



Reference: MC/15/113146
Enquiries: General Manager's Office

Ms Madeleine Foley
The Director
General Purpose Standing Committee No. 6
Parliament House
Macquarie Street
SYDNEY NSW 2000

Email: gpscno6@parliament.nsw.gov.au

Dear Ms Foley,

**Re: Local Government in NSW Inquiry conducted by NSW Legislative
Council's General Purpose Standing Committee No.6**

Reference is made to the NSW Legislative Council's Inquiry and the public transcript provided on 24 August 2015 by our neighbouring council spokespersons, Michael Regan, Mayor, Warringah Council and Rik Hart, General Manager, Warringah Council.

Manly Council wants the correct facts and evidence to be on the public record as this is a most important Inquiry into Local Government in NSW. This letter corrects the assertions in the attached document provided in relation to the following:

- That there is widespread support for one Northern Beaches council; and rejection of splitting the northern beaches into 2 councils;
- That the structure of Regional Organisations of Councils does not work and relies on personalities;
- That the operations of Kimbriki Environmental Enterprises P/L and relationships with other shareholders are unworkable;
- That larger councils would be better on the Northern Beaches to deliver on savings and projects.

If there are any questions regarding this submission, or your response, please do not hesitate to contact my office directly on 9976 1503.

Yours sincerely,

Henry Wong
General Manager

Date: 4/9/2015



Attachment: Manly Council's response to the Warringah Council's evidence at the Inquiry into Local Government in New South Wales, 24 August 2015.

1. Mayor Mr Regan (page 4, paragraph 3 & 4):

- *Widespread community support for one Northern Beaches council; including Pittwater and Manly residents; current model being 'fragmented, uncoordinated and wasteful'*
- *Rejection of splitting the northern beaches into 2 councils – 'passionate opposition'.*

Manly Council surveys of Warringah residents show that they are ambivalent about change – neither support or oppose change; and that change from current structure is wanted. In March 2015, Manly Council employed Taverner Research to undertake a survey of Warringah residents on Council merger options. Although, there was greater support for amalgamation into one single Northern Beaches council (from Warringah residents than there was for the status quo to remain), residents did express interest in creating two councils along the Northern Beaches.

Manly Council surveys (and those also of Pittwater Council) show lack of support for one Northern Beaches council area. A survey of Manly residents conducted in November 2014 by independent research company, Taverner Research, the majority of respondents rejected the proposition of a Manly merger with Pittwater and Warringah Councils to form one local government area. This result confirms a poll from 2004 of 18,500 Manly constituents that also overwhelmingly rejected boundary changes and amalgamation propositions. In a May 2015 random telephone survey, Taverner Research found that 59% of the community and 66% of the 18 to 35 age group did not support any merger.

Independent analysis of Manly community feedback forms in June 2015 of two options:

- Option A "Two Councils of Equal population based on existing suburb and catchment boundaries".
- Option B "The State Government's proposal to merge your Council with Pittwater and Warringah Councils into one Mega Council".
- The results were as follows:
 - That 76% of feedback forms received show support for Option A (Two Councils on the Northern Beaches). This is in preference to Option B One Mega Council (24% support).
 - That of the online survey responses, there was 67% support for Option A (2 Councils) as opposed to Option B One Mega Council (33% support).
 - That in terms of staff support, there was greater support for Option A Two Councils (85% support) than Option B One Mega Council (15% support).

If the NSW Government forces councils to amalgamate, it is the preference of Manly Council and its residents to create two councils of equal population size on the Northern Beaches. While the case for creating two new councils is less favourable than remaining independent, this option is more compelling than the alternative of one 'mega council'.

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

The 'two-council' option would achieve:

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

2. Statement from Mr REGAN (page 4, paragraph 6):

- *...the current model is fragmented, uncoordinated and wasteful.*
- *The structure of Regional Organisations of Councils [ROCS] in its current form does not work for our community nor will it ever work in any form. ROCS does not work and joint organisations do not work.*
- *ROCs do not work "ROCs rely on personalities".*

Three of the key elements of strategic capacity under the NSW Government's Fit for the Future reforms are performed by SHOROC and other regional organisations: Effective regional collaboration; Credibility for more effective advocacy; Capable partner for State and Federal agencies.

The Joint Organisation (JO) pilots have identified JO's as having three core functions: regional strategic planning, working with State Government, and regional leadership and advocacy.

By this measure SHOROC has been exemplary and has clearly worked for the community, for councils, and for the state and commonwealth governments.

Case in point is that in 2009 SHOROC developed the sub-regional plan Shaping Our Future integrating land-use and infrastructure planning for housing, jobs, transport and health. Through advocacy and working in partnership with the NSW Government, this whole plan is now being delivered including:

- \$633 million NSW Government investment for public transport and roads including a new Bus Rapid Transit system, major road upgrades and planning for a major tunnel.
- Over \$600 million for hospitals and health services, including construction of a new level 5 Hospital while retaining an existing local Hospital.

Further background is below:

Regional strategic planning and policy development

- Developed the subregional plan Shaping Our Future integrating land-use and infrastructure planning for housing, jobs, transport and health. Now being implemented.

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- 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 Regional Action Plan.
- Developed regional sustainability strategy, waste strategy and economic development planning underway.

