

Fit for our Future

JOINT SUBMISSION

City of Ryde

Hunter's Hill Council

Lane Cove Council

 City of Ryde



DRAFT

Version 2.0

5 June 2015

FIT FOR OUR FUTURE - Joint Submission

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 - Compulsion Versus a Collaborative Regional Approach Professor Brian Dollery May 2015
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Clr David Brooks-Horn - Lane Cove Mayor, Clr Richard Quinn - Hunter's Hill Mayor, and Clr Bill Pickering - City of Ryde Mayor.

Mayoral Forewords June 2015

In 2014, the NSW State Government announced a major local government reform initiative – Fit for the Future – a program that would significantly impact on the way the Hunter’s Hill, Lane Cove and City of Ryde Councils operate.

The Fit for the Future proposal recommended reducing 41 Sydney metropolitan councils into 18 mega-councils through voluntary mergers or amalgamations.

In May 2015, following an extensive process of community consultation, residents within our three participating Councils overwhelmingly rejected the State Government’s amalgamation proposal. In fact, over 80% of residents disagreed that our region would be better off under the auspice of a mega-council.

And we couldn’t agree more!

In our considered view the disruption and the opportunity cost of amalgamations to our communities far outweighs any potential benefits.

Not only would residents see a dramatic reduction in local representation, but the outcome would likely see a cut to the quality and quantity of local government services – crucial services like childcare, disability support, libraries, sporting and recreational facilities.

Under a mega-council the very essence of local government, namely our close connection with and responsiveness to our community, would be lost.

In stark contrast, residents were open to the exploration of a Joint Regional Authority between our three Councils; a collaborative model with a primary focus on the centralisation of key functions across all three council areas, including subregional planning, procurement, infrastructure delivery and other shared services, where economies of scale exist.

Under this option, each Council and its community would still retain their unique local identity and most importantly, for the City of Ryde, it means that the City is not split.

Our unique Joint Regional Authority model has been developed in a manner that ensures it can be expanded or applied across other metropolitan councils in the future. The model is supported with a significant body of independent analysis, research and evidence by industry experts that have validated our proposal and confirms that amalgamations do not work.

SGS Economics in its report concluded:

“The analysis demonstrates that the Joint Organisation represents a customised approach to achieving scale and capacity and, given the disruption and costs associated with amalgamations, offers net benefits that amalgamations are unlikely to be able to match.”

As elected representatives of our respective local government areas, we envisage that the Joint Regional Authority will realise and harness strategic capacity potential for the region, in partnership with the State Government in planning and implementing change for our collective benefit. This can be achieved whilst maintaining our individuality, local representation and proud heritage.

Clearly, Local Government needs to be an equal partner with the State Government in underpinning Sydney as one of the world’s leading global cities. We believe the proposed collaborative model of a Joint Regional Authority is unique, progressive and the superior option in positioning the Northern Sydney region to play a critical leadership role in developing Sydney for the future.

**Clr David Brooks-Horn - Lane Cove Mayor
Clr Richard Quinn - Hunter’s Hill Mayor,
and Clr Bill Pickering - City of Ryde Mayor.**

Executive Summary

City of Ryde, Hunter's Hill and Lane Cove:

- Based on independent evidence **Reject the ILGRP's preferred options**
- Have existing **scale and capacity to stand alone**
- Present a superior alternative; **a Joint Regional Authority (JRA)**
- **Delegate subregional planning powers** to the JRA
- Invite the NSW government to participate in a **pilot for the metropolitan JRA**

The City of Ryde, Hunter's Hill and Lane Cove Councils have jointly and separately assessed the Independent Local Government Review Panel's (ILGRP) preferred option and reject it with the strong support of our communities. This rejection is based on empirical research, extensive community engagement and the considered view that mergers are an inelegant response to the sophisticated and multifaceted challenge of sustaining Sydney's global competitiveness.

The Panel's preferred option of splitting Ryde and merging the remaining eastern two thirds of the LGA with five lower north shore Councils would be a detrimental outcome for our communities. It has significant establishment costs, will reduce local representation and undermine the effective delivery of current and future services. Furthermore, the proposed merger will significantly impede our momentum and restrain our ability to deliver optimum regional outcomes.

The three Councils, in accord with our communities, believe that local government is the government of communities and places, giving expression to people's aspirations for their neighbourhoods and town centres. We maintain that our Councils have proven scale and capacity to deliver on the vision of our communities, as well as engage effectively with our business communities and importantly to work in partnership with all tiers of government.

Whilst we do not accept that forced mergers are appropriate, we agree that taking a sophisticated strategic regional approach is critical to Sydney's future. Therefore the City of Ryde, Hunters Hill and Lane Cove Councils propose a strategic regional collaboration model, with the primary focus on centralisation of subregional-scale planning and development functions and a secondary focus on regional procurement and shared services. We believe this proposal is a superior alternative approach that will enhance the local government sector.

This alternate proposal embodied in a Joint Regional Authority (JRA), is a fit for purpose responses heralding a more integrated and functional regional approach to intergovernmental relationships, strategic decision making, service delivery and advocacy. It can also be readily adapted for implementation elsewhere in Metropolitan Sydney.

Our proposed approach will fulfil the government's key drivers in optimising regional infrastructure and strategic planning outcomes. It is also a model that is based on the approach currently being contemplated by the State Government for regional councils and was recommended by the ILGRP for introduction in Metropolitan Sydney. It is a model that provides all the benefits of regional cooperation without the expensive and disruptive impacts of large scale council mergers whilst reaping the benefits of a simplified regional planning process and a single point of contact for subregional matters.

The three Councils have signed a Memorandum of Understanding indicating serious intent and willingness to collaborate, and to partner with the State Government to establish a successful JRA as a credible and progressive next step in the local government reform agenda.

Ryde, Lane Cove and Hunter's Hill Councils have scale and capacity

This submission demonstrates that the City of Ryde, Hunter's Hill and Lane Cove Councils individually have proven scale and capacity. This submission demonstrates that the ILGRP's assertions of economies of scale based on population size are illusory and have the potential to yield over-scaled councils too large to efficiently provide local services and engage effectively with their communities.

A merged Northern Sydney Council does not enhance scale and capacity

Empirical research shows that merger implementation patterns typically include, at minimum, a three-year embedding period with the primary focus on internal structure and operational alignment and day to day service delivery. This is followed by a period of system/ process alignment; then alignment of strategic plans, understanding the community's aspirations and developing a single vision. This implementation period could take between five to ten years. In this period there is virtually nil focus on building and advancing a progressive strategic agenda for the merged entity. The opportunity cost of shifting focus and resources away from a strategic view of operations and community building, is significant.

Furthermore evidence is presented that a proposed merger of five and two thirds lower north shore councils (Hunter's Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby) would reduce the efficiency of those Councils and not meet the Asset Maintenance, Infrastructure Backlog Ratios and Asset Renewal Ratios over the long term, even with reinvestment of any surplus. It is shown that the new merged entity is less financially sustainable than our individual Councils.

City of Ryde, Hunter's Hill and Lane Cove Councils meet Fit For The Future (FFTF) Benchmarks

This submission presents evidence that all three Councils will meet the FFTF benchmarks within the prescribed timeframe and beyond. Each Council demonstrates the work and planning undertaken to ensure long term sustainability.

Improvements resulting from the proposed joint regional collaboration such as shared services have not been factored into our calculations when measuring our performance against the benchmarks. Therefore subsequent improvements from the JRA will further enhance each individual Council's fitness for the future.

A Joint Regional Authority is a superior option

In this submission we present a sound argument, backed by a business case that demonstrates establishing a Joint Regional Authority (JRA) involving the City of Ryde, Hunter's Hill and Lane Cove Councils is an economically viable, low cost and customised solution to enhance our strategic capacity. This approach is consistent with international best practice whereby strategic cross sectoral and intergovernmental collaboration is used as an enabler of economic and social development and to solve complex problems.

The JRA will be invested with a mandated collective authority, to deliver subregional-scale planning and shared service functions on behalf of the Councils. The JRA will function along the lines proposed by ILGRP for rural Joint Organisations (JO) - and not on a voluntary 'opt-out' basis as is currently the case for Regional Organisations of Councils (ROCs). The performance of the JRA would be further enhanced with more councils participating across Northern Sydney and this option is provided for in the proposed model.

A Pilot Joint Regional Authority


The JRA is proposed to operate using similar powers of a County Council and would be governed by a Board of elected representatives. The JRA would be serviced by an Executive Officer and include staff particularly those involved in subregional strategic and infrastructure planning. The JRA would be supported by a shared services function that would be focused on delivering services where there are demonstrable economies of scale, including joint procurement services.

The proposal for a metropolitan Joint Regional Authority would create a precedent. A pilot is proposed to develop and get best value from the model. The City of Ryde, Hunter's Hill and Lane Cove Councils would welcome the involvement of the NSW Government to assist in the establishment and performance monitoring of the JRA and invite the Office of Local Government to work closely with the JRA Board.

Communities of Ryde, Hunter's Hill and Lane Cove strongly support their Councils' proposal

This submission presents evidence of strong community support for rejecting the ILGRP's preferred merger option, for each Council to retain its identity and for the exploration of regional collaboration, in the form of a JRA.

Introduction

The background features a large, light blue circle in the upper left corner. Overlapping this circle and the dark blue background are several semi-transparent geometric shapes: a light blue trapezoid, a medium blue trapezoid, a vertical medium blue rectangle, and a horizontal medium blue rectangle at the bottom. The overall aesthetic is clean and modern.

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Introduction

1.1 Outline of proposition

This submission clearly demonstrates that the City of Ryde, Hunter's Hill and Lane Cove Councils' proposal for a strong Joint Regional Authority (JRA) is a superior alternative to the mergers proposed by the Independent Local Government Review Panel (ILGRP), for a range of reasons as detailed in this submission.

Our proposal clearly demonstrates that the proposed JRA meets the Fit for the Future (FFTF)'s Scale and Capacity criteria and articulates why a JRA in Metropolitan Sydney is a more viable and advantageous model, when compared to amalgamation. The Councils of City of Ryde, Hunter's Hill and Lane Cove are unanimously supporting the JRA to be a pilot in Metropolitan Sydney, with the opportunity for participation by other Lower North Shore Councils.

The submission substantiates that Hunter's Hill, Lane Cove and the City of Ryde Councils, individually demonstrate scale and capacity. In contrast, their amalgamation, including the splitting of Ryde and the inclusion of North Sydney, Willoughby and Mosman Councils in a single merged council, would not boost performance and would not create a council that is 'fit for the future' as per the criteria set by the State Government.

1.2 Fit for the future (FFTF) background

On 10 September 2014, the NSW Government released its response to the final recommendations of the Independent Local Government Review Panel (ILGRP) (*Revitalising Local Government April 2014*) and the Local Government Act Taskforce. The NSW Government packaged its response under the banner of 'Fit for the Future' (FFTF).

The majority of metropolitan councils are recommended for merger to create eight 'super' councils to sit alongside seven unchanged councils in a metropolitan region of 18 councils. This would represent a net reduction of 22 councils.

All NSW councils (except those in the Far West) have been requested to undertake a self-assessment and then prepare a road map to become 'Fit for the Future'. This submission is due to be submitted by 30 June 2015.

Implicit in the ILGRP report is that merged councils would be assessed as being 'fit' to operate in accordance with needs of their stakeholders in the future. Merged councils would receive various forms of State Government assistance to achieve the merger and enhance capacity.

The Independent Pricing and Review Tribunal (IPART) has been appointed by the State Government as the 'Expert Panel' and to finalise the Methodology for Assessment of Council Fit for the Future Proposals.

This Methodology was published for public comment on 27 April 2015, with submissions closing on 25 May 2015. Based on IPART's approach, they require all councils to first consider the preferred options of the ILGRP against the Scale and Capacity criteria. Following this assessment, IPART will then assess proposals against the criteria of financial sustainability, effective management of infrastructure assets and efficiency measures.

TABLE 1.2

10 Key elements of strategic capacity (ILGRP)

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

1.3 Subregional context

Strategic characteristics

The Global Economic Corridor (extending from the airport to Macquarie Park) is a key concentration of jobs and economic activity in Sydney and it influences each of the Councils and Local Government Areas (LGAs) impacted in this submission.

The Global Economic Corridor is served by four strategic centres:

- **North Sydney** – as the northern extension of the Global Sydney CBD
- **St Leonards** – a Specialised Centre with a health, commercial and residential focus
- **Chatswood** – a mixed use Major Centre and cultural hub serving the lower North Shore axis of the Global Economic Corridor
- **Macquarie Park** – a strongly growing commercial and education centre serving the North Ryde axis of the Global Economic Corridor.

The Metropolitan Strategy for Sydney aims to grow high-skilled jobs and improve transport bottlenecks to strengthen economic activity in the corridor. The strategy also seeks to invest in strategic centres to grow jobs and housing and create vibrant hubs of activity. Actions arising from the NSW Government's strategies include:

- Housing focussed urban renewal precincts at Herring Road and Delhi Road in Macquarie Park as well as promoting housing growth in accessible centres throughout the subregion
- North West Rail Link interchange at Chatswood and planned rail capacity improvements via a second rail harbour crossing (Sydney Rapid Transit)
- Investigation of potential light rail links between Macquarie Park and Parramatta
- Support for medical and education hubs associated with hospitals and universities.

Subregional groupings of Councils

Sydney's Metropolitan Strategy includes all 11 councils north of the harbour and east of The Hills as sharing common subregional priorities within a single 'North Subregion'.

The ILGRP recognised three groupings:

- 'Lower North Shore' including six councils between Ryde and Mosman
- 'Northern Beaches' including Manly, Warringah and Pittwater
- 'Upper North Shore' including Ku-ring-gai and Hornsby

The ILGRP also identified the western part of Ryde LGA in a grouping of three other councils focussed on Parramatta. The Panel argued that there is a close functional interaction between these councils and a need for unified local government to develop Parramatta as a second CBD. They argue that the incorporation of Ryde would strengthen the western end of 'Global Sydney Corridor' and improve the socio-economic mix.

The ILGRP reasoning for merging Hunter's Hill and Lane Cove with Mosman, North Sydney, Willoughby and the remaining eastern two thirds of Ryde is:

"close functional interaction and economic/social links between these councils, the need for integrated strategic planning for Lower North Shore, development of major centres and management of Sydney Harbour foreshores."

This submission strongly rejects the splitting of Ryde and merging the Lower North Shore Councils and this is set out in Section 2 - A sound argument for rejecting the merger proposal.

The submission makes the strong point that splitting an LGA, including major retail/commercial centres/CBD areas, sub-optimises; scale and strategic capacity and is contrary to the State Government's own strategic planning principles.

1.4 Participating council decisions

The State Government's current proposal is to create a new amalgamated Lower North Shore council through the merger of Hunter's Hill, Lane Cove, Mosman, North Sydney, Willoughby and the eastern two thirds of the City of Ryde. The Government has supported the Independent Local Government Review Panel's recommendation that in Northern Sydney, scale and capacity can only be achieved by merging these six councils (or some similar merger).

Hunter's Hill, Lane Cove and the City of Ryde Councils have made identical resolutions in resolving to:

- Reject the Independent Panel's recommended amalgamation of Ryde, Lane Cove and Hunter's Hill with each other and the other three councils;
- Complete FFTF Template 2 – demonstrating how each council intends to address the FFTF criteria on a standalone basis;
- Investigate a modified Joint Organisation in forming a Joint Regional Authority (JRA), in providing a superior option to meet the State Government's scale and capacity criteria; and
- Canvas interest amongst lower north shore councils that have been nominated for the merger, to participate in the JRA.

In addition, the City of Ryde has rejected the ILGRP's proposal to divide the LGA and place the western third of its area within another merged council, to the west, focussed on Parramatta.

1.5 Process for response

This submission presents a business case to reject the amalgamation proposed by the ILGRP, supported by strong research and evidence that demonstrates:

- The dis-benefits of the ILGRP's proposed Lower North Shore councils merger of six councils - that is further reinforced by the broader analysis of the effectiveness of mergers in general, undertaken by Professor Brian Dollery;
- Why each participating Council's stand-alone option is 'fit for the future' and superior to the ILGRP's merger option, in meeting the 10 elements of strategic capacity;
- Why the proposed Joint Regional Authority is also superior and how it will further enhance the scale and capacity of the participating councils;
- How the inclusion of further options for shared services, will further enhance the proposal in delivering a superior result under a JRA governance framework;
- Strong community support for the individual Councils to stand alone and to pursue their investigations into forming a JRA (refer Section 6) of each Council's Template 2 submissions.

1.6 Community engagement approach

Hunter's Hill, Lane Cove and the City of Ryde Councils have extensively informed, consulted and received feedback from their communities on the FFTF proposals over the period 2013-2015 through the following actions:

- Council meetings, councillor workshops and reports;
- Commissioning and exhibiting research on;
 - The performance of individual councils against FFTF benchmarks;
 - The potential performance of the ILGRP's proposed northern Sydney merged council;
 - Empirical analysis of the performance of mergers across Australia;
 - A business case for a potential Joint Organisation;
 - The potential for a regional shared service centre.
- Community information and awareness campaigns – including brochures and online papers;
- Community forums / workshops / public meetings;
- Telephone surveys;
- On-line community polls.

The outcomes of the engagement approach are outlined in Section 4.1 and reported by Professor Dollery in Attachment C.

1.7 Critical steps taken in the formulation of each councils response to the fit for the future initiative

Following the announcement of the 'Fit for the Future' program by the Minister for Local Government, the Hon Paul Toole on 10 September 2014, the Councils within northern Sydney have met on several occasions in discussing each Councils position and the options available in preparing their response to the State Government.

The key joint actions taken by northern Sydney Councils and in particular Hunter's Hill, Lane Cove and City of Ryde, is as follows;

1. 30 October 2014, the City of Ryde hosted Mayors, Councillors and Senior Staff from Hunter's Hill, Willoughby, Mosman, North Sydney, Lane Cove and Ku-ring-Gai Councils to discuss the Fit for the Future program. Outcome - undertake initial research on merged option and alternate structures.
2. 12 November 2014 - Lane Cove hosted Mayors, Councillors and Senior Staff from Hunter's Hill, Willoughby, Mosman, North Sydney, Lane Cove and Ku-ring-Gai Councils to discuss the Fit for the Future program including a shared services model and Auckland style merger. Outcome - Each Mayor to consult with their Councillor colleagues as to their preferred strategic direction and each Council to submit their Fit for the Future financial criteria to understand the base case.
3. 27 November 2014- Lane Cove hosted Mayors, Councillors and Senior Staff from Hunter's Hill, Willoughby, Mosman, North Sydney, Lane Cove and Ku-ring-Gai Councils to discuss base financial Information and the advantages and disadvantages a variety of options/structures. Outcome - Conduct a regional Councillor forum to present information on merger and alternate options.
4. 5 February 2015 - Northern Sydney Councils Symposium was held at Willoughby Council to discuss the next steps in the response of the Fit for the Future program and alternative options including exploring the possibility of a shared services model or regional joint organisation. The following Councils attended Ku-ring-gai, Ryde, Willoughby, Hunter's Hill, Lane Cove, North Sydney and Mosman.

TABLE 1.0 Timeline of Joint Actions

LGA	Current	Post Merger
City of Ryde	Resolved to stand alone and to explore a modified joint organisation	17 February 2015
Hunter's Hill	Resolved to stand alone and to explore an alternate model (joint organisation or ROC)	23 February 2015
Ku-ring-gai	Resolved to stand alone however did not resolve a position on exploring a modified joint organisation	24 February 2015
Lane Cove	Resolved to stand alone and to explore a modified joint organisation	16 February 2015
Mosman	Resolved to stand alone and to not participate in an investigation of a modified Joint Organisation (regional body)	17 February 2015
North Sydney	Resolved to stand alone and to decline to participate in exploring a joint organisations	16 March 2015
Willoughby	Resolved to explore options with community and to decline to be part of exploring a modified joint organisation	9 March 2015

5. February/March 2015 - As a result of the Symposium, each Council individually considered their position. See table 1.0.
6. 16 February 2015 – Lane Cove Council resolved to explore a joint organisation on the basis that there were other Councils interested in participating.
7. 17 February 2015 - The City of Ryde resolved to explore a joint organisation on the basis that there were other Councils interested in participating.
8. 23 February 2015 – Hunters Hill Council resolved to explore a joint organisation on the basis that there were other Councils interested in participating.
9. As a result, both Hunter’s Hill and Lane Cove Councils agreed to join with the City of Ryde in exploring the Joint Regional Organisation option.
10. March 2015 - the City of Ryde Hunter’s Hill and Lane Cove Councils engaged independent advisers to assist in the preparation of the Joint Regional Authority (JRA) Business Case as follows;
 11. May-June 2015 - the City of Ryde, Hunter’s Hill and Lane Cove Councils implemented a coordinated community consultation program to seek our communities’ feedback on available options
 12. 25 May 2015 – the City of Ryde, Hunter’s Hill and Lane Cove Councils lodged a joint submission to IPART in response to the FFTF Assessment Methodology discussion paper
 13. 28 May 2015 – the elected representatives of all 3 Councils met for a joint Councillors Briefing for an update on the FFTF joint submission and the Joint Regional Authority (JRA) Business Case
 14. 9 June 2015- City of Ryde Council considered the FFTF Submission including the proposed JRA
 15. 9 June 2015- Hunter’s Hill Council considered the FFTF Submission including the proposed JRA
 16. 15 June 2015- Lane Cove Council considered the FFTF Submission including the proposed JRA

SGS Economics and Planning

Prepare a business case including a cost benefit analysis of a joint regional organisation with a primary focus on strategic planning,

Professor Percy Allan

Advice on shared services, legal framework of a joint organisation and to undertake a Peer Review of the joint organisation business case,

Professor Brian Dollery

Providing a research paper titled, ‘Compulsion Versus a Collaborative Regional Approach’ – An Empirical Analysis of Forced Amalgamation versus a Regional and Shared Services Approach.

Morrison Low

Jointly engaged by City of Ryde, Hunters Hill, Lane Cove Councils as well as Mosman and Willoughby. To undertake a review of the Independent Panel’s Merged option of 6 councils (Hunter’s Hill, Lane Cove and two thirds of City of Ryde with Willoughby, Mosman and North Sydney)

Template 2



Rejecting ILGRP preferred option for merger x

Template 2

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2.4.4 Improvement Plan	x
2.4.5 Action Plan	x
2.4.6 Community Engagement Strategy	x

Rejecting ILGRP preferred option for merger

2.1 Rejecting ILGRP preferred option for merger

The City of Ryde, Hunters Hill and Lane Cove Councils having carefully considered the ILGRP proposal for a merged lower north shore council (eastern two thirds of Ryde and Hunter's Hill, Lane Cove, Mosman, North Sydney, Willoughby), in rejecting the merger based on evidence which addresses:

- The potential for cost savings
- Economies of scale
- Financial sustainability
- Practical difficulties implementing the mergers
- Communities of interest
- Fit For The Future (FFTF) performance benchmarks (not met for the merger)
- Strong community opposition.

In addition, the City of Ryde categorically rejects the proposed splitting of Ryde; which would see the western third of our community absorbed by a new entity focussed on Parramatta.

Merged council cost savings are illusory

Five of the six Councils proposed for the merger commissioned Morrison Low to examine, over a 10 year period, the implications of the ILGRP's preferred option on the proposed merger of Hunter's Hill, Lane Cove, and the two thirds of City of Ryde Councils with Mosman, North Sydney and Willoughby Councils.

This examination found that the merged entity will have:

- **Negative operating results:**

Running a deficit for four years as high as -8.8%, showing an improvement in 2021 and 2022 reaching 2.6% before starting to decline

- **Insufficient funds to address infrastructure backlog:**

Backlog increases from 3% towards 5.3% over the 10 year period

- **A funding gap in its infrastructure maintenance:**

Maintenance funding staying around 80 - 85% of required level, over the 10 year period

- **Little or no financial benefit:**

Whilst the merged entity could realise an estimated \$50 million benefit in savings over the 10 year period (based on reduced number of staff, reduced number of councillors and a NSW government grant), when the projected surpluses were allocated to asset renewal and maintenance, the modelling concluded the merged entity did not meet the Asset Maintenance Infrastructure Backlog or Asset Renewal Ratios (based on reduced number of staff, reduced number of Councillor productivity benefits and costs in establishing the new entity). In essence, the new entity was no more sustainable than the current Councils (Refer attachment [X](#) for the full report).

In summary, when the merged entity allocates the required funds for the renewal and maintenance of existing infrastructure assets, it is clearly deficient in funding its asset maintenance and renewal requirements. This position is confirmed in Morrison Low's assessment that after allocating the projected surplus to asset expenditure, the merged entity still fails to meet all seven financial benchmarks.

Draft Review of proposed North Sydney Merger - Morrison Low - Pending finalisation.



The other key point to highlight is that these forecasts take no account of the inherent infrastructure backlogs today. Therefore, not only does the new entity not meet the Asset and Infrastructure Ratios in the longer term, this situation will be further compounded when infrastructure backlogs are taken into account.

The findings of Morrison Low are consistent with the research and empirical evidence documented by Professor Brian Dollery in his paper, 'Compulsion vs A Collaborative Regional Approach', (Attachment [X](#)) where he states on page 129:

“An amalgamated entity (along the lines proposed by the ILGRP (2013), would operate with decreasing returns to scale and an efficiency of just over 0.797. The proposed merger would result in a significant decrease in efficiency for the Ryde and North Sydney Councils and a slight decrease in efficiency for the Lane Cove municipality.

Put differently, amalgamation would result in lower levels of efficiency for three of the councils and barely perceptual improvement for a fourth council (Hunter's Hill).

Given the high transformation costs, disruption to services, decrease in democracy, the redistribution of council liabilities and the decrease in financial sustainability which will accompany the proposed amalgamation, it is more than a little disconcerting that the proposed merger will only result in a material improvement in efficiency for two of the councils involved (Mosman and Willoughby)”.

Merged council would not deliver economies of scale

Clearly a merger of five and two thirds lower north shore councils with a population of up to 370,000 (by 2031) would deliver 'scale'. The merged entity's population would exceed the 200,000-250,000 threshold inferred by ILGRP. However, this submission argues that savings for most council services cannot be correlated with population size.

Professor Brian Dollery (Attachment C) has undertaken an analysis of council amalgamation drawing on research across Australia and investigations specific to the six lower north shore councils. An empirical analysis of the post-merger performance of the 2000-04 NSW council amalgamations, showed no difference in the performance of merged and unmerged councils. An analogous study of Queensland's 2008 council amalgamations showed that most amalgamated councils now operate under diseconomies of scale (ie their benefits reduce with bigger size). In the context of delivering best value services to communities, these Councils have actually deteriorated as they have expanded.

Professor Dollery conducted two modelling exercises to investigate the outcomes of the proposed lower north shore merger:

- A multiple regression analysis, which showed that the ILGRP's assertion that large population sized councils deliver savings from economies of scale proved false; and
- A data envelopment analysis, which demonstrated most proposed Sydney amalgamations would yield over-scaled councils that are too large to efficiently provide local services.

Taken together, there is no empirical justification for the proposed merger of the Ryde, Lane Cove, Hunter's Hill, Mosman, North Sydney and Willoughby group of councils. In fact, the opposite can be shown; that is such a merger would be detrimental to the servicing of these communities and the ongoing viability of these organisations.

Indeed the follow up modelling not only questioned the likelihood of financial savings being generated, but indicated that diseconomies of scale would be established for the longer term.

Merged council would be less financially sustainable

Professor Dollery (Section 5.8) simulated the performance of a merged lower north shore council versus the councils individually against FFTF financial benchmarks. The results showed that almost all of the merged councils would be less financially sustainable under the FFTF benchmarks than they had been pre-merger.

The merged council would consistently meet only two of the benchmarks from the outset (own source revenue and debt service) and by 2031 it would not meet: operating performance, building and asset renewal, infrastructure backlog, asset maintenance and real operating expenditure per capita benchmarks in every year (refer Table 2.2).

Professor Dollery found as individual councils, Ryde, Lane Cove, Hunter's Hill, Willoughby and Mosman meet between 3 and 6 of the (7) financial benchmarks and it is likely that all but one council (North Sydney) will experience a decrease in financial sustainability (refer Table 2.4).

This suggests that the overall financial sustainability of local government on the lower north shore might reduce under the merged council proposal.

There are significant practical difficulties to achieve a merger

An empirical investigation of the proposed Hunter’s Hill, Lane Cove, Mosman, North Sydney, Ryde and Willoughby merger by Professor Dollery found significant impediments in its implementation including:

- Challenges posed by significant current disparities in rates, fees and charges, and capacities to pay across the six councils;
- Problems determining democratic representation post-merger;
- Apportioning the burden of liabilities inherited by a newly merged council;
- Complications derived from the division of the City of Ryde;
- Commonwealth financial assistance grants post-merger; and
- Concerns regarding information disclosure to local residents in a merged council.

In addition to the practical difficulties in resolving each of these problems, the significant risk that is raised is the likely impact on the timeframe and size of any benefits expected from a merged council.

Communities of interest are not represented by merger

An investigation of the socio-economic profiles of the six lower north shore councils by Professor Dollery (Section 7.3) identified stark differences between some of the councils to the extent that a common ‘community of interest’ does not exist.

Ryde Local Government Area (LGA) is distinct from the others in having the largest population, the most young adults, highest unemployment and jobless families, highest pension dependency and highest rate of General Practitioner utilisation. Ryde’s community priorities will differ substantially from the other five councils.

Given these socio-economic differences, Ryde’s community priorities and service delivery needs are likely to differ substantially from the other five councils, again undermining the potential for benefit from a merged council.



Local council representation is reduced

The ILGRP proposed merger of five and two thirds lower north shore councils (excluding the western third of Ryde) would have a total population of 294,649 growing to 370,130 by 2031. It is currently represented by 61 councillors across the six LGAs. Assuming a merged council of 12 councillors, there would be a reduction of around 80% in local representation. This cut would fall unevenly with some Councils (ie Hunter’s Hill and Mosman) likely to be represented by only one councillor (Table 2.1). The new council area would move from representation of around one councillor per 6,000 residents, to one councillor per 31,000 by 2031.

This reduction will result in a significant loss of accessibility to elected representatives and undermine local democratic representation, which is a fundamental consideration when adjusting local government boundaries.

TABLE 2.1: Projected Councillor Representation Post Merger

No. of Councillors		
LGA	Current	Post Merger
Ryde	12	2.2
Hunters Hill	7	0.6
Lane Cove	9	1.5
Willoughby	13	3.3
North Sydney	13	3.0
Mosman	7	1.3
TOTAL	61	12

Not all FFTF financial performance benchmarks will be met by merger

Taking into account the potential for savings and the financial performance of the merged council, an alternative scenario was modelled by Morrison Low, (Attachment B, Section 6.6) where the merged council directed the operating surplus generated from 2019 onwards towards asset expenditure in order to meet the FFTF benchmarks. This reallocation results in an improvement to the asset renewal ratio, however neither the asset maintenance nor backlog ratio are met (refer Table 2.2). It is likely that as new assets are added the shortfall in funding for maintenance is exacerbated and the backlog continues to increase; meaning the current difficulties faced by individual entities will remain.

TABLE 2.2: Summary of Merged Council using FFTF Benchmarks

Benchmark	Merged Council Project to 2023	Merged Council Project to 2023 - Surplus to infrastructure
Operating Performance	Meets the benchmark (Met after 2020)	Meets the benchmark (Met after 2020)
Own Source Revenue	Meets the benchmark	Meets the benchmark
Debt Service Cover	Meets the benchmark	Meets the benchmark
Asset Maintenance	Does not meet the benchmark	Does not meet the benchmark
Asset Renewal	Does not meet the benchmark (Met until 2017)	Does not meet the benchmark (Not met in 2018, nor 2023)
Infrastructure Backlog	Does not meet the benchmark	Meets the benchmark (Not met in 2018, nor 2023)
Real Operating Expenditure	Meets the benchmark	Meets the benchmark

Source: Draft Review of proposed North Sydney Merger – Morrison Low, May 2015 - Pending finalisation.

Splitting Ryde

The City of Ryde, with the backing of our community, categorically rejects the Panel's preferred option to split Ryde and merge the community within two mega Councils to the West and East. Further the City of Ryde maintains that it has demonstrated strategic capacity to deliver on the vision of our community as well as the NSW Government's own vision, in being an equal partner in the system of government and constructively engaging with the business community, to provide opportunities for growth and investment.

Council's robust review and analysis of the Panel's proposal has not found any evidence that the purported benefits from any particular merger will eventuate. Instead Council's review found significant and quantifiable data that illustrates such a merger will, in fact, reduce the City's efficiency (outlined in the critique of the Northern Sydney Councils' merger). Our analysis of the Panel's stated objectives in 'dismembering' or 'splitting' Ryde, highlighted an overwhelming lack of consideration and knowledge, on the impacts of their recommendation on Ryde and the significant contribution the City of Ryde has made to date in realising the State Government's vision for Sydney.

The reasons cited in the ILGRP's report for splitting Ryde are

'...As noted earlier, the Panel takes the view that Parramatta's development as the 'second CBD' and commercial focus of the western suburbs has been hampered by the constrained boundaries, relatively limited resources and low profile of the City Council. The option favoured by the Panel is a new local government area that includes the whole of Parramatta, Auburn and Holroyd plus parts of The Hills and Hornsby south of the M2, and roughly the western third of Ryde (including the whole of Epping). Such an area would control very considerable resources and could undertake integrated planning for both the Parramatta CBD and complementary development in adjoining areas. It would have a population approaching 600,000 in 2031.' And '... Incorporation of part of Ryde would strengthen link between Parramatta and 'Global Sydney Corridor' and improve scope for integrated planning around Epping station'

Source ILGRP Final Report pages 101 and 104

The argument underpinning the Independent Panel's preferred option for Ryde, focused on improving economic outcomes for Parramatta as a second CBD, taking in our opinion, a simplistic approach to a complex and multifaceted challenge. The Panel's stated objectives did not consider Ryde's economic outputs and contribution to the NSW State economy nor communities of interest patterns. In our robust assessment of the ILGRP's preferred option, City of Ryde considered the Panel's economic argument for Parramatta, analysed the proposal's impact on Ryde's economic contribution to the State economy, reviewed the communities of interest patterns and sought our community's feedback. Our assessment is set out below.

The Global Sydney Corridor is a term that covers an area which commences in Parramatta and extends through Macquarie Park, North Sydney, the Sydney CBD and continues through to its termination point at Sydney Airport and the port facilities at Botany Bay. Council's view is that bisecting the City of Ryde and adding land to the City of Parramatta would significantly compromise the effective and longstanding management of Macquarie Park by the City of Ryde which has worked strategically with Macquarie University, State agencies and landowners to create jobs, economic growth and investment.

The Panel's argument for splitting Ryde, seemingly grounded on economic principles, fails to appreciate the NSW Government's vision for Sydney, as articulated in the Metropolitan Plan, and its reliance on the success of Macquarie Park to substantially contribute to the economic fortunes of New South Wales. The proposed split would at best; place Macquarie Park and its environs at the periphery of one of the two proposed mega councils and at worst, split this important specialist Centre between two newly created local government authorities.

Either outcome would jeopardise the sustained and planned growth of the Centre which has been achieved through the careful and successful stewardship by the City of Ryde enabling Macquarie Park to develop into the second largest commercial centre in New South Wales. It is now poised to become the fourth largest in the country. Such an approach would also create significant and immediate uncertainty for businesses operating and potential investors currently prospecting in Macquarie Park at a time of unparalleled growth. The Panel's clumsy and simplistic approach to this vital and unique state asset undermines the credibility of its stated objective of introducing a more efficient and effective arrangement to improve governance and economic viability.

City of Ryde has reviewed several strategic centres that suffer from negative impacts of having been split between two councils, as a legacy of poor boundary decisions. Bondi Junction, Epping and Newtown are prime examples, where lack of coordination and strategic focus has impeded development of these Centres. Strategic planning, developing a coherent vision, delivery of local services and appropriate infrastructure have been particular challenges for attracting investment and sustaining growth in these Centres, frustrating State Government agencies, chambers of commerce and property owners in their efforts to advance an economic development and growth agenda in these Centres.

It is also highly questionable as to whether skewing the existing local government boundaries will in fact strengthen Parramatta's linkages to the Global Sydney Corridor as suggested by the Panel. Parramatta's geographic and economic focus is removed and distinct from the Corridor. There is no apparent or demonstrable advantage of a tenuous geographic link to the Global Sydney Corridor for a Council purporting to be a complete city and further it seems contrary to Parramatta's claims that it is able to create jobs and provide economic growth and cultivate business opportunities in its own right.

In October 2013 after the ILGRP released its first draft, Council commissioned SGS Economics and Planning to undertake a desktop analysis of the ILGRP proposals (Attachment **XX**). The report modelled the following options:

- Base case: current local government boundaries continued.
- Option 1 (ILGRP preferred option): the amalgamation of Auburn, Holroyd, Parramatta and Ryde and moving northern boundary of Parramatta and Western Ryde to M2.
- Option 1A: as per option 1 but without the East Ward of Ryde in the amalgamated LGA boundaries.
- Option 2 (North Shore Option): the amalgamation of Hunters Hill, Lane Cove, Ryde and Willoughby. This is one of the preferred options identified by the Ryde community in consultations.

The SGS analysis concluded the following for Option 1 (page 60)

- Option 1 performs worse than option 2 in regards to TCorp financial sustainability indicators (and worse than the base case).
- Ratio of operating deficit to operating revenue is lowest (best) for Option 1 compared to base case and option 2.
- Impact on rates for Ryde area is that higher average rates per property for residential and business than grouping of Councils, to maintain total rate income.
- Accessible within 30-45 minutes from the Parramatta CBD, weaker household travel patterns between Ryde and Parramatta, stronger journey to work linkages between NW and Ryde (Macquarie Park in particular).

In addition to a financial analysis SGS examined communities of interest from the perspectives of household travel patterns for shopping, social/recreation and education as well as journey to work patterns.

The analysis showed that shopping trips from Ryde LGA generally move to the north and east. This pattern is also reproduced in regards to social trips. Education trips are heavily contained within the origin and its contiguous LGAs. This pattern can be seen as an indicator of local communities of interest and the relationship between where people live and do their shopping and other local activities.

In terms of connections between where people live and work, the analysis showed a strong connection between people working at Macquarie Park and living locally within Ryde or in the adjoining LGAs to the immediate north or from the west -including Parramatta, Hornsby and the Hills Shire. People employed at Parramatta come from a broader regional catchment, including from Ryde LGA.

The travel time mapping for car trips illustrates an east-west connectivity for centres in Ryde LGA, and that regional /major centres of Parramatta to the west and Chatswood to the east are accessible from Ryde within 30-45 minutes at AM peak by car. When considering the travel times from Parramatta as a regional centre and Chatswood as a major centre, the location of Ryde LGA has good access from both centres.

The public transport accessibility mapping illustrate overall strong connections between Ryde LGA and the east, through the Chatswood to Epping rail extension. The current transport connections to Parramatta by public transport are weaker without a Parramatta to Epping rail connection.

The proposed split and merger of Ryde would not bring together communities with a close functional interaction or important economic and social links. The western portion of Ryde remains separate and isolated from Parramatta by the very real geographic barriers of the Parramatta River and the Main North Rail Line. There is little cross boundary flow between Ryde and its neighbouring councils to the west and these suburbs retain a community identity associated with Ryde based on having a consistent socio-economic profile, and long standing history and a common set of aspirations and values.

The Ryde community itself has repeatedly rejected the Panel's preferred option since 2013, when the Panel first released its draft report and has expressed strong support for the LGA to maintain its integrity and local identity.

In a telephone survey of 600 residents in May 2013 majority were opposed to amalgamations and when pushed to choose a grouping, only 3% supported the split and merger of Ryde to the West. In June of the same year, at a community meeting of 138 residents, it was further evident that the community was particularly concerned about the proposal to amalgamate parts of Ryde with Parramatta, Auburn and Holroyd Councils. Whilst the majority opposed amalgamations, there was greater support for amalgamation with northern Council's on the basis of shared interests, identity, and an established relationship through NSROC, resulting in 1% supporting the split and merger into a new council with a focus with Parramatta.

