

Merger Proposal:

Manly Council Mosman Municipal Council Warringah Council (part)

JANUARY 2016



MINISTER'S FOREWORD

Four years of extensive consultation, research and analysis have demonstrated that change is needed in local government to strengthen local communities.

Independent experts have concluded that NSW cannot sustain 152 councils – twice as many as Queensland and Victoria.

After considering the clear need for change, the Independent Local Government Review Panel (ILGRP) research and recommendations, the assessment of councils by the Independent Pricing and Regulatory Tribunal (IPART), council merger preferences, community views and the unique needs and characteristics of each area, I am putting forward the proposal to merge the local government areas of Manly, Mosman and the southern area of Warringah.

The proposed merger will create a council better able to meet the needs of the community into the future and will provide significant benefits for the community.

This document details the benefits the merger will provide to communities, including:

- a total financial benefit of \$72 million over a 20 year period that can be reinvested in better services and more infrastructure;
- a projected 38 per cent improvement in annual operating results;
- potentially reducing the reliance on rate increases through Special Rate Variations (SRVs) to fund local infrastructure;
- greater capacity to effectively manage and reduce the infrastructure backlog across the councils;
- improved strategic planning and economic development to better respond to the changing needs of the community;
- effective representation by a council with the required scale and capacity to meet the future needs of the community; and
- providing a more effective voice for the area's interests and better able to deliver on priorities in partnership with the NSW and Australian governments.

With the merger savings, NSW Government funding of \$25 million– and a stronger voice – the new council will be better able to provide the services and infrastructure that matter to the community, projects like:

- improving sporting and surf club facilities and beach parking and increasing playing fields across the region
- increasing and improving daycare and early childhood centres
- improving walking and cycling connections between Warringah Mall, Brookvale and Dee Why;
- investment to maintain and renew seawalls, ocean and harbour pools, coastal walkways and other key coastal infrastructure throughout the area;
- improving the accessibility of beach car parking for the local community;
- supporting the delivery of masterplans for Dee Why, Brookvale, Manly and Mosman centres which includes a number of projects such as improving the transport along the Spit and Military Roads corridor;
- opportunity to increase community bus services like Manly's Hop Skip and Jump service;

The savings, combined with the NSW Government's policy to freeze existing rate paths for four years, will ensure that ratepayers get a better deal.

A suitably qualified delegate of the Chief Executive of the Office of Local Government will consider this proposal against criteria set out in the *Local Government Act (1993)*, and undertake public consultation to seek community views.

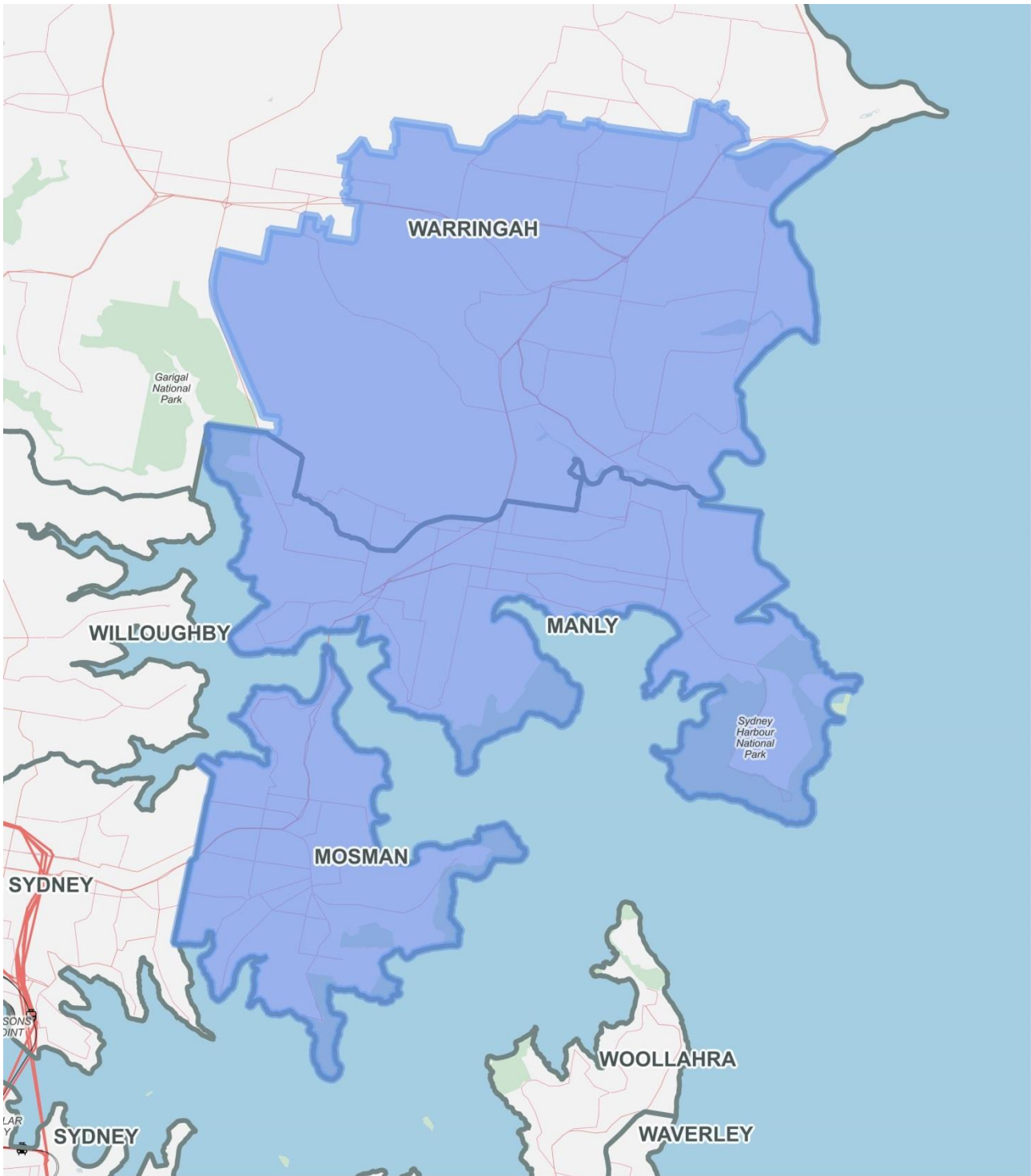
I look forward to receiving the report on the proposal and the comments from the independent Local Government Boundaries Commission.



