

## **INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES**

**Organisation:** Pittwater Council

**Date received:** 3/07/2015

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Mark Ferguson, General Manager  
8am to 5:30pm Mon - Thurs, 8am to 5pm Fri

2 July 2015

The Director  
General Purpose Standing Committee No.6  
Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Director,

Please find attached Pittwater Council's submission to the General Purpose Standing Committee No. 6 on the Terms of Reference to the inquiry into local government in New South Wales.

Yours sincerely,

Mark Ferguson  
**GENERAL MANAGER**



**PITTWATER COUNCIL'S SUBMISSION TO  
THE GENERAL PURPOSE STANDING COMMITTEE NO. 6  
ON THE TERMS OF REFERENCE TO THE INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES**

The following responses outline Pittwater Council's submission to the General Purpose Standing Committee No. 6 on the Terms of Reference to the inquiry into local government in New South Wales.

**Terms of Reference**

***(a) the New South Wales Government's 'Fit for the Future' reform agenda,***

**Council Response:**

The Government, in the Fit for the Future process, is concentrating on only a small section of the wide range of 'reform' opportunities that the local government industry demonstrated a willingness to consider.

The Government's Fit for the Future agenda has failed to present an evidence based approach to structural reform. Rather it relies upon a doctrinaire approach to introduce amalgamations as a structural panacea for metropolitan local government. In doing this, the Government has established arbitrary targets for groupings of councils and established ill-defined concepts of 'scale' and 'capacity'.

The Government appears to have a bias towards financial benchmarks with social, community, governance and representative democracy being of secondary note.

Even when a Council establishes financial sustainability, the population size remains a threshold criteria to 'pass' or 'fail'. This 'pass' or 'fail' criteria is applied across the metropolitan area in an ad hoc and inequitable manner. There is no consistency between the projected population sizes of the Independent Review Panel's recommended amalgamated councils. Further the State Government has removed the Panel's alternate recommendation to form Joint Organisations in what appears again to be a focus on achieving larger councils and less of them in the metropolitan area.

It appears that the Government's agenda, in simple terms, reflects a desire to deal with fewer metropolitan councils. The Government in reducing State Government bureaucracy has had less capacity to deal with the number of councils in the metropolitan area. It appears that they are of the opinion that it is too difficult to deal with multiple views around the table. Rather than looking at the Government's own deficiency in providing leadership, goals and integrated systems, it prefers to blame local government.

***(b) the financial sustainability of the local government sector in New South Wales, including the measures used to benchmark local government as against the measures used to benchmark State and Federal Government in Australia,***

**Council response:**

It can be acknowledged that NSW Local Government has financial pressures upon it that must be addressed. NSW Local Governments 'Destination 2036' Conference acknowledged those pressures and began a process of investigation for possible avenues of reform.

In 2011, NSW Treasury Corporation (TCorp) was appointed by the NSW Office of Local Government and NSW Treasury to investigate and assess the financial sustainability of all 152 local councils in NSW.

TCorp developed a definition of financial sustainability that incorporated elements of financial strength, service and infrastructure requirements, and the needs of the community. As such, TCorp defined financial sustainability as:

*"A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community."* (TCorp, 2013)

A set of Financial Sustainability Ratings (FSRs) were developed to benchmark current performance and Outlook Ratings were assigned based on whether these ratings were anticipated to improve or deteriorate based on each council's Long Term Financial Plan.

The FSR methodology was used to assess and assign each council an individual rating ranging from 'Very Strong' to 'Distressed'. To be considered financially sustainable, a council must have been assessed at a 'Moderate' or higher level. TCorp then assigned an Outlook rating of 'Positive', Neutral or Negative' depending on each council's expected performance over a three year period.

The results of the analysis suggested that three quarters of councils were achieving a moderate or higher FSR rating. However, nearly half of all councils were determined to have a negative FSR outlook based on the high number of operating deficits and large asset maintenance and infrastructure spending gaps. (KPMG, 2015)

Pittwater Council in its TCorp assessment has been rated as Sound/Neutral demonstrating that a medium size Council has the ability to be financially sustainable in the long term regardless of its size and in opposition to the threshold criteria of 'scale' as set down by the State.

In terms of the relativity of the actual benchmarks (Fit For the Future (FFF) Metrics) used in assessing councils financial sustainability, Council as a part of its Fit for the Future submission engaged experts in the field; Professor Brian Dollery (University of New England's (UNE) economist and government specialist) and KPMG to assess benchmarks as stipulated by the NSW State Government. They formed the opinions as follows:

In general, Professor Dollery surmises that it is,

*“Unwise in the extreme to make far-reaching decisions based on ratio and benchmark analysis of the kind undertaken by TCorp (ultimately used in the FFF metrics). It has been shown that there is no statistically significant relationship between financial sustainability ratios for NSW metropolitan councils and council population size (being the ultimate measure of scale by the NSW State Government).*

*This completely undermines the argument by the Panel that wholesale council amalgamation will improve financial sustainability in NSW local government.*

*Scholarly literature contains numerous caveats on the use of financial ratio analysis for the assessment of local government financial sustainability sighting that quantitative data alone simply cannot adequately convey the current state and likely future expenditure on infrastructure assets (Walker and Jones, 2012; Van Daniker and Harris 1999; Falconer 1991).*

*Even where ratio analysis is supported, caveats are typically required regarding the need to address differences in circumstances when performing comparative analysis and the need to conduct analysis over a sufficiently long time horizon (three, five or ten years) (Lowery, 2005; Dommel and Nathan, 1978; Kloha, Weissert and Kleine, 2005a). Further, financial sustainability rating approaches which ignore qualitative data, population demographic data, shifts in the valuation of the tax base and lack of transparency are at best weak and misleading (Kloha, Weissert and Kleine, 2005)” (Dollery, 2013)*

In addition, KPMG have cited further limitations regarding the benchmarks used.

KPMG indicate that:

***“Operating performance ratio***

*The Fit for the Future benchmark is for the operating performance ratio to be greater than or equal to a break-even (zero) average over a three year period. It is noted that better practice for councils should be to set internal benchmarks greater than a ‘break even’ operating position in the long run to prevent deterioration of their financial positions.*

**Own-source revenue ratio**

*The Fit for the Future benchmark is for own source revenue to be greater than 60 per cent of operating revenue averaged over a three-year period.*

*A limitation of this indicator is it is sensitive to capital grants and contributions which tend to be notoriously 'lumpy' over time and therefore is not an entirely consistent measure across councils over time.*

**Building and infrastructure asset renewal ratio**

*The Fit for the Future benchmark is for the building and infrastructure asset renewal ratio to be greater than 100 per cent averaged over a three-year period.*

*A limitation of this indicator is it is highly sensitive to how councils estimate depreciation expenses. Assumptions underpinning depreciation calculations may vary significantly over time and across similar councils. Also, depreciation is an accounting estimate and not necessarily a real reflection of an asset's degradation.*

**Infrastructure backlog ratio**

*The Fit for the Future benchmark is for an infrastructure backlog ratio less than two per cent averaged over a three-year period. This is widely viewed as an ambitious target with a major limitation of this indicator being that the data source stems from a non-audited item (Special Schedule 7) and is therefore not measured consistently across councils. This raises questions regarding the reliability of the indicator which, perhaps, may be better used to establish a trend line rather than as an accurate measure of infrastructure backlogs across councils.*

**Asset maintenance ratio**

*The Fit for the Future benchmark is for an asset maintenance ratio greater than 100 per cent averaged over a three-year period.*

*A limitation of this indicator is its declining usefulness as a forward-looking indicator. Long term financial planning assumptions for most councils will set a standard level of maintenance based on what's required to maintain a desired ratio. Changes to a council structure may have differing effects on these assumptions.*

**Debt service ratio**

*The debt service ratio measures the "appropriate and affordable" level of debt servicing by councils. The indicator has been included in the Fit for the Future criteria to address whether councils use a combination of council finances and borrowings to reduce any infrastructure backlog.*



*The Fit for the Future benchmark is for a debt service ratio greater than zero and less than or equal to 20 per cent averaged over a three-year period. The use of loan borrowings was considered to be integral to 'fit for the future' councils with sufficient 'strategic capacity' to partner with the State Government.*

*A limitation of this indicator is that an assessment of a council's debt service ratio needs to consider the broader context of a council's financial performance, e.g. its ability to service debt. Similarly, this indicator does not account for what purposes a Council is accruing debt and whether borrowings are being used to fund long life infrastructure assets.*

***Real operating expenditure per capita***

*The real operating expenditure per capita indicator is the sole criterion used to measure 'efficiency' by examining trends in a council's 'real operational expenditure per capita' over a period of time. The Fit for the Future benchmark is for the real operating expenditure per capita to decrease over time – that is, achieve a downward trend. Importantly, this benchmark does not depend on comparison of performance across councils, but rather involves comparing a council's performance against itself over time with a view to generating efficiency dividends.*

*A limitation of this indicator is that it does not take into account varying community expectations of services levels provided by council. Council's with higher operational expenditure may well be responding to community demands for increased service levels." (KPMG, 2015)*

As demonstrated above, there are significant schools of thought by scholars and professionals in this field that express concerns that the benchmarks used in assessing councils under the Fit for the Future regime are inadequate.