Subsequent community engagement on this issue has reinforced this preference pattern. A survey of 100 people at a Community Meeting held in May 2015 found 83% opposed the split and merge option and 84.1% supported City of Ryde standing alone. In June 2015 a Telephone survey of 600 people found, 71% not supportive of splitting Ryde and being merged into two mega Councils and 74% supportive of Council standing alone.

The Council, having considered and analysed the economic arguments, communities of interest patterns and the Ryde community's strong preferences has resolved to 1) reject the Panel's preferred option, 2) to prove its existing scale and capacity to stand alone and 3) to form a Joint Regional Authority with its neighbours Hunters Hill and Lane Cove. The Council resolutions relating to ILGRP's work and the FFTF initiative are reproduced in section XXXX, highlighting the Council's detailed consideration in forming its position.

In conclusion the City of Ryde after a two-year period of research and analysis and community engagement, rejects the ILGRPs preferred options for Ryde and maintains, supported by our strong track record in delivering real outcomes, that we have the strategic capacity to deliver on our community's vision and, in partnership with the State Government, strongly contribute to delivering on the vision for Sydney and NSW.

 City of Ryde

Template 2

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Executive Summary

The City of Ryde has considered and reviewed the ILGRP's preferred options and rejects them on the basis that it would be a detrimental outcome for the Ryde community and economically unsound. The City of Ryde instead maintains that we have proven scale and capacity to deliver on our community's vision. We have demonstrated time and time again that the City is able to balance competing local and state interests, grow sustainably, engage with its neighbouring constituents and bring a prudent approach to our service delivery.

The City of Ryde is a thriving City; systematically monitoring, engaging with and influencing the context in which we operate and charting a clear strategy to achieve growth, balanced with a high level of amenity and a resilient community. As a City we have and continue to organise our self to maximise potential; applying resources to improving transport networks, striking the balance on the right housing density, amassing the skills and governance needed to manage and leverage growth. Importantly City of Ryde enjoys the strong support of the Ryde community for the City's direction and vision. City of Ryde's recipe for success has been, leveraging its strategic capacity, to bring together government, community and business to respond to challenges and opportunities and working together to achieve the community's goals.

The City has a proven track record in fostering and delivering nationally significant commercial growth. Unlike other commercial districts in NSW, the City of Ryde delivered un-interrupted growth in Macquarie Park through the Global Financial Crisis and currently, the City as a whole, has over 10,000 businesses providing employment for 90,000 people, and a Gross Regional Product (GRP) of over \$14 billion per annum. In the decade to 2013 Ryde's GRP grew at an average of 4.35% per annum, compared to the state average of 2.17% over the same period.

The City of Ryde consistently negotiates agreements and manages developments of significant scale and benefit, commensurate with the scale of development more often found in global or capital city CBDs. Since implementing a Voluntary Planning Agreement (VPA) Policy in 2011, the City has negotiated and executed 13 VPAs valued at approximately \$36 million, with a further 8 VPAs currently under negotiation, which are set to deliver a further \$38.7 million worth of public benefit to the community.

The Council enjoys a robust and sustainable financial position and will comfortably meet the FFTF financial benchmark by 2020. The City of Ryde initiated a Financial Futures Program in 2013 to review our financial position in the short, medium, and long term and to instigate a considered and holistic approach to financial management and planning. This on-going program encompasses the development and implementation of a number of strategic documents and, importantly, extensive Councillor and Community engagement to ensure the City's financial strategy aligns with the community's priorities. Under this program the City of Ryde has already developed its property and investment portfolios, implemented a Voluntary Planning Agreement Policy, reviewed its Section 94 Contributions Plan, undertaken a number of Best Value Reviews of its operations, received a Special Rate Variation, and managed debt with a view to strategically positioning the City for the future. In addition, an operational review undertaken in 2014 delivered recurrent savings of \$1.95 million per annum by reducing staff costs and operational expenditure.

Whilst we do not accept that forced mergers are an appropriate or worthwhile evolution of the local government sector, we agree that a regional approach will optimise strategic planning and infrastructure delivery. We, together with our neighbours Councils of Hunters Hill and Lane Cove propose to implement a joint regional model that replaces the voluntary nature of Regional Organisation of Councils (ROCs) with a mandated collective authority to manage regional matters.

The three nominated Councils have developed a low cost, scalable and collaborative model which strengthens our existing scale and strategic capacity, whilst recognising and preserving each Council's community of interest, history and local identity. We propose to create a Joint Regional Authority (JRA) which will deliver one set of regional infrastructure and subregional plan priorities, produce a regional Section 94 Plan, develop a single LEP, manage shared service provision and be the single point of contact for state and federal agencies.

This alternate proposal will fulfil the government's key drivers in optimising regional infrastructure and strategic planning outcomes and it is a model which provides all the benefits of regional cooperation and avoids the expensive and disruptive impacts of large scale council mergers.

Timeline

May 2013

Community Telephone Survey with 450 respondents

June 2013

Community Meeting -
140 attendees

Discussed panel's recommendations

June 2013

Response to Independent Panel included
community feedback

October 2013

Independent Panel

Final report back to the
State Government

October 2014

'Fit for the Future' Program released by NSW
Government

February 2015

Council Resolution - Reject recommendations
Investigate Joint Organisation alternative

March 2015

Community awareness campaign - Bring the issue
to the attention of community

March 2015

Telephone Survey with
450 participants

Gain understanding of community sentiment

March 2015

Online Community Poll with more than 1,000
responses

May 2015

Joint Councils Telephone Survey

Understand community sentiment for 'Fit for
Future' options

May 2015

Community Meeting

The City of Ryde engaged in a robust and lengthy conversation with our community on their preferred option for the future of Ryde, as depicted in the timeline table to the left.

The community has consistently reiterated its strong objection to the split of Ryde and merger into two mega Councils to the East and West. It has shown strong preference for Ryde to retain its identity and to stay independent and has indicated considerable support for exploring a collaborative regional approach. The results of the community’s response is summarised below.

	2013	March 2015	May/June 2015
Community workshop:	71% opposed to proposed split and amalgamation		83% opposed to proposed split and amalgamation
Telephone survey:	56% opposed to proposed split and amalgamation	86% opposed to proposed split and amalgamation	71% opposed to proposed split and amalgamation
Online survey:	65% opposed to proposed split and amalgamation	81.12% opposed to proposed split and amalgamation	74% opposed to proposed split and amalgamation

1 Our scale and capacity

Strategic Capacity

The City of Ryde clearly and demonstrably possesses a scale and strategic capacity that makes it Fit for the Future. In reaching this conclusion, Council has carefully considered the key elements of strategic capacity as defined by the Independent Local Government Review Panel (ILGRP). The City of Ryde displays all the features of a thriving City; systematically monitoring, engaging with and influencing the context in which we operate and charting a clear strategy to achieve growth, balanced with a high level of amenity and a resilient community within a highly liveable city. As a City we have and continue to organise our self to maximise potential; applying resources to improving transport networks, striking the balance on the right housing density, amassing the skills and governance needed to manage and leverage growth.

Key elements of Strategic Capacity

- More robust revenue base and increased discretionary spending
- Scope to undertake new functions and major projects
- Ability to employ wider range of skilled staff
- Knowledge, creativity and innovation
- Advanced skills in strategic planning and policy development
- Effective regional collaboration
- Credibility for more effective advocacy
- Capable partner for State and federal agencies
- Resources to cope with complex and unexpected change
- High quality political and managerial leadership.

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Importantly City of Ryde enjoys the strong support of the Ryde community for the City's direction and vision. City of Ryde's recipe for success has been in leveraging its strategic capacity, to bring together government, community and business in responding to the challenges and opportunities, in achieving and resolving the communities goals and issues.

In this section we demonstrate and showcase City of Ryde's strategic capacity.

Strategic governance and responsible leadership

The City of Ryde's long term outlook and focus on continuous improvement long predates the Fit for the Future program announcement in 2014. The most recent of this focus was in 2010 when the City, after a review of international best practice, state and federal government policy landscape and an extensive community and business engagement program, adopted an outcomes focused operating model. Embarking on an ambitious program to reshape its operations with a line of sight to the community's vision and NSW State Plan goals; the City of Ryde has evolved from a reasonably performing Local Government organisation delivering its regulatory, maintenance and service outputs, into an organisation with a strategic agenda, focused on future growth, efficiency and productivity.

A distinguishing feature of the City's new operating model is its focus on internal and external collaboration as a primary tool to deliver results. The consequent investment in building the organisation's collaborative capacity manifests itself in City of Ryde's productive relationships with the private sector, community sector, Macquarie University, State government agencies which is underpinned by Council's success in engaging with its community.

City of Ryde at a glance

- 40.651 sq kms
- Over 153,000 people by 2031
- Predicted growth rate 25.04% to 2031
- 89,239 local jobs
- GRP \$14.11 billion
- Contains 2nd largest CBD in NSW (behind Sydney)
- Contains the largest suburban shopping centre in NSW

ABS/NIEIR/Property Council for NSW/Macquarie Centre website

Political Leadership

The City of Ryde’s success in charting a path of growth and prosperity for Ryde is underpinned by resilient and strong political leadership. Council’s commitment to meaningfully engage with the community; to discuss tough issues and pragmatic realities, to influence and be influenced by the community’s vision, distinguishes the City from its contemporaries.

The Council has successfully led the City in progressing an ‘open for business’ agenda with the private sector for investment whilst maintaining the integrity of the community’s vision for Ryde as a family-friendly place with ample services and facilities. The Council has delivered on its part to advance the vision for Sydney in partnership with State Government agencies, without giving up the right to ask hard questions and challenge proposals to deliver optimum results for its residents.

City of Ryde’s resilient and adaptive leadership recently saw the Council reverse its long standing view on seeking Special Rate Variations, once convinced of a need for additional revenue to ensure the City’s long term sustainability, the Council engaged in an open and frank conversation with the community to seek their endorsement which gained 78% community support. Council sought a partnership and entered into a contract with the community to shore up the financial future of Ryde; on the basis that Council would find \$2 million per annum in savings in exchange for an annual \$2 million rate increase to be targeted for infrastructure improvements.

Council’s recent resolution to hold an international design competition for the redevelopment of the highly significant and valuable Civic Centre site is emblematic of City of Ryde’s leadership maturity. Council reversed a 2012 decision to not develop this site, in recognition of the changed policy environment and its contract with the community to safe guard the City’s financial sustainability. Cognisant of the community sentiment and the value it places on the Civic Centre as an iconic site; Council has sought to explore an innovative and sensitive design solution from around the world.

The success and prosperity of Macquarie Park, is another example of City of Ryde’s strong and strategic leadership. The Council has repeatedly made decisions to develop and maintain sustainable and sustained improvement and growth, forgoing short term gains. Council has chosen, rather than simply exploit the growth of Macquarie Park in an ad-hoc manner by allowing inappropriate residential developments in the precinct, to adhere to its sustainable vision, intaking the tough decisions and refusing to undermine its vision for short term gains.

Equal partners in the system of government

The City of Ryde, with world’s best practice strategic planning, has successfully positioned itself as the leader in achieving the regional growth required to meet the demands of the growing metropolitan area. The City has been the region’s most consistent and best performer in terms of residential and commercial growth over the last decade. The City has demonstrated capacity to deliver on regional goals, achieving a scale that has significance not just to the regional economy but also in terms of State and Federal economic output.

City of Ryde enjoys the support of its Community

- 83% overall satisfaction rating with Council
- 78% supported 2015 SRV application, showing preparedness to Pay
- 80% supported Council’s rejection of split and merge
- 72% supported exploration of regional collaboration



Department of Planning and Environment 2004 - 2031 Housing Targets

LGA	EXTRA DWELLINGS TARGET 2031
Ryde	12,000
Willoughby	6,800
North Sydney	5,500
Lane Cove	3,900
Hunter's Hill	1,200
Mosman	600
TOTAL	30,000

Leading Northern Sydney's Housing Supply

Recognising that greater housing supply is required to deal with predicted growth levels in Metropolitan Sydney, the City of Ryde is delivering housing at a rate that will exceed the NSW Department of Planning's targets. In 2010 Ryde's Local Planning Study set out Council's plan to deliver growth and housing choice. This study has guided Council's strategic land use planning, most recently informing a new consolidated Local Environmental Plan, gazetted in 2014. This plan was delivered in-house by the City's highly skilled Urban Planning Unit. By strategically creating and executing this planning framework, the City of Ryde has led

and delivered unprecedented growth in Sydney metropolitan area, as a result of which, Ryde is expected to easily reach a population of over 153,000 people by 2031.

The City of Ryde has seized on the opportunity provided by steady housing demand and an 'open for business' approach to investment, in developing and executing a Housing Strategy tailored specifically to provide for both growth and a mix of housing options by encouraging infill housing and higher density in town centres and around transport nodes.

The City of Ryde approved over 3500 dwellings between 2011 and 2014 and is set to approve over 1,000 more in 2014-15. This is in addition to significant urban renewal development in Meadowbank, North Ryde and Herring Road, expected to deliver approximately 7,000 new dwellings in the next 5 years.

The City of Ryde has successfully balanced its growth strategy with commensurate infrastructure, service and community engagement strategies to ensure optimum community benefit. With a community satisfaction rating of 83%, Council understands that it has the support of its community for this approach to urban development.

‘Open for Business’ attracting Investment Attraction and Employment Growth

The City of Ryde’s strategic capacity is also well demonstrated in its capacity to foster and deliver nationally significant commercial growth. Unlike other commercial districts in NSW, the City of Ryde delivered un-interrupted growth in Macquarie Park through the Global Financial Crisis and currently the City as a whole, has over 10,000 businesses providing employment for 90,000 people, and a Gross Regional Product (GRP), of over \$14 billion per annum. In the decade to 2013 Ryde’s GRP grew at an average of 4.35% per annum, compared to the state average of 2.17% over the same period.

In its 2013 Report, ‘Population Growth Jobs Growth and Commuting Flows - a Comparison of Australia’s Four Largest Cities’, the Federal Bureau of Infrastructure, Transport and Regional Economics identified the City of Ryde as a key job growth area.

Since publication of this report, Macquarie Park has overtaken North Sydney as the second largest business district in NSW, further confirming its significance in NSW and the City of Ryde’s strategic capacity to plan and deliver an agglomeration economy with global competitiveness. Council is also securing future growth through the Macquarie Park Master Plan and the Macquarie Park DCP. Under these plans, Macquarie Park is set to double in size over the next 20 years, to become the fourth largest CBD in Australia.

Strategy and Vision - Land use planning

The City of Ryde’s commercial growth is underpinned by a strong economic vision, strategic planning and long term partnerships with State partners, creating a world-class technology and business precinct in Macquarie Park. Rather than simply provide student accommodation and general housing, in early 2000 the City of Ryde identified the potential for an expanded business and technology precinct around Macquarie University and the CSIRO facilities in North Ryde. To realise this potential, the City established a land-use planning framework to attract commercial development and lobbied and negotiated with State partners to support our vision. This resulted in Macquarie Park being identified in the Metropolitan Strategy 2005 as one of the key specialised centres for achieving the State Government’s employment and economic development vision for Sydney.

Initially, this was pursued through strategic re-zoning of land to encourage commercial uses. In 2001 the City of Ryde initiated a master-planning process to boost the growth in Macquarie Park and to ensure that growth was supported with appropriate infrastructure. Working with State partners in planning and transport, as well as the local community and commercial sector, Council developed the Macquarie Park Corridor, North Ryde Master Plan (2004), in concert with the State Government’s then proposed rail link, allowing it’s delivery in 2008.



In 2004 Macquarie Park employed 29,000 people and was growing at a rate of 800 jobs a year. In 2015, thanks to the successful implementation of the City’s Master Plan, Macquarie Park employs over 45,000 people.

Council has remained focused in delivering its original vision nurturing the precinct, resisting any proposals that would compromise the economic cluster for short term gain through inappropriate development. The City has successfully lobbied the Department of Planning to support the precinct by upholding Council’s vision, protecting against inappropriate planning proposals and by modifying the two neighbouring Urban Activation Precincts, to ensure they deliver appropriate density and the infrastructure necessary to ensure they integrate with Macquarie Park (up to 5,400 new homes in the Herring Rd UAP and 3,000 new homes in the North Ryde Station Precinct). Simultaneously, Council has continuously refined its planning controls to adjust to emerging markets and has strategically marketed the precinct to attract investors who share the City of Ryde’s vision for Macquarie Park.

In recognition of the City of Ryde’s success in planning and delivering growth, Macquarie Park has been recognised in the Department of Planning and Environment’s planning framework for metropolitan Sydney, ‘A Plan For Growing Sydney’. In this key strategic document, Ryde is identified as a centre for urban renewal and Macquarie Park is identified as a specialised centre in the Global Economic Corridor. This brings the State framework into line with the City of Ryde’s plan for growth, further supporting our capacity to deliver on employment and housing growth goals.

This striking example of successful strategic land use planning is an excellent demonstration of the City of Ryde’s strategic capacity, visionary leadership, its highly skilled joint strategic planning ability and is evidence of our role as partners in the system of government.

Strategy and Vision - Economic Development

In 2009 the City of Ryde embarked on an ambitious program to enhance the economic wellbeing of the region with Council’s Economic Development Strategy. This strategy committed Council to the goals shared by it’s State and Federal partners with a focus on enhancing the Global Economic Corridor, encouraging new economic activities, reducing red-tape, and providing the conditions for competitive private enterprises to flourish.

Under this strategy we delivered continued economic growth in Macquarie Park, creating a globally recognised employment and education centre. We have attracted world-class businesses such Microsoft, Johnson & Johnson, and Cochlear to Macquarie Park and the precinct is well on track to become Australia’s fourth largest CBD by 2030 behind Sydney, Melbourne and Brisbane. We approved significant redevelopment to further grow the retail sector approving over \$800 million worth of redevelopment in Top Ryde over the last decade as well as a \$440 million re-development of Macquarie Centre, to make it the largest suburban shopping centre in Sydney attracting a host of new retailers. And the City of Ryde is actively attracting new business to the State, delivering a globally recognised brand for Macquarie Park with the Macquarie Park website and the Macquarie Park Prospectus. www.macquariepark.com.au



Macquarie Park to Parramatta Light Right Symposium (L-R) Prof Richie Howith, Ryde Mayor Bill Pickering, Parramatta Lord Mayor Scott Lloyd, Member for Bennelong John Alexander, Dr Michelle Zeibots UTS Institute for Sustainable Futures, Damien Tudehope Member for Epping, Vaughan Paul Vice President Human Resources OPTUS.

Collaboration and Influence

The City of Ryde has cultivated a reputation as an innovative and effective partner that can deliver results; this strength is effectively used by Council to deliver significant benefit to the community. The City maintains a number of significant and productive partnerships both locally and regionally to deliver a range of broad strategic outcomes as well as specific projects and initiatives.

Council works alongside key stakeholders to positively influence change; adopting a leadership role and facilitating partnerships between like-minded organisations to achieve economic development outcomes. Our Economic Development Advisory Committee and our Macquarie Park Forum bring together key strategic staff and stakeholders from the commercial and business community across the City of Ryde to collaborate in the implementation of the City's Economic Development Plan, shape our marketing, develop new services such as the Ryde Jobs and Skills Expo, and to guide the delivery of infrastructure upgrades that enhance and grow our Town and Neighbourhood centres.

Council continues to drive the agenda on transport and infrastructure matters and the provision of infrastructure for Macquarie Park, negotiating the delivery of key regional infrastructure upgrades, with developers and State agencies. Council is leading the agenda for connecting Macquarie Park to Parramatta with a new Light Rail Corridor, convening a highly successful Light Rail Symposium and ensuring the proposed Western Sydney Light Rail network supports the growth of the City of Ryde and Macquarie Park. (https://www.youtube.com/watch?v=a1zmeh_R03c)

The City of Ryde is taking the lead on these key issues as it has the capacity, expertise, and reputation to bring the relevant partners to the table and to achieve practical and deliverable outcomes.

The Macquarie Futures Memorandum of Understanding between Macquarie University and the City of Ryde harnesses the research capacity of the University as a strategic asset for the City's pursuit of the goals identified in its Community Strategic Plan. It provides the framework for an enduring "town and gown" relationship of international standing consisting of research partnerships (such as the Personal Mobility Devise (PMD) project), shared project management resources, and co-funded projects.

The very successful, Light Rail Symposium was held at the University, and the University has set up the Transport and Logistics Open Network, with the City of Ryde submitting a funding request to leverage the network's research capacity to assist with the delivery of key infrastructure required for the two Urban Activation Precincts in the City of Ryde.

Our strategic capacity and track record in bringing the sector together has assigned the City of Ryde a pivotal role as partner for NSW government agencies and community organisations pursuing collective goals and measurable social impact. In 2015 the City is partnering with the Department of Family and Community Services in piloting an innovative, world class early intervention program to identify youth at-risk of homelessness, school dropout and other interrelated issues.

City of Ryde is recognised as a leader in the community development sector for its progressive approach to social policy and its ability to find innovative and collaborative solutions to complex social problems. Recently, Department of Premier and Cabinet invited City of Ryde to be a trial site and a lead partner in their initiative to formalise community access to Government Owned facilities across the state.



The Ryde
Planning and
Business Centre -
a one stop shop for
developers and businesses
where expert staff provide
one on one assistance to
facilitate development
and business
outcomes.

The City supports the NSW Government through its investment in the non-government sector to achieve better services and results for individuals and communities. Council works closely with large and small community organisations on collaborative projects, provides community hubs that facilitate integrated service provision, and through its development programs assists in building the capabilities and capacities of the sector to tackle social challenges and achieve better social outcomes.

Our proven willingness and capacity to deliver growth, development, and infrastructure make the City of Ryde a reliable strategic partner with established and highly productive relationships with commercial and government partners.

Recognising the need for a successful second commercial centre to augment Sydney's CBD, the City of Ryde developed its Macquarie Park Corridor Master Plan (2004). This document provided the structure and strategy that has allowed the delivery of a thriving commercial centre, supported by the Metropolitan Strategy developed by the Department and released the following year (2005), as well as by a series of zoning decisions made by Council and supported by the department, the delivery of the new light rail corridor and more recently with the announcements and development of two nearby Urban Activation Precincts to augment the thriving commercial precinct.

Negotiating VPAs with Government and the Private Sector

Since implementing a Voluntary Planning Agreement (VPA) Policy in 2011, the City has negotiated and executed 13 VPAs valued at approximately \$36 million, with a further 8 VPAs currently under negotiation, which are to deliver a further \$38.7 million worth of public benefit to the community. The City of Ryde consistently negotiates agreements and manages developments of significant scale and benefit, commensurate with the scale of development more often found in global or capital city CBDs. In the case of Top Ryde Shopping Centre, the VPA not only delivered a new Library, Business and Planning Centre, and revenue generating floor space, it also included a 99 year lease that requires the developer to maintain \$38 million of contingent assets that would otherwise be a burden to the rate payer. In addition, the City secured the delivery of a number of infrastructure assets that have increased the development potential of our neighbouring Civic Centre site, which the City of Ryde is now moving to realise. This mix of benefits, focused on shifting the burden from the community, and the sheer size of the agreement, in excess of **\$10 million**, is characteristic of the City of Ryde's VPAs.

The City of Ryde's significant track record in negotiating large scale, successful VPAs is evidence of Council's strategic capacity and ability to work with the private sector in an efficient and effective manner. Moreover, the scale of agreements continues to grow, as the City of Ryde's reputation as being 'open for business' is a strong attracter for investment.

Also established a Planning and Business Centre, a one stop shop for developers and businesses where expert staff provide one on one assistance to facilitate development and business outcomes.



Finances and Revenue

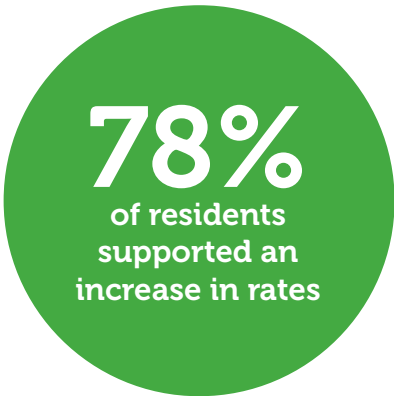
The City of Ryde has long recognised the need to strengthen its revenue base and increase discretionary spending. With this in mind, the City of Ryde initiated a Financial Futures Program in 2013 to review our financial position in the short, medium, and long term and to instigate a considered and holistic approach to financial management and planning. This on-going program encompasses the development and implementation of a number of strategic documents and, importantly, extensive Councillor and Community engagement to ensure the City's financial strategy aligns with the community's priorities. Under this program the City of Ryde has already developed its property and investment portfolios, implemented a Voluntary Planning Agreement Policy, reviewed its Section 94 Contributions Plan, undertaken a number of Best Value Reviews of its operations, received a Special Rate Variation, and managed debt with a view to strategically positioning the City for the future. In addition, an operational review undertaken in 2014 delivered recurrent savings of \$1.9 million per annum by reducing staff costs and operational expenditure.

Since 2011 the City of Ryde developed a number of software solutions to enable integrated strategic planning, performance monitoring, and project management. These systems have improved our budgeting, IP&R integration, corporate performance reporting, annual staff performance reviews, project management, Customer Request Management, HR functions, and Records management. With a focus on streamlining processes through simplification, integration, and useability, systems have been optimised to deliver quality customer services to our community with greater efficiency.

These efficiency gains have also been achieved as a result of the City of Ryde's investment in the skills of its staff.

As part of its improvement program, the City of Ryde up-skilled its managers to improve Council's management quality and capacity. Since the program began (in 2011/2012) 32 managers received Diplomas of Management, 37 staff received Certificate IV qualifications in Frontline Management, and 46 staff received Project Management Diplomas. This has resulted in a culture of disciplined strategic, financial, and project management leadership across the organisation. These efficiency savings have been reinvested into innovative activities, service delivery and further improvements. For example, substantial work has been undertaken in delivering improved eBusiness services to our community with 17 services being activated through smart phone technology in the last year with Council working to build upon this extensively over the next one to three years.





In May 2015 the City of Ryde was granted a Special Rate Variation and inclusive of rate peg, of 7% permanent and cumulative for four years, by IPART. This is the first general rate variation above pegging that Council has received since 1996-7. The strong leadership provided by Council and the extensive Community engagement undertaken as part of our Financial Futures Program saw the SRV application proceed with strong community and unanimous Councillor support. The SRV is part of a broader agreement the City of Ryde undertook with the community in 2010-2011, when after undertaking extensive community consultation, the Council established a new set of goals and strategies, which formed the basis of the City of Ryde's "Outcomes Framework". The SRV confirms that the Ryde community recognises the successful realignment of the organisation around the outcomes it identified and is willing to contribute to the implementation of the necessary strategies we have put in place to deliver on our shared goals.

In conjunction with the City's other efforts to increase and diversify revenue, the SRV will strengthen our revenue base and allow the City of Ryde to deliver a targeted infrastructure maintenance and improvement program that will ensure the City's assets are maintained efficiently.

Community awareness of proposal compared to other Councils



Strategic Management of property Investment Portfolio

While rates are a key component of any council's revenue profile, the City of Ryde resolved to actively pursue a range of other revenue streams to create a more flexible and robust revenue base.

Council has strategically kept its debt ratio low and is poised to leverage its strong financial position to boost the ongoing return from our investment property portfolio. Council has undertaken highest and best-use studies for key sites in its portfolio and identified \$110 million worth of development potential in the short term (12-24 months) with an additional \$260 million in the medium term. It is estimated that Council's investment property portfolio and developments would deliver over \$11 million per annum in ongoing revenue for the City of Ryde when fully constructed. Work is underway to realise this potential, most recently exemplified in the acquisition of a key site to consolidate an existing holding. Council's development of this site in Top Ryde, currently in its initial stages, will realise in excess of \$1 million per annum in recurrent revenue.

This work, in conjunction with the SRV, efficiency gains through Best Value Reviews, Organisational Reviews, and sound operational management, has positioned Ryde to being a strong financial position with a robust revenue base, ability to manage our infrastructure assets sustainably and continue to deliver significant and sustainable growth.

Leveraging opportunity to build community Infrastructure

Over the last five years the City of Ryde's collaborative skills and strategic capacity have attracted over \$25million in grant funds from various State and Commonwealth sources to deliver services and infrastructure of strategic import. In addition to those projects already identified in this submission, works delivered contribute to the National Roads to Recovery Program, regional road and transport upgrades and initiatives, and drainage and catchment management activities that contribute to the strategic goals of the Office of Environment & Heritage.

Most recently, the City of Ryde successfully negotiated a funding agreement with the Department of Planning and Environment for \$6million to construct a 7000sqm regional park in North Ryde. The City identified the opportunity for land acquisition to provide a much needed facility to cater for the growth associated with the North Ryde Station Precinct. We demonstrated the importance of the project and the opportunity for it to be delivered under the Department's Precinct Support Scheme, with the project to be co-funded and delivered using the City's project management capacity, skills and labour.

The City also recently secured funding for the upgrade of a commuter car park facility in Eastwood to support the growth of the Town Centre. With the growth achieved under the City of Ryde's Town Centre Upgrade program, Council was able to demonstrate the need and effectively lobby for funding. Council has established a committee consisting of key local and state stakeholders and will deliver the project on behalf of the State Government.

These are just a few of the many examples that The City of Ryde's status as a credible and capable partner, with the capacity to deliver key regional infrastructure in attracting significant and regular funding from its state and federal partners. This allows the City of Ryde to deliver significant infrastructure improvements and upgrades and no cost to ratepayers.

Livvi's Place All Abilities Playground

Livvi's Place is an all-inclusive playground collaboratively funded and delivered by the City of Ryde in partnership with the Touched by Olivia Foundation. The City worked to bring together stakeholders from all levels of government, community groups, local businesses and identities to successfully fund and deliver this multi-award winning project. The integrated creative design, which includes public art as well as playground equipment, is a benchmark in playground design and attracts an estimated 3,000 visitors every week.

Partners: Touched by Olivia Foundation, Lendlease, NSW Government and Federal Government

Livvi's Place won the 2013 Australian Institute of Project Management's Project Management Excellence Award and was recognised in 2013 NSW Institute of Landscape Architects, winning : NSW Premier's People's Choice Award and NSW Minister for Planning and Infrastructure's Sydney Green Space Award.

CASE STUDY
Scale and
capacity



CASE STUDY

Scale and capacity

Community hubs enable services to collaborate in ways that create efficiencies and benefit the community.

Working on joint projects with joint funding, mentoring and capacity building between the co-located services, and improved referral pathways for clients of this model of operation.

At the West Ryde Community Centre we have already seen the benefits of collaboration, with Relationships Australia mentoring Korean Lifeline - a relatively new and quite specialised service. The sharing of offices, reception and facilities by Relationships Australia, Korean Lifeline and Good Beginnings also creates efficiencies and fosters the sharing of knowledge and experience.



West Ryde Community Hub- Strategic Collaboration with the Private and Community Sectors

The City of Ryde is dedicated to leveraging its skills and knowledge to turn traditionally subsidised services into profitable and sustainable enterprises. West Ryde Community Hub is a prime example of the City's planning and community engagement expertise and the way in which subsidised services can be transformed into profitable enterprises with no additional cost to the user. The West Ryde Community Hub is an \$18million multipurpose community facility delivered at no cost to Council as part of a VPA. It co-locates eight community services dedicated to improving the wellbeing of children and families. The facility replaces three costly ageing assets with a single, purpose-built, low-maintenance asset, which not only increases service capacity and efficiency, but also includes commercial and retail tenancies to help defray operating costs and the depreciation of the building. Rather than expand services by taking on additional staff, Council has provided targeted subsidies, training and mentoring opportunities to encourage not-for-profit service providers to locate in the facility and thereby further minimise the cost to ratepayers. While many Councils have multipurpose community facilities, The West Ryde Community Hub is the only one run at a profit. In 2013/2014 the facility achieved an operating profit of approximately \$300,000.

SKILLS, KNOWLEDGE, INNOVATION

The City of Ryde fosters an environment of innovation, attracting progressive businesses and giving them the confidence and assistance required to pursue new solutions to our future challenges. In April 2015, Federal Industry and Science Minister, Ian Macfarlane MP, officially opened the first hydrogen refuelling station in Australia, located in Hyundai's Macquarie Park Headquarters. This type of cutting-edge innovation is only possible when businesses are unfettered by red-tape and are supported by local regulatory authorities. Indeed, the City is dedicated to pursuing innovative solutions to local and regional issues and to designing the regulatory framework of the future, to anticipate new technologies. In 2012/2013 the City of Ryde, in partnership with researchers from the Macquarie University Transport Group, initiated and conducted a pilot trial of three different Personal Mobility Devices ('PMD') to better understand the implications of future PMD use on pedestrian safety and infrastructure. The trial was one component of a larger project initiated by the City, funded through an Enterprise Partnership Grant, and enabled by a Ministerial Order issued by the NSW Minister for Roads with the endorsement of Transport for NSW. While further trials are needed to explore the full potential for PMDs to be part of an integrated transport solution, the pilot demonstrates the City's capacity for innovation and confirms that we have the vision, the diversity of skills and strength to engage State and regional partners to tackle emerging issues in the future.

Ryde Aquatic and Leisure Centre

The City of Ryde is one of the few Councils with the scale and skills to run a profitable Aquatic Centre. Rather than simply provide a subsidised swimming facility like most other Councils, the City of Ryde has developed the Ryde Aquatic Leisure Centre to be a profitable and environmentally friendly facility. Between 2009 and 2014 the Operating profit delivered by the RALC has been on average approximately \$200,000 per annum. Some of these profits were recently re-invested in the site to simultaneously reduce costs and the environmental footprint of the facility by implementing a Cogeneration Plant to power the facility. As the highest energy-consuming Council owned facility the savings are significant. The City of Ryde successfully sought funding under the NSW Government's Waste and Sustainability Improvement Payments program ensuring the upgrade would be delivered at no cost to ratepayers. Between November 2013 and October 2014 the Cogen plant delivered a 37% reduction in direct electricity costs for the RALC and the 33% reduction in greenhouse gas emissions. Overall, the energy cost saving to the facility is approximately 20% resulting in saving of over \$130,000 per annum (subject to energy pricing).



CASE STUDY
Scale and
capacity



CASE STUDY: MACQUARIE PARK – DEMONSTRATING STRATEGIC LEADERSHIP

In Macquarie Park, The City of Ryde has created a sleek, highly connected hub of research, education, and high-tech industries. It is a nationally significant research and business centre bringing together global innovators and many of the Australia’s Top 100 companies. While other commercial centres struggled with the impact of the Global Financial Crisis and the challenges of delivering sustained growth, by focusing on strategically delivering targeted growth in Macquarie Park, the City of Ryde has achieved strong and steady growth for over a decade, and has also ensured it has the capacity to continue growing in the decades to come. As commercial development opportunities dry up in the CBD, North Sydney and other centres such as Parramatta, the City of Ryde has taken up the slack, implementing the framework to deliver more commercial floor space, attract more businesses, and deliver more infrastructure.

Over the last two decades the City of Ryde has rezoned over 200ha of industrial land to create a thriving business centre. We have also ensured that there is the capacity for ongoing growth by protecting the commercial zoning. Recognising the strategic planning direction set by Council, the State Government designated Macquarie Park as a specialist employment centre in it’s Metropolitan Strategy and positioned

it at the centre of its Global Economic Corridor.

Located approximately 12kms northwest of central Sydney, the precinct provides approximately 850,000sq meters of commercial space making it the State’s second largest CBD. Modelling released by accounting firm PricewaterhouseCoopers in 2014 found that Macquarie Park’s economic output was \$9.1 billion in the previous financial year, having doubled in a decade, making it the 10th biggest location in Australia for economic output.

In 2013 Macquarie Park became the fastest growing Centre in NSW with a growth rate of 6.8%. This is ‘Ryde’s dividend to the State of NSW’

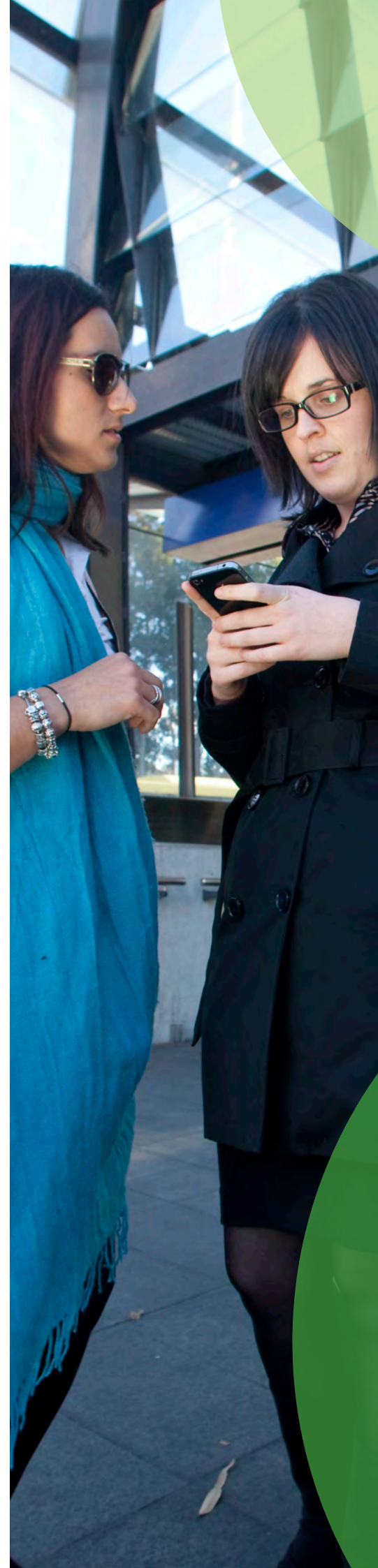
Top Performing Locations by Gross Profit



Location	2012/13
1 Sydney CBD	\$64,208
2 Melbourne CBD	\$55,315
3 Perth CBD	\$28,461
4 Roebourne (WA)	\$24,488
5 Ashburton (WA)	\$24,353
6 East Pilbara (WA)	\$24,168
7 Brisbane CBD	\$23,395
8 Adelaide CBD	\$16,136
9 North Sydney (NSW)	\$10,928
10 Macquarie Park (NSW)	\$9,113

Top 10 as a per cent of total economic output 18.4%

Top performing locations by gross profit. Adapted from source: PWC Report 2014



CASE STUDY

Scale and capacity

 Macquarie University

Macquarie Park

The exemplary growth of Macquarie Park is testament to the City of Ryde's vision and strategic capacity. The City of Ryde has been able to create the second largest CBD in NSW and maintain considerable growth and economic output through varied economic conditions by adopting and maintaining a considered, flexible and practical approach to strategic planning. The City of Ryde is working hard to ensure the ongoing success of the precinct, pushing the agenda for infrastructure upgrades in collaboration with State agencies and the business community via the UAPs and initiatives such as Ryde Council's Light Rail Symposium and the Transport Management Association. Macquarie Park is recognised as a "specialist centre" under the NSW Government's Metropolitan Strategy for Greater Sydney and forms an integral part of Sydney's Global Economic Corridor. To achieve and build on this, the City of Ryde has developed specific planning controls to deliver best practice precinct design and has also created a Macquarie Park Special Levy, which funds approximately \$1m of public domain upgrades and marketing initiatives to support the precinct. Through the City of Ryde's efforts, the precinct is poised to become the 4th largest CBD in Australia and is expected to deliver over 40,000 more jobs by 2031.