Minister Paul Toole

January 2016

Figure 1: Proposed new local government area



Proposed merger: Manly, Mosman and Warringah

Data sources: Land and Property Information
Datum and Projection: GDA94



- Proposal Area
- Current LGA Boundaries
- Suburbs
- Waterbodies
- Open space
- Roads
- Rivers
- Rail

Figure 2: Close up of proposed new boundary between Manly/Mosman/Warringah and Pittwater/Warringah



Proposed New Boundary

- Proposed Boundary
- Current LGA Boundaries
- Suburbs
- Waterbodies
- Open space
- Roads
- Rivers
- Rail

Data sources: Land and Property Information
Datum and Projection: GDA94



EXECUTIVE SUMMARY

The communities of Manly, Mosman and Warringah share common characteristics and connections, including an affinity with Sydney's northern coastline, and will benefit by up to \$72 million from a merged council with a stronger capability to deliver on community priorities and meet the future needs of its residents.



Introduction

This is a proposal by the Minister for Local Government under section 218E(1) of the *Local Government Act (1993)* for the merger of the Manly, Mosman Municipal and southern area of Warringah local government areas. The proposed boundary for the part of the Warringah area is the eastern edge bordering the Tasman Sea and the southern edge bordering Sydney Harbour. The western boundary follows the western edge of Beacon Hill and the Manly-Warringah War Memorial Park, and the northern edge follows the suburb boundaries of Allambie Heights, Beacon Hill, Narraweena and Dee Why¹. This merger proposal sets out the impacts, benefits and opportunities of creating a new council.

The creation of this new council will bring together communities with similar expectations in terms of demands for services, infrastructure and facilities. These communities have a common affinity with Sydney's northern coastline and the natural environment.

The proposal has been informed by four years of extensive council and community consultation and is supported by independent analysis and modelling by KPMG.

In 2015, the Independent Pricing and Regulatory Tribunal (IPART) assessed that each of these three councils is 'not fit' to remain as a standalone entity.

¹ The end result if the proposal is implemented is that a new local government area will be created. For simplicity throughout this document, we have referred to a new council rather than a new local government area.

While Manly, Mosman Municipal and Warringah councils each satisfied key financial performance benchmarks, IPART assessed that operating individually, each council would have limited scale and capacity to effectively deliver on behalf of residents and meet future community needs.

With this proposed three part merger, communities with shared interests and priorities can be brought together under a single council.

The new council for the new local government area will not only oversee an economy that shares many similar residential, workforce and industry characteristics, but will have enhanced scale and capacity to help it deliver on local infrastructure priorities such as improved sporting and playing field facilities in the area.

Impacts, Benefits and Opportunities

A range of benefits and opportunities has been identified from the proposed merger, including a stronger balance sheet to meet local community needs and priorities.

Analysis by KPMG shows the new council has the potential to generate net savings to council operations. The merger is expected to lead to around \$47 million in net financial savings over 20 years. Council performance will also be improved with a projected 38 per cent increase in annual operating results achieved within 10 years.² This means that there will be a payback period of three years after which the merger benefits will exceed the expected merger costs.

The analysis also shows the proposed merger is expected to generate, on average, around \$4 million in savings every year from 2020

² Operating results refers to the net financial position and is calculated as operating revenue less operating costs

onwards. Savings will primarily be from the removal of duplicate back office and administrative functions; streamlining of senior management roles; efficiencies from increased purchasing power of materials and contracts; and reduced expenditure on councillor fees.³

The NSW Government has announced a funding package to support merging councils which would result in \$25 million being made available should the proposed merger proceed.

These savings may enable the new council to reduce its reliance on rate increases to fund new and improved community infrastructure.

Each of the three councils is currently seeking or has recently received approval for Special Rate Variations (SRVs) from IPART. For example:

- Manly Council intends to request an SRV of 2.2 per cent over a one year period in 2017–18;
- Mosman Municipal Council has an approved SRV of 10.6 per cent over a one year period in 2015-16; and
- Warringah Council has an approved cumulative SRV of 7.9 per cent over a four year period from 2014-15.

The proposed merger is also expected to result in simplified council regulations for residents and businesses in the Manly, Mosman Municipal and Warringah council areas given each council is currently responsible for separate and potentially inconsistent regulatory environments. Regulatory benefits include consistency in approaches to development approvals, health and safety, building maintenance, traffic management and waste management.

The proposed merger will provide significant opportunities to strengthen the role and strategic capacity of the new council to partner with the NSW and Australian governments on major infrastructure projects, addressing regional socio-economic challenges, delivery of services and focus on regional priorities.

This could assist in:

- reducing the existing \$12 million infrastructure backlog across the Manly, Mosman and Warringah area;
- improving liveability and boosting housing supply to meet population growth;
- improving the transport corridor from Mona Vale to the CBD; and
- supporting economic growth and urban development whilst enhancing the standard of living and lifestyle that local residents value.

While a merged council will increase the current ratio of residents to elected councillors, the new ratio is likely to be comparable with levels currently experienced by other communities across Sydney.

Next Steps

This merger proposal will be referred for examination and report under the *Local Government Act (1993)*.

