in the protection of the environment.

Continuous improvement, service excellence and civic leadership are core corporate values that drive Manly Council.

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

REPORT

Introduction

Manly Council fully supports the State Government's 'No Forced Amalgamations Policy'.

In an independent survey of Manly residents conducted in November 2014 by Taverner Research, the majority of respondents rejected the proposition of a Manly merger with Pittwater and Warringah Councils to form one local government area that extends from the Middle Harbour to Palm Beach¹. This result is consistent with and confirms the 2004 poll of 18,500 Manly constituents who overwhelmingly rejected boundary changes and amalgamation propositions.²

The 2013 TCorp Report and the 2014 Independent Local Government Review Panel's Report commissioned by the State Government, suggests that no change is not an option for some

¹ Do you support having one single council on the Northern Beaches incorporating Pittwater, Warringah, and Manly Councils? Results were Yes 43% to No 57%

² In March 2004 Manly Council carried out a poll of electors in conjunction with the local elections. The questions were:

- Do you support the amalgamation of the Council of Manly with any other local government area or areas? Results were Yes 25.7% to No 74.3%.
- Do you support any boundary adjustments involving the adjoining councils with the Council of Manly? Results were Yes 17.5% to No 82.5%.

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1.The General Manager's Report to the 30 March 2015 Extraordinary Meeting of Council

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councils. It is therefore fair and reasonable that the Minister for Local Government asks that all NSW councils prepare a response to him on how they will become sustainable, provide effective and efficient services and have the scale and capacity needed to meet the needs of communities, and partner with the State.

The Minister added: " each council must examine itself and propose how it intends to become fit for the future."

Other than financial incentives offered to councils to reach a population size of 250,000 by 2036, population size itself appears not to be a criterion for FFF consideration³.

Why structural change is not in the public nor democratic interest of Manly's residents

1. Localism and Community of Interest ✓

Historically, Manly has clearly demonstrated that it is not only a cohesive community; it also has a strong and vibrant community of interest that binds it to the geographic area as defined by its present boundaries. The community has also consistently rejected any propositions for structural change to their local area.⁴

Manly also has a vibrant local democracy in which the Council delivers high quality and continually improving local services. Council also provides the community with strong, confident, and mature leadership.

Manly Council is regularly recognised by its peers for its high levels of achievement across many fronts including environmental and financial management that well surpass those of much larger councils.⁵

Outdated arguments claiming benefits from "economy of scale" are out of touch with reality as Manly Council achieves all those benefits through the use of advanced technology based systems and by nurturing its staff's skills to maintain its strategic capability as an organisation that residents can depend on and by its strategic use of collaborations, alliances, and partnerships.⁶

Through SHOROC, the four councils, Mosman, Manly, Warringah and Pittwater have put forward a strategic plan to government on regional transport and health that were not only adopted, they are being delivered. The four partner councils also have a well-established system of information, technology and plant sharing which achieves many advantages resulting from size while at the same time retains and protects the inherent exceptionality and independence of each area.

The view advocating for larger council areas with fewer councillors would pose a real threat to Manly residents' community of interest as it would result in our residents having far less opportunity to be heard reducing the likelihood of their expectations being achieved.

In addition to meeting our community's expectation, which is no less sophisticated or demanding than any other areas, Manly also makes welcome, on behalf of the nation and state, millions of visitors every year, by giving each exceptional and memorable experiences.

³ Based on Mr Steve Orr, the Acting CEO, Office of Local Government advice to a workshop of Mayors and GMs held on 29 September 2014 - Macquarie Graduate School of Management

⁴ Ditto footnotes 1&2

⁵ Awarded the winner of the 2014 Sustainable City Award (NSW)

⁶ Up to the Job? An analysis of the NSW Government's Fit for the Future Local Government Reform Policy Package: Prof Brian Dollery, and Graham Kelly, University of New England, Feb 2015

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Therefore, balancing these demands and interests requires a Council with staff imbued with a service culture of delighting our customers⁷.

Over the years, Council has also demonstrated its total commitment to maintaining and protecting the rich and proud history and heritage of the area by its policies and priorities.

Therefore, successful and sustainable local councils that are also strongly supported by their local community, and with strong and unequivocal evidence of common purpose and community of interest, are councils of the people and by the people.

By any measure, Manly Council is one such Council.

2. Financial Sustainability ✓

Based on the 2013 TCorp assessment of local government financial sustainability, Manly Council was one of just 33 out of the 152 councils in NSW to be rated SOUND.

The Minister's FFF announcement was predicated on his concerns for the long term sustainability of councils in general, and particularly those councils found not to be sound.

Table 1 below shows how Manly Council meets or exceeds FFF sustainability criteria.

Measure	Key Indicators	Benchmark	Manly	
Financial sustainability	Operating performance ratio	0	3	✓
Financial sustainability	Own Source of operating revenue ratio	60	79	✓
Financial sustainability	Building and infrastructure asset renewals ratio	100	134.3	✓*
Efficiency	Expenditure per person (Average annual Change)	<0%	-1%	✓
Effective Infrastructure and service Management	Infrastructure backlog ratio	<2	0	✓
Effective Infrastructure and service Management	Asset maintenance ratio	>1	1	✓
Effective Infrastructure and service Management	Debt servicing ratio	<.2	0.03	✓

*5 year average

Table 1 – Assessments for Sustainability

Manly Council has also achieved a strong track record and reputation for infrastructure delivery. Its forward plan is driven by a desire to future-proof Manly's social and economic prosperity for all its residents. This plan is both realistic and visionary, and Council has the means and knowhow to deliver it.

⁷ Council's annual customer satisfaction surveys have consistently showed that respondents' satisfaction are consistently high in all delivery areas surveyed: Governance, Economics, People Services, Infrastructure, Environment, Leadership, and Community Safety; and that Council had also consistently met or exceeded respondents' expectations.

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Strategic Capacity ✓

According to Professor Graham Sansom, Chair of the State Government's Independent Local Government Review Panel, strategic capacity of a Council is a key ingredient that defines capable, successful and adaptive councils.