“
Macquarie Park is a larger office market than North Sydney and Parramatta.
”

“
Being able to leverage its many advantages is only going to make Macquarie Park more attractive to commercial tenants in the future.
”
GLENN BYRES, NSW EXECUTIVE DIRECTOR FOR THE PROPERTY COUNCIL OF AUSTRALIA

Strategic Land Use Planning

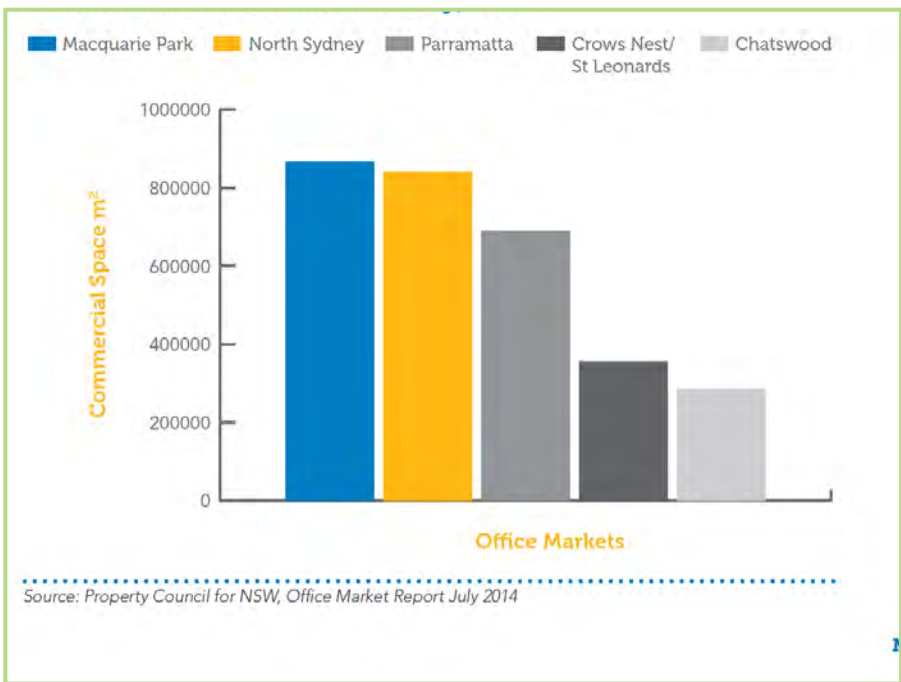
Thanks to the City of Ryde’s visionary rezoning of industrial lands Macquarie Park has the capacity to reach over 2million square meters. The Macquarie Park Development Control Plan provides the detail and certainty developers require to confidently deliver the projects that will sustainably deliver this growth.

In addition, under the Macquarie Park Corridor Planning Proposal incentives are provided for developments that include the implementation of roads and/or parks. This will minimise the financial impact on Council as it continues to upgrade infrastructure and amenity in Macquarie Park to accommodate growth. This will ensure the public domain and infrastructure improvements required by growth in the area will not be a burden on ratepayers, and will instead, be delivered by developers. It works in conjunction with Council’s Development Control Plan to provide a clear framework for the ongoing growth of the precinct.

Macquarie Park Projects

The City of Ryde collects a Special Levy from properties in Macquarie Park, which provides approximately \$1 million per annum, and is re-invested into the precinct through a range of projects. Projects include infrastructure and public domain upgrades, marketing, and transport management initiatives. The City of Ryde also initiated and chairs the Macquarie Park Forum, which is an advisory committee to Council, assisting with the refinement and implementation of the Macquarie Park Master Plan. The forum consists of key Council staff and representatives from the Macquarie Park community and provides input into the allocation of funds from the Special Levy and helps shape some of the projects it delivers such as the Macquarie Park Marketing Plan.

One of the key ongoing projects in Macquarie Park, in addition to the infrastructure and public works program, is the Transport Management Association. Funded from the Levy, in conjunction with Transport for NSW and direct contributions from member businesses, it is the second TMA in Australia and identifies and delivers programs to improve the efficiency of transport in and around Macquarie Park, with a focus on making it easier for employees to commute. It provides live traffic information, liaises with the City of Ryde and Transport for NSW on maintenance issues and scheduling of works, and provides resources to member businesses to assist with setting up sustainable transport options such as carpooling.



The implementation of this DCP will improve vehicular, pedestrian and cycle permeability within the Corridor, as well as improving connectivity to regional open spaces surrounding the Corridor.

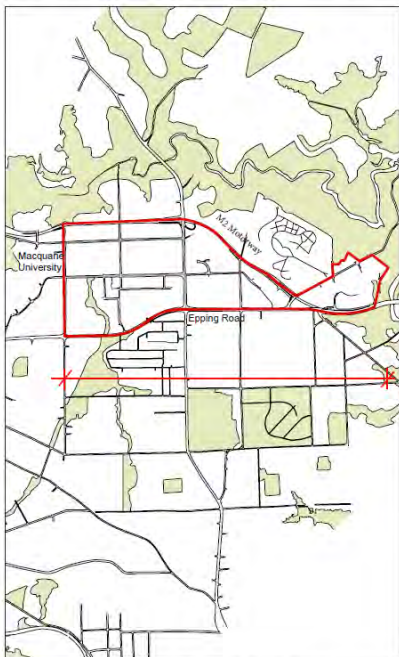


Figure 4.5.03 Macquarie Park Corridor
Macquarie Park DCP – Scale Comparison

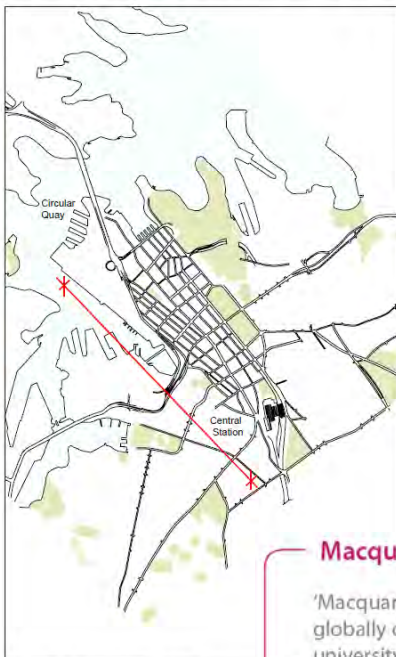


Figure 4.5.04 Sydney CBD

Macquarie Park Corridor Vision

'Macquarie Park will mature into a premium location for globally competitive businesses with strong links to the university and research institutions and an enhanced sense of identity.

The Corridor will be characterised by a high-quality, well-designed, safe and livable environment that reflects the natural setting, with three accessible and vibrant railway station areas providing focal points.

Residential and business areas will be better integrated and an improved lifestyle will be forged for all those who live, work and study in the area.'

Transport Management Association: Connect Macquarie Park + North Ryde

- 3 year pilot July 2011 to June 2015 - Second in TMA Australia (after Melbourne).
- Members include: City of Ryde, Transport for NSW, AMP Capital, BOC, Canon Oceania, Goodman, Hunt & Hunt, Macquarie University, Metcash, Northwest Rail Link, Novartis, Optus, and Ricoh Australia.
- The City of Ryde contributed \$750,000, Transport for NSW contributed \$750,000 and the business community contributed approximately \$100,000
- Delivering: Ride share program, Car share and Travel plan requirements added to planning instruments, liaison between business community and Transport for NSW particularly in relation to the North West Rail link
- Due to the success of the trial, funds have already been committed to its continued operation. Council will provide \$200,000 in 15/16 and the business community's contribution is growing to, in excess of \$150,000.
- While other CBD's have either been stagnant or have only achieved limited growth, the economy of Macquarie Park has doubled over the past 13 years to become one of the top ten CBD contributors to the national economic output.

1 Our scale and capacity

We have diversified our revenue base and continue to develop and enhance income streams beyond our rate income.

- Special Rate Variation.
- Large VPAs and flexible s94 Contribution Plan.
- Profit making enterprises through innovative and collaborative approaches to service delivery.
- Developing our Investment Property Portfolio to improve returns.

We have demonstrated capacity to undertake new functions and major projects.

- Delivering two Urban Activation Precincts
- Creating a world class business precinct with exemplary growth.
- Profit making enterprises such as the RALC and West Rude Community Hub, through innovative and collaborative approaches to service delivery.
- Delivering major developments and simultaneously initiating and undertaking the collaborative delivery of infrastructure upgrades.

We have a wide range of skilled staff, and also maintain key partnerships to provide access to the best and brightest in business and academia.

- Award winning and innovative projects such as Livvi's Place, the PMD Trial, and the West Ryde Community Hub, combining planning, project management, design, policy, regulation, and asset delivery/management.
- Skilled planners delivering high levels of growth and creating a world class business Precinct.
- Macquarie Futures and Macquarie Park Forum leveraging the expertise of highly skilled researchers and business minds from top national and multi-national corporations.

We encourage and deliver projects and outcomes that clearly demonstrate our knowledge, creative and capacity for innovation.

- Innovative projects such as PMD Trial and West Ryde Community Hub.
- Creating a world class business precinct with exemplary growth.
- Profit making enterprises through innovative and collaborative approaches to service delivery.
- Attracting innovative business and establishing partnerships that foster research and innovation.
- Won the 2013 Australian Institute of Landscape Architects's The Premier's People's Choice Award - Livvi's Place
- "A playground in Sydney that caters specifically for children with special needs has claimed the Sydney Morning Herald's Premier's People's Choice Award.
- Livvi's Place was awarded the top spot ahead of five other finalists in the readers' poll that asked 'which addition to Sydney's landscape has done the most to make the city more liveable?' With over 56% of the over 18,000 votes, Livvi's Place has been recognised for its contribution of greenspace, parks and public domain to the liveability of our City.

Advanced skills in strategic planning and policy development.

- Community Strategic Plan and organisation structure focused on outcomes.
- Financial Futures Program to ensure sustainable financial management is integrated across the business.
- Creating a world class business precinct with exemplary growth.
- Delivering major developments and simultaneously initiating the collaborative delivery of infrastructure upgrades.
- Won the 2013 Australian Institute of Landscape Architects's Award for Planning in Landscape Architecture – Children's Play Implementation Plan

“Combining best practices, theory, design standards, and practicality, the Play Plan promotes interaction with the natural environment through play and ensures that the landscape is appropriately integrated with the site.

Effective Regional Collaboration.

- Setting the agenda of key regional issues – growth and infrastructure.
- Attracting funding from a range of government and non-government partners who trust the City of Ryde to deliver.
- Attracting innovative business and establishing partnerships that foster research and innovation.
- Negotiated a Regional Football Centre of Excellence to be based in Ryde; negotiated a partnership with local, regional and State football associations to design and jointly fund a to be based in the City of Ryde.
- Secured community access to TAFE Art Gallery space successful partnership with Meadowbank TAFE
- City of Ryde's Crime Prevention plan named as an exemplar in the State Government's Northern Sydney Regional Action Plan because it of 12 signed Memoranda of understandings with a range of organisations to address safety in City of Ryde.
- City of Ryde has actively participated in NSROC for the benefit of its community; for many years has provided commercial construction waste recycling services to other NSROC Councils through its Porters Creek Recycling Operations.
- Co-ordinated approach to provision of sportsgrounds across the region, including common fees structure and future joint maintenance contract for synthetic surfaces
- Long Standing Joint Library Service with Hunters Hill Council

Credibility for more effective advocacy.

- Setting the agenda of key regional issues – growth and infrastructure.
- Delivering two Urban Activation Precincts
- Large VPAs and flexible s94 Contribution Plan – credible and skilled negotiators delivering significant agreements and benefits.
- Skilled planners delivering high levels of growth and creating a world class business Precinct.
- Attracting funding from a range of government and non-government partners who trust the City of Ryde to deliver – collaboration and shared goals enables effective advocacy.

Capable Partner for State and Federal Agencies

- Setting the agenda of key regional issues – growth and infrastructure.
- Delivering two Urban Activation Precincts
- Attracting funding from a range of government and non-government partners who trust the City of Ryde to deliver – collaboration and shared goals enables effective advocacy.
- Creating a world class business precinct driving regional and national growth.
- FaCS partnership
- **DPC** pilot partnership
- Resources to cope with complex and unexpected change
- Diverse revenue base, healthy reserves and carefully managed debt.
- Skilled staff across a diverse range of disciplines.
- Well-structured, efficient, flexible organisation with sound policy framework.
- Strong leadership.
- Strong and skilled government and non-government partners.

High quality political and managerial leadership

- Setting the agenda of key regional issues – growth and infrastructure.
- Creating a world class business precinct driving regional and national growth.
- Community Strategic Plan and organisation structure focused on outcomes.
- Financial Futures Program to ensure sustainable financial management is integrated across the business.

2 Our current position

2.1 Our local government area

A rich and proud history

The City of Ryde has a rich Aboriginal history, holding strong connections to the traditional owners of the land - the Wallumedegal clan of the Dharug people.

The City of Ryde is the third-oldest settlement in Sydney. The first land grants to eight marines and ten emancipated convicts occurred in 1792, some 223 years ago.

A central, integrated and scenic location

Located in Sydney's central-north, 12 kilometres from the CBD and set in scenic surrounds, we are connected to metropolitan Sydney via:

- A major motorway
- 8 essential state roads
- 7 train stations
- 2 ferry wharfs
- An integrated bus network

We encompass a total land area of about 40 square kilometres, including:

- The global economic Macquarie Park corridor
- The internationally acclaimed Macquarie University
- 2 colleges of TAFE
- 2 major rivers
- 16 suburbs
- 4 town centres
- 29 neighbourhood centres
- 200 hectares of natural areas
- 60 hectares of playing fields
- 207 parks including 99 playgrounds
- 33,000 businesses
- 5 public libraries
- 24 primary schools
- 5 high schools
- 5 hospitals
- 1 aquatic and leisure centre

2.1 Our local government area

A diverse, cultural and inclusive community

A large percentage of our diverse community is born overseas, with more than 42% speaking another language at home other than English.

We are a vibrant City hosting some of Sydney’s biggest cultural events including the Granny Smith Festival (In it’s 30th year) with almost 90,000 people attending to celebrate our proud history and unique community.

The City of Ryde is an inclusive community that plays a critical role in supporting the not-for-profit sector and our self-sufficient community hubs.

A prosperous and growing City

The City is home to 110,000 residents and it plays a key role in the delivery of the goals outlined in the Sydney Metropolitan Strategy. Our economic development, particularly the Macquarie Park Corridor, contributes significantly to New South Wales with an economic output of \$9.1 billion per year. This precinct is master planned to become Australia’s fourth largest CBD behind Sydney, Melbourne and Brisbane.

With over 33,000 businesses, our growing City is predicted to create over 21,000 new jobs, amounting to around 80,000 people working in our City by 2030. Currently 22% of our workforce live and work in Ryde, this is expected to rise significantly as people seek opportunities closer to home.

The City has currently over 41,000 dwellings, with targets set by the State for an additional 12,000 dwellings by 2030. The shift is moving towards one-person households and is predicted to account for over 30% of all housing in Ryde by 2030.

A strategic and sustainable organisation

The City of Ryde Council manages 150 services, \$2.5 billion of assets, and an annual budget in excess of \$136 million.

Community involvement and engagement is at the heart of good governance and we ensure that our strategic direction meets the aspirations of our local community with a strong Integrated Performance and Reporting framework and long-term planning that is well-known amongst our peers and industry.

As an organisation we have formed collaborative partnerships across all levels of government, our educational institutions and a multitude of not-for-profit sector and private sector organisations. These partnerships have helped to deliver results against agreed strategic outcomes and place us favourably for a sustainable and fit future.

2 Our current position



2.2 Key challenges and opportunities

The below table summarises some of the key challenges and opportunities faced by the City of Ryde

Strengths		
<p>Council's Own Source Operating Revenue Ratio has been above the benchmark in the last three years indicating Council's financial flexibility.</p> <p>Council has had adequate liquidity as identified by an Unrestricted Current Ratio above benchmark.</p> <p>Community Strategic Plan and organisation structure is focused on delivering outcomes and this filters through all our IP&R documentation.</p> <p>In May 2015 the City of Ryde was granted a Special Rate Variation of 7% permanent and cumulative for four years, by IPART.</p> <p>City of Ryde initiated a Financial Futures Program in 2013 to review our financial position in the short, medium, and long term and to instigate a considered and holistic approach to financial management and planning.</p> <p>Under this Financial Futures Program, the City of Ryde has already developed its property and investment portfolios, implemented a Voluntary Planning Agreement Policy, reviewed its Section 94 Contributions Plan, undertaken a number of Best Value Reviews of its operations, received a Special Rate Variation, and managed debt with a view to strategically positioning the City for the future.</p>	<p>An operational review undertaken in 2014 delivered recurrent savings of \$1.95 million per annum by reducing staff costs and operational expenditure.</p> <p>Since implementing a Voluntary Planning Agreement (VPA) Policy in 2011, the City has negotiated and executed 13 VPAs, valued at approximately \$36 million, with a further 8 VPAs currently under negotiation, which are to deliver a further \$38.7 million worth of public benefit to the community.</p> <p>The City of Ryde has been the region's most consistent and best performer in terms of residential and commercial growth over the last decade, with Macquarie Park overtaking North Sydney as the second largest business district in NSW. Macquarie Park has the capacity for an additional 1.15m square metres of commercial floorspace allowing sustainable growth into the future.</p> <p>Grants obtained from 2011/12 - 2014/15 to deliver services/ infrastructure reducing the burden on rate payers:</p> <ul style="list-style-type: none"> • RMS Grants capital works: \$3,798,743 • Total other grants: \$22,183,474 <p>Council has involvement with other regional bodies as well, such as SSROC and SHOROC on procurement matters.</p>	<p>Council is partnering with other NSROC Councils in a regional tender for the Disposal of Waste.</p> <p>Council has again entered into an arrangement for the procurement of Large and Small market electricity and large market Gas supplies through SSROC.</p> <p>City of Ryde for many years has been providing services to other NSROC Councils through its Porters Creek Recycling Operations. Construction Waste is received, recycled and sold back to neighbouring Councils. This is undertaken on a commercial operation basis in which addressed revenue received by Council.</p> <p>Also under Operation's External Works programs, services are being provided to Hunters Hill Council (Gladesville Town Centre) and other Government Authorities (Ferry Wharves), where services are low risk and high return.</p> <p>City of Ryde has a high level of engagement with its community.</p> <p>After a review and market testing exercise Council instigated a split between contractors and day labour (55% contract 45% in-house) in our approach to service delivery. This split provides for flexible and efficient service delivery, with specialist non-core services contracted out to achieve better quality and value and core activities undertaken in-house in accordance with our strengths.</p>

2.2 Key challenges and opportunities

Opportunities

Council has the capacity to undertake additional borrowings.

Council's financial flexibility as indicated by the Operating Ratio and Own Source Operating Revenue Ratio is generally in line with the group average.

Council has more relative capacity to utilise further borrowings than the group average as it has a stronger DSCR and Interest Cover Ratio.

Council is in a sufficient liquidity position and is above the group average liquidity level with all funds held within cash and cash equivalents as opposed to investments.

Recognising that greater housing supply is required to deal with predicted growth levels in Metropolitan Sydney, the City of Ryde is delivering housing at a rate that will exceed the NSW Department of Planning's targets.

Council is also securing future growth through the Macquarie Park Master Plan and the Macquarie Park DCP. Under these plans, Macquarie Park is set to double in size over the next 20 years, to become the fourth largest CBD in Australia.

In 2009 the City of Ryde embarked on an ambitious program to enhance the economic wellbeing of the region with Council's Economic Development Strategy.

Council has the capacity to further develop our Investment Property Portfolio with the potential for \$110m worth of development in the short-term and a further \$260m in the medium-term which would deliver \$11m in revenue per annum.

Council has been very active in improving our information systems to improve Customer Service delivery, and improve productivity.

Introduction of a Joint Regional Authority with Lane Cove and Hunter's Hill Council's to deal with Sub Regional Planning and procurement to enhance the subregion's scale and capacity.

Overhead Allocation Model project to give more accurate costing for our fees and charges.

2.2 Key challenges and opportunities

Weaknesses

The Council reported \$78.9 millions of Infrastructure Backlog in 2012 which represents 8.8% of its infrastructure asset value of \$896.6 million.

Council's reported backlog has remained at a similar level since 2009.

Cancellation of the Civic Centre redevelopment added to the Infrastructure Backlog total as the upgrade costs of the Civic Centre were not included in the Backlog total in 2012 on the assumption that the Civic Centre was to be replaced.

Asset maintenance funding has been on a downward trend, decreasing below the benchmark and group average in 2012. Asset renewals have been below benchmark since 2010 but increased above the group average in 2012.

Council's Capital Expenditure Ratio is marginally above the group average however they have a comparatively high level of Infrastructure Backlog.

Threats

Legislative changes by State and Federal Governments.

Impacts of interest rate movements, reducing investment income or increasing interest rate liabilities.

Managing sustainable growth whilst still trying to satisfy community expectations.

Impact of growth and development on the environment and traffic congestion

Increasing costs for assets and infrastructure.

Possibility of forced amalgamation of Councils.

2 Our current position

2.3 Performance against the Fit for the Future benchmarks Sustainability

2.3 Sustainability benchmarks				
Measure/ benchmark	2013/2014 Performance	Achieves FFTF Benchmark?	Forecast 2016/2017 Performance	Achieves FFTF Benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-0.004	No	0.017	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	77%	Yes	93.3%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	96.9%	No	130.5%	Yes

2.3 Performance against the Fit for the Future benchmarks

Infrastructure & Service Management

2.3 Infrastructure & Service Management benchmarks				
Measure/ benchmark	2013/2014 Performance	Achieves FFTF Benchmark?	Forecast 2016/2017 Performance	Achieves FFTF Benchmark?
Infrastructure Backlog Ratio (Less than 2%)	8.48%	No	3.63%	No Meet by: 2019-20 1.48%
Asset Maintenance Ratio (Greater than 60% average over 3 years)	95.48%	No	112.95%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0.68%	Yes	1.10%	Yes

If the Fit for the Future benchmarks are not being achieved, please indicate why.

Infrastructure Backlog Ratio

City of Ryde measures backlog as those Assets that are “overdue for renewal”, being the assets that have reached Condition 5, and are not programmed for renewal due to insufficient funding. Council has reviewed its assets and their useful life based for funding levels for future renewals, and has used the actual age at which Council would renew the asset, and not the design life of the assets.

For Road Pavements which represents the largest infrastructure asset type, this has meant that the useful life has changed from 25 years to 45 years, with full failure (closure or removal from service) at 50 years. Therefore a section of pavement becomes “due for renewal” at 46 years of age, and if not programmed for renewal by that age, it becomes part of any backlog.

Council’s backlog of Condition 5 assets at 30 June 2014 was \$29.0 million, which is expected to be \$12.9 million at 30 June 2024. This takes into account those assets that are Condition 3 and Condition 4 that will degrade over the next nine years and become due for renewal.

Council has determined that this is an acceptable level of backlog.

Debt Service Ratio

The above results are based on Council’s 2014-24 LTFP and do not include a decision of Council to use borrowings to develop four of its investment properties over four years. This level of borrowing will be reflected in Council’s 2015-2025 LTFP. Council has listed development of an Infrastructure Funding Strategy, inclusive of a Borrowing Policy, as a priority in its Improvement Plan.

2 Our current position

2.3 Performance against the Fit for the Future benchmarks Efficiency

2.3 Efficiency benchmarks				
Measure/ benchmark	2013/2014 Performance	Achieves FFTF Benchmark?	Forecast 2016/2017 Performance	Achieves FFTF Benchmark?
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	0.720	Yes	0.722	Yes

2.3 Performance against the Fit for the Future benchmarks

Assumptions Underpinning Council's Benchmark Results.

City of Ryde's benchmark results are based on Council's adopted 2014-2024 Long Term Financial Plan (LTFP) including the SRV application which was approved 19 May 2015, and was independently reviewed by Council's external Auditors Pricewaterhouse Cooper (PwC). The LTFP and the assumptions underpinning its calculations are attached.

Council has taken a conservative approach to the assumptions in the LTFP which are outlined below. The Improvement Plan includes a number of strategies to assist Council in continuing to improve its performance, to ensure that the City of Ryde meets or exceeds the benchmarks.

Key points to note in interpreting Council's results are:

- The forecasts do not include any future Section 94 contributions. In the past 3 years Council has averaged \$11.61m per annum in actual contributions
- As part of Council's ongoing program of improvements, a forecasting model for Section 94 is under development and will be applied in 2015-16 allowing a prudent approach to budgeting for future Section 94 contributions in the LTFP. These forecasts will be based on the relevant variables such as the planning framework, existing housing stock, growth rates, and a range of other factors

- No increases have been made to the value of Council's assets and are maintained at 2013-14 levels. Given past trends we expect that the value of assets will increase over the 10 year period. This increase will have a positive result on Council's performance against the Infrastructure benchmarks. Once Council's asset depreciation modelling is finalised to enable tracking the movement of assets through condition ratings, Council will revise its forecasting of asset values into the LTFP. We expect this to occur within the Improvement Plan period
- Depreciation is forecasted by indexing 2013-14 results over the long term. With Council's significant infrastructure renewal focused capital works program, it is expected that depreciation will decrease (or at the very least remain constant) over the next 10 years as a result of the movement of assets back to satisfactory conditions. Once Council's depreciation forecasting model is finalised the LTFP will be adjusted. We expect this to occur within the Improvement Plan period.

Council notes that when comparing the 2014-2024 LTFP, the 2013-14 Financial Statements and the FFTF benchmark result calculations, there appears to be some inconsistency. For clarity the following explanation is provided:

1. In the LTFP, the Debt Service formula excludes all grants and contributions, including Operating grants, whereas the FFTF Debt Service formula only excludes Capital grants.
2. In the Financial Statements 2013-14 the Depreciable Land Improvements, Swimming Pools and Open Space Infrastructure were not included in Special Schedule 7. This was an error which was identified as part of the independent review of Council's FFTF benchmark results, undertaken by PwC and has been adjusted for future statements.
3. Prior to refinement of Council's asset management plan and sub plans in 2014-15, Council had been calculating backlog based on assets in Conditions 4 and 5. As outlined later in this document Council reviewed its Asset Management approach after receiving expert advice from PwC and Jeff Roorda and Associates. In 2013/2014 Council defined its backlog as those assets that are rated 5 and 'considered at the risk of failure or failed' an dare overdue for renewal.

4. The formula underpinning Council's backlog projections is based on the \$29 million in backlog calculated in 2013-14 and adding the value of 20% of Condition 4 assets, less the amount allocated for asset renewals. Council plans to develop a more accurate forecasting model as part of its strategic asset capability improvement plan.
5. Council notes that the Financial Indicator results produced in its SRV application in February 2015, were based on Council's unrestricted general funds rather than the consolidated financial results. Council's performance against the FFTF benchmarks calculations are based on consolidated financial results.

The following assumptions have been used in the preparation of the financial expenditure and revenue figures for the LTFP, based on the original budget for 2013/2014 as the starting point, indexed together with additional adjustments made, depending on budget bids and other known factors.

Revenue Forecasts

Rates and Annual Charges Revenue

- Rate pegging depends upon determination of IPART but has been loosely correlated with the CPI from the previous year over the last 10 years. Council has used the approved rate peg of 2.30 percent for 2014/2015, 7.00 percent for 2015/2016 to 2018/2019 and a conservative 2.60 percent increase per year thereafter.

Total Additional Rates - All additional rating income above the normal rate pegging amount, that is approved as part of Council's SRV application will be raised as a Special Rate, and unspent funds will be restricted to an Infrastructure Renewal Reserve.

Efficiency Savings - \$2.5 million, from 1 July 2015 has been projected in to the LTFP, as a result of internal savings across Council's operations. This is made up of \$1.9 million in expenditure savings and \$0.6 million in additional revenue.

Domestic Waste Charges - Council has estimated an increase of 5% for 2014/2015, 15.00 percent for 2015/2016 and 5% increase per year thereafter.

Macquarie Park Special Rate -

Council has estimated an increase of 2.30% for 2014/2015, and a conservative 2.60 % increase per year thereafter. Any funds not utilised for works in that area are transferred to a reserve and held there until used for that specific purpose.

Investment Income - The return on the investments of Council is based on maintaining approximately the same level of investments. It is based on the original budget for investment income in 2013/14. Better metrics around the amount of investment income generated, will be modelled in future iterations of the LTFP. The projections are based on CPI index increases.

Operating Grants and Contributions

- The operating grants and contributions are based on the known recurring grants that Council receives each year for items under the Base Budget. Funding from Non-Capital Projects has only been included for the duration of the project.

Capital Contributions - Capital contributions have only been included where they are known or certain. Section 94 contributions have not been budgeted, as Council now only brings them to account when received. Projected works for the first year in the operational plan only include expenditure to the equivalent of the funds received to date and on hand.

No increase in capital contributions has been allowed in the LTFP. The following are the known amounts of contributions for the capital works that have been allowed in the delivery plan.

Borrowings - Council’s annual funding shortfall is a result of a deficiency of annual revenue. While borrowing is always a funding option, loans would not resolve the Council’s on-going annual funding shortfall. Council has utilised loans for ‘lumpy’ renewals, such as buildings and it is proposed to maintain that position. Council also had identified the use of loans for one off acquisitions, funding developments in its investment property portfolio or for subsidised loans under the State Government’s Local Infrastructure Renewal Scheme.

Sale of Assets - Due to the City of Ryde’s limited asset base, Council had adopted the position to not sell its assets. Rather, it is planning to redevelop its investment portfolio to increase its annual revenue from the leasing/rental returns. Council believes taking this approach will result in reducing its dependency on rate income, acknowledging that this will be achieved in the medium to long term.

Reserves - Externally restricted reserves will grow over the period of the LTFP, from \$17.39 million as at 30 June 2015 to \$21.56 million as at 30 June 2022. The majority of growth belongs to the Macquarie Park Special Rate, as the full scope of works under that special rate have not yet been determined, so the funds are projected to be put aside until the exact works are identified and have been endorsed.

Expenditure Forecasts

Employee Costs - Council has used the negotiated Award change, 3.25% for 2014/2015 and has estimated an increase of 2.60 percent per year from 2015/16 onwards.

Material and Contracts - Council has estimated an increase of 3% per year for 2014/2015 and 2015/16 and a conservative 2.60 percent increase per year thereafter. The increase is no higher than the CPI index, as Council needs to find productivity gains from the resources consumed by Council, as a significant proportion of expenditure related to construction and oil-based products such as the bitumen used in sheeting roads. Council cannot continue to allow costs such as these to continue to spiral out of control, and has to limit their increase, which may result in a reduction of the level of service provided by Council.

Borrowing Costs - The outstanding loans as at 30 June 2014 are projected to be \$6,604,838. The interest payable based on the commitments for the current outstanding loans will be down to \$228,000 by 2023/24.

Depreciation - Depreciation has been estimated in 2014/2015 at \$15.08 million rising to \$21.07 million in 2023/2024. This is down from the 2013/2014 budgeted amount of \$21.20 million. When the Asset Management Plans are fully developed and more accurate depreciation forecast will be undertaken. Better forecasting of depreciation underpins one of our actions to achieving our first strategy. 1.1 Council maintains stringent control over its operational costs over the 2016-2020 period. Further commentary of how we aim to achieve this is detailed below.

Insurance - Council has estimated an increase of 4.00 percent for 2014/2015, and a conservative 2.60 percent increase per year thereafter.

IT Licensing Costs - Council has estimated an increase of 4.00 percent for 2014/2015, and a conservative 2.60 percent increase per year thereafter.

Contractors (Concrete Works and External Roadworks) - Council has estimated an increase of 6.00 percent per year for 2014/2015 and 2015/14 and a conservative 2.60 percent increase per year thereafter.

Electricity - Council has estimated an increase of 8.00 percent for 2014/2015, 5.00 percent for 2015/16 and a rolling percentage each year, with a sharp increase every four years of 8.00 percent in the year that Council comes off the latest contract.

Street Lighting - Council has estimated an increase of 8 percent for 2014/2015, 5 percent for 2015/16 and a rolling percentage each year, with a sharp increase every four years of 8 percent in the year that Council comes off the latest contract.

Capital Works Program - The capital expenditure has been projected from the budget for the 2014/2018 Delivery Plan. The Infrastructure and Building Renewals expenditure is approximately \$7.69 million per year and Other Renewals, Expansion or New Works is \$9.56 million per year (due to funding sources), giving a total of \$17.25 million per year, on average over the next 10 years.

Reserves - What this shows is that on the present rate of spending on operating and capital works the level of internally restricted reserves will increase from \$42.13 million as at 30 June 2015 to \$58.75 million as at 30 June 2022, with some reserves being overspent and funded from other reserves as internal loans.

Better forecasting of depreciation

Depreciation was revised for the 2013/2014 financial year, which resulted in a decrease of approximately \$2.5 million for 2013/2014 from the previous year, and a reduction over the original budget of \$4.68 million.

As per the Financial Statements we said:

“As at 30 June 2013 Council had revised the useful lives of its Infrastructure and Building assets and their remaining lives, effective 1 July 2013”.

Council has also moved to a condition basis for calculating the depreciation, which determines the remaining useful life, based on its condition. To support this, Council has also commenced a rolling inspection of its infrastructure assets, plus reviews as part of its ongoing maintenance works, so that condition data is kept as current as possible.

Whilst this is not true “condition based” depreciation, Council has adopted a new method of depreciation, by breaking each of its asset categories into five condition ratings. Within each of these condition ratings, Council has reviewed and determined both the useful life and loss of future benefit, while the asset traverses through that condition rating. Therefore, while in each condition rating the asset will have a straight line depreciation, which will increase as the condition rating increases.

Condition 5 represents those assets that are due for renewal, but are still in service, so will hold a residual value until renewed.

Depreciation is no longer a representation of the inter-generational funding that is required for asset renewal, this funding model is represented by a straight line depreciation over the useful life to the intervention point, being the end of Condition 4.

For the purpose of the LTFP, we simply take the current known depreciation and use an Index for this. The reasoning behind this is that as Assets age, they move from Condition 1 to 2, from 2 to 3, from 3 to 4 and so on. As the condition rating decreases, i.e. the condition number increases, the cost of depreciation increases as the asset deteriorates quicker.

Council needs to develop a more comprehensive model for both depreciation and maintenance that will predict the movement in depreciation and maintenance requirements, so that we have a better basis on which to predict both of these.

There will be an improvement in the Operating Performance result when better modelling is available, as depreciation has been indexed, as a conservative measure. The modelling will result in a decrease in depreciation cost.

3 Fit for our Future

Sustainability

3.1 Fit for the Future Sustainability

Summarise your Council's key strategies to improve performance against the Sustainability benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

The journey for City of Ryde's financial sustainability began many years ago. Council engaged Morrison Low, independent consultants to undertake a review of its assets and the funding needed for those assets in 2006, resulting in Council developing a Long Term Financial Plan. This was based on the level of expenditure required to fund asset maintenance and renewal and in 2006, the shortfall of funding was identified as between \$8 million and \$10 million. Council then began a series of structural changes, technology improvements and a program of best value reviews; engaged with the community and the elected representatives to set a vision for the City and develop commensurate measures to address both the vision and the organisation's financial sustainability. In short, the organisation reengineered the way it did business, embedding flexibility, internally aligning its operations with the Community Strategic Plan, Delivery Plan, Operational Plan, personal performance plans and supported by a suite of performance measures and aligning externally with State Government's priorities and plans. At this time Council focused significantly on its assets and their management.

Then in March 2013, the NSW Treasury Corporation (TCorp) undertook a review of Council's financial sustainability and rated Council as 'Sound' with a 'Negative Outlook', due to the lack of sufficient annual funding for asset renewal. Council accelerated its Asset Management efforts to identify the amount of the short fall in funding, its asset renewal and maintenance priorities, documenting in detail the condition of its assets and adopting;

- 1) a more sophisticated life cycle based funding model for asset renewal and maintenance and
- 2) an asset condition based accounting and management model.

Council also increased its focus on cost containment strategies. In the formulation of Council's Four Year Delivery Plan and One Year Operational Plans since 2012, Council had introduced very tight budget measures to ensure Council's operations and service delivery are delivered at 'best value for money'. Imposing a strict budget framework towards a 'zero base' budgetary approach, resulting in 0% increases in discretionary budget areas and requiring all project expenditure to be deleted from Council's Base Budget and requiring a Business Case, to justify all projects (Capital and Non-Capital).

In 2013/14 in addition to the budgeting initiative, Council undertook:

- Review of Council's structure and reducing Council Budgeted FTE. This was undertaken throughout the 2013/14 year with positions not being replaced. 14 positions have been deleted from Council's establishment and were brought to account in Council's September Quarterly Review, presented to Council at its meeting 25 November 2014. The ongoing annual saving is \$1.5 million. This reduction in FTEs has reduced Council's FTE to 473, which is under levels Council had back in 2009.
- Best Value Reviews of key business processes. i.e. Development Application Process, Communication and Events functions.

To supplement the salary savings Council has also reduced its operating costs by \$0.4 million from its Base Budget. These efficiency gains have allowed council to direct these funds to additional asset maintenance.

In 2014, Council commissioned Pricewaterhouse Coopers (PwC) to undertake a review of its Long Term Financial Plan (LTFP) and overall financial performance compared to other similar sized Councils. PwC was also requested to confirm if the amounts quoted as the annual shortfall of funding were accurate. This review confirmed the TCorp assessment and the need for additional annual funding of \$10 million (\$2 million for maintenance and \$8 million for renewal). PwC also went on to say that Council should look to increase its revenue through an Special Rate Variation (SRV), as it was competitive to all key expenditure indicators when benchmarked to other Councils, and recommended not to further reduce Council's expenditure.

After a 13 month community engagement process, Council subsequently applied for and was successful in attaining a SRV of 7% (inclusive of the rate peg) over four years, which would address Council's infrastructure renewal and backlog. The additional funds raised are budgeted for asset renewal using today's service levels as the benchmark. On 19 May 2015 the SRV was approved.

Council's FFTF Strategies

As a result of the work Council has undertaken to date, it will be fit for the future and is able to meet the FFTF benchmarks. Council's focus over the FFTF Improvement Plan will be to maintain its strategies, implement the SRV priorities and to undertake strategies that will safeguard its long term future.

Therefore Council's Improvement Plan across all 3 sets of benchmarks focuses on Stringent Cost Control, monitoring and controlling service levels, identifying non-rate sources of revenue, adopting a long term infrastructure funding strategy (including use of borrowing, user pays strategy and monetising assets), refining its modelling for depreciation, maintenance and renewal, setting service level standards with the community for non-civil assets and continuing a program of continuous improvement.

Council expects that the outcome of its Improvement Plan will be to meet the FFTF benchmarks over the 10 year horizon and in particular build the capacity to manage, maintain and renew its assets over their life.

Explain the key assumptions that underpin your strategies and expected outcomes.

Council’s work to date in cost containment, review of its operations, asset management and the attainment of a SRV means that Council will meet all 7 benchmarks by the end of the improvement period.

Council’s Improvement Plan will focus on strategies that will:

- Maintain Council’s financial health;
- Underpin Council’s longer term sustainability above and beyond the injection of the SRV

Council’s performance against the FFTF benchmarks is based on its 2014-24 LTFP. Council has taken a conservative approach to the assumptions in the LTFP which are outlined below. The Improvement Plan includes a number of strategies to assist Council in developing prudent forecasting models for traditionally imprecise categories.

These assumptions are very conservative:

- The forecasts do not include potential section 94 funds- in the past 3 years Council has averaged \$11.61m per annum.
- Section 94 funds have been omitted from forecasts due to the unpredictable nature of development. Council expects to finalise a forecasting model for Section 94 in 2015/16 allowing a prudent approach to budget for Section 94 funds in the LTFP.

- The value of assets are maintained at 2013/14 levels- given past trends we expect that the value of assets will increase over the 10 year period. This increase will have a positive result on Council’s performance against the Infrastructure benchmarks.
- Once Council’s asset depreciation modelling is finalised, to be able to track the movement of assets through condition ratings, Council will revise its forecasting of asset values in the LTFP. We expect this to occur within the Improvement Plan period.
- Depreciation is forecasted by indexing 2013/14 results over the long term. With Council’s significant asset renewal capital works program, it is expected that depreciation will decrease (or at the very least remain constant) over the next 10 years, as a result of the movement of assets back to satisfactory conditions.
- Once Council’s depreciation forecasting model is finalised the LTFP will be adjusted. We expect this to occur within the Improvement Plan period.