Local communities have an important role to play in helping ensure the new council meets their current and future needs for services and infrastructure and will have an opportunity to provide input on how the new council should be structured.

Local communities will have an opportunity to attend the public inquiry that will be held for this merger proposal and an opportunity to provide written submissions. For details please visit www.councilboundaryreview.nsw.gov.au.

Figure 3 Map showing boundaries for the proposed new council with Blacktown City Council highlighted for comparison



³ NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

INTRODUCTION

This merger proposal has been informed by an extensive four-year consultation and review process.

The NSW Government has been working with local councils and communities since 2011 to strengthen council performance and ensure local government is well placed to meet future community needs.

A first key step in that process was the Independent Local Government Review Panel's (ILGRP's) comprehensive review of local government and subsequent recommendations for wide-ranging structural reform and improvements to the system. In response, the NSW Government initiated the *Fit for the Future* reforms that required each local council to self-assess against key performance indicators and submit proposals demonstrating how they would meet future community needs.

The NSW Government appointed IPART in 2015 to assess each council's submission. IPART has now completed its assessment of 139 proposals (received from 144 councils) and concluded 60 per cent of councils are 'not fit' for the future. Many of these councils did not meet the elements of the 'scale and capacity' criterion (refer Box 1 below).

Manly, Mosman Municipal and Warringah councils each submitted *Fit for the Future* proposals to remain as standalone councils. In assessing each council's submission, IPART determined that the three councils are not 'fit' to stand alone and that a merger is needed to achieve the required scale and capacity to meet the needs of residents now and in the future.

The Government has considered the merger options for this area of Sydney and is proposing a new council for the southern, higher density part of the Northern Beaches of Sydney. It is also proposing a new council for the northern part of the Northern Beaches area of approximately the same size in population, but capturing a more peri-urban part of the Northern Beaches. This option was the preferred merger option for this part of Sydney for three of the four councils impacted by this proposal and supports the Government objective of creating councils of around 150,000 or greater in population size.

Box 1 Overview of scale and capacity

Key elements of 'scale and capacity'

Scale and capacity is a minimum requirement as it is the best indicator of a council's ability to govern effectively and provide a strong voice for its community. At a practical level, this includes being able to:

- undertake regional planning and strategic delivery of projects;
- address challenges and opportunities, particularly infrastructure backlogs and improving financial sustainability;
- be an effective partner for NSW and Australian governments on delivering infrastructure projects and other cross-government initiatives; and
- function as a modern organisation with:
 - staffing capacity and expertise at a level that is currently not practical or economically possible for small councils;
 - innovative and creative approaches to service delivery; and
 - the resources to deliver better training and attract professionals into leadership and specialist roles.

A NEW COUNCIL FOR THE MANLY, MOSMAN AND SOUTHERN WARRINGAH AREA

The proposed new council will be responsible for infrastructure and service delivery to more than 153,000 residents across the Manly, Mosman and Warringah area of Sydney.

The creation of a new council provides the opportunity to bring together communities from across the local government areas of Manly, Mosman and the southern area of Warringah. These communities have similar lifestyles, use similar services and have a common identity as residents of Sydney's northern coastal areas. They also have similar population growth outlooks.

This proposed merger will bring together communities with similar priorities and create a council with the appropriate scale and capacity to effectively deliver on behalf of residents and meet future community needs.

The new council will be responsible for infrastructure and service delivery to more than 179,000 residents by 2031. This reflects the expected population growth across the area of 0.9 per cent per annum.⁴

The proposed merger aligns with the approach of the NSW Government's Sydney Metropolitan Plan (known as *A Plan for Growing Sydney*). The Plan also identifies the importance of adopting a coordinated approach to managing the expected population growth across the Manly, Mosman and Warringah area and the need to plan for, and respond to, the changing service and infrastructure needs of these communities. The NSW Government has identified a number of regional priorities that are directly relevant to the proposed new council. For example:

- working with councils to retain a commercial core in Brookvale-Dee Why for long-term employment growth, to develop additional mixed-use development and to improving walking and cycling connections between Warringah Mall, Brookvale and Dee Why;
- working with councils to identify suitable locations for housing and employment growth, which are coordinated with infrastructure delivery and transport services; and
- protecting the natural environment and promoting its sustainability and resilience, with a focus on improving the health and resilience of the marine estate including the foreshore, tributaries and aquatic habitats of Middle Harbour.





A new council with appropriate scale and capacity will be better able to partner with the NSW Government on the implementation of these regional priorities.

The establishment of a new council will also provide an opportunity to generate savings and efficiencies and reduce the current duplication of back-office functions, senior executive positions and potentially the many layers of current regulations. Any savings generated by a merger of these three councils could be redirected to improving local community infrastructure, lowering residential rates and/or enhancing service delivery. An overview of the current performance of the three existing councils and the projected performance of the new proposed entity is provided in Figure 4.

In addition, while IPART found each of the three councils satisfy financial performance criteria, it also found that each council's ability to effectively advocate for community priorities is affected by a lack of scale and capacity. A merged council will improve this, with an enhanced scale and capacity to better plan and coordinate investment in critical infrastructure and services. This should also put the new council in a better position to advocate to the NSW and Australian governments for the investments that will be needed for the future.

⁴ NSW Department of Planning & Environment (2014), NSW Projections (Population, Household and Dwellings).