Manly is such a Council. The analysis below sets out why Manly Council more than meets the FFF indicators and objectives, and therefore satisfies the FFF strategic capacity considerations:

- ✓ **Finance:** Manly Council has an unambiguously strong track record in financial management with robust revenue sources, and discretionary spending; Council's audited statements show that Council consistently meets or exceeds OLG, TCORP and Accounting Code benchmarks.

Manly Council was rated as one of the top 33 sound Councils by TCorp's 2013 review of 152 Councils for its financial sustainability for all the right reasons. This is primarily because Council has the technical skills and experience to strategically use its adaptive capital structure to ensure there is intergenerational equity in the way, when and how infrastructure is acquired; Council also understands the strategic power of applying the correct capital structure to contemporaneously invest in enduring public assets for the benefits and enjoyment of both present and future generations of residents. And Council has the technical expertise to cost-effectively deliver infrastructure that is best fit for purpose.

Bringing its experience to bear, Council has confidently delivered a significant amount of new infrastructure in recent years including the 1.6km Ocean Beach promenade, Long Day Care Centres, the revitalisation of The Corso, seawall protection work on the Ocean Beach, a new SES complex in Balgowlah, a new depot complex for staff, the rehabilitation and leasing of the former Seaforth TAFE - just to name a few. All of these examples are multi-million dollar and multi-discipline projects that were delivered directly by Council's own design and construction staff.

- ✓ **Infrastructure:** Manly Council has made a long-term investment in our local capacity to deliver major capital works projects. Projects being planned or underway include the Manly Town Centre upgrade, Manly Oval car park, flood mitigation works, and the new Aquatic Centre.

Council understands the economic and social multiplier effects from investments in infrastructure, and uses this understanding to engender community pride, improve perceived community safety, and incentivise private investments to improve existing developments.

Council's list of existing public infrastructural assets that it provides and maintains is extensive and covers the whole of the local government area end-to-end.

More specifically, unlike most council areas, Manly Council has no infrastructure void or backlog and all existing assets are technically rated in a good serviceable condition.

- ✓ **Innovation:** Manly Council leads local government in technology infrastructure innovation and business systems. Many of the systems that are extensively used in councils in the country and internationally have their genesis at Manly. For example, Council's Knowledge Management Platform, online services, CCTV technology, crowd pattern recognition technology for use in

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public order management, number plate recognition and parking management / enforcement systems, online application tools.

Council also has experienced and highly qualified staff resources that are creative and innovative in the delivery of programs, infrastructure and activities across the quadruple bottom line, as demonstrated in its Annual Report achievements and ten year Community Strategic Plan. For example, the Burnt Bridge Creek water harvesting scheme, Manly Lagoon rehabilitation works using Manly Council designed dewatering and bulking up systems, Seawall toe protection works, the Litter-Guard, and other environmental programs.

- ✓ **Strategic Planning:** Council has highly qualified and experienced staff with advanced skills in financial management, professional engineering, eBusiness and digital media, legal, strategic planning and policy development. These in-house skills have enable council to develop a proven evidence-based approach for undertaking rigorous research and planning on the needs and goals of its community, developing strategies, and implementing services and actions over time.

Some of the programs and ideas that have been adopted by other levels government have had their initiation, proof of concepts, and delivery methodology developed at Manly. The Northern Beaches Bus Rapid Transit project announced by the State Government for example.

Additionally, many of the staff at Manly Council are recognised for their business analytical skills and strategic planning expertise that have transformed and strengthen local capacities of developing countries in our region.

- ✓ **Collaboration with neighbours:** Manly supported the establishment of SHOROC (partnership between Manly, Mosman, Pittwater and Warringah Councils) and its regional collaboration on lobbying, resource sharing and strategies. These are pursued on a variety of regional issues, providing advocacy, coordination and collaboration to achieve desired outcomes. In particular, Manly Council, working with Pittwater and Mosman Councils, has formed a strategic alliance on shared and purchasing services.
- ✓ **Local Community partnerships:** Council works with its stakeholders, volunteers, special purpose committees and local and regional partners, including Councils, to advocate and deliver a variety of services of importance to the Manly and Northern Beaches community. This includes the provision of a range of innovative local social, environmental, economic and governance services. For example, Street Tree Management Plan with the precincts, the Aboriginal Heritage Office, the Manly Hospital community engagement process, the Northern Beaches Hospital, and the Northern Beaches Transport Plan.
- ✓ **State partnerships:** Council has clearly demonstrated its capability to undertake important infrastructure and regeneration projects with a number of state and commonwealth government departments over the years. Highlights include protection of open space and environmental assets, childcare and SES facilities, revitalisation of lagoons and waterways, and the stabilisation of and improvements to the ocean beach front. Council also works with a range of state agencies and non-profit groups to deliver services, and advocates strongly when gaps appear in funding areas.

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- ✓ **Well resourced:** Council's services and operations benefit from the highly competent and skilled capabilities found in its staff resources. Not only are staff highly experienced and qualified, staff all share the same customer focussed ethos and an unbreakable "can do" attitude towards their work and in problem resolving.

Manly staff are committed to life-long learning and are provided with training, education and development opportunities to improve Council's inherent capability; Council grows its own talent pool by offering traineeships and internships, and by offering career articulation and mentoring opportunities to staff.

Financially, Council has access to monetary resources to acquit complex and unexpected change. While Council uses financial reserves to plan and anticipate future needs, it does not use such devices at the expense of core functions or service deliveries. Furthermore, Council has in-house experience to tackle complex and unusual capital budgeting decisions.

- ✓ **Highly skilled and experienced staff:** the work of Council is supported and enabled by a diverse range of staff (approximately 350 FTE) across a variety of skilled roles. Council aims to be an "Employer of First Choice".

Council also has exceptional quality in its political and managerial leadership with their collective experience spanning many hundreds of years. This experience is mobilised to enable Council to innovatively deliver services and apply resources adaptively to meet the needs of its 42,000 residents and 8 million visitors it welcomes annually.

It is highly evident from human resources statistics that staff at Manly Council are highly motivated by their work and enjoy working for council in their chosen careers.⁸

- ✓ **Strong community consultation:** Council undertakes continual improvements in community consultation and engagement, which is an important demonstrated component of strategic capacity in the local community.