3.1 Our strategies and outcomes for Sustainability

Objective 1) City of Ryde achieves all Sustainability benchmarks by the end of the 2016-2020 timeframe and beyond			
Strategies	Key milestones	Outcome	Impact on other measures
<p>1.1 Council maintains stringent control over its operational costs over the 2016-2020 period</p>	<p>1.1.1 Council achieves surplus as forecast in the LTFP by 2020</p> <p>1.1.2 Annual Budget Planning Process complete each year</p> <p>1.1.3 Forecasting model developed for depreciation, renewal and maintenance of assets By 2017</p> <p>1.1.4 Investigation into the possibility of outsourcing of services</p>	<p>Council's 2016-2026 LTFP reflects forecasting results and shows an improvement on 2014-2024 LTFP</p> <p>Discretionary spending growth is maintained at 2014/15 levels</p> <p>Contained growth in operating expenditure in line with forecasts in LTFP</p> <p>Continuation and improvement of current budget control and review process including:</p> <ul style="list-style-type: none"> - Indexing control - Central allocation of budgets for Operating and Capital expenditure - Central approval for changes to staff establishment <p>Council's Operating Performance Ratio increases from current 2013/14 result deficit of -0.04 to forecasted surplus of 0.047 by 2020</p>	<p>This strategy has a positive impact on the following strategies:</p> <p>1.2 Increase Council's Own Source Revenue (reduce reliance on rates revenue)</p> <p>2.1 Improve City of Ryde's Strategic Asset Management capability</p> <p>2.2 To meet the benchmark of <2% for Infrastructure backlog ratio by 2020 and beyond</p> <p>2.3 To continue meeting asset maintenance ratio on or above 100% to 2020</p> <p>3.1 Implement following program of continuous improvement by 2020</p>
Strategies	Key milestones	Outcome	Impact on other measures
<p>1.2 Increase Council's Own Source Revenue (reduce reliance on rates revenue)</p>	<p>1.2.1 Development of City of Ryde Property Strategy and adoption by Council</p> <p>1.2.2 Overhead Cost Allocation Project completed to establish 'true' cost of service</p> <p>1.2.3 Planning proposal for advertising signage considered by Council</p> <p>1.2.4 Complete other projects that investigate how council can further raise additional income from sources other than rates including investment property</p> <p>1.2.5 Implement expansion of current external works capability</p>	<p>Council's non rate revenue ratio increases using the 2013/14 results as benchmark</p> <p>Council adopts projects in the 2016-2020 Delivery Plan to develop Council's property investment portfolio</p> <p>Council adopts revenue generating projects in the 2016-2020 Delivery Plan</p> <p>Council adjusts its Fees and Charges taking into consideration the 'true' cost of services in the 2016-2020 Delivery Plan</p> <p>Expanded capacity for external works services. (example cleaning for Hunter's Hill Council in Gladesville)</p>	<p>This strategy has a positive impact on the following strategies:</p> <p>1.1 Council maintains stringent control over its operational costs over the 2016-2020 period</p> <p>1.3 Making strategic use of available funding</p> <p>2.2 To meet the benchmark of <2% for Infrastructure backlog ratio by 2020 and beyond</p> <p>2.3 To continue meeting asset maintenance ratio on or above 100% to 2020</p> <p>3.1 Implement following program of continuous improvement by 2020</p>

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Objective 1) City of Ryde achieves all Sustainability benchmarks by the end of the 2016-2020 timeframe and beyond			
Strategies	Key milestones	Outcome	Impact on other measures
1.3 Making strategic use of available funding	1.3.1 Council adopts an Infrastructure Funding Strategy 1.3.2 Council adopts policy on Borrowing Strategy 1.3.3 Department of Planning considers Council's Section 94A plan by 2016/17 1.3.4 Clearly established and documented Service Levels for assets 1.3.5 Continue to maintain levels of Voluntary Planning Agreement (VPA) outcomes 20% above applicable s94 1.3.6 Council investigates further user of grant funding and subsidies	Council's infrastructure funding strategy and borrowing policy is reflected in the LTFP and Delivery Plan Council adopts use of strategic borrowing to purchase additional income producing assets and to renew key assets Section 94A plan gazetted by Department of Planning or if not approved by the Department of Planning then Council will review its Section 94 Plan Allocation of s94A funding to schedule of priority works Strategic utilisation of grant funding and subsidies for Capital and Non Capital Projects	This strategy has a positive impact on the following strategies: 1.1 Council maintains stringent control over its operational costs over the 2016-2020 period 1.2 Increase Council's Own Source Revenue (reduce reliance on rates revenue) 2.1 Improve City of Ryde's Strategic Asset Management capability 2.2 To meet the benchmark of <2% for Infrastructure backlog ratio by 2020 and beyond 2.3 To continue meeting asset maintenance ratio on or above 100% to 2020 2.4 To develop an Infrastructure Funding Strategy including a Borrowing Policy To develop an Infrastructure Funding Strategy including a Borrowing Policy 3.1 Implement following program of continuous improvement by 2020
Strategies	Key milestones	Outcome	Impact on other measures
1.4 Implementation of Special Rate Variation Asset Works	1.4.1 works identified in SRV application are completed each year 1.4.2 Schedule of renewal works developed for sports-fields and facilities 1.4.3 Asset data is reviewed and updated	Council's Asset Renewal ratio increases from current 2013/14 result of 96.85% to forecasted 122.31% by 2020	This strategy has a positive impact on the following strategies: 2.1 Improve City of Ryde's Strategic Asset Management capability 2.2 To meet the benchmark of <2% for Infrastructure backlog ratio by 2020 and beyond 2.3 To continue meeting asset maintenance ratio on or above 100% to 2020

3 Fit for our Future

Infrastructure and Service Management

3.2 Fit for the Future

Infrastructure and Service Management

Summarise your council's key strategies to improve performance against the Infrastructure and service management benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

City of Ryde will meet all the Infrastructure and Service Management benchmarks by 2019/20, based on Council's work to date in becoming fit for the future (see section 3.1).

Over the Improvement Plan period, Council will concentrate on improving its Strategic Asset Management (AM) Capability. In 2014 Council re-assessed its AM capability using the IPWEA Self-Assessment and reached a score of 40 (an improvement from 19 in 2012). Council intends to reach its desired score of 60 (above Local Government Industry best practice) in asset management by 2020 and the strategies in the Improvement Plan reflect this intent.

To achieve our optimum score in AM capability, we expect to establish service levels and standards in consultation with the community, focusing on parks and reserves, sporting and recreation facilities and community buildings. We expect to refine Asset sub plans to include renewal/maintenance works-schedules and to adopt an AM policy. In this period, we also expect to finalise forecasting models to assist in prudent budgeting of renewal and maintenance and to have adopted a long term infrastructure financial strategy.

Council will, as part of the development of a better asset management modelling, develop metrics for the estimation of asset maintenance and operating costs, aiming to find the optimal balance between spending on maintenance and spending on renewal, to ensure that we do not intervene or renew assets either too early or too late, but just at the right time.

Explain the key assumptions that underpin your strategies and expected outcomes.

Our current situation

The City of Ryde prides itself in providing a high level of customer service to more than 110,000 residents.

The Council is responsible for an extensive range of assets, valued at over \$2 billion. These valuable assets are types of infrastructure used by the community every day. They include land roads, footpaths, drains, cycleways, buildings, parks, playgrounds, sporting and leisure facilities and natural areas. These assets deteriorate over time and require ongoing maintenance or replacement.

Asset Maintenance

In 2013/14, Council undertook trend analysis of maintenance costs over a three year period, and found that, on that basis, there was a shortfall of \$2 million per annum for maintenance. To address this, Council re-directed \$1.9 million of the \$2.5 million efficiency gains it achieved as part of its organisational cost and efficiency savings and to asset maintenance.

How Council rates the condition of assets

- Council's assets are graded 1-5, with the condition 1 'as new' through to condition 5, which is 'considered at the risk of failure or failed'.
- Council's assets' quality service standards are graded 5-1, with 5 being fit for purpose and 1 being not fit for purpose.
- Council defines its backlog as those assets that are rated 5 and 'considered to be at the risk of failure or failed', ie. overdue for renewal.

Use of SRV to fund Assets

With the approved SRV, Council has attained an average annual 7% rate increase for the next four years, commencing 2015/16 (including the rate peg increase of 2.4%), to maintain services at their current level, and provide additional funding for renewing the City's infrastructure. By implementing the Works identified in our 2015-2019 Delivery Plan, that includes our SRV, it will enable Council to bring our infrastructure backlog ratio back within the benchmark of 2% by the end of 2020. We currently forecast the result to be 1.48%.

Improvements in Asset Planning

As part of our Improvement Plan Council is proposing to fund an additional position for four years from 2016-2020 to complete the following:

- Asset Plans and Sub Plans are enhanced to include service standards and long term maintenance, rehabilitation and replacement cost projections and linked to Council's Enterprise Risk Management system
- Development of an Infrastructure Funding Strategy to develop better financial modelling to better target the spend on assets
- Asset Management Strategy and Policy continually reviewed and refined as part of IP&R process
- Identification of acceptable/satisfactory asset service standards
- Create and implement metrics to ensure maintenance of service standards to identified levels
- Community Consultation of expected service levels
- Community satisfaction with service levels to inform the next Community Strategic Plan review.

This work will underpin City of Ryde's ability to manage its assets sustainably into the future and will ensure Council meets all the Infrastructure and Service Management benchmarks in the long-term. By the end of this Improvement Plan period, we will have further improved our resourcing strategy, our ability to gather more accurate data and established reliable modelling to monitor our assets and keep them to the expected service levels that our community desires.

3.2 Our strategies and outcomes for Infrastructure and Service Management

Objective 2) City of Ryde achieves all Infrastructure and Service Management benchmarks by the end of the 2016-2020 timeframe and beyond			
Strategies	Key milestones	Outcome	Impact on other measures
2.1 Improve City of Ryde's Strategic Asset Management capability	2.1.1 Council funds additional resources to complete update of Asset Plans and Sub Plans and to complete Infrastructure Financial Funding Strategy in 2016/17	City of Ryde improves Asset Management Capability score from 40 (2014 state) to 60 (desired state) by 2020	This strategy has a positive impact on the following strategies: 1.1 Council maintains stringent control over its operational costs over the 2016-2020 period 1.3 Making strategic use of available funding 2.1 Improve City of Ryde's Strategic Asset Management capability 1.4 Implementation of Special Rate Variation Asset Works 2.2 To meet the benchmark of <2% for Infrastructure backlog ratio by 2020 and beyond 2.3 To continue meeting asset maintenance ratio on or above 100% to 2020 2.4 To develop an Infrastructure Funding Strategy including a Borrowing Policy To develop an Infrastructure Funding Strategy including a Borrowing Policy 3.1 Implement following program of continuous improvement by 2020.
	2.1.2 Asset Management Strategy and Policy updated and reported to Council in 2017/18	Asset Management Strategy and Policy continually reviewed and refined as part of IP&R process	
	2.1.3 Asset data is reviewed and updated on a rolling program over 5 years	Asset Sub Plans include service standards reflecting community expectations, long term maintenance, rehabilitation and replacement cost projections and linked to Enterprise Risk Management system	
	2.1.4 Asset Sub Plans are reviewed and enhancements made by 2020 including following asset classes: - Buildings - Playspaces and Sporting Fields - Parks and Reserves - RALC - Traffic and Parking - Library and Cultural	Robust program of asset data capture	
	2.1.5 Community consultation undertaken to inform knowledge of expected service levels	LTFP reflects the Infrastructure Financial Strategy	
	2.1.6 IPWEA self-assessment conducted again by council in 2020 and then every four years.	Council adopts Satisfactory Asset service Standards (by asset class), taking into account community feedback, financial capacity and asset condition	
	2.1.7 New service standard metrics created and tested and data capture occurs on regular basis from 2020		
	2.1.8 Asset Sub Plans Linked to Enterprise Risk Management Plan by 2020	Council adopts measurement metrics to monitor service standards against adopted identified levels Community satisfaction with service levels informs the next Community Strategic Plan review	

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Objective 2) City of Ryde achieves all Infrastructure and Service Management benchmarks by the end of the 2016-2020 timeframe and beyond			
Strategies	Key milestones	Outcome	Impact on other measures
<p>2.2 To meet the benchmark of <2% for Infrastructure backlog ratio by 2020 and beyond</p>	<p>2.2.1 Works identified in SRV schedules are finalised by end of 2018/19 financial year.</p> <p>2.2.2 Delivery Plan 2016-2020 identified Capital Works program completed</p> <p>2.2.3 Asset data capture and testing is completed annually and on an ongoing basis</p> <p>2.2.4 Infrastructure Funding Strategy documented and implemented in LTFP, Budget and Planning process</p>	<p>Council meets the Infrastructure Backlog Benchmark</p> <p>Council refines its definition of backlog and identifies the optimum intervention point for renewal.</p> <p>Council can fund its infrastructure renewal into the future at current service levels</p>	<p>This strategy has a positive impact on the following strategies:</p> <p>1.1 Council maintains stringent control over its operational costs over the 2016-2020 period</p> <p>1.2 Increase Council's Own Source Revenue (reduce reliance on rates revenue)</p> <p>1.3 Making strategic use of available funding</p> <p>1.4 Implementation of Special Rate Variation Asset Works</p> <p>2.1 Improve City of Ryde's Strategic Asset Management capability</p> <p>2.3 To continue meeting asset maintenance ratio on or above 100% to 2020.</p>
<p>2.3 To continue meeting asset maintenance ratio on or above 100% to 2020</p>	<p>2.3.1 Asset Management Plans identify optimum level of funding for maintenance</p> <p>2.3.2 New maintenance schedules complete using updated information from Asset Management Plans</p>	<p>Council meets the Asset Renewal Benchmark</p> <p>Council is able to fund maintenance of assets at the appropriate level for condition of asset</p> <p>More accurate budgeting for maintenance of assets and spending levels maintained at optimum levels over the LTFP period</p>	<p>This strategy has a positive impact on the following strategies:</p> <p>1.1 Council maintains stringent control over its operational costs over the 2016-2020 period</p> <p>1.2 Increase Council's Own Source Revenue (reduce reliance on rates revenue)</p> <p>1.3 Making strategic use of available funding</p> <p>1.4 Implementation of Special Rate Variation Asset Works</p> <p>2.1 Improve City of Ryde's Strategic Asset Management capability</p>
<p>2.4 To develop an Infrastructure Funding Strategy including a Borrowing Policy</p>	<p>2.4.1 Development of an Infrastructure Funding Strategy to establish Council's position on</p> <ul style="list-style-type: none"> ▪ Levels and purpose of borrowing ▪ Identification and monetisation of existing assets ▪ Use of Developer Contributions (S94A) ▪ Treatment of on-going maintenance/operating of contributed assets <p>2.4.2 Identify and confirm existing assets that can be transformed into income producing assets</p> <p>2.4.3 Implementation of Property Strategy</p> <p>2.4.4 Infrastructure Funding Strategy adopted by council</p>	<p>Council's LTFP reflects Council's ability to fund asset renewal into the future to identified Service levels</p> <p>Council's performance against the Debt Service Benchmark reaches optimum level (between 1-20)</p> <p>Council adopted a schedule of asset monetisation and acquisition of income producing assets</p>	<p>This strategy has a positive impact on the following strategies:</p> <p>1.1 Council maintains stringent control over its operational costs over the 2016-2020 period</p> <p>1.2 Increase Council's Own Source Revenue (reduce reliance on rates revenue)</p> <p>1.3 Making strategic use of available funding</p> <p>2.1 Improve City of Ryde's Strategic Asset Management capability</p>

3 Fit for our Future

Efficiency

3.2 Fit for the Future

Efficiency

Summarise your council's key strategies to improve performance against the efficiency measures in the 2016-20 period, including the outcomes you expect to achieve.

City of Ryde has a long standing continuous improvement program with a key objective of improving efficiency and value for money, as well as stringent cost containment focus (please see section 3.1), as a result of which Council expects to meet this benchmark in the Improvement Plan period.

In addition to the above, in 2013 Council initiated a major organisation-wide savings drive, resulting in a reduction of its staff establishment by 14 positions, down to a total of 473 Full Time Equivalent positions. This produced an annual saving of \$1.5 million. This savings drive also produced a further reduction in operating expenses of \$0.4 million, arriving at a total of \$1.9 million.

To address the identified funding gap in Asset Maintenance, Council redirected these savings to asset maintenance. The savings were brought to account in the 2014/15 Delivery Plan.

Council considers its 2014/15 performance (0.748) under the Real Operating Expenditure Per Capita (ROEPC) criteria to be an optimum benchmark and over the next 10 years intends to maintain and improve on this result.

In the Improvement Plan period, aside from the strategies outlined under the previous two measures, which will positively impact the efficiency measure, Council intends to continue its program of Best Value Reviews in key functions, implement the results of the 2014 Procurement Best Value Review and refine its measurement metrics to track performance against ROEPC benchmarks.

Council intends to formalise its shared service and regional procurement arrangements with neighbouring Councils, which we expect will positively impact on Council's ROEPC performance.

3.3 Fit for the Future

Efficiency

Explain the key assumptions that underpin your strategies and expected outcomes.

System Improvements

Council has been very active in improving our information systems to improve Customer Service delivery, and improve productivity.

These initial systems have covered our budgeting, our General Ledger in coding Council’s IP&R integration, Corporate Performance Reporting (Quarterly/Annually), Performance Development System (Annual Performance Review for staff), scanning of plans/documents, Project Management/Business Cases, Works and orders linked to Council’s Customer Request Management System, CHRIS Kiosk that manages the online approval of all staff leave/reporting and SCOUT online recruiting, TRIM integration across core systems.

Council invested significantly to ensure our systems are optimised to deliver quality customer services and improve productivity including improved eBusiness services, with 17 services being activated through smart phone technology last year.

It is assumed that these system improvements will allow Council to maintain the recently delivered efficiency and productivity gains.

Productivity Gains

Over the last 3 years as a result of its continuous improvement program Council has created the internal capacity to undertake functions that previously had been externally procured. Council has also reviewed its procurement activities with a focus on regional collaboration and to ensuring value for money. In 2013/14 the City of Ryde undertook 72 separate formal procurement processes.

A sample of these savings/ productivity improvements have been;

Service reviews	Savings Per Annum \$ ('000s)
Reduced advertising costs	150
Undertook customers satisfaction- surveys in-house	140
Savings in graphic design	50
Printing reductions	40
Telecommunications	150
Waste Collections / Recycling	400
Electricity	100

Council's Public Works Operations

After a review and market testing exercise, Council instigated a split between contractors and day labour (55% contract 45% in-house) in our approach to service delivery. This split provides for flexible and efficient service delivery, with specialist non-core services contracted out to achieve better quality and value and core activities undertaken in-house in accordance with our strengths. Certain services are also delivered by a mixture of contractors and in-house labour further boosting efficiency and capacity.

This integrated split, with an equal in-house (140 operational staff) and contractor mix, is unique to the City of Ryde when compared to other NSROC Council's.. It optimises efficiency while also providing workforce flexibility and responsive customer service.

3.3 Our strategies and outcomes for Efficiency

Objective 3) City of Ryde maintains and improves on the Real Operating Expenditure Per Capita at 2014/15 levels			
Strategies	Key milestones	Outcome	Impact on other measures
<p>3.1 Implement following program of continuous improvement by 2020</p>	<p>3.1.1 Best Value Review Program scheduled and process documented</p> <p>3.1.2 Best Value Review are scheduled in the Delivery Plan and completed for following Service Units or Council Services:</p> <ul style="list-style-type: none"> Finance Unit- particular focus on management accounting Capital Works delivery management (PDU) Operations, Maintenance and Works process (Processes related to Works and Assets system) Parks and Venues Booking Business Improvement (ODBIG) function IP&R Process Tree Management <p>3.1.3 Review of existing performance measurement metrics complete</p> <p>3.1.4 Collection of baseline data for new measurement metrics and for benchmark purposes</p> <p>3.1.5 Implement stage two phase two of the 2014/15 Procurement Best Value Review recommendations</p> <p>3.1.6 Continue to refine and improve supporting systems and processes to improve productivity</p> <p>3.1.7 Adopt Real Operating Expenditure per Capita as a Corporate Indicator</p>	<p>Council maintains its performance against ROEPC at 2014/15 levels and improves in the long term.</p> <p>City of Ryde’s demonstrates through all financial and other key indicators, that it is competitive and provides best value</p> <p>Results of the 8 nominated Best Value reviews incorporated into Council’s Delivery and Operational plans.</p> <p>Council maintains and improves its Customer Satisfaction rating against its 2013/14 result</p>	<p>This strategy has a positive impact on the following strategies:</p> <p>1.1 Council maintains stringent control over its operational costs over the 2016-2020 period</p> <p>1.2 Increase Council’s Own Source Revenue (reduce reliance on rates revenue)</p> <p>1.3 Making strategic use of available funding</p> <p>2.1 Improve City of Ryde’s Strategic Asset Management capability</p>

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3.4 Improvement Action Plan

City of Ryde

Summarise the key improvement actions that will be achieved in the first year of your plan.

The Improvement Action Plan is as described in sections 3.1 – 3.3 of this proposal. Below are the major milestones that it will take, to achieve the actions that will be incorporated as part of the 2016/17 Operational Plan.

The Projects and costings can be viewed in [attachment x](#) - 2015-2019 Four Year Delivery Plan including One Year Operational Plan 2015/16. Reference to the relevant page is provided in the table below.

Actions	Milestones	Base Budget, Non-Capital or Capital	Reference
Community consultation undertaken to gain knowledge of expected service levels and advise community on available service levels for all assets, in formulating Council’s Community Strategic Plan (CSP)	<ul style="list-style-type: none"> ▪ CSP Community Engagement Plan revised and updated ▪ CSP Community Engagement undertaken ▪ Report on Engagement completed and reported back to Council in consideration of review of CSP 	Non-Capital Project	2015-2019 Four Year Delivery Plan including One Year Operational Plan 2015/16 Strategic City Program Project - Community Strategic Plan Review (Page: x)
Review of the Community Strategic Plan	<ul style="list-style-type: none"> ▪ Updated analysis of related regional plans ▪ Review and update Community Outcomes, Goals, Strategies ▪ Preparation of first draft of CSP document ▪ Assessment of the impact of changes in the CSP on business systems and structure and recommending how to implement any changes ▪ Incorporating the revised Community Indicators within the CSP ▪ Preparing final draft CSP for submission to Council 	Non-Capital Project	2015-2019 Four Year Delivery Plan including One Year Operational Plan 2015/16 Strategic City Program Project - Community Strategic Plan Review (Page: x)

Actions	Milestones	Base Budget, Non-Capital or Capital	Reference
Council funds additional resources to complete update of Asset Plans and Sub Plans and to complete Infrastructure Financial Funding Strategy in 2016/17	<ul style="list-style-type: none"> Business Case approved for additional position funded for 4 years Recruitment of the position Update and complete Asset Plans/Sub Plans to facilitate delivery of the Asset Renewal Program 	Non-Capital Project	2015-2019 Four Year Delivery Plan including One Year Operational Plan 2015/16 Internal Corporate Services Program Projects - Fit for the Future Action Plan Implementation (Page: x) Fit for the Future Strategic Asset Management Capability (Page: x)
Overhead Cost Allocation Project complete and adopted by Council	<ul style="list-style-type: none"> Council endorses findings of project Adoption of overhead cost allocation model and principles to identify Community Service Obligation (CSO) Test the model by piloting selected services, detailing the CSOs in the Fees and Charges in 2016/17 	Non-Capital Project	2015-2019 Four Year Delivery Plan including One Year Operational Plan 2015/16 Internal Corporate Services Program Project - Business Management Financial Reporting (Page: x)
Development of City of Ryde Property Strategy and adoption by Council	<ul style="list-style-type: none"> Property strategy developed in 2015/16 Property strategy adopted by council, including identification of priority projects Council endorses implementation plan for property strategy 	Non-Capital Project	2015-2019 Four Year Delivery Plan including One Year Operational Plan 2015/16 Property Portfolio Program Project - Property Strategy Plan (Page: x)
Department of Planning consider Council's Section 94A Plan by 2016-17	<ul style="list-style-type: none"> In 2015 Council advertises its Section 94A Plan Council endorse Section 94A Plan, for Department of Planning's approval Section 94A Plan approved by Department of Planning Section 94A works schedule and funding incorporated into Resourcing Strategy and Delivery Plan for 2016/17 	Non-Capital Project	2016-2020 Four Year Delivery Plan including One Year Operational Plan 2016/17 Internal Corporate Services Program

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Actions	Milestones	Base Budget, Non-Capital or Capital	Reference
Works identified in SRV application are completed each year	<ul style="list-style-type: none"> Annual Capital Works Schedules for those programs identified in the SRV application are complete by end of each respective financial year 2015/16 - 2018/19 Details of SRV funds received and expended reported in each Annual Report 2015/16 - 2018/19 	Capital Projects	2015-2019 Four Year Delivery Plan including One Year Operational Plan 2015/16 Identified in the Projects by program in the Delivery Plan (Page: x)
Annual Budget Planning Process complete each year	<ul style="list-style-type: none"> Budget Workshops complete from October 2016 to April 2017 New Four Year Delivery Plan 2017 - 2021 including Operational Plan 2017/18 adopted by council for exhibition April 2017 Final Delivery Plan adopted by council June 2017 	Base Budget	2015-2019 Four Year Delivery Plan including One Year Operational Plan 2015/16 Internal Corporate Services Program 2016/17 Annual Budget Planning Process (Page: x)
Best Value Review are completed for following Service Units or Council Services: <ul style="list-style-type: none"> Business Improvement (ODBIG) function and processes Capital Works delivery management - Project Development Unit (PDU) 	<ul style="list-style-type: none"> Best Value review completed for Business Improvement (ODBIG) function and processes from July 2016 - December 2016 Best Value review completed for Service Unit Project Development Unit from December 2016 - June 2017 	Non-Capital Project	2015-2019 Four Year Delivery Plan including One Year Operational Plan 2015/16 Internal Corporate Services Program Project - Best Value Review Program (Page: x)

3.4 Improvement Action Plan

City of Ryde

Outline the process that underpinned the development of your Action Plan.

The City of Ryde Improvement Plan for the 2016/17 -2019/20 years was developed in line with our Budgeting and Integrated Planning and Reporting (IP&R) review process.

Our annual budgeting workshops occur from October - April each financial year. This includes the forward planning of the next four years of the Delivery Plan, with projects and actions using the projections of the revised LTFP and Asset Management Plans. Council then adopts the Draft Delivery Plan and Operational Plan in April each year for public exhibition of 28 days. Following exhibition, the Draft Delivery Plan is then reported back to Council in June for consideration of community feedback and adoption.

In addition to this process, Council has also formed a specific multidisciplinary Fit for the Future project group, with a member from each group within Council and this project group has reviewed all of our IP&R documentation including our recent work completed on our SRV application and formulated further strategies in compiling the City of Ryde's Improvement Plan. This plan will assist our City to achieve Council's long term sustainability, beyond the Fit for the Future benchmarks by 2020.

The Improvement Plan has been developed in consultation with Council's Executive Team and Councillors, as a result of a number of workshops being held with our Councillors.

The final Improvement Plan was submitted and formally adopted by Council at its meeting on 9 June 2015.

3.5 Other Actions Considered

City of Ryde

In preparing your Improvement Action Plan, you may have considered other strategies/actions but decided not to adopt them. Please identify what these strategies/actions were and explain why you chose not to pursue them.

Other improvement plan strategies which could be undertaken by Council to meet the Fit for the Future benchmarks (but are not presently proposed) include the following:

- Significantly increased user fees and charges beyond the proposed increases forecast in our LTFP
- Discontinuing services or significantly reducing the level of services provided
- The above two points were ruled out due to information gathered during our extensive community consultation over the last two years during our Financial Future program. It was decided that in line with what the community want, neither were options Council should pursue
- A further Special Rate Variation (SRV) or another application to increase the already approved SRV in the improvement plan period - Council has already undertaken a special variation application in 2014/15 which was approved by IPART and entirely directed to infrastructure asset renewal. This is fundamental to Council's asset renewal funding strategy for the next 10 years.

Overall, Council views that its regular IP&R and Budgeting reviews along with further strategies outlined in the improvement plan above will be sufficient for the City of Ryde to remain a strong and sustainable local government entity.

4 Fit for our Future



4.1 How will our plan improve performance

City of Ryde

Council’s calculations in forecasting Council’s Fit For The Future results have been independently reviewed by PwC. (ATTACHED)

- Ryde’s FFTF indicators are predicated on Council being successful with a SRV of 7% over 4 years, if successful, then Council meets all the FFTF Benchmarks in 2019/20
- Council has been conservative in its approach to the FFTF benchmarks. It is therefore likely that the actual results could improve on those that have been projected.

TABLE 4.1 Expected improvement in performance

Benchmark	2013/14 ³	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Operating Performance Ratio (Greater than or equal to breakeven average over 3 years)	-0.004	-0.054	0.006	0.017	0.047	0.052	0.047
Own Source Revenue Ratio (Greater than 60% average over 3 years)	82%	91.6%	92.8%	93.3%	93.5%	93.6%	93.7%
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	96.85%	84.9%	141.3%	130.5%	130.9%	125.5%	122.3%
Infrastructure Backlog Ratio (Less than 2%)	8.48%	4.36%	4.44%	3.63%	2.63%	2.04%	1.48%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	91.22%	88.65%	108.2%	112.95%	107.61%	110.86%	113.54%
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0.68%	1.14%	1.15%	1.10%	1.05%	1.01%	0.48%
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	0.720	0.748	0.725	0.722	0.705	0.706	0.701

Attachments:

1. Self-assessment results
2. Long Term Financial Plan 2014-2024 Option B
3. 3 year average

5 Fit for our Future



5.1 Our Plan in Action

City of Ryde

How will your council implement your Improvement Action Plan?

Council's Improvement Plan is integrated with the Delivery Plan 2015-2019 and Operational Plan 2015-16, which means that the projects will form part of the relevant Service Unit Business Plan and relevant staff work plans. Council will be employing a temporary resource to ensure the coordination and implementation of the key strategies.

The implementation of the Improvement Action Plan will be monitored through established processes within Council; quarterly reporting to the Executive Team and to Council, Service Unit Business Plan reporting and staff performance management processes.

6 Community Engagement Strategy



6.1 How we consulted the community

City of Ryde

Council has a clear mandate from its community

City of Ryde in formulating its response to the ILGRP’s preferred option for Ryde placed a high value on the community’s views. Since early 2013, when the Panel first released its draft report the Council has informed and consulted the community comprehensively.

The City’s comprehensive awareness and engagement program running over a 24 month period (2013 - 2015), resulted in feedback from over 3000 residents on the proposed Split and merger of Ryde into two mega Councils. Consequently, the City of Ryde can say with absolute confidence that it has a clear understanding of the community’s position on this issue.

Consultation with residents identified fierce opposition to any form of forced amalgamation with proposed split of Ryde was particularly alarming to our residents. The engagement program found that overall the community demonstrated a high level of pride in and attachment to their community, placed a high level of importance on local representation, decision makers’ knowledge of local needs and issues, and Council being accessible and accountable.

Through the engagement process the community’s views became firmer overtime as the level of awareness of the issues increased as shown in the table below.

Table 6.1

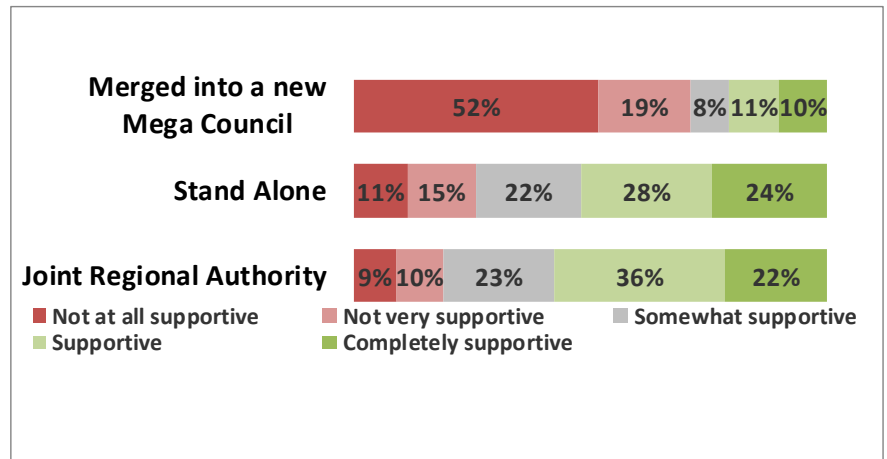
	2013	March 2015	May/June 2015
Community workshop:	71% opposed to proposed split and amalgamation		83% opposed to proposed split and amalgamation
Telephone survey:	56% opposed to proposed split and amalgamation	86% opposed to proposed split and amalgamation	71% opposed to proposed split and amalgamation
Online survey:	65% opposed to proposed split and amalgamation	81.12% opposed to proposed split and amalgamation	74% opposed to proposed split and amalgamation

6.1 How we consulted the community

City of Ryde

Overall community sentiment expressed through the engagement program was generally supportive of improving the governance and financial sustainability of local governments, though many felt that these outcomes could be achieved without amalgamation. In Community Workshops in particular NSROC was cited on a number of occasions as a well-functioning regional network, already achieving efficiencies through collaboration.

This sentiment was particularly clear in the 2015 engagement results; whilst our residents continued to be staunchly against forced amalgamations, they expressed an openness to regional collaboration and to exploring a Joint Regional Authority with Hunters Hill and Lane Cove Councils. In fact, over 80 percent of residents indicated that they were supportive of this alternative option.



Council, throughout its 24-month community engagement program, has informed the community of all options available to the City of Ryde, the ILGRP’s objectives and preferred options as well as the State Government’s Fit for the Future initiative and its rationale. Our key objective has been to ensure factually unbiased information was presented to residents, in a simplified format and with thorough explanations of the process and potential outcomes. On this basis Council can say with confidence that it has a strong mandate from its community to 1) reject the ILGRP’s preferred options for Ryde and 2) to pursue the option of a Joint Regional Authority.

The City of Ryde is a firm believer that local government is the government of communities and places, giving expression to people’s aspirations for their neighbourhoods and on this basis has developed Council has invested a significant amount of time and resources in strengthening the relationship it has with its community. This has been achieved by leveraging opportunities to develop a genuine connection. Our community is passionate about being heard and voicing their opinions, and it is Council’s responsibility and commitment to listen and ultimately provide ongoing service improvement and delivery. Furthermore, a 2013 Community Perception Survey, indicated that 83 percent of residents expressed satisfaction with the services provided by Ryde Council. This satisfaction rating is above the metropolitan average and is a strong indicator of Council’s connectedness with residents in our local government area.

6.1 How we consulted the community

Engagement Strategy

Council's commitment to community engagement

The City of Ryde is committed to the ongoing engagement of its community in all matters that impact the local government area and its community members.

The City of Ryde is a member of the International Association of Public Participation (IAP2) which advocates for involving those who are affected by the decision to be involved in the decision making process. The IAP2 spectrum provides a solid structure by which organisations can assess the level of involvement their stakeholders require to be able to participate in a meaningful way.

The City of Ryde applies the IAP2 framework to all of its engagement initiatives and in regards to the Fit for the Future program, the City of Ryde has applied the "consult" methodology from the spectrum (see spectrum below) which is to "obtain public feedback on analysis, alternatives and / or decisions"

Table 6.2 Engagement Strategy Timeline of program

Timeline
May 2013 Community Telephone Survey with 450 respondents
June 2013 Community Meeting - 140 attendees Discussed panel's recommendations
June 2013 Response to Independent Panel included community feedback
October 2013 Independent Panel Final report back to the State Government
September 2014 'Fit for the Future' Program released by NSW Government
February 2015 Council Resolution - Reject recommendations Investigate Joint Organisation alternative
March 2015 Community awareness campaign - Bring the issue to the attention of community
March 2015 Telephone Survey with 450 participants Gain understanding of community sentiment
March 2015 Online Community Poll with more than 1,000 responses
May 2015 Joint Councils Telephone Survey Understand community sentiment for 'Fit for Future' options
May 2015 Community Meeting

6.1 How we consulted the community

Community Feedback

May 2013

Telephone Survey
Micromex Research
Participants 600

When Council was first made aware of the State Government’s decision to review the Local Government System it took a proactive approach to consult its community in order to provide Council with a clear understanding of the community’s desired approach to the issue. The consultation strategy included undertaking some independent research of a demographically representative sample of the LGA. Council decided to survey a sample size of 600 residents which provided a maximum sampling error of plus or minus 4.0% at 95% confidence. The key results were as follows:

- 70% of residents claim to be aware of the review of the Local Government System.
- 93% of residents indicated that it is important to be consulted with about this issue.
- At a broad level, 56% of residents were not very supportive / not at all supportive of the amalgamation option versus 22% who are supportive / very supportive.
- If pressed, the preferred merge option is to merge eastwards (42%), however, 38% still oppose amalgamation outright.
- Only 3% of residents support the Panel’s proposal of a merger with Parramatta, Holroyd and Auburn.

June 2013

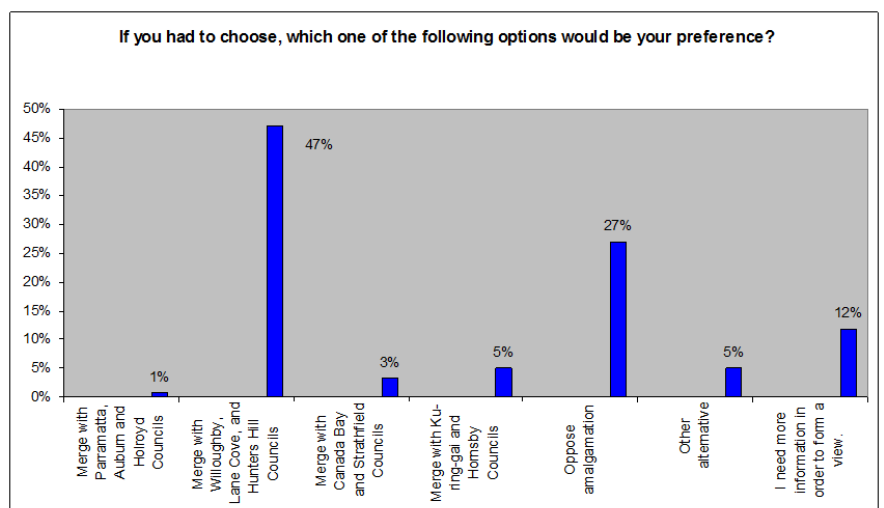
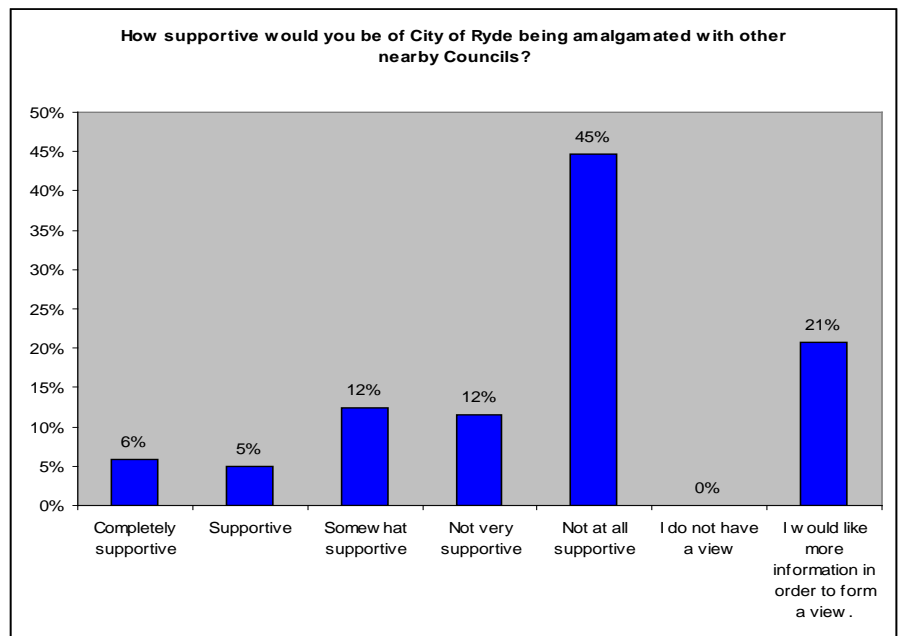
Community Meeting
Urbis Consulting
Participants 138

Council also held a community workshop on 3 June 2013 which was attended by 138 people, providing the participants with an opportunity to find out more about the proposed reforms, and provide their feedback.

