



Newport Residents Association Inc.

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5th April 2016

The Delegate,
Council Boundary Review,
Warringah Proposal
GPO Box 5341
Sydney NSW 2001

Dear Sir,

Re Submission Council Boundary Review – Warringah proposal to amalgamate Manly, Warringah & Pittwater Councils

On behalf of the Newport Residents Association we wish to make the following submission. We will address much of the criteria that are required to be considered by yourself as Delegate. However, before we move to those points we wish to comment on the recent Public Meetings held at Mona Vale, Manly & Dee Why on the 21st, 22nd & 23rd of March 2016 respectively.

From our observations at the three meetings we calculated that there were 144 speakers identified from the following council areas;

- Manly 6
- Warringah 65
- Pittwater 70
- Mosman & Other 3

The attendance, passion and interest from each of the three council areas can be judged by the number of speakers and attendees at each of the meetings. When you consider Pittwater, which is only 40% of the size of Warringah, actually had more speakers than Warringah it is a very solid indication of how strongly the Pittwater residents are against the Warringah proposal for combining the three councils.

The Mona Vale meeting was also the best attended of all three meetings to the point you were unable to hear all the registered speakers in the allotted time whereas the other meetings finished either one or two hours prior to the allotted time.

Further our observations at the three meetings suggested there were 65 speakers for the one council proposal, 40, for staying on the current boundaries and 39 for either the two council model or unstated but against one council. Given the population densities of each council the result is unequivocally against one council.

We would now like to address the criteria required to be addressed by you in your role as Delegate to the Boundaries Commission:

(a) the financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned,

It is impossible to properly assess the financial advantages or disadvantages of the proposal as the State Government has refused to release the KPMG detailed report on the proposed merger and the modelling assumptions in the KPMG technical paper have been shown to be flawed.

However many assumptions can be made of the worth of these numbers from many of the public inquiry speakers who pointed out the small value per annum per resident of the estimated financial improvement. Additionally the evidence from prior mergers in Queensland, Victoria, and Auckland have shown that there have been no savings from any amalgamation and in fact the opposite has occurred.

Questionable assumptions in the technical paper include but are not limited to:

- Savings from materials and contract expenditure

Comment: Savings are already achieved by SHOROC or achievable through a Joint Organisation.

- Savings from councillor expenditure

Whether or not there are any savings will depend on the number of councillors. There may need to be a larger number of councillors to ensure a fair (as much as possible) community representation. Regardless, when you consider the tiny direct cost per councillor (in Pittwater's case \$20,000 pa), the impact on any Council budget is miniscule.

- Savings from reduced salary & wage expenditure: "overall staffing efficiencies estimated at 7.4% for metropolitan councils"

Comment: Research into the most recent mergers conducted in NSW found that the EFT of merged councils increased 11.7 per cent since 2004. (Source: *Fit for the Future Frequently Asked Questions & Answers*)

Staffing costs in Queensland grew by 8% in recent council mergers, a higher rate than non-merged councils. (Source: *SMH 25 January Professor Brian Drollery, Director of the University of New England's Centre for Local Government*)

- Costs from redundancies: "For metropolitan councils it is assumed that a merger leads to a loss of four (4) Tier 3 positions per council".

Comment: Pittwater has only two Tier 3 positions.

A Critical Assessment of Merger Proposal: North Sydney Council and Willoughby City Council by Professor Brian Dollery in Section 3 contains a detailed critical analysis of flaws in the KPMG technical paper at http://www.northsydney.nsw.gov.au/files/39c7525a-aa8e-4f3e-a6c5-a5bb00ffb512/04_Critical_Assessment_of_Merger_proposal_-_Dollery.pdf

(b) the community of interest and geographic cohesion in the existing areas and in any new area,

There is not a strong joint community of interest between Pittwater, Warringah and Manly, an essential prerequisite for a successful merger.

Indeed there is strong evidence to support a unique "Peninsula /Greenbelt Lifestyle" for Pittwater residents compared to a more metropolitan outlook for Warringah and Manly residents.

88% of Pittwater residents have said they don't want a merger with Warringah.

We commend to you the following two videos which have been completed in the last few days portraying the resident's views about the community of interest and general statements of the proposed merger;

<https://www.youtube.com/watch?v=Cw6EiqCKrm8>

<https://www.youtube.com/watch?v=rK3rH0EydvM>

The boundaries for the current local councils typically follow natural water courses and green ways to avoid splitting communities. (*KPMG Independent review of structural options for Manly & Pittwater Councils 2015*)

Many countries and States boundaries are defined geographically. The boundaries in this proposal are not consistent with natural landforms. For Pittwater, Narrabeen Lagoon the Pittwater waterway and surrounding National parks form a natural boundary.

The geographic isolation of Pittwater assists maintaining the highly held environmental values of the community.

(c) the existing historical and traditional values in the existing areas and the impact of change on them.

The boundaries and structure of Pittwater were not set over 100 years ago. This has been the NSW Governments mantra to justify the structural changes now proposed.

