

Pittwater Council Improvement Proposal

(Existing structure)



A STRONG INDEPENDENT PITTWATER

Submitted for Pittwater Council

Council considered this report and resolved to adopt it for submission on [29 June 2015].

TABLE OF CONTENTS

- 1.1 Executive summary – A strong, independent Pittwater Council 3
- 1.2 Scale and capacity 5
 - Revenue base and increased discretionary spending 7
 - Scope to undertake new functions and major projects 10
 - Ability to employ a wider range of skilled staff..... 11
 - Knowledge, creativity and innovation 13
 - Advanced skills in strategic planning and policy development 14
 - Effective regional collaboration..... 15
 - Credibility for effective advocacy 16
 - Capable partner for State and Federal agencies 17
 - Resources to cope with complex and unexpected change 18
 - High quality political and managerial leadership 19
- 2. Pittwater Council’s current position 20
 - 2.1(A) The place 20
 - 2.1(B) A short history 22
 - 2.1(c) The organisation..... 23
 - 2.2 Key Challenges and opportunities 25
 - 2.3 Performance against Fit for the Future benchmarks 26
 - Sustainability..... 26
 - Infrastructure and service management 27
 - Efficiency..... 27
- 3. How will your Council remain fit for the future? 28
 - 3.1 Sustainability– key strategies & outcomes (& assumptions) 28
 - Key Strategy: 29

| | | |
|-----|--|----|
| 3.2 | Infrastructure & service management – key strategies & outcomes | 32 |
| | Key Strategy: | 32 |
| 3.3 | Efficiencies – key strategies & outcomes..... | 35 |
| | Key Strategy: | 35 |
| 3.4 | Improvement action plan..... | 36 |
| 3.5 | Other actions considered | 37 |
| 4. | How will the plan improve performance benchmarks | 40 |
| 4.1 | Expected improvement in performance..... | 40 |
| 5. | Putting the Plan into action..... | 40 |
| 6. | A case for no change | 42 |
| 6.1 | Community consultation..... | 42 |
| 6.2 | Sense of identity | 49 |
| 6.3 | Impact of amalgamation on the community of Pittwater..... | 50 |
| 6.4 | Bigger is NOT better | 52 |
| 6.5 | Regional collaboration and partnerships to achieve scale..... | 54 |
| 7 | Appendix..... | 56 |
| | Appendix 1: 2015 Community Engagement Report..... | 56 |
| | Appendix 2: Micromex Research Report fit for the Future Random Sample Telephone Survey..... | 56 |
| | Appendix 3: Micromex Research Report Fit for the future – Online & Paper Surveys..... | 56 |
| | Appendix 4: KPMG Independent Assessment – Summary Document..... | 56 |
| | Appendix 5: KPMG Independent Assessment – Compendium Report | 56 |
| | Appendix 6: Pittwater Forever supportive Submission for Pittwater Council’s response to IPART | 56 |
| | Appendix 7: Local Government Boundaries Commission. (1991). Pittwater Public Inquiry 1990 – 91 | 56 |
| 8. | Works Cited..... | 57 |

1.1 EXECUTIVE SUMMARY – A STRONG, INDEPENDENT PITTWATER COUNCIL

Pittwater is a community that is strongly engaged, well informed, organised and demonstrates clear-cut and distinct values that seek to preserve the unique character of the area both physically and environmentally.

Located at the north east corner of Sydney's coast, Pittwater could be easily mistaken for a "dormitory" suburb of Greater Sydney. It is clearly much more than that to its residents and people who visit the region who value the natural environment and a sense of community.

The area itself could be considered isolated: it's completely bounded by the natural environment that includes National Parks and waterways. It encompasses a land area of 125 square kilometres, nearly half is National Park, bushland or reserves, including coastal foreshores, beaches, islands and waterways.

Various reports show that Pittwater is a self-contained community: around 66% of Pittwater's resident workforce works within the North East sub region. Conversely, more than one-third of the workforce commutes outside the sub region (this is not a high proportion, by Sydney standards).

The demographic and socio-economic characteristics of the LGA highlight both shared interests and distinct variations that may impact on how a Council is to meet the service and infrastructure needs of its local communities.

Pittwater, **as it is**, is valued highly by its residents and visitors for its natural beauty in bushland, waterways and beaches. The community has a deep connection with the environment and a desire to protect the landscape, the sense of community and cultural experience; and the unique characteristics that shape each village.

The Pittwater community has expressed concern about how the area is developed: a key concern is retention of the unique character of Pittwater as it grows. The most recent community research, undertaken by Micromex Research on behalf of Council (Micromex, 2014) it was reported that the top two key priority areas residents believed Pittwater should focus on over the next five years were controlled development/over development and upgrading/improving roads and footpaths. Management of the environment – maintenance, preservation and sustainability, rated as the 5th most important focus area, reflecting the community's high value of the environment.

Any change management process must acknowledge the strength of Pittwater Council and how it governs the area; the high levels of confidence and reputation achieved by the Council in providing services and facilities to its community is well above NSW local government benchmarks.

TCorp has confirmed through their financial analysis that the Pittwater Council finances are sound currently and into the future. It has also confirmed that the Council's asset management systems are strong. An argument for amalgamation for financial reasons is therefore unsupported by Council and its community.

This assessment was further substantiated in an assessment prepared by KPMG (**Appendix 4 and Appendix 5**) in April 2015, which also confirmed that Pittwater Council, as it is, is fit for the future.

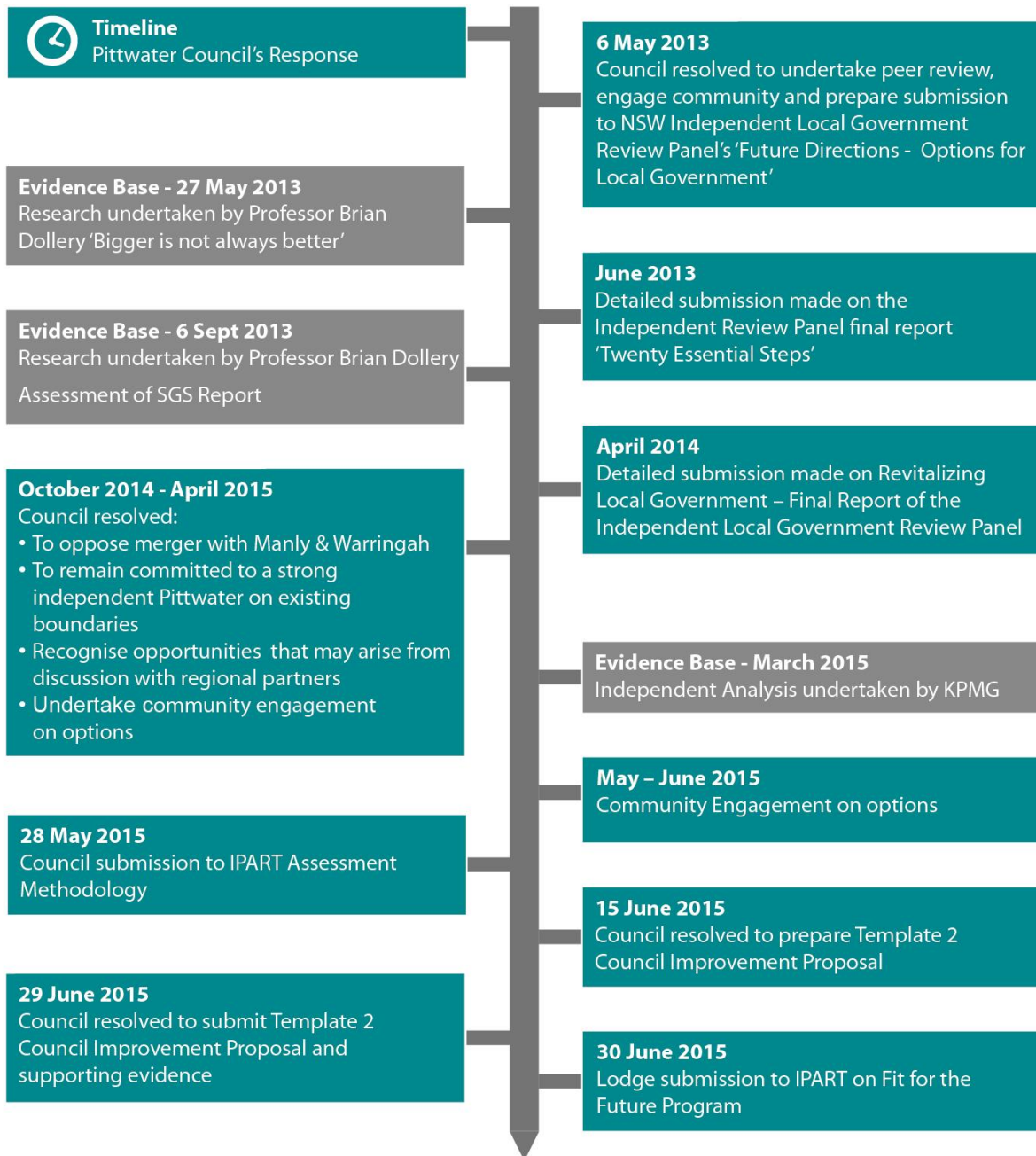
This proposal demonstrates that Pittwater Council

- Is financially Fit for the Future
- Has a connected community with a high rate of volunteerism
- Is a sustainable land manager and strong protector of the marine estate
- Remains committed to participation in Shore Regional Organisation of Councils (SHOROC) for regional planning, advocacy and purchasing partnerships
- Can demonstrate 'strategic capacity' based on outcomes achieved by Council to date

- Has undertaken an evidence based approach to test structural reform options including the Independent Local Government Review Panel’s (ILGRP) recommendation
- Has conducted thorough community engagement on this process and possible options.

Although opposed to amalgamation of the three northern beaches Councils into one large Council, Pittwater Council remains supportive of many of the other reforms of Local Government recommended by the ILGRP and remains committed to a program of continuous improvement that ensures that the community receives the services that it has identified, at a level that it has agreed to.

Pittwater Council’s response to the NSW Government’s reform process to date:



1.2 SCALE AND CAPACITY

In October 2013 a recommendation was made by the Independent Local Government Review Panel (ILGRP) to reduce the number of Councils in Sydney from 41 to 18.

Located on the north eastern boundary of the Sydney metropolitan area, the recommendation for Pittwater Council was to either amalgamate with Manly and Warringah Councils or seek improvements through a strong Regional Organisation.

Pittwater Council and its community has consistently been opposed to any proposal to amalgamate the existing three northern beaches Councils.

A separate Pittwater Local Government Area (LGA) was formed just over 23 years ago, following a concerted campaign by the Pittwater community based on concerns about how their part of the former Warringah Shire Council (predominantly the former A Riding) was being managed, in particular:

- Precedent of inappropriate and overdevelopment occurring in the Pittwater area
- Impact on the environment;
- Chronic backlog of infrastructure improvements; and
- Disproportionate distribution of rate revenue/expenditure.

These concerns were packaged in a detailed submission to the Boundaries Commission in 1990-91 that included justification for a separate Pittwater LGA supported by financial analysis and a positive survey result from residents in favour of secession from Warringah.

Based on its deliberations, the Boundaries Commission recommended the creation of a separate Pittwater LGA. The then Minister for Local Government supported the recommendation and agreed that Pittwater secede from the former Warringah Shire Council. Pittwater LGA was subsequently established as a separate Local Government entity and was gazetted on 1 May 1992, being the first new Council in NSW for over 100 years.

This clearly shows that the decision to create a separate Pittwater Council was through a defined process that also had regard to the specific community of interest and significant points of difference, in particular:

- A strong environmental focus;
- Concern about over-development/inappropriate development, and
- The backlog and lack of infrastructure provision.

Pittwater Council has considered the issue of local government reform seriously. In response to the release of information by the ILGRP and the State Government, over the last two years Pittwater Council has considered and resolved on its opposition to amalgamation with Manly and Warringah Councils, and its support for remaining a strong independent Pittwater Council no less than 8 times.

During that period, Pittwater Council has twice engaged Professor Brian Dollery, a prominent academic in the Local Government field, to review the proposed benefits of one large northern beaches Council.

Both reports made clear that:

- A merger of three Councils into one will not improve financial sustainability;
- Given the absence of economies of scale, cost reductions will not occur as a consequence of a merger; and
- Given the diverse socio-economic profiles between the 3 Councils, there is no evidence of a strong joint community of interest, which is an essential requisite for successful mergers

In its final report to the NSW Government, the ILGRP recognised the role of Wollondilly, the Blue Mountains and Hawkesbury on Sydney's urban fringe, stating:

"Each [Council] is responsible for a mix of growing urban centres and rural or natural areas (including water catchments) that provide important 'green spaces' around the metropolitan complex.

At this stage there appears to be merit in retaining these Councils in more or less their current form to play specialist roles in managing the important areas under their control." (ILGRP, 2013)

It can be easily argued that Pittwater Council fulfils the same role; and therefore should be quarantined from the amalgamation debate.

Further to this in November 2014, Pittwater Council participated in a workshop organised by Shore Regional Organisations of Councils (SHOROC) to examine possible merger options that could be agreed upon by the SHOROC Councils. At the workshop it was apparent that no agreement could be reached about a unified pathway forward:

- Warringah Council indicated that it was only prepared to consider the options of one Council on the northern beaches or a merger of Manly and Warringah and
- Mosman Council could not commit to any option of mergers.
- In the spirit of examining how Pittwater could demonstrate it was fit for the future, Pittwater agreed to partner with Manly Council to undertake further research about any merger options that may be appropriate. Pittwater Council and Manly Council commissioned KPMG to undertake a study aimed at providing a better understanding of the potential social, financial and governance outcomes of Local Government reform.

Pittwater Council considered the KPMG report on April 7, 2015 and resolved to remain opposed to the proposed merger of Manly, Warringah and Pittwater into one Council for the northern beaches. The five key components informing this resolution included:

1. Community opinion expressing concern about local representation and decision making;
2. The diverse socio economic profile demonstrates that there is no evidence of a strong joint community of interest; which is an essential prerequisite for successful mergers;
3. The assessment by KPMG that Pittwater Council is "Fit for the Future" and that a merger will not improve financial sustainability;
4. Concern that local priorities will not be met;
5. The assessment by KPMG that Pittwater Council demonstrates "strategic capacity based on community outcomes achieved by the Council" (KPMG, 2015).

Council also resolved to undertake engagement with its community with a view to presenting balanced information on reform options and obtaining community feedback/evidence on the Pittwater community's preferred amalgamation options.

The community engagement began on 24 April and was completed on 5 June 2015. Results demonstrated:

- Rejection of a single Council for the northern beaches; and
- Strong support for no mergers.

Today, Pittwater Council (its Councillor Representatives and staff) are recognised by its community as being responsive, collaborative and responsible. There is strong trust between Council and the community it serves, grown through high accountability and transparency, as well as the place based approach underpinned by genuine community engagement that Council has adopted with regard to managing the LGA.

REVENUE BASE AND INCREASED DISCRETIONARY SPENDING

Pittwater Council's 2015/2016 general fund budget is forecasting an operating surplus of \$1,200,792, which is predicted to increase to \$2,936,193 over the next 3 years (Pittwater Council, 2015).

Pittwater Council's 2015-16 consolidated income (revenue base) is \$108.068 million.

In Council's 2015-16 Delivery Program (Pittwater Council, 2015) Council is forecasting an operating surplus of \$1.2 million which is predicted to increase to \$2.9 million over the next three years. Further to the operating result, Council is forecasting a consolidated result (both operational and capital income and expenditure) of \$50,439 in 2015/16 which is consistently held at these levels into the future. This consolidated result demonstrates Council's main objective of efficiently managing a balanced budget yet maximising its delivery of infrastructure and services to its community.

In terms of discretionary spending, as Council has taken a place management approach to community development, it is clear that all income (including that which could be considered discretionary) is effectively reinvested into the provision of community facilities and services such as asset upgrades, asset maintenance, refurbishments, improvements and essential and community demanded services.

When analysing what potentially could be considered discretionary funds available, the following table can be used as an indicative representation.