Figure 4: Council profiles⁵

	Manly Council	Mosman Council	Warringah Council (part)	New Council
				
Population (2014)	44,786	30,276	77,946	153,008
Area	14 sq km	9 sq km	26 sq km	49 sq km
IPART Rating	NOT FIT	NOT FIT	NOT FIT	The new council will likely have enhanced scale and capacity to better meet the future service and infrastructure needs of the community .
Operating Revenue (2013–14)	\$64.3m	\$44.3m	\$78.5m	\$226.8m (projected 2019–20)
Operating Result (2013–14)	\$4.6m	\$5.3m	\$5.7m	+\$6.6m projected improvement to 2019–20 operating results
Asset Base	\$353.6m	\$240.7m	\$141.8m	\$0.7bn
Infrastructure Backlog	0 per cent	4 per cent	2 per cent	2 per cent

Sources: Australian Bureau of Statistics, Department of Planning and Environment, Office of Local Government, Council Long Term Financial Plans, Fit for the Future submissions to IPART and IPART Assessment of Council Fit for the Future Proposals.

Note: Totals may not sum due to rounding. Estimates of the new council's operating performance and financial position is based on an aggregation of each existing council's projected position as stated in respective Long Term Financial Plans (2013-14). In addition, it is assumed efficiency savings are generated from a merger, and this is reflected in the projected 2019-20 operating result for the new council. Further details are available in NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

⁵ 2013-14 operating revenue figures were corrected on 20 January 2016.

BENEFITS, OPPORTUNITIES AND IMPACTS

The proposed merger has the potential to generate \$72 million benefit to communities over 20 years which could support investment in critical local infrastructure and services and/or be utilised to address rate pressures.

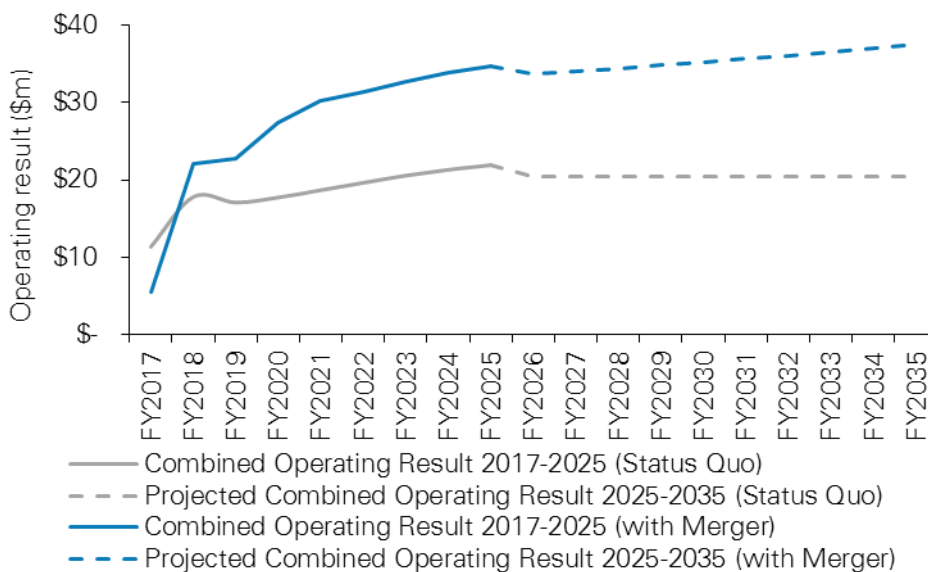
Financial Benefits of the Proposed Merger

Analysis by KPMG in 2015 shows the proposed merger has the potential to generate a net financial savings of around \$47 million to the new council over 20 years. Council performance will also be improved with a projected 38 per cent increase in annual operating results achieved within 10 years. The proposed merger is also expected to generate, on average, around \$4 million in savings every year from 2020 onwards.⁶⁷

Consequently, the merged council will have a balance sheet that is stronger and in a better position to meet local community needs and priorities.

Figure 5 illustrates how the proposed merger will lead to growing improvements in the operating performance of the new council compared to the current projected operating performance of each of the three councils.

Figure 5: Projected operating results of the Manly, Mosman Municipal and Warringah councils, with and without a merger



Note: Operating results refers to the net financial position and is calculated as operating revenue less operating costs. It excludes revenue associated with capital grants and expenditure on capital items.

Source: Council Long Term Financial Projections (2013-14).

Gross savings over 20 years are modelled to be due to:

- removal of duplicate back office and administrative functions and streamlining senior management roles (\$42 million);
- efficiencies generated through increased purchasing power of materials and contracts (\$12 million); and
- a reduction in the overall number of elected officials that will in turn reduce expenditure on councillor fees (estimated at \$2 million).⁸

⁶ Due to boundary adjustments in this proposed merger, the estimated benefits and costs are apportioned based on population in each proposed new council area.

⁷ NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

⁸ NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

In addition, the NSW Government has announced a funding package to support merging councils which would result in \$25 million being made available should the proposed merger proceed.

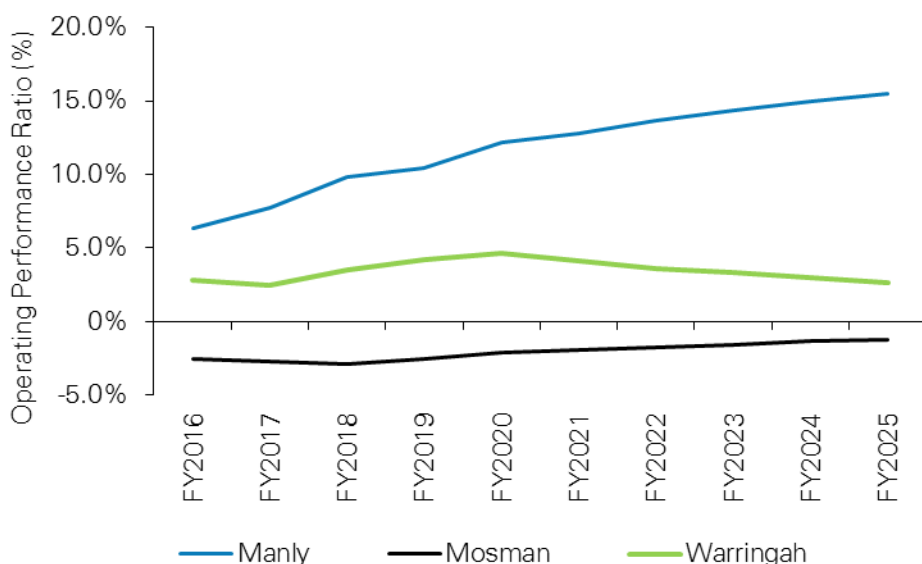
The implementation costs associated with the proposed merger (for example, information and communication technology, office relocation, workforce training, signage, and legal costs) are expected to be surpassed by the accumulated net savings generated by the merger within a three-year payback period. The Local Government Act contains protections for three years for all council employees below senior staff level.