Pittwater seceded from Warringah Council on 1 May 1992. The concerns of the community that brought about the formation of Pittwater included overdevelopment and the impact that it was having on the environment, a lack of infrastructure, low service levels that didn't reflect their high rates and poor community consultation.

The Boundaries Commission 1991 found that:

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

Pittwater can be used as an excellent case study to show how a relatively new council can be successful. The council has proven it is economically sustainable and has the strong support of the community. Winning the A R Bluett Memorial Award for the Best and Most Progressive Council in NSW in 2003, a finalist in 2013 and Highly Commended in 2015, the runner up to Warringah Council receiving the award.

Any expansion of the existing Pittwater is likely to destroy the existing strong sense of community.

The Warringah proposal is ringing alarm bells for the residents of Pittwater with its focus on the existing Warringah area and demonstrating a lack of understanding about Pittwater, particularly in regard to planning regulations. The planning controls of the 3 separate councils reflect the different development characteristics of each council area. There is real concern in the community that Pittwater will become a Developer's Paradise. There is fear that planning rules will be rationalised between Warringah, Pittwater and Manly and that developers needs will win over the natural environment.

Pittwater's customer service centre at Avalon appears to be removed under this proposal.

The proposal focuses on active transport around Brookvale and Dee Why, the Pittwater area is not referred to.

(d) the attitude of the residents and ratepayers of the areas concerned

The attitude of the residents and ratepayers can be summarised from the three surveys conducted and/or commissioned by Pittwater Council in 2015 being on-line and paper surveys conducted by the Council itself plus a randomised telephone survey conducted externally by Micromex Research.

The support for ***Pittwater remaining as is*** was:

- ***89% of online respondents***
- ***95% of paper survey respondents***
- ***89% of randomised telephone survey respondents.***

A second alternative of a so-called 'Greater Pittwater' (similar to the Government's previously announced proposal) was included in the surveys although the results of this part of the survey are not relevant to you as Delegate as your instructions are to consider this Warringah proposal for one council against leaving the councils as they currently are.

A third alternative of one Northern Beaches council was also included in the survey with **very little support** and its results were as follows:

- **15% of online respondents gave it a first preference**
- **5% of the paper survey gave it a first preference**
- **12% of the randomised telephone survey gave it as a 1st preference**

The average support for one council was only app 12%

The results of these surveys are further supported from the response numbers at the three public meetings as we have outlined in our opening remarks to this submission.

(e1) the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities.

91% of Pittwater residents surveyed were satisfied with Councils overall performance in Council's last Community Survey.

We also quote from the *IPART CIP summary report* with regards to Pittwater today:

"(It) satisfies the criterion for infrastructure and service management based on its forecast to meet the benchmarks for the infrastructure backlog ratio, the asset maintenance and the debt service ratio by 2019-20." Additionally, Council has a \$30million infrastructure funding already in place to address this.

The *Merger Proposal* in the Government's own document (page 8) shows Pittwater as having a 5% Infrastructure Backlog. This is likely to blow out once again, if Pittwater were to revert to a minority position in what would become an essentially Warringah Council.

(e2) the impact of the proposal on the employment of the staff by the council;

There has been no details provided in the Warringah proposal to be able to comment directly upon however from research conducted into past mergers the number of employees is likely to increase more rapidly over time than for non-merged councils. Obviously there will be two less General Managers but with an enlarged council staff there will be required the creation of a number of other senior management positions which history has shown to negate any cost benefits.

(e3) the impact of any relevant proposal on rural communities in the area concerned;

This item does not apply to this proposal.

(e4) in the case of a proposal for the amalgamation of two or more areas, the desirability (or otherwise) of dividing the resulting area or areas into wards

One of the great strengths of Pittwater is its **ward system**, comprised of three wards with three councillors elected to represent each ward. This allows the word 'local' in local government to have real meaning (and indeed the potential loss of this in a larger merged council is one of the things Pittwater residents fear most).

The ward system is critical to an LGA to supply reasonably even councillor representation across the whole LGA and therefore give local communities a chance for their 'voice' to be heard.

(e5) The need to ensure that the opinions of each of the diverse communities of the proposed Council are effectively represented.

A concern of having one northern beaches council is that the voice of Pittwater as we know it would be drowned out, because it represents only 24% of the population of the proposed Council. And that voice will only shrink further because of the considerable component of Pittwater which is National Park and waterways, compared to the dense development already under way in the southern and western parts of the proposed area. We believe these issues would be insurmountable and not allow effective representation of the opinions of the Pittwater communities.

Pittwater council is a recognised leader in engaging and working with its diverse community. The current Reference Group structure, the quarterly meetings with resident associations, the annual surveys, and the "Place Making" techniques deployed all ensure that the local voice is heard and acted upon. These processes must remain.

Again, we refer you to the historical evidence for this, from when Pittwater was part of Warringah, less than 25 years ago and was one of the reasons given to allow a vote for secession to be had. We commend to the Delegate, as essential reading, the book "*Pittwater Uprising*" This was published only two years ago by the first elected mayor of Pittwater, Robert Dunn who gave you a copy at the public inquiry for the Pittwater/Warringah (part) amalgamation proposal and this book outlines all the concerns and reasons that secession occurred in the first place.