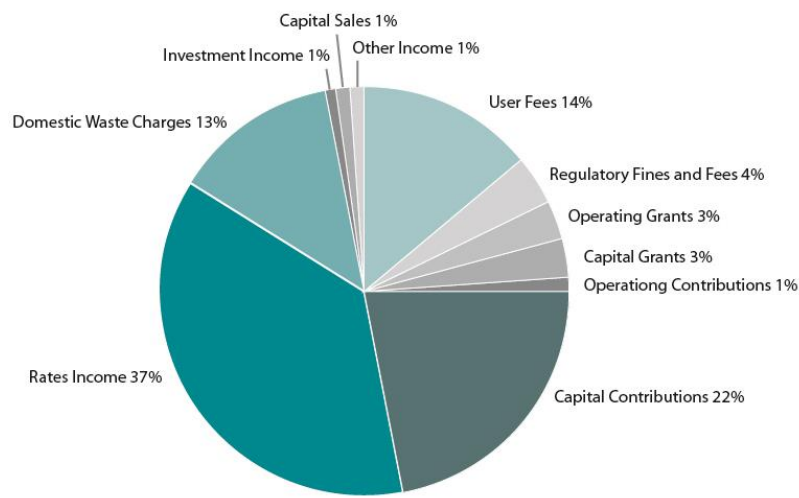
| Type | Estimated Amounts | Narrative |
|--------------------------------------|-------------------------|--|
| Total Direct Income | \$108.068 million | Operating and Capital Income |
| less | | |
| Specific/Restricted Income | \$48.155 million | Grants, Loans, Domestic Waste Management Charges, Developer Contributions etc. |
| equals | | |
| Discretionary Income | \$59.913 million | Income without External Restrictions |
| less | | |
| Non-Discretionary Expenditure | \$31.118 million | Asset Maintenance, Planning, Compliance, Essential Contracts, Insurance, Third Party Levies etc. |
| less | | |
| Corporate Expenditures | \$8.405 million | Corporate Costs including Finance, IT, HR, Governance, Customer Service, Records etc. |
| equals | | |
| Discretionary Funds Remaining | \$20.390 million | Funds Available for the Discretionary Spending on Council Services |

Note: Infrastructure works have been considered as non-discretionary but have been removed via Specific/Restricted Income line

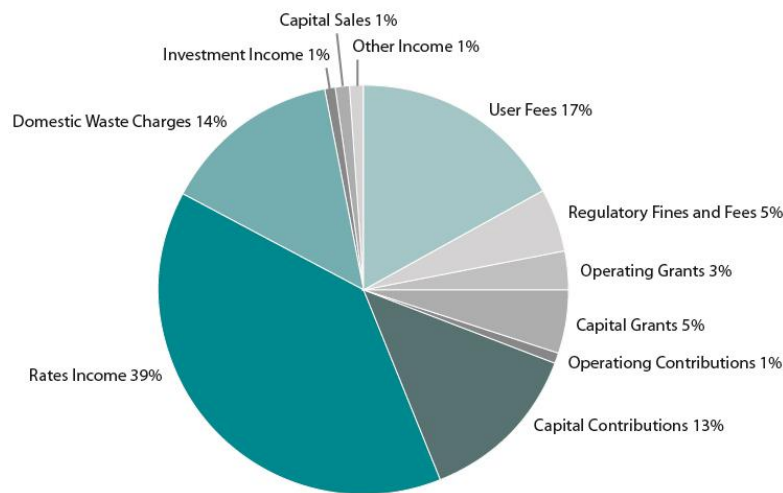
As indicated in the above table, some \$20.390 million could be classified as discretionary funds in the delivery of services for the Pittwater community. However, it should be noted that Pittwater Council is much more than a 'roads, rates and rubbish' Council. It has a strong focus on the environment and takes a place management approach to developing the local government area (LGA), which has resulted in strong community engagement and "buy-in" to the services and facilities provided.

Accordingly, while potentially considered discretionary, the sum of \$20.390 million is effectively fully utilised (all except the consolidated surplus of \$50,439 that represents a balanced consolidated budget) in the delivery of community driven spending that facilitates and fulfils our community’s needs. Such spending includes library services, youth services, centre place management, bushland and environmental services, flood mapping, coastal management, estuary management, sustainability, heritage management, recreational and sport field management, commercial operations including a caravan park, walkways, rock pool management etc.

In terms of the potential increase in discretionary spending, Council’s consolidated income is forecast to rise in the areas of user fees and rates (as indicated in the graphs below). These areas of income can be seen as the main areas by which discretionary spending can be derived. In raw numbers, user fees are set to rise by \$2.7 million (17%) over the 4 year period and rates are set to increase by \$3.7 million (9%) over the same period.



Total Income (Capital and Operating) 2015-16



Total Income (Capital and Operating) 2018-19

Accordingly, whether it is through a re-direction of current spending patterns or through an increase in real income associated with user fees and rates, Council has before it a reasonable level and control over its spending.

Whilst the indicative analysis above acknowledges that Council has a level of essential non-discretionary expenditure that it must facilitate, there is a significant and growing level of funds that Council has at its discretion to spend in the provision of community needs and wants. Council’s role is to facilitate this spending based on a maximised and balanced consolidated budget.

There is a significant and growing level of funds that Council has at its discretion to spend in the provision of community needs and wants.

In addition to the above, Council can also be classified as entrepreneurial, with an expanding commercial portfolio including a profitable caravan park and being a shareholder in Kimbriki Resource Recovery Centre, with both activities generating a positive financial return to the Council. The commercial portfolio also includes strategically located kiosks and restaurants operated through commercial contracts all returning positive financial return to Council.

In 2012, Pittwater undertook a comprehensive community engagement that resulted in the Council receiving approval from IPART for a Special Rate Variation (SRV). The Special Rate Variation was well supported by the community of Pittwater with more than 70% of the community demonstrating support for the application to Independent Pricing and Regulatory Tribunal (IPART). The SRV enabled Council to raise \$38M to be applied to the management of the infrastructure backlog of roads, footpaths, wharfs, surf clubs and environmental assets.

In the 10 years to 2011, the Australian Bureau of Statistics (ABS) report that the number of dwellings in Pittwater increased from 19,656 to 20,588 dwellings, an average of 93 dwellings per year. Whilst Pittwater has not experienced the massive growth experienced in Western Sydney, as shown by data sourced from the ABS, the growth has been modest and will continue with the completion of the Warriewood Valley Land Release. The potential future Ingleside Land Release could also see an increase of 3000 new homes in the LGA.

The population of Pittwater is predicted to continue to grow at a modest rate with the latest ABS statistics identifying a population as at December 2014 of 63,338. Profile id predict that population of Pittwater will increase to 68,550 people in 2021 and 77,600 in 2031 (id. the population experts, 2015). With an average household size of 2.68, the number of ratable properties is likely to increase to 28,955 dwellings, an increase of 8,367 dwellings.

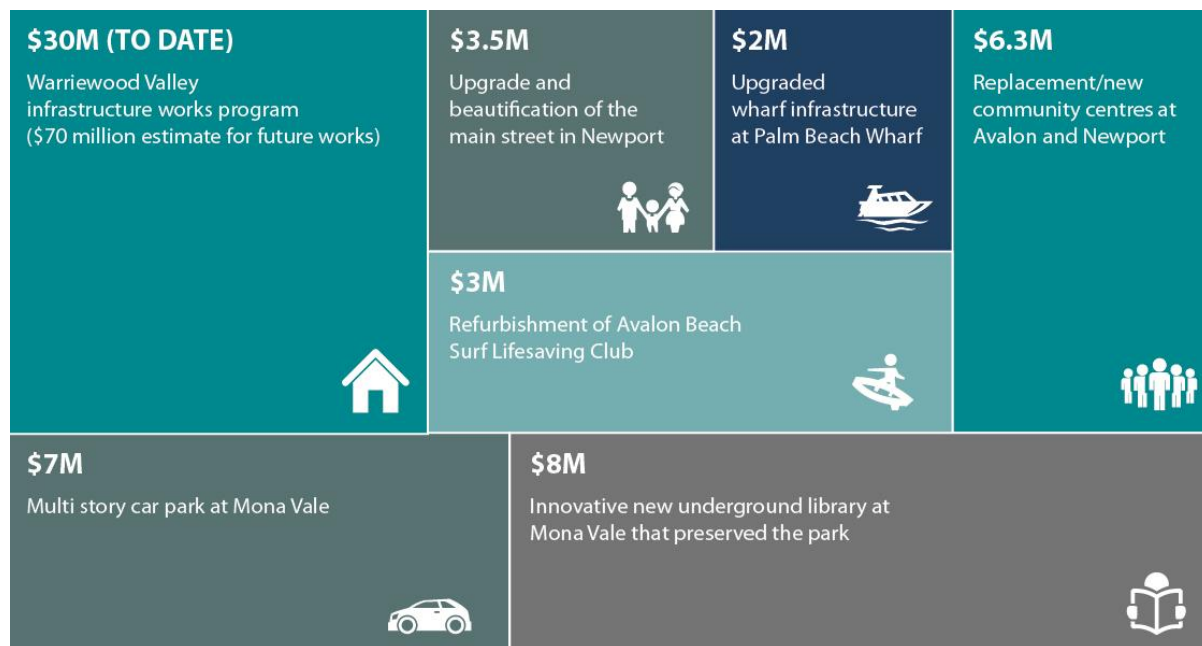
Accordingly, as a result of Pittwater's sound revenue base as the cornerstone of its financial sustainability, Pittwater Council has been assessed by TCorp as Sound-Neutral.



SCOPE TO UNDERTAKE NEW FUNCTIONS AND MAJOR PROJECTS

Pittwater Council has a proven track record in delivering major projects on time and on budget.

Since inception, some 23 years ago Pittwater Council has continuously delivered a wide range of community focused projects and land rationalisation including;



Recently the State Government provided grant funding of \$1.5 million to assist with the upgrade of Palm Beach Wharf. Pittwater Council commissioned the design and the project was well-managed and delivered within the projected time frame and budget.

The Council has undertaken approximately \$2 million redevelopment of the Sydney Lakeside Holiday Park at North Narrabeen with 17 new cabins, a water feature playground, solar heating and a new kitchen, along with management changes.

A further example of the commercialisation of assets to achieve financial sustainability can be demonstrated through the redevelopment of the Avalon Beach Surf Lifesaving Club. This entailed a total cost of \$3 million, and incorporated a café and restaurant with the aim to help fund ongoing maintenance and development of the building and Avalon Reserve.

Over the next four years, through its Delivery Program, Pittwater Council has identified major projects to be undertaken. The budgets for these projects range from as little as \$2,000 into the millions of dollars. The projects again are diversified as they are designed to meet the needs of the community. They include:

- Planning for Ingleside land release in partnership with the State Government potentially injecting some 3,000 new dwellings into Pittwater;
- A new community Facility at Warriewood (\$7.4 million);
- A new Skate Park at Mona Vale to provide facilities for the local youth (\$1.2million);
- An upgrade to the Mona Vale Surf Lifesaving Club (\$1 million);
- A new precinct development at Church Point including car parking, foreshore improvements and offshore transport facilities (\$7.4 million);
- A new Bridge, Road and footpath at Warriewood (\$7 million); and

- A continuation of Council’s wharf improvement program (in excess of \$4.5 million).

In addition to Council’s ongoing major project improvement programs, Council continues to undertake and expand its commercial portfolio to ensure that it has alternate sources of income in addition to rates, fees etc. The jewel in the crown of Council’s commercial portfolio is the Sydney Lakeside Holiday Park at North Narrabeen. Over recent years the park has been expanded to incorporate new cabins, a water feature playground, solar heating and new kitchens, along with management changes. Such improvements now see the tourist park with a gross turnover of over \$5.5 million per annum, returning a net profit for Council of over \$2.2 million per annum, which funds among other things improvements to Crown Reserves.

Further to this, the commercialisation of Council assets to achieve financial sustainability can also be demonstrated through the redevelopment and enhancements of our surf clubs, cafés and restaurants with the aim to derive a sustainable income stream to assist in the funding of ongoing maintenance and improvements of Council’s assets.

In addition to asset based projects, Pittwater Council continuously adapts its services to the needs of its community. It is anticipated that a future focus of the Council lies in spaces, places, services and activities. New functions will focus on improving the interface between Council and its community; focussing resources on services and facilities that enhance the economy, community and liveability of the community.

ABILITY TO EMPLOY A WIDER RANGE OF SKILLED STAFF

Pittwater Council is in the enviable position of being a Council with a strong employee brand and corporate reputation (the Council was the winner of the A.R. Bluett Memorial Award in 2003 and recognised as a finalist in the Award in 2013).

The organisation is supported by a well-organised, strategic corporate development team who have prepared a thorough workforce plan based on analytics that are not only about the workforce but also the future needs of the organisation. The workforce plan focuses on retaining existing staff as well as attracting new employees to ensure Pittwater Council as the optimum number of people with the right skills in the right jobs at the right time, now and in the future.

Council’s workforce strategies key initiatives focus on:



Pittwater Council employs 302 full time staff. In 2014, the employee turnover rate was 18%, however this high figure (up from 11% in 2013) can be attributed to a restructure of the organisation that saw Council exit the childcare market, handing the services over to not-for-profit organisations.

Other recent structural changes included:

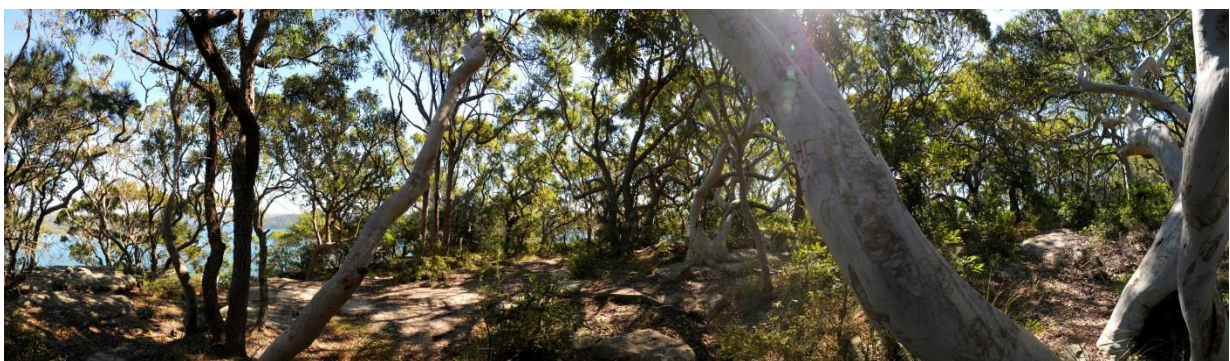
1. **Creation of a new Business Unit (Customer Service & Information Unit)** to focus management effort on improving customer service and strengthening customer culture;
2. **Creation of a new/separate Business Unit (Commercial, Property & Projects Unit)** to better integrate 'property' functions including leasing/licensing, building services, asset management, major commercial projects, which were managed and spread across a number of different Units and Divisions;
3. **Creation of a new Business Unit (Place Management Unit)** to specifically manage and strengthen the commitment to place management and economic development, particularly in the commercial centres, including the Enliven Pittwater strategy;
4. **Creation of a new/separate Business Unit (Community Engagement & Corporate Strategy Unit)** to continue and further strengthen the focus on community engagement in particular;
5. **Establishment of a broader management structure by the creation of 3 additional business units**, that provided new opportunity for management positions from within the organisation, in order to achieve greater diversity and gender balance within the senior team;
6. **Creation of a flattened management structure within some of the business units**, with a reduction in lines of communication between management and operational staff that resulted in improved communication processes throughout the organisation; and
7. **Realignment of some core business functions** to more accurately reflect required divisional outcomes, which included the divestment of some services to external stakeholders.

Pittwater Council has also implemented a Staff Benefits Package that includes performance rewards, an allowance for competency increases; an employee wellness program; staff recognition and a training program that includes regular in-house training as well as access to career development and leadership training opportunities. Pittwater Council's strong employer brand is reflected in the time to recruit statistic of 34.92 days, a much lower time frame than other local government organisations.

The workforce plan aims to facilitate recruitment in areas of known shortages and at the same time put in place strategies to retain existing staff. In this way the Workforce Plan is engaged at all levels of the supply of workers. It also aims to influence how the workforce is educated, trained and developed into the future.

Council's organisational structure also is a good reflection and example of how a local government can and should be adapting to the changing needs of the community. Pittwater Council now has a flatter structure, that empowers staff to work collaboratively together and with the community, which includes a robust communication and media platform that incorporates all forms of social media.

As part of Council's continuity cultural development process all staff are surveyed monthly. This enables management to gain regular feedback on areas of success and challenges it needs to address.



KNOWLEDGE, CREATIVITY AND INNOVATION

Pittwater Council has an excellent track record in applying knowledge, creativity and innovative thinking to the way it works to provide solutions to its community. Pittwater Council does this as “business as usual”, encouraging staff to be creative in the way that they work with each other, stakeholders and the community.

Some demonstrated examples of Pittwater Council’s approach to innovation include:

- In collaboration with SHOROC and the University of New South Wales, Pittwater undertook a regional groundwater research study that was a first of its kind for the northern beaches region. The study aimed to reduce the current gap of knowledge on groundwater systems, and took into account the impact of climate change, changes in rainfall patterns and the ability to recharge the aquifer systems.
- Council initiated and pioneered E-Planning in NSW, which introduced web based integration and reporting on Planning controls and processes. In addition, Council has developed a number of initiatives around planning, including an innovative waterway (Pittwater) zoning and Waterway Management Plan, Sector by Sector land release that allowed coordinated urban development and associated infrastructure, place planning and locality plans with character statements into planning documents.
- Council has collaborated with the State Government in establishing a unique partnership with Narrabeen Sports High School whereby recreational assets are jointly used by the school and the community. These shared use facilities include a multi-purpose indoor sports centre, cricket and ovals complex; and recently another turf oval and multi-sports synthetic oval. Since the opening of the fields in 2012, community bookings have been almost at 100 per cent. Also, the turf field is irrigated through rainwater captured by the synthetic field. The synthetic oval project won a Parks & Leisure Australia award for Open Space Development in June 2013.
- Working in partnership with the State Government including strategic rationalisation of Council’s property assets, Special Levy, loan borrowings and developer contributions (s94) has resulted in Pittwater Council acquiring/obtaining public ownership of over 145 hectares of open space. Examples include Warriewood Wetlands, Ingleside Chase Escarpment, Winnererremy Bay, Narrabeen Sports High, Newport Public School, Warriewood Land Release Open Space, and Currawong.
- The Coastal Environment Centre (CEC) continues to deliver coastal and environmental education through 50 school holiday programs and an ongoing program conducted with schools across NSW. The CEC has won a number of Awards, and recently it received recognition for its Coastal Ambassadors Program which provides the Surf Lifesaving movement with knowledge about the coastal environment and coastal processes.
- Council has initiated a Revolving Energy Fund. This has resulted in the Council reducing its power usage by 1,150,000 kWh a year and greenhouse gas emissions by 1,300 tonne a year. The financial saving during 2012-2013 was \$290,000. In addition, all public buildings are fitted with LED, induction or other energy efficient lighting. Money saved from the energy saving initiatives has been spent on further retrofitting Council buildings with energy efficient devices.
- Council coordinates a highly successful program of local markets, including a weekly fresh produce market; a monthly market at Palm Beach and a summer twilight market. The Pittwater Food and Wine Fair continues to grow each year with nearly 10 000 people attending on the day. Pittwater Council was also a finalist in the 2014 Dougherty Award for the Food and Wine Fair.