Merger benefits could be reinvested to:

- improve infrastructure – annual savings could be redirected towards infrastructure renewal or capital works including improved walking and cycling connections across the area. Redeployment of savings could lead to cumulative additional infrastructure expenditure of \$47 million over 20 years⁹;
- enhance service delivery – removal of duplicate back office and administration functions could provide the basis for employing an additional 37 staff for frontline services. This could include services such as youth support, libraries and parks maintenance; and/or
- reduce rate pressures – annual savings could be used to reduce the existing dependency on SRVs to fund community infrastructure and/or avoid future rate increases.

The expected operating performance ratio of each council over the next 10 years is illustrated in Figure 6.¹⁰

Figure 6: Projected operating performance ratio by council (2016–2025)



Note: Operating performance ratio measures a council's ability to contain operating expenditure within operating income.

Source: Council Long Term Financial Plans (2013-14).

This merger proposal will provide the new council with the opportunity to strengthen its balance sheet and provide a more consistent level of financial performance. Overall, the proposed merger is expected to enhance the financial sustainability of the new council through:

- net financial savings of around \$47 million to the new council over 20 years;
- a forecast 38 per cent increase in the operating result of the merged entity within 10 years;
- achieving efficiencies across council operations through, for example, the removal of duplicated back office roles and functions and streamlining senior management;
- establishing a larger entity with a broad operating revenue that is expected to exceed \$261 million per year by 2025;

⁹ The cumulative additional infrastructure expenditure figure was corrected on 20 January 2016.

¹⁰ Calculation of a council's operating performance ratio excludes any grants received from the council's reported operating revenue. This enables comparison of council operating performance based on own-source revenue.

- an asset base of approximately \$736 million to be managed by the merged council;¹¹ and
- greater capacity to effectively manage and reduce the infrastructure backlog across the area by maintaining and upgrading community assets.

Opportunities for Improved Services and Infrastructure

The efficiencies and savings generated by the merger will allow the new council to invest in improved service levels and/or a greater range of services and address the current \$12 million infrastructure backlog across the three councils. Examples of local priorities that could be funded by merger-generated savings include projects and plans like:

- improved sporting and surf club facilities, beach parking and increasing the availability of sporting grounds
- improved walking and cycling connections between Warringah Mall, Brookvale and Dee Why;
- transport improvements throughout the area including the opportunity to increase community bus services like Manly's Hop Skip and Jump service;
- investment to maintain and renew seawalls, ocean and harbour public pools, coastal walkways and other key coastal infrastructure throughout the area;
- support for the delivery of masterplans in Dee Why, Brookvale, Manly and Mosman which includes projects to update street frontage, create more pedestrian-friendly areas, upgrade or replace libraries, and improve the transport along the Spit and Military Roads corridor.

Regulatory Benefits

There are currently 152 separate regulatory and compliance regimes applied across local council boundaries in NSW. These many layers of regulations are making it hard for people to do business, build homes and access services they need. NSW businesses rated local councils as second to only the Australian Tax Office as the most frequently used regulatory body, and highest for complexity in dealings.¹²

It can be expected that the proposed merger will result in simplified council regulations for many Manly, Mosman Municipal and Warringah residents and businesses. Manly Council, Mosman Municipal Council and Warringah Council are each responsible for separate and potentially inconsistent regulatory environments. A merged council provides an opportunity to streamline and harmonise regulations.

Adopting best practice regulatory activities will generate efficiencies for a merged council and benefit local residents and businesses. For example:

- a tradesperson who operates a small business across the Manly, Mosman and the Southern Warringah area will have just a single local council regulatory framework to understand and comply with;
- the compliance burden for a café owner with multiple outlets across neighbouring suburbs (currently in different council areas) will be reduced and simplified; and
- Sporting organisations and surf lifesaving clubs will more effectively work with Council to maintain, upgrade, renew and increase sporting facilities, playing fields and life saving infrastructure.
- residents can have greater confidence that development applications will be subject to a more uniform process than the existing variations in regulations, which can add to the cost and complexity of home renovations and building approvals.
- regular beach users would access a single beach parking system from Manly to Dee Why.

Impact on Rates

Each of the three councils is currently seeking, or has recently received approval for, rate increases to meet local community and infrastructure needs:

- Manly Council intends to request an SRV of 2.2 per cent over a one year period in 2017–18;

¹¹ Asset base apportioned based on square kilometres in the proposed new council areas.

¹² NSW Business Chamber (2012), Red Tape Survey.

- Mosman Municipal Council has an approved SRV of 10.6 per cent over a one year period in 2015-16; and
- Warringah Council has an approved cumulative SRV of 7.9 per cent over a four year period from 2014-15.

The savings generated by a merger may enable the new council to reduce reliance on rate increases to fund community infrastructure.

In addition, the proposed merger will bring together a range of residential and business premises across the area, providing the new council with a large rate base on which to set ratings policies and improve the sustainability of council revenue. Table 1 outlines the mix of business and residential rating assessments that underpin current rate revenue across the existing three councils.