At the conclusion of the Public meeting all attendees were asked to vote on a series of questions. The result was recorded live and provided to the attendees at the meeting.

It is clear that those who participated do not support amalgamation generally and most certainly do not support amalgamation with Parramatta, Holroyd and Auburn specifically. 57% of attendees indicated that they were not supportive of amalgamation.

When asked to vote on amalgamation options 1% supported an amalgamation with Parramatta, Auburn and Holroyd (noting that the majority present did not support amalgamation at all



March 2015

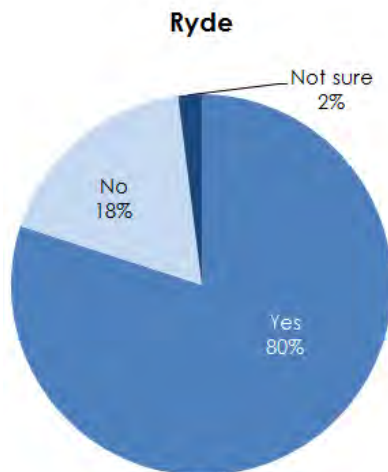
Community Awareness Campaign
City of Ryde

An extensive communications campaign was delivered to build awareness of the proposed amalgamations facing our community. The primary objective of this awareness campaign was to have an informed community when seeking their feedback.

The success of the awareness campaign is shown below with 80% of participants of the Micromex random telephone survey were aware of the proposed amalgamations. This level of awareness is in excess of the Micromex Fit for the Future benchmark of 59%.

Communications include:

- Banners across the City including the Civic Centre, Smart Poles and fence banners
- Direct Mail with a Letter from the Mayor to 55,000 households
- Rates Notice inclusion with 34,000 Rate Payers
- Letterbox drop to 55,000 households promoting the Community meetings
- Letterbox drop to 55,000 households inviting residents to participate in the survey
- Weekly advertising included in the Council Column in the local paper
- Bus shelters and State Transit bus back advertising
- Social Media Communications across the City fo Ryde Facebook and Twitter accounts
- Twitterstorm #KeepCouncilsLocal
- Electronic Digital Marketing newsletters send across the City Database of 15,000



March 2015

Telephone Survey (Ryde only)
 Micromex Research
 Participants 450

Overall satisfaction with the performance of the City of Ryde Council is strong and has significantly increased since 2013, with 89% rating Council’s performance at least ‘somewhat satisfactory’.

In relation to the State Government encouraging NSW local councils to merge and form new, larger councils, 39% of residents indicated that they knew the plan a little.

62% of residents contacted by Micromex claimed they were aware of the State Government looking to split Ryde Council to create two new ‘Super Councils’. Most common first awareness of this proposal was via ‘Council mailout’ (37%) and ‘newspaper’ (31%).

A large percentage of residents were not supportive of the creation of the ‘Super Councils’, with only 14% indicating they were ‘supportive’ to ‘completely supportive’ of this proposal.

77% indicated a preference for Council to stand alone and explore regional efficiencies with other councils.

Key drivers for preferring to stand alone were:

- o Large councils would neglect the concerns/issues of the local community
- o Current satisfaction with the ability and efficiency of Council
- o Local, small scale councils are more efficient and responsive

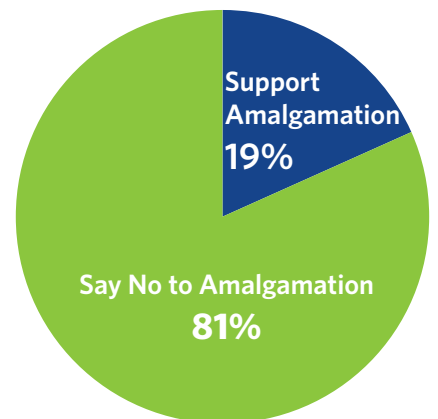
A copy of the questionnaire and detailed results is attached at appendix **xxx**

March 2015

Online Poll
 City of Ryde
 Participants 1177

The online poll ran from 10 March 2015 to 14 May 2015 with a total of 1177 responses.

Only 18.88% of respondents support the local government’s proposal of merging Council’s.



March 2015

Joint initiative of three Councils City of Ryde, Hunters Hill and Lane Cove

The three Councils agreed to undertake a joint community engagement strategy which consisted of community meetings in each respective Council area, an independent, statistically valid and demographically representative telephone poll and an online survey, based on the three options available to each Council, with a particular interest in understanding what level of community support existed for the three Council's partnering together under the Joint Regional Authority.

The process for the independent telephone polling required pre-recruitment of 600 in Ryde and Lane Cove and 400 people in Hunter Hills. The recruited community members were then sent an information package outlining in detail (see appendix xxx) the options available to Councils and additional information on a proposed Joint Regional Authority.

The three Council's worked together to create one information package that was sent out to all recruited residents of each LGA. A copy of the questionnaire is attached at Appendix XXX

May 2015

Community Meeting
Urbis Consulting
Participants 100

Live polling was conducted on the night, using the same three questions (live polling results attached in Urbis report), with the summary as follows:

- When asked how supportive they were of Council being split and merged into two mega Councils, 83% stated they were "not at all supportive"
- When asked how supportive they were of Council standing alone 84.1% registered a level of support, from "completely supportive to somewhat supportive"
- When asked how supportive they were of Council standing alone and exploring the option of a Joint Regional Authority, 83.8% registered a level of support, from "completely supportive to somewhat supportive"
- At the end of the meeting 63% of attendees felt Council had provided enough information for them to make an informed opinion. For the remaining 37%, the common theme was that they felt they needed more clarity on the functions of the Joint Regional Authority

June 2015

Joint Telephone survey
Micromex Consulting

The detailed results of this survey are attached in Appendix XXX with the high level results for Ryde as follows:

- 71% not supportive of splitting Ryde and being merged into two mega Councils
- 74% supportive of Council standing alone
- 81% supportive of Council exploring a Joint Regional Authority with Lane Cove and Hunter's Hill



Template 2

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HUNTER'S HILL TOWN HALL.

1866

Executive Summary

Hunter's Hill Council, Ryde City Council and Lane Cove Council have been working collaboratively on developing a superior model to the proposed merger option between Hunter's Hill, Eastern two-thirds of Ryde, Lane Cove, Willoughby, North Sydney and Mosman Councils.

Together with The City of Ryde and Lane Cove Council, we have engaged three (3) independent consultants in order to understand the true impact of all options Council is considering in order to be Fit for the Future. All three consultants articulated similar results, with the main message being that there is no evidence to suggest that amalgamations of councils will create financial savings.

The exploration of an alternative proposal to form a Joint Regional Authority (JRA) of neighbouring councils has indicated that we will be able to achieve the State Government's key objectives.

This superior model will provide for a strong entity, which will strengthen the region via:

- Providing a collective voice for the councils and communities of Northern Sydney on whole-of-region issues including infrastructure, land-use planning, economic, social and environmental issues, and regulation and reform of the local government sector.
- Facilitating effective and efficient intergovernmental relations and partnerships between all levels of government on regional strategic planning, projects and programs for the benefit of Northern Sydney.
- Supporting enhanced financial sustainability and capacity of councils and assist councils to adapt or respond to NSW Government policy and legislative change.

The communities of each of the JRA Councils support this model as an opportunity to provide superior representation and efficiencies in service delivery structures and programs.

Hunter's Hill Council has been regularly consulting with its community about both the benefits and non-benefits of each option recommended by the Independent Panel. Council has been mindful to balance each model in order to give residents the opportunity to determine their own view.

The community of Hunters Hill have overwhelmingly supported the JRA model with 86% of residents supporting regional collaboration with Ryde and Lane Cove Councils. The majority of Hunter's Hill Council residents (82.2%) do not support an amalgamation. Interestingly, residents would prefer the JRA model to standing alone, with 73.4% supporting standing alone.

Hunter's Hill Council has a proud and strong history and firmly believes that a JRA will provide both economic and structural advantages to further strengthen its community of interest and importantly meet the Independent Panel's criteria for scale and capacity, financial sustainability, infrastructure management and efficiency.

Hunter's Hill Council has analysed its long term performance and all associated benchmarks in determining its viability both now and into the future. A series of financial strategies and objectives have been the key to Council's solid financial position and continuing success in managing its financial affairs.

While there are severe financial and legislative challenges facing us both now and over the next few years, adhering to our financial objectives will continue to assist Council in maintaining a sound position. The basis for Council's objectives in delivering a sound Long Term Financial Plan (LTFP) include:

- Financial planning and forecasting of revenue and expenditure.
- Investment of surplus funds to provide secure and optimum return.
- Capital improvements to ensure programming within parameters of available funding.
- Current ratio/liquidity to ensure Council's level of funds is sufficient to finance recurrent operations and liquidity requirements.
- Loan funding to provide necessary financing for capital improvements.
- Creation and maintenance of financial reserves.

The financial objectives listed above coupled with the key benefits of a JRA will ensure maximum benefits to our respective communities through improved utilisation of existing local facilities, more efficient urban development patterns as better plans are made and investment decisions are more consistent with these plans, amplified benefits from pooled grant funding, more effective achievement of social plan outcomes, enhanced policy and grant funding success (leading to a more rapid achievement of funding priorities), delayed or avoided new capital expenditure for planned state infrastructure, and a more rapid adjustment towards identified objectives or alleviating social exclusion, which will free up Council to focus on services that are done best locally.

1 Our scale and capacity

1.1 More robust revenue base

Hunters Hill has a high level of scale and capacity. It meets the majority of FFTF benchmarks but significantly, has a very robust revenue base through a combination of its Special Rates and 20 year staff capping strategies. These have delivered significant discretionary spend and a level of strategic capacity, effectively delivering 20% additional capacity to council operations.’ (Northern Sydney Joint Organisation Justification & Business Case, SGS Economics, 2015, P.12)

Hunter’s Hill Council has successfully built a strong Special Rate Variation (SRV) history, with a diverse and strategic asset program. Hunter’s Hill Council currently has SRVs in place for environmental works, community facilities asset infrastructure, roads and footpaths, kerb and gutter renewal. This collective program stimulates Council’s Asset Management Strategies and in turn successfully fulfils residents’ expectations regarding superior levels of service.

Council has boosted its revenue base for asset management through a combination of loans, special rate levies and seeking approvals for borrowing on an annual basis. In addition, Council has implemented non-resident paid parking schemes in key locations within the LGA, partnered with mobile phone company providers, and reviewed asset sales and development activities to build a strong and robust revenue base.

The population projection for Hunter’s Hill Council is expected to increase at a rate of 1.1% per annum, notwithstanding the future major redevelopment along the Victoria Road corridor in Gladesville, which is expected to significantly deliver diverse housing stock and attract large sector commercial business interests.

1.2 Scope to undertake new functions and major projects

Hunter's Hill Council is committed to delivering new functions and major projects to benefit residents locally and regionally via:

- Partnering on a regional basis to delivery waste contract services.
- Piloting service delivery review software for the local government industry through Local Government Professionals NSW.
- Collaborating with neighbouring councils to share best practice methods in strategic planning, human resources, sustainability and community services.
- Liaising with State Government departments to deliver major infrastructure projects.

1.3 Ability to employ wider range of skilled staff

Hunter's Hill Council's existing workforce is multi-skilled across a number of key operational and service delivery areas. Whilst Council's workforce has neither grown nor decreased in recent years, there is a strong emphasis on enabling existing staff to work collaboratively both internally and regionally.

Council uses the following strategies to attract a wider range of skilled staff:

- Targeting recruitment for critical roles.
- Secondments across internal departments.
- Attracting skilled volunteers, trainees and interns through mentoring programs.
- Motivating/upskilling existing staff through succession planning.
- Developing internal working teams on a project basis.
- Offering stretch assignments to challenge and motivate new and potential staff.
- Training staff to encourage diversity within the existing workforce.
- Enabling staff to participate in managerial challenges.

1.4 Knowledge, creativity and innovation

Hunter's Hill Council continually delivers on best practice and modernism in delivering services and projects to the local and broader community including:

- Winning the LGNSW Excellence Award in Human Resources Management in 2014 for the design and implementation of an innovative Performance Review and Development System. This system is best practice as it aligns every employee's individual objectives to those of the Council's overall objectives, as outlined in the CSP, Delivery and Operational Plans.
- Finalist in 2015 LG Professionals Award for Workforce Planning.
- Completed a state of the art amenities block at Riverglade Reserve which highlights best practice ESD principles. It is a totally self-contained operation that incorporates an environmentally friendly, on-site waste water treatment system. The system is powered by solar power, generated by the solar panels located on the roof of the building and the whole system is remotely monitored 24 hours per day, 7 days per week to ensure it operates effectively and meets all health standard requirements.
- Council has a vibrant annual events program which draws large crowds from across the sub region. The 61st Hunters Hill Art Exhibition has just concluded attracting over 900 entries and with \$20,000 in prize money. This will be followed up in July by the Harbour Sculptures Exhibition in Clarkes Point and a youth art exhibition later in the year. In addition a crowd of 20,000 people regularly attends the Moocooboola Festival – a community celebration of the local area held every August at Boronia Park.

1.5 Advanced skills in strategic planning and policy development

'The council is a leader and strategic decision maker in heritage planning and conservation, meeting housing targets in the Metro Strategy effective advocacy and plying a key role in successfully advocating for the M2/F3 Tunnel.' (Northern Sydney Joint Organisation Justification & Business Case, SGS Economics, 2015, P.12)

The strategic planning arm of Council commenced a period of intensive review of all Council planning documents to ensure the policy and controls in these documents facilitated the community's vision. The scope of the review and the quality of the policy embedded in the resulting documents demonstrates advanced strategic planning and policy skills, including:

- Engaging a private consultancy to work closely with Council on "Future Gladesville" has established the community's aspirations for the Gladesville area. The engagement was used to drive changes to the building controls for Gladesville and the community's voice is now a strong element in an innovative Consolidated DCP.

An ex-director of the Department of Planning and Environment will be using the 'Future Gladesville' project as a case study in his PhD addressing the nexus between engagement and strategic planning.

- Revitalising Council's Section 94a Contributions Plan to reflect our urbanised environment and provide a stream of income with which to maintain, or augment our heritage buildings, garden areas, parks and reserves.
- Updating Council's Local Environmental Plans into one Standard Format LEP, whilst working in close partnership with a number of state agencies such as the NSW Office of Environment and Heritage and the then Department of Planning and Infrastructure has contributed to an exemplary planning instrument.
- Consolidating Council's 28 Development Control Plans (DCPs) into one document has eradicated duplication of controls and has streamlined Council's strategic planning capabilities
- Instigating new protections for one of Council's most valuable assets - its Significant Tree Register, has given a new level of rigour needed to the documentation supporting a significant tree listing. The resulting register and accompanying historical information is exemplary.

1.6 Effective regional collaboration

The most significant and effective regional collaboration has been by seven of the NSROC councils, working closely with their respective Waste Managers in delivering a Regional Waste Tender due for implementation in July 2016. This Strategy will improve funding opportunities for Hunter's Hill Council through the NSW Environment Protection Authority's Waste Less, Recycle More initiative and also offer economies of scale by implementing projects over multiple council areas.

Council's road resurfacing works have also been undertaken within the contract awarded through the combined NSROC regional tender process. This tender is renewed annually or bi-annually to ensure the most competitive market prices are available. NSROC has received in excess of \$600,000 in rebate payments to date from this process.

Hunter's Hill Council has various group purchasing arrangements through NSROC & SHOROC as well as extensively using contracts available through prescribed bodies such as LGP (Local Government Procurement) and NSWBuy for the majority of its procurement. Collaborative procurement ensures Council achieves the best value through economies of scale as well as increased efficiency by reducing administrative time and expense in ensuring compliance, due diligence and probity.

The Joint Library Service Agreement between the City of Ryde and Hunter's Hill Council, which operates the Gladesville Library, commenced in 1957. Since this time City of Ryde has been providing a library service to residents of the Hunter's Hill Council for an annual contribution fee.

1.7 Credibility for more effective advocacy

Hunter's Hill Council has a clear and sustained track record in delivering effective advocacy, including:

- Providing strong local government leadership through Council's Mayor being Chair of the Northern Sydney Regional Organisation of Councils (NSROC); working cooperatively as a group of councils for the benefit of the region and advocates on regional priorities.
- Gaining regular and large scale grants to fund environmental and heritage conservation built environment programs.
- Advising and cooperating with State Government Departments including; NSW Environmental Trust and the Office of Environment & Heritage in delivering estuary management programs, which include bush regeneration and stormwater works.

1.8 Capable partner for State and Federal agencies

'Council has strong involvement in regional collaboration with the Mayor being President of NSROC, making significant contributions to regional planning, advocating for regional infrastructure, procurement and shared services. Hunters Hill has a strong culture of innovation through regional partnering in the case of the Federal Governments Red Tape Reduction program and locally a dynamic community engagement approach which has delivered higher participation.' (Northern Sydney Joint Organisation Justification & Business Case, SGS Economics, 2015, P.12)

Council's level of collaboration with State and Federal agencies is a key strength in delivering services the public, examples include:

- Working in collaboration with the Sydney Harbour Federation Trust in a shared service arrangement to manage the Clarkes Point Reserve Carpark.
- Partnering with RMS, who has engaged Hunter's Hill Council to project manage the design and construction of the Margaret Street boat ramp and carpark.
- Collaborating with Transport NSW who are funding the Huntleys Point Wharf improvement works to the value of \$600,700. Council will project manage this venture.

1.9 Resources to cope with complex and unexpected change

Hunter’s Hill Council consistently uses the following resources to enable complex financial, staffing and servicing change:

- A secure and consistent revenue base via rates and SRVs.
- A flexible Delivery Program and Operational Plan changing to the needs of the local community.
- A Section 94A program that is a vehicle for enabling Council to ensure that its capital works program is completed according to the changing needs of the local community via the IP&R framework.
- A workforce that is renowned for its multidisciplinary qualifications enabling change, growth, promotion and best practice.
- A skilled, supportive and professional group of Councillors, who enable staff, challenge obstacles, promote change management and assist with complicated services and projects.

1.10 High quality political and managerial leadership

Council’s Mayor, Richard Quinn is respected throughout the region for his transparent and professional attitude in dealing with issues affecting local and regional communities. Cllr Quinn advocates via his roles as the Chair of the Northern Sydney Region of Councils (NSROC) and the Chair of the Metropolitan Mayors Association.

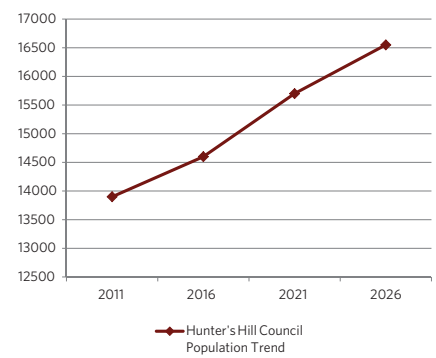
Hunter’s Hill Council’s General Manager, Barry Smith has a number of key roles providing guidance, advice, support and direction to strategic stakeholders, including:

- Member of the Fit for the Future Ministerial Advisory Group (MAG) providing advice to the Minister of Local Government, The Hon Paul Toole MP.
- President of Local Government Professionals Australia NSW, providing over 800 members throughout NSW with leadership to assist in developing their careers through peer networking, professional support and industry insight.
- Advisor of local and regional issues to State and Federal Members including The Hon Anthony Roberts MP and The Hon Joe Hockey MP.

Additionally, Council’s Senior Management Team work in collaboration with councils across Sydney, sit on various advisory committees, and provide a high level of liaison with organisations such as the National Trust, NSW Heritage Office, Crown Lands, NSW Health, RMS, Maritime Services and the Sydney Harbour Trust.

2 Our current position

Hunter's Hill Council Population Trend



2.1 Our local government area

Our history, heritage and built environment

Hunter's Hill Council was founded in 1861, it is one of the oldest local government areas in Australia and has retained its current boundaries since inception. The cultural and natural heritage significance of Hunters Hill, both pre and post European settlement has been recognised by the National Trust, the Heritage Council of NSW and the Australian Heritage Commission and has resulted in 75% of the Municipality being listed as a Conservation Area.

The original inhabitants of Hunters Hill were the Wallumedegal clan of the Dharug people. Archaeological sites remain in pockets of bushland, with axe-grinding grooves, rock engravings, hand stencils and middens a reminder of the area's Indigenous inhabitants (Beverley Sherry, 2009, Sydney Journal, Hunters Hill).

European settlement dates back to 1795 when land was first farmed. Growth was minimal until the late 1840s when many sandstone mansions were constructed and a monastery was established.

From the time of early development, Hunters Hill was markedly different from the terrace-house suburbs found elsewhere in Sydney. Restricted early transportation routes linking the peninsula to Sydney created a pattern of land use characterised by detached houses in a garden setting. Even with the opening of Gladesville Bridge in 1871, establishing a road linking the peninsula with Sydney and leading to an increase in population, terrace housing did not flourish.

Progression took place from the 1880s to the early 1900s, spurred by subdivision, the establishment of a regular ferry service, the opening of several bridges and growth in the shipbuilding industry.

Hunters Hill was neither an extension of the CBD nor a rural township but its unique location afforded it a village atmosphere that set it apart from the remainder of Sydney then and now. With this in mind, Council actively seeks to ensure that new development is sympathetic to the existing environment to ensure the character of Hunters Hill is maintained for present and future generations.

Our identity

Geographically the Municipality is a peninsula surrounded by the Lane Cove and Parramatta Rivers with two commuter ferry wharfs and examples of our nation's early shipbuilding and maritime industry on display at Woolwich Dock and Clarkes Point Reserve. Hunters Hill has a rich and diverse tree canopy and significant urban reserves, bushland and parks evidenced in the Great North Walk.

Municipality is a very contained community with a strong identity. The area is predominantly residential with four village centres, Hunters Hill, Boronia Park, Woolwich and a larger commercial area in Gladesville. A commitment to education and learning is a key feature of the Municipality which boasts four high schools and four primary schools.

The current population of the Municipality is approximately 14,500, expected to increase by 26% by 2031. Couples with children are the most common household type with Hunters Hill LGA having a slightly higher proportion of people in the younger age groups (0 to 17) as well as a larger proportion of people in the older age groups (60+) than the State average. 25.7% were aged 60 years and over, compared with 20.3% in NSW. The Municipality has six large aged accommodation facilities, and has a much larger percentage of over 80 year olds than NSW (8.3% compared to 4.2%) with 26% of residents were born overseas.

2.1 Our local government area

Average incomes in Hunters Hill are high, with low unemployment and high levels of tertiary qualifications. There is a much larger proportion (40.1%) of high income households (those earning \$2,500 per week or more), compared to the Sydney average (23.6%). However, there are also pockets of disadvantage with a significant number of low-income earners (10.1% households) and a high proportion of households renting from Department of Housing (6.9%).

Community involvement, engagement and connection is high in Hunters Hill. Over one quarter of the total population of the area participates in voluntary work, and Council has a wide variety of community advisory committees and volunteer programs.

Council has always supported the many voluntary not for profit organisations in the area and has had a policy of fostering and partnering with community managed services rather than direct provision of community services by Council. This has resulted in strong independent local organisations that provide children's services, aged services, leisure, environmental and local advocacy.

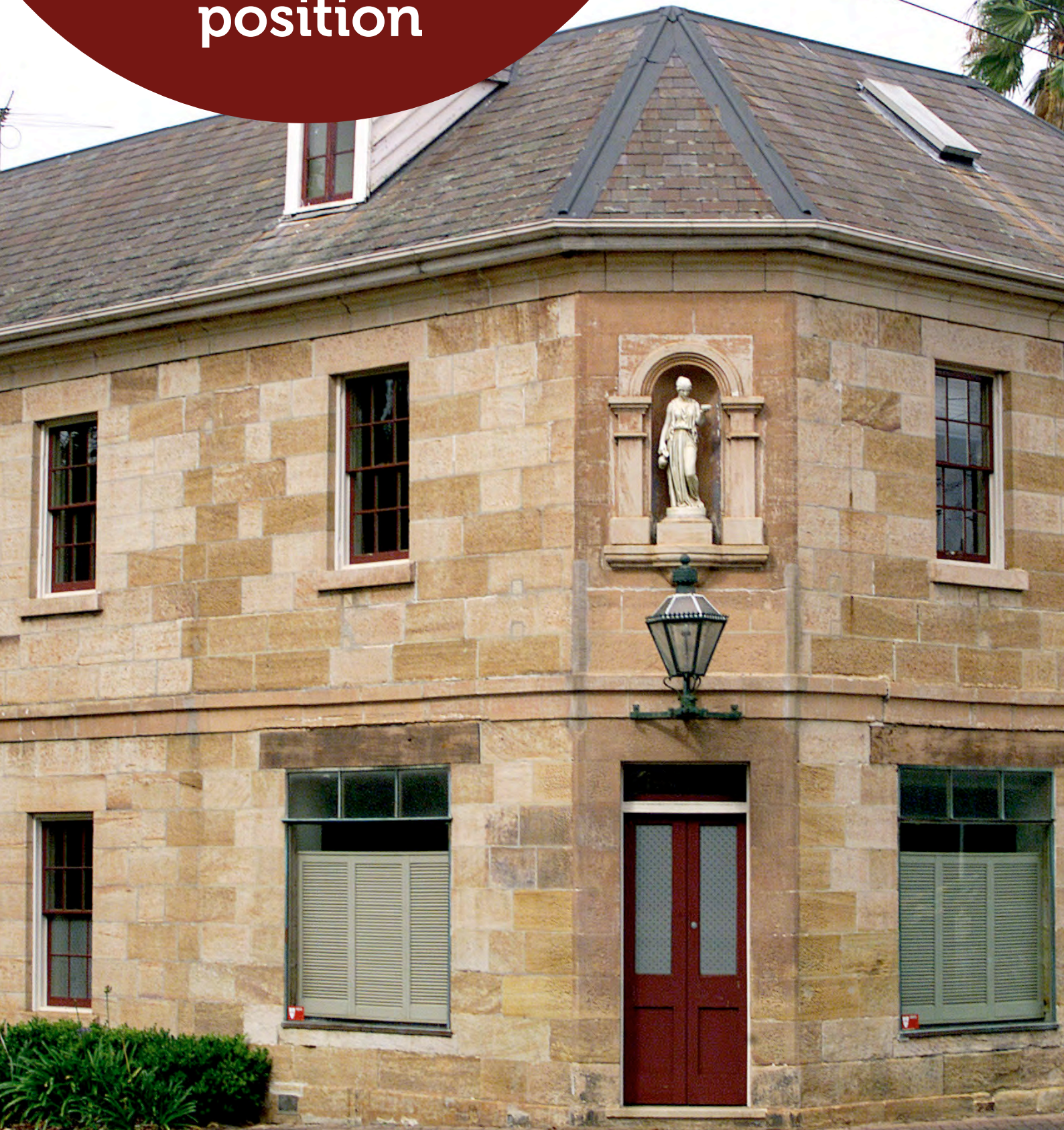
Our assets and sustainability

Enhanced management of our natural and built environment has led to increased community awareness and recognition of the need for Hunter's Hill Council to fulfill the outcomes of its Community Strategic Plan 2030. This community driven document guides the future actions of environmental longevity, built development/redevelopment, diversification of housing stock and seeking new modes of revenue, which have the potential to contribute, protect and conserve people and place assets in Hunters Hill.

Hunters Hill is characterised by the following assets:

- 6 suburbs
- 2 ferry wharfs
- 4 high schools
- 3 primary schools
- 5 child care centres
- 5 playgroup centres
- 10 playgrounds
- 6 aged care facilities
- 3 village areas
- 1 major commercial area
- 19 community buildings
- 100+ bush care volunteers
- 200 plant species
- 80 species of birds
- 33 hectares of bush land
- 2 major roads (Victoria and Burns Bay Road)
- 70kms of road network
- 2km of regional roads
- 87km of footpaths and cycleways
- 40 traffic islands
- 109km of kerb and gutter
- 2 bridges
- 50 sqm of open space per capita.

2 Our current position



2.2 Key challenges and opportunities

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Maintaining long term environmental and financial sustainability ▪ Maintaining TCorp FSR rating ▪ Collaborating regionally through NSROC - shared services ▪ Collaborating/partnering with local, State and Federal Governments in delivering major projects ▪ Succeeding in grant funding ▪ Retaining Hunter’s Hill Council staff (0% increase in staffing numbers in 20 years) ▪ Retaining local services ▪ Preserving heritage controls. 	<ul style="list-style-type: none"> ▪ Meeting population growth targets over the long term ▪ Increasing demands on existing assets ▪ Maintaining heritage controls ▪ Supplying affordable housing ▪ Meeting the needs of an aging population.
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Providing population, employment and commercial growth via the redevelopment of the Victoria Rd Corridor in Gladesville ▪ Diversifying sources of income ▪ Diversifying existing housing stock ▪ Creating productivity savings via service reviews ▪ Combining as a strong Joint Organisation as identified by regional shared services, including: <ul style="list-style-type: none"> ▪ Centralising Strategic Planning ▪ Road network planning ▪ Major infrastructure projects ▪ Partnering for advocacy ▪ Service delivery efficiencies. 	<ul style="list-style-type: none"> ▪ Significantly reducing community of interest and identity from a potential merger ▪ Imposing increases from State Government fees and charges, e.g. street lighting, emergency services.

2 Our current position

2.3 Performance against the Fit for the Future benchmarks Sustainability

2.3 Sustainability benchmarks

Measure/ benchmark	2013/2014 Performance	Achieves FFTF Benchmark?	Forecast 2016/2017 Performance	Achieves FFTF Benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-0.088	No	-0.0425	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	88.4%	Yes	91.19%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	37.2%	No	91.58%	No

2.3 Performance against the Fit for the Future benchmarks

Sustainability

If the Fit for the Future benchmarks are not being achieved, please indicate why.

1. Operating Performance Ratio

The direct correlation between the operating result and revaluations increasing the depreciation charge can be shown.

While service levels have been maintained and staffing levels remaining the same, the reduction in incomes for instance through falling interest rates and the freeze on FAG Grants have contributed.

Despite this and also having to make additional productivity improvements through the full increase in the Local Government Cost Index not being passed on in the rate peg amount, the forecast results are improving.

However to complete the return to surplus the need for an ongoing Operational Special rate variation is necessary and has been included in the 17/18 forecasts to coincide with the renewal of the SRV for Community Facilities.

The Operating Performance Ratio on a 3-year average returns to positive in 2018/19 and on an annual basis from 2017/18.

The ratio is impacted by one off projects for 2014/15 Major Review of Development Control Plan \$200,000 (1.5%) and Waste Performance Improvement Projects \$110,000 (0.8%).

Four-yearly allowance for Council Elections, even though budgeted for by cash reserve or restriction over the 4 years will cause an operational blip in that year.

	Year %	3 Year Average %
14/15	-7.98	-7.02
15/16	-2.91	-5.00
16/17	-1.85	-4.25
17/18	+1.14	-1.21
18/19	+1.56	+0.28
19/20	+0.71	+1.14

Additional income generated by investment of revenue from asset sales in income producing assets; i.e. Rationalisation of assets to income generating will also have an impact (See Item 4.1).

This additional revenue has countered other revenue losses previously mentioned and helped to reduce the deficit as have the following:

- No increases in staffing levels
- Increased productivity through IT e.g. Electronic Business Paper
- Savings by Joint Projects e.g. or Ryde contracted for street cleaning in Gladesville.

2. Building & Infrastructure Renewals

Council's SRVs for Infrastructure

Roads commencing 2012/13 and other infrastructure commencing 2014/15 has directed funds previously used for loan repayments into asset renewals with the projected Annual Renewal Ratio for 2015/16 exceeding the benchmark at 101.81% and continuing into the foreseeable future. However, the 3 year average does not exceed the benchmark until 2017/18.

Also this Ratio does not take into consideration any capital expenditure made on Plant and Equipment replacement, which can be significant.

2.3 Performance against the Fit for the Future benchmarks

Infrastructure & Service Management

2.3 Infrastructure & Service Management benchmarks				
Measure/ benchmark	2013/2014 Performance	Achieves FFTF Benchmark?	Forecast 2016/2017 Performance	Achieves FFTF Benchmark?
Infrastructure Backlog Ratio (Less than 2%)	8.11%	No	1.73%	Yes
Asset Maintenance Ratio (Greater than 60% average over 3 years)	104.1%	Yes	101.8%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	2.44%	Yes	0.50%	Yes

2.3 Performance against the Fit for the Future benchmarks

Efficiency

2.3 Efficiency benchmarks				
Measure/ benchmark	2013/2014 Performance	Achieves FFTF Benchmark?	Forecast 2016/2017 Performance	Achieves FFTF Benchmark?
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	0.82%	No	0.79%	No

If the Fit for the Future benchmarks are not being achieved, please indicate why.

Real Operating Expenditure per Capita

The 5 year trend overall by 2016/17 falls which achieves the benchmark. However, there is a slight hiccup in the current year 2014/15

13	.85
14	.82
15	.86 *
16	.80
17	.79

Additional expenditure in the current year, (as mentioned in the Operating Performance Ratio) of Development Control Plan \$200,000 and Waste Performance Projects \$110,000 is partly responsible for this.

By 2019/20 there will be a conforming 5 year trend with the current forecasts.

3 Fit for our Future

Sustainability

3.1 Fit for the Future

Sustainability

Summarise your council's key strategies to improve performance against the sustainability benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

FINANCIAL STRATEGIES & OBJECTIVES

The following series of financial strategies and objectives have been the key to Council's solid financial position and continuing success in managing its financial affairs and becoming Fit for the Future.

While there are severe financial challenges facing us both now and over the next few years adhering to these strategies and objectives will continue to assist Council in maintaining a sound financial position.

Financial Objectives

At the Ordinary Meeting on 16th December 1996, Council adopted a report recommending a series of financial policies and objectives to be referred to in the preparation of the 1997/98 Budget Estimates and Financial Plan. These objectives are reviewed annually and are still considered to be relevant and provide a solid financial foundation for Council.

Objective No. 1 - Financial Planning

To ensure the achievement of

adopted financial objectives and policies through the planning and forecasting of revenue and expenditure

Objective No. 2 - Investment of Surplus Funds (Investment of Portfolio)

To provide for the secure and optimum return on the investment of surplus funds.

Objective No. 3 - Capital Improvements

To ensure improvements are programmed and undertaken within the parameters of available funding.

Objective No. 4 - Current Ratio/ Liquidity

To ensure Council's level of funds is sufficient to finance recurrent operations, meet liquidity requirements and secure Council's financial position against possible future setbacks.

Objective No. 5 - Loan Funding

To provide necessary financing for capital improvements within the parameters of Council's debt servicing capacity and annual allocations by the Department of Local Government

Objective No. 6 - Creation and Maintenance of Financial Reserves

3.1 Fit for the Future

Sustainability

To ensure Council's level of reserves is sufficient so that:

Specific projects and events to be undertaken in the future, such as the replacement of existing assets, can be financed by the planned transfer of funds in the periods leading up to the undertaking of the project; and

Specific expenditures, which fluctuate over time, such as the payment of employee leave entitlements and gratuities can be funded if necessary from reserves to prevent a material effect on the budget and financial result for a particular year.

ECONOMIC ASSUMPTIONS

A significant consideration of the strategic planning process is the need to forecast the possible impact of key economic indicators on Council's operations. Therefore, the Budget Estimates and Financial Plan are based upon a number of broad economic assumptions.

1. Information provided by Deloitte Access Economics Forecasts December 2014 Outlook.
2. A new three-year award to be negotiated in 2017.
3. Rate peg limit set by IPART and historical movements.

These are summarised below:

		1	2	3	4	5	6	7	8	9	10
Indicator	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	%	%	%	%	%	%	%	%	%	%	%
Inflation - CPI											
December 2014 Outlook	2.0	2.9	2.9	2.4	2.4	2.4	2.5	2.5	2.5	2.4	2.4
Wages & Salary Growth											
December 2014 Outlook	2.8	2.6	3.0	3.2	3.3	3.4	3.4	3.5	3.5	3.3	3.3
Award Increases July	3.0**	2.7	2.8								
Interest Rates											
December 2014 Outlook											
- Investments	2.7	2.5	3.4	3.6	3.6	3.9	4.3	4.5	4.4	4.3	4.3
Rates											
Rate Peg Limit	2.3	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5

In addition the following financial initiatives will be progressed:

1. Council will seek a Special Rate Variation (SRV) in 2017/18 for continuing the expiring special rate for Community Facilities (to keep 4-16%) plus an operational increase (4-5%).
2. Continue to pursue land sales of under or non-performing assets to generate additional income through re investment in income-producing assets (or bank investments).
3. Provide additional infrastructure renewal to assist in reduction of Asset Backlog and addressing Asset Condition Ratings.

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3.1 Fit for the Future Sustainability

Objective	Strategies	Key Milestones	Outcome	Impact on Other Measures
1) Hunter’s Hill Council achieves all Sustainability benchmarks by the end of the 2016-2020 timeframe and beyond				
Increase operating revenue	Achieve an operating surplus in all budget years	Council achieves surplus as forecast in LTFP	Improved operating performance ratio	Improved infrastructure ratios
	Increase in and participation in regional shared services	Reduced costs	Improved operating performance ratio	Improved infrastructure ratios
	“	Increased value for money	Improved services (levels)	Improved infrastructure ratios
Increase own source revenue	Continue special rate structure strategy	Council achieves surplus as forecast in LTFP	Improved operating performance ratio	Improved infrastructure ratios
	Sale of underperforming assets through Property Plan	Council achieves surplus as forecast in LTFP	Improved operating performance ratio	Improved infrastructure ratios
	Investment in income producing assets through Property Plan	Council achieves surplus as forecast in LTFP	Improved operating performance ratio	Improved infrastructure ratios
Increase expenditure on building and asset renewals	Continue adopted infrastructure funding strategy based on special rates	Council achieves surplus as forecast in LTFP	Improved operating performance ratio	Improved infrastructure ratios
	Determine service levels for assets	Agreed service levels included in Asset Management Plans	Improved building and asset renewal ratio	Improved infrastructure ratios

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3.1 Fit for the Future Sustainability

The main contributor to Council revenue in the LTFFP is land rates.

The rate structure is based on the following outcomes identified by Council and the community through a number of sources and included in the LTFFP. These desired outcomes include:

1. Maintaining equity on cost sharing and revenue raising
2. The need to maintain a level of expenditure on infrastructure and capital works
3. The need to continue implementation of sustainability initiatives contained in the Environmental Management Plan
4. The need to protect Council's operational revenue base from being eroded by statutory and legislative changes and devolution of powers to Local councils without the provision of additional funding or adequate recognition of financial impact.

Since 1977, certain council revenues have been regulated in NSW under an arrangement known as 'rate pegging'. Rate pegging sets the maximum percentage increase to general revenue for councils. General revenue mainly comprises rates revenue, but also includes certain annual user charges.

A special rate variation allows councils to increase general income above the rate peg. Special variations are permitted under the provisions of the Local Government Act 1993 (NSW).

A council may apply for a special rate variation for reasons such as:

- Funding new or enhanced community services to meet growing demand in the community
- Funding the development and/or maintenance of essential community infrastructure
- Funding projects of regional significance, and
- Covering special or unique cost pressures that the council faces.

The adopted rate structure is designed to provide financial sustainability and certainty to rate revenue through a series of special rates that have community approval. Continuation of the present revenue structure of special rates to fund Capital Works is essential to the long-term financial sustainability of Council, as is an increase in the general rate to meet the additional costs of street lighting, increasing energy costs, payment of additional superannuation contributions, increases in the Fire & Rescue Levy and the impacts of the carbon tax.

The structure is as follows.