- In 2014 Pittwater Council won the LGNSW Arts and Cultural Award for the ‘Pittwater Arts Paper’ for the community engagement undertaken in the development of the paper. The Enliven Pittwater Strategy has been in place since July 2013 delivering over 45 short term goals and activations aiming to support local economic development and enhance the vibrancy in the town and village centres.
- A large section of creek line corridor was reconstructed in Warriewood Valley, including comprehensive creek rehabilitation and the planting of 27,000 trees and shrubs. This converted the former degraded, weed-infested creek system into a wildlife corridor linking the wetlands to the escarpment and beyond.
- In 1998, the Council introduced the concept of Accessory Dwellings to the Department of Planning which lead to Secondary Dwelling legislation for the State.
- Pittwater Council has focused on the long term financial viability of our assets. With this focus, a number of kiosks/restaurants have been provided at Council reserves to provide new amenities as well as a potential source of funding for the ongoing maintenance and improvement of the reserves.

Pittwater Council anticipates that its future lies in spaces, places, services and activities. Knowledge, creativity and innovation strategies will underpin the interface between Council and its community.

Pittwater Council is seeking to have a Green Building Council Australia rating in regards to its approach to sustainable planning for Ingleside.

In particular, Pittwater Council will focus on planning for places, data based decision making, total quality management (driving efficiency through process improvements) and building a culture of innovation in its workforce, encouraged and supported through its national and international development program.

ADVANCED SKILLS IN STRATEGIC PLANNING AND POLICY DEVELOPMENT

Pittwater Council has been recognised for its leadership in integrated planning and reporting. This includes the development in partnership with Local Government Software Solutions (LGSS) of an online corporate reporting system which follows from the Community Strategic Plan, Delivery Program and Budget, Operational Plans and finally down to a performance appraisal system. Through Pittwater Council’s involvement, this system is now operational in 55 Councils nationally. This is supported by our fully integrated Resourcing Strategy, Long Term Financial Plan, Asset Management Plan and Workforce Strategy.

In 2014, Pittwater Council established a new Place Management business unit to achieve an integrated approach to planning, designing and managing the villages and centres. The Place Management approach is to:

- Draw upon broader skills sets and expertise across the organisation to realise shared goals and objectives
- Add design intent and value to projects and initiatives
- Develop a strategic direction for centres in collaboration with relevant Business Units
- Coordinate the different professions, functional areas and external stakeholders to achieve a solution for the betterment of ‘place’.

A major review of Children’s Services has led to the Council transferring responsibility for direct provision of Family Day Care, Vacation Care and Out-of-hours School Care to not-for-profit operators. Council will utilise the

estimated saving of \$400,000 pa. to focus on Youth and Family Services, where a higher level need and service gaps has been identified, through the Pittwater 2025 – Our Community Strategic Plan.

The Social Plan and Economic Development Plan, developed in close consultation with the business community, both received a Highly Commended citation in the LGMA Excellence Awards in 2013. The Council's community Reference Groups brings together community leaders to help tackle key strategy items within the Community Strategic Plan. Pittwater Council initiated a Development Unit forum to appraise and resolve on relevant Development Applications in a public format that is transparent, accountable and brings together Applicants and Objectors in the decision making process.

Pittwater Council is already a leader in Integrated Planning & Reporting and Policy Development, which is strongly focussed on community outcomes.

As it moves into the future, opportunities to strengthen these functions include strong linkages between the delivery program and operations plans at business unit levels; refining the Key Performance Indicators (KPI) across the organisation to report on output, outcomes and efficiency levels; and to restructure reporting to consider the four pillars of sustainability (governance, economic, social and environmental). This has already begun through refinement of Council's Reporting template and development of business cases that report against these four pillars.

EFFECTIVE REGIONAL COLLABORATION

Pittwater Council is an active and committed member of SHOROC, a partnership between Manly, Mosman, Pittwater and Warringah Councils. The agreed role of SHOROC is to advocate, coordinate regional planning and facilitate regional partnerships.

In 2014, SHOROC achieved significant gains for the region and Pittwater, which included negotiations with the State Government that achieved a commitment to a \$233 million bus rapid transit system, including the development of interchanges and commuter car parking, and \$411 million in road upgrades.

Significant funding will be directed to the development of a bus interchange at Mona Vale.

\$129 million will be spent on planning for the new northern beaches hospital and community health centres including Mona Vale.

Pittwater Council is also 1 of 4 shareholders in Kimbriki Environmental Enterprises Pty Ltd (KEE), which was established in 2009 to own and operate the Kimbriki land fill site. The business, directed by an independent non-executive [Board of Directors](#).

KEE aims to be a leader in waste management education and practice, through the use of innovative technologies and management systems that maximise resource recovery. KEE's focus is to divert waste from landfill in line with State Government waste targets and SHOROC waste management objectives. Supporting a focus on resource recovery, the Kimbriki site is undergoing a transformation to become a Resource Recovery Centre.

Other examples of regional collaboration include:



The Council remains committed to its participation in SHOROC, utilising that organisation to facilitate regional planning and advocacy and as opportunity arises group procurement and service provision.

Into the future, Pittwater Council believes that collaboration and alliances with other like-minded organisations will be important for its position as a leader of the local government sector.

CREDIBILITY FOR EFFECTIVE ADVOCACY

Pittwater Council has a strong track record in effective advocacy undertaken on behalf of its community in a considered and balanced way.

Pittwater Council enhances its credibility in advocacy by being in touch with, understanding and reflecting community views.

At each State election, Council considers strategic issues, which becomes its platform for effective advocacy with the State and Federal Governments. The Council is also proactive and maintains a good relationship with its State and Federal representatives with regular meetings held to provide an opportunity for two-way communications.

Pittwater Council has actively lobbied the State Government with other SHOROC Councils for funding for roads, health and transport projects. This has included \$129 million towards the redevelopment of Mona Vale Hospital as a sub-acute facility and the introduction of \$644 million for a Bus Rapid Transit scheme.

Pittwater Council is particularly well respected in terms of its environmental management advocacy credentials: in 2014, Pittwater Council called into question the 10/50 Vegetation Code introduced by State Government. This led to significant revisions to the code to achieve better protection for Pittwater’s tree canopy.

The Council and its community successfully advocated for the return of maternity services to Mona Vale Hospital during 2012/13 and for increased dialysis facilities and palliative care.

Pittwater Council has successfully advocated for considered and sustainable development. As a consequence, the Department of Planning and Environment established a partnership with Pittwater to undertake a strategic review of Warriewood Valley and now is working in a precinct planning process at Ingleside that also includes Urban Growth NSW.

Councillors and staff are not only focused on advocacy for Pittwater, many are involved in a number of alliances and professional associations at an executive level. Examples of professional organisations where Pittwater staff

and Councillors influence the agenda include SHOROC; the LGMA at both a State and National level; Metro Mayors Association; Sydney Coastal Councils; LGNSW; Greater Sydney Local Land Services Local Government Advisory Group; Joint Regional Planning Panel; Floodplain Management Authorities; Club Grants Committee; Economic Development Network; Australian Institute Company Directors, CPA, Planning Institute Australia, Parks & Leisure Australia and Institution of Engineers.

CAPABLE PARTNER FOR STATE AND FEDERAL AGENCIES

Pittwater Council has proven itself to be an effective and capable partner for State and Federal agencies.

Pittwater Council has a history of working with State and Federal agencies in the delivery of local outcomes in social infrastructure, environment outcomes, housing and transport.

As described Pittwater Council has partnered with the State Government to improve facilities for schools including Narrabeen Sports High, Narrabeen North Primary, and Newport Public.

In partnership with the State Government, the Council acquired large tracts of environmentally significant land (Ingleside Chase Reserve) as well as significant foreshore land (Winnererremy Bay). In conjunction with State Government a management plan was prepared for the establishment of the Currawong State Park. Under this plan, the Council has undertaken significant works to maintain and protect the heritage buildings and the natural environment.

As stated earlier, a strategic planning review of undeveloped land remaining in Warriewood was carried out in 2013 in partnership with the NSW Department of Planning & Infrastructure. This review drew on community engagement and utilised a new community mapping tool based on Google Maps to gather feedback from the public. This provided the basis for an ongoing partnership, with precinct planning being undertaken in the Ingleside Land release area. This involves multi-disciplinary teams and specialists as well as effective community engagement strategies.

The Council has undertaken a proactive role with the State Government in the completion of the Warriewood Valley Strategic Review (completed June 2013) and the commencement of the Precinct Planning process for Ingleside Greenfield Release Area with the State Government commencing in 2014. Precinct planning for Ingleside is a complex project whereby Council is collaborating with key agencies such as the Department of Environment and Heritage, Sydney Water and Roads and Maritime Services, as well the Department of Planning & Infrastructure and Urban Growth NSW.

These projects are an important part of the State Government and Council's housing targets and will contribute significantly to future economic development of the area.



RESOURCES TO COPE WITH COMPLEX AND UNEXPECTED CHANGE

Pittwater Council has a stable rate base, valued currently at \$38.6 million. Ratable increases over and above statutory provisioning are sustainable, with the 2010 Special Rate Variation (SRV) receiving broad community support, and helping to secure some \$38.9 million in additional rate income over a 10 year time frame.

This, along with alternate revenue streams such as fees and charges, grants, investments etc. place the Council in a sound long term sustainable financial position with the ability to respond to internal and external shocks.

In addition to this Pittwater Council has a comprehensive business continuity plan based on risk management principles that address disaster recovery and business contingency planning. The business continuity plan addresses both major environmental disasters as well as routine interruptions to services such as short term power failure.

The plan has been developed to minimize impacts with a view to ensuring that Council is able to successfully reinstate critical business activities within established timeframes.

The Council has also proven its ability to help its community through difficult and unexpected times. In April 2015, the community of Pittwater was impacted by severe storms and declared a natural disaster zone. Many residents were without power for several days. Pittwater Council responded immediately to the situation extending its customer service centre hours to assist with community inquiries, undertaking clean up with State Emergency Services and contractors. Council also instigated additional waste collection services for vegetation and food waste as well as working with the surf clubs and the caravan park to provide shower facilities for the community.

Like many local government authorities and commercial entities Pittwater Council was subject to investment losses during the Global Financial Crisis. This being said Council's investment portfolio was efficiently diversified which in turn limited Council's exposure to significant losses. Although subject to final legal action and recoveries, Council's losses are estimated at a net \$2 million dollars. While at face value this amount is sizable, the impact this loss had on Council was moderate, reflecting Council's strength and robustness in its revenue base. Council's investment portfolio has achieved positive returns in every year for the past two decades.

Accordingly, as indicated above Pittwater Council has significant strength in its fiscal ability both in the short term and in the future. Council has the ability to withstand significant economic shocks without significant business disruption.

This fact re-iterates that it is not the size of the fiscal base that is the key to long term financial sustainability but the management and effectiveness of all revenue and assets at hand that ensures business success.

Pittwater Council are leaders in this area.

The typically high land values that Pittwater local government area enjoys enables Council, if faced with an emergency, to convert assets for a net community benefit.

Through an organisational development process regular reviews are undertaken focusing on ensuring that the right people are in the right roles undertaking the right work (identified in our Community Strategic Plan). This review includes consideration of business systems and anticipating the future needs of the organisation and the community that it serves.

HIGH QUALITY POLITICAL AND MANAGERIAL LEADERSHIP

Since its formation, the Council has been committed to the philosophy of responsive *local* government, recognising that good places “are built by vision, ideas and shared commitment for improvement” (Pittwater Council, 2014).

The Pittwater LGA is ably led by a Council that is connected to its community and a General Manager who is held in high regard across the sector nationally.

Pittwater Council is committed to serving the community with integrity, efficiency, fairness, impartiality and the encouragement of mutual respect. The Council promotes and strives to achieve a climate of respect for all. It has worked hard to inspire its community to share civic pride by valuing and protecting the environment, both natural and built, for current and future generations.

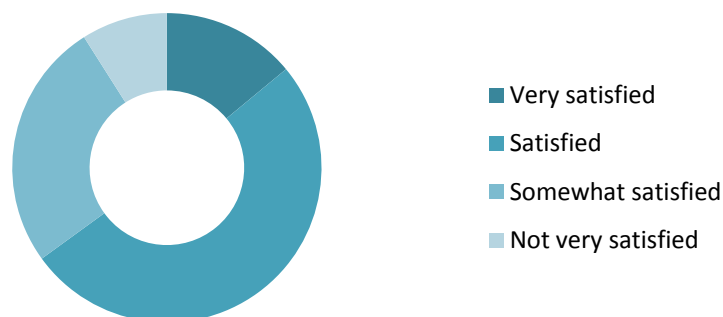
Pittwater Council promotes a culture of ongoing professional development. Demonstrated by a number of Councillors and Senior Managers completing the Company Directors Course, with the Australian Institute of Company Directors. Over the past five years Council has sent five key staff to the Harvard Kennedy School of Government completing the Senior Executives in State and Local Government program.

Pittwater Council has upheld its responsibilities as a custodian of Pittwater’s environmental assets. Biodiversity and sustained ecosystems have been maintained in the Pittwater region, and the urban forests, bushland and waterways have been managed with the goal of sustainability through strategies such as integrated water cycle management.

The Council also seeks to conserve key parcels of land that have both environmental and community value. This included significant expenditure to save the Ingleside Escarpment. Council also saved the Winnererremy Bay foreshore by swapping the Council depot from Winnererremy Bay to a more suitable location at Warriewood.

In keeping with Council’s values, Pittwater Council is committed to addressing and resolving customer enquiries and complaints, improving service delivery and increasing customer satisfaction. The customer satisfaction results, achieved across the board are well above the NSW LGA satisfaction benchmark established by Micromex Research. Pittwater has retained 91% overall satisfaction rating with its community in successive community surveys conducted in 2010, 2012, and recently in 2014.

Community satisfaction 2014 (91%)



What is evident about Pittwater Council is its willingness to empower staff to act and its high level of accountability back to the community. Examples include:

- 

Pittwater has a proven track record as a leader in local government and previously won the A R Bluett Memorial Award in 2003 and was shortlisted in 7
- 

Pittwater Council has an effective and collaborative partnership with its Federal and State Members in both assisting and advocating for our community on strategic matters such as Health, Transport, Housing, Employment, Education, Waste Management, Planning, and Infrastructure.
- 

Pittwater Council makes strong representation at the Local Government Conference and has provided motions relevant to a broad spectrum of local government.
- 

Pittwater Council effectively interacts with its community through Community Reference Groups and via Resident Associations, with survey feedback being very positive.
- 

Pittwater Council has received a number of Awards that recognise excellence in strategic planning, environmental management and customer service.

2. PITTWATER COUNCIL’S CURRENT POSITION

2.1(A) THE PLACE

Pittwater is a unique place valued highly by its residents and visitors for its natural beauty in bushland, waterways and beaches. The community has a deep connection with the environment and a desire to protect the landscape, the sense of community and cultural experience; and the unique characteristics that shape each village.

Located at the north east end of Sydney, Pittwater could be easily mistaken for a “dormitory” suburb of Greater Sydney. It is clearly much more than that to its residents and its visitors to the region who value the natural environment and a sense of community.

The area itself could be considered isolated as it’s bounded by two national parks and waterways, with no urban blurring between it and Warringah LGA.

The LGA encompasses a land area of 125 square kilometres, of which nearly half is National Park, bushland or reserves, including coastal foreshores, beaches, islands and waterways.

Unlike other Sydney LGA’s Pittwater also includes the area known as Scotland Island and other off shore communities, home to around 1,000 people, whose only access to their homes is by boat.

Pittwater is a relatively affluent area. House prices are high and unemployment is low. Much of the population is highly educated and has skills, such as professional business skills and mentoring experience that are a significant asset to the community. Like most other areas, however, the population is slowly ageing.

Various reports show that Pittwater is “self-contained” community with approximately 66% of Pittwater’s resident workforce works within the North East sub region. Conversely, more than one-third of the workforce commutes outside the sub region (this is not a high proportion, by Sydney standards).

The Pittwater economy is experiencing employment growth at a rate faster than forecast. More people are working from home and an increasing number of businesses are investing in Pittwater.

Vibrant “village economies” are a defining feature of the Pittwater economy. The LGA is anchored by Mona Vale, which is supported by a series of village centres scattered throughout the LGA; along with an expanding Warriewood Square, a “box top” regional shopping centre housing Coles, Kmart and 26 specialty stores.

The Mona Vale Town Centre is the first of Pittwater’s centres to undergo the place planning process. Mona Vale as the highest order centre in the Local Government Area (LGA) is of strategic importance and will play a vital role in shaping the future of Pittwater.