Council undertakes Community Panel surveys as part of the preparation and review of its Community Strategic Plan using externally facilitated workshops and detailed community panel surveys to help develop its Community Strategic Plan, as well as the four year Delivery Program. This research is also utilised to capture the new council interests and priorities.

Council continues to record high levels of engagement and use of Council's website by the community.

Manly Council is one the first councils to establish an effective community precinct system through which it receives feedback on local development, and/or on area-wide issues. Precincts are also engaged in prioritising local infrastructural works and programs.

- ✓ **Strong record of community satisfaction** on Council services. Since 2003, Council has conducted annual surveys of a representative sample of households on the service Council provides to the community.

⁸ 2014 Staff Climate Survey, Annual staff turnover is <8%

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The 2014 results showed that Manly residents surveyed were again highly satisfied with the services they receive from their Council; and that the Council has also met or exceeded their expectations in all areas surveyed.⁹

Manly Council's inherently dynamic, nimble and adaptive strategic capacity is incontrovertible, and is only matched by its strong track record of acting with courage and resolve to achieve solutions. Manly Council is also defined by its resilience and adaptability.

In summary, there is no case for Manly Council to consider other structural options in its FFF response to the government.

3. The Sansom's Structural Option

While this report concludes that there is no case for Manly Council to consider other structural options, Council should formally reject the *Sansom* recommendation for Manly to merge with Pittwater and Warringah to form one council area that runs from Middle Harbour to Palm Beach. This option will disproportionately place a costly burden and adverse consequences on the Manly community, as well as diminishing its community of interest, geo-political representation and Manly localism.

Any rationalisation for the Sansom option based on analytics that cannot be sustained is not only very disappointing, it is also misguided.¹⁰

RECOMMENDATION

That Council:

1. Receives and notes the report;
2. Affirms its support for the state government's no forced amalgamation policy;
3. Supports Manly community's long held position against structural change to their local area.
4. Advises the Minister for Local Government in Council's *Fit for the Future* response that Manly Council is and will continue to be a sustainable Council; that the Council has demonstrable strategic capacity to deliver services and infrastructure to the community into the future and that the Council has the civic leadership to plan and secure a prosperous future for the whole community.
5. Rejects the Sansom structural option for a single council on the Northern Beaches because this option is incapable of delivering prosperity to the residents of Manly, while, *inter alia*, will harm the community's democratic interests;
6. Affirms that it will not consider any structural option nor will it put forward any structural option in its *Fit for the Future* response, and
7. Informs the community of this resolution and seeks their support.

***** END OF AGENDA *****

⁹ Scoring out of 10 - Economic (7.3), Social (8.5), Infrastructure (7.3); Environment (8.4); Leadership (7.4), Governance (7.4)

¹⁰ An Assessment of SGS Report – Local Government Structural Change: Options Analysis: Prof. B Dollery, University of New England, 2013

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ATTACHMENT 2

General Managers Division Report No. 8.DOC - Manly Council's Report on the NSW Government's Fit For the Future program

2. Councils Response to Independent Pricing and Regulatory Tribunal (IPART) on its Fit for the Future assessment methodology

Reference: MC/15/

Enquiries: Kathryn Parker [REDACTED]

Dr Peter Boxall
Chair
Independent Pricing and Regulatory Tribunal
PO BOX K35
Haymarket Post Shop 1200

Dear Dr Boxall,

Subject: Local Government Consultation Paper, Methodology for Assessment of Council Fit for Future Proposals

Manly Council welcomes the opportunity to provide comment and a submission to IPART's Local Government Consultation Paper, Methodology for Assessment of Council Fit for Future Proposals, April 2015 in response to the questions raised (p.11).

This submission is conditional upon IPART's legal competence under the *Independent Pricing and Regulatory Tribunal Act 1992 (NSW)*, to accept the Terms of Reference from the Premier of NSW and/or his Minister for the purported review, and to make findings on the "fitness" of local councils in a manner contained in its publication: *Local Government Consultation Paper, Methodology for Assessment of Council Fit for Future Proposals, April 2015*.

This submission references the Independent Local Government Review Panel ('ILGR Panel') Revitalising Local Government Final Report (October 2013).

This submission raises a number of issues with the IPART proposed methodology including:

1. the inconsistencies in usage and purported reliance on scale and strategic capacity aspects, and
2. a complete lack of quantifiable criteria for these aspects in order to assess the future fitness of 152 local councils.

Manly Council believes that the scale and capacity elements should be flexible for councils, particularly those in the metropolitan area, where the achievement of scale can take a variety of forms that are not necessarily a function of population size. This is especially important for Councils such as Manly Council that already achieve financial sustainability, and where mergers and amalgamations are not desired by communities, or seen to produce long-term net benefits for their communities.

Council's Response to Question 1:

Council agrees with the ILGR Panel's assessment that 'one size does not fit all', and welcomes the NSW Government's consistent reiteration of this concept in its Fit for the Future documents published to date.

In agreeing with the ILGR assessment, Council strongly contends that scale, efficiency and effectiveness are all affected by the location, geography and



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2. Councils Response to Independent Pricing and Regulatory Tribunal (IPART) on its Fit for the Future assessment methodology

2

characteristics of the community. Therefore, any process that ignores these determinants in relation to population is flawed.

It is therefore recommended that 'scale' should be grouped as the eleventh key strategic capacity element measured alongside other key elements rather than a standalone threshold determined by population

Nevertheless, IPART (p.21) requires councils to 'demonstrate sufficient scale with an appropriate minimum population size'. Council disagrees that this is a valid requirement. Population size should include resident population, visitation population and working populations of an area.

Any assessment of population size has the potential to penalise good performance. There are numerous examples in NSW, Victoria and Queensland where 'forced' merged entities fail to meet the needs of their communities and fail to achieve financial sustainability across a range of ratios and benchmarks which leaves them worse off than they were beforehand.