CURRENT RATE STRUCTURE

The current rate structure is:

General Rates

Residential

A wholly ad valorem rate that applies to all residential properties (Except where the minimum rate applies)

Business A base rate plus an ad valorem rate

AND

Special Rates

Community Facilities Asset Infrastructure Special Rate Levy (Rate Increase of 4.16% in 2007/08)

Introduced in 2007/08 the income raised by the levy, funds capital works identified in the Asset Management Plans for Buildings and Parks and Recreation. This special rate is applicable to all rateable properties.

This rate expires on 30 June 2017.

Environmental Special Rate Levy (Rate Increase of 2.17% in 2013/14)

3.1 Fit for the Future

Sustainability

Introduced in 2013/14 the income raised by the levy, funds stormwater and environmental projects identified in the Environmental Management Plan. This special rate is applicable to all rateable properties.

This rate expires on 30 June 2023.

Roads and Operations Special Rate
(Rate Increase of 6.8% in 2012/13)

Introduced in 2012/13 this rate provides funds to meet costs associated with maintenance and operation of Road assets. This special rate is applicable to all rateable properties.

This rate expires on 30 June 2022.

Other Infrastructure Special Rate
(Rate Increase of 3.1% in 2013/2014)

Introduced in 2013/14 the income raised by the levy of this rate assists with costs associated with footpaths, kerbing and traffic infrastructure. This special rate is applicable to all rateable properties.

This rate expires on 30 June 2023.

Council has adopted and is developing a number of alternate strategies and revenue opportunities. A commitment to these strategies, backed by sound financial discipline and adherence to adopted financial objectives will enable Council to remain a sustainable and vibrant local government entity that is able to meet the needs of its community.

ALTERNATE REVENUE SOURCES

Additional revenue will also be required to fund initiatives and projects identified by the community during the community strategic planning process. A number of alternative funding options have also been considered and these will also need to be prioritised.

Non-Resident Paid Parking Revenue

Paid parking in Clarke’s Point Reserve and Buffalo Creek Reserve commenced in 2014.

Council has also previously resolved to undertake community consultation in conjunction with an investigation into the possible commencement of Non-Resident Paid Parking at Valentia Street Wharf and Huntley’s Point Wharf. Due to the complexity that arose from the Woolwich Scheme, the involvement of Crown Lands and the need to amend Plans of Management, this matter was deferred.

Mobile Phone Tower Revenue

Council has been successful in negotiating with a number of mobile phone providers the installation of facilities on Council owned land for which an annual rental is paid.

These facilities are currently located at Boronia Park (1) within the floodlighting towers and the Council Chambers (2) chimney.

The Capital Works Program is to be the beneficiary of any future revenue gained from parking or mobile phone tower rental, as Council is unlikely to receive any funding support from the State or Federal Government other than on a dollar for dollar basis, if any, or where Council borrows monies to fund its capital works.

The purpose of this philosophy is to ensure that revenue from these alternate sources is not simply placed into general revenue to meet operating costs, but to be set aside for capital works projects that would otherwise not happen, or take an unacceptable timeframe to achieve.

3.1 Fit for the Future

Sustainability

Asset Sales & Development Activities

Council is investigating the feasibility of a number of development opportunities and/or asset sales.

Partial Road Closure and Proposed Subdivision – Serpentine Rd, Hunters Hill

Council is considering a proposal to close part of an unmade road, aggregate the part closed with adjoining Council land and dispose of the resultant lot created by subdivision. Preliminary notification to residents has been undertaken and survey work commenced.

The proceeds may be expended on Capital Works such as Roads, Parks and Reserves and Community Facilities and Buildings.

Alternatively, Council may decide to retire some or all of the debt raised to fund the Footpath Improvement Program.

Council has obtained care, control and management of 'The Priory'. A proportion of these proceeds could also be expended on identified repair and restoration works required on the property and its curtilage.

Development Opportunities

A revised LEP and DCP to guide the future development of Gladesville, has been completed and gazetted. This work was undertaken in conjunction with Ryde City Council.

Council owns a number of properties within the precinct that may present development or re-development opportunities to Council.

Sale or Joint Venture Development of Commercial Property – No. 4, 6 and 10 Cowell Street, Gladesville

Council owns commercially zoned vacant land at No. 4 and No. 6 Cowell Street and occupied land at No. 10 and has entered a contract for sale with adjoining property owners for a sum in excess of \$9.0m, which has been included in the LTFP.

Proceeds from sales, or revenue earned, could be returned to the Capital Works Reserve and used to fund future Capital Works programs.

Signal Hill car park construction and redevelopment – No.3A Cowell Street, Gladesville

This site is classified as operational land.

Council has identified the need to increase the number of car parking spaces for shoppers and has identified that an underground parking station could be constructed at the Signal Hill Car Park (Cowell Street).

Although commercial property owners often fund these types of projects, there are an insufficient number of commercial properties in Gladesville to create a Special Parking Rate for the purpose of funding the whole project.

Construction could also be funded by way of 'user pays' fees from the introduction of paid parking for the car park.

Council is considering the construction of two levels of underground parking on the basis of creating a commercial car park.

A DA has been approved for this project with an allowance being included for the car parking requirements of any future development on the ground level car park land.

The ground level car park land has been zoned 3(b) Business General in the new LEP and the site could then be developed or sold via an expression of interest process, which may or may not include the underground car park.

Proceeds from sales, or revenue earned, could be returned to the Capital Works Reserve and used to fund future Capital Works programs.

3.1 Fit for the Future

Sustainability

6 Pittwater Road (Early Childhood Centre)

This site is located in the Ryde City Council area and adjoins the Gladesville Library.

There is a possibility that the City of Ryde Council (CoR) may seek an opportunity to re-develop their substantial land holdings in this area in conjunction with the Gladesville Masterplan and it would be logical that this site is included in any future proposals. CoR has recently commissioned consultants to consider development options for the site.

Proceeds from sales, or revenue earned, would be returned to the Capital Works Reserve and used to fund future Capital Works programs.

40, 42, 44, 46& 48 Gladesville Road, Hunters Hill

These sites have been re-zoned within the Hunters Hill Village Masterplan for the purpose of using a potential redevelopment opportunity to construct new and significantly improved community facilities and car parking.

The LEP for Hunters Hill Village has been gazetted and plan for a potential development strategy is being developed and will be placed on public exhibition in 2012.

Proceeds from sales, or revenue earned, could be returned to the Capital Works Reserve and used to fund future Capital Works programs.

3 Fit for our Future

Infrastructure and Service Management

3.2 Fit for the Future

Infrastructure and Service Management

Summarise your council's key strategies to improve performance against the infrastructure and service management benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

Since the late 1940s Council's population has doubled and by the early part of the 21st century, it is expected to increase by another 20%. At that time the Council's infrastructure will have to support an above average aging community and yet still play its part in the globalisation of our economy.

Assets held long-term attract liabilities in terms of the costs for ongoing operation and maintenance, both of which are prodigious and climbing steadily as the stock ages. On the basis of industry norms and the foregoing estimates of replacement value, the annual maintenance and operating cost for public sector assets in this Council is in the range of \$3-6 million.

On this basis this liability, which compares to an annual capital works budget of less than \$1-2 million, could soon outstrip the Council's capacity to provide infrastructure to ensure new services.

Therefore the Council's portfolio of assets is both an investment in the future of the community and a potential source of massive liabilities if not well managed.

It is imperative for local government at all levels to pay critical attention to aligning infrastructure resources with community needs to provide sustainable levels of service.

To respond to this imperative Council has invested in and developed comprehensive and sophisticated Asset Management Plans for the following classes of assets and established a 10-year Capital Works Program to address asset maintenance for inclusion in the Long Term Financial Plan.

The proposed 2012/2013 - 2021/22 Capital Work Program (as amended) is contained in the draft Long Term Financial Plan. In summary the program contained in the following table.

3.2 Fit for the Future

Infrastructure and Service Management

Objective	Strategies	Key Milestones	Outcome	Impact on Other Measures
1) Hunter’s Hill Council achieves all Infrastructure and Service Management benchmarks by the end of the 2016-2020 timeframe and beyond				
Reduce the infrastructure backlog ratio	Ensure works identified as funded by Special Rates are completed	Delivery plan Capital Works are completed on time and on budget	Benchmark of <2.0% is met	Asset ratios m
	Review and refine Asset Management Plans and reflect costs in LTFP	Asset funding requirement is included in LTFP, budget and planning process	Benchmark of <2.0% is met	Asset ratios m
Increase the asset maintenance ratio	Asset Management Plans contain identified maintenance requirements and funding needs	Maintenance funding requirement is included in LTFP, budget and planning process	Asset maintenance ratio of = or > than 100.0% is met	Asset ratios m
Decrease the debt service ratio	Develop a long-term borrowing plan for asset management	Match debt levels with special rates and s94 funds	Debt service ratio of between 1-20 is met at all times in LTFP	Asset ratios met
	Develop a long-term borrowing plan for asset management	Borrowing funded by offset revenue streams or sustainable expenditure reductions	Debt service ratio of between 1-20 is met at all times in LTFP	Asset ratios met
	Investment in income producing assets through Property Plan	Council achieves surplus as forecast in LTFP	Improved operating performance ratio	Improved infrastructure ratios
Increase expenditure on building and asset renewals	Continue adopted infrastructure funding strategy based on special rates	Council achieves surplus as forecast in LTFP	Improved operating performance ratio	Improved infrastructure ratios
	Determine service levels for assets	Agreed service levels included in Asset Management Plans	Improved building and asset renewal ratio	Improved infrastructure ratios

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3.2 Fit for the Future

Infrastructure and Service Management

Our Aim

The aim of Council’s asset management planning is to enable Council to demonstrate to the community how its asset portfolio will support service delivery priorities and needs into the future.

Fundamentally, asset management plans are a method of ensuring Council’s physical assets are able to support the provision of services to levels that the community expects and can afford. The asset plan answers a series of questions:

- What assets do we have?
- What condition are they in?
- What works are required?
- Do they meet current service requirements?
- Do they meet current legislative requirements?
- Can they meet service requirements into the future?
- Do we need to change our assets?
- Are there other ways of providing assets?
- How do we maintain them?

These asset management plans provide Council and the community with an analysis of the current status of Council’s asset base and the future planning for the assets.

Future Demand

This asset management plan takes into account the likely future demands on the assets. The main increase in demand will be through increased population/density which will:

- Increase traffic counts
- Change demographic
- Increase demand for traffic management and parking

Financial Planning

The asset management plans provide an estimated long term financial plan relating to the operation, maintenance, renewal and new asset expenditure for roads and road related assets.

The financial plan is based on the “ideal” expenditure require to keep assets in their current condition or allow for improvement in the overall condition of a group of assets. It is reasonable to assume that as the percentage of this “ideal” decreases to actual expenditure, then the condition of the asset will decrease over time. This is the critical decision for Council = at what point is the actual expenditure leading to acceptable level of service/standard of asset.

Existing Asset Management Practices of Improvement Program

Council is at an early stage in the development of asset management practices. In accordance with the International/Infrastructure Management Manual (IIMM), Council’s practices are of a “basic” level.

Accordingly, an improvement program has been developed and is included in the body of each plan.

The three practice categories are:

- Processes and methodologies
- Information system
- Knowledge and data

The successful combination of these practices ensures that the level of service required by the community is provided at the most economical cost.

Over time Council will need to determine what level of asset management is practical, affordable and appropriate for its operations.

Future revisions of Asset Management Plans will move towards a more “Advanced” level of asset management using a “bottom up” approach for gathering information for individual assets to support the optimisation of activities and programs to meet revised and agreed service levels. The focus of future Plans developed in this manner will include risk and performance optimisation, risk based strategies, use of predictive methods and optimised decision making techniques.

3.2 Fit for the Future

Infrastructure and Service Management

Prioritising Expenditure

Roads (Roads and Road Related Assets Management Plan)

Hunters Hill Council commissioned ARRB Group Ltd to prepare a valuation of all Council road assets as at 30 June 2010. The road assets considered in the valuation were:

- Pavement surfacing layer
- Pavement base layer
- Kerb
- Footpath
- Street signs
- Road structures (islands, speed humps, roundabouts).

A field survey was undertaken from over the complete 53km road network. Video data captured in this survey was then rated for condition and collated into the segmentation used in the valuation.

The valuation method was adapted from the Australian Infrastructure Financial Management Guidelines and straight line depreciation was selected to account for the deterioration of an asset over its useful life.

The total value of Hunters Hill Council's road assets is about \$42,000,000. The valuation also found that the average Pavement Condition Index of the Hunters Hill road network is 71.4%. This figure suggests that the average Council road surface may be classified as in 'good' condition.

The supporting documentation to report includes:

1. A valuation spread sheet containing detailed calculations
2. A complete set of rated data detailing the present condition of all Council road assets
3. Video data of all Council roads
4. Hawkeye data viewing software.

Priorities have been determined using the data collected for the PMS (Pavement Management System), measuring the condition of the road and the likely funding pool available each year.

If the funding pool decreases or increases adjustments to the program will be made accordingly.

3.2 Fit for the Future

Infrastructure and Service Management

Building Assets (Building Assets Management Plan)

In 2008/09 Council commissioned a Community Facilities Review. A subsequent community facility provision audit indicated the following trends:

- Most facilities are leased (9 out of the 13) with long term commercial or specific purpose tenants(e.g. childcare facilities)
- Council is experiencing a reasonable rate of cost recovery on most community facilities however this is declining.
- There are limited facilities available for adhoc and/or irregular hire or use
- Of the 3 facilities available for public and irregular use i.e. (Town Hall, Gladesville Road Community Centre, Fairland Hall) both Gladesville Rd Community Centre and Fairland Hall are heavily booked. The Town Hall is unavailable due to cost and other issues
- There are limited facilities available for a broad range of multipurpose community, social, cultural and recreation activities at the one venue
- Many of the long term leased buildings have limited or no expansion capacity to meet changing and increasing demand

A condition audit of facilities was also undertaken and indicated the following main issues:

- With a couple of notable exceptions i.e. Gladesville Road Community Centre/Hall and Riverside Pre-School, most assets are ageing and will require significant capital expenditure in the next 10 years to maintain their serviceable life
- Most facilities are non-compliant with current DDA and/or BCA codes
- Any future significant upgrades to these facilities would require compliance at significant cost
- Many facilities do not meet the needs of existing users in terms of size, layout, parking and amenity and need significant financial investment to meet these requirements
- The age and condition of many community facilities limits the amount and type of use available now and in the future

- There are a significant number of ageing community facilities that require major redevelopment or replacing

The documents resulting from this review are included in Volume 2 of the Building Assets Plan and are the basis for determining priorities in the capital works program included in the LTFFP.

The current Special Rate for Community Facilities Asset Infrastructure (expiring in 2016/17) provides funding for the plan, which will not be completed by this date.

If the funding pool decreases or increases adjustments to the program will be made accordingly.

All valuations for buildings are current having been provided by Scott Fullarton Valuation Services in 2010 to meet Australian Accounting Standards and insurance purposes.

3.2 Fit for the Future

Infrastructure and Service Management

Parks & Recreation (Parks and Recreation Asset Management Plan)

Capital Works are currently funded by the Special Rate for the Reserves Improvement Program 2003/04 – 2012/13, expiring on 30 June 2013 and as works will not be completed by this date Council is seeking to continue this Special Rate as part of its overall 10-year rate strategy.

All valuations for park and reserve buildings are current having been provided by Scott Fullarton Valuation Services in 2010 to meet Australian Accounting Standards and insurance purposes.

If the funding pool decreases or increases adjustments to the program will be made accordingly.

Stormwater (Stormwater Asset Management Plan)

Capital Works are currently funded by the Special Rate for the Environmental Works 2003/04 – 2012/13, expiring on 30 June 2013 and as works will not be completed by this date Council is seeking to continue this Special Rate as part of its overall 10-year rate strategy.

However the Capital Works Program will be revised to reflect the Stormwater Asset Management Plan and the Stormwater Management Action Plans prepared for Council by Storm Consulting Pty Ltd.

Council has an adopted Total Asset Management Policy and in line with the policy a series of 10-year works programs have been compiled and are included in the Delivery Program and LTFFP.

If the funding pool decreases or increases adjustments to the program will be made accordingly.

Capital Works Project Funding

Council has an adopted Total Asset Management and the Asset Management Plan is represented through the Capital Works Program.

Budget allocations for asset maintenance and replacement identified in the Capital Works Program have been done so utilising a 10-year program that has been prepared by Council staff for the purpose of identifying Councils longer-term financial commitments toward important community assets.

The proposed Capital Works Program is being funded by a combination of loans, special rate levies, section 94A funds, or alternative revenue sources.

Outcome Area	Proposed 10-Year Program 2012/13 – 2021-22	Annual Additional Requirement
Roads	3,062,680	306,268
Road Related Assets	455,500	45,550
Building Assets	810,000	81,000
Parks & Recreation	2,952,500	295,250
Stormwater	795,500	79,550
Environmental	621,500	62,150
TOTAL	\$8,697,800	\$869,768

3.2 Fit for the Future

Infrastructure and Service Management

Borrowing to Fund Capital Works

Council's loan borrowings are restricted by loan borrowing limits applied by the Department of Local Government as part of the Federal Global Loan Borrowing Limitations Council makes submissions and seeks approval for borrowing on an annual basis.

Council's Base Loan Program was \$2.5m with repayments funded from a Special Local Loan Rate (Compulsory Acquisition of Foreshore Land and Seawalls).

In 2007/2008 Council borrowed an additional \$500,000 to implement a 10-year footpath improvement program.

Council's base loan program may be expanded where funds are required for additional programs. It is proposed that any additional loan funding will be used primarily for projects that are able to fund the debt servicing costs through income production, or through reduced expenditure requirements. Council will be debt free by the end of the 2017 calendar year.

Levels of Service

Fundamentally, asset management plans include the setting of levels of services for Council.

At this stage, levels of service are being developed to support Council's strategic goals.

These goals have been articulated in the Community Strategic Plan, which has been adopted by Council in 2011.

Levels of service are intended to:

- Inform the community of the proposed type and standard of service to be offered.
- Assist with the identification of the costs and benefits of services.
- Provide guidance for current and future services to be offered, the manner of the service delivery and definition of the specific levels of service which Council wishes to achieve.

Levels of services are based on:

- Strategic and corporate goals
- Legislative requirements
- Availability of resources and financial environment.

3 Fit for our Future

Efficiency

3.3 Fit for the Future

Efficiency

Objective	Strategies	Key Milestones	Outcome	Impact on Other Measures
1) Hunter’s Hill Council achieves all efficiency measures by the end of the 2016-2020 timeframe and beyond				
Decrease real operating expenditure per capita over time.	Continue to implement IT productivity improvement program	Cumulative savings continue an upward trend	Real operating expenditure is reduced over time	Improved operating performance ratio
	On-going service reviews using Revu Map are commenced	Additional service reviews completed	Real operating expenditure is reduced over time	Improved operating performance ratio
	PwC benchmarking tool continues to be used to identify service improvement areas and results	Additional service reviews identified		
Comparative analysis with benchmarks	Real operating expenditure is reduced over time	Improved operating performance ratio		
	Council regional analysis and comparison tool continues to be used to identify service improvement areas and results	Additional service reviews identified		
Comparative analysis with similar councils or regions	Real operating expenditure is reduced over time	Improved operating performance ratio		

3.3 Fit for the Future

Efficiency

Service Reviews (Continuous Improvement)

Council has been undertaking service reviews for quite some time and the following table includes a list of more significant projects.

<ul style="list-style-type: none"> In 2000/01 Council implemented a number of cost saving measures involving the contracting of street sweeping services and the rationalisation of staffing operations in parks and reserves. The annual savings from these initiatives are estimated to be in excess of \$100,000 per annum.
<ul style="list-style-type: none"> Increased productivity from Council ranging and regulatory services has seen an increase in revenue to the extent that the service is self-funded.
<ul style="list-style-type: none"> A re-negotiation of the joint library agreement with Ryde City Council that restricts annual increases to the rate – pegging increase will realise a \$250,000 saving over the five-year life of the agreement.
<ul style="list-style-type: none"> A revised tender agreement for Councils domestic waste collection service enabled Council to introduce a 'green' waste service without increasing the domestic waste service charge in 2006/07. It is estimated that this arrangement has saved each ratepayer \$10-\$20 per year.
<ul style="list-style-type: none"> In 2007/08 Council implemented Smart Forms a range of standard forms used in Councils for applications. The project was funded under the RRIF Federal Government program. The benefits realisation study undertaken in conjunction with the project indicates a recurrent saving of \$10 for every dollar expended. The implementation of the project realises significant benefits and savings to ratepayers and small business.

To support this process Council will be implementing a new software package (Revu Map) to provide assistance and productivity improvements in the process itself. The cost of the package is \$5,000 plus one days training for staff involved.

It is envisaged that a reduction of up to seven working to days will be achieved in each process review at a cost saving of about \$8,000 and reduction in lost time to normal work.

NSW local government

The Local Government 'Operational and Management Effectiveness Report' is a joint project between Local Government Professionals (NSW) and PwC involving over eighty (80) NSW Councils. This unique industry-led self-assessment survey created by LG Professionals, NSW in collaboration with PwC

provides all participating councils with deeper insights on relevant council operations and is designed to complement OLG government reporting initiatives.

PwC is drawing on its extensive experience in both local government and in the development, delivery and analysis of a variety of business process surveys across multiple industries, to provide benchmarking insights that offer practical direction to assist Councils in starting to make improvements. The report provides a level of information, detail and comparison that is simply not available elsewhere that will assist in decision-making about service reviews and continuous improvement at a substantially less cost than we could do it ourselves.

The benefits to participating in this type of survey should allow councils to:

- Evaluate their own practices to understand current operational and management performance
- Identify areas of focus when striving to optimise operational excellence
- Understand how Australian business and in some cases international business performs in the area of workforce, operations and finance using results from similar surveys conducted by PwC both in Australia and globally.

3.3 Fit for the Future Efficiency

The report has a focus on five (5) key areas at this time:

1. Workforce
2. Finance
3. Operations
4. Risk Management
5. Corporate Leadership

A copy of the most recent Hunters Hill Survey Report is appended to this submission.

LG Professionals, NSW have also provided NSW councils the opportunity to be more in control of their own future with the NSW Council Regional Analysis and Comparative Tool.

This new tool will be implemented during the second half of 2015 and gives council even greater diagnostic abilities to find and assess performance against other NSW councils who 'look more like them' in nature, with additional council, area and regional profile data added to the existing key survey metrics that are already collected.

Council will also be able to view and compare with other councils in their own Regional Organisations of Councils (ROC) area, allowing for greater learning, discussion, constructive comparison and insights to support future local and regional strategy development and planning.

Council will be able to:

- a) Actively filter, compare, and analyse in more depth their own council's performance against similar council survey data from across the state (anonymously).
- b) Access a specific ROC picture of comparative performance - a new opt in feature for all councils in a ROC
- c) Have a new complete ongoing local and regional intelligence framework on hand for all ROC councils who participate.

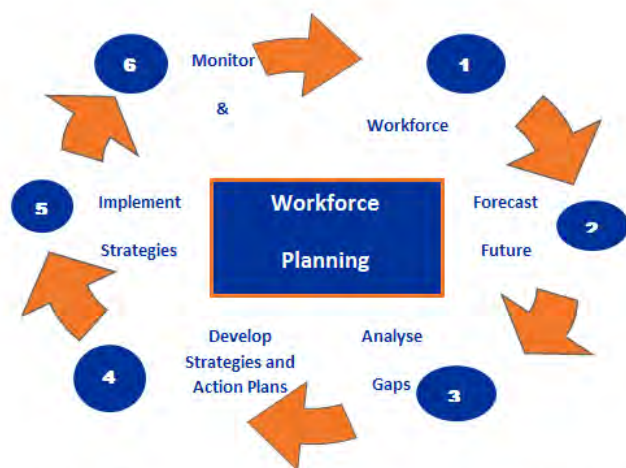
The cost of this tool is around \$3,500 and provides and level of analysis and comparison to assist decision-making that would otherwise not be available to Council.

WORKFORCE PLAN

The Workforce Plan sets out the issues, evidence and strategies required to deliver a sustainable Hunter's Hill Council workforce capable of continuing to deliver high quality services to our community to 2015 and deliver on our vision. It builds upon the directions set out in the 2020 Strategic Plan and 2012 - 2016 Delivery Program and its associated budget and is aligned with the overarching NSW Planning and Reporting framework.

The Workforce Plan is focused on retaining staff, developing leaders, up-skilling managers, and positioning Council as an employer of choice.

Our Workforce Plan is underpinned by the Workforce Planning framework. This is pictured and described in more detail below:



3.3 Fit for the Future

Efficiency

Despite the challenges facing Council now and in the future identified in the Workforce Plan, there are a number of positive factors that should be highlighted.

- Evidence suggests that Council has a good reputation, an enviable work culture and offers competitive employment conditions and benefits;
- Managers have identified that a number of 'future leaders' exist across Council;
- Many existing staff may have the potential to fill critical positions in the future, (provided specific qualifications are acquired and further training is undertaken);
- The global economic crises may lessen the impact of candidates in short supply (in the short term).

To address workforce issues identified in the Workforce Plan and to ensure any workforce gaps are minimised, the following general strategies should be adopted:

1. Continue to attract and recruit staff from a wider applicant pool so as to allow Council to become a career pathway for a range of potential new recruits – i.e. consider age diversity (both young and mature), people from diverse backgrounds (multicultural, indigenous Australians, women with children, people with a disability)
2. Focus on retaining appropriately skilled staff, including retaining our older workforce as well as younger generations;
3. Continue to strengthen our reputation as an employer of choice, thereby assisting with attraction and retention; and
4. Offer continuous learning and development opportunities for all staff and accelerate the development of the next generation of leaders, thereby ensuring any skill gaps are reduced.

An aim in budget preparation has been to ensure that our current workforce is retained and Council is not forced to shed staff to meet its bottom line target. A number of staff expenditure reductions were adopted for 2010/11 and the following will be continued through to 2015/16:

No additional staff appointments (unless offset by additional funding or productivity improvements).

Limited paid overtime. Any overtime is to be taken as time-in-lieu.

Productivity Improvements

In previous SRV applications Council has been asked to identify any productivity improvements. The table below identifies those improvements and the continued monitoring and savings.

3.3 Fit for the Future Efficiency

INFORMATION TECHNOLOGY

Productivity Savings					
	Year	DA tracking web hits	Estimated "real" hits	Estimated savings	Cumulative savings
DA tracking (RRIF Project)	2007	2,178	726	5,808	5,808
	2008	4,786	1,595	12,760	18,568
	2009	4,602	1,534	12,272	30,840
	2010	1,969	656	5,248	36,088
	2011	4,853	1,618	12,944	49,032
	2012	4,045	1,348	10,784	59,816
	2013	4,565	1,521	12,168	71,984
	2014	4,499	1,499	11,992	83,976
					356,112
Upgrade payroll system					
	Year	Pay runs	Payroll Officer rate	Estimated savings	Cumulative savings
	2007	51	31	1,604	1,604
	2008	52	36	1,846	3,450
	2009	53	38	1,990	5,441
	2010	52	39	2,015	7,456
	2011	52	42	2,164	9,620
	2012	52	43	2,218	11,838
	2013	52	44	2,291	14,129
	2014	52	45	2,365	16,494
					64,540

	Year	Annual service saving	Annual staff pay saving	Estimated savings	Cumulative savings
Review/Wireless ISP link	2010	1,236	1,500	2,736	2,736
	2011	1,236	1,500	2,736	5,472
	2012	1,236	1,500	2,736	8,208
	2013	1,236	1,500	2,736	10,944
	2014	1,236	1,500	2,736	13,680
					41,040
INFORMATION TECHNOLOGY					
Cost Savings					
	Year	Annual lease	Annual copy estimated charges	Annual costs	Annual savings
Photocopier contract renewal	2010	23,076	22,873	45,949	
	2011	19,751	18,701	38,452	7,242
	2012	19,751	17,002	36,753	9,196
	2013	19,751	18,374	38,125	7,824
	2014	20,628	1,790	22,418	15,709
					39,971
	Year	Annual maintenance	Annual call charges	Annual costs	Annual savings
VOIP implementation	2010	6,363	33,491	39,855	
	2011	3,630	9,460	13,090	26,765
	2012	3,630	5,611	9,241	3,849
	2013	3,630	5,263	8,893	348
	2014	3,630	8,659	12,289	3,396
					34,358

3.4 Improvement Action Plan Hunter's Hill Council

Actions	Milestones	Financial Impact	Target Date
Revaluation of roads	New	See LTFP	July 2015
Service reviews using Revu Map	Additional service reviews completed	\$0 direct	June 2016
Continuing IT productivity program	Continued productivity savings >\$100k	\$0 direct	June 2016
PwC benchmarking tool continues to be used to identify service improvement areas and results	Additional service reviews identified		
Comparative analysis with benchmarks	\$0 direct	June 2016	
Council regional analysis and comparison tool continues to be used to identify service improvement areas and results	Additional service reviews identified		
Comparative analysis with benchmarks	\$0 direct	June 2016	
Community consultation Application for Special Rate Variation in 2017/18 for expiring SRV for Community Facilities to continue the SRV and an additional amount for operational expenses.	Consultation July-Oct 2016	\$40,000	October 2016
Application for Special Rate Variation in 2017/18 for expiring SRV for Community Facilities to continue the SRV (4.16%) and an additional (4.5%) for operational expenses.	Notification of application	See LTFP	December 2016
Application for Special Rate Variation	Submission of application	See LTFP	February 2017
Application for Special Rate Variation	Approval of application	See LTFP	May 2017

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3.4 Improvement Action Plan Hunter’s Hill Council

Outline the process that underpinned the development of your Action Plan.

Outline the process that underpinned the development of your Action Plan.

Hunters Hill Councils Improvement plan for the 2016/17 -2019/20 years was developed in line with our Budgeting and Integrated Planning and Reporting (IP&R) review process.

Our annual budgeting workshops occur from February - April each financial year. An independent facilitator is used to assist Council in this annual process.

This process includes the forward planning of the next four years of the delivery plan with projects and actions using the projections of a revised LTFP and Asset Management Plans.

Council then adopts the Draft Delivery Program and Operational Plan in May each year to enable public exhibition for 28 days and then adoption by council before the end of the financial year in June.

In addition to this process Councils Senior Management Team (SMT) is project team for the review all IP&R reporting and review and any SRV applications (when required) or any other strategies that make up the Improvement plan so that we can achieve long-term sustainability beyond the Fit for the Future benchmarks by 2020.

The improvement plan was also developed in consultation with Council and formulated during a number of FFTF workshops.

The final improvement plan was put into a report to Council and formally adopted on 09 June 2015.

3.5 Other Actions Considered Hunter's Hill Council

In preparing your Improvement Action Plan, you may have considered other strategies/actions but decided not to adopt them. Please identify what these strategies/actions were and explain why you chose not to pursue them.

Other improvement plan strategies which could be undertaken by Council to meet the Fit for the Future benchmarks (but are not presently proposed) include the following:

- Significantly increased user fees and charges beyond the proposed increases forecast in the LTFFP.
- Discontinuing services or significantly reducing the level of services provided e.g. Joint library service with Ryde City Council (2016/17 contribution in excess of \$700,000)

The above two points were ruled out due to information gathered during community consultation over the last two years. It was decided that in line with what the community want, neither were options Council should pursue.

Overall, Council views that its regular IP&R and Budgeting reviews along with further strategies outlined in the improvement plan above will be enough to remain a strong and sustainable local government entity

4 Fit for our Future



4.1 How will our plan improve performance Hunter’s Hill Council

4.1 Expected improvement in performance					
Measure / benchmark	2016/17	2017/18	2018/19	2019/20	Achieves FTF benchmark?
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	-0.0425	-0.0121	0.0028	0.0114	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	91.19%	92.75%	92.88%	92.93%	Yes
Building and Infrastructure Asset Renewal (Greater than 100% average over 3 years)	91.58%	104.95%	105.98%	105.95%	Yes
Infrastructure Backlog Ratio (Less than 2%)	1.73%	1.67%	1.57%	1.52%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	101.80%	102.99%	102.91%	102.93%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0.50%	0.40%	0.24%	0.08%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	0.79%	0.78%	0.77%	0.76%	Yes

5

Fit for our
Future



5.1 Our plan in action

Hunter’s Hill Council

Council’s Improvement Plan is integrated with the Delivery Plan 2015-2019 and Operational Plan 2015-16, which means that the projects will form part of the relevant Service Unit Business Plan and relevant staff work plans. Council will be employing a coordination and implementation of the key strategies.

The implementation of the Improvement Action Plan will be monitored through established processes within Council; quarterly reporting to the Senior Management Team and to Council and staff performance management processes.

Action Plan	
Actions	Milestones
Cambron	<p>A specialist reporting tool developed for Council that allows reporting on the CSP, Delivery Program and Operational Plan on a regular basis. Action plan initiatives have been included in the Delivery Program.</p> <p>It also includes a performance monitoring and development tool that is linked to the Delivery Program and Operational Plan for discussion in twice yearly performance reviews.</p>
Quarterly budget review	Statutory reporting on the LTFP and Operational Plan
Monthly cost reports	Reporting on Capital Works program
OLG Comparative measures	Statutory financial reporting
PwC benchmarking tool continues to be used to identify service improvement areas and results	Provides council with deeper insights on relevant council operations and is designed to complement OLG government comparative data.

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6 Community Engagement Strategy

How we consulted the community

6.1 How we consulted the community

Hunter's Hill Council

The Hunters Hill community have a history of strong public demonstration and support of no forced amalgamations. As far back as 2003 over 80% of residents opposed a proposed forced amalgamation. Council received survey feedback, over 200 telephone calls and 100 protestors opposing the possible merger of Hunters Hill. A similar community sentiment exists in 2015 with a strong and vocal community group 'Save Hunters Hill' launching a website and supporting Council in developing a strong Joint Regional Authority model, which would see the heritage of our natural and built environment maintained.

Hunter's Hill Council is committed to working with its community and values community feedback when making decisions. To formulate Council's response to the ILGRP's recommendations and the Fit For the Future initiative, Hunters Hill Council has engaged with its community since 2013. The details and results of these are outlined below

May 2015

Community Meeting
Participants 60

Hunters Hill Council had XX community members present at its meeting on 8 May.

Live polling was conducted on the night, using the same three questions (live polling results attached in Urbis report), with the summary as follows:

- When asked how supportive they were of proposed merger with 5 other Councils, 82.2% stated they were "not at all supportive"
- When asked how supportive they were of Council standing alone 73.4% registered a level of support, from "completely supportive to somewhat supportive"
- When asked how supportive they were of Council standing alone and exploring the option of a Joint Regional Authority, 86% registered a level of support, from "completely supportive to somewhat supportive"

May 2015

Telephone Survey
Micromex Consulting
Participants 400

The detailed results of this survey are attached in Appendix XXX with the high level results for Hunters Hill as follows:

- 64 % not supportive of Council being merged with 5 other Councils
- 59 % supportive of Council standing alone
- 81 % supportive of Council exploring a Joint Regional Authority with Lane Cove and City of Ryde Councils

June 2015

Online Survey
An online survey was created using the same questions as asked in the telephone survey and ensuring that the information package was also available on all three Council websites.

As at 28 May the results for Hunters Hill were trending as follows:

- 33 respondents
- 75% not supportive of Council being merged with 5 other Councils
- 66% supportive of Council standing alone
- 77 % supportive of Council exploring a Joint Regional Authority with Lane Cove and City of Ryde Councils

Date	Action Taken	Outcome
May 2015	Coordinated consultation with Ryde and Lane Cove Councils Public Meeting	82.2% opposed to ILGRP’s proposed merger of Hunters Hill with 5 other Councils 73.4% supported for Hunters Hill to stand alone 86% supported exploring a joint regional authority with Lance and Ryde
May/June 2015	Coordinated consultation with Ryde and Lane Cove Councils Telephone survey	64% opposed to ILGRP’s proposed merger of Hunters Hill with 5 other Councils 59% supported for Hunters Hill to stand alone 81% supported exploring a joint regional authority with Lance and Ryde
May 2015	Coordinated consultation with Ryde and Lane Cove Councils Online polling (28 May)	75% opposed to ILGRP’s proposed merger of Hunters Hill with 5 other Councils 66% supported for Hunters Hill to stand alone 77% supported exploring a joint regional authority with Lance and Ryde
May 2015	Public Consultation Meeting.	The community group ‘Save Hunters Hill Municipality Coalition’ outlining their positive involvement and attendance at key community meetings.
April/May 2015	Radio Interviews. To Build community awareness.	Council’s Mayor responding to key questions regarding likely impacts on residents as a result of the Independent Review Panel recommendations.
June 2014/May 2015	Advertisements and editorials in local media	Raising awareness of Fit for the Future criteria and deadlines.
March/April	Letter to every household from the Mayor providing background information and inviting residents to attend the Public Consultation Session on 6 May 2015 and published on Council web site.	Awareness raised on the issues facing Hunters Hill should a merger take place.
March 2015	Council Newsletter distributed to every I and published on Council website. To Build community awareness of the Fit for the Future initiative	Awareness raised of the State Government’s proposal for voluntary mergers.
March 2014	Newsletter to every household and published on Council web site. To Build community awareness.	Advising that the final reports of the Independent Local Government Review Panel and the Local Government Acts Taskforce were released in January 2014 and that the reports are available at www.localgovernmentreview.nsw.gov.au Both the Government and report say ‘no change’ IS NOT an option. The report recommends the merger of the following Councils into a larger council: Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde (part), Willoughby Council has taken the view (supported by the community), that a merger or

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Date	Action Taken	Outcome
		amalgamation is not an appropriate outcome of the local government reform agenda.
July 2013	<p>Newsletter to every household advising outcome of public meeting and Published on Council web site.</p> <p>To Build community awareness.</p>	<p>Council holds to its position and resolutions:</p> <ul style="list-style-type: none"> • No forced amalgamations. • Work with other councils through NSROC to deliver services on a regional basis (e.g. waste collection and disposal) and to create greater economies of scale.
June 2013	<p>Public meeting (250 in attendance)</p> <p>To seek community feedback on ILGRP’s draft report</p>	<p>A crowd of 250 people attended the meeting resulting in the following resolutions being passed by an overwhelming majority.</p> <ol style="list-style-type: none"> 1. That Hunters Hill Municipality retains its independence and historic boundaries. 2. That the NSW Government recognises and protects the significant character and heritage values of Hunters Hill Municipality and the whole of the State. 3. That the NSW Planning ‘White Paper’ and draft Bill, the Metropolitan Strategy and the Local Government Review Panel final discussion papers do not reflect the following goals in the NSW Government’s State Plan ‘NSW 2021’: <p>Goal 32- ‘People to have a real say and be Involved in localised decision making’, and and Goal 27- ‘Recognising and protecting the State’s most significant heritage places and values’, and that these discussion papers should be withdrawn, given their current flawed content.</p>
March 2013	<p>Newsletter to every household and published on Council web site.</p> <p>To Build community awareness.</p>	Advice to residents that Hunter’s Hill Council is firmly opposed to any proposed amalgamations
2012 December	<p>Newsletter to every household and published on Council web site.</p> <p>To Build community awareness.</p>	<p>The Independent Local Government Review Panel is responsible for providing recommendations to Government on key actions relating to governance, structure and financial sustainability to improve the strength and effectiveness of Local Government in NSW.</p>
May 2012	<p>Newsletter to every household and published on Council web site.</p> <p>To Build community awareness.</p>	<p>A review of local government in NSW - have your say!</p> <p>The NSW State Government has appointed an Independent Local Government Review Panel to develop options to improve the effectiveness of local government in NSW. The review will drive key directions identified in the Destination 2036 initiative.</p>
2012	<p>Resident Telephone Survey.</p> <p>To determine whether residents would support a SRV for infrastructure maintenance and renewal.</p>	83.5% of residents felt renewing and maintaining footpaths, kerbs and roads was of high importance in maintaining current Council service levels.