The Pittwater Council’s Economic Development Plan (Pittwater Council, 2012) recognizes that “jobs are growing in these centres, they are attracting more visitors, and Council is investing in the public domain. New residential opportunities are expanding both within and close to these centres”

The Pittwater community is a highly engaged community. The Council has 49 groups registered on its Community Register that reflect a membership of a minimum of 1000 residents. These groups range from Resident Associations; Historical Society; Surf Clubs and Environmental and Special Interest Groups.

The community has expressed concern about how the area is developed. A key concern is retention of the unique character of the place as it grows. In the last community research undertaken by Micromex Research on behalf of Council (Micromex, 2014) it was reported that the top 2 key priority areas residents believed Pittwater should focus on over the next 5 years were controlled development/over development and upgrading/improving roads and footpaths. Management of the environment – maintenance, preservation and sustainability rated as the 5th most important focus area, reflecting the community’s high value of the environment.

The Council also operates four community reference groups that meet quarterly to discuss Council’s strategic activities. The reference groups are interactive and dynamic and provide an avenue for passionate community members to gain a unique insight into the strategic issues facing Pittwater and provide feedback as the Council implements [Pittwater 2025 – Our Community Strategic Plan](#). The most recent expression of interest process was oversubscribed by community members and leaders.

There are four different reference groups aligned with the strategies of the CSP, each considering different topics and issues facing Pittwater including:



The reference groups operate with clear objectives to progress the community strategic plan (CSP) focussing on key strategies in the CSP. The groups do not have a decision-making role – that role is reserved for the full Council – rather they operate as strategic think-tanks with minutes of the Reference Groups being reported to Council to ensure linkages to decision making on matters of importance. In addition Council committee structure is also directly aligned to this structure.

Key characteristics of the Pittwater LGA Community are summarised below:

| Characteristics | Pittwater LGA | Greater Sydney | NSW |
|---------------------------------|-----------------|-----------------|-------------------|
| ERP 2014 | 63,338 | 4,840,586 | 7,518,472 |
| Population growth | 1.4% | 2.0% | 1.3% |
| Population Density (p/ha) | 7.01 | | |
| Median Age | 42 | 36 | 38 |
| Working Age Population (15-64) | 45,737 | 3,311,500 | 4,979,500 |
| Employment Rate (15-64) | 94.2% | 72.5% | 71.3% |
| Participation Rate | 65% | 61.7% | 59.7% |
| Unemployment Rate | 2.8% (Dec 2014) | 5.3% (Apr 2015) | 6.0% (April 2015) |
| Youth Unemployment Rate (15-24) | 7.6% | 12.6% | 12.8% |
| Median weekly household income | \$1,447 | \$1,237 | \$1,234 |
| Couples with children | 38% | 35% | 32% |
| Older couples without children | 12% | 8% | 9% |
| Bachelor degree or higher | 25% | 24% | 20% |
| Public transport (to work) | 8% | 20% | 14% |
| SEIFA index of disadvantage | 1094 | 1011 | 996 |

Source: (id. the population experts, 2015); (id. the population experts, 2014) (Australian Government, 2015), (ABS, 2012)

2.1(B) A SHORT HISTORY

Pittwater Council sits in an unusual position in that the Council was constituted just over 23 years ago.

Prior to 1992, Pittwater was an administration area—otherwise known as ‘A Riding’—under Warringah Shire Council, which was a very large Council at the time.

For some 20 years—between 1972 and 1992—the local community fought for the establishment of a separate Council. The Pittwater community lobbied fiercely for the formation of their own Council because they were unhappy about:

- over-development and the impact that it was having on the environment
- a lack of infrastructure
- low service levels that didn’t reflect their high rates, and
- poor community consultation.

The issue was referred to the Local Government Boundaries Commission (the Commission), who carried out a public inquiry into the matter. The inquiry included extensive consultation that resulted in the Commission not being able to recommend a clear position on secession as the fore and against arguments, in its view, were well balanced.

A copy of the Local Government Boundaries Commission report is provided in **Appendix 7**.

The Pittwater Municipality Committee, a key driver behind the change, based their case to the Commission on the establishment of a *local* government that would be smaller, more community and environmentally tuned, based on a substantial population of 50,000 that gave it sufficient scale to operate.

The Local Government Boundaries Commission (Local Government Boundaries Commission, 1991) found that

*“... the Pittwater situation is a compelling example that **local government issues are not related solely to costs and services**. People there are very concerned about local government as government, about policies and how they are arrived at, how the public view is taken into account and about the style and management by which they are governed.*

The indisputable fact is that there is a long standing desire by a substantial portion of the people of the Pittwater district to have their own local Council. This desire has had an extreme effect impact on the administration of Warringah Shire Council. A vast amount of the Council's energy and effort is devoted to Pittwater issues...."

It is interesting to note that during the inquiry, 32 written submissions were received. Of the 27 written submissions received in support of secession 15 were from community and business organisations.

The Commission went on to recommend that a referendum of Pittwater be held to determine community views. The referendum result supported the case for secession with 73.5% of the vote in favour of the secession (Dunn, 2013).

On 1 May 1992, Pittwater was formally proclaimed by the Governor of NSW. Pittwater is now recognised as a rather unique Local Government organisation that operates in a way that is "efficient, consultative, responsive and respectful of residents and their community groups" (Tenney, 2013).

2.1(C) THE ORGANISATION

Pittwater Council, (its Councillor representatives and staff) are recognised by its community as being responsive, collaborative and responsible. There is high trust between Council and the community it serves, grown through place based approach that Council has adopted with regard to managing the LGA.

This confidence is reflected in the satisfaction results achieved by Council in its last community needs survey (Micromex, 2014) which reported that 91% of residents were at least somewhat satisfied with the overall performance of Pittwater Council (as an organisation); and 77% of residents rating Council's image within the local community as "good" to "excellent".

The Council has a strong commitment to collaboration and uses the discipline of place management to set and implement plans for the many areas under its control. Community reference groups have been used to inform, consult and collaborate on key strategic issues.

With an average employment turnover rate at 11-12% per annum, the organisation is considered stable, but progressive. It is a values based organisation, focused on delivering quality services to the community. It is also reasonably lean, with a small executive team (1 General Manager, 2 Directors) supported by 14 Program Managers.

VISION

To be a vibrant sustainable community of connected villages inspired by bush, beach and water.

Since Pittwater became independent, it has delivered a number of achievements for the local community, some of these include:

| Environment | |
|-------------|---|
| | <ul style="list-style-type: none"> Introduced 240 litre green vegetation bins to every mainland household, diverting 3,500 tonnes of recyclable waste from landfill Saved over 140 hectares of private land earmarked for development for environmental protection and public use including Currawong, Warriewood Wetlands, Winnererremy Bay, Ingleside Chase Major restoration of sand dunes, creek beds and bushland |

| | |
|-----------------------|---|
| Social | <ul style="list-style-type: none"> • Helped create Northern Beaches Indoor Sports Centre • Built new sports fields at Warriewood and Northern Narrabeen, the latter being an award winning synthetic turf field • Helped save Mona Vale hospital from closure • Established new libraries at Mona Vale and Avalon • Built and upgraded new playgrounds at Winnererremy Bay, South Avalon Beach, Bilgola Plateau, Governor Phillip Park, Apex Park, Katoa Reserve, Billarong Reserve and Warriewood Valley • Supported 7000 local volunteers, including 36 Bushcare groups |
| Economic | <ul style="list-style-type: none"> • Supported local businesses through the Enliven Program to enhance vibrancy within Pittwater • Developed the free Enliven app, providing a free portal for business and residents to connect • Developed the library as a real community hub • Made the villages more vibrant through removing graffiti and installing art installations, pop up stalls • Developed a regular schedule of dynamic, community based markets across the area, including the Mona Vale Food and Wine Festival, Palm Beach Markets, Mona Vale Market Day, Avalon Beach Markets, Mona Vale Night Markets, and support of a weekly organic market • Supported a unique artist community through the promotion of art events including the Pittwater Artist Trail • Strong collaboration with Pittwater Business Ltd and local Chamber of Commerce as demonstrated through business forums, monthly breakfast's meetings and the Enliven Pittwater Leadership Group. |
| Infrastructure | <ul style="list-style-type: none"> • Built new or upgraded surf clubs at Avalon Beach, Bungan, Newport, Bilgola and North Palm Beach • Upgraded Mona Vale and Newport shopping centres as pedestrian-friendly and better designed public spaces • Expanded Pittwater's shared paths and public walkways • Upgraded 29 public wharves • Implemented Councils roads and drainage program in accordance with its assets improvement strategy. • Implemented a 10 year building improvement program including detailed condition assessment. • \$100 million of new infrastructure in Warriewood Valley |
| Awards | <ul style="list-style-type: none"> • 2004 API Kemp Strang Property Industry Award – Online Development Enquiry Program • 2005 PIA Excellence in Planning Urban Development Achievement • 2005 National Award for Local Government – Online Development Enquiry Program • 2008 UDIA Public Sector – Leadership in Urban Development • Awarded top honours from Parks and Leisure Australia in NSW/ACT Open Space Development Category 2013 for our synthetic turf field at Narrabeen Sports High School • Recognised as best metropolitan Council in NSW in 2003 (Bluett Award) • Recognised as a finalist in the Bluett Award in 2014, commended for cross-Council collaboration. • R H Dougherty Award – Excellence in Communication • Social Plan and Economic Development Plan 2012-2016 Highly Commended • Markets and Events – Parks and Leisure Australia 2013 • Arts Paper – Social Plan 2014 (LGNSW) • Coastal Ambassador Program • Winner of UDIA award for Warriewood Valley Land Release – Public Sector Leadership for Urban Development |

2.2 KEY CHALLENGES AND OPPORTUNITIES

STRENGTHS

- Pittwater has a Sound T-Corp rating and all FFTF benchmarks are met
- As demonstrated through its integrated reporting, including Community Strategic Plan, Delivery Plan, LTFP, Asset Plan and Workforce Plan, Pittwater Council is a sustainable organisation that is in tune with its environmental, social, economic, governance and infrastructure needs
- A long term financial plan that demonstrates that Pittwater is financially sustainable and has the capacity to fund and financially manage required service levels and infrastructure programs in the medium to long term
- A community that is stable with strong ownership and ideas for the future of the LGA
- Trust of the community
- Strong community engagement framework
- Working in partnership with the community
- Continuing partnership with the State Government and SHOROC at a regional level to deliver the BRT upgrades as well as promote increased public transport utilisation and active transport networks (walking and cycling) - local knowledge is a significant advantage
- Continuing partnership with the State Government to achieve upgrades to Mona Vale Road, Wakehurst Parkway and Pittwater Road corridors as well as active transport infrastructure. Waterway – continuing partnership to improve recreational and commuter boating facilities.
- Planning – Pittwater has embedded the required templates whilst still retaining the need to protect the environment and the importance of Pittwater to greater Sydney – often described as its ‘lungs’ and recreational outlet for a densified Sydney.
- Representation ratio that facilitates community engagement
- Four community reference groups aligned with the community strategic plan
- A highly engaged and committed staff
- Collaboration that occurs between business units within the Council and with stakeholders
- Reputation of Council – high satisfaction (91%) with Councils overall performance (Community Survey 2014)
- Ownership of the Caravan Park and shareholding in Kimbriki
- Sound financial rating by T-Corp
- Unique, low density character of Pittwater that the community prefers
- Pittwater’s economic condition/characteristics (wealth of the people)
- Level of economic self-containment
- Pittwater LGA’s environmental credentials & iconic assets
- The large tracks of environmentally significant land
- Council’s coastal, flood and geotechnical knowledge
- Demonstrated high percentage of operational plans actions achieved 96% above the sector benchmarks.

WEAKNESSES

- Reliance on regional facilities provided by other Councils (countered by user fees and reciprocity with Pittwater Council’s community assets)
- Limited medium to large employers in the LGA
- High number of public wharves in the LGA
- Number of isolated (off shore) communities
- Lack of diversity in housing
- Cost of housing in Pittwater, making it difficult for low income earners to live and work in the area
- Lack of tertiary and VET education options for the community of Pittwater
- Legacy planning issues (development that’s occurred in the LGA without proper infrastructure)
- A split Narrabeen Lagoon catchment will continue requiring effective joint management with another Council entity
- Warringah Council eroding the role of SHOROC and hence removing regional cooperation. In this regard Pittwater advocates for a continuing role for SHOROC in an expanded cluster of Northern Sydney Councils
- Concern regarding the State Governments financial assistance with infrastructure associated with major land releases

OPPORTUNITIES

- Pittwater Council's continued commitment to be part of and utilise SHOROC for regional planning and joint procurement
- Economic engagement to develop tourism industry
- Development of the identified creative cluster
- Improved public transport linkages to major south and western employment zones
- Balancing community priorities across the wide range of Council services and facilities
- To adapt and utilise new technologies as they become available
- Enhance regional partnerships to share costs and increase productivity
- Continue to develop and support a culture of excellence
- To investigate alternative funding sources
- Asset conversion of high value land
- Leverage talent of staff
- Leverage high socio economic status of the community
- Align annual reporting requirements to FFTF benchmarks

THREATS

- If amalgamated, the iconic character of Pittwater will be eroded with a loss of local knowledge and community support
- Loss of identity through amalgamation
- Maintaining the iconic character of Pittwater
- Trends in the workforce that predict a reduction in workforce participation, across the LG sector
- Reduction in funding from the State and Federal Government and access to grants
- Dealing with a growing population
- Ageing population
- Loss of local data that supports decision making
- Loss of Pittwater brand leading to social and economic capital losses.
- Climate change
- Do not specifically meet the ILGRP scale criteria as referenced by IPART. Based on population alone
- State Government has indicated that LIRS funding will not be provided to Councils that do not amalgamate and access to grants may be restricted – this is a retrograde step and this funding should be made available to Pittwater Council given that it can demonstrate it has the capacity to effectively partner with the State Government. In particular grants are often provided to improve State Government assets that the Council has care, control and management.
- State Government has indicated that it may remove / diminish planning powers – this is a retrograde step as Pittwater's planning is responsibly tuned to the constraints and opportunities of the area. An amalgamation is likely to lead to a 'one size fits all' development landscape
- Reduced political voice / advocacy with the State Government – larger amalgamated Councils may receive a greater say at the State level however there will be a significant loss of local representation on important local matters.

2.3 PERFORMANCE AGAINST FIT FOR THE FUTURE BENCHMARKS**SUSTAINABILITY**

| Measure/Benchmark | 2013/14 performance | Achieves FFTF benchmark? | Forecast 2016/17 performance | Achieves FFTF benchmark |
|---|---------------------|--------------------------|------------------------------|-------------------------|
| Operating Performance Ratio | 0.54% | Yes | 0.64% | Yes |
| Own Source Revenue | 91.24% | Yes | 83.25% | Yes |
| Building & Infrastructure Asset Renewal Ratio | 129.81% | Yes | 100.18% | Yes |

INFRASTRUCTURE AND SERVICE MANAGEMENT

| Measure/Benchmark | 2013/14 performance | Achieves FFTF benchmark? | Forecast 2016/17 performance | Achieves FFTF benchmark |
|-------------------------------------|---------------------|--------------------------|------------------------------|-------------------------|
| Infrastructure Backlog Ratio | 4.73% | NO | 2.08% | NO |
| Asset Maintenance Ratio | 128.16% | Yes | 100.60% | Yes |
| Debt Service Ratio | 3.08% | Yes | 4.29% | yes |

Infrastructure Backlog Ratio - The FFTF benchmark for the Infrastructure Backlog is a ratio of <2%. You will note that the ratio for Pittwater Council reduces from 4.73% in 2013/14 to 2.08% in 2016/17 and to 1.66% by 2017/18. This ratio continues to trend down achieving an improvement result of 1.14% by 2019/20.

Although, Council's current ratio is marginally outside the FFTF benchmark, Council even prior to the FFTF framework had established a forward thinking that recognised the need to invest in its infrastructure to ensure longevity of its assets and appropriate levels of service capacity for our ratepayers.

Like many other NSW Local Government Authorities, infrastructure backlog is a major priority and one that attracts considerable management and expenditure. As indicated in the Building and Asset Renewal Ratio discussion at 3.1, Council has undertaken a targeted approach to backlog renewal by establishing a sound data set that enables Council to better understand its backlog statistics in conjunction with a targeted funding program of loans (rolling annual loan of \$1.5 million), Council funds, grants and a 2010 special rate variation (SRV) that now generates some \$4 million per annum that was specifically designed to continuously improve the infrastructure backlog requirement. This was supported by over 70% of the Pittwater community.

As a part of establishing a sound data set Pittwater engaged Morrison Low Consultants to assess whether Council was reflecting its "estimated cost to bring up to a satisfactory standard" of its infrastructure assets in a manner in line with state government requirements. It was found that Council's position was aimed at bringing assets to a "near new position" (not simply satisfactory), thus over estimating its position as per the requirement of the state government. Accordingly, Council realigned its estimates to match the state's "satisfactory" criteria and in conjunction with its ongoing targeted expenditure program, which resulted in decreasing Council's figure to a more appropriate level. As required by the NSW Government's Office of Local Government (OLG) this figure will now be subject to audit in 2015/16.

Accordingly, this combination of improving data on backlog requirements and a targeted program of funding has seen Council's Infrastructure Backlog Ratio continually improve over time, fulfilling the FFTF and TCorp benchmark of less than 2% by 2017/18, with continual improvement to approximately 1% by 2019/20.