In terms of comparing the benchmarks used for NSW Local Government as against those used for state and federal levels of government, Council has no insight into the benchmarks used in other tiers of government. It would be difficult to draw comparisons due to the fact that all three levels face differing financial and social constraints. An example of a differing constraint is that both state and federal levels of government are not subject to rate capping and significant cost shifting which significantly restricts NSW Local Government's ability to be masters of their own income and expenditure.

***(c) the performance criteria and associated benchmark values used to assess local authorities in New South Wales,***

**Council Response:**

See Council's response for Terms of Reference (b).

***(d) the scale of local councils in New South Wales,***

**Council Response:**

Pittwater Council has clearly demonstrated and presents sound argument in its submission to IPART that current and projected operations are at least as good as or better than that recommended by the Independent Review Panel in achieving scale and capacity.

Strategic Capacity and being 'Fit for the Future' should not be viewed through the lens of 'scale' and in particular population size. Professor Dollery in his report *"Bigger is not always Better; An assessment of the Independent LG Review Recommendation that Pittwater Council be Amalgamated"* (2013) at page 63 assessed that there is to be no relationship between the financial sustainability ratios for metropolitan councils and council population size states: - inter alia, *"...This completely undermines the argument by the Panel that wholesale council amalgamations will improve financial sustainability in NSW local government."*

The use of population size to demonstrate strategic capacity is a folly. The largest councils by population in the metro area are not performing as well as many smaller councils in terms of the benchmarks for 'fit Councils'.

The Independent Panel's recommendations proposed the option of amalgamations or 'strong Joint Organisations'.

The Panel's recommendations relating to population sizes of grouped Councils is inconsistent, irregular and not supported by any analysis as to what the optimum council size should be. In this regard, Table 8 of the Final Report of the NSW Independent Review Panel's report presents scenarios of amalgamated councils with populations (2031) varying from 307,400 to 669,000 with some medium councils remaining unaffected by amalgamations with populations of 81,500 and 93,300.

The Review Panel itself acknowledged that local councils in NSW provide a wide range of goods and services for local communities and this can be expected to continue to diversify and expand. As such, the issue of 'scale' (population size) may not be as relevant and a more local understanding of 'strategic capacity' is required. For instance, the priorities and expectations of communities will differ from council to council, and it is therefore this context that should be drawn to determine 'strategic capacity'.

In KPMG's Report *"Independent Review of Structural options for Manly Council and Pittwater Council-compendium report and appendices April 2015"*, which forms part of the Council's submission to IPART, it states that:-

*"There is strong rationale for defining and measuring 'strategic capacity' beyond the narrow focus of 'scale' and population size. Ideally, clearly defined benchmarks could be established to appropriately measure the quantitative and qualitative performance of Council."*

*However, understanding the ‘strategic capacity’ in this context is complex and the Independent Pricing and Regulatory Tribunal (IPART) noted the difficulties around measuring such a concept.*

*For the purpose of this review, it is suggested that ‘strategic capacity’ should be addressed and understood not simply in terms of ‘scale’ and ‘population size, but as an outcome – based assessment.”*

***(e) the role of the Independent Pricing and Regulatory Tribunal (IPART) in reviewing the future of local government in New South Wales, assisted by a South Australian commercial consultant,***

**Council Response:**

Pittwater is concerned that the highly regarded Tribunal has been placed in the position of having to work to and defend a time frame for review and consultation applied by the Government. IPART’s agreement to the inappropriate time frames may in itself indicate a lack of independence. It is noted that less complex assessments, undertaken by IPART, have been allocated much longer time frames for receiving responses and for consultations.

The time frames mandated by the Government make it is impossible for IPART to demonstrate that a comprehensive assessment was carried out in relation to the release of the ‘Assessment Methodology’. Likewise, the time frame for IPART to review further submissions to council responses by August 2015 and the actual finalisation of all submissions by 16 October 2015 raises concern as to the depth of consideration that will be applied to the council and community submissions to allow balanced detailed recommendations to the Minister. It is feared that the integrity and reputation of the Tribunal will be severely compromised.

The web page of ‘Pittwater Forever’ (a grouping of 18 Pittwater Resident Associations) states, inter alia:-

*“..every major criteria in the IPART document for evaluating a council’s “fitness” seems to erode the people’s voice in favour of the state bureaucracy’s wants for larger, less independent, less local based councils in NSW. The Pittwater Forever group believes the people, not just of Pittwater but of the whole State of NSW, have been betrayed and should be enraged with the appointment of IPART to evaluate councils” (Pittwater Forever, 2015)*

The Palm Beach and Whale Beach Association’s (PBWBA) Storm Jacklin says the IPART appointment is a mockery to democracy. *“The appointment of IPART, driven by financial outcomes instead of the appointment of the promised independent panel, completely undermines and disenfranchises the residents,”....Pittwater community groups and Council are now writing to IPART to voice their concerns. (Pittwater Forever, 2015)*

Clareville and Bilgola Plateau Resident Associations (CABPRA) President, David Owen says *"...issues which concern the residents – community, environmental, cultural, independent, local and democratic values – seem not be addressed by the IPART process at all.....IPART, driven by 'scale and capacity' outcomes, effectively shuts the residents out of any balanced evaluation procedure,"*. (Pittwater Forever, 2015)

A primary concern of Pittwater in relation to the role of IPART is that the mandatory reliance upon scale and capacity as a deeming factor to determine whether a council is fit is unreasonable and may even be unlawful. Pittwater bases this upon a belief that IPART's methodology may be firstly contrary to Section 51 of the NSW Constitution Act that requires a system of the Local Government Act be constituted in accordance with the Laws and Legislation. Secondly, by assessing the fitness and structure of a council, it could be argued IPART has placed itself in the shoes of the Governor and Boundaries Commission so any determination should be based upon the relevant considerations set out in the Local Government Act, 1993.

The current statutory framework of a council does not have a mandatory requirement of scale or population size. Thus, it would not be fair or equitable for IPART to list as a threshold criteria a measurement that currently is not a statutory requirement for the existence or measure of the performance of a council. Pittwater submits IPART should not make the threshold question criteria that is not currently a statutory requirement for a council.

Councils embarked upon this process four years ago and the original Destination 2036 Vision was 'Strong Communities through Partnership'. The Terms of Reference define the scale and capacity criteria as; 'has the scale and capacity to engage effectively across community, industry and government'. It further states that its assessment should be as a threshold criterion. IPART has now proposed that failure to satisfy the key elements defined may deem councils unfit. In eliminating the opportunity for councils through partnerships such as shared services and other similar organisations, Pittwater submits IPART has acted contrary and undermined the fundamental intent of the process.

The appointment by IPART of a 'commercial consultant' with experience in local government indicates an admittance that the role of IPART is not accustomed to dealing with the matters before it in this review. How one person will be able to accommodate the role of plugging gaps in IPART is questionable.

***(f) the appropriateness of the deadline for 'Fit for the Future' proposals,***

**Council Response:**

There are considerable concerns with the timing of the 'Fit for the Future' process. The community has raised concerns with the tight time frames, limited time to digest reform documents and limited time to respond.

The community is extremely sceptical as to how IPART could consider the multitude of submissions relating to their assessment of methodology.



Similarly, how IPART will be able to comprehensively review all of the proposals contained within the submissions by 16 October 2015 is highly questionable. Furthermore, how the Government will be able to fully assess the IPART findings and Local Members be able to communicate the impacts to their local communities is again questionable.

In terms of the legislative process, there are concerns as to whether appropriate legislation is in place to accommodate 'Fit for the Future', either as per existing boundaries or amalgamated within prescribed timeframes and by the foreshadowed elections in September 2016. All of these concerns are lingering questions that Pittwater Council and its community have had no answers to.

***(g) costs and benefits of amalgamations for local residents and businesses,***  
**Council response:**

**Council Response:**

As a part of Pittwater Council's fight against forced amalgamation, Council engaged the Professor Brian Dollery to assess the costs and benefits of amalgamations.