Template 2

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Executive Summary

Lane Cove is an agile, responsive Council with a strong history of providing quality services that meet the needs of our predominantly residential community. High customer satisfaction levels; a strong sense of community following significant investment in social capital; a 29% increase in residents over the next 10 years; the only council in the group that already addresses its infrastructure backlog and meets the existing financial benchmarks for Fit for the Future (except that Council has no debt); local ratepayers have a lot at stake in considering the options for their future.

Council has fostered an informed community with the conversation about reforms beginning in June 2013. Subsequent public information sessions identified community concerns regarding potential loss of democracy, sense of community, engagement and impact on the quality of facilities and services.

Council has also facilitated and participated in meetings with all councils in the proposed merged entity culminating in a forum of all Councillors at Chatswood in January 2015.

Understanding that initial community sentiment may have not have led to rigorous consideration of the merger proposal, Council appointed Morrison Low to prepare a business case based on the Panel's recommendation to merge with five adjoining councils. To further address the concerns raised by its community, Council also requested reports relating to the outcomes of mergers and the potential for a superior alternative.

The result was a strong foundation of information which used the Fit for the Future benchmarks to present the options available to the community. Results from the community consultation and deliberative poll show that the case for a merger was rigorously considered as one-third of the community showed support for this option.

The clear majority of community support however was for an alternative option, a Joint Regional Authority (JRA) which focuses on regional strategic planning and advocacy, intergovernmental collaboration and shared services delivery. The JRA's economies of

Fit for the Future

Executive Summary

scale and ability to share services is the proposed method in which Council aims to provide added value to the Fit for the Future benchmarks. This is added value given that it has demonstrated it already meets these benchmarks as identified in section 2.3.

Lane Cove's strong financial sustainability, infrastructure and service management and efficiency results demonstrate its ability to meet the current Fit for the Future criteria. For example:

- Operating performance ratio of 1.6%
- Building and infrastructure asset renewal ratio of 181.3%
- Infrastructure backlog ratio of 1.79%
- Real operating expenditure per capita of 0.93.

Anticipated growth in the rating base of 1.25% per annum, estimated annual increases in both operating and capital grants and contributions such as Voluntary Planning Agreements will further strengthen this position. Council's Major Projects Strategy self-funds new infrastructure projects including a \$55million bus/rail interchange for St Leonards (normally funded by State Government), new parking, recreation and community facilities, providing ongoing commercial returns on Council assets.

An analysis of the proposed Fit for the Future merger by Morrison Low concludes that the Lane Cove community will be in a weaker financial position and less sustainable as the merged entity will not meet all benchmarks.

To further improve on its existing benchmarks, Council aims to achieve the following outcomes via an action plan:

- Implement the Long Term Financial Plan (LTFP), Council has outperformed its LTFP over the past five years
- Continue its service review program to improve efficiency, effectiveness and service delivery
- Develop a regional Learning and Development program delivering effective targeted training and cost savings.

The JRA will then provide a mechanism for Lane Cove to add value to its capacity including the benefits of shared services as identified through Professor Brian Dollery's and Professor Percy Allan's research.

As a result Lane Cove will not only continue to achieve its target benchmarks; it will be participating in a process backed by its community. Lane Cove can then continue to maintain its ability to respond to the community's needs as reflected by its high customer satisfaction levels (94%).

The proposed JRA alternative addresses the community's concerns and also meets the objectives set out under the Fit for the Future program providing a superior example of how communities, Council and the State Government can work together.

1 Our scale and capacity

Council considered the research provided by SGS Economics, Morrison Low, Professor Brian Dollery and Percy Allan and Associates when evaluating the merger proposal provided.

Morrison Low have considered the scale and capacity of Council and advise Lane Cove meets all the Fit for the Future benchmarks, delivers service efficiency while maintaining customer satisfaction at 94%, and with population growth of 29% to 2031 demonstrates a high level of scale and capacity. With this strong base of strategic capacity Council is keen to continue its role in adopting innovative initiatives by becoming a founding member of a metropolitan JRA.

As shown in **Table 1/Attached** Council can demonstrate its ability to balance scale by initiating high-value, innovative State infrastructure projects while still remaining agile enough to respond to the high levels of service expected by its community. In addition to continuing its existing capacity to provide a robust revenue base and attract and retain skilled staff, Council's culture of innovation, creativity and flexibility in the face of change will be further strengthened by the additional efficiencies gained through a JRA.

Council already has a Major Projects Strategy which self-funds new infrastructure projects and in the past two years has been involved in initiating over \$220 million in major projects including driving a \$55million bus/rail interchange for St Leonards (normally funded by State Government).

To complement this process Council has already produced a St Leonards Public Domain Master Plan and commenced a Master Plan for St Leonards South in anticipation of the State Government establishing housing targets for the precinct. This proactive approach has allowed Council to leverage development contributions through a number of Voluntary Planning Agreements for the benefit of the wider community.

**Insert
table**

This is consistent with Lane Cove's capacity to lead the way when it comes to implementing new legislation and overcoming local challenges.

For example, Lane Cove was one of the first Councils to produce a Local Environment Plan utilising the State Government's Standard Template and won the LGSA's R.H.Dougherty *Excellence in Communication Award* 2008 for its LEP community consultation process which saw over 1,400 submissions. This process predated the State Government's proposed Planning Reforms with the processes used by Council being included in the reforms. Council was also one of the first in NSW to implement an Independent Hearing and Assessment Panel in 2011 with full decision-making powers.

Council is developing creative responses to the need for more open space in an increasingly dense, urban environment. In 2014 Council built two synthetic sporting fields and upgraded lighting to extend use of the fields at Blackman Park resulting in 20% additional utilisation. The facility is a state-of-the-art, multi-purpose field that meets National sports accreditation and improves regional access to sporting grounds.

Likewise Council is looking to provide 5,000m² of open space parkland at the site of a current carpark in the village centre by building an underground carpark and retail area with the park on top.

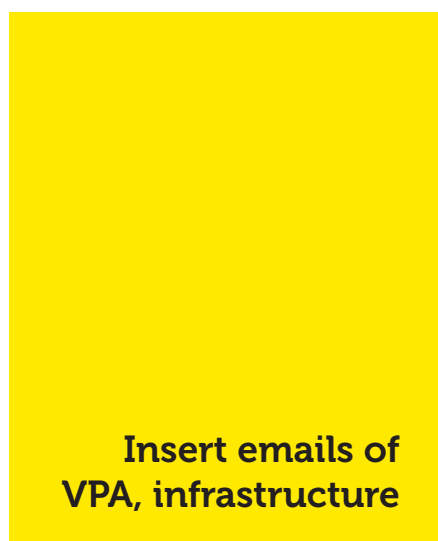
Even more innovative is the construction of a 6,000m² open space over the railway line at St Leonards in order to provide an open space to coincide with the activation of this transport hub and residential area.

Further strategic capacity is created through an asset commercialisation strategy as part of the Major Projects Plan. For example, Lane Cove Aquatic Centre (which has a 30% higher visitation rate than the National average for Aquatic Centres) returns \$0.5m pa to Council annually. Existing community facilities as well as new investment and facilities are estimated to deliver a significant discretionary spend equivalent to 11.2% in Operating Income over the next 10 years.

Lane Cove also has the capacity to develop National and globally-recognised programs including the Age-Friendly Strategy and Love Where You Live programs. Council was the first in NSW and is one of only seven councils in Australia to be accepted into the World Health Organisation's Age-Friendly Network. It was also the first council in Australia to be recognised as a Very Neighbourly Organisation as a result of its Love Where You Live campaign.

Council also advocates on behalf of its community's interests by playing a lead role in influencing changes to the 10/50 vegetation clearing code, increasing penalties for misuse of disabled parking spaces and changes to proposed planning reforms. Council has also provided support for strategic government projects, for example Lane Cove Council lobbied for the construction of the Lane Cove Tunnel recognising its role as a core piece of infrastructure in the metropolitan transport network. Council undertook demand analysis for the project and engaged a project coordinator to manage issues associated with the impact on the community.

The following outlines Council's elements of strategic capacity in detail.



While Lane Cove already has significant existing strategic capacity, Council identifies the benefits of the JRA promoting functionality, productivity and liveability at a subregional level.

CASE STUDY

Scale and capacity

Case study) Building Social Capital - Love Where You Live Lane Cove

Lane Cove is known for its 'village atmosphere' which is built on a collective community identity amongst existing and new residents.

"'Identity' is crucial to people's wellbeing...it shapes their habits, attitudes, what they take for granted and how they relate to others - all features that are central to community life".

Many of Council's Plans acknowledge this importance by identifying a number of outcomes that aim to connect the community. Love Where You Live is a Council-wide approach to develop and maintain civic pride in Lane Cove and its village identity.

Social identity plays an important role in a sustainable community. Without a safe, connected community it is difficult to encourage residents to adopt sustainable behaviour. Love Where You Live provides a collective identity for Lane Cove and promotes a sense of community spirit which encourages a safe, connected and vibrant community.

The campaign was developed as a three year project. In its first year, it has focused on developing a collective identity for Lane Cove. This process unearthed so many wonderful things to celebrate in Lane Cove resulting in a diverse brand suite:

Love Where You Live, ... Play, ... Shop, ..Work, ...Read, ...Swim
. ... Eat

By developing a series of descriptors the identity provides significant strength to existing activities (for example, Lane Cove has a popular Aquatic Centre and Ocean Baths which benefit from Love Where You Swim) and actively foster areas of community interest and economic development (for example, Love Where You Shop and Eat recognises the village shops surrounding Lane Cove Plaza which is the hub of the local community). The "Meet the Neighbours Events" Council has introduced under the program promotes social cohesion (Love Where You Live).

The completion of several major projects complementing the branding suite including the completion of our Aquatic Centre Renovations (Swim), New Synthetic Sports Fields (Play) and New Plaza Upgrade (Live & Shop). Council also ran its first Lane Cove Literary Award which tied in perfectly with the Love Where You Read brand. Additionally, discover Lane Cove packs were identified as beneficial to new residents moving into the area but were not called 'Welcome Packs' as is often the case. This meant the resource is applicable to existing residents who may wish to find out more about their community.

More than 20 initiatives have been delivered via a mix of mediums including: printed collateral; events; public art; online content; formal reports; and recognition of the program on a National level.



CASE STUDY

Scale and capacity

Strategic Capacity - Negotiating Voluntary Planning Agreements (VPA's) with the Private Sector

Since 2013, Lane Cove has implemented a Voluntary Planning Agreement Policy which has seen VPAs entered into valued at approximately \$70 million, with a further VPA currently under negotiation, which will deliver a further \$14 million worth of public benefit to the community.

Lane Cove consistently negotiates agreements and manages developments of significant scale and community benefit, commensurate with the scale of development more often found in larger CBD's.

In the case of St Leonards, Lane Cove has identified a need for bus/rail interchange facilities and 5000sqm park at St Leonards which has been costed at \$55 million and will be funded through VPA's with developers of high density unit developments. VPA's will also provide affordable key worker housing, up to 300 public car spaces, open space and community facilities such as a Library in St Leonards. Additionally, in other areas of Lane Cove VPA's have been negotiated to deliver community assets such as open space, bushland including trails and interpretation, bus shelters, community bus and contributions to public infrastructure.

Lane Cove's significant track record in negotiating large scale, successful VPAs is evidence of Council's strategic Capacity and ability to work with the private sector in an efficient and effective manner.

Moreover, the scale of agreements continues to grow as Council seeks to manage the rapid population growth and move to high density developments with regional scale projects such as the proposed St Leonards bus/rail interchange.

CASE STUDY

Scale and capacity

Strategic Capacity - Managing infrastructure

Lane Cove like all levels of government must balance the demand of its funds for new infrastructure vs maintaining existing infrastructure. Lane Cove has committed to addressing its infrastructure backlog by funding infrastructure renewal through traditional revenue streams at greater than depreciation and delivering new infrastructure through alternate revenue streams. To this end, Council in 2007 adopted the Major Projects Strategic Plan (2007 - 2016) which draws together in a single strategy the delivery of capital projects identified by Council and the community in the Community Strategic Plan - Lane Cove 2025 and other Council plans

By recycling and leveraging existing assets in conjunction with s94 funds derived from the increasing population, it ensures new assets required by the community are delivered, intergenerational equity is achieved and the LGA can cope with significant population growth rates. The Strategy has thus far seen \$220 million in projects delivered or initiated.

Elements of Strategic Capacity	Lane Cove Council	Proposed Joint Regional Authority
<p>More robust revenue base and increased discretionary spending</p>	<ul style="list-style-type: none"> ▪ Major Projects strategy delivering \$220m in assets, community facilities and ongoing commercial returns; through Council-owned shops, Child Care Centres; and car parks. ▪ In 2013/14 Council undertook a rating review which provided more equitable distribution in rating between house and unit developments with 7% increase in minimum rates over 5 years from 2014/15; ▪ Leveraging infrastructure provision through large VPAs. ▪ In 2014 Council's auditors from PwC said, "The best indicators of the Council's financial position are the liquidity ratio and the debt service ratio. Those are both above benchmarks...and that's where you've been for a long time". 	<p>By 2031 the JRA would represent 216,000 (3 councils) or 427,000 (6 councils). The JRA would reduce demand on the capital of participating councils, enabling them to depreciate assets more efficiently and offer greater surpluses to invest in infrastructure and enhanced services.</p> <p>This would also improve the participating council's capacity to make provision for and fund complex and unexpected change</p>
<p>Council resources to cope with complex and unexpected change</p>	<ul style="list-style-type: none"> ▪ Council has the capacity to compete in a global market place for highly skilled and qualified staff; ▪ Ability to attract and retain new employees with an annualised turnover of 9.76%; ▪ High level of staff satisfaction; ▪ VPA income; ▪ Asset commercialisation strategy; and ▪ Policy of no additional staff without revenue stream. 	<p>The JRA would achieve public resource savings and more effectively deploy funds by: streamlining forward planning and development sequencing (including using pooled funds under a single s94 plan), improving utilisation of facilities across council boundaries and delaying new capital expenditure as a result.</p>
<p>Scope to undertake new functions and major projects</p>	<ul style="list-style-type: none"> ▪ Delivering bus/rail interchange at St Leonards normally provided by State Government; ▪ Initiating \$220 million in major projects in the past two years including; <ul style="list-style-type: none"> ▪ Undertaking new Seniors Living Development (\$40 million) to address Seniors Living opportunities with the proceeds being utilised to provide a multipurpose indoor sports facility; ▪ Lane Cove Village Redevelopment (\$65 million) involves turning 176 space car park into a new 500 space underground car park with one layer of below ground retail and a 5,500m² park on top ; ▪ Little Lane Redevelopment (\$33 million) Comprises of 200 public car parking spaces, 1,045m² of community spaces, 550m² retail space and residential units; ▪ Additional Projects: Blackman Park Synthetic Sports Fields and Scout Hall/Amenities Building (\$10 million); New Community Centre and Park at 314 Burns Bay Road (\$5 million); Lane Cove Aquatic Leisure Centre Upgrade and Gym Extension (\$4.5 million); Stokes Street Community Facility (\$4.5 million); Lane Cove Plaza Streetscape Upgrade (\$4 million). 	<p>The strategic planning capacity to deliver and assess projects comparable in scale to Rydes' urban renewal precincts would be available across all councils participating in the JO.</p> <p>Potential new projects and functions would include economic development of specialised hubs, transport precincts and town centre redevelopment across local government boundaries.</p>

Elements of Strategic Capacity	Lane Cove Council	Proposed Joint Regional Authority
<p>Knowledge, Creativity and innovation</p>	<ul style="list-style-type: none"> ▪ Established Lane Cove ALIVE as an independent entity to facilitate the sustainable growth and development of businesses within Lane Cove Village; ▪ Service reviews to improve efficiency, effectiveness and services have resulted in online S603 and S149 conveyancing certificates, uploading of payroll and electronic invoicing; and electronic ordering approvals ▪ Joint ventures for property development funding community infrastructure eg. Lane Cove Market Square and Library, Little Lane public carpark, community facilities and residential development; ▪ External partnerships for direct services by community (eg. Lane Cove Community Aid) resulting in strong community services and significant grants program; ▪ Lane Cove invented ticketless parking for its commercial car park, saving on printing and providing faster entry/exit times ▪ Support for grassroots projects including first Men's Shed in Australia; Project 504 (incubator art space); Different Degrees Theatre Ensemble; Bushcare program (Bushcare techniques developed in Lane Cove now being used Nationally). 	<p>The combined strategic planning staff resources of the JRA would deliver economies of scope - as teams are able to avoid duplication, share knowledge, research resources and develop team size which enables specialisation.</p> <p>Enhanced in-house skills in transport and economic development planning will be valuable in delivering transit oriented urban renewal projects to achieve the subregional planning agenda, and realise the economic benefits of an efficient city structure</p>
<p>Advanced skills in strategic planning and policy development</p>	<ul style="list-style-type: none"> ▪ One of the first councils to implement an LEP using the State Government's standard template. The consultation was acknowledged by winning the 2008 RH Dougherty Award for Excellence in Communication. ▪ Implemented Independent Hearing and Assessment Panel in 2011 to consider development applications with delegated authority to determine applications ▪ First Council in NSW to produce a cultural plan under the NSW government's guidelines ▪ Developed the St Leonards Public Domain Master Plan and St Leonards South Master Plan in advance of State Government establishing housing targets for the precinct; ▪ Transport Oriented Development principles being used to assist in Council's initiation of St Leonards Railway Station plans; ▪ Due to high land value able to use/leverage VPAs valued at \$70m to date to deliver regional and local infrastructure; ▪ Advocacy for policy changes to 10/50 Vegetation Code using strong evidence base resulting in Lane Cove being first Council to receive endorsement of its modified bushfire prone land map; and ▪ KPIs established and reported at both strategic and operational levels 	<p>A JRA would result in better plans for land use and infrastructure development; more efficient decision making in relation to planning and development proposals; and a more rapid advancement towards targeted subregional land use, infrastructure, social and economic development outcomes.</p>

Elements of Strategic Capacity	Lane Cove Council	Proposed Joint Regional Authority
Effective regional collaboration	<ul style="list-style-type: none"> ▪ Demonstrated success with shared services delivery and advocacy through NSROC including Regional Waste Disposal Tender; Aboriginal Heritage Program; Regional Asphalt Tender; Metropool Insurance and Risk Scheme; Shorelink Regional Library Support Services; Northern Sydney Internal Audit Service; Family Day Care; Emergency Management Committee; State Emergency Service; Regional Community Recycling Centre ▪ NSROC hosted within Lane Cove Council building ▪ Initiated Procurement collaboration between NSROC and Local Government Procurement (LGP); and ▪ Collaboration with North Sydney and Willoughby Councils in the 2008 St Leonards Plan. 	<p>A JRA would build on economies of scale and institutionalise collaboration amongst participating councils for procurement, accessing grants, service delivery including the joint use of facilities.</p> <p>The JRA would provide a framework to enter into a single contract for services rather than multiple contracts across the participating councils. As a single entity it would be more competitive in accessing grant funding. It would collect larger bundled grant funds and have the flexibility to deploy matching council expenditure in the right place and right time to more rapidly achieve community plan outcomes.</p>
Credibility for more effective advocacy	<ul style="list-style-type: none"> ▪ Council works with NSROC to advocate for regional issues; ▪ Council's partnership with the community to keep a comprehensive database of trees impacted by the incorrect use of the 10/50 vegetation code resulted in Lane Cove becoming the first council to have its revised bushfire prone land maps endorsed by the RFS; ▪ Adoption of globally-recognised Age Friendly Strategy provides advocacy of issues related to an ageing community within a local and global context ; and ▪ Council has shown that it can also provide effective advocacy for large-scale infrastructure by commissioning reports that demonstrated the case for the Lane Cove Tunnel. 	<p>The JRA would adopt single, clear positions across its councils for rating, funding infrastructure priorities, economic hubs and social planning agenda.</p> <p>This represents a less parochial and more powerful bloc of interest to argue for subregional priorities (e.g. light rail, economic development prospectus).</p>
Capable partner for State and Federal agencies	<ul style="list-style-type: none"> ▪ Early adoption of LEP standard template and achieving State-based housing benchmark well ahead of 2020 target dates; ▪ Planning for self funded delivery of St Leonards bus/rail interchange with Transport for NSW; ▪ Community Energy Efficiency Program partners with Federal Department of Industry and Science; ▪ Partnership with EPA for new vegetation collection resulting in 2/3 Council-funding to 1/3 NSW Government grant; and ▪ Council regularly receives a range of grants which Council consistently delivers the required outcomes, particularly in environmental restoration framework. 	<p>The JRA would serve as a single point of contact for State and Federal Government to identify shared positions on regional planning, economic development and social policy issues.</p> <p>This would replace the need for individual negotiations with up to six separate councils. This is critical for the smooth delivery of subregional strategy and social policy targets in partnership with NSW Government.</p> <p>In addition shared subregional positions supported by an evidence base would provide stronger justification for flow-on planning and investment decisions for State infrastructure.</p>

Elements of Strategic Capacity	Lane Cove Council	Proposed Joint Regional Authority
<p>High quality political and managerial leadership</p>	<ul style="list-style-type: none"> ▪ Demonstrated ability to attract quality staff from within the global employment market; ▪ Strategic and stable elected Council; ▪ Councillors and Managerial staff in representative capacities eg. Vice President of NSROC; Convenor of the General Managers Group for NSROC; Joint Regional Planning Panel etc. ▪ Culture of community consultation with significant consultation distribution list and participation; and ▪ Tough decisions are made through sound engagement, resulting in widespread community support for Council's two past special rate variations (sustainability levy and infrastructure levy, both at 6%). 	<p>The JRA would be constituted by a council of Mayors from the participating councils. They would be serviced by a secretariat and have access to pooled strategic planning resources and a regional shared services centre responsible for those services for which there are clear economies of scale.</p> <p>Accountabilities for the JRA would be established under the Local Government Act. The JRA would be equipped to focus on subregional imperatives and would leave individual councils better placed to lead their local constituents. Such a partial merger is superior to a full amalgamation of councils because it:-</p> <ul style="list-style-type: none"> ▪ Focuses on regional imperatives rather than everything; ▪ Merges only those functions that benefit from centralisation; ▪ Drives efficiencies by making shared services market contestable; ▪ Frees up individual councils to focus on services that are done best locally; and ▪ Avoids the high cost and disruption of mass mergers.

2 Our current position

2.1 Our local government area

Lane Cove is an agile and responsive Council located on the lower North Shore.

Council's vision is "Lane Cove for a better quality of life" with an aim to be aware of, and responsive to, the diverse needs and aspirations of the Lane Cove community.

Open space comprises 14% of the area with all residents living within a few hundred metres of local bushland. Lane Cove is attractive as a place to live because of its leafy environment, village atmosphere, family tradition, convenience to employment and public transport, proximity to the business centres of Sydney and the North Shore and good shopping.

The area is residentially-focused with a small industrial park and a pedestrian village Plaza at the heart of the retail precinct. Half of Lane Cove residents live in apartment blocks with a 29% increase in population by 2031 meaning the number of apartment-dwellers will also increase. The demographic profile shows an increase in young families and also an ageing population.

Based on the 2011 Census, 65% of residents are employed full-time with 27% employed part-time. 66% of the labour force has a bachelor's degree or higher with the largest occupation of employed people being professionals (41%) followed by managers (18%).

In Lane Cove 26% of residents speak a language at home in addition to English and in total 36.8% are born overseas. The most prevalent CALD community is Chinese, representing 8.4% of residents born in overseas countries, and 2.7% of the total Lane Cove population. The estimated indigenous population is 0.3%

High quality community facilities include a modern 3000m² library (with the highest borrowings per capita in NSW for the past 11 years); an Aquatic Leisure Centre that exceeds the National standards (almost double the average income and 30% higher visitation rates); an exceeding rating Kindy Cove Child Care Centre; a versatile Art Gallery space; the largest synthetic sporting field complex on the North Shore; award-winning sporting grounds; Greenwich Baths; Carisbrook House Museum; and an extensive network of bushwalking tracks and bike paths.

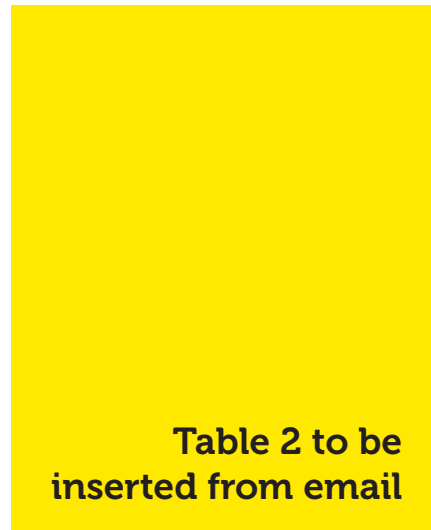
There is a strong sense of community in Lane Cove with the North Shore's highest level of community grants per capita; ongoing recognition of community achievement through Citizenship Awards programs; a strong Bushcare volunteer program with over 2,000 volunteer hours annually; a successful Love Where You Live campaign; and more community events run by Council than there are days in the year. Lane Cove also has a long history of community and advocacy groups starting their State and National campaigns within Lane Cove.

The Lane Cove community prides itself on its village atmosphere and this has become even more apparent during the community consultation on mergers where the issue of representation and efficient access to Council services continues to be raised. With a customer satisfaction ratio of 94% the community currently enjoys, and therefore expects, a flexible, approachable local council with above-average performances in asset-renewal ratio; financial sustainability; and local service delivery via quality facilities, resources and funding.

Our current position

2.1 Our local government area

In a report by the NSW Department of Local Government in 2007 Council was described as having “strong leadership that is well positioned to strategically address the future needs for the Lane Cove Local Government Area”. Within this same report it was acknowledged that in financial terms, Council is healthy and performing better than accepted industry standards.



2 Our current position

2.2 Key challenges and opportunities

Lane Cove is facing the challenges associated with an increase in housing density following the growth and urban consolidation targets set by the State Government. With this comes the opportunity for Council to demonstrate its ability to understand its community's needs and provide for their future. Council is also able to identify the benefits associated with St Leonards being included in the Sydney Metropolitan Strategy.

In addition to its strong LEP, Lane Cove has a culture of strategic planning ensuring that Council is able to plan innovative projects that leverage its population growth, the potential of its assets and increased revenue base. Given the limited growth in Lane Cove over the past 30 years, Council is constantly managing community expectations with NSW targets. Council's responsiveness to community concerns via consultations, transparency, representation and timely communication ensures that there is an efficient response to this challenge. For example Council undertook extensive consultation with the community when recently reviewing the minimum rate to achieve a more even rating burden between unit owners and traditional residential allotment owners.

This not only ensures more equitable distribution of rating but reflects the issues faced by our community on a local scale. Lane Cove is one of only two councils to have recognised and responded to this equity issue.

The 2013 **DLG** Local Government Infrastructure Audit Report gave Council a moderate asset rating and identified a relatively low per capita infrastructure backlog. In Lane Cove this is being addressed with one of the highest infrastructure renewal ratios, consistently above 150% over the past three years. This is grounded in a strong financial outlook which saw TCorp's financial sustainability assessment of Council as the highest amongst the NSROC councils.

Council is also well-placed to implement sustainability initiatives through an ongoing sustainability levy that goes beyond environmental needs to also address economic, social, energy, water and other efficiency measures. This has already developed financial and infrastructure benefits for Council and will continue to do so.

Our current position

2.2 Key challenges and opportunities

The below table summarises some of the key challenges and opportunities faced by Lane Cove:

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Council already meets all FFTF ratios, with further improvement in performance over time ▪ A functional, stable, highly skilled and strategic Council i.e. elected members and staff ▪ Ongoing Sustainability Levy and Infrastructure ▪ 2012 TCorp financial sustainability assessment of sound, the highest of all NSROC councils despite Lane Cove being the second smallest in the region ▪ Up to date Resourcing Strategies ▪ Strong sense of community and engagement ▪ Strong advocacy capacity i.e. 10/50 vegetation clearing, planning reforms and Lane Cove Tunnel ▪ Existing regional work with NSROC, for example road asphalt, internal audit, library services, waste disposal tender ▪ High socio-economic demographic that can articulate its wants and needs 	<ul style="list-style-type: none"> ▪ Lack of affordable housing in the LGA ▪ Insufficient schools to accommodate population growth targets ▪ More frequent and flexible public transport.
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Increasing revenue base and leveraging provision of infrastructure through S94 and VPAs ▪ Major Project Plan delivering infrastructure and community facilities underpinned by ongoing commercial returns for Council without debt ▪ Program of continuous improvement and service reviews in place to provide further savings and increased discretionary spending ▪ Planning for future growth i.e. St Leonards South and Public Domain Master Plans ensure quality housing supply 	<ul style="list-style-type: none"> ▪ Managing sustainable growth within community expectations ▪ Impact of growth on the environment and traffic congestion ▪ Political decisions regarding issues such as cost shifting and rate pegging ▪ Cost of acquiring assets and infrastructure ▪ Risks associated with amalgamation i.e. transitional costs, diminution of representation; merger partners financial sustainability and loss of community identity.

2 Our current position

2.3 Performance against the Fit for the Future benchmarks Sustainability

2.3 Performance against the Fit for the Future benchmarks Sustainability

Measure/ benchmark	2013/2014 Performance	Achieves FFTF Benchmark?	Forecast 2016/2017 Performance	Achieves FFTF Benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	0.016%	Yes	0.0115%	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	77.0%	Yes	72.44%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	181.3%	Yes	354.92%	Yes

2.3 Performance against the Fit for the Future benchmarks Infrastructure & Management

2.3 Performance against the Fit for the Future benchmarks Infrastructure & Service Management

Measure/ benchmark	2013/2014 Performance	Achieves FFTF Benchmark?	Forecast 2016/2017 Performance	Achieves FFTF Benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	1.79%	Yes	1.62%	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	126.3%	Yes	131.3%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	0	0	0	N/A

If the Fit for the Future benchmarks are not being achieved, please indicate why.

Lane Cove Council is Debt Free.

2.3 Performance against the Fit for the Future benchmarks Efficiency

2.3 Performance against the Fit for the Future benchmarks Efficiency

Measure/ benchmark	2013/2014 Performance	Achieves FFTF Benchmark?	Forecast 2016/2017 Performance	Achieves FFTF Benchmark?
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	0.93	Yes	0.88	Yes

3 Fit for our Future

Sustainability

Fit for our Future

3.1 Sustainability

Summarise your Council's key strategies to improve performance against the Sustainability benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

Lane Cove Council met all the Fit for the Future Ratios and Benchmarks at the completion of the 2013/14 Financial Statements. Sustainability is not only built into our Long Term Financial Plan but is integrated into our Asset Management Plans and Work Force Strategic Plan that form Council's Resourcing Strategy. Benchmarks and Ratios are not only met but continue to improve over the life of the Plan.

In 2013 TCorp rated Lane Cove Council as having a sound financial position and moderately sustainable. The report identified areas of improvement that included; long term operating results, Infrastructure Backlog and Infrastructure renewal. In 2011 a Special Rate Variation for an Infrastructure Levy was approved and coincided with the finalisation of Council's Asset Management Strategy.

Lane Cove has achieved Building and Infrastructure Renewal ratios of 179% in 2012/13, 224% in 2013/14 and projected to be 555% for 2014/15, well in excess of the target of 100% which is evidence of Council successfully reducing the infrastructure backlog.

Council has continued to improve its operating performance which has been achieved with continuous focus on cost control through budget accountability and services reviews to improve efficiency, effectiveness and customer service.

Council's auditor Dennis Banicevic of PwC, in the Audit Report of the 2013/14 Financial Reports, also assessed the Council's financial position and reported that, in his opinion, the overall financial position is sound.

“
The best indicators of the Council's financial position are the liquidity ratio and the debt service ratio. **These are both above benchmarks... and that's where you've been for a long time.**
”
PwC 2013/14 AUDIT REPORT

“
Council is considered to be in a sound and stable financial position. **All financial indicators are better than accepted industry benchmarks.**
”
PwC 2013/14 AUDIT REPORT

Fit for our Future

3.3 Efficiency

Explain key assumptions that underpin your strategies and expected outcomes.

Using the 2013/14 Financial Statements as the base year for the 2015 review of the Long Term Financial Plan and having met all industry Ratios and Benchmarks (including Fit for the Future) the following objectives and assumptions have been incorporated for future sustainability:

Long Term Financial Plan Objectives

The LTFP intends to achieve the following objectives over the 10 year timeframe:-

1. Maintain or improve the existing service levels to the community;
2. Maintain a strong cash position;
3. Maintain a surplus in the annual budget;
4. Maintain a sufficient Employee Leave Entitlements Cash Reserve based on the age and entitlements of all staff in accordance with the Council's Workforce Strategy;
5. Capital expenditure on asset renewal, upgrades and extensions exceed depreciation to continue to reduce infrastructure backlog; and
6. That Council continues to reduce real operating costs per capita.

Fit for our Future

3.3 Efficiency

Assumptions and Forecasts

The 2013/14 Financial Statements, Current 2014/15 Budget and the Proposed 2015/16 estimates are the base years for the LTFP. The following conservative assumptions have been used to forecast growth in both income and expenditure over the next 10 years.

Category	Commentary	Assumption
Rates	Indexed by estimated NSW State Government rate pegging.	2.7%
Rates and Annual Charges Growth	Growth based on new properties, 3900 additional dwellings by 2031.	1.25%
User Charges and Fees	Estimated annual increases of	3%
Interest and Investment Revenue	Not indexed to CPI, based on average real expected yield of	4.5%
Grants and Contributions - Operating	Estimated annual increases of	3%
Grants and Contributions - Capital	Estimated annual increases of	3%
Other Revenue	Estimated annual increases of	3.5%
Category	Commentary	Assumption
Employee Benefits and On Costs	In line with award entitlements and on-costs including estimated Superannuation levy increases and Workers Compensation costs etc.	4.5%
Materials and Contracts	Based on estimated annual increases of	2.6%
Depreciation	Based on estimated annual increases of	2.0%
Other Expenses	Includes government levies and utilities, based on estimated annual increases of	2.6%

Council remains debt free but will consider borrowings where revenue producing assets provide a positive return to cover future debt servicing costs as part of the major capital works program.

Fit for our Future

3.1 Our Strategies and Outcomes for SUSTAINABILITY

Objective	Strategies	Key Milestones	Outcome	Impact on Other Measures
1) Lane Cove Council achieves all Sustainability benchmarks by the end of the 2016-2020 timeframe and beyond				
1. Lane Cove Council to continue to meet and exceed all industry benchmarks	Prepare Annual Estimates and Quarterly Reviews that meet and improve upon all benchmarks.	Completion of Long Term Financial Plan review on an annual basis and based on Annual Financial Statements and Annual Estimates.	Council's Annual Long Term Financial Plan continues to meet and exceed industry benchmarks.	Suitable Renewal and maintenance for infrastructure and Workforce Strategies are catered for.
2. Continues improvement program i.e. service reviews	An ongoing program of service reviews is scheduled to achieve operational efficiencies	Achievement of target	Continued reductions in the Real Operating Expenditure ratio	Enhanced customer satisfaction and operational KPIs where appropriate Reducing cost per capita

3

Fit for our
Future

Infrastructure and Service Management

Fit for our Future

3.2 Infrastructure and Service Management

With the completion of the 2013/14 Financial Statements, review of the Long Term Financial and Asset Management Plans, it was highlighted that Lane Cove Council currently meets all industry Benchmarks and Ratios for Backlog, Renewal and Maintenance. These Benchmarks and Ratios continue to improve through the life of the Long Term Planning process.

The Infrastructure Special Variation approved in 2011 combined with increased revenue streams from significant population growth i.e. minimum rate review, section 94 contributions and VPAs, has provided the platform to ensure that an appropriate level of funds can be provided now and in the Long Term Financial Plan.

Assumptions and Forecasts:-

- The equivalent of 20% of Operating Expenditure be allocated for the renewal of existing Infrastructure on an annual basis. This ensures that expenditure on the renewal of assets exceeds depreciation;
- 75% of Capital Grants and Contributions (mainly Section 94) are spent on new and existing assets on an annual basis. This provides for renewal ratios trending to approximately 300%;
- Revaluation of Infrastructure on an annual basis to ensure that only one Asset Register exists at the end of each Financial Year;
- Required annual maintenance follows industry standards set by IPWEA; and
- Cost to bring Infrastructure to a Satisfactory Standard (based on Condition 3) is 50% of replacement cost for an asset assessed at condition 5 and 25% of replacement cost for an asset assessed at condition 4.

Fit for our Future

3.2 Our Strategies and Outcomes for **INFRASTRUCTURE AND SERVICE MANAGEMENT**

Objective	Strategies	Key Milestones	Outcome	Impact on Other Measures
1) Lane Cove Council achieves all Sustainability benchmarks by the end of the 2016-2020 timeframe and beyond				
1. Lane Cove Council to continue to meet and exceed Infrastructure Backlog, Renewal and Maintenance Ratios	Review Asset Management Plans Annually to ensure that Benchmarks, Service Standards and Unit Rates are updated and relevant to meet and improve upon all benchmarks.	Completion and reporting of revised Asset Management Plans.	Council's Asset Management Plans provide sufficient renewal and maintenance to meet and exceed industry benchmarks.	Suitable Renewal and maintenance for infrastructure and Workforce Strategies are catered for in the Long Term Financial Plan.
2. To achieve an unqualified audit of Asset Management Plans and Special Schedule 7 calculations and ratios.	Engage a suitably qualified auditor to carry out audit to validate Council's current position in relation to Backlog, Renewal and Maintenance.	Audit to be carried out following completion of the 2014/15 Financial Statements.	Unqualified Audit.	Justification and validation of Council's sustainable position.

3 Fit for our Future

Efficiency

Fit for our Future

3.3 Efficiency

Summarise your council's key strategies to improve performance against the Efficiency measures in the 2016-20 period, including the outcomes you expect to achieve.

Council has a long-standing continuous improvement program with a key objective of improving efficiency and value for money, as well as a stringent cost containment focus. Service review initiatives to date have resulted in efficiency gains in processes such as online conveyancing certificates (S603 and S149), electronic processing and automation of invoices, electronic recording of staff attendances, fast-track tree removal and trimming applications.. Additionally, Council has an ongoing internal audit program focused on service delivery improvements and strengthening governance processes.

The culture of efficiency extends to projects that also deliver environmental benefits. Council's significant investment in energy efficiency initiatives such as upgrading of lighting within Council buildings, parks and irrigation systems are also achieving significant return on investment for Council and the community. For example recent upgrades within the Council Chambers and offices through a heating, ventilation and air conditioning (HVAC) system together with a Building Management System is projected to reduce energy usage and associated costs by up to 33% on previous years. Solar Hot Water systems have been installed in 10 community facilities with expected savings of 432 MWL of electricity over 10 years and irrigation and lighting initiatives in parks and reserves are expected to derive additional savings ensuring they are only used when required.

Council has a long history and commitment to resource sharing initiatives which provide benefits to the community in terms of cost savings and service delivery. Projects include the following:-

- Member of Metropool and United Independent Pools as a measure to share risks, costs and efficiencies in risk management programs and training with other member Councils. In terms of size, Lane Cove represents 8% of Metropool yet pays 5% of the contributions due to successful risk management strategies and resulting low number of claims;
- Member of Shorelink which provides shared regional library services for the North Shore;
- Shared State Emergency Services in conjunction with Willoughby Council;
- Shared internal audit service with six other north shore councils providing cost savings on the program as well as information sharing and learning benefits;
- Shared Family Day Care administration with Willoughby Council; and
- Participating in a number of NSROC joint procurement projects including regional waste, learning and development and facilitated collaboration between NSROC and Local Government Procurement to access preferred suppliers.

Fit for our Future

3.3 Efficiency

Council has a high community satisfaction rating with a 94% resident satisfaction rating from our 2014 Customer Satisfaction Survey. This reflects Council’s ability to be aware of, and responsive to, the diverse needs and aspirations of the Lane Cove community. For example, an email consultation list that represents close to 25% of the total population demonstrates the strength of Council’s community engagement. This not only provides timely and convenient opportunities to provide Council feedback, at an average 30% open rate it has a high readership and is one of the most efficient cost-per-intervention ratios. Lane Cove plans to further develop its customer service by implementing an online Community Hub allowing online booking of community facilities, additional online payment services and information on local community groups, businesses and services.