Council also disagrees with IPART's approach that there is a 'target number of councils' in the metropolitan area. We believe that is the wrong approach to local government reform. This is because the varying operations, circumstances, or views of the community are not included in this 'target' approach. Instead it is seen as a political solution to reduce the numbers of councils in the Sydney area, without any real economic, practical justification or rationale.

To date, a requirement 'for a minimum population size' has not been explicitly requested in the documents or submission requirements to date. Council supports the concept that 'scale' should not be directly linked to population scale.

While Manly Council area has a 'small' population size of 44,000, it achieves 'scale' in a variety of ways. For instance, it services a much larger visiting and tourist population base (visitors number eight million plus per annum, as measured by ferry data and car parking turnover). It also has innovative ways of delivering services through collaboration across council boundaries.

'Scale' in the Sydney context for Manly is overcome by sophisticated joint regional efforts to work with other levels of government, agencies and non-government organisations that often go beyond the boundaries of local government. For instance, this has been effective in the Northern Beaches through the strong performance of NSROC and SHROC who have worked with state agencies on health, transport, sub-regional planning, as well as on the differing needs of state and federal agencies. SHOROC comprises of four Councils - Mosman, Warringah, Pittwater and Manly - who work together on joint regional initiatives including working with state agencies, lobbying government on key priorities, purchasing, savings and managing regional assets. It has also established a corporate organisations with its neighbours, e.g KIMBRIKI to manage and plan improvements in regional waste.

Manly Council therefore contends that IPART's definition of scale should be flexible. In some cases, size is more accurately reflected by the population that the particular LGA serves, which, in the metropolitan Sydney context, can extend beyond Council's current boundaries, especially when there are Sydney and international visitors constantly coming and going in an area.

Council believes that IPART's current methodology is unreasonably inflexible at present to cater for these considerations and agrees with the ILGR Panel's assessment

¹ Professor Dollery, Bigger is Not Always Better; and Critical Evaluation of Revitalising Local Government

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that 'one size does not fit all'. This should remain the case in the Sydney region given the different roles that different areas play to serve the needs of global Sydney.

Additionally, the reliance on minimum sizes of an area may be counter-productive to achieving 'strategic capacity' as required by IPART and the Independent Panel. There is a body of evidence that shows how the reliance on a particular population size is flawed as a determining factor. These studies are further examined in the paragraphs below.

Professors Abelson and Joyeux² found that the Independent Local Government Review Panel provided no evidence or reference in its report to support their view that larger councils are more financially sustainable than smaller ones. They also found that NSW Government and IPART's equation of scale with financial capacity was baseless and incorrect. They contend that financial capacity is dependent on and a function of income, not of population size of a council area or of 'scale' however this is defined.

Council supports Professor Dollery's research to date (as published on Council's website)³ that argues that the Independent LG Review Panel's discussion of the empirical work on the relationship between council population size and council performance is 'severely deficient' since it entirely neglects population density that is a crucial determinant of the costs of service delivery".

Dollery also finds, on examination of variance in population size in Australia in 2012, there is "no right size for an area". For instance, the average size in Victoria (71,183 persons per council), Queensland (62,467 persons per council) and NSW (47,963) is well above those of the national average, and average size of councils in South Australia (24,335 person per council), Western Australia (17,484 persons per council), Tasmania (17,666 person per council) and the NT (14,677 person per council). International evidence further supports different population sizes, and variance according to Dollery. Australia has the fourth highest average council size (2007) after the United Kingdom, which has the highest average council size (in terms of persons per council) of 143,000. However, even comparing Australian councils to the UK in terms of population size is misleading as there are only two tiers of government compared to Australia's three tiers of government.

Dollery also found that there is no statistically significant relationship between population size and total per capita expenditure for Manly, Warringah and Pittwater councils. There is no evidence that the proposed merger of the 3 councils will result in any significant cost savings. This research is also supported by commissioned independent research by KPMG.

Strategic Capacity

The Independent Panel and the NSW Government's reliance on strategic capacity aspects as defined by the ten factors (as replicated below) is welcomed.

However, it is questioned whether and how IPART will weigh the various factors differently in order to compare 152 different councils' submissions on these qualitative aspects that are expected to vary markedly between the different councils. Otherwise,

² Dr. Peter Abelson: Mayor of Mosman Council and past Professor in Economics at Macquarie University, and Dr Roselyne Joyeux, Associate Professor, Macquarie University, Smoke And Mirrors: Fallacies In The Nsw Government's Views On Local Government Financial Capacity, Paper to LG Professionals Australia NSW Forum, 27 February 2015

³ Professor Dollery, Bigger is Not Always Better; and Critical Evaluation of Revitalising Local Government

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it would be impossible to compare the various criteria, especially in view of their relationship with the seven financial ratios required to be met.

1. Robust revenue base and increased discretionary spending.
2. Scope to undertake new functions and major projects.
3. Ability to employ wider range of skilled staff.
4. Knowledge, creativity and innovation.
5. Advanced skills in strategic planning and policy development.
6. Effective regional collaboration.
7. Credibility for more effective advocacy.
8. Capable partner for state and federal agencies.
9. Resources to copy with complex and unexpected change.
10. High quality political and managerial leadership.

Council's Response to Question 2

Manly Council does not consider it appropriate to comment on this question given that it is a metropolitan council, and rural council characteristics vary significantly across NSW (p.4 of IPART Methodology for Assessment of Council Fit For Future Proposals, defined as "small, declining populations spread over a large area"). Council doubts whether there is any meaningful criteria to assess them in terms of the 'Fit For Future' requirements.

Council's Response to Question 3

IPART should make the ratios more flexible and relax the imperative (and make it mandatory) to achieve the ratios within a three year target.

The ratios should be a target to achieve over the long-term, say 10 years plus, as part of Council's long term financial plans (as contained in the CSP documents), rather than a pass or fail test for councils, namely a three year achievement average.

There are particular problems with the reliance of three ratios on asset information as contained in Council's special schedule 7 documents as they can vary widely between councils, are unaudited, and subject to different 'satisfaction tests' that may or may not be undertaken with community input.

Sustainability measures

Council agrees with the usage of the Operating Performance and Own Source Ratio as measures of sustainability.