(f) Other factors relevant to the provision of efficient and effective local government in the existing and proposed new areas?

You only need to consider that in 2003 Pittwater was awarded the coveted "Bluett Award" as the best council in New South Wales (as noted in item (c) above) and was the runner-up in 2015. This is extremely recent evidence that Pittwater council can and does provide an efficient and effective **local** government.

Warringah's Proposal for a single council on the Northern Beaches is a continuation of a pattern of behaviour towards the reform process that demonstrates why a single Northern Beaches council cannot succeed. Warringah failed to acknowledge all the available options for reform and canvass them with the community in the Jetty survey it commissioned.

Warringah has only ever considered one option, a single council, on the assumption that it will be the central force in such a council. It has not participated in the process in good faith, and has consequently served its community poorly.

Warringah's Proposal sets a poor tone for a future administration. It was submitted three weeks late putting Pittwater residents at a disadvantage.

At the Mona Vale public meeting you would have heard a verbal submission from an official from Surf Lifesaving NSW who said they had little to no financial or other support from Warringah whereas both Manly & Pittwater had been very supportive both financially & otherwise and they held real concerns if there was one council dominated by Warringah.

Much has been said about Warringah's role in SHOROC (*Shore Regional Organisation of Councils*). The facts are that up to two years ago they were an active member. However, just after the amalgamation proposals from government became known, Warringah council withdrew their support for the Shared Service activities of SHOROC, even though all the other three council members continued. Further they refused to be included in a number of 'back-office' single services saving proposals on the basis they could do it cheaper which is actually at odds with their new proposal that having one council would reap back office savings costs. A cynical person might construe Warringah's reduced participation in SHOROC as part of their one council arguments push. All of this is not a good omen for a functional one council model.

The Proposal pays lip service to the integration of three LGA's, with key economic and social issues focussed on areas within its current LGA. Key economic, health, environmental, representation and housing issues of Pittwater are not addressed at all by the Proposal. Issues that are addressed, such as the B-Line, are a state government responsibility and already underway. This Proposal is superficial and marketing oriented. It does not address the future of the Northern Beaches, it makes no attempt to seriously address the Pittwater community's fears, it threatens only to return us to a dysfunctional past.

The Proposal from Warringah makes very little reference to Pittwater as a special place, instead focusing on areas south of Dee Why. There is also no mention of Mona Vale hospital or economic hub activity in Mona Vale or Warriewood, or small innovative start-ups or home businesses, or the concerns of over-development, or the Pittwater residents' love of their special unique world class environment.

We would like to make some further comments regarding this proposal that we think are very important for the people of Pittwater.

Pittwater, Warringah and Manly Councils met all the Fit for the Future benchmarks except scale and capacity and submitted proposals to IPART to stand alone. Scale and capacity is arbitrary as shown by the IPART change in population numbers during the process. Finding 5 of the 2015 Upper House Inquiry into Local Government states:

'That the scale and capacity criterion was a flawed criterion and it should have not been included in the Fit for the Future assessment criteria and accordingly assessments of council's fitness based on this threshold criterion are not well-founded'.

KPMG's assessment was that Pittwater Council is "Fit for the Future" and that a merger will not improve financial sustainability. (Source: *Pittwater Council's Fit for the Future Improvement Proposal I (Existing structure)*)

There is no relationship between a council's population size and per capita expenditure. (*Local Government NSW (2015) Amalgamations: To Merge or not to Merge?*)

Strategic capacity and partnering with the NSW Government are already demonstrated by Pittwater, Warringah and Manly through SHOROC. Examples include the progressing of the rapid bus transport project (B-line), the Frenchs Forest Hospital and surrounding infrastructure and directly through the Precinct Planning process for Ingleside.

Research suggests that the financial cost of amalgamating councils is often under estimated.

"There is no net savings in amalgamation- it is expensive and there is overwhelming evidence to support this." Professor Brian Drollery

Finding 9 of the Upper House Inquiry into Local Government states: *That the projected economic benefits of council amalgamations have been consistently overstated by the proponents of forced amalgamations and the costs and extensive diseconomies of scale caused by amalgamations have not been adequately explained by those same proponents.*

There is no evidence that larger councils are more efficient or effective.

We have overwhelming anecdotal evidence that the majority of Pittwater residents are not prepared to lose the independence they fought so long and hard for.

The proposal fails on all criteria required to be considered under the Act: Financial, Community of Interest and Geographic cohesion, existing historical and traditional values, attitude of the residents and ratepayers and elected representation.

In our opinion a Forced Amalgamation of Pittwater, Warringah and Manly will result in an overstretched council focused on the demands of the forest and its hospital resulting in administrative and financial neglect of the beaches, especially Pittwater and its unique environment. A dysfunctional council bringing a great loss of social cohesion for the communities, with the potential in the future for a financially and logistically expensive de-amalgamation, as has happened in Queensland.

We appreciate this opportunity for members of Newport Residents Association to put forward these matters which we believe are critical to Pittwater residents and the future sustainability of our region.

Yours sincerely,

Gavin Butler
President