Table 1: Comparison of rateable businesses and residential properties (total and percentage share)

Council	Business rating assessments		Residential rating assessments	
Manly Council	1,164	6%	17,493	94%
Mosman Municipal Council	598	5%	12,599	95%
Warringah Council	3,979	7%	52,847	93%

Source: NSW Office of Local Government, Council Annual Data Returns (2013-14).

Local Representation

The ratio of residents to elected councillors in Manly and Mosman Municipal councils is markedly similar. This reflects the similarity in resident populations and number of councillors. The Warringah Council ratio is very different, reflecting a higher resident population. While the proposed merger will increase the ratio of residents to elected councillors, the ratio, based on councillor numbers in the existing councils, is likely to be similar to those currently experienced in other Sydney councils, including the more populous Blacktown City Council (Table 2). For the purpose of analysis of merger benefits, this proposal has assumed that the new Council will have the same number of councillors as Warringah Council, as this has the largest number of councillors of the councils covered by this proposal. The Government welcomes feedback through the consultation process on the appropriate number of councillors for the new council.

Some councils in NSW have wards where each ward electorate elects an equal number of councillors to make up the whole council. Community views on the desirability of wards for a new council will be sought through the consultation process.

Table 2: Changes to local representation in Manly, Mosman and Warringah

Council	Number of councillors	Number of residents (2014)	Residents per councillor
Manly Council	9	44,786	4,976
Mosman Municipal Council	7	30,276	4,325
Warringah Council	10	155,289	15,529
Merged council	10*	153,008	15,301
Blacktown City Council	15	325,139	21,676

* Manly, Mosman and Warringah communities will have an opportunity to shape how a new merged council will be structured, including the appropriate number of elected councillors. Fifteen elected councillors is the maximum number currently permitted under the NSW Local Government Act (1993).

Source: Australian Bureau of Statistics, Estimated Resident Population 2013; and NSW Office of Local Government, Council Annual Data Returns (2013-14).

The new council will be in a position to use its larger scale and capacity to advocate more effectively for the needs of the Manly, Mosman and Warringah communities. As the new council will represent a more significant share of Sydney's population, and have a substantial economic base, it will be able to advocate more effectively on behalf of its residents. It will also be able to develop improved strategic capacity to

partner with the NSW and Australian governments, including on major infrastructure initiatives, community services, urban planning and development, and tourism.

The many ways communities currently engage with these councils will continue, including through public forums, committees, surveys and strategic planning. Councillors will continue to represent local community interests and will have the opportunity to take a more regional approach to economic development and strategic planning.

THE LOCAL COMMUNITY

The communities across the Manly, Mosman and the southern part of the Warringah area share common characteristics and connections. The proposed new council will have enhanced scale and capacity and be better placed to shape and deliver the economic development, community services, and infrastructure that underpin the lifestyle of these communities.

Geography and Environment

The proposed council brings together Manly and Mosman Municipal councils, and the southern part of Warringah Council. The proposed boundaries for the new council draw on natural features. The eastern edge borders the Tasman Sea and the southern edge borders Sydney Harbour. The western boundary follows the western edge of Beacon Hill and the Manly-Warringah War Memorial Park, and the northern edge follows the suburb boundaries of Allambie Heights, Beacon Hill, Narraweena and Dee Why. A map depicting the detail of the boundaries of the new council can be found on page 3 of this document.

The proposed council area includes large expanses of national parks, beaches and reserves. Much of the area is also surrounded by water including Middle Harbour, Dee Why Lagoon, and the Tasman Sea.

The management of issues where catchment areas, parklands and other important environmental assets – such as the Manly Dam – span across council boundaries will be improved through the establishment of a single council. This will remove unnecessary impediments to environmental management and promote more effective coordination of regional resources.

While the natural environment is an important asset for the area's residents and visitors, it also poses particular issues of maintenance and management for councils, due to issues such as coastal erosion, flooding and bushfires.

Local Economy

The local economy¹³ is characterised by:

- above average household incomes compared to the Sydney metropolitan average of \$89,210, with average incomes in Manly \$117,784, Mosman \$122,645, and Warringah \$101,173;
- low rates of unemployment which are below the Sydney metropolitan average of 5.4 per cent, with rates in Manly 2.0 per cent, Mosman 3.0 per cent, and Warringah 3.0 per cent;
- moderate growth in total employment with each of the three councils registering growth above 1.2 per cent, but below the Sydney metropolitan average of 1.6 per cent;
- a highly educated population with the proportion of residents with post-school qualifications higher than the Sydney metropolitan average of 59 per cent, with levels in Manly 73 per cent, Mosman 75 per cent, and Warringah 65 per cent; and
- a similar industry composition across all three council areas with professional scientific and technical services the largest sector in each council. Businesses across the council areas are also particularly active in the property and business services, hospitality, international education, health care, recreation and tourism sectors.

The new council for the area will be well-placed to support the professional, scientific and technical services sector. While the suburb of Brookvale is the largest employment centre on the Northern Beaches, it is a relatively modest town centre in terms of scale. However, the area is well connected to the Sydney Central Business District (CBD).

¹³ Unless otherwise specified, references are to the existing whole Local Government Area of Auburn City, The Hills Shire, Hornsby Shire and Parramatta City councils.