Manly Council has a consistent record of achieving these benchmarks historically. However, these two ratios should not be measured solely over a three year period. There should be a longer period over which achievement is measured. As well, forward projections are subject to manipulation, assumptions and modelling to achieve a particular outcome. While, this can be based on historic data, and provides a viable long term achievement option for Councils, it does not provide flexibility to change direction or use resources differently if needs arise. As well, as Council is planning

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major project borrowings and spending and the creation of new infrastructure, it may well be penalised for this if assessed over a shorter period.

Manly Council queries whether these should be 'minimum targets' but rather seen as 'best practices', and queries whether they really measure how sustainable a Council is, given the time periods available to compare spending in the templates as provided by the Office of Local Government.

The Building and Asset Renewals (BAR) ratio is also queried by Manly Council as a subjective measure that relies on different information which cannot be easily compared between the different councils.

A major problem with this ratio is that the BAR relies on *unaudited* special schedule 7's values of asset renewals (in its numerator) and *differing depreciation or amortisation rates / schedules* for different asset classes between councils (in its denominator). This makes comparisons between different councils almost impossible as they use different rates, different assets and their own formulae for depreciation.

Additionally, AASB ruling prevents Councils reusing the 'residual value' of assets. Such accounting standards are not suitable for long-term assets with lives more than one hundred years, where a whole of life approach is required to be used for various long-term assets.

The BAR ratio also assumes that councils should be spending more on asset renewals (maintenance) rather than depreciation. This also provides an inherent bias towards not spending or creating new assets.

The ratios also assumes a reduction in costs/expenditure over time is an indicator of good financial management. This provides no relationship to service maintenance, quality, or investment in new services and that the needs of a community might change quickly from year-to-year or over time.

Infrastructure management measures

Council queries the reliance on ratios based on measures that vary widely between councils and where Asset Management Plans and strategies across councils have been found by the Office of Local Government to be the weakest part of the Integrated Planning and Reporting framework.

Infrastructure backlog and asset maintenance ratios are not consistently measured across all councils and there is wide variation in backlogs, condition ratings and measures.

Auditing these backlogs has not yet commenced across councils on asset renewals, backlog and maintenance.

- *Infrastructure Backlog Ratio*

Firstly, the infrastructure backlog measure is subjective and different between all councils.

Secondly, it can be manipulated as part of the FFF processes to get the outcome or ratio desired.

Thirdly, large asset backlogs have also been used to justify SRV applications during the past few years. We note with interest that applications have been approved for councils in 2014-15 with large infrastructure backlogs. It is also interesting for the current year that the councils with the largest SRVs approved also had large infrastructure backlogs and were deemed not needing to merge or amalgamate by the Independent Panel (e.g Wollondilly and Blue Mountains).

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As well, it is doubtful to what extent communities have been properly consulted about infrastructure service levels, as this remains an issue that undermines the validity of condition ratings that are contained in Infrastructure/Asset plans (that again vary enormously between the different councils).

- *Asset Maintenance*

Asset maintenance expenditure is not regarded as a measure that should be used to assess a council's performance in a comparative sense.

Council budgets are set at a level they can financially afford, and assets are required to be maintained, and there can be a wide variance between councils. However, maintenance levels should not be mandatory for the future practices, but set in a 'targeted' range. For instance, in Western Australia the policy target range for local councils is in the order of 90-110% (hence a 20% margin is allowed), and this is preferred to a 100% average over 3 years (where there can be peaks and troughs and the time period is relatively short). Targets should be reached via 'best practices'.

At present, asset maintenance expenditure measures cannot be properly compared throughout different councils as they rely on unaudited asset schedules, asset management plans and special schedule 7 where satisfaction of various assets and within their asset classes varies markedly. It is also problematic that there are different depreciation rates between councils for different assets in the various asset classes.

Efficiency measures

This measure is flawed in that it assesses operating expenditure as a factor of population size. Again, this feature immediately makes comparisons between small and large council population sizes and respective operating expenditures difficult and controversial, and contradicts the 'no one size fits all' proposition of the independent panel.

It is also concerning that the population size does not include visitor populations or worker populations that often benefit from the level of services and infrastructure provided by residents of a local area. This is particularly the case in Manly, where the resident population of some 44,000 people support eight million visitors annually (based on ferry travel data and visitor parking estimates) and a large working population (10,000 according to ABS data).

This ratio also assumes that operating expenditure relative to population size will reduce over time; that is that spending locally will be reduced on services over time. This contradicts strategic capacity requirements of (1.) 'Robust revenue base and increased discretionary spending', or (2) "scope to undertake new functions and major projects" and possibly (3) "employ a wider range of skilled staff".

It is also questioned whether this is an appropriate measure for government that generally has to provide services that the market cannot deliver – efficiency in costs of operation of services for which there is no market and is a government responsibility indicates that if a service is provided it has to be of low cost. Communities have right to expect improved services over time in return for their rates. Also, there is no evidence to suggest that a larger population results in lower costs of operation and / or provides better services (lower costing services are result of greater spread, and changes/cuts in service delivery).

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Council's Response to Question 4

Manly Council believes that the community consultation that councils undertake in examining their FFF options should be determined by them, and no 'one size fits all' approach as stated by the Independent Panel should prevail.

There are a wide variety of consultation approaches being undertaken (to support or not support) the Independent recommendations for respective councils. As councils are subject to political influences from their varying elected members, these views can be both consistent with and different to their community expectations, research or understanding of the implications of the Independent Panel's recommendations.

It is noted that councils completing a merger proposal (via Template 1) are now expected to have a consistent methodology, and that a template and guidance for this was released in April 2015. This is more than six months after the FFF templates were released, and it is expected that many councils were already engaging with their communities during this time period. It is unrealistic, and ridiculous for the Office of Local Government to expect consistent approaches in community surveys at such a late stage of the consultation phase, and at the point when many communities have been consulted in a manner determined by the politically elected representatives in local government.

Any further attempt either by the OLG or IPART to measure the extent to which community consultation was 'transparent', 'informative' and clear especially regarding the various council FFF alternatives is regarded as not productive and too late to be considered coherently.

