

AGENDA

Notice is hereby given that an Extraordinary Northern Beaches Council Meeting will be held in the Council Chambers at the Civic Centre, Dee Why on

Tuesday 28 January 2025

Beginning at 6:00pm for the purpose of considering and determining matters included in this agenda.

Scott Phillips
Chief Executive Officer

OUR VISION

Delivering the highest quality service valued and trusted by our community

OUR VALUES

Trust Teamwork Respect Integrity Service Leadership

OUR OBLIGATIONS

I swear/solemnly and sincerely declare and affirm that I will undertake the duties of the office of councillor in the best interests of the people of the Northern Beaches and the Northern Beaches Council and that I will faithfully and impartially carry out the functions, powers, authorities and discretions vested in me under the Local Government Act 1993 or any other Act to the best of my ability and judgement.

ORDER OF BUSINESS

1.0 ACKNOWLEDGEMENT OF COUNTRY

2.0 APOLOGIES AND APPLICATIONS FOR LEAVE OF ABSENCE

3.0 DISCLOSURES OF INTEREST

4.0 PUBLIC ADDRESS

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1.0 ACKNOWLEDGEMENT OF COUNTRY

As a sign of respect, Northern Beaches Council acknowledges the traditional custodians of these lands on which we gather and pays respect to Elders past and present.

2.0 APOLOGIES AND APPLICATIONS FOR LEAVE OF ABSENCE

In accordance with Part 6 of the Code of Meeting Practice, apologies must be received and accepted from absent Councillors and a leave of absence from the Council meeting may be granted.

3.0 DISCLOSURES OF INTEREST

In accordance with Part 17 of the Code of Meeting Practice, all Councillors must disclose and manage any conflicts of interest they may have in matters being considered at the meeting.

A councillor who has a **pecuniary interest** in any matter with which Council is concerned, and who is present at a meeting of Council at which the matter is being considered, must disclose the nature of the interest to the meeting as soon as practicable.

The councillor must not be present at, or in sight of, the meeting:

- a. at any time during which the matter is being considered or discussed, or
- b. at any time during which Council is voting on any question in relation to the matter.

A councillor who has a **significant non-pecuniary** conflict of interest in a matter under consideration at a Council meeting, must manage the conflict of interest as if they had a pecuniary interest in the matter.

A councillor who determines that they have a non-pecuniary conflict of interest in a matter that is **not significant** and does not require further action, when disclosing the interest must also explain why the conflict is not significant and does not require further action in the circumstances.

4.0 PUBLIC ADDRESS

In accordance with Part 5 of the Code of Meeting Practice, residents, ratepayers, applicants or other persons may request to address Council in relation to any one matter related to the general business.

7.0 CHIEF EXECUTIVE OFFICER'S DIVISION REPORTS

ITEM 7.1 SPECIAL VARIATION TO RATES - APPROVAL TO LODGE AN APPLICATION TO IPART

PURPOSE

The purpose of this report is to inform Council of the outcome of the public exhibition of options for a special variation to rates, to adopt the revised Long-Term Financial Plan 2024-2034 and Addendum to the Delivery Program 2024-28 and Operational Plan 2024/25 and to lodge a special variation to rates application to the Independent Pricing and Regulatory Tribunal (IPART).

EXECUTIVE SUMMARY

- On 12 November 2024 Council resolved to undertake community engagement between 18 November 2024 and 12 January 2025 on a revised Long-Term Financial Plan 2024-2034 and Addendum to the Delivery Program 2024-28 and Operational Plan 2024/25 and proposed options for a special variation to rates.
- Council's community engagement commenced with the launching of a 'Your Say' page outlining 4 options with resources, including fact sheets, videos and frequently asked questions.
- Community engagement has been extensive, utilising information stations across Council locations (including customer service centres, aquatic centres, early learning centres and libraries), print advertising through local publications, 10 pop up sessions in the community, resident and business webinars, a letter box drop to all 96,156 ratepayers and an email distribution to over 80,000 subscribers.
- Community responses were over 6,300 (survey and submissions) with a number of overarching themes surfacing including a desire to maintain services and infrastructure, a desire for improved services and infrastructure, requests to look further for savings and efficiencies, affordability, harnessing benefits of amalgamation and holding rates to inflation/peg.
- Council maintains its commitment to productivity savings and in an effort to reduce the burden on rates, has been on a continuous improvement journey since its inception in 2016. While these initiatives have assisted Council's financial sustainability to date, they are not of a scale that can ensure its long-term financial security.
- The independent voting members of Council's Audit, Risk and Improvement Committee (ARIC) prepared a memo to Councillors advising, inter alia, that "the information and the data presented to it (by management) provides reasonable and reliable evidence to support utilising the IPART process for a special variation to rates".
- Minor amendments have been made to the draft Long-Term Financial Plan 2024-2034 and Addendum to the Delivery Program 2024-28 and Operational Plan 2024/25 to incorporate updated information being available since the draft documents were placed on exhibition, including the findings of the Capacity to Pay Report and the special variation engagement dates.
- Based on the need to maintain financial sustainability and to continue to deliver services and assets as expected by our community, it is recommended that Council apply to IPART for a cumulative rate increase of 39.6% (including peg) over 3 years commencing in 2025/26. The cumulative rate increase would comprise a special variation to rates of 29% and a rate peg of 10.7% (rounded to one decimal place) which would remain in Council's rate base.

