Northern Beaches Council Meeting – 10 December 2024 My name is Frank.
> I have been living in the Northern Beaches for 15 years, 12 in Manly and 3 in Newport my current residence.
> I am an advisor to state agencies, specialised in developing economic and financial justifications for multi-billion $ projects.
> I will present few simple financial concepts to demonstrate that none of the four rate variation options will save the council.
> The 3 former councils, Manly, Pittwater, Warringah total expenditure was $308m* in 2016. The Northern Beaches Council total expenditure was $398m in 2024.
> □ $90m more than 8 years ago
> □ almost $1,000 more per dwelling every year
> This is an average increase of 3.3% each year since amalgamation, above the annual average inflation for the same period:
>
> (*) FY 2016 expenditure extrapolated from the former councils' financial reports ending 12 May 2016 by adding 1.5 month of cost to the 10.5 months of cost assumed being reported. This method may over-estimate the real 12-month expenditure for the year depending on the former councils' accrual policy.
> Staff cost have surged from $120m* in 2016 to $159m in 2024.
> □ close to $40m more than eight years ago
> This is an average increase of 3.5% each year since amalgamation, above the 2.5% annual average wage growth for the same period.
> Most of the increase happened before the pandemic and in the last 2 years.
> The council financials are out of control. It is facing a diseconomy of scale, the contrary of economy of scale. It is too big to be sustainable.
> The amalgamation has produced no efficiency, no productivity gain whatsoever.
> Ironically the council is unfit for the future when this was the key argument of the amalgamation reform.
>
> Some say that the former Pittwater Council had a lot of debt that the Northern Beaches Council had to deal with.
> Would you accept to inherit a $3m house with a $2m mortgage? What if the house also had a safe with another $3m cash in it?
> That's about Pittwater in 2016.
> Pittwater had a total debt of $23.8m against cash in banks of $44m: $20.2m cash net of debt.
> That's not all, there was another $7.8m to be received from rates and grants net of payables.
> In total Pittwater had $28m in liquid assets, net of debt. So why are we only hearing about the debt of Pittwater?
> $15.7m of this cash was from restricted developer contributions to fund developments.
> Net of these contributions, $12.3m was sitting in banks, just unrestricted, readily available cash "in the safe".
> □ Where did the cash of Pittwater go?
> □ How could ratepayers believe that this council can be fixed with more money?
>
> This is not a revenue problem that needs the easy rate increase solution.
> This is a cost frenzy problem. The solution is a drastic restructuring of the council including:
> 1. Nomination of a state administrator to deliver a top-down restructure
> 2. Demerge Pittwater to stop the cost bleeding and restore local leadership
>
> Thank you,
>

> Frank Peylaire
> Newport NSW 2106
> Frank.oze@gmail.com