Professor Dollery concludes *"that such a merger (Pittwater, Warringah and Pittwater) 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, there is no evidence of a strong joint 'community of interest', which is an essential prerequisite for successful mergers."* (Dollery, 2013)

While it has been touted by the Independent Local Government Review Panel and the NSW State Government that mergers may provide better service and infrastructure provision, a stronger revenue base and better integration of planning for local and regional issues, these findings are only theoretical and have been refuted by experts in the field such as Professor Dollery. As indicated by Professor Dollery above, without economies of scale, cost savings and connectivity of communities, any improvements in the provision of services and infrastructure for the local residents and businesses will just not be possible.

Keeping councils localised rather than creating larger mega type councils through the process of amalgamation will aid in local communities having a say. Localised councils will aid in stemming overdevelopment, keeping the environment a major focus, continue the strong connection with the community of interest, keeping decision making local with connectivity to regional issues and keeping Councillor representation to a level where it is recognised by its community as being responsive, collaborative and responsible.

Maintaining local government in this manner will be for the betterment of local residents and businesses.

***(h) evidence of the impact of forced mergers on council rates drawing from the recent Queensland experience and other forced amalgamation episodes,***

**Council response:**

While Pittwater Council cannot comment on the effect on rates as a result of forced amalgamations within Queensland, Council can make comment on the implication of rates due to forced amalgamations within its own region. The estimated impact on rates is relatively insignificant in terms of the overall impact of forced amalgamations taking into account the detrimental effects it will have on community of interest, local representation etc. etc.

It is estimated that the impact on rates may be in the vicinity of +/- 3% of Council's average rate. However, this estimation is subject to the prevailing rate structure remaining and no re-valuation being undertaken by the NSW Valuer-General. This assessment is only relevant to Council's immediate region and may not be relevant to other metropolitan or rural areas within NSW.

***(i) evidence of the impact of forced mergers on local infrastructure investment and maintenance,***

**Council response:**

Based on net present valuation calculations undertaken by KPMG as a part Pittwater Council's 'Fit for the Future' Analysis minor savings are estimated that in theory could potentially go towards the development of local infrastructure investment and maintenance.

However, the likelihood of these savings ever being realised is undetermined and there is evidence as presented by Professor Brian Dollery *"that the outcomes of amalgamation programs in Australian state and territory local government systems, derived largely from public inquiries into local government, have established that numerous councils in all local government jurisdictions still face daunting financial problems, despite amalgamation.*

*In the light of these findings, Dollery, Byrnes and Crase (2008) have argued that compulsory merger programs have not only failed as a 'silver bullet' for solving systemic financial and other problems in Australian local government, but have also not provided a coordinated regional dimension to local service provision."* (Dollery, 2013)

Further, Dollery's research into international case studies has established *"that in general, American researchers have found that mergers have not met expectations in terms of efficiency gains and cost savings. For example, in an assessment of empirical work on whether consolidation produced greater efficiency, Feiock (2004) concluded that mergers had not met their intended economic objectives, but had rather led to increased expenditures."* (Dollery, 2013)

In addition to Professor Dollery's findings, KPMG in their Report to Council indicated that given significant variations in key demographic indicators across the Northern Beaches (three council regions), a single (merged) council may weaken the ability to provide target services and infrastructure delivery across diverse communities. (KPMG, 2015)

Accordingly, while in theory it is implied that mergers may improve councils financial sustainability, local infrastructure investment and maintenance, in reality the very cost efficiencies required from these mergers to fund such improvements are never realised and therefore improved investment and maintenance of infrastructure never eventuates.

***(j) evidence of the impact of forced mergers on municipal employment, including aggregate redundancy costs,***

**Council response:**

Municipal employment will be under threat due to amalgamations as it is one of the cornerstone assumptions in gaining cost savings within a merged entity. Based on Pittwater Council's analysis of amalgamation options undertaken by KPMG as a part of Council's 'Fit for the Future' submission, it was found that *"Staffing reductions were estimated at between 4 per cent and 9 per cent of the establishment, based on the scenario modelled (the merger of three metropolitan councils).*

*These assumptions were driven by the Toronto and Auckland case study experiences where merger savings stemmed primarily from reductions in the staffing establishment. In Toronto, there was a reduction of 9 per cent of total positions, 14 per cent in admin and support positions, 34 per cent in management positions, and 60 per cent in executive management positions. Auckland's new organisational structure resulted in a net 16 per cent reduction in staff."* (KPMG, 2015)

Generally, councils are moderate but important employers within the local community and accordingly any staff reduction as a result of council mergers will have a reduction of economic stimulus within the local community.

***(k) the known and or likely costs and benefits of amalgamations for local communities,***

**Council response:**

See Council's response for Terms of Reference (g).

***(l) the role of co-operative models for local government including the 'Fit for the Futures' own Joint Organisations, Strategic Alliances, Regional Organisations of Councils, and other shared service models, such as the Common Service Model,***

**Council Response:**

Pittwater Council is an active and committed member of SHOROC (Regional Organisation) and one of 4 shareholders in Kimbriki Environmental Enterprises Pty Ltd. Pittwater Council remains committed to its participation in SHOROC, utilising the joint organisation to facilitate regional planning and advocacy, collaboration and strategic partnerships.

Pittwater Council and SHOROC have actively and successfully lobbied the state government for funding for roads, health and transport projects in the northern beaches area. Please refer to the SHOROC Regional Plan 'Shaping Our Future' (attached and also link: <http://shoroc.com/portfolio-item/shaping-our-future-our-regional-strategy/> )

The Independent Review Panel supported the use of joint organisations for the metropolitan area, as a means of enhancing scale and capacity. Whilst contrary to advice given at IPART forums, Council's understanding is that joint organisations/ROCS are not within the scope of IPARTs assessment methodology.

Given the strong track record of SHOROC, joint organisations/ROCS must be a component of measuring scale and capacity.

Professor Dollery in his report *"Big is not always Better – 2013"*, having reviewed a number of academic and industry reports reflects on the findings of the Hawker Inquiry (2003) in that the Commonwealth Grant's Commission had been urged to accept "... *partnership arrangements with local government through regional organisations of councils or other regional bodies.*" and states *"The Financial Sustainability Review Board (2005) disputed empirically purported relationships between council size and council performance...concluded that alternative models of council cooperation should be pursued..."*



***(m) how forced amalgamation will affect the specific needs of regional and rural councils and communities, especially in terms of its impact on local economies,***

**Council Response:**

See Council's response for Terms of Reference (l and n) for regional affects. Council is not responding to matters concerning rural communities.

***(n) protecting and delivering democratic structures for local government that ensure it remains close to the people it serves,***

**Council Response:**

Pittwater Council has contemporary boundaries having seceded from Warringah Council in 1992. The mantra of state government that the local government boundaries are a century old is incorrect and misleading. The creation of Pittwater followed decades of agitation and lobbying for a separate independent area due to the lack of funding and provision of services and infrastructure to the then northern ward (A riding) by the prevailing mega Council of the day, Warringah Council. Should there be an amalgamation of Pittwater with Warringah it is highly likely that years of agitation, displeasure and malfunction will again prevail.

The purpose of creating Pittwater, and remains so 23 years later, is to focus on the planning for the area's unique attributes in the metropolitan context, be accountable for its own income and allocation of priorities for expenditure. Also a level of democratic representation that would allow the people of Pittwater to have access to local community Councillors that both care for and are aware of the local area and its attributes is vital.

Democratic structure on a local level should come from local leaders that can represent the community by acting locally whilst thinking regionally. Community based Councillors have and should continue to be able to respond to wider issues at the same time reflecting the aspirations of the community. Pittwater Council has a record of close engagement with its community. Council receives clear and valued responses from the community. This has not meant that the Council is parochial nor has it denied its responsibility to the wider region and metropolitan area. To date, Pittwater Council actively participates with state government and the Industry, particularly in land release and sub-regional strategy, Coastal Council, Local Government Managers Association, SHOROC, Kimbriki Enterprises (regional waste), Metropolitan Mayors and Joint Regional Planning Panels.

Pittwater Council has a strong brand and is regarded as a progressive Council. It has a strong community, willing to be a part of a Metropolitan network but loyal to its local identity. The Councillors, Council staff and community are at one in promoting sustainable financial accountability, strong democratic leadership and ethical decision making and governance.

A strength of Pittwater lies with its community based Councillors, its articulate and connected Community and the trust that ensures that all parties listen, respond and do their best for the local area.

The creation of a mega Council on the northern beaches (Manly to Palm Beach) will create a 'back to the future' effect with a very low Councillor to resident ratio, a distant bureaucracy and a lack of input into the local areas needs and priorities.