- Should Council endorse an application to IPART for a special variation to rates, an application including IPART's Special Variation Application Part A and Part B and all necessary documentation including the revised Long-Term Financial Plan 2024-2034, and the Addendum to the Delivery Program 2024-28 and Operational Plan 2024/25 will be required to be lodged with IPART by 3 February 2025.

RECOMMENDATION

That Council:

- Note the community engagement activities undertaken from 18 November 2024 to 12 January 2025 in relation to the revised Long-Term Financial Plan 2024-2034, Addendum to the Delivery Program 2024-28 and Operational Plan 2024/25 and special variation to rates options as required by the Independent Pricing and Regulatory Tribunal (IPART).
- Note the community responses in respect of the community engagement undertaken in relation to the revised Long-Term Financial Plan 2024-2034, Addendum to the Delivery Program 2024-28 and Operational Plan 2024/25 and special variation options.
- Note the opportunities for service reductions, property rationalisation and/or fee increase initiatives as outlined in this report are not of size and scale to reduce the need for a special variation to rates to maintain Council's long term financial sustainability.
- Note the memo from the independent members of the Audit, Risk and Improvement Committee in consideration of a special variation to rates for Northern Beaches Council and their acknowledgement that a special variation is a sound financial initiative to maintain Council's long term financial sustainability.
- Note the NSW Parliament's Standing Committee on State Development '*Inquiry into the ability of local government to fund infrastructure and services 2024*' recommended changes to the local government rating system to address some of the cost pressures local governments face in delivering community services and assets and infrastructure.
- Note that the special variation to rates application to IPART is consistent with Council's responsibility under the *Local Government Act 1993* to continue existing services, maintain and improve community infrastructure, support environmental and natural risk reduction programs and strengthen financial sustainability.
- Adopt Option 3 of the Addendum to the Delivery Program 2024-28 and Operational Plan 2024/25 included within Attachment 2.
- Adopt the revised Long-Term Financial Plan 2024-2034 at Attachment 3.
- Apply to IPART for a permanent increase in rates income for the period from 2025/26 to 2027/28 (inclusive) of 39.6% (Option 3 'Improve Services') under section 508A of the *Local Government Act 1993*, consisting of annual increases as set out below:
 - Year 2025/26 – 12.1% increase (8.3% + rate peg of 3.8%)
 - Year 2026/27 – 11.7% increase (8.3% + assumed rate peg of 3.4%)
 - Year 2027/28 – 11.5% increase (8.4% + assumed rate peg of 3.1%)
- Delegate authority to the Chief Executive Officer to lodge the application for a special variation to rates to IPART, including IPART's Special Variation Application Forms Part A and Part B and all other necessary documentation such as the Addendum to the Delivery Program 2024-28 and Operational Plan 2024/25 for the adopted option at Attachment 2, Long-Term Financial Plan 2024-2034 at Attachment 3, Productivity Journey and Improvement Plan 2024 at Attachment 4 and Capacity to Pay Report at Attachment 5.

BACKGROUND

Like many councils in NSW, Council is facing growing pressure to its financial sustainability as increases in income, under the NSW rate peg system, have not reflected the rising costs of materials, contracts, and construction, with Sydney's inflation over the 4 years to 30 June 2024 being almost double the increase in rates income.

A special variation (SV) to rates will be required if Council intends to continue to meet community expectations and deliver existing services and service levels as well as ensure availability of funding for new and upgraded assets, environmental outcomes, loans and unforeseen events such as storms, and remain financially sustainable in the long-term.

Accordingly, on 12 November 2024 Council resolved (Resolution 289/24) to:

1. *Approve community engagement to be undertaken between mid-November 2024 and mid-January 2025 on proposed options for a Special Variation to rates.*
2. *Endorse community engagement on the below options for a Special Variation to rates:*
 - a. *Option 1 Reduce service - Rate peg only (current path)*
 - b. *Option 2 Maintain service - Rate peg + 6% pa over 3 years*
 - c. *Option 3 Improve service - Rate peg + 8.3% pa over 2 years and 8.4% in year 3*
 - d. *Option 4 Increase service - Rate peg + 10% pa over 3 years.*
3. *Endorse the Community Engagement Plan.*
4. *Endorse the Delivery Program 2024-2028 and Operational Plan 2024/25 draft Addendums for options of a Special Variation to rates and revised Long-Term Financial Plan 2024-2034 for public exhibition during the community engagement period.*
5. *Note that the outcomes of the community engagement process will be reported to Council at an extraordinary meeting to be held in January 2025, with Council to determine whether an application should be submitted to IPART to apply for a Special Variation to rates to support Council's financial sustainability.*

On 18 November 2024 Council commenced engagement with the community.