Effective advocacy and partnership with the NSW Government

Strong united advocacy based on Shaping Our Future that resulted in:

- \$633 million in NSW Government funding for regional public transport and roads including a new Bus Rapid Transit system, major road upgrades and planning for a major motorway tunnel.
- Over \$600 million for hospitals and health services, including construction of a new level 5 Hospital.
- Building a strong partnership between local NSW and Commonwealth MPs and council Mayors/GMs through regular SHOROC Leaders Forums to agree and progress regional priorities including infrastructure and services.
- Direct partnerships with NSW Government agencies and representation of 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 northern Sydney Mayors to collaborate and work with the NSW Government on 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 totalling \$20 million annually, including 10 contracts such as for asphalt, line marking, stationery, records, concrete and more.

3. Statement from Mr REGAN (page 10):

I will start with the ROC first and then I will defer to the General Manager just on a very excellent point regarding Kimbriki Enterprises and JOs. Specifically with ROCs, Warringah Council does its own procurement, if you like, and the ROC decided to call for a person to do this at \$120,000 as a corporate staff member, to be paid for by the four councils to do procurement. We put our hands up and said, "Well, we actually already do this, so why don't we do it on your behalf?" and they said, "No, anyone but Warringah" because ROCs rely on personalities. We said, "Well, we will appoint a staff member at half the price and dedicated 100 per cent to the three councils and nothing to do with Warringah"—not good enough; off they go. We have a number of similar examples to share in that regard, one on Kimbriki and the JOs, because JOs talk about legal entities and what have you and we have got an interesting example of Kimbriki Enterprises and it is a great working example now of why it will never work and why it cannot work.

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The comment from Mr Regan is selective in its reporting of the facts at best.

SHOROC commenced a planned program of shared services investigations in 2012 which was subsequently put on hold, largely at the request of Warringah Council, as the NSW Government's local government reform program ramped up and created uncertainty in the sector.

Warringah Council's approach was in fact one of 'my way or the highway', stating that unless the unit was run by Warringah, it would not be involved in any way.

The timeline of events is as follows:

- November 2011 the SHOROC Board resolved to look to expand the capacity of SHOROC to deliver financial savings through greater investigation and implementation where appropriate of shared and collaborative functions and services and requested the General Managers to identify potential areas for investigation.
- In March 2012 SHOROC held a strategic planning session with the council General Managers which identified five potential shared services including a centralised Development Assessment unit.
- In April 2012 all Board members (Mayors & GMs of four councils) met with local NSW MPs at a regular SHOROC Leaders Forum. Mr Regan did raise the potential for this centralised Development Assessment unit. The Hon. Brad Hazzard MP then Minister for Planning supported the proposal and the Hon. Mike Baird MP then Treasurer commented that the NSW Government could potentially look to fund some of the costs of establishing such a unit.
- In May 2012 the SHOROC Board resolved to approve the SHOROC 2012-16 Corporate Plan & Budget, which included specific funding for 2012-13 and 2013-14 for preparation of business cases into potential shared services including a centralised DA Assessment unit.
- In May 2012 SHOROC also wrote on a confidential basis to the Chief Executive of the Office of Local Government seeking matching funding for these shared services feasibility studies.
- Due to the fact the NSW Government was undergoing a major reform of the NSW Planning system and also due to the sensitivity of staff involved, the investigation of a centralised DA Assessment unit was included in stage 2 of the program of business planning, to commence in mid-2013.
- In August 2013, with the NSW Planning Reform outcomes clearer, SHOROC applied for funding from the Department of Planning for this business case assessment.
- However the NSW Government local government reform process was gaining increasing prominence and Warringah Council subsequently advised that it would not be participating in any shared services unless it was providing the service on behalf of other councils.

4. Mr Regan (page 12) – asked about providing facts about why larger councils would be good for the northern beaches.

- *References to the KPMG study of savings of \$40m and SGS report of \$200m*
- *Reference to the \$25m project – PYC in Dee Why benefiting the whole region; and that such projects can't be undertaken with a smaller council "our neighbours struggle to deliver an projects of significance and they continue to do that. You only have to read the local paper or look at their financial statements to see that they cannot do that"*

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

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

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

In the last couple of years (Annual Report 2013-14), Council has demonstrated its flexibility in management of new capital projects and functions. Currently, Council has commenced building and constructing of a new \$20 million plus Aquatic Swim Centre (also assisted by a NSW Government Low Interest Rate Loan 'LIRS' Subsidy), upgrading the Manly Town Centre public domain (on a street by street basis) including a variety of landscaping treatments, public furniture, place making activities, and planning the construction and design of a new underground public car park at Manly Oval (including replacement of the Manly Oval back on top) in the next 2-4 year period. Council also plans to commence construction of a \$5 million storm water detention system at the Manly Oval to prevent downstream flooding in the Manly CBD (via a NSW Government LIRS subsidy to do this project). It hopes to undertake this project in combination with works to construct a new car park at the Manly Oval to satisfy existing and future car parking demand.

Council plans to deliver \$48 million in new community infrastructure from the 2015-16 financial year onwards that is considered necessary for the future of the community as it aligns with community strategic plan objectives for Manly CBD revitalisation, safe swimming and parking provision. Council plans to deliver new community infrastructure by undertaking long term borrowings, and maximising usage of its assets and employing its debt prudently in their construction, management and operations. It will manage its debt ratios prudently as planned.