Pittwater is an 'outer Sydney' area. Dollery found (Dollery, 2013) that an amalgamation of Pittwater, Warringah and Manly may inadvertently lead to a widening of socio-economic differences if 'inner Sydney' local government strategies are pursued at the expense of 'outer Sydney' local government strategies (see mayoral minute 3 June 2013).

The President of the Palm Beach and Whale Beach Association states on the Association's web page:-

*"The community is concerned regarding the environmental and cultural issues which are not addressed in the terms of reference. The community values its local independent council which has served it well for the last 23 years. We live in a democracy. The whole basis of a democracy is that the will of the people must be heard. If the will of the people is ignored, anarchy will prevail."*

***(o) the impact of the 'Fit for the Future' benchmarks and the subsequent IPART performance criteria on councils' current and future rate increases or levels, and***

**Council Response:**

See Council's response for Terms of Reference (h).

***(p) any other related matter.***

**Council Response:**

Pittwater Council wishes to re-iterate its position that size is not the prevailing fix to financial sustainability within local government. An entity with the ability (regardless of population size) to efficiently manage the operations (income, expenditure, resources etc.) it has within its control is paramount in achieving financial sustainability and sound community representation.

For the past 23 years Pittwater Council has been well managed, financially sustainable, supported, endorsed and commended by its community in its provision of services and infrastructure. To regard size as the fiscal "*silver bullet*" (Dollery, 2013) is narrow minded and baseless.

## References

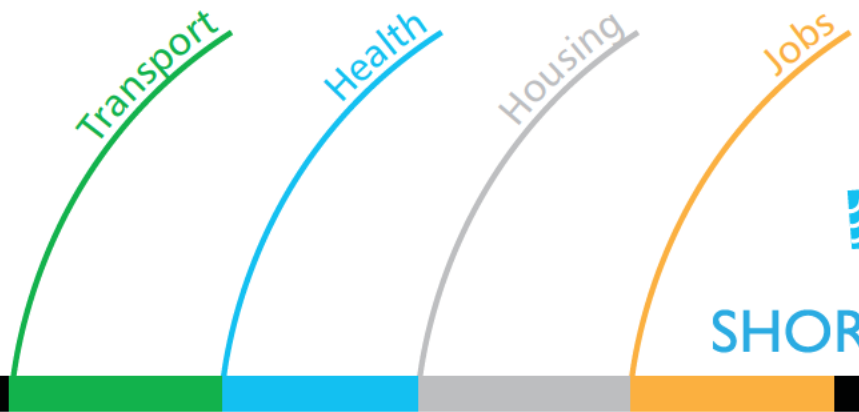
Dollery, Professor Brian - "Bigger is not always Better; An assessment of the Independent LG Review Recommendation that Pittwater Council be Amalgamated" – 2013

KPMG – Independent Review of structural options for Manly Council and Pittwater Council – 2015

Pittwater Forever Website: <https://pittwaterforever.wordpress.com> - 2015

TCorp - Financial Sustainability of the New South Wales Local Government Sector – 2013

SHOROC Website: <http://shoroc.com/portfolio-item/shaping-our-future-our-regional-strategy/>



# Shaping Our Future

Directions for transport, health, housing and jobs for a vibrant sustainable SHOROC region



Warringah  
Council



PITTWATER  
COUNCIL



Mosman  
COUNCIL



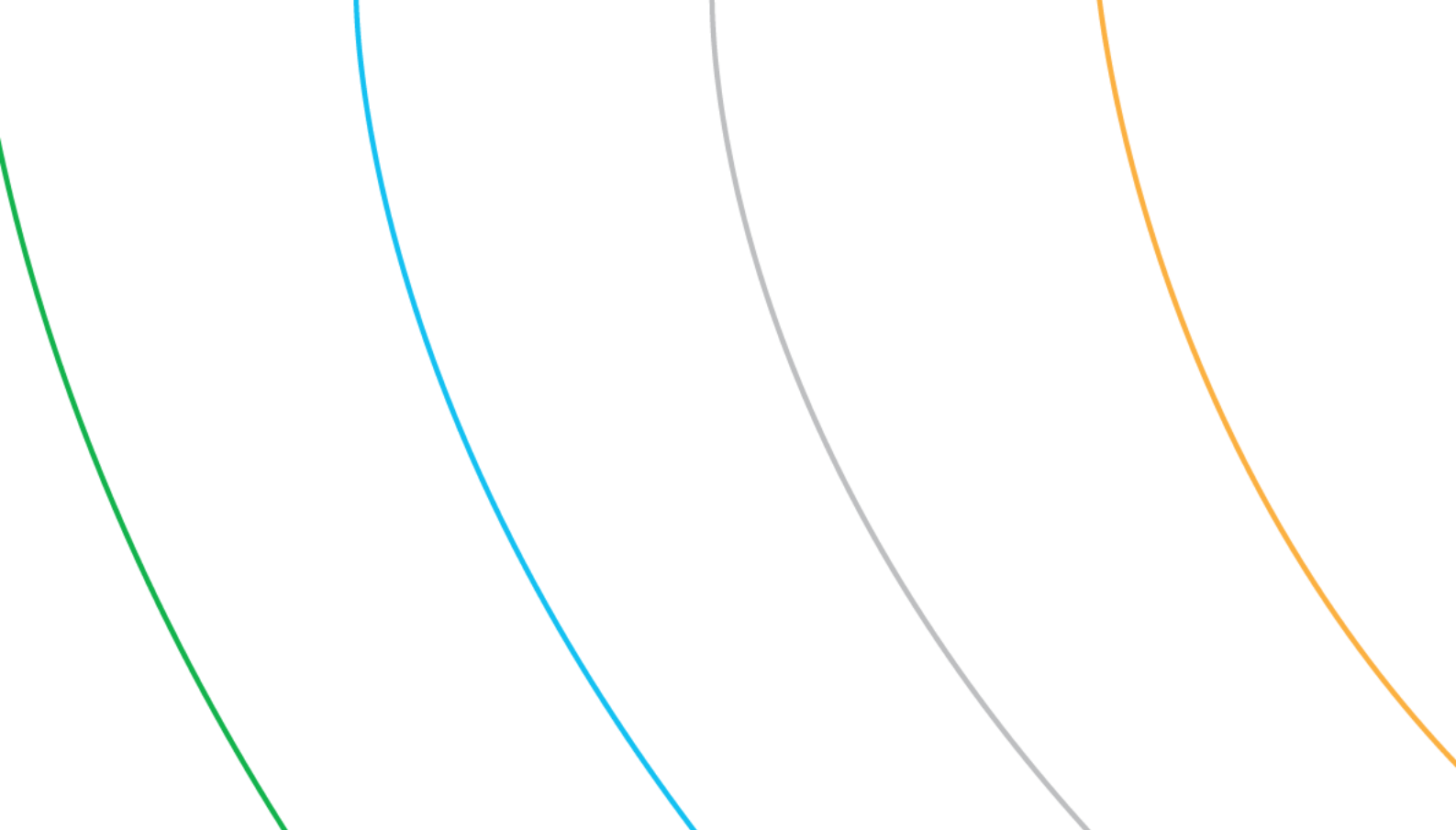




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# Message from the SHOROC Board of Mayors and General Managers

The SHOROC region in Sydney's North East is second to none. Incorporating Manly, Mosman, Pittwater and Warringah Councils, it is a unique area with a vibrant community that values our natural environment and lifestyle and contributes strongly to the economy of global Sydney. However, the SHOROC region is already facing many challenges including significant road congestion, limited and inefficient public transport as well as the lack of access to an appropriate and accessible high quality health service.

## The future holds more.

Population is expected to increase by around 30,000 people, an 11% increase, over the next 20 years. This brings with it targets from the NSW Government to accommodate this growth with an additional 22,800 dwellings (including potentially up to 4,900 in Ingleside) and 20,800 jobs. Climate change is predicted to mean rising sea levels, coastal erosion and more severe storms which would have significant impacts including on our low lying and coastal areas and bushland.

## The SHOROC Councils have identified that we need a clear direction for the region. A vision.

A roadmap for how we are to deal with these current and future challenges if we are to enhance or even maintain our natural environment, our way of life and our contribution to the NSW economy.

To provide leadership with a unanimity of purpose and voice. To work in close partnership with the NSW and Commonwealth governments, community and business to bring this vision about. SHOROC's *Shaping Our Future* provides that roadmap. Its development involved a thorough evidence-based analysis by the best and brightest in our councils underpinned by the core values of our community, in partnership with expert planning consultants led by Sustainable Urbanism.

This analysis shows the housing and jobs targets can be sustainably met by the SHOROC Councils, with growth focussing on four key areas so that we can minimise transport infrastructure costs and maintain and enhance our natural environment and way of life.