The NSW Government's Household Travel Survey highlighted that the majority of trips across the three council areas are for social and recreation purposes.¹⁴ The majority of residents in Manly (70 per cent), Mosman (73 per cent) and Warringah (51 per cent) travel outside of the area to work, with a significant number travelling to Sydney's CBD.¹⁵

While residents typically commute to a workplace outside the area, the area is relatively self-contained in relation to:

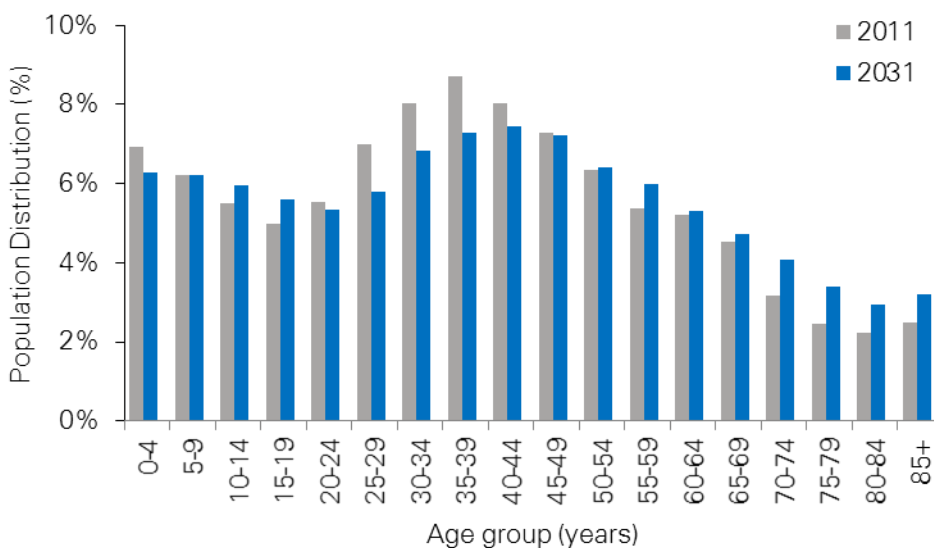
- health services, especially through Mona Vale Hospital and Manly Hospital, as well as the soon-to-open Northern Beaches Hospital;
- education services, for example the Northern Beaches campus of the Northern Sydney Institute of TAFE NSW and the large number of private colleges across the area; and
- extensive retail services, through major outlets such as Westfield Warringah Mall, Dee Why Grand Shopping Centre, as well as the iconic tourist and retail strip at Manly Beach.

The business profile across the area, and the corresponding workforce, will require relatively similar services and infrastructure. A merged council will be better placed to deliver these services and infrastructure in a coordinated manner.

Population and Housing

The new council will be responsible for infrastructure and service delivery to more than 179,000 residents by 2031.¹⁶ Like most regions across NSW, the Manly, Mosman and Warringah area will experience the impacts of an ageing population over the next 20 years (Figure 7).

Figure 7 Change in population distribution, by age cohort (2011 v 2031)



Source: NSW Department of Planning & Environment (2014), NSW Projections (Population, Household and Dwellings).

A strong council with the appropriate scale and capacity is needed to respond and adapt to the changing service needs of the community. An ageing population is likely to increase demand for community health services, creation and maintenance of accessible parks and leisure areas, and community outreach services.

In comparison with the rest of Sydney, the Manly, Mosman and Warringah communities are relatively advantaged from a socio-economic standpoint. The Socio-Economic Index for Areas (SEIFA) illustrated in Figure 8, measures a range of factors to rate an individual council's relative socio-economic advantage. Each of the councils in the Manly, Mosman and Warringah area has similar socio-economic profiles with

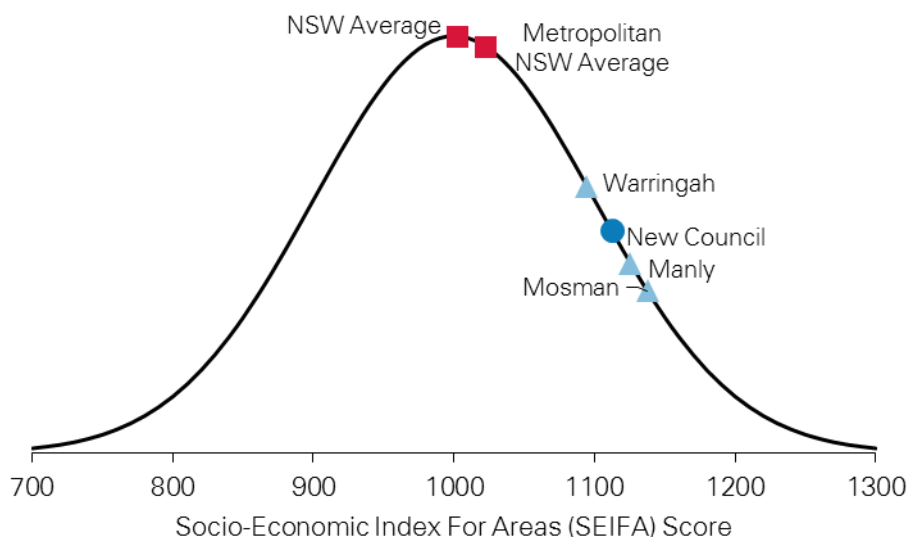
¹⁴ Transport for NSW, Bureau of Transport Statistics, Household Travel Survey Data 2012-13, released November 2014.

¹⁵ profile.id, Warringah Council and Manly Council, Community profile, .id, the population experts.

¹⁶ The residents figure for the new council was corrected on 20 January 2016,

SEIFA scores that are above the State and metropolitan averages. This reflects the common characteristics across the community in relation to, for example, household income, education, employment and occupation.

Figure 8: Comparison of councils' socio-economic profile



Source: Australian Bureau of Statistics, SEIFA 2011 by Local Government Area.

The current mix of housing types in the area are fairly evenly spread across separate housing and medium and high density housing and this is consistent in each council area. A merged council provides an opportunity to apply a more regional and strategic focus to planning for the additional households and associated amenities that are expected to be required over the next fifteen years. This approach can also help to ensure any pressures and challenges associated with population growth and housing development are not unreasonably concentrated in particular neighbourhoods.