EFFICIENCY

| Measure/Benchmark | 2013/14 performance | Achieves FFTF benchmark? | Forecast 2016/17 performance | Achieves FFTF benchmark |
|--|---------------------|--------------------------|------------------------------|-------------------------|
| Real Operating Expenditure per capita | \$997 (declining) | Yes | \$989 (declining) | Yes |

3. HOW WILL YOUR COUNCIL REMAIN FIT FOR THE FUTURE?

3.1 SUSTAINABILITY– KEY STRATEGIES & OUTCOMES (& ASSUMPTIONS)

| Measure/Benchmark | Forecast | Forecast | Forecast | Forecast |
|--|-------------|-------------|-------------|-------------|
| | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
| | Performance | Performance | Performance | Performance |
| Operating Performance Ratio | 0.64% | 1.77% | 2.33% | 1.91% |
| Own Source Revenue | 83.25% | 90.25% | 78.76% | 91.93% |
| Building & Infrastructure Asset Renewal Ratio | 100.18% | 106.57% | 100.95% | 100.39% |

Operating Performance Ratio – Council currently meets the FFTF benchmark and is forecast to meet this benchmark into the future. Council’s sound operating performance ratio is attributable to:

- Efficient fiscal management incorporating but not limited to a commitment to continued service review and improvement
- Flat staffing structure that allows for Council to hold consistent salary and wages expenditure
- Efficient contract management allowing Council to closely monitor its contract commitments
- Commitment from staff to be cost effective in their practices
- Highly effective management of Council’s commercial operations such as a caravan park, golf driving ranges, restaurants etc. that allows for sound and growing discretionary income streams.

Accordingly, the highly efficient management of both income and expenditure patterns allows Council to maintain its positive operating performance ratio in the long term.

Own Source Revenue - Council currently meets the FFTF benchmark and is forecast to meet this benchmark into the future. Council’s highly stable own source revenue is reflective of its stable rate base (approximately 50% of operating revenue), sound commercial operations, progressive management of its fees and charges to ensure a user pay methodology for Council services, sound management of its investment practices and efficient enforcement practices. Such practices allow Council to maintain an own source revenue profile of between 80% and 90% historically and over the benchmark years.

Building & Infrastructure Asset Renewal Ratio - Council currently meets the FFTF benchmark and is forecast to meet this benchmark into the future. Historically Council has seen the maintenance and the renewal of its infrastructure assets as a priority to ensure longevity of its assets and appropriate levels of service capacity for its ratepayers. Council resolved in 2010 to seek a special rate variation to assist with the planned funding of its building and infrastructure renewal. This successful special rate variation (average \$4 million per annum) coupled with a rolling loan borrowing program (\$1.5 million per annum), in addition to Council’s historical asset renewal expenditure, has seen a dramatically enhanced renewal program resulting in asset backlogs being steadily diminished over time. Further to this, as a part of the IP&R legislation, Council has spent considerable time and funds in the continual improvement of its asset data collation and plans seeing a comprehensive focus on asset information as well as expenditure. This planned and targeted approach to Council infrastructure sees Council meeting the FFTF benchmark currently and is forecast to consistently meet the FFTF benchmark of greater than 100%.

Pittwater Council has been working to ensure that sustainability is integrated into the organisational culture and all of its activities. This is being achieved by ensuring that the implementation of all of the strategies adheres to the following sustainability principles:

Intergenerational equity

The present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations.

The precautionary principle

If there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.

Conservation of biological diversity and ecological integrity

In all situations, conservation of biological diversity and ecological integrity should be a fundamental consideration.

Improved environmental valuation, pricing and incentives

The true costs of environmental impacts should be included in the valuation of assets and services.

Continuous improvement

We must ensure continuous improvement towards sustainability based on accountability, transparency and good governance. This includes striving towards State and Federal targets.

Community engagement and partnerships

Engagement is a reciprocal process that involves careful listening, meaningful consultation, informed and respectful discussion and real feedback. Partnerships must be strengthened between Councils, agencies, operators and the community. We will work and learn together to foster Pittwater’s social, economic and cultural development while protecting our natural heritage.” (Pittwater Council, 2014)

KEY STRATEGY:

Being “Fit for the Future” is not a new concept for Pittwater Council. Based on the IP&R framework, Council for many years has established refined and practiced key strategic objectives and associated actions that allow Council to operate sustainably, now and into the future. Council’s position of sustainability, in terms of financial, environmental and asset longevity is cemented within organisation practices that systematically secures sound operating performances that are underpinned by sound own source revenues and a focus on the longevity and renewal of assets. Accordingly, in demonstration of how Council will remain “Fit for the Future”, the table below outlines Council’s 2015-16 and beyond key strategic objectives and actions that facilitate continual operational efficiency, sustainability and asset longevity.

| Strategic Objectives | Associated Underlying Actions | Evidence and Outcomes |
|---|---|--|
| To ensure Council’s future financial sustainability. | <ul style="list-style-type: none"> Effectively manage Council’s financial services Manage Council’s long term financial strategies Provide effective investment of Council’s funds Effectively manage all of Council’s property holdings and ensure best value return for ratepayers Continue to identify, evaluate and manage commercial opportunities Coordinate grant opportunities across Council Ongoing review of Council purchases through continuous monitoring of costs and sustainable purchasing initiatives Progressively develop priorities for maintenance and replacement of all asset classes based on a life-cycle analysis assessment | <ul style="list-style-type: none"> Pittwater Council has always maintained consecutive operating surpluses since inception in 1992 Council, since inception has lodged its annual financial statements with the OLG within the first five Councils in NSW, lodging first on numerous occasions Council has been recognized by TCorp in its program of “Financial Sustainability” as “Sound - Neutral” making it one of the top 30 Councils in NSW In 2010 Council was successful in its SRV application securing an additional \$4 million per annum of which over 70% of the community supported Council has been successful two out of two times for LIRS funding based on sound business cases Council is a past winner and finalist of the AR Bluett award |

| Strategic Objectives | Associated Underlying Actions | Evidence and Outcomes |
|--|--|---|
| | <ul style="list-style-type: none"> Continued development of an advanced program of infrastructure asset acquisition, creation, maintenance, renewal and disposal to optimize Council’s ability to fund and resource Council’s asset base | <p><i>Accordingly, sustainability is not a new venture for Council. Current practices, policies and dedication of employees and Council alike will ensure sustainability as our history has demonstrated</i></p> |
| <p>To effectively provide workforce planning and cost effective workforce management</p> | <ul style="list-style-type: none"> Develop and implement annual corporate training plans Implement the Excellence at Work service recognition staff programs Manage Council’s recruitment process and procedures Coordinate the career development program Encourage opportunities for diversity within Council’s workplace Develop and implement opportunities for flexible work practices across the organisation Oversee Council’s performance management system | <p><i>Pittwater Council based on the IP&R framework has an adopted work force plan. This plan encourages the process of identification of current and future staffing needs. It focuses on retaining existing staff as well as attracting new employees to ensure that Council has the right number of people, with the right skills in the right jobs at the right time, now and into the future.</i></p> |
| <p>To ensure effective and cooperative management by providing equitable and transparent business processes</p> | <ul style="list-style-type: none"> Undertake improvement reviews across Council by providing and implementing an efficient Internal Audit Plan Develop Business Unit operational plans | <p><i>Council historically, currently and will into the future employ an internal auditor whose primary role is to improve business practices and efficiency within the organisation.</i></p> <p><i>In addition to this, Council’s management teams are continually focused on service improvement and the rationalization of Council’s services. Just recently, Council boldly closed its childcare operations as the not for profit sector moved efficiently into this space allowing Council to re-inject savings into the community priority of youth services.</i></p> |

| Strategic Objectives | Associated Underlying Actions | Evidence and Outcomes |
|---|--|--|
| To foster shared resourcing through partnerships. | <ul style="list-style-type: none"> Partner with state government and other Councils to facilitate regional Council initiatives Strengthen partnerships with SHOROC and other Councils Ongoing review of Council purchases through continuous monitoring of costs and sustainable purchasing initiatives | <ul style="list-style-type: none"> Regional contracts have been utilised including road construction, records, plant hire, concrete supplies, cash collections, waste, banking, etc. Council is a regional partner (consisting of four SHOROC Councils) that has developed a waste facility under a commercial operation framework ensuring tipping longevity for our community Council is a joint partner of a regional rural fire service that supplies vital emergency services to Pittwater <p><i>Accordingly, it can be demonstrated that with sound regional partnerships proactive management of anything from procurement to waste to emergency services can be facilitated efficiently</i></p> |
| To be a leader in sustainable management (social, economic, environmental, leadership). | <ul style="list-style-type: none"> Manage the Revolving Energy Fund to finance ongoing greenhouse reduction measures Implement a staged Climate Change Plan of Action | <p><i>Embodied within Council's business practices throughout the organisation is the concept of being a leader of sustainability. Programs incorporating revolving energy funds, environmental management, gas emission reductions, climate adaption, flood management, coastal erosion mitigation etc. all form a part of Council's priorities and budget.</i></p> |
| To sustainably and strategically manage the community's assets on a whole of life basis taking into account risks, community expectations and quadruple bottom line (social, economic, environmental and governance) | <ul style="list-style-type: none"> Progressively develop priorities for maintenance and replacement of all asset classes based on a life-cycle analysis assessment Continued development of an advanced program of infrastructure asset acquisition, creation, maintenance, renewal and disposal to optimise Council's ability to fund and resource Council's asset base | <p><i>As recognised by Council, TCorp, OLG and now the FFTF framework the Building and Infrastructure renewal ratio is an important measurement of Council's major infrastructure management. Council began a number of years ago a targeted approach through rolling loan programs, a special rate variation and an improvement in its asset data to maintain this ratio at or above the adopted benchmark of 100%. Pittwater Council will meet this benchmark into the future with such embedded programs within its asset management framework.</i></p> |

3.2 INFRASTRUCTURE & SERVICE MANAGEMENT – KEY STRATEGIES & OUTCOMES

| Measure/Benchmark | Forecast 2016/17 Performance | Forecast 2017/18 Performance | Forecast 2018/19 Performance | Forecast 2019/20 Performance |
|------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Infrastructure Backlog Ratio | 2.08% | 1.66% | 1.39% | 1.14% |
| Asset Maintenance Ratio | 100.60% | 100.31% | 100.02% | 100.20% |
| Debt Service Ratio | 4.29% | 4.40% | 4.50% | 4.29% |

KEY STRATEGY:

Pittwater Council is profoundly aware of the need to provide and service its infrastructure assets. In 1992, Council succeeded from a larger inefficient Warringah Shire Council for the very reason that its area (north of Narrabeen Bridge) was being under funded in terms of its serviceability and infrastructure provision, renewal and maintenance.

Since inception, Council has successfully been working towards better facilities, infrastructure and serviceability. This achievement supported by Council's high community support for remaining a stand-alone Council and past recognition of its management of the local area through winning awards such as the A.R. Bluett Memorial Award and many other planning and infrastructure awards solidifies Councils objective of being a leader in the provision of infrastructure and serviceability.

In 2010, with resounding community support, Council was successful in gaining an infrastructure levy that secured an additional \$4 million per annum for the provision, renewal and upgrade of its infrastructure. In 2011, Council also instigated an annual rolling loan program of between \$1 million to \$1.5 million again for the sole purpose of the provision, renewal and upgrade of its infrastructure. Accordingly, for numerous years now Pittwater Council has recognised the importance of infrastructure management, injecting a considerable amount of resources (data systems, collation and management) and funds in order to improve the sustainability of its assets.

It is a core fundamental of Council's long term financial planning and it is this commitment that is demonstrated by Council's ability to meet the FFTF benchmarks in the category of infrastructure and service management.

Such infrastructure management principles are embedded in Council's Delivery Programs, budget, long term financial plan (LTFP) and strategic goals. Accordingly, in demonstration of how Council will remain "Fit for the Future", the table below outlines Council's 2015-16 and beyond key strategic objectives and actions that facilitate sound infrastructure and service management.

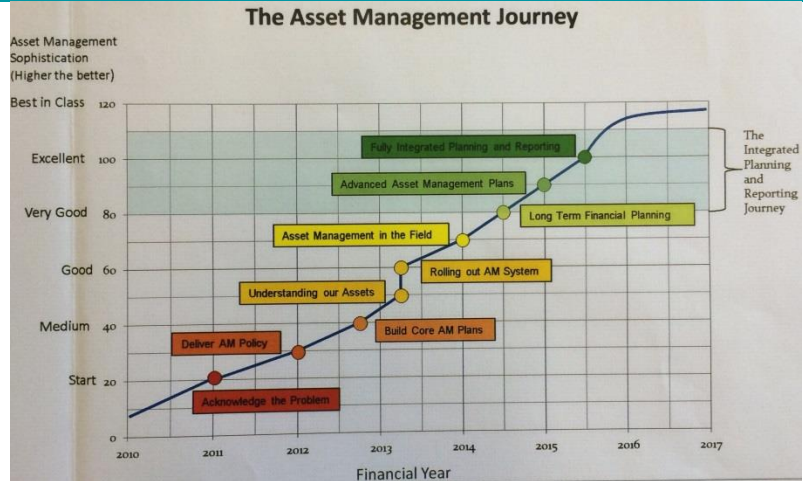
| Strategic Objectives | Associated Underlying Actions | Evidence and Outcomes |
|---|--|---|
| To provide leadership through ethical, accountable and legislative decision-making processes | <ul style="list-style-type: none"> In consultation with stakeholders produce Council's strategic reporting, delivery program and budget, including end of term report, annual report and Community Strategic Plan Continue integration of all Council plans within the Integrated planning and reporting framework | <p><i>Through community consultation Council has gauged the opinion of what the community desires in asset provision.</i></p> <p><i>Thus, the major leadership objectives of Pittwater Council via its LTFP are to continue to:</i></p> <ul style="list-style-type: none"> <i>provide a platform to deliver the Communities desired infrastructure and services,</i> |

| Strategic Objectives | Associated Underlying Actions | Evidence and Outcomes |
|---|--|--|
| | | <ul style="list-style-type: none"> • <i>provide a transparent account of Council’s financial situation to the community,</i> • <i>provide a framework to balance Council’s future financial position,</i> • <i>identify the financial opportunities and challenges confronting Council,</i> • <i>provide a basis for sound and strategic decision making, and</i> • <i>meet the requirements of the Department of Local Government’s (DLG) Integrated Planning & Reporting (IP&R) framework</i> |
| <p>To ensure Council’s future financial sustainability</p> | <ul style="list-style-type: none"> • Continue to develop and integrate an asset management system into Council operations • Progressively develop priorities for maintenance and replacement of all asset classes based on a life-cycle analysis assessment • Continued development of an advanced program of infrastructure asset acquisition, creation, maintenance, renewal and disposal to optimise Council’s ability to fund and resource Council’s asset base | <p><i>Council has developed Asset Management Plans and Strategies. The ‘core’ approach is in accordance with the International Infrastructure Management Manual (IIMM 2006). The approach assesses levels of service, future demand, life cycle management, financial Requirements, asset management practices (process, risk management, strategies) and asset Management Improvement Plan (review and monitoring)</i></p> |
| <p>To provide the community with a broad range of quality natural and built assets in a sustainable manner to meet the needs of current and future generations</p> | <ul style="list-style-type: none"> • Develop and maintain proactive maintenance schedules that reflect the lifecycle stages of all our buildings • Develop a 10 year program for all of Council’s wharves • Develop a 10 year program for all of Council’s wharves • Review and manage Council’s lease portfolio • Continue to implement Council’s suite of developer contributions plans | <p><i>In addition to the above comments, Council’s asset management continues to be developed within its total solution asset management system. This system has embedded within Council, the lifecycle management of assets as indicated in the diagram below.</i></p> |

Strategic Objectives

Associated Underlying Actions

Evidence and Outcomes



- Further, Council has now developed Asset Management Plans for individual Asset Classes such as footpaths, roads etc. and the estimations on costs associated with bringing assets to satisfactory levels (condition rating 3) and maintenance requirements are more refined.

To sustainably and strategically manage the community's assets on a whole of life basis taking into account risks, community expectations and Quadruple Bottom Line (social, economic, environmental and governance)

- Progressively develop priorities for maintenance and replacement of all asset classes based on a life-cycle analysis assessment
- Continued development of an advanced program of infrastructure asset acquisition, creation, maintenance, renewal and disposal to optimise Council's ability to fund and resource Council's asset base

As per comments above.

To create, acquire, maintain, enhance and manage assets in line with best practice, use of technology and innovation.

- Manage Council IT network and Infrastructure
- Continue to integrate information systems
- Maintain and accurate property register
- Effectively manage Council vehicle fleet
- Provide planning, investigation design and management of flood mitigation infrastructure

Council maintains a highly efficient IT infrastructure network backed by its IT strategy that provides a sound platform for its asset management including data collation, storage, management and reporting

3.3 EFFICIENCIES – KEY STRATEGIES & OUTCOMES

| Measure/Benchmark | Forecast 2016/17 Performance | Forecast 2017/18 Performance | Forecast 2018/19 Performance | Forecast 2019/20 Performance |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Real Operating Expenditure per capita | \$989 (declining) | \$966 (declining) | \$949 (declining) | \$938 (declining) |

KEY STRATEGY:

Real Operating Expenditure per capita - Council currently meets the FFTF benchmark and is forecast to meet this benchmark into the future. Council's declining real operating expenditure is attributable to

- The efficient fiscal management of Council incorporating, but not limited, to a commitment to continued service reviews and cost reductions
- A flat staffing structure that allows for Council to hold consistent salary and wages expenditure
- Efficient contract management allowing Council to closely monitor its contract expenditure commitments
- Commitment from staff to be cost effective in their practices
- Regional buying relationships that allows for economies of scale in purchasing

Accordingly, when comparing these tight fiscal management and purchasing practices against population growth, Council's real operating expenditure is declining throughout the benchmark period.