## However, major infrastructure investments in transport and health are needed now and in the coming years to address our challenges and enable this growth to occur.

The SHOROC Councils are strongly committed to playing our part in making Sydney an even greater global city. We are calling on the NSW and Commonwealth governments to provide the critical investment in our region to enable this to happen.

Mayor of Mosman  
SHOROC President 09/10  
Cr Anne Connon

Mayor of Manly  
Cr Jean Hay AM

Mayor of Pittwater  
SHOROC Vice-President 09/10  
Cr Harvey Rose

Mayor of Warringah  
Cr Michael Regan

General Manager  
Mosman Council  
Mr Viv May

General Manager  
Manly Council  
Mr Henry Wong

General Manager  
Pittwater Council  
SHOROC Treasurer 09/10  
Mr Mark Ferguson

General Manager  
Warringah Council  
Mr Rik Hart



# The strategic direction for the SHOROC region

### **Shaping Our Future: the strategic direction for the SHOROC region**

SHOROC's *Shaping Our Future* is an integrated whole-of-region strategy setting out the long term direction for 2010 -2031 for the SHOROC region from Bradleys Head to Barrenjoey, encompassing Mosman, Manly, Warringah and Pittwater Councils.

It outlines how the SHOROC Councils will work together with other levels of government, business and the community to address critical challenges for the region now and into the future.

A response to the NSW State Plan, Metropolitan Transport Plan and Metropolitan Strategy, it links council land use management set by individual councils with critical improvements in infrastructure, enabling a more coordinated and cooperative regional inter-governmental approach.

SHOROC's *Shaping Our Future* seeks to address the critical issues for the region now and the challenges ahead while maintaining and enhancing the region's liveability, sustainability and significant contribution to Sydney as a global city.

### **The SHOROC region**

The SHOROC region covers an area of approximately 288km<sup>2</sup>, in the North East of Sydney incorporating the local government areas of Mosman, Manly, Warringah and Pittwater. It is characterised by its outstanding natural environment, vibrant community and large influx of tourists and weekend visitors.

SHOROC has a population of around 270,000 people, is home to around 100,000 jobs and is characterised by a high proportion of residents that live and work locally.

### **Critical challenges and barriers in 2010 and beyond**

#### **Critical issues now**

There are a number of critical issues for the region which need to be addressed now to maintain its liveability and sustainability, to enhance its contribution to and integration with greater Sydney and enable future challenges to be addressed.

These include the significant road congestion, limited and inefficient public transport as well as the lack of access to an appropriate and accessible high quality health service.

**'maintaining and enhancing the region's liveability, and sustainability...'**

### **Big challenges ahead**

The next decades see significant challenges including:

An expected population increase of around 30,000 to over 300,000 by 2031 (see figure 2), along with the need for additional dwelling and employment capacity as detailed in the NSW Government's Metropolitan Strategy of:

- an additional 22,800 dwellings (including potentially up to 4,900 in Ingleside), taking the total to around 130,000
- an additional capacity for 20,800 jobs, taking the total to over 120,000.

Climate change and its predicted effect on sea levels, coastal erosion and weather patterns and resultant impacts including displacement of housing and other coastal and low lying land.



Fig 1. The SHOROC region  
in North East Sydney





### Maintaining and enhancing liveability and sustainability

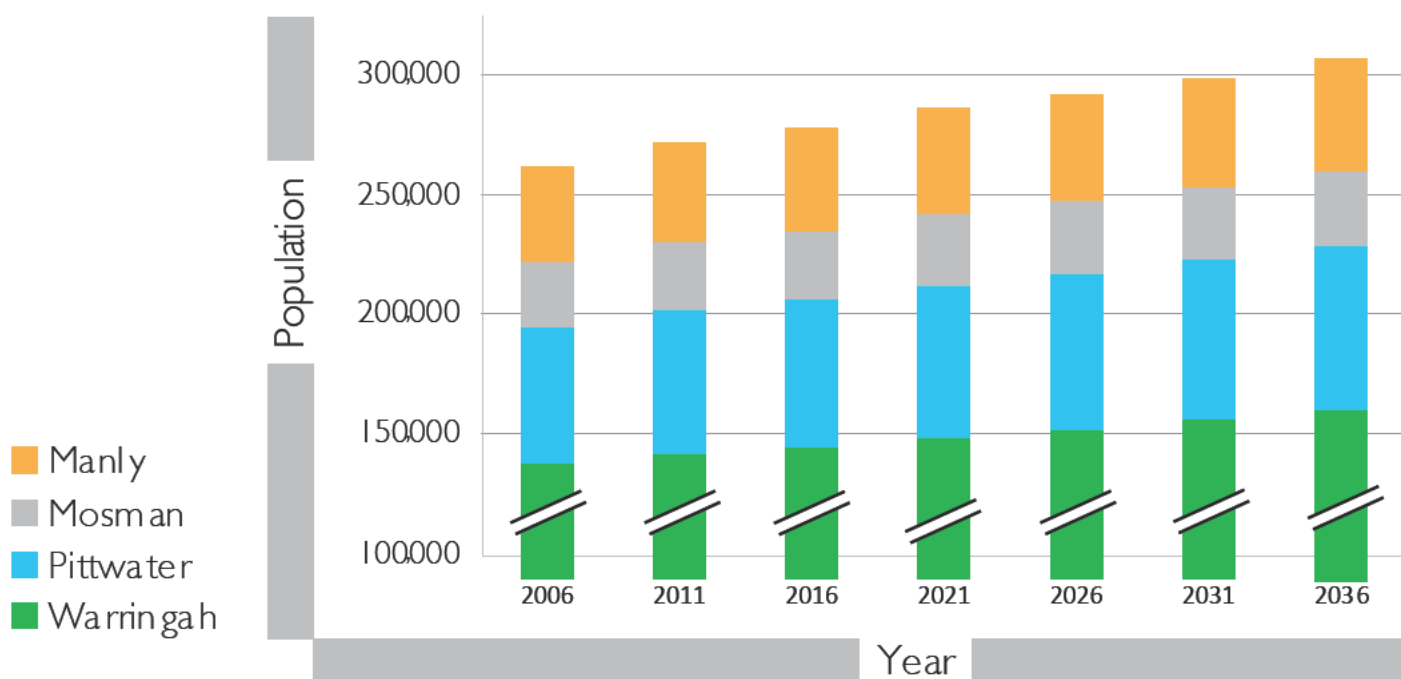
Liveability and sustainability are valued highly by the SHOROC community and councils.

‘An expected population increase of around 30,000 to over 300,000 by 2031’

The principles underpinning SHOROC’s *Shaping Our Future* are to maintain and enhance these characteristics as the region grows including:

- Maintaining and enhancing quality of life, wellbeing, the high proportion of jobs close to home and access to social services, recreation, infrastructure and transport.
- Increasing engagement, involvement and connectedness of community members and development of social capital.
- Seeking to improve housing choice in response to demographic changes such as the availability of affordable housing for a diversity of households, including key workers.
- Creating more sustainable communities with more appropriate management of the region’s water, energy, waste and natural resources including greater residential and business conservation and re-use and investigation of the viability of providing water, energy and waste recycling services within the region.
- Maintaining the biodiversity and quality of bushland and waterways.

Fig 2. Population projections for the SHOROC region to 2036



Source: New South Wales Statistical Local Area Population Projections, 2006-2036 (Department of Planning 2010)





# Major directions for the SHOROC region



## Major directions for the SHOROC region

The direction for SHOROC is to continue to be a sustainable and liveable region making a significant contribution to enable Sydney to continue to grow and be a world class place to live and work.

To enable this to occur, SHOROC's *Shaping Our Future* outlines:

1. The role of local councils: How councils will deliver the housing and job targets under the NSW Government's Metropolitan Strategy to help make Sydney a global city, whilst maintaining and enhancing the region's natural environment, vibrant communities and way of life.
2. The role of the State and Commonwealth governments: The priority infrastructure and State and/or Commonwealth Government investment required in transport and health to address major barriers now and enable this growth to occur in a cost-effective, timely and sustainable manner.

These directions have been identified based on a rigorous evidence-based analysis of the major issues for the region now and for the future as well as a spatial analysis of various land use scenarios and implications for accessibility to transport and services, liveability and sustainability.

## Strategically planning for the region now and into the future

The SHOROC Councils are committed to a leadership role in delivering on the needs of the region now and into the future through coordinated and integrated strategic planning.

SHOROC's *Shaping Our Future* is the core of the overall strategy for the region and lays out the major directions and priority infrastructure needs for the region. Ongoing review of the major directions and infrastructure delivery will enable phased implementation to provide the best outcome for the community and the region.