Shared Community Values and Interests

These communities are bound by their sense of place on Sydney's northern coast. Box 2 provides examples of community organisations, services and facilities that have a presence across the area, which indicate the existence of strong existing connections between the communities in the existing council areas.

Box 2: Examples of common community services and facilities

Shared regional services and facilities

Examples of community services which operate across the area include:

- the Manly-Warringah Sea Eagles are a Rugby League team with support across the region, and who are based at the Brookvale Oval in Warringah;
- Warringah Council's Children's Services – which also manages Manly Council's family day care service;
- Northern Beaches Lifeline, which is a counselling and crisis support service provided through Northern Beaches Lifeline and serviced by volunteers from across the area;
- Surf Life Saving Australia (Northern Beaches Branch), which is a volunteer-based organisation that seeks to provide a safe beach environment across the area;
- Radio Northern Beaches, a community-based radio station serving the Northern Beaches area, which airs programs predominantly made and presented by local residents; and
- Northern Beaches Community College, which is a not for profit business which provides a wide range of adult educational programs at affordable rates to communities across the area.

The Manly, Mosman Municipal and Warringah councils have already been collaborating in a number of ways, for example through:

- membership of Shore Regional Organisation of Councils (SHOROC) on issues such as waste management and ground water research;
- SHOROC also facilitated negotiations with the NSW government to achieve a commitment to improving Northern Beaches transport infrastructure. This included advocating for investment in improved transport linkages for the Northern Beaches Hospital precinct and scoping studies for Bus Rapid Transit corridors in the area. This highlights the value of effective regional collaboration and a strong, regional voice for the communities of the Northern Beaches; and
- Manly and Mosman councils are both members of The Manly Mosman North Sydney Bushfire Management Committee, which is currently developing a new Bushfire Risk Management Plan for 2015–20.
- Manly and Warringah councils are both members of the Manly Lagoon Catchment Committee that manages Manly Dam and flood mitigation initiatives for the area.

The connections between the councils and communities are evident in these existing partnerships and collaborations. A new council will be better placed to deliver these services and projects into the future, without relying on voluntary collaboration.

CONCLUSION

This proposal to create a merged council has the potential to provide a range of benefits to local communities, including:

- a \$72 million net financial benefit over a 20 year period that may be used to deliver better community services, enhanced infrastructure and/or lower rates;
- a projected 38 per cent improvement in annual operating results that will strengthen the council's balance sheet and free up revenue for critical infrastructure;
- NSW Government funding of \$25 million to meet merger costs and provide a head start on investing in services and infrastructure that the savings from mergers will ultimately support;
- greater efficiencies through the removal of back office and administrative functions, increased purchasing power of materials and contracts, and reduced expenditure on councillor fees all of which are expected, on average, to generate savings of around \$4 million every year from 2020 onward;
- greater capacity to effectively manage and reduce the \$12 million infrastructure backlog across the three councils by maintaining and upgrading community assets;
- reducing the reliance on rate increases through SRVs to fund local community infrastructure projects and services;
- better integrating strategic planning and economic development to more efficiently respond to the changing needs of the community;
- building on the shared communities of interests and strong local identity across the area;
- providing effective representation through a council with the required scale and capacity to meet the future needs of the community; and
- being a more effective advocate for the area's interests and better able to deliver on priorities in partnership with the NSW and Australian governments.

NEXT STEPS

Every community will have an opportunity to help shape a new council for their area.

Community Engagement

This merger proposal will be referred to the Chief Executive of the Office of Local Government for examination and report under the *Local Government Act (1993)*. The Chief Executive proposes to delegate this function to a suitably qualified person. The delegate will consider this proposal as required under the Act, including against statutory criteria and hold a public inquiry. The delegate will also undertake public consultation to seek community views. The delegate is also required by the Act to provide the delegate's report to an independent Boundaries Commission for review and comment. The Minister for Local Government under the legislation may decide whether or not to recommend to the Governor that the merger proposal be implemented. For the factors a delegate must consider when examining a merger proposal (under Section 263 of the *Local Government Act (1993)*), please refer to the Appendix to this document.

Through the merger assessment process, there will be opportunities for communities and stakeholders to consider merger proposals and have their say. Each merger proposal will be the subject of a public inquiry where the community can hear about and discuss the proposal. Through the consultation process, the delegate will ensure that the opinions of each of the diverse communities of the resulting area or areas will be effectively represented.

Further information about the process is available on the Local Government Reform website at www.councilboundaryreview.nsw.gov.au, including:

- details about the proposed mergers;
- information about the delegate for your area;
- dates for public meetings; and
- a portal to provide a written submission.

Appendix

The following table outlines the factors that a delegate must consider under section 263 of the *Local Government Act (1993)* when examining a proposal. The section references outline where the criteria have been addressed in this merger proposal.

<i>Legislative criteria</i>	<i>Section reference</i>
(a) the financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned	Benefits, Opportunities and Impacts
(b) the community of interest and geographic cohesion in the existing areas and in any proposed new area	The Local Community
(c) the existing historical and traditional values in the existing areas and the impact of change on them	The Local Community
(d) the attitude of the residents and ratepayers of the areas concerned	There is a public consultation process which includes a public inquiry allowing for the views of residents and ratepayers to be considered.
(e) the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as it considers relevant in relation to the past and future patterns of elected representation for that area	Local Representation
(e1) the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities	Benefits, Opportunities and Impacts
(e2) the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned	Financial Benefits of the Proposed Merger
(e3) the impact of any relevant proposal on rural communities in the areas concerned	The Local Community
(e4) in the case of a proposal for the amalgamation of two or more areas, the desirability (or otherwise) of dividing the resulting area or areas into wards	Local Representation
(e5) in the case of a proposal for the amalgamation of two or more areas, the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented	Next Steps
(f) such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas	Benefits, Opportunities and Impacts



For more information visit:
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