Additionally, what is critically missing in the OLG's FFF methodology and templates is how the views of the community will be weighted and taken into account in the review process.

Templates provided to Council

In Council improvement proposals, emphasis in this template is provided only on the achievement of financial ratios, and future improvement plans. There is no opportunity to fully explain strategic capacity or show the extent to which community consultation has been undertaken. The major flaw with the templates is the reliance on financial measures and meeting benchmarks and ratios as a way of indicating good performance or improvements. It does not take into account historical performance. It uses 2013-14 performance as an indicator only. As well the templates only consider 2016-17, or that shown in Long Term Financial Plans (for the next 3 year period) for good performance.

There is little opportunity in the templates to demonstrate future alternatives, or structural change and improvements in performance over time – does not take into account need for debt financing for new public assets or need for spending to take place over time.

Council's Response to Question 5

Councils various performance on their FFF proposals should not be monitored.

This is because there is sufficient 'monitoring' of Councils already, and Manly Council submits that the various financial ratios selected should already be contained in Council Long Term Financial Plans and that these are contained in Council's Community Strategic Plans that are reviewed and updated annually.

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For instance, Manly Council annually updates its Long Term Financial Plan in view of its various projects and undertakings that form part of its annual Operational Plan.

In summary, Manly Council urges the following considerations and improvements to the IPART methodology;

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

Yours Sincerely

Henry I Wong
General Manager

25/5/2018



General Managers Division Report No. 8.DOC - Manly Council's Report on the NSW Government's Fit For the Future program

3. Background to the NSW Government's Fit for the Future Program

Attachment

Background to Fit For the Future program

The Independent Local Government Review Panel (ILGRP) in January 2014 recommended firstly:

"Amalgamate" Manly Council, Pittwater Council and Warringah Council.¹

It also recommended as a second option that the region could 'combine as a strong Joint Organisation'.

The rationale for this was as follows:

- **Projected 2031 population 307,400**
- **Close function interaction and economic/social links between these councils which constitute an 'island' in the metro region'**
- **Need for integrated planning of centres, coast, transport, etc**

According to the release of the Fit For Future program in September 2015, the NSW Government's response to the ILGRP, recommended all Councils in NSW to submit a proposal by 30 June 2015 to:

'outline how they will 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'².

Manly Council was requested to consider only the first option (namely the amalgamation of all Northern Beaches councils).

It also recommended to defer the establishment of Joint Organisations in the Sydney metropolitan region, except for sub-regional planning pending further consideration of options for council mergers.

All councils in NSW were required to:

- Review its situation, starting with whether the council has scale and capacity to meet the challenges ahead;
- Prepare a Fit for the Future submission by 30 June 2015
- Make the transition to a new structure by September 2016 or implement an improvement plan.

The Fit For Future program requires Councils to review, choose a structural reform Templates, and prepare and submit a proposal.

This report provides recommendations for Manly Council to prepare such a proposal.

KPMG Engagement and Findings

In order to fully 'review its situation' and investigate the NSW Government recommendation to prepare a FFF submission, Manly Council engaged KPMG to provide an in-depth analysis and evidence base to support Manly Council and Pittwater Council assess potential structural options for local government reform on the Northern Beaches of Sydney, as well

¹ Independent Local Government Review Panel (2014), Revitalising Local Government, January 2014.p.105

² NSW Government Response, Fit For Future, Independent Local Government Review Recommendations, recommendation 33, p.12

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3. Background to the NSW Government's Fit for the Future Program

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as understand the potential advantages and disadvantages of each structural option, enable informed participation in the NSW Government's Fit For Future reform agenda.

The key considerations to assessing potential impacts for structural options were:

- Financial and economic – net financial and economic impacts of each option and project performance against the FFF metrics;
- Community and governance – local representation and capacity to meet the future service and infrastructure needs of the community
- Geography and environment – management of environmental assets and catchment areas, urban characteristics and development potential
- Demographic profile – selected regional and socio- economic characteristics presented by each reform option
- Service delivery – high level review of how each structural option may impact on the ability of a council to meet the needs of local communities.

To this end, KPMG worked with the two councils to review their strategic capacity against the ILGRP ten criteria. Manly Council was found to meet all strategic capacity criteria and this was replicated in Council's report of 30 March 2015. A summary of the KPMG report is attached.

The potential impacts of each structural option for Manly and Pittwater Councils were examined in detail, and options included the following:

1. No Merger – involves the continuation of the three existing autonomous and separate councils on the Northern Beaches, Option One was used as a base case for comparing the potential impacts of merger options.
2. Greater Pittwater council and Manly Council. This option involves boundary changes and splits the existing Warringah Council along a north-south divide. The northern component would merge with Pittwater Council to create a new Greater Pittwater Council entity, and the southern component would merge with Manly Council to create a new Greater Manly Council entity.
3. Single Northern Beaches Council. This option is consistent with the recommendations of the Review Panel and merges all the three existing Northern Beaches Councils to create a new single council entity for the region.

In terms of the No Merger scenarios, all three councils were assessed as broadly meeting key financial benchmarks even in the absence of any council mergers. The evidence was the TCorp 2013 assessment where all had a Financial Sustainability Rating of 'Sound' (placing the Northern Beaches councils in the top 22% of NSW Councils. Both Manly and Pittwater Councils were assessed as having a 'Neutral' FSR outlook. In addition, all Councils met the Fit For Future Benchmarks by 2020.

In terms of the other structural options, the analysis of the potential financial impacts of Council merger options indicated that each option offered a net benefit of between \$3.3m (Greater Pittwater Council and Greater Manly Council option) and \$34.5m (Single Northern Beaches Council Option) over a ten year period from 2014-15 in net present terms and excluded potential government financial assistance for merging. This was equivalent to 1.9 percent and 20.4 per cent increase in council's operating results over ten years. When measured as proportion of the merged councils' operating revenue the financial impacts that each option offers range from 0.2 per cent to 2.1 per cent over ten years.