‘...councils are committed to a leadership role in delivering on the needs of the region...’

The other major pieces of the overall strategy are:

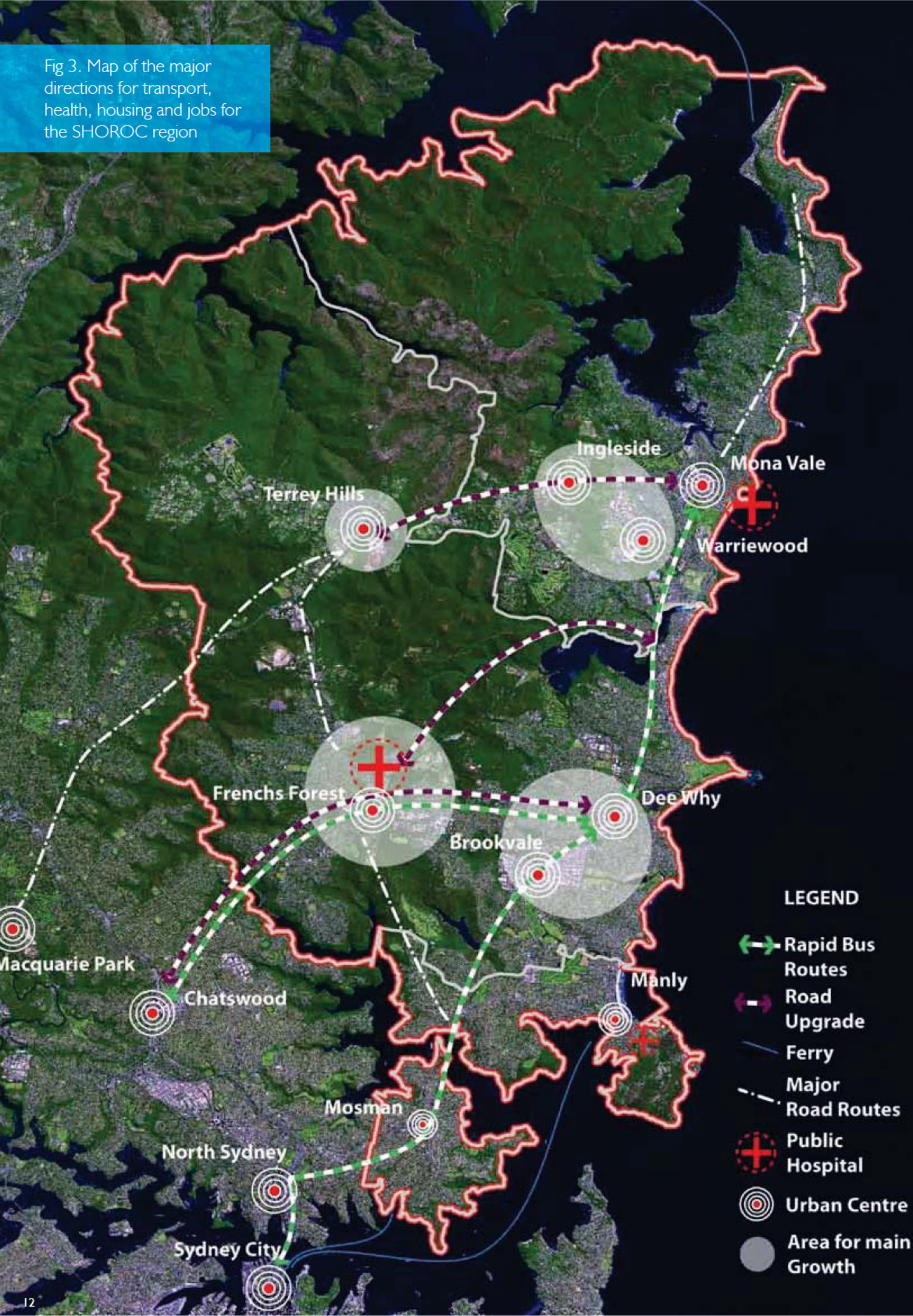
- Council Community Strategic Plans, detailing the strategies to be implemented by each council to deliver on the needs of its local community and natural environment.
- SHOROC's *Shaping Our Future Liveability* and *Shaping Our Future Sustainability*, identifying the needs of the region in the way of other infrastructure and service delivery such as cultural and recreational venues or water and sewerage infrastructure. These strategies will focus on an analysis of areas that can be shared or delivered on a regional basis to maintain and enhance this highly liveable and sustainable region as well as deliver services for the best value for money for residents while maintaining the independence of local councils.

In addition, overarching 'health of the region' indicators are being developed to help measure how the region is tracking over time in regard to the major directions for the region.

The next steps for development of SHOROC's *Shaping Our Future Liveability* and *Shaping Our Future Sustainability* are outlined more on page 21.



Fig 3. Map of the major directions for transport, health, housing and jobs for the SHOROC region





## Overview of major directions for the SHOROC region

### SHOROC Councils will sustainably meet the Metropolitan Strategy targets for housing and jobs

The SHOROC Councils will meet the NSW Government Metropolitan Strategy targets for housing and jobs through sustainable development by focussing the main growth around four key areas as vibrant sustainable centres:

- **Dee Why/Brookvale:** as a major centre for housing and jobs.
- **Frenchs Forest:** as a new specialised centre for housing, jobs and health.
- **Terrey Hills:** as an area for jobs.
- **Warriewood/Ingleside:** as a new centre for housing and jobs.

### Critical need for funding for rapid buses, road upgrades and a new hospital

Priority infrastructure and investment is required by the NSW and/or Commonwealth governments, to address major issues and enable these targets to be met.

### Health

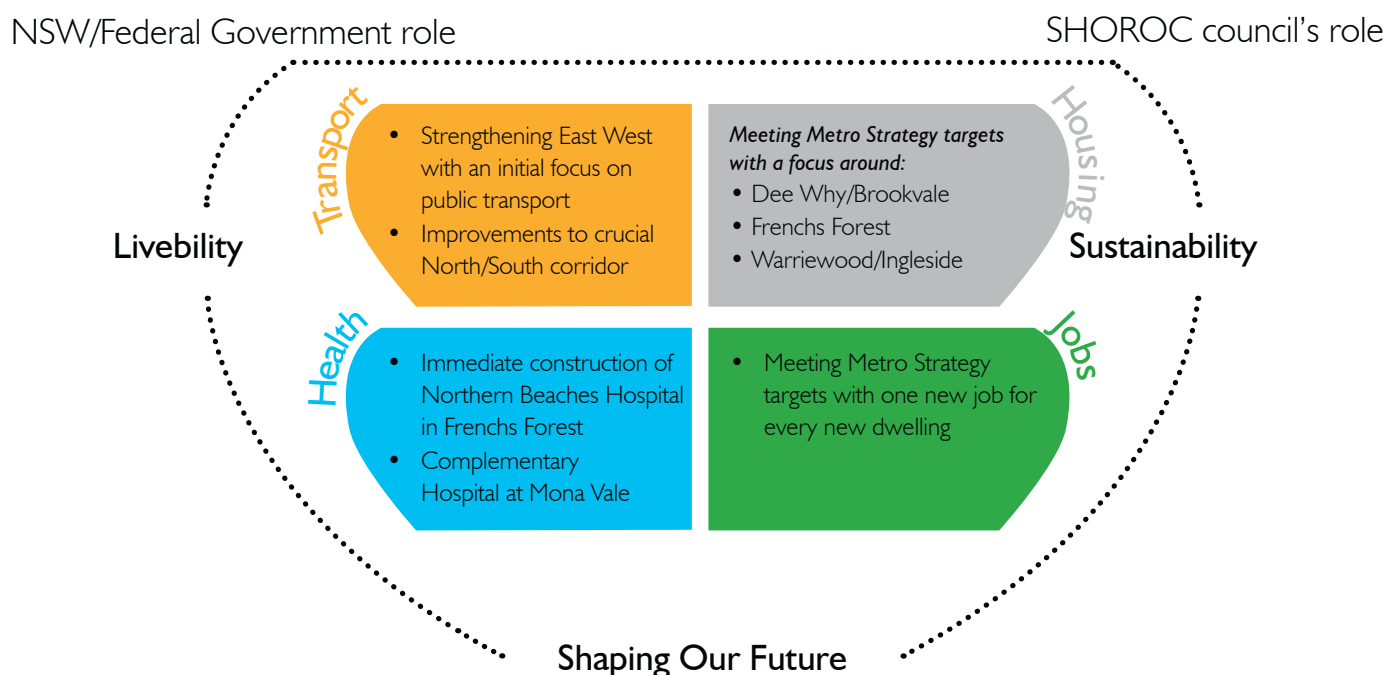
Immediate construction of the level 5 Northern Beaches Hospital at Frenchs Forest and associated road infrastructure works; and appropriate upgrades required to enable the long term complementary role for Mona Vale Hospital.