In demonstration of how Council will remain "Fit for the Future", the table below outlines Council's 2015-16 and beyond key strategic objectives and actions that facilitate a decline in real operating expenditure per capita.

| Strategic Objectives | Associated Underlying Actions | Evidence and Outcomes |
|--|--|--|
| To ensure Council's future financial sustainability | <ul style="list-style-type: none"> • Effectively manage Council's financial services • Manage Council's long term financial strategies • Ongoing review of Council purchases through continuous monitoring of costs, prohibit and sustainable purchasing initiatives • Progressively develop priorities for maintenance and replacement of all asset classes based on a life-cycle analysis assessment | <p><i>As contained within Council's 2014 LFTP and supported by IPART, a financial sustainable Council, tended to, amongst other fiscal measures:</i></p> <ul style="list-style-type: none"> • <i>retain or reduce expenditure on traditional service levels as a percentage of total expenditure</i> <p><i>Through flat cost effective staffing structures, internal audit functionality, service reviews, business case analysis, annual objective of operational surpluses, innovation, technology and sound supply partnerships, Council has and will continue to reduce expenditure in real terms (subject to operational/community needs).</i></p> |

To effectively provide workforce planning and cost effective workforce management

- Manage Council's recruitment process and procedures
- Oversee Council's performance management system

Pittwater Council based on the IP&R framework has an adopted work force plan. This plan encourages the process of identification of current and future staffing needs. Effective workforce planning ensures fiscal responsibility in terms of employment costs allowing for tight control over the future patterns of wage growth

3.4 IMPROVEMENT ACTION PLAN

Council's "Improvement Action Plan" is Council's Annual Delivery Program & Budget. To date, this document has driven Council's performance, consolidating its position and reputation as an efficient, community minded and fiscally responsible organisation.

In 2013, Pittwater Council's sound financial position was independently endorsed by NSW Treasury (TCorp) in its 2013 NSW Local Government Financially Sustainability Report that rated Pittwater within the top 30 Councils for financial sustainability in NSW, with ratings of:

- FSR Current – Sound (Scale as shown below)
- FSR Outlook – Neutral (indicating continuing Sound position)

This endorsement reflects Pittwater Council's positive and continuous operating surpluses, sound delivery of services and infrastructure, stable cash reserves, Council's current and future financial sustainability and overall effective financial management, incorporating continuous improvement plans.

Council's Delivery Plan and budget is segmented into five key directions, 12 strategies and 335 actions that align with the Community Strategic Plan, reflecting community sentiment. In addition these strategies, actions and key directions form the basis of Council's long term financial planning and budget, ensuring that the provision of services and infrastructure is formulated on sound fiscal management, balancing community goals with financial realism.

Historically, Pittwater Council has embraced and undertaken the philosophy of integrated planning, which has seen continuous improvement occur within Council, based on a suite of planning frameworks formalised through the Integrated planning process, including Council's:

- Workforce plan
- Asset Plan
- Long Term Financial Plan
- Delivery Program and Budget

In conjunction with Council's objectives, strategies, and actions contained within its Delivery Program that encourage continual operational improvements, one of the key drivers in the area of fiscal performance is Council's LTFP.

Council's 10 Year Long Term Financial Plan (LTFP) shows the financial analysis of delivering existing/projected levels of service, infrastructure provision and maintenance on current/projected income streams as allocated in the 2014-2018 (note: being the current LTFP basis) Delivery Program and Budget which ultimately drives fiscal performance and improvement.

3.5 OTHER ACTIONS CONSIDERED

In response to the release of information by the ILGRP and the State Government, over the last two years Pittwater Council has on eight occasions considered and resolved on its opposition to amalgamation with Manly and Warringah Councils, and its support for remaining a strong independent Pittwater.

During that period, Pittwater Council has twice engaged Professor Brian Dollery, a prominent academic in the Local Government field, to review the proposed benefits of one large northern beaches Council. His two reports in part found the following:-

- A merger of the three Northern Beaches Councils will not improve financial sustainability.
- Given the diverse socio-economic profiles, there was no evidence to support a strong joint “community of interest” which is an essential pre-requisite for successful mergers.

Both reports made clear that:

- A merger of three Council’s into one will not improve financial sustainability
- Given the absence of economies of scale, cost reductions will not occur as a consequence of a merger and
- Given the diverse socio-economic profiles between the three Councils, there is no evidence of a strong joint community of interest, which is an essential prerequisite for successful mergers

Further to this - in November 2014, Pittwater participated in a workshop organised by SHOROC to examine possible merger options. At the workshop the following outcome was reached:

- Warringah Council said that it was only prepared to consider the options of one Council on the northern beaches or a merger of Manly and Warringah
- Mosman Council could not commit to any option of mergers
- Pittwater and Manly agreed to partner to analyse the options.

Pittwater Council and Manly Council commissioned KPMG to undertake a study aimed at providing a better understanding of the potential social, financial and governance outcomes of Local Government reform. Following extended research, the KPMG study (KPMG, 2015) examined three reform options for the northern beaches:

1. Option 1 – no merger
2. Option 2 – the establishment of a Greater Pittwater Council and a Greater Manly Council (dividing the three Council areas into 2)
3. Option 3 – 1 single “large” Council (incorporating Manly, Warringah and Pittwater)



KPMG assessed all three options as “Fit for the Future” and reported the following:

| | | |
|---|----------------------|--|
| No Merger Option | Finances | All three Councils have TCorp FSR rating of “sound” Manly – 44,000 Pittwater – 62,000 Warringah – 152,600 |
| | Population | |
| | Local representation | |
| | Fit for the Future | |
| Greater Pittwater Council & Greater Manly Council (2 Council) Option | Finances | NPV \$3.3M over 10 years (or \$13.7M with NSW Government assistance) Greater Pittwater – 129,000 Greater Manly – 130,000 Greater Pittwater – 12,900 Greater Manly – 13,000 Greater Pittwater – 7/7 Greater Manly – 7/7 |
| | Population | |
| | Local representation | |
| | Fit for the Future | |
| Single Northern Beaches Option | Finances | NPV \$34.5M over 10 years (or \$44.9M with NSW Government assistance) Northern Beaches Council – 259,000 Northern Beaches Council – 25.900 Northern Beaches Council – 7/7 |
| | Population | |
| | Local representation | |
| | Fit for the Future | |

The KPMG report identified that all 3 options were ‘viable’ from a cost benefit perspective. It also corrected the inaccurate claim by Warringah Council that the one Council would save \$250 million and the two Councils would cost \$179 million over a 10 year period. The report warned that poorly planned implementation of structural change or inadequate oversight can quickly erode the financial impacts estimated and it also acknowledged that non-financial impacts need to be carefully considered, noting that the “demographic and socio-economic characteristics of the region highlighted both the shared interests **and distinct variations** that may impact how a Council is to meet the service and infrastructure needs of local communities” (KPMG, 2015).

It is important to note that the base case scenario analysis of Option One: No Merger **assumes that the Councils will make no changes to improve operating performance over the ten year time frame.** This is necessitated by the need to determine the incremental benefits and costs of each merger option against the status quo.

In practice, both Manly Council and Pittwater Council have a track record of identifying and implementing means of enhancing service delivery, improving Council operations and achieving efficiencies and value for local communities. In this context, Option One: No Merger will provide an opportunity for both Councils to engage in regional strategic collaboration through participation in regional partnerships. To reflect this notion of improvement opportunities, a high-level cost of service analysis was prepared to demonstrate potential impacts on any future improvements undertaken by Councils. (KPMG, 2015)

Pittwater Council considered the KPMG report on April 7, 2015 and resolved to remain opposed to the proposed merger of Manly, Warringah and Pittwater into one Council. The five key components informed this resolution:

- Community opinion expressing concern about local representation and decision making
- The diverse socio economic profile demonstrates that there is no evidence of a strong joint community of interest, which is an essential prerequisite for successful mergers
- Concern that priorities will be regionally focused, not local

- The assessment by KPMG that Pittwater Council is “Fit for the Future” and a merger will not improve financial sustainability and
- The assessment by KPMG that Pittwater Council demonstrates “strategic capacity based on community outcomes achieved by the Council” (KPMG, 2015).

Council considered that the creation of two Councils may offer some advantages in regard to enhanced planning and service delivery for local communities. KPMG (KPMG, 2015) indicated that some economic benefit, in terms of operational efficiencies and broadening of the local economies may be achieved while ensuring the retention of the strong Manly and Pittwater brands.

The KPMG Report suggested that two Councils established with a similar population of approximately 130,000 each; growing to the 160,000 mark by 2031; would enable both to collaborate as equal partners while maintaining control of local identity and advocating for local priorities, unique to each LGA.

While it is clear that the community of Pittwater are very *unsupportive* of the creation of one single Council for the northern beaches, the community consultation undertaken by Pittwater Council exposed that the creation of two Councils had some support from the community. Council staff surveyed were strongly in support (87%) of maintaining the status quo. Also 82% indicated support of the Greater Pittwater option, if forced.

The preferred position of the Council and its community is to remain unchanged. If the government is determined to go against Council and community sentiment and its own public position of ‘no forced amalgamations’, then on an argument of scale, two Councils could be preferred over one single Council for the northern beaches.

Council also resolved to undertake engagement with its community with a view to presenting balanced information on reform options and obtaining community feedback/evidence on Pittwater’s community’s preferred options.

The engagement with the community included provision of information via the web, social media, pop-up displays at key centres and events and a public information evening. Feedback mechanisms included a survey and submissions; Pittwater Council also commissioned a random sample telephone survey conducted by an independent research consultant. Council staff were also surveyed as part of this process.

The issue of amalgamation of three Councils into one has been a concern of a large number of Pittwater residents since the NSW Government first announced its reform agenda for Local Government. The general feeling of the community, (as demonstrated during formal community consultation that concluded on Friday 5 June 2015); is that the vast majority (80%) of the Pittwater community remains opposed to the amalgamation of three Council’s into one on the northern beaches.

The sentiment of the community at large has been strong resistance to amalgamation; with many citing the issues prior to secession and a deep satisfaction with the administration, governance and engagement achieved by Pittwater Council now 89% of the community are supportive of retaining the status quo.

The preferred position of the Council and its community is to remain unchanged. If the Government is determined to create scale, through population size; some of the community and staff surveyed have indicated their second preference would be for the creation of two Councils for the northern beaches: Greater Pittwater and Greater Manly (as described in the KPMG Report).

Council at its 15 June meeting resolved to reject a single Council model of merging Manly, Warringah and Pittwater Councils. It also resolved to remain committed to a strong independent Pittwater providing local representation and delivery of local services to the people of Pittwater on its existing boundaries.

The majority of the community is opposed to forced amalgamations and overwhelmingly supports the status quo. Therefore Council resolved that no supplementary business case be submitted.

4. HOW WILL THE PLAN IMPROVE PERFORMANCE BENCHMARKS

An intrinsic part of building Council's LTFP is deciding how Council will monitor its performance against the Plan. Pittwater Council's performance monitoring will be in accordance with Note 13 – Statement of Performance Measures of Council's Year End General Purpose Financial Reports.

In addition to monitoring the Plan's financial performance measures, the LTFP will be reviewed each year as part of the development of the Operational Plan. This review will include an assessment of:

- The previous year's performance in terms of the accuracy of the projections made in the LTFP compared to the actual results,
- The appropriateness of the scenarios and assumptions underpinning the estimates.

Finally, in conjunction with the above, an assessment of assumptions of the LTFP with respect to changes within Council's Community Strategic Plan will take place every four years. Any changes within Council's Community Strategic Plan will be reflected in Council's LTFP, which is based on an industry wide format produced by experts in the field, LGSS.

4.1 EXPECTED IMPROVEMENT IN PERFORMANCE

As detailed Section 3 Pittwater Council anticipates achieving all of the FFTF benchmarks by 2017/18.

5. PUTTING THE PLAN INTO ACTION

Pittwater 2025 guides the Council's long term planning and actions for the next 10 years; with the delivery Program and Budget identifying key actions that will be undertaken by Council over the next four years, meeting the needs of the community as identified in Pittwater 2025.

As stated previously, Council's "Improvement Action Plan" is Council's Annual Delivery Program & Budget. To date, this document has driven Council's performance, consolidating its position and reputation as an efficient, community minded and fiscally responsible organisation.

The Delivery Program provides transparency to the community and supports accountability as it documents key performance indicators, identifies major projects and the budget allocated to them and it reveals changes in focus with the new 2015 – 2019 Delivery Plan showing the community the focus on customer service, community engagement and place management. Actions from the Delivery Program flow through to Operational Plans and are linked to goals for each staff member through the online performance appraisal process.

Pittwater Council has a flat structure which includes two portfolios:

1. Environmental Planning and Community Division: responsible for place management, customer services, planning and assessment, environmental compliance and waste management and community and library services and
2. Urban and Environmental Division: responsible for the management of commercial properties and projects, urban infrastructure; natural environment and education, reserves and recreation and catchment management and climate change.

A third portfolio exists reporting directly to the General Manager which includes community engagement and corporate strategy, corporate development, finance and information technology and administration and governance.

Two key philosophies of the organisation are:

1. Working across teams and portfolios with very few silos existing within the organisation and
2. Clear lines of site have been established between the Council, its staff and the community through the establishment of community reference groups that are aligned to the Community Strategic Plan.

All project plans and reports prepared by Council staff reference Pittwater Council's Community Strategic Plan identifying the strategy and objective that they are linked to along with a Delivery Plan Action.

It is noted that staff are also required to identify policy implications, related regulations, financial issues and provide a sustainability assessment when reporting to Council (noting that sustainability includes the areas of governance and risk, environment, social and economic).

Full accountability and reporting on FTF targets will be incorporated into progress reports on the implementation of the Delivery Program and Budget provided to Council each six months as well as annually.



6. A CASE FOR NO CHANGE

6.1 COMMUNITY CONSULTATION

6.1.1 COMMUNITY CONSULTATION METHODOLOGY

A comprehensive community engagement plan was implemented to engage the Pittwater community and provide opportunities for discussion and feedback on the ILGRP recommendation on local government reform. The community engagement process was undertaken between 24 April and 5 June 2015.

Objectives of the community engagement strategy included:

- To provide information on NSW Government's FFTF program, relevant documents and research
- To provide updates on engagement outcomes and Council decision making
- To achieve wide awareness on the options for consideration
- To encourage the broadest cross section of the community to 'have a say'

The Community Engagement Strategy incorporated the following activities:

- The distribution of an 8 page Information Pack to all residents, ratepayers and businesses in Pittwater
- Information displays at libraries and customer service areas at Mona Vale and Avalon providing opportunities for completed paper surveys to be placed in a secure survey box
- Public meeting with over 350 people in attendance
- Information stall at Pittwater's annual Food and Wine Fair with approximately 7000 people attending on the day
- Random sample telephone survey (405 respondents) conducted by an independent research consultant
- Online and paper surveys (3 598 responses)
- Staff survey (197 out of 302 staff completed surveys)
- Coffee morning catch-ups with Mayor, Councillors and General Manager at Mona Vale, Elanora Heights and Church Point
- Information sessions and distribution of paper survey with students at Narrabeen Sports, Pittwater and Barrenjoey high schools
- Dedicated pages on Council's website including; Latest updates, Background, Information Pack, Have Your Say, Independent Analysis, Frequently Asked Questions, Online Survey
- Two Community Leaders meetings (11 March and 3 June)
- Reports and briefings to Council's four community reference groups throughout the process on a quarterly basis

Evidence of the community engagement program is provided in **Appendix 1**.

Dissemination of information occurred through regular media releases, advertising in the Manly Daily and local magazines, regular features in Council's community notice board page in the Manly Daily, Mayoral column, large outdoor banners with key messages displayed at strategic locations, feature articles in Council's e-newsletter and prominent information on Council's website home page.

The consultation was supported by a communications plan that incorporated a comprehensive social media strategy. The social media strategy included daily posts incorporating Fit for the Future key messages, as well as promoting the value of having a say, the ways the community could engage on the issue and how to find the information. A specific 'app' was created to allow Facebook and Twitter users to complete the survey within these mediums. At its height Council's Facebook page achieved record engagement by becoming the 5th most liked Council page in NSW. The social media strategy was particularly effective in accessing a younger demographic. The highest percentage of people accessing the Pittwater Council and I Love Pittwater Facebook pages were from the 25 – 44 year old user group within Pittwater.

6.1.2 ANALYSIS AND FEEDBACK ON EACH OPTION

Throughout the engagement process it has been evident that the community strongly supports Pittwater Council and would prefer that Pittwater is to remain unchanged.

Public meeting

A show of hands at the public meeting indicated an overwhelming majority of attendees supported a motion proposed by community members at the meeting:

“That there be no change to Pittwater Council or its boundaries, without community support”.

Community survey

A consistent approach throughout this community engagement process has been to develop an evidence base for Council’s decision making. In addition to qualitative feedback it was vital to gather quantitative data on each of the options presented.

The most important element of this data gathering was the appointment of an independent research consultant, Micromex Research, to conduct a **random sample telephone survey** with a statistically valid sample of Pittwater residents. A total sample of 405 residents was interviewed and data analysis was applied to ensure the sample matched the demographic profile of Pittwater. The sample size of 405 residents provides a maximum sampling error of plus or minus 4.9% at 95% confidence. This is the most relied upon data source in terms of the representativeness of results and is a standard measure for evaluation.