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3. Background to the NSW Government's Fit for the Future Program

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As well, the research and evidence from other jurisdictions was examined and indicated poorly planning implementation of structural change, or inadequate oversight of merger risks eroding financial impacts.

The report concluded that both Manly and Pittwater councils demonstrate strategic capacity based on community outcomes achieved. As well, other important non-financial factors that should be considered in merger scenarios included non-financial factors that should be considered by the community. These included implications for services delivery, governance, and the environment. Finally the review of demographic and socio-economic characteristics for the region highlighted both shared interests and distinct variations that impact how a council meets the service and infrastructure needs of its communities.

Assessment & IPART Role

On 27 April 2015, The Minister for Local Government, the honourable Paul Toole announced the appointment of the Independent Pricing and Regulatory Tribunal (IPART) as the expert panel to assess Council Fit For Future proposals, and released a draft methodology inviting council's to respond with their views.

A copy of Council's submission to this draft methodology is provided (Attachment 2) that queried amongst a number of other things whether IPART had the power to recommend to the Government whether Councils were 'Fit For the Future' based on scale, capacity, and financial sustainability criteria, rather than other measures.

On 5 June 2015, IPART released its Assessment methodology explaining how it would undertake assessment of Council's FFF proposals. This methodology confirms that scale and capacity criterion is a threshold criterion for councils and states that Councils will be assessed on their demonstration that they either have or will have sufficient scale, and capacity, and that the proposed approach is consistent with the scale and capacity related objectives as identified by the ILGRP for their region.

Manly Council submission via Template 2 (Performance Improvement Plan) will argue a case for Manly's ability to achieve scale and capacity. The starting point for assessment as stated by IPART will be guided by 'the population estimates for the particular LGA included in the ILGRP's recommended option'. Consistent with the recommendation, the population size of one single northern beaches council will be the starting point for assessment for this region. Therefore, attached is evidence to support Manly remaining as it is, or an alternative business case for Greater Manly will argue that there is sufficient scale and capacity through either some structural change, strategic regional planning or shared services.

As well, as required the other Fit For Future criteria (contained in Template 2) requires Council to demonstrate how it meets the Financial Sustainability criteria against benchmarks to 2019-2020. As part of its comprehensive analysis by KPMG (March 2015), it was found that Manly Council would meet all the (7) seven financial benchmarks set by the NSW Government by 2020 (using Council's draft Long Term Financial Plan).

These have been further revised by KPMG to take into account Council's adopted on 1 June 2015 Community Strategic plan Beyond 2025 (as containing its ten year Long Term Financial Plan). The Addendum report shows that Manly Council will continue to meet all seven (7) financial benchmarks.

USING A JOINT ORGANISATION TO ACHIEVE SCALE

Council is a member of [SHOROC](#), the Shore Regional Organisation of Councils and remains committed to the concept of regional collaboration for planning, lobbying and supporting efficiencies

SHOROC is a strong effective partnership of Manly, Mosman, Pittwater & Warringah Councils. Established in 1996 as an Incorporated Association it is led by a Board of the council Mayors and General Managers and run by a small administration. SHOROC collectively represents a population of 290,000 residents who contribute \$22.5 billion to the NSW economy, and a region of 288km².

SHOROC effectively performs the role of Joint Organisation for this region, advocating with a united voice, coordinating subregional planning, building partnerships with the state and federal governments and supporting council productivity through joint procurement.

With a strong history of achievement, SHOROC strengthens council strategic capacity. For example:

Advanced skills in strategic planning and policy development

- Developed the subregional plan *Shaping Our Future* integrating land-use and infrastructure planning for housing, jobs, transport and health. Now being implemented.
- Developed a regional strategic plan aligned to the NSW Government's state plan NSW2021, identifying strategic priorities for state and local services, infrastructure, economy, environment and governance. Forms basis of NSW Government's Regional Action Plan.
- Developed regional sustainability strategy, waste strategy and economic development planning underway

Effective advocacy

- Strong united advocacy that resulted in:
 - \$633 million in NSW Government funding for regional public transport and roads including a new Bus Rapid Transit system, major road upgrades and planning for a major motorway tunnel.
 - Over \$600 million for hospitals and health services, including construction of a new level 5 Hospital.

Capable partner for State and federal agencies

- Hold SHOROC Leaders Forums, building a strong partnership between local NSW and Commonwealth MPs and council Mayors/GMs through regular meetings to agree and progress regional priorities including infrastructure and services.

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4. Using a Joint Organisation to achieve scale - SHOROC

Attachment 4

- Directly partners with NSW Government agencies and represents councils on high-level NSW Government project committees for health, transport, community services, youth, ageing and in other government forums as required.

Effective regional collaboration

- Coordinates regular meetings of 11 Mayors northern Sydney to collaborate and work with the NSW Government of sub regional planning and partnerships
- Manages collaborative regional projects and working parties for economic development, planning, community services, environment, waste, procurement, road works
- Well-established strategic procurement role for tendering and contract management, with contracts for councils across northern Sydney totaling \$20 million annually, including 10 contracts such as for asphalt, linemarking, stationery, records, concrete and more.
- Prepared joint submissions on major NSW Government reviews and reform including for planning, transport, NSW2021, Local Government review and Act review, NSW Infrastructure Strategy, regional ageing and youth strategies.
- Facilitated formation of Kimbriki Environmental Enterprises Pty Ltd (KEE) to sustainably manage the region's waste and resource recovery center, managed by an independent board with the councils as shareholders.

The SHOROC model and achievements play an important role in in both supporting local needs and priorities; and furthering broader regional strategies. It also provides a solid base on which to build an even stronger regional collaboration model for local government, with regional organisations matched to the NSW Government planning groupings and supported by a legislative framework and commitment to partnership by NSW Government MPs and agencies.

ATTACHMENT 4

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4. Using a Joint Organisation to achieve scale - SHOROC

******* END OF AGENDA *******

Minutes

Extraordinary Meeting of Council

Held at Council Chambers, 1 Belgrave Street Manly
on:

Monday 22 June 2015

All minutes are subject to confirmation at a subsequent meeting.