### Transport

Strengthening public transport and road linkages with particular focus on: the East/West corridor between the major centres of Dee Why/Brookvale and Frenchs Forest and from Frenchs Forest and Mona Vale to Chatswood, Macquarie/Ryde and beyond; and improvements to the crucial North/South corridor.

The directions for sustainable housing, jobs, health and transport are outlined in Fig 3 and in more detail in the following sections.

Fig 4. Overview of SHOROC's Shaping Our Future





‘The main growth will be focussed around four key areas as vibrant sustainable centres’

## Commitments from Manly, Mosman, Pittwater and Warringah Councils

SHOROC Councils will meet the NSW Government Metropolitan Strategy targets of an additional 22,800 dwellings (including potentially up to 4,900 in Ingleside) and 20,800 jobs by 2031 as follows:

- **Manly Council:** an additional 2,400 dwellings and capacity for 1,000 jobs.
- **Mosman Council:** an additional 600 dwellings and capacity for 1,300 jobs.
- **Pittwater Council:** an additional 9,500 dwellings (including potentially up to 4,900 at Ingleside) and capacity for 6,000 jobs.
- **Warringah Council:** an additional 10,300 dwellings and capacity for 12,500 jobs.

As the region grows, the councils will:

- Ensure that growth is sustainable, accommodates the potential impacts of climate change and does not adversely impact the natural environment or communities, with specific localities and densities determined by individual councils in conjunction with the community.
- Create the capacity for one new job for each new dwelling to maintain the high ratio of residents who work and live locally with a view to reversing the decline in the proportion of key workers in the region.
- Provide a mix of housing types and choice in response to demographic changes with appropriate levels of diversity and affordability to attract low and moderate income households including key workers to live in the region.
- Maximise accessibility to public transport which is not sufficient for the existing population or any additional growth.
- Seek to attract and retain appropriate business and industry in the region to build on the competitive strength of existing industries – retail, health, professional and scientific, manufacturing and wholesale trade, and education and training.

# and Jobs : Directions for Housing and Jobs : Directions for Ho



## The main growth will be focussed around four centres

Based on a spatial analysis of accessibility to transport, services and protection of the natural environment, the most appropriate locations for the main growth will be focused around four key areas as vibrant sustainable centres (see Fig 3. on page 12):

- **Dee Why/Brookvale:** as a major centre for housing and jobs with additional dwellings and job capacity, retaining the employment mix and focussing on a potential logistics centre in Brookvale.
- **Frenchs Forest:** as a new specialised centre for housing, jobs and health with additional dwellings and job capacity, focussing employment clusters around the new hospital and health services.
- **Terrey Hills:** as an employment area with additional job capacity and a potential focus on alternative energy high technology and low carbon jobs.
- **Warriewood/Ingleside:** as a new location for housing and centre for job capacity.

## Why have these centres been identified?

These centres have been selected because they are on existing or planned transport routes, easily accessible from other centres and minimise impact on the natural environment. This will mean more people will be able to live and work close to home, minimising car travel and the need for even more transport infrastructure.

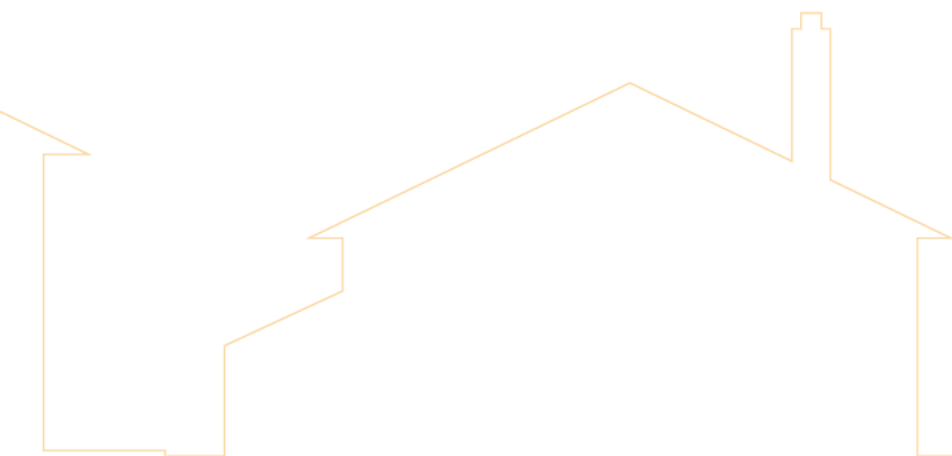
## For example:

- Terrey Hills could provide significantly more job capacity close to the planned residential growth for Warriewood/Ingleside as required by the NSW Government.
- Frenchs Forest is on a major transport route and is a logical choice for a specialised centre with housing and employment based around the new hospital.

## How will the densities and 'look' of the centres be decided?

All development including specific localities and densities will be determined by individual councils in conjunction with the community.

Warriewood Valley (image supplied by Pittwater Council)





## 'The priorities are construction of the Northern Beaches Hospital and upgrades to Mona Vale Hospital'

### Priority NSW and/or Commonwealth government investment needed

Priority infrastructure and investment is required by the NSW and/or Commonwealth governments in the health services of the SHOROC region.

Investment is critical to address current major issues and barriers to future growth.

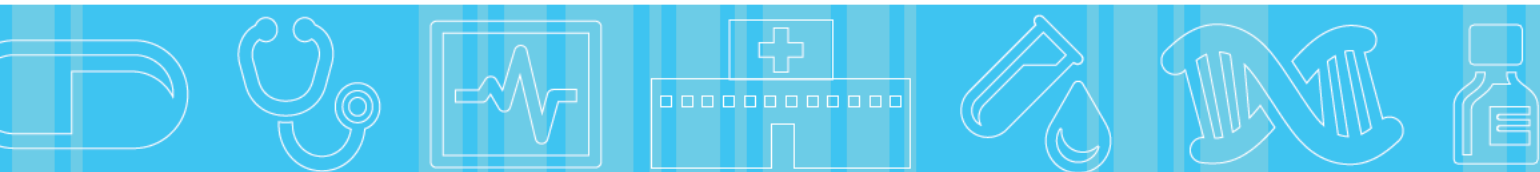
This includes:

- Lack of appropriate access to high quality hospital and complementary health services across the region.
- Declining quality and availability of current services.
- The effects of an ageing population and higher proportion of residents aged over 65 years than the rest of Sydney, bringing with it a greater need for enhancement of acute and community health services, access to carers, health and community care services, housing and residential care options.

### The priorities for the health services of the SHOROC region Northern Beaches Hospital:

- Immediate construction of the level 5 Northern Beaches Hospital and ancillary and private services at Frenchs Forest (see Fig 3 page 12) as well as the major road infrastructure required:
  - Grade separation at the intersections of Wakehurst Parkway and Warringah Road to avoid gridlock around the hospital
  - Upgrades to Wakehurst Parkway to provide flood-free access.





**Complementary Hospital at Mona Vale:** Upgrade and confirmation of the complementary role of Mona Vale Hospital, networking effectively with the new Northern Beaches Hospital.

Improved ambulance services that respond to and serve the redistribution of the health services to Frenchs Forest.

Improved public health, mental health and related services to the broad community including nursing homes and geriatric services.

Retaining the Manly Hospital site for community and education services.







## 'Bus Rapid Transit Systems from Dee Why to Chatswood and Mona Vale to the city, plus road upgrades'

### Priority NSW and/or Commonwealth government investment needed

Priority investment is required from the NSW and/or Commonwealth governments to enhance the major public transport and road infrastructure for better access to, from and within the SHOROC region so that SHOROC can maintain and enhance its contribution to the NSW economy.

### Investment is essential to address major issues now and barriers to future growth, including:

Lack of availability of efficient public transport for much of the region, affecting residents' ability to rely on this form of transport and driving patronage to private vehicles, further congesting the major transport corridors.

Heavy congestion on the three major routes to/from the region which are:

- Warringah Road/Wakehurst Parkway and Mona Vale Road to the East/West, transporting commuters between the regions' major centres and to Chatswood, Macquarie/Ryde and beyond.
- Spit-Military Road corridor to the North/South, the second-slowest road in Sydney.

Improving sustainability of the region by reducing reliance on private vehicles as the major transport mode, accounting for example for 72% of commuter journeys.