Appendix 2 provides a copy of the Micromex Research report on the random sample telephone survey results.

In addition to the random sample telephone survey a number of other survey methods were implemented which included:

- An **online survey**, available via Council’s website
- A **paper survey**, completed through libraries, customer service, coffee morning catch-ups, Food and Wine Fair stall, community stalls at Avalon and Palm Beach and at sessions undertaken with local high schools by Council’s community development team
- A link to a **staff survey** was sent to all staff via email

A total of 3 598 online (2407) and paper surveys (1191) were completed and 197 responses were received from staff via Survey Monkey. (See **Appendix 3** for the Micromex Research report on the online and paper survey results).

The survey format was consistent across all platforms with two exceptions:

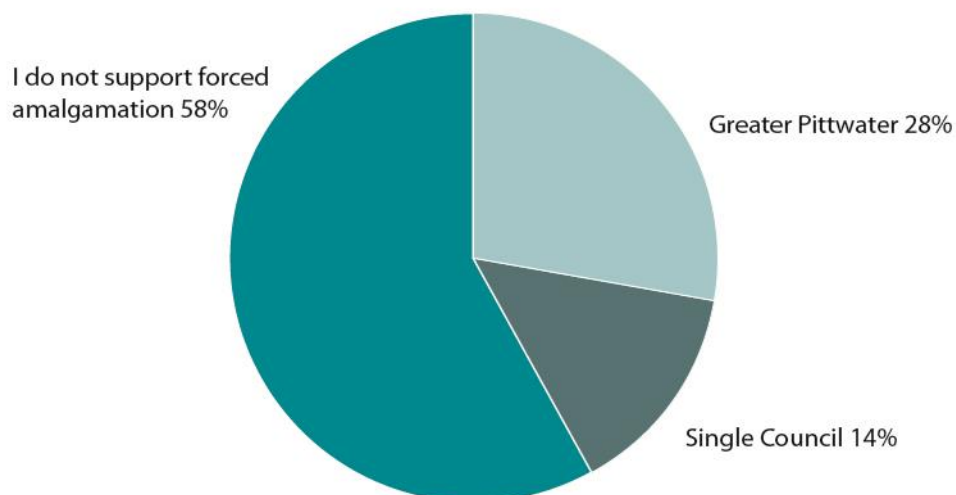
- The staff survey included the question – Please provide feedback on what you see as Pittwater Council’s greatest achievements to date.
- The telephone survey asked an additional question (8c) developed in consultation with Councillors.

‘Q8c. If the NSW Government forces Councils on the northern beaches to amalgamate which option would you support?’

- A Greater Manly and Greater Pittwater Council – involving boundary changes that split the existing Warringah Council.
- A single Council comprising the current local government areas of Pittwater, Warringah and Manly.
- I do not support forced amalgamation.

Results for this question are outlined in the chart below:

RESULT OF STATE GOVERNMENT FORCING A DECISION [AMALGAMATION]



Source: Micromex Research (2015) *Fit for the Future – Random Sample Telephone Survey Report*, p. 22.

The telephone survey result from this question (8c) demonstrated strong support for Pittwater remaining independent and strong opposition to forced amalgamation.

The survey tool across all mediums consisted of a series of questions eliciting demographic data, levels of support for each option and their preferences in relation to each option.

Two key elements of the survey focused on:

1. Respondents' preference in relation to each option, clarifying their ultimate choice when it came to decision making.
2. Respondents' level of support for each option, highlighting how people felt about each option.

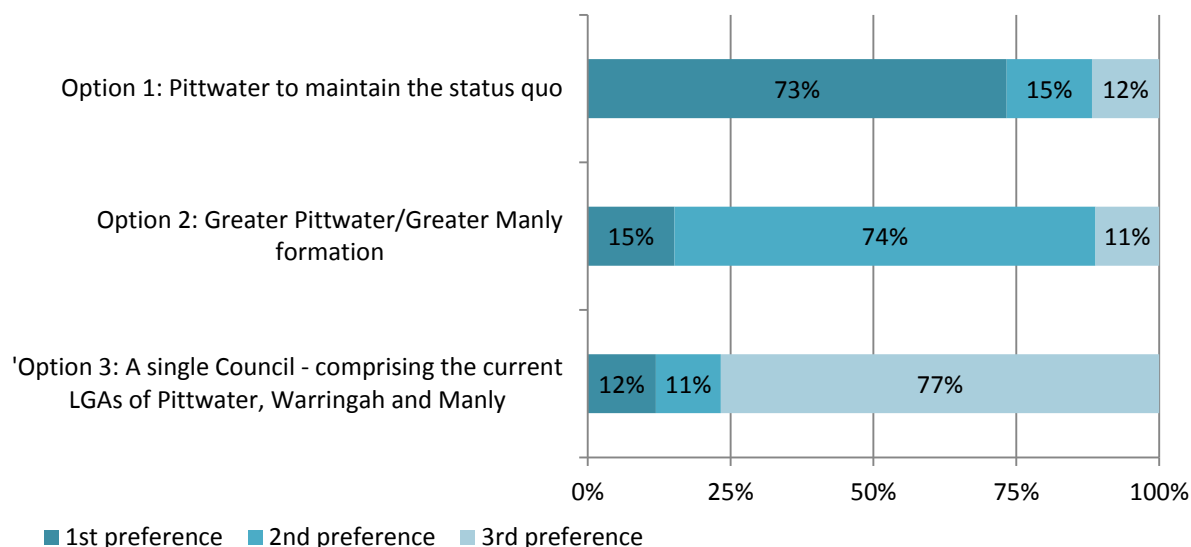
Preferences for each Option

Results of the random sample **telephone survey** reveal the following:

When asked about their preference for each option, Option 1 (No Merger) is the most preferred option with Option 2 (Greater Pittwater) as second preference and Option 3 (One single Council) as their least preferred option as shown in the table below:

PREFERRED OPTION- ALL RANKINGS

Q8A: Thinking about the options we have just discussed which is your preferred option? Second preference?



Source: Micromex Research (2015) *Fit for the Future – Random Sample Telephone Survey Report*, p. 21.

A similar trend was revealed when combining the **online and paper survey** data (total sample 3,598 respondents) which indicated the following:

| | Option 1 No Merger | Option 2 Greater Pittwater | Option 3 One Council | Number of respondents |
|-----------------------|-----------------------|-------------------------------|-------------------------|-----------------------|
| 1st preference | 91% | 4% | 5% | 3,439 |
| 2nd preference | 5% | 88% | 7% | 2,528 |
| 3rd preference | 10% | 6% | 84% | 2,259 |

It should be noted that with the online survey and paper copies respondents were not forced to provide a preference for each of the options. The table above refers to the percentage of respondents that gave a preference for each option.

The **staff survey** response in relation to preferences was similar to the other mediums. Their first preference was clear support for Option 1, their second preference for Option 2 and Option 3 was their third preference.

Support for each option

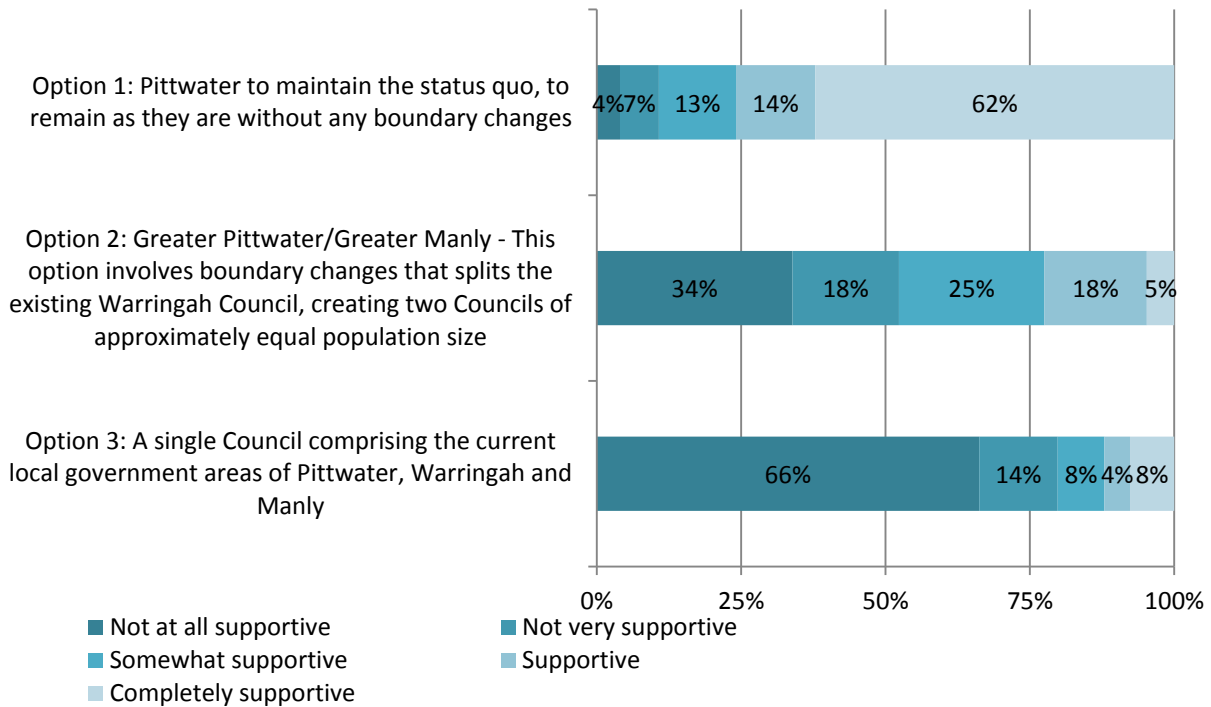
The results of the random sample telephone survey when asked about support for each option are provided in the table below:

SUMMARY OF SUPPORT

Q7A: How supportive are you of Pittwater Council staying as it is?

Q7B: How supportive are you of the formation of Greater Pittwater/Greater Manly?

Q7C: How supportive are you of Pittwater being merged into a single Council?

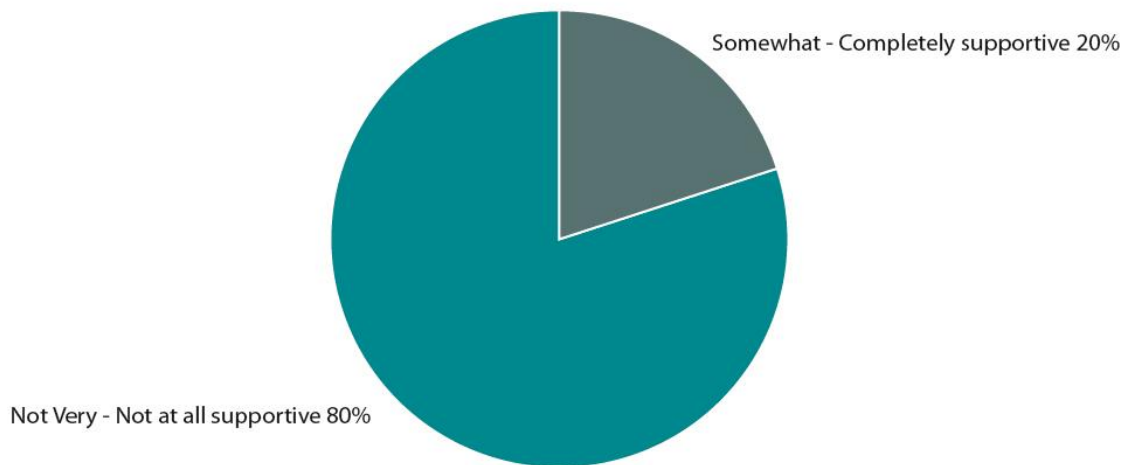


Source: Micromex Research (2015) *Fit for the Future – Random Sample Telephone Survey Report*, p. 15.

A SINGLE NORTHERN BEACHES COUNCIL – OPTION 3

As stated earlier, respondents in the **telephone survey** indicated that Option 3 was their least preferred option. In addition, respondents were asked about their level of support for each option. 80% of respondents were not in favour of this option.

A SINGLE COUNCIL COMPRISING PITTWATER, WARRINGAH AND MANLY



Source: Micromex Research (2015) *Fit for the Future – Random Sample Telephone Survey Report*, p. 14.

12% (online survey) and 7% (paper survey) were somewhat to completely supportive of this option, while 19% of staff recorded some level of support for the single Northern Beaches Council.

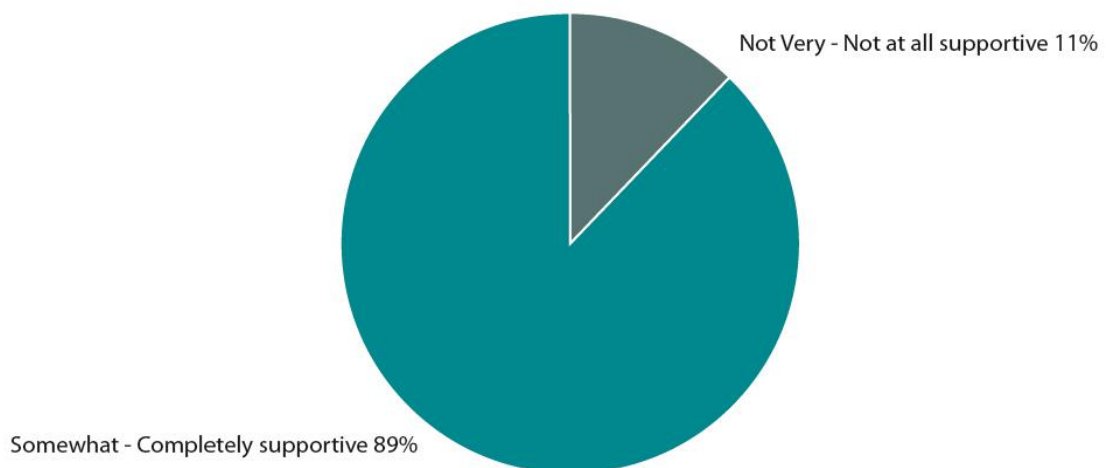
Rationale for this preference by one respondent was **“Cost savings, less politics, better efficiencies, better infrastructure which will benefit all rate payers and residents”**. Another response focused on the following: **“One lot of rules and regulations under one local government would be a lot more logical, and would make living in the Northern Beaches area a lot easier”**.

NO MERGERS – PITTWATER COUNCIL REMAIN AS IT IS WITHOUT ANY BOUNDARY CHANGES – OPTION 1

The feedback from the community on this option demonstrates overwhelming support for Pittwater Council and for Pittwater LGA to remain as it is without any boundary changes.

Results of the **telephone survey** demonstrated high levels of support for Option 1: 89% of residents are somewhat to completely supportive of Pittwater Council remaining as it is.

SUPPORT FOR PITTWATER TO STAND ALONE



Source: *Micromex Research (2015) Fit for the Future – Random Sample Telephone Survey Report, p. 12.*

The first preference of all options across all data sets (telephone survey, online survey, paper survey) is the No Merger Option (Option 1). It also has a high level of support across all data sets. 88% of **online** respondents were somewhat to completely supportive and 97% of **paper surveys** were somewhat to completely supportive of this option. 87% of the **staff survey** were somewhat to completely supportive of this option.

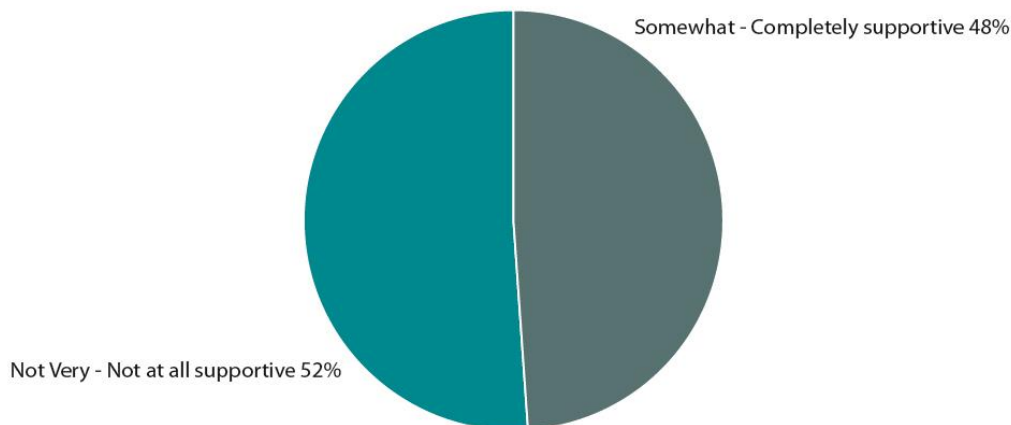
The following comment captures sentiment amongst those supporting Option 1 – **“I believe that Pittwater Council has been running successfully meeting the needs of its residents and is a unique environment which could be neglected under a larger Council. I don’t believe that merging will create any significant cost savings and believe that Council staff can better meet customers’ needs under a smaller Council familiar with the area”**. A further comment reinforced this view – **“Pittwater is responsive to its local residents and we may lose this if it changes”**.

GREATER PITTWATER COUNCIL & GREATER MANLY COUNCIL – OPTION 2

When examining the **telephone survey** data for Option 2 74% of respondents indicated that this option would be their second preference.

When asked about their level of support for this option there was a more equal level of support for or against, in comparison to Options 1 and 3 where the community held very strong views in favour or against each of those options.

THE FORMATION OF GREATER PITTWATER/GREATER MANLY



Source: Micromex Research (2015) Fit for the Future – Random Sample Telephone Survey Report, p. 13.