*Copies of business papers are available at the Customer Service Counters
at Manly Council, Manly Library and Seaforth Library and are available on
Council's website:*

www.manly.nsw.gov.au

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The Extraordinary Meeting of Council was held in the Council Chambers, Town Hall, Manly, on Monday 22 June 2015. The meeting commenced at 7.00pm.

PRESENT

Her Worship, The Mayor, Jean Hay AM, who presided
Councillor B Aird
Councillor C Bingham
Councillor H Burns
Councillor C Griffin
Councillor J Griffin
Councillor A Heasman
Councillor A Le Surf
Councillor S Pickering Deputy Mayor

ALSO PRESENT

Henry Wong, General Manager
Stephen Clements, Deputy General Manager, Executive Manager, Landuse & Sustainability
Beth Lawsen, Deputy General Manager, People, Place & Infrastructure
Anthony Hewton, Executive Manager, Corporate Support Services
Helen Lever, Manager, Administration
Kathryn Parker, Principal Analyst – Corporate Performance and Strategy
Secretariat Officer

APOLOGIES

Nil.

DECLARATIONS OF PECUNIARY INTEREST / CONFLICT OF INTEREST

Nil.

GENERAL MANAGERS DIVISION

MOTION (Le Surf / Pickering)

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

1. Strongly support the long-held and repeatedly affirmed position of the community for Manly Council to remain independent;¹
2. Reject any proposal to amalgamate Manly with Warringah and Pittwater into one 'mega council';
3. In terms of the Fit for the Future requirements, submit Council's improvement proposal (Template 2) by 30 June 2015, advising the government and the Independent Pricing and Regulatory Tribunal (IPART) of Council's business case to remain as a standalone council because:

¹ Ibid 1

- i. Manly Council is and will continue to be a highly successful and sustainable council;
 - ii. Council has demonstrable strategic capacity to deliver services and infrastructure to the community into the future; and
 - iii. Council has the civic leadership to plan and secure a prosperous future for the whole community.
4. In relation to IPART's invitation for alternative options, Council to provide IPART a test business case for two Councils on the Northern Beaches.

PROCEDURAL MOTION (Burns / Bingham)

That the motion be split into 2 parts being points 1-3 and then point 4 separately.

For the Motion: Councillors Aird, Burns, Heasman, Bingham, Pickering, Le Surf, J Griffin, C Griffin and Hay AM
Against the Motion: Nil.

81/15 RESOLVED: (Burns / Bingham)

That the motion be split into 2 parts being points 1-3 and then point 4 separately.

MOTION (i) (Le Surf / Pickering)

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

1. Strongly support the long-held and repeatedly affirmed position of the community for Manly Council to remain independent;²
2. Reject the recommendation from the Independent Local Government Review Panel (Sansom Report) for one 'mega' Council on the northern beaches;
3. In terms of the Fit for the Future requirements, submit Council's improvement proposal (Template 2) by 30 June 2015, advising the government and the Independent Pricing and Regulatory Tribunal (IPART) of Council's business case to remain as a standalone council because:
 - a. Manly Council is and will continue to be a highly successful and sustainable council;
 - b. Council has demonstrable strategic capacity to deliver services and infrastructure to the community into the future; and
 - c. Council has the civic leadership to plan and secure a prosperous future for the whole community.

For the Motion: Councillors Aird, Burns, Heasman, Bingham, Pickering, Le Surf, J Griffin, C Griffin and Hay AM
Against the Motion: Nil.

² Ibid 1

82/15 RESOLVED: (Le Surf / Pickering)

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

1. Strongly support the long-held and repeatedly affirmed position of the community for Manly Council to remain independent;³
2. Reject the recommendation from the Independent Local Government Review Panel (Sansom Report) for one 'mega' Council on the northern beaches;
3. In terms of the Fit for the Future requirements, submit Council's improvement proposal (Template 2) by 30 June 2015, advising the government and the Independent Pricing and Regulatory Tribunal (IPART) of Council's business case to remain as a standalone council because:
 - a. Manly Council is and will continue to be a highly successful and sustainable council;
 - b. Council has demonstrable strategic capacity to deliver services and infrastructure to the community into the future; and
 - c. Council has the civic leadership to plan and secure a prosperous future for the whole community.

MOTION (ii) (Le Surf / Pickering)

4. In relation to IPART's invitation for alternative options, Council to provide IPART with a test case for two councils of equal size on the Northern Beaches and ask the government to demonstrate and prove to the community of Manly how such an option will result in an overall reduction in rates in the long term, improve local infrastructure and Council services, enhance environmental management, and most important of all, how it will advance the democratic and community of interest of Manly's residents.

AMENDMENT (Burns / Aird)

4. That no supplementary business case be submitted.

For the Amendment: Councillors Aird, Burns and Bingham

Against the Amendment: Councillors Heasman, Pickering, Le Surf, J Griffin, C Griffin and Hay
AM

The **Amendment** was declared **lost**.

MOTION (ii) (Le Surf / Pickering)

4. In relation to IPART's invitation for alternative options, Council to provide IPART with a test case for two councils of equal size on the Northern Beaches and ask the government to demonstrate and prove to the community of Manly how such an option will result in an overall reduction in rates in the long term, improve local infrastructure and Council services, enhance environmental management, and most important of all, how it will advance the democratic and community of interest of Manly's residents.

³ Ibid 1

For the Motion: Councillors Heasman, Pickering, Le Surf, J Griffin and Hay AM
Against the Motion: Councillors Aird, Burns, Bingham and C Griffin

The **Motion** was put and declared **Carried**

83/15 RESOLVED: (Le Surf / Pickering)

4. In relation to IPART's invitation for alternative options, Council to provide IPART with a test case for two councils of equal size on the Northern Beaches and ask the government to demonstrate and prove to the community of Manly how such an option will result in an overall reduction in rates in the long term, improve local infrastructure and Council services, enhance environmental management, and most important of all, how it will advance the democratic and community of interest of Manly's residents.

CLOSE

The meeting closed at [8.55pm](#).

The above minutes were confirmed at an **Ordinary Meeting** of Manly Council held on [13 July 2015](#).

MAYOR

***** END OF MINUTES *****