Council was successful in attaining an Infrastructure Levy in 2011 to support implementation of our Asset Management Strategies developed to ensure sufficient allocation of funds to infrastructure renewal and maintenance as well as to reduce the infrastructure backlog. Lane Cove has utilised qualified external contractors to undertake condition assessments of all assets based on industry best practice. Council has also invested in the Assetic software product which assists Council in identifying costs to bring and maintain assets at satisfactory standards and to ensure Council attains best value for money in investing in infrastructure.

The 2013/14 Financial Statements, Current 2014/15 Budget and the Proposed 2015/16 estimates are the base years for the LTFP. The following conservative assumptions have been used to forecast growth in both income and expenditure over the next 10 years.

Category	Commentary	Assumption
Rates	Indexed by estimated NSW State Government rate pegging.	2.7%
Rates and Annual Charges Growth	Growth based on new properties, 3900 additional dwellings by 2031.	1.25%
User Charges and Fees	Estimated annual increases of	3%
Interest and Investment Revenue	Not indexed to CPI, based on average real expected yield of	4.5%
Grants and Contributions - Operating	Estimated annual increases of	3%
Grants and Contributions - Capital	Estimated annual increases of	3%
Other Revenue	Estimated annual increases of	3.5%

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3.3 Our strategies and outcomes for Efficiency

Objective	Strategies	Key Milestones	Outcome	Impact on Other Measures
1) Lane Cove Council achieves all Sustainability benchmarks by the end of the 2016-2020 timeframe and beyond				
Lane Cove maintains and improves on the FFTF Benchmarks including Real Operating Expenditure Per Capita at 2013/14 levels.	Ongoing program of continuous improvement.	<p>Service Review Program scheduled and process documented.</p> <ul style="list-style-type: none"> Service Reviews are scheduled in the Delivery Plan and completed as per program; Review of existing performance measurement metrics complete; Collection of baseline data for new measurement metrics and for benchmarks purposes; Continue to refine and improve supporting systems and processes to improve productivity; and Adopt Real Operating Expenditure per Capita as a Corporate Indicator. 	<p>Council maintains its performance against FFTF benchmarks and improves in the long term.</p> <p>Lane Cove demonstrates through all financial and other key indicators that it is competitive and provides best value.</p> <p>Council maintains and improves its Customer Satisfaction rating against it's 2014 result.</p>	

3.4 Improvement Action Plan

Lane Cove Council

Action Plan	
Actions	Milestones
<p>1. Lane Cove Council has achieved all benchmarks and ratios as at the end of the Financial Year 2013/2014, except it has no debt. However, Council proposes to maintain and improve upon our strong financial position through achievement of even more sustainable ratios as per the Long Term Financial Plan shown at attachment *.</p>	<ul style="list-style-type: none"> • Achieve benchmarks as outlined in the Long Term Financial Plan.
<p>2. Council is committed to a program of continuous improvement through service reviews which achieve operational efficiencies. Past examples include the review of processes for managing the removal and trimming of trees applications (a key issue for Lane Cove), electronic processing of invoices reducing associated cost and turnaround times.</p> <p>Delivery of learning and development potentially on a regional basis is a target for the coming year in conjunction with NSROC and information sharing on such strategies as maintaining low absenteeism and high retention of staff are proposed as an outcome of the release of the PwC Benchmark report. Council Continuous Improvement Program includes on ongoing Internal Audit Program. Audits for 2015/16 include Grant Administration, DA processing and compliance, Payroll, Accounts Payable, leave and attendance and project management.</p>	<ul style="list-style-type: none"> • A regional Learning and Development program delivering effective targeted training and cost savings • Completion of audits and program for addressing/ implementing individual audit recommendations established
<p>3. Subject to the outcome of the FFTF process, Council proposes in conjunction with Ryde and Hunters Hill Council to develop a process and timetable to establish the proposed Regional Joint Authority.</p> <p>Initial targets are to confirm the governance framework including terms of reference, aims and objectives, membership and transitional arrangements.</p>	<p>Establishment of the Joint Regional Authority including governance framework and transitional arrangements</p>

Outline the process that underpinned the development of your Action Plan.

As Lane Cove Council has achieved all benchmarks and ratios, actions to maintain and improve on our financial position have been developed in house and where appropriate in consultation with our community. They are outlined in our Integrated Planning and Reporting framework documents particularly the Resourcing Strategies i.e. LTFF, Asset Management Plans and Workforce Management Plans.

In terms of establishing the proposed Joint Regional Authority, the proposal has been developed in collaboration with Ryde and Hunters Hill Councils and with the assistance of the consultants as acknowledged through the submission i.e. SGS Economics, Percy Allan and Associates, Professor Brian Dollery and Morrison Low.

3.4 Improvement Action Plan Lane Cove Council

In preparing your Improvement Action Plan, you may have considered other strategies/actions but decided not to adopt them. Please identify what these strategies/actions were and explain why you chose not to pursue them.

Due to its strong financial position meeting all FFTF Benchmarks (now and for the long term) its suite of strategies such as the Major Projects Plan and Resourcing Strategies which underpin our core Integrated Planning and Reporting framework; and its ability to address concerns expressed by community about loss of local democracy and sense of community; Lane Cove has formally resolved its opposition to any forced amalgamations and the merger proposed in the State Governments FFTF Program. Therefore, Council did not pursue any merger arrangements. However, Council has taken a lead role through NSROC for the establishment of a Joint Regional Authority for the wider region. At this stage and as outlined in this submission, only Lane Cove, Ryde and Hunters Hill are committed to the establishment of the proposed Joint Regional Authority. SGS Economics and Planning in their Northern Sydney Joint Organisation Business Case outlined the benefit of the proposed JRA but acknowledge an JRA with say 6 Councils would provide even greater capacity and financial benefits.

4 Fit for our Future



4.1 How will our plan improve performance

Lane Cove Council

4.1 Expected improvement in performance					
Measure / benchmark	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark?
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	1.15%	1.00%	1.30%	1.77%	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	72.44%	72.68%	72.77%	72.95%	Yes
Building and Infrastructure Asset Renewal (Greater than 100% average over 3 years)	354.92%	236.80%	224.00%	248.70%	Yes
Infrastructure Backlog Ratio (Less than 2%)	1.62%	1.60%	1.57%	1.54%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	131.3%	134.02%	136.03%	136.03%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0	0	0	0	0
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	0.88	0.86	0.84	0.82	Yes

If, after implementing your plan, your Council may still not achieve all of the Fit for the Future benchmarks, please explain the likely reasons why.

As demonstrated through our Resourcing Strategies particularly the Long Term Financial Plan and Asset Management Strategies for Facilities and Infrastructure attached as Attachments * and *, Lane Cove Council will continue to meet all FFTF Benchmarks.

However, whilst debt is not proposed at this stage, Council may consider debt is not proposed at this stage, Council may consider debt into the future for projects providing debt coverage through commercial returns.

5 Fit for our Future



5.1 Our plan in action

Lane Cove Council

The Improvement Action Plan is linked to performance against our Resourcing Strategies particularly the Long Term Financial Plan and Asset Management Strategies, except for the establishment of the Regional Joint Authority.

Council's General Manager and the Executive will be responsible for delivery of Actions and monitoring of performance.

Where appropriate, KPI's are to be developed with performance monitored in conjunction with existing corporate KPI's on a monthly basis at Executive Meetings. Key issues to be reported to Council as part of the monthly snapshot report. Key actions also reported as part of the Integrated Planning and Reporting framework.

In regard to the establishment of the JRA, it is anticipated that an interim Board would be established to develop terms of reference, governance framework core business aims and objectives and other transition arrangements. Individual Council representatives to report back to their respective councils on progress and achieving strategies.

6 Community Engagement Strategy



6.1 How we consulted the community

Lane Cove Council

Lane Cove is an informed community with the conversation about reforms beginning with a special Council-wide newsletter in June 2013. Subsequent public information sessions identified community concerns regarding potential loss of democracy, sense of community, engagement and impact on the quality of facilities and services. Council also participated in meetings with all councils in the proposed merged entity culminating in a forum at Chatswood in January. The full process is seen in Table 2.

Understanding that initial community sentiment may have not have led to rigorous consideration of the merger proposal, Council waited until it could provide the community with further information that addressed the community's concerns. Council appointed Morrison Low to prepare a business case based on the Panel's recommendation to merge with five adjoining councils. To further address the concerns raised by its community, Council also requested reports relating to the outcomes of mergers and the potential for a superior alternative.

The result was a strong foundation of information which used the Fit for the Future criteria to present the options available to the community.

Council first presented these options on 7 May with live polling on the night revealing the following:

- 93% of attendees stated that they were either not supportive or not at all supportive of a merger;
- 78% of respondents wished to see Lane Cove Council remain as a standalone Council;
- 69% supported Council standing alone and becoming part of a Joint Regional Organisation

Results from the community consultation and deliberative poll show that the case for a merger was rigorously considered as one-third of the community showed support for this option.

The clear majority of community support however was for an alternative option, a Joint Regional Authority (JRA) which focuses on regional strategic planning and advocacy, intergovernmental collaboration and shared services delivery.

Table 2

May 2013

Local Government Reform paper release.

June 2013

Community newsletter and information session.

Council responds to revitalising local government - opposed to forced mergers.

September 2014

'Fit for the Future' program released.

October 2014

Community information session. Fit for the Future report.

Special Community Meeting - resolution to reaffirm Council's position & further engage the community.

February 2015

Council Resolution - reject recommendations and investigate Joint Regional Organisation alternative.

March 2015

Community awareness campaign including a newsletter.

May 2015

Community meeting and community consultation.

Joint Council Commencement of online survey and deliberative poll.



**Superior
Alternative -
A Joint
Regional
Authority**

Superior Alternative - A Joint Regional Authority

- Joint Regional Authority (JRA) - a superior alternative
- Business case for JRA.....
- Shared services
- Justification of a pilot JRA.....
- Implementation of the Joint Regional Authority - Draft Action Plan
- Measurement and continuous improvement.....

Superior Alternative - A Joint Regional Authority

Joint Regional Authority (JRA)- a superior alternative

The City of Ryde, Hunters Hill and Lane Cove Councils have long recognised and valued a regional approach to strategic planning, infrastructure delivery and advocacy. All three Councils are significant contributors to the successful track record of Northern Sydney Regional Organisation of Councils (NSROC).

We share the State Government's vision and agree that Local Government is a crucial partner in underpinning Sydney's role as a global city and the importance of regional and subregional planning, strategic collaboration and meaningful intergovernmental relationships, in sustaining Sydney's global competitiveness. Collectively, however, we disagree that wholesale mergers and amalgamations are the appropriate approach to unlock local government strategic capacity potential and/or to improve regional governance. We also disagree that such an approach will be conducive to strategic collaborations and enhanced collective action. In our view, after having considered all available evidence, the disruption and the opportunity cost of amalgamations, far outweighs any potential benefits.

It is our collective view that mergers will actually diminish the evolution of a more highly functioning local government sector and delay significant reform for a period of five to ten years. Empirical research shows that merger implementation patterns typically include, at a minimum, a three- year embedding period with the primary focus on internal structure and operational alignment and day to day service delivery. This is followed by a period of system/process alignment; then alignment of strategic plans, understanding the community's aspirations and developing a single vision. In the implementation period which is estimated to be 1-10 years, there is virtually nil focus on building and advancing a progressive strategic agenda for the merged entity. The opportunity cost of shifting focus and resources from a strategic view of operations and community building, is significant.

In contrast the City of Ryde, Hunter's Hill and Lane Cove Councils propose a strategic regional collaboration model with a primary focus on the centralisation of subregional-scale planning and development functions and a secondary focus on regional procurement and shared services. We propose to create a Joint Regional Authority, (JRA) which will deliver one set of regional infrastructure and subregional plan

priorities, produce a regional Section 94 Plan, develop a single LEP, manage shared service provision and be the single point of contact for state and federal agencies. Each Council is committed to mandatory participation (no opt-out) and the delegation or transfer (legislation permitting) of significant powers to the JRA to realise its strategic functions and to make binding decisions on behalf of all participating Councils.

We believe the proposed JRA is a superior and progressive alternative to the mergers as proposed by the ILGRP and consider it a viable model in realising and harnessing strategic capacity potential.

The proposed JRA is a compelling example of strategic collaboration and not dissimilar to the approach being taken by NSW regional councils in the creation of Joint Organisations. It is a low cost, customised solution to enhance Councils' strategic capacity, consistent with international best practice, where strategic cross sectoral and intergovernmental collaboration is used as an enabler of economic and social development and to solve complex problems. Importantly, this option also enjoys strong community support. In May 2015, through a process of community consultation, the three participating Councils recorded

Expert advice confirmed that the proposed JRA is feasible, more cost effective and a tailored response to the State Government's stated objectives.

overwhelming support to explore this option (as opposed to actual amalgamation). Community preference scores are recorded in the box below:

Percentage in Support	
Ryde	81%
Hunter's Hill	81%
Lane Cove	82%

Source: Micromex Telephone Survey May 2015

Independent Evidence

To ensure that the creation of a JRA was a robust and credible alternative to amalgamations, the City of Ryde, Hunter's Hill and Lane Cove Councils commissioned SGS Economics and Planning, Professor Brian Dollery and Professor Percy Allan to undertake empirical research and provide expert advice on the viability of a JRA, as an alternate to the mergers proposed by the ILGRP. We asked that issues such as the feasibility, functions and powers of the JRA be considered as well as scalability and possible governance frameworks.

This expert advice confirmed that the JRA, as proposed by the three Councils, is feasible and more cost effective when compared to mergers and is a tailored response to meeting the State Government's stated objectives.

Professors Allan and Dollery advised that a joint regional authority will achieve; (attachment XXX)

- The State Government's key objectives for regional collaboration and planning;
- Add value to each Council's operations;
- An environment for shared service delivery and centres of excellence; and
- A more cost effective outcome, when compared with mergers.

SGS Economics' analysis of the feasibility of a joint organisation concludes: (attachment XXX)

- A joint organisation is both viable and advantageous for both three (3) Councils and six (6) Councils;
- The benefits considerably outweigh the costs; and
- There would be significant improvements to strategic capacity.

In conclusion, the City of Ryde, Hunter's Hill and Lane Cove Councils have rigorously considered the feasibility and the workability of the proposed JRA and with strong support of our communities, submit it as a superior alternative to the Panel's preferred options. We consider strategic regional collaboration, embodied in the JRA model, superior because it progresses the State Government's aims, preserves our local identities, builds on our strengths, is cost effective and is strongly supported by our communities.

The JRA will make a vital contribution in delivering the State Government's aspirations for metropolitan Sydney; it builds further on the strengths of each Council, creates better conditions for economic growth and delivers a high capacity representative entity to progress our local communities' interests in metropolitan issues.

Superior Alternative - A Joint Regional Authority

How will the JRA Work

The City of Ryde, Hunters Hill and Lane Cove Councils are satisfied that the JRA will produce better urban development outcomes across the subregion and consequently ensure our communities continue to enjoy functional, productive and liveable localities over time. Importantly, the success of the JRA is not underpinned by an increased rate of urban development. The key success is derived from the strategic collaboration in the spatial location of development and its infrastructure servicing.

To enable the JRA, all Councils have agreed to:

- Delegate subregional strategic and infrastructure planning functions to the JRA to avoid duplication;
- Support a balanced urban development settlement pattern; and
- Support and implement the adopted policies of the JRA through their local decisions on development applications. Further we are satisfied that the transfer of subregional planning functions to the JRA will deliver improved shared spatial planning outputs and outcomes including:
 - Development of better plans for land use and infrastructure development;
 - More efficient decision making in relation to planning and development proposals; and
 - More rapid advancement towards targeted subregional land use, infrastructure, social and economic development outcomes.

The following section sets out the agreed powers and functions of the JRA.

Key Agreed Principles:

- The subregional planning functions are core JRA functions
- Participating Councils may not 'opt out';
- The JRA will have mandated support from member Councils on the subregional strategic planning and infrastructure agenda;
- Each Council will enable joint decision making; and
- The JRA will incorporate a shared service element.

Agreed Powers:

- To plan for subregional land use and infrastructure;
- To develop a single subregional Section 94 plan;
- To represent all Councils in negotiations for subregional planning and infrastructure matters;
- To undertake subregional advocacy;
- To procure subregional services and enter into subregional contracts; and
- To apply for subregional grants.

Agreed strategic planning / infrastructure functions:

- Single endorsed approach to subregional plan priorities and content;
- Agreed centres hierarchy/ collaboration promoting subregional hubs (e.g. bulky goods, education precincts and IT precincts);
- Single endorsed set of priorities on State infrastructure (e.g. preferred location and scale of education, health, sport, transport and social infrastructure);
- Shared approach to local infrastructure planning - recognising spare capacity across borders;
- Single subregional LEP and DCP harmonisation (i.e. common design standards);
- Single subregional Section 94 Plan (i.e. larger total fund/more flexibility/better liquidity);
- Shared strategic planning research resources; and
- Obligated to seek views of other Councils on matters of subregional interest.

Agreed subregional advocacy, representations and campaigns role

- Representations and campaigns on key policy, funding and governance issues;
- Single point of approach to Local/ State/Federal Governments and the private sector on subregional matters (eg Light rail, tourism, economic development);
- Shared promotion of a common set of grant funding opportunities; and
- No change to approach to rating.

We have considered the following non-core functions which may be transferred to the JRA over time, following the establishment period:

JRA Subregional economic development role

- Common subregional economic development plan;
- Common subregional tourism development plan;
- Shared prospectus for investment development/business and trade attraction international relations;
- Council specialisation (centres of excellence) - identification and promotion of a Council for best practice; and
- Shared support for identified clusters/hubs for a skill or industry.

JRA corporate and social planning role

- Collaboration on corporate and community plan preparation;
- Integrated Community Plans;
- Joint approach to local implementation of State social policy targets/agendas (eg youth, homelessness and inclusion policies);
- Pooled grant funding for subregional facilities (e.g. SSHAP, Metro Greenspace) and cross boundary infrastructure;
- A JO would build on economies of scale and institutionalise collaboration amongst participating councils for procurement, accessing grants and service delivery, (including the joint use of facilities);
- Common fees for facilities; and
- The nature and benefits of joint community planning are scalable upwards from 3 to 6 councils.

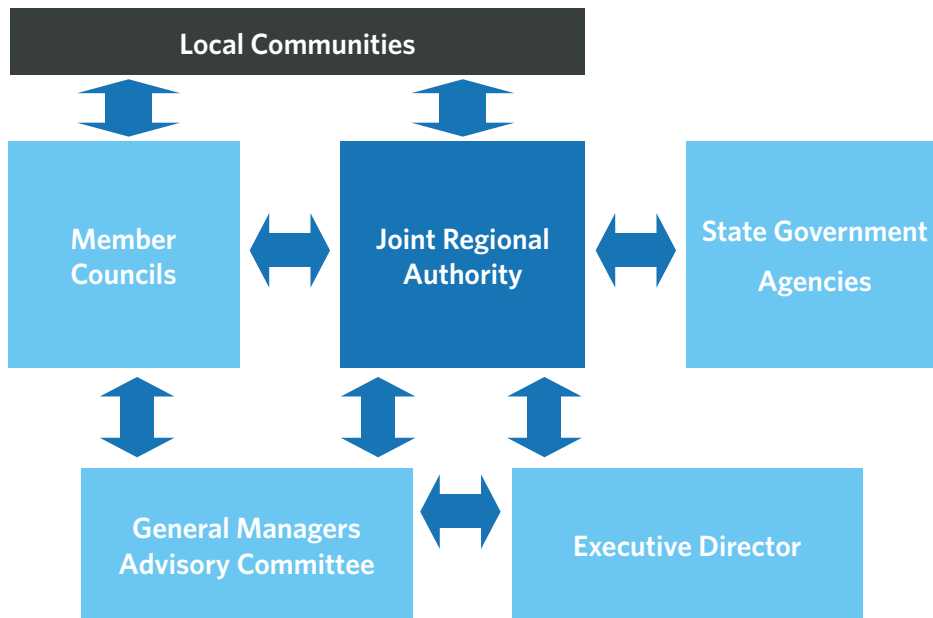
JRA is Scalable

The SGS cost benefit analysis included examination of the scalability of the JRA from three Councils to six and concluded that all the improvements would be scalable and would increase accordingly, for every new member council that participated.

JRA governance and organisation Structure

The diagram below depicts how the JRA will interact with each member Council, community and the State Government Agencies on subregional matters. In designing the JRA's structure and governance, the three Councils utilised elements from the State Government's Joint Organisation pilots currently underway in regional NSW and the current NSROC and Hunter Councils' models.

The JRA's governance structure will be underpinned by a Charter to define its referral processes, accountability to member Councils and the community, and its relationship with State and Federal agencies.



Functions			
Regional Strategic Planning	Intergovern- mental collaboration	Regional Advocacy	Shared Services & Regional Procurement
Plan for regional infrastructure, develop a single set of subregional priorities, develop a subregional Section 94 Plan. Harmonised LEP.	Single point of contact for and collaborative planning with government agencies for the region.	Engage with State/ Federal Government, negotiate, advocate for Regional priorities. Apply for regional grants.	Deliver Shared services and conduct Regional Procurement.

Governance

The JRA will be as follows:

- The entity will be legally recognised through Local Government Act;
- The entity will be governed by a Board consisting of 2 elected representatives from each member council, one of which is to be the Mayor of that council;
- Each council will appoint a second representative by resolution;
- Each council can at its discretion appoint alternate representatives by resolution;
- Each council will authorise its representatives to make decisions that are binding;
- Representatives from each council are bound by their respective council's decisions;
- Each representative will have one vote;
- The JRA Board decisions will be made by unanimous voting agreement of its members;
- The JRA Board will elect a Chair and Deputy Chair;
- The JRA will be supported by a General Managers' Advisory Committee;
- The JRA may employ staff;
- The JRA will be accountable to each council;
- Representatives will service a 2-year term on the Board; and
- Representatives will not be remunerated for their role in the JRA.

Funding and resourcing:

The JRA will be resourced by:

- Membership fees based on equal proportions paid by each Council;
- A suitably qualified Executive Director; and
- Employing the strategic planning staff of each Council.

JRA is consistent with ILGRP regional objectives

The ILGRP included regional objectives for Metropolitan areas such as northern Sydney[1]. The JRA proposal meets these objectives by:

- Creating a high capacity organisation that has the strategic capacity to plan and prioritise services and infrastructure at a subregional scale and has the authority, funds and expertise to deliver major projects as a true partner of State Government;
- Requiring participating councils to be bound on the JRA's subregional strategic planning agenda, would establish an equitable basis for local government decision making across the subregion;
- The JRA would translate the objectives and deliver Sydney's Metropolitan Strategy by strengthening the Global Economic Corridor and strategic centres in the subregion (North Sydney, Macquarie Park, Chatswood and St Leonards) - the JRA would underpin Sydney's status as a global city; and
- The JRA offers a single point of contact to coordinate actions and to prepare and implement subregional strategy for northern Sydney.

JRA demonstrates scale and capacity criteria as envisaged by the ILGRP

The transfer of subregional functions to a JRA would lift the capacity of the participating Councils to achieve a subregional strategic agenda - while boosting each individual council's ability to achieve the local outcomes of their Community Plan. The JRA is a customised approach to achieving Strategic Capacity, and the associated benefits, without the disruption and costs of amalgamation (as outlined in the attached reports by Morrison Low, Brian Dollery and Percy Allan and Associates). The JRA would achieve each of the elements of Strategic Capacity as summarised below.

More robust revenue base and increased discretionary spending

Resources to cope with complex and unexpected change

The Joint Regional Authority would represent 216,000 - 427,000 people by 2031 (3 or 6 councils respectively). The effect of the JRA would be to reduce demand on the capital of participating councils, enable them to depreciate assets more efficiently and offer greater surpluses to invest in infrastructure and enhanced services. This would also improve the participating councils' capacity to make provision for and fund complex and unexpected change.

The JRA would achieve public resource savings and more effectively deploy funds by: streamlining forward planning and development sequencing (including using pooled funds under a single s94 plan), improving utilisation of facilities across council boundaries and delaying new capital expenditure as a result.

Scope to undertake new functions and major projects

The strategic planning capacity to deliver and assess projects comparable in scale to Ryde's urban renewal precincts, would be available across all councils participating in the JRA. Potential new projects and functions would include economic development of specialised hubs, transport precincts and town centre redevelopments across local government boundaries.

Knowledge, Creativity and innovation

Advanced skills in strategic planning and policy development

The combined strategic planning staff resources of the JRA would deliver economies of scope - as teams are able to avoid duplication, share knowledge, research resources and develop team sizes which enables specialisation. Enhanced in-house skills in transport and economic development planning, will be valuable in delivering transit oriented urban renewal projects to achieve the subregional planning agenda, and realise the economic benefits of an efficient city structure.

Effective regional collaboration

A JRA would build on economies of scale and institutionalise collaboration amongst participating councils for procurement, accessing grants, service delivery, including the joint use of facilities.

The JRA would provide a framework to enter into a single contract for services rather than multiple contracts, across the participating councils. As a single entity, it would be more competitive in accessing grant funding. It would collect larger bundled grant funds and have the flexibility to deploy matching council expenditure in the right place and right time, to more rapidly achieve community plan outcomes.

Credibility for more effective advocacy

By 2031, the JRA could represent up to 15% of Sydney's population and an even higher proportion of its jobs (assuming all six councils participated). The JRA would adopt single clear positions across its councils for rating, funding infrastructure priorities, economic hubs and social planning agenda. This represents a less parochial and more powerful bloc of interest to argue for subregional priorities (e.g. light rail, economic development prospectus).

Capable partner for State and Federal agencies

The JRA would serve as a single point of contact for State and Federal Government to identify shared positions on regional planning, economic development and social policy issues. This would replace the need for individual negotiations with up to six separate councils. This is critical for the smooth delivery of subregional strategy and social policy targets in partnership with NSW Government.

In addition, shared subregional positions supported by an evidence base would provide a stronger justification for flow on planning and investment decisions for State infrastructure

High quality political and managerial leadership

The JRA would be constituted by a council of Mayors from the participating councils. They would be serviced by a secretariat and have access to pooled strategic planning resources and a regional shared services centre, responsible for those services for which there are clear economies of scale. The subregional mandate of the board would generate a focus that transcends individual local government boundaries and broadens the scope for high quality

decision making. This would improve the understanding and ability of the board to relate to the State Government's agenda. The more frequent interaction of Mayors and GMs through the JRA would also involve pooling of their collective knowledge and expertise with the prospect of economies of scope.

Accountabilities for the JRA would be established under the Local Government Act. The JRA would be equipped to focus on subregional imperatives and would leave individual councils better placed to lead their local constituents. Such a partial merger is superior to a full amalgamation of councils because it:

- Focuses on regional imperatives rather than everything
- Merges only those functions that benefit from centralisation
- Drives efficiencies by making shared services market contestable
- Frees up individual councils to focus on functions and services that are best delivered locally; and
- Avoids the high cost and disruption of mass mergers.

Superior Alternative - A Joint Regional Authority

Business case for JRA

Cost benefit analysis

The transfer of subregional functions to a JRA would give rise to **once off establishment costs** for the JRA (year 1), as well as its **ongoing operating costs**.

It has been assumed that the current operating costs associated with delivering the subregional functions across each of the participating Councils simply transfers to the JRA upon its establishment. Some overlap has been assumed in years 1 and 2 (25% of existing operating costs), i.e. to overcome teething problems, but no operating cost efficiencies have been factored in after this period. This is an inherently conservative assumption, as efficiencies could well be generated through the JRA's relative economies of scale and scope.

Two key benefits have been identified: the acceleration of more efficient urban development and infrastructure provisioning and private sector appeals savings (from more effective planning decisions).

The acceleration of more efficient urban development and infrastructure provisioning, is a significant role that the JRA will undertake in enabling this transition. There is significant evidence that the spatial form of development impacts economic, social and environmental outcomes in the Australian context. Our analysis simply assumes that the preferred form of future development for Sydney over the long term (to 2031) applies at the subregional level, i.e. future housing and employment are increasingly accommodated into town centres, and that the array of benefits that result from this are accelerated by the JRA (i.e. by 5 years).

This wide array of benefits includes the net benefits generated by savings in costs associated with infrastructure provisioning, transport congestion, environmental pollution, along with unlocking the benefits of improved workforce productivity (agglomeration economies) and land use efficiencies.

Another way of articulating this benefit is to say that the risks of the subregion not developing in the most efficient locations are ameliorated by the operations of the JRA.

Private sector appeals savings (from more effective planning decisions) will have an impact. It is anticipated that significant planning and development decisions will be made at the subregional level, ensuring that these decisions are consistent with adopted subregional policy. In turn, the cost of decisions related to planning proposals and the private costs of appeals, which act to ultimately overturn inconsistent decisions, are avoided.

Historic rates of Planning Proposals and Class A appeals, and the rate at which appeals are upheld, have been used, as has the assessed avoided private sector cost of each appeal (approximately \$22,500).

The cost benefit analysis has identified, quantified and contrasted over time, the costs and benefits of moving from the existing situation (base case) to two alternative JRA options as follows:

- Base case: each Council continues to undertake subregional functions separately;
- Option 1: Three Councils (Ryde, Hunters Hill, Lane Cove) transfer subregional functions to a JRA; and
- Option 2: Six Councils (Ryde, Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby) transfer subregional functions to a JRA.

Superior Alternative - A Joint Regional Authority

Assessed results

A discounted cashflow analysis, comparing the costs and benefits over a 15 year period (2016 to 2031), has been used to evaluate the merit of moving from the Base Case to Option 1 and Option 2 (Table 2.6).

TABLE 2.6: JRA BCA RESULTS

Economic Indicator	OPTION 1 (3 Council JRA)	OPTION 2 (6 Council JRA)
NET PRESENT VALUE (NPV) (Note: if NPV is positive, the option is worth pursuing)	\$523,044	\$3,401,971
BENEFIT COST RATIO (BCR) (Note: if BCR >1, the option is worth pursuing)	1.5	2.4
INTERNAL RATE OF RETURN (IRR) (Note: if IRR > discount rate, the option is worth pursuing)	17%	31%

Note: a real discount rate of 7% has been used.

Option 1 (Three councils participating) has a strongly positive NPV and BCR greater than 1. The results are further enhanced when considering participation of 6 councils in the JRA (Option 2). The results of this economic analysis do not take account of the strongly positive impact of including 10-20% operating cost savings from the adoption of a shared service arrangement.

The results of the sensitivity analysis, highlight that in terms of downside risk, the largest threats to the viability of the JRA rests with:

- Operating cost penalties, i.e. if significant duplication exists amongst the JRA and participating Councils;
- The failure of the JRA to accelerate the movement towards more efficient urban development and infrastructure provisioning patterns; and
- The failure of the JRA to remedy inconsistent decisions with respect to Planning Proposals and Development Applications.

Having said that, most of the assumptions invoked are inherently conservative, and there appears to be more upside potential (i.e. for additional benefits) than there is downside risk.

The distributional assessment indicates that ratepayers will bear any incremental establishment and operating costs, while the benefits will be more widely spread, with benefits accruing to local residents, commuters, workers, businesses and developers, as well as local and State infrastructure provisioning agencies. Based on this it does not appear that moving to the JRA will impose any disproportionate inequities amongst stakeholders.

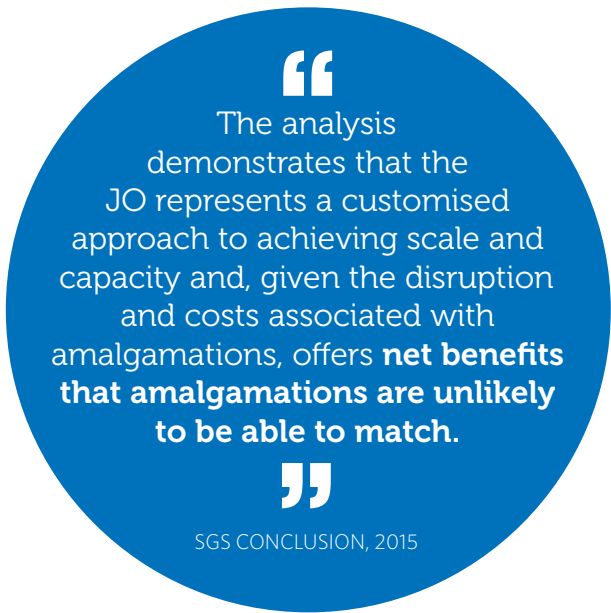
SGS Conclusion: Joint Organisation is a superior option

Based on the business case, SGS concludes that:

- The move to the JO is both viable and advantageous. That is, the benefits outweigh the costs considerably, and the improvements to strategic capacity are significant; and
- The net benefits associated with Option 2 outweigh that of Option 1. That is, the JO will be much more worthwhile if the six Councils transfer their subregional functions to it.

For the JO to be most effective, participating Councils should not be able to 'opt out' of key decisions. That is, they all must sign up to the subregional transfer of functions, and in turn, the plans and policies that the JO develops and the decisions it makes in governing in line with these plans and policies.

The analysis demonstrates that the JO represents a customised approach to achieving scale and capacity and, given the disruption and costs associated with amalgamations, offers net benefits that amalgamations are unlikely to be able to match.



“
The analysis demonstrates that the JO represents a customised approach to achieving scale and capacity and, given the disruption and costs associated with amalgamations, offers **net benefits that amalgamations are unlikely to be able to match.**
”

SGS CONCLUSION, 2015

Superior Alternative - A Joint Regional Authority

Shared services

As detailed in this submission, the Councils engaged both Brian Dollery and Percy Allan to advise on the experiences and findings of where shared services had been implemented and how the Joint Regional Authority should include a shared services arrangement.

Percy Allan in his paper, 'A Shared Services Centre Migration Plan for North Shore Councils', concludes that the most efficient path for Local Government is to share those activities that benefit from size, while keeping in house those activities done best on a small scale. He identifies the prime examples of where shared services could be undertaken as listed in his Executive Summary;

- **Finance:** Accounts Receivable, Accounts Payable, General Ledger, Billing and Rates Collections, Travel and Expense Reimbursement and Treasury
- **Personnel:** Payroll, Employee Benefits, Workers Compensation Insurance, Training and Education, Time and Leave Administration and OHS Compliance
- **Procurement:** Requisitions Management, Receiving, Sourcing and Vendor Management, Stationery and Stores, Asset Registers, Property and Fleet Management, Leasing, Property Insurances, Cleaning, Utilities and Telecommunications
- **Systems:** Desktop Support, Telecommunications, Data Centre Operations, Hardware/Software Acquisitions and Disaster Recovery
- **Corporate:** Legal, Security, Printing, Records and Archives, Call Centre and Library Services
- **Planning:** Local and regional urban planning and development application processing when shared capture economies of scope (i.e. benefit from planners working and brainstorming collectively rather than disparately and considering regional and local impacts together).

His paper identifies potential savings of \$2 million per year, noting that initially there would be substantial costs of the establishment of a Shared Services Centre (SSC). He details examples of where shared services have both failed and succeeded and from the lessons learnt as detailed in his report, has recommended that a dedicated SSC be organised on the basis of a Company Limited by Guarantee.

At this stage, all three Councils support the concept of a Shared Services arrangement, with the detail of the structure and the services to be shared, still to be finalised.

The next steps to be undertaken, once the Joint Regional Authority is endorsed, are to;

- Undertake a detailed Business case and project plan (to confirm the areas of Shared Services) for implementing a Shared Services Centre for approval from member Councils; and
- Formally submit the proposal to the Minister for Local Government for approval.

Superior Alternative - A Joint Regional Authority

Justification of a pilot JRA

Criteria for Pilot JO

City of Ryde, Hunter’s Hill and Lane Cove councils are willing to participate in a pilot, to test the JRA model with Office of Local Government oversight. Adopting a pilot approach, in setting for a metropolitan joint organisation, will have advantages in shaping the proposal with the guidance and financial support of State Government. A pilot will ease the path towards the best allocation of functions for the JRA and ensure duplication of services would be minimised. The pilots will also trial options for a shared services centre.

The State Government is running pilots for JOs in rural NSW to resolve the best governance framework and address issues such as representation, accountability and decision making powers. The same FFTF criteria for assessing the suitability of rural JO’s are relevant to northern Sydney (Table 4.1).

TABLE 4.1: Criteria for Pilot JO

Criteria	Response from councils
Boundaries - Demonstrate that the proposed Pilot aligns/nests in the State strategic planning regions.	Ryde, Lane Cove and Hunters Hill are within the northern Sydney grouping of six councils proposed for merger.
Statement of intent - Outline why your region seeks to be involved in the Pilot process - and why the region would make a good Pilot.	The councils are willing and informed on the processes and governance arrangements needed for a successful JRA model relevant to metro Sydney
Commitment from member councils - Demonstrate a level of support for the proposed purpose and core functions of JO and Pilot process.	Council resolutions and community feedback in each participating council indicate strong awareness and support for a joint regional collaboration proposal as an alternative to mergers and to remain independent
Evidence of collaboration - Demonstrate evidence or a track record in the region of collaborative engagement.	The participating councils have reciprocal resolutions agreeing to work together on a regional collaboration model.
Work program - Identify a proposed work program and indicate how it is appropriate for the JO.	A high level action plan is proposed in this submission (potential MoU)
Operational Matters Including Entity And Executive Officer - Identify the entity or body that will be used for the Pilot process.	The Councils have outlined a governance model including staffing/resourcing arrangements in this submission.

Superior Alternative - A Joint Regional Authority

Implementation of the Joint Regional Authority - Draft Action Plan

On the approval of the Joint Regional Authority by the Minister for Local Government, the Councils will undertake the following key actions;

1. Formalise a Charter for the JRA, that binds the member Councils on how the JRA will operate;
2. Provide the necessary documentation / business case for the JRA to be approved by the Minister for Local Government;
3. Each Council to identify and commit the required staff and resources to achieve the immediate regional strategic planning outcomes;
4. Prepare a formal 4 year business plan for agreement by both the member councils and JRA on the objectives and outcomes to be achieved by the JRA and to confirm the criteria of how the JRA's performance will be assessed.

Superior Alternative - A Joint Regional Authority

Measurement and continuous improvement

To ensure the efficacy of the JRA against its stated objectives, the Charter will require development of a set of KPIs to be monitored and reported by the Board.

The KPIs will link with the responsibilities and functions of the JRA such as:

- Quality of Regional Strategic Plan
- Efficiency and efficacy of its governance and decision making
- Participation and active collaboration of NSW Government agencies in (pilot) JRA meetings
- Identification of regional priorities and their incorporation into relevant NSW Government policies and plans
- Relationships with member councils, NSW Government agencies and other key stakeholders.

FIGURE 2.2: POTENTIAL KEY PERFORMANCE INDICATORS FOR THE JO / RSSC

- Annual operating budgets (to show that the recurrent investment in sub-regional planning functions)
- Proportion of urban development that is accommodated in priority locations throughout subregion (i.e. in-centre versus out of centre)
- Infrastructure investment costs per capita
- Timeliness of joint planning decisions/ proposals; and
- Upholding rates of planning appeals.

Attachments



4) Evidence Documents

- A) Evidence supporting rejection of ILRGP recommended merger
 - Review of ILGRP's Structural Change Options- SGS Economics & Planning October 2013
 - Draft Review of proposed North Sydney Merger – Morrison Low
- B) Evidence supporting a superior proposal - A Joint Regional Authority
 - Northern Sydney Joint Organisation Business Case- SGS Economics & Planning May 2015
 - Compulsion Versus a Collaborative Regional Approach Professor Brian Dollery May 2015
 - A Regional Joint Organisation Structure Percy Allan & Associates Pty Ltd May 2015
 - Shared Service Centre Migration Plan Percy Allan & Associates Pty Ltd May 2015
 - Community Engagement Reports Micromex and Urbis

Fit for our Future

JOINT SUBMISSION

City of Ryde
Hunter's Hill Council
Lane Cove Council

 City of Ryde