In contrast to the telephone survey varying levels of support were evident with the paper, online and staff survey for Option 2 (Greater Pittwater) and Option 3 (A single Council). Only 22% (online), 16% (paper) were somewhat to completely supportive of this Option. A much larger level of support for this option was recorded for the staff survey with 82% indicating somewhat supportive to completely supportive.

“The northern beaches share common management issues and two Councils can work together for the best outcome. Combining the three Council's will not give residents adequate representation. Larger governments are not necessarily in step with the people they represent”. Another comment stated **“Natural boundaries match with this split”**.

6.2 SENSE OF IDENTITY

Pittwater is on the peninsula of Sydney's northern beaches, extending from Narrabeen North to Palm Beach and from the coast to the western foreshores of Pittwater and Ku-ring-gai Chase National Park. Pittwater is a community that is strongly engaged, well informed, organised and demonstrates clear-cut and distinct values that seek to preserve the unique character of the area both physically and environmentally.

The gateways of Narrabeen Lagoon and Ingleside (which is bounded by Garigal National Park) take you into green and leafy streetscapes, surf and still water beaches and quiet residential neighbourhoods. The combination of these elements defines Pittwater and makes it such a desirable location for living, working and recreating.

The development of the Community Strategic Plan demonstrated the overwhelming desire of the community to retain and protect the local environment, but equally important, to strengthen the sense of belonging and support for one another as a true community. It is this overriding sentiment that is captured within Pittwater's Vision - **"to be a vibrant sustainable community of connected villages inspired by bush, beach and water"**.

The LGA, recognised as Sydney's leafiest Council area, is framed by native vegetation and waterways. With 68% of the LGA being national park or waterway, community values and expectations for environmental preservation and management are significantly higher than in many other LGA's.

These community values are clearly considered by the Council as it guides the management of the LGA. Council's commitment to the environment is further demonstrated through the budget commitment to managing the environment, which is approximately 8% of Council expenditure (this is a relatively high percentage when compared to other Council's).

The Council has also preserved the unique identity valued by the community, ensuring only development appropriate to the area occurs.

The community of Pittwater is well connected through a large number of community organisations, which include sport, surf and resident groups. Throughout the debate on local government reform, the community displayed solidarity, mutuality and commitment to preserving Pittwater Council as it is.

It should also be noted that KPMG **challenged** the ILGRP's assessment that the Manly, Warringah and Pittwater Council communities displayed a "community of interest characteristic: KPMG (KPMG, 2015) reported that "Pittwater Council has the highest median age of the northern beaches, a much lower housing density and the second highest median income of the region..... nearly 40% of households are families with children".

Finally it is noted that Local Government issues are not related solely to **costs** and **services**.



The people of Pittwater are very concerned about:

- Local Government as **government**, about **policies** and how they are arrived at.
- How the **public view** is taken into account, and
- About the **style** and **management** by which they are governed (Boundaries Commission 1991)

Ultimately the people of Pittwater are concerned about the degradation of an area that they care deeply about. It is an area that has been managed well since secession and has resulted in substantial improvement to community assets, infrastructure and environmental outcomes.

6.3 IMPACT OF AMALGAMATION ON THE COMMUNITY OF PITTWATER

Since the secession from Warringah in 1992, Pittwater has created a successful model of effective, viable, innovative and sustainable Local Government for the benefit of the Pittwater community and as a strong advocate for regional outcomes – housing, employment, health transport and waste management.

This successful model can be seen in the LGA's increases in land values over the past fifteen years (latest Valuer-General land valuation period) relative to its neighbor, Warringah Council. These relative increases in land values further strengthen the view that Pittwater should remain independent.

Most land in NSW is valued by the Valuer-General using mass valuation, where properties are valued in groups called components. Representative properties in each component are individually valued to determine how much the land value has changed from the previous period. The change is then applied to all properties in the component to determine the new land values.

When comparing property sales to the land being valued, various factors are considered, including:

- location of the land;
- constraints on land, such as zoning and other statutory restrictions
- nearby development and infrastructure

In 1997, just after the secession the aggregate unimproved residential land value (excluding minimums) of Pittwater was \$5.4 billion whereas the value of Warringah was \$8.37 billion, seeing a combined value of \$13.77 billion, as indicated in the table below.

Pittwater / Warringah Land Unimproved Valuation Comparison Table

| Year | Pittwater Land value | Warringah Land Value | Total Land value 1 | Pittwater as a % of Total | Warringah as a % of Total |
|---------------------------------------|----------------------|----------------------|--------------------|---------------------------|---------------------------|
| 1997 | \$5.4 Billion | \$8.37 Billion | \$13.77 Billion | 39.20% | 60.80% |
| 2012 | \$15.34 Billion | \$22.32 Billion | \$37.66 Billion | 40.70% | 59.30% |
| Individual Council Increase \$ | \$9.94 Billion | \$13.95 Billion | | | |
| Individual Council Increase % | 184% | 166% | | | |

In comparison fifteen years later in 2012, as indicated in the previous table, Pittwater's unimproved valuations has increased to \$15.34 billion (up 184%) as against Warringah's \$22.32 billion (up 166%) indicating that Pittwater's land values have increased higher than Warringah for the same period, demonstrating that Pittwater's model of local government is more beneficial to its land holders in terms of land valuations. The model of local governance through relevant infrastructure provision and good policy has contributed to the improvement in value of the Pittwater population's most important asset – their home.

It is understandable that 60% of the Warringah residents are in favour of or open to amalgamations. Particularly given that the Council has been dismissed three times and has had 70 codes of conduct in the last seven years. Any amalgamation of Pittwater and Warringah is likely to result in a politically dysfunctional Council and ultimately lead to a subsequent de-amalgamation as in 1992 and more recently the numerous Queensland examples.

The alleged cost savings promoted by Warringah in practice do not eventuate and have been disproved by Professor Dollery and KPMG. In the KPMG analysis both the one Council and two Council models estimated that the cost saving promoted by Warringah were out as much as \$200Million.

In addition, the Warringah cost modelling fails to take account of the different service levels that exist between the areas. Evidence of previous amalgamations has not generated substantial cost savings. For instance the governance costs of servicing decision making boards and a Council would be inefficient, expensive and confusing.

In addition to this financial impact on the Pittwater community it will receive less in real services. It is evident that Warringah Council supports unforced amalgamation. Warringah Council states the desire that Pittwater residents should subsidise their infrastructure. Some of these include Warringah Aquatic Centre, Glen Street Theatre and Brookvale Oval to name a few.

Pittwater makes its contribution to the regional economy through the northern beaches Indoor Sports Stadium (46% participants Warringah residents), Pittwater (Warringah Rats) Rugby Park, its beaches (25% of Sydney coastline) and the Pittwater estuary itself (same size as Sydney Harbour north of Harbour Bridge). All of these are regional or, in the case of Pittwater estuary, State significant resources utilised by the residents of Sydney. These facilities are all funded by Pittwater Council.



6.4 BIGGER IS NOT BETTER

Pittwater Council seceded from Warringah Council because of inherent and irreconcilable differences and to amalgamate on an even larger scale will merely resurrect those same concerns of the past with the highly likely result of a dysfunctional union, hence setting it up to fail. Noosa Council is a recent example of such a union that has failed.

The last time Warringah Council was dismissed was primarily for being dysfunctional. This was well after Pittwater seceded and an Administrator was in place for almost 5 years. Why would Pittwater Council with its hard fought independence, exemplary track record of achievement and functionality want to be reunited and put all those positive attributes at risk?

Each public forum conducted by Council to gauge community sentiment has provided an overwhelming and resounding NO to amalgamation of Pittwater, Warringah and Manly. Pittwater Council therefore reinforces its firm position that it not be amalgamated and that it be removed from any further consideration of amalgamation.

The Pittwater Dollery Report recommends that 'process change' rather than 'structural change' represents the best approach to successful Local Government reform. Local Government success will be achieved by Councils collaborating not amalgamating.

Constructive change is through regulatory frameworks such as the Integrated Planning and Reporting framework which obliged Councils to implement change and monitor programs that stimulate creative bottom up approaches to empower local communities, but also draws on local knowledge and local ingenuity to find solutions to local problems.

Council has also tested the community position on this issue at six separate public forums and through a significant consultation process. The overwhelming view of the people canvassed during this process was 89% opposition to the amalgamation proposal.

Treasury has confirmed through their financial analysis that the Pittwater Council finances are sound now and into the future. It has also confirmed that the Council's asset management systems are strong. An argument for amalgamation for financial reasons is therefore unsupported. For example Pittwater is one of the first three Councils in NSW to lodge their annual financial statements with the Division of Local Government, usually within 6 weeks of year end. The operating result is always positive.

Some examples of benefits of a medium sized Council such as Pittwater include:

Bushland and Reserves: Because of the number and size of the myriad of natural/bushland reserves in the Pittwater LGA there are effectively no economies of scale in managing these areas via a larger organisation and generic contracting. All the reserves have significant differences requiring specific contracting and performance assessment. Past experience trying to reduce the number of contracts to large generic contracting has reduced the effectiveness in appropriate management of these reserves and lead to performance problems with the companies engaged being spread too thinly.

Public Works: Pittwater staff have built up expertise in issues specific to our location such as sea wall construction and maintenance. Spreading these staff through a large area could lead to a loss of this knowledge where it is needed.

A Local Government area the size of Pittwater allows the workforce to have knowledge of past and present issues that occur throughout the area and result in fast turnaround times for known issues. An example of this is the ability to check known problem areas in the storm water system when rain is forecast. This is just as important as strategic capacity.

Governance: Warringah has had 70 Codes of Conduct in the last seven years, in the same period Pittwater has had zero. With an amalgamated Council and historical difference the governing body of the new Council has a high probability of being dysfunctional. An amalgamation will recreate the failures of the past rather than learn from history.

Conversely, 77% of Pittwater residents rated Pittwater Council's image within the local community to be good to excellent (Micromex, 2014).

Compliance – Geographic Knowledge: Officers develop local knowledge of the area, activities and common practices throughout the area. They are aware of changes and activities that may develop into issues affecting the community. The smaller geographic area allows officers to visit most areas regularly. Rangers and Development officers visit all development sites regardless of whether Council is the Principal Certifying Authority and in the course of their regular duties have the opportunity to observe progress.

Embedding a Positive Organisational Culture: You are better able to embed a positive organisational culture in a medium sized workforce than a larger amalgamated group which is likely to have significant numbers of staff, spread over a large number of different work sites, some considerable distance apart. A key element of developing positive culture is having the leaders visible so they can role model desirable behaviours to their staff. A large and disparate workforce will often lead to multiple sub-cultures where attempts at positive change management are far more difficult to achieve. Innovations such as the Pittwater Leadership Framework, Integrated Performance Management Systems and Culture Leadership Programs are examples of this approach.

Better Staff Engagement: A more compact workforce will usually lead to a more collaborative and connected workforce with the benefits of greater inter unit co-operation and support and development of positive internal networks. The sheer volume of workers and geographical spread of workers in a larger amalgamated group will inevitably lead to multiple sub-cultures, a sense of isolation from management and disconnect from fellow workers who rarely, if ever, have a need to be in contact with one another, let alone work together or develop positive working relationships.

E-planning: Pittwater was the leading innovator nationally in collaboration with Info Master and have developed an award winning e-planning platform (PIA NSW Awards for Excellence 2005 - On-line Development Enquiry and Assessment Program). This system allows all stakeholders to have easy access to accurate property and planning information and highlights Pittwater's progressive approach to the provision of online planning services. Other Councils have followed Pittwater's example.

Effective Management of Development: In partnership with the Pittwater community, staff have developed the Pittwater Local Planning Strategy to establish an equitable, consistent and transparent policy framework for local level planning that will guide land use planning and decision making into the future. This Strategy presents in an open and transparent manner, the logical, evidence based rationale for future land use management, thereby increasing certainty for residents and businesses alike.

Through detailed analysis, we have demonstrated that Pittwater is on target to achieve our housing and employment targets set by the State Government.

Finance: Pittwater's highly effective accounts structure based on activities where expenditure and revenues are recorded and then structured into business units and strategies allows for responsive reporting to both the Community and Council/staff alike. Larger firms will often have complicated sets of financial accounting structures (that often need consolidating), ultimately hindering the efficient production of numbers that allows the business to maintain financial monitoring and sustainability. This has been demonstrated by Pittwater with full consolidated monthly reporting, lodgment of annual accounts in the top three of NSW Local Council's for many years and has supported the Treasury FSR ratings of Sound, Neutral and Strong.

Again being a moderate size Council with a highly efficient financial platform has allowed Pittwater to achieve a significant level of infrastructure improvements and services (since seceding from Warringah Shire Council) as we understand the financial demands of every asset and activity.

Sense of Community: Overall, a medium sized Council has better relationships and more community focused outcomes than a larger Council. A medium sized Council allows for more intimate relationships/discussions with a range of community groups such as the Chambers of Commerce, Resident Groups, Surf Clubs, Sporting Clubs etc. This is evidenced by the fact that 87% of Pittwater residents believed that they belong to the community they live in (Micromex, 2014).

Pittwater is renowned for the quality of its parks, beaches and shopping centres which is a direct outcome of this process. Being medium sized has meant that Council has had to have staff develop a higher level of multi skilling. Pittwater trade staff take more ownership of projects and build longevity into projects taking into account the quadruple line. A cradle to grave mentality generates more effective life cycle costing and sustainable outcomes.

6.5 REGIONAL COLLABORATION AND PARTNERSHIPS TO ACHIEVE SCALE

Pittwater 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 and 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 sub-regional 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

- SHOROC developed the sub-regional 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:
 - \$644 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

- Hosts SHOROC Leaders Forums, building a strong partnership between local NSW and Commonwealth MPs and Council Mayors/General Managers 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 throughout 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, line-marking, 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 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.



7 APPENDIX

APPENDIX 1: 2015 COMMUNITY ENGAGEMENT REPORT

APPENDIX 2: MICROMEX RESEARCH REPORT FIT FOR THE FUTURE RANDOM SAMPLE TELEPHONE SURVEY

APPENDIX 3: MICROMEX RESEARCH REPORT FIT FOR THE FUTURE – ONLINE & PAPER SURVEYS

APPENDIX 4: KPMG INDEPENDENT ASSESSMENT – SUMMARY DOCUMENT

APPENDIX 5: KPMG INDEPENDENT ASSESSMENT – COMPENDIUM REPORT

APPENDIX 6: PITTWATER FOREVER SUPPORTIVE SUBMISSION FOR PITTWATER COUNCIL'S RESPONSE TO IPART

APPENDIX 7: LOCAL GOVERNMENT BOUNDARIES COMMISSION. (1991). PITTWATER PUBLIC INQUIRY 1990 – 91

8. WORKS CITED

ABS. (2012). *2011 Census Community Profiles: Scotland Island*. Retrieved June 11, 2015, from abs.gov.au: http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/communityprofile/GL_NSW3537?opendocument&navpos=220

ABS. (2012). *id. Social Atlas Pittwater*. Retrieved June 2015, from Pittwater Council Social Atlas: <http://atlas.id.com.au/pittwater>

Australian Government. (2015, May 19). *Labour Force Data, Department of Employment (Australian Government)*. Retrieved June 2015, from Labour Market Information Portal: http://lmip.gov.au/default.aspx?LMIP/LFR_SAF04/NSW

[Dollery, B. E., Kortt, M. and Drew, J. \(2013\) *Bigger is Not Always Better: An assessment of the Independent Local Government Review Recommendation that Pittwater Council be Amalgamated*. New England Education and Research P/L.](#)

[Dollery, B. E., Kortt, M., and Drew, J. \(2013\) *An Assessment of SGS Report Local Government Structural Change: Options Analysis*. New England Education and Research P/L.](#)

Dunn, R. (2013). *Pittwater Uprising! A secessionist's view*. Sydney: Ligare Book Printers.

id. the population experts. (2014, September). *Pittwater Council Community Profile*. Retrieved June 2015, from Pittwater Council Community Profile: <http://profile.id.com.au/pittwater>

id. the population experts. (2015). *Pittwater Council Fit For the Future Community Analysis*. Melbourne: id.

ILGRP. (2013). *Revitalising Local Government: Final Report of the NSW Independent Local Government Review Panel*. Sydney, Australia: NSW Government.

[KPMG. \(2015\). *Independent review of structural options for Manly Council and Pittwater Council*. Sydney, Australia: KPMG.](#)

[KPMG. \(2015\). *Independent review of structural options for Manly Council and Pittwater Council Part B Compendium Report*. Sydney, Australia: KPMG.](#)

[Local Government Boundaries Commission. \(1991\). *Pittwater Public Inquiry 1990 – 91 Local Government Boundaries Commission, p10*. Sydney: NSW State Government.](#)

[Micromex Research. \(2014\). *Council Services & Community Strategic Plan Research*. Pittwater: Pittwater Council](#)

[Pittwater Council. \(2012\). *Pittwater Council Pittwater Economic Development Plan 2012-2016, Working locally – Connecting globally*. Sydney: Pittwater Council.](#)

[Pittwater Council. \(2014\). *Pittwater 2025, Our Community Strategic Plan*. Sydney: Pittwater Council.](#)

[Pittwater Council. \(2015\). *Pittwater Council Delivery Program & Budget 2015 - 2019*. Pittwater: Pittwater Council.](#)

Tenney, T. (2013). *Pittwater Uprising! A secessionist's view*. (R. Dunn, Interviewer)