### Priorities for investment in transport to better integrate the SHOROC region with Sydney

East/West between the major centres of Dee Why/Brookvale and Frenchs Forest to Chatswood, Macquarie and beyond to take pressure off the North/South corridor including:

- Fast public transport links to Chatswood, Ryde and the CBD with an initial focus on priority median-strip bus corridors using a Bus Rapid Transit System which is adaptable to light rail or other greater capacity transport in future years as needed.
- Grade separation at the intersections of Wakehurst Parkway and Warringah Road, a critical part of the construction of the Northern Beaches Hospital, and Warringah Road and Forest Way.
- Mona Vale Road upgrade to a divided dual-lane carriageway for its full length through to Mona Vale to improve safety and efficiency, and enable Warriewood/Inglewood growth.

# Options for Transport : Directions for Transport : Directions for Transport



North/South linking the major centres with the north of the region as well as North Sydney and the CBD:

Improving North/South public transport for SHOROC and Sydney's North West:

- A Bus Rapid Transit System on the North/South corridor from Mona Vale using a peak hour co-located median bus lane to the city or preferably to a new modal interchange at Neutral Bay.
- A new underground Neutral Bay interchange to also serve buses from Sydney's North West, linking to a metro-style rapid transit service to Wynyard using the Harbour Bridge and redundant tram tunnels.

Public transport service improvements to improve travel times and accessibility.

Unclogging road pinch points including along the Spit-Military Road corridor.

Strategic planning and more investment in park and ride facilities.

Greater use of community bus services and integration with each other and commercial operators.

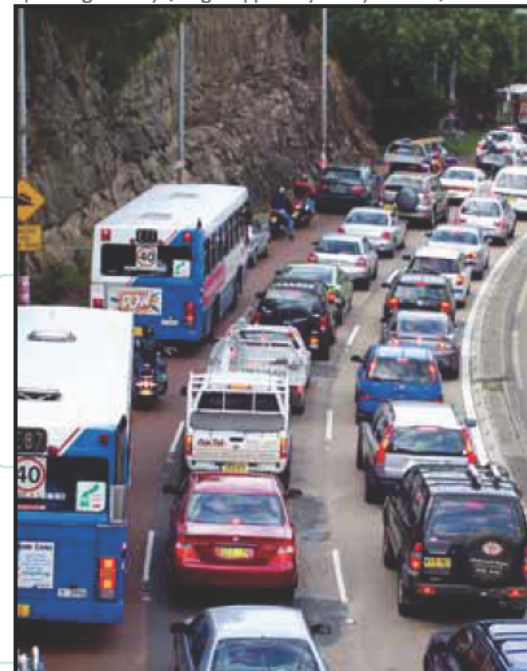
See Fig.3 for an overview.

## Why is the priority for investment the East/West transport corridor?

Advice from independent transport consultants is that the most cost-effective investment in transport for SHOROC is in the East/West corridor because:

- Efficient public transport and increased road capacity East/West will take significant pressure off the over-capacity North/South corridor.
- Land in this corridor has been set aside by the state government whereas there are limited options to increase road space in the North/South corridor given its natural constraints.
- The roads and poor quality public transport are already at or beyond capacity and demand on this route is set to increase significantly with the consolidation of Macquarie Park as a global centre and the growth of the new regional centre at Frenchs Forest.

Spit Bridge, Manly (image supplied by Manly Council)





# Shaping Our Future Liveability and Sustainability

## Next Steps

Liveability and sustainability are valued highly by the SHOROC community and councils. The principles underpinning SHOROC's *Shaping Our Future* are to maintain and enhance these characteristics as the region grows.

‘maintain and enhance the region’s vibrant way of life and natural environment...’

Building on the clear direction set out in this document, the next task for SHOROC and our partner councils is to develop:

- Strategies for what is needed regionally in the way of other infrastructure and service delivery to maintain and enhance the region’s vibrant way of life and natural environment.
- Overarching ‘*health of the region*’ indicators to help measure how the region is tracking over time, grouped under themes such as community wellbeing, sustainability, economic development, employment and natural environment. Linked to SHOROC’s *Shaping Our Future* these indicators can then be used for its benchmarking, monitoring and review.

The strategies for what is needed regionally will be SHOROC’s *Shaping Our Future Liveability* and SHOROC’s *Shaping Our Future Sustainability*.

These strategies will focus on an analysis of areas that can be shared or delivered on a regional basis to maintain and enhance this highly liveable and sustainable region as well as deliver services for the best value for money for residents while maintaining the independence of local councils.

SHOROC’s *Shaping Our Future Liveability* and SHOROC’s *Shaping Our Future Sustainability* will identify what is needed regionally in the way of: other infrastructure such as cultural and recreational venues or services such as water, sewerage or energy; and service delivery such as common waste collection, climate change policies, sustainability programs, tendering or community services.

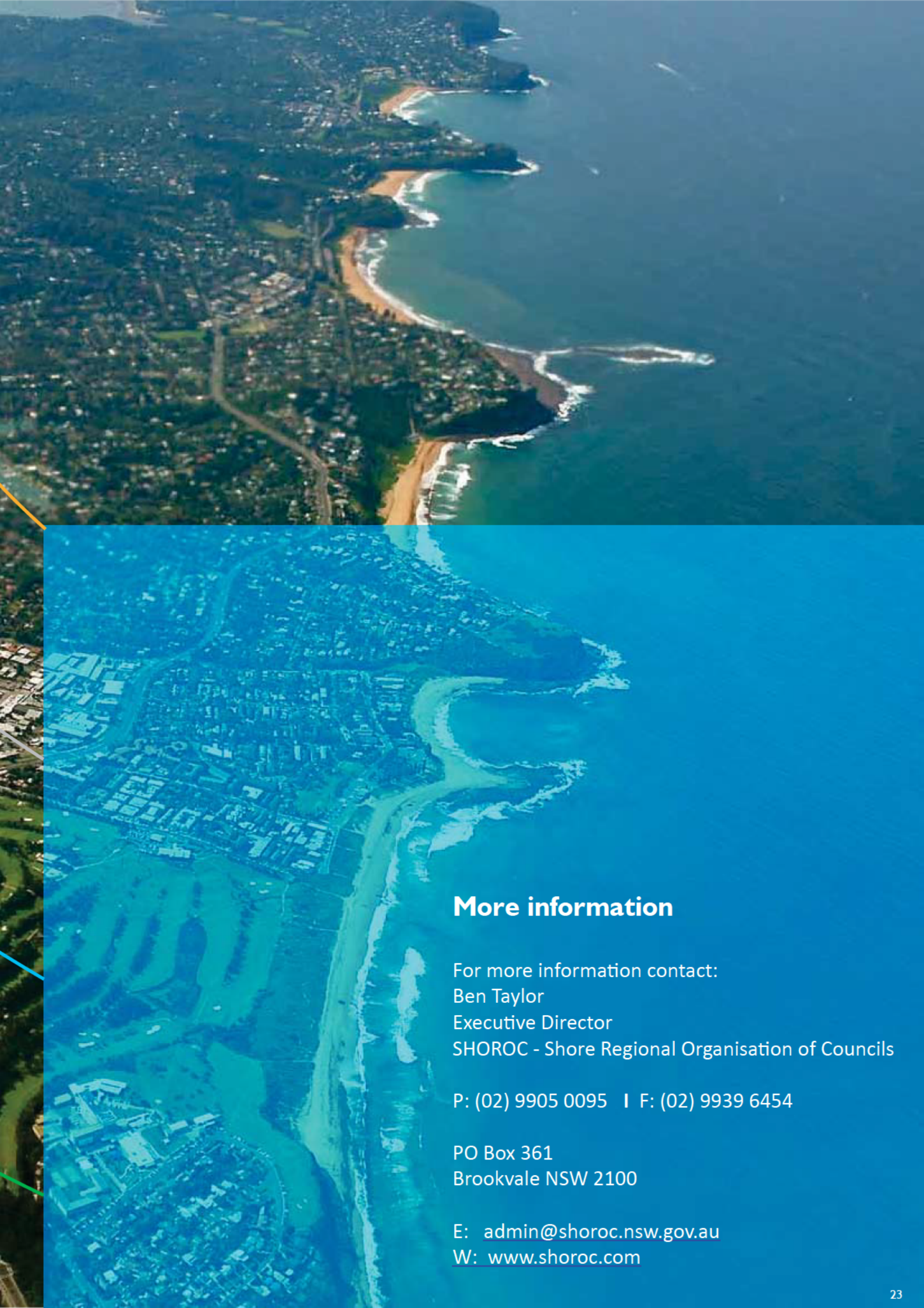
SHOROC’s *Shaping Our Future Liveability* and SHOROC’s *Shaping Our Future Sustainability* will be developed for release in 2011/12.





Northern Beaches 2009, Photo courtesy of Alex E. Proimos





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