Further to the above, on 10 December 2024, Council was provided with an update on the progress of the community engagement. Council noted the update, resolving (Resolution 316/24):

That:

1. *Council note the community engagement activities undertaken to date and the updated Preliminary Productivity Journey and Improvement Plan 2024 at Attachment 1.*
2. *An extraordinary meeting of Council be held at 6pm on 28 January 2025 to consider whether to proceed with an application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Variation to rates.*
3. *To ensure proper governance, transparency and the opportunity for all Councillors to have balanced information to properly consider whether or not to approve an application for a Special Rate Variation (SRV), the Chief Executive Officer (CEO) be requested to send to all Councillors, at least 7 days prior to the 28 January 2025 meeting, a report outlining:*
 - a. *opportunities to cut costs by rationalising its operational properties, particularly those that are currently occupied for administrative purposes*
 - b. *opportunities to cut costs by reviewing expenditure on services, organisational structure (noting that pursuant to s333 of the Local Government Act 1993, Council must determine the organisational structure within one year of an ordinary Council election) and operational efficiencies*
 - c. *send a link to the Asset Management Plan*
 - d. *any other cost cutting opportunities the CEO thinks fit.*

4. *The CEO, write to all local State and Federal MPs as well as all Senators from NSW:*
 - a. *raising its concern as to the lack of grant funding to the Northern Beaches, Council's current financial situation, possible application for a SRV, and request all elected representatives lobby State and Federal Governments for grants to assist with infrastructure, community and sporting groups on the Northern Beaches*
 - b. *advocating for the timely review and acceptance of the recommendations of the Standing Committee on State Development Report titled Ability of local governments to fund infrastructure and services.*
5. *Council prepare a short and succinct explanation for our community covering: 'This is what we need, and this is what we have done':*
 - a. *a further video and one-page explainer highlighting:*
 - i. *the cost savings we have achieved since amalgamation including through productivity gains, staff reductions, paying off debts etc.*
 - ii. *what we have already done to 'tighten our belts'*
 - iii. *the amount we pay the State Government in levies and fees*
 - iv. *success in applying for grants to achieve major projects and examples*
 - v. *State and Federal Government grants are being reduced*
 - vi. *whether we need to apply for a Special Rate Variation.*
 - b. *promote this new material extensively through the Mayor's message, social media and the website, considering what can be done to reach people who do not use technology.*

Actions required by Resolution 316/24 are either included in this report, have been prepared and added to Council's Your Say engagement page and/or sent electronically to further assist with the distribution of information to the community concerning Council's special variation to rates. The Ministerial letters were issued on 16 December 2024.

Community engagement concluded after 8 weeks on 12 January 2025, with a summary of responses outlined in this report, and the full Community and Stakeholder Engagement Report (Attachment 1).

At the 10 December 2024 Council meeting, commitment was also given to providing responses to the published Questions With Notice Items 15.5 – 15.10 at this extraordinary meeting of Council, rather than the next ordinary meeting of Council in February, given the relevance of these questions to the consideration of a special variation to rates. The Questions With Notice are shown below, with responses to each provided in Attachment 7.

15.5 Question with Notice No 14/2024 – Staffing Expenditure

1. *What savings have been made on staffing costs since 2016?*
2. *Are any additional savings on staff costs planned?*

15.6 Question with Notice No 15/2024 - Council Revenue from Parking, Compliance and other Fines and use of such funds

1. *I refer to the Sydney Morning Herald article on 30 November 2024 regarding revenue from fines - what has Council spent its fine revenue on?*
2. *Since amalgamation for each respective year, could Council please advise the totals raised in Compliance, Parking and other Fines and in each year what those funds were spent on?*

15.7 Question with Notice No 16/2024 - Operational Land owned by Northern Beaches Council

1. Does Council maintain a publicly available Register of all land it owns that is classified "Operational"? If not, why?
2. Does Council undertake regular inspections of all Operational land to ensure they are properly maintained and fit for need? If so, how regularly?
3. Can Council please provide a full list of Operational land it owns?

15.8 Question with Notice No 17/2024 - Increases in Full Time Staff

1. With reference to the FTE stated in Council's Delivery Plan detailed below, what are the total additional salary and oncosts expended for each respective year:

- a. 2021/22 - 1246.5
- b. 2022/23 - 1265
- c. 2023/24 - 1283
- d. 2024/25 - 1301.6

2. For each of the below years, since amalgamation (2016/17, 2017/18, 2019/20, 2020/21, 2021/22, 2022/23, 2023/24 and 2024 to date), please outline respectively how many people did Council employ and what was the total each year for each position's salary and on costs?

- a. Executive General Managers, Managers
- b. Team Leaders
- c. Coordinators
- d. Any other designated management positions

15.9 Question with Notice No 18/2024 - Rate increases

Please confirm the rate increase for ratepayers in the former Manly Council local government area (LGA), the former Warringah Council LGA and the former Pittwater Council LGA since amalgamation.

15.10 Question with Notice No 19/2024 - Staffing and Expenditure

Could the below information for the following please be provided:

1. The number of full-time equivalent employed at Northern Beaches Council as at 1 July 2016, 1 July 2017, 1 July 2018, 1 July 2019, 1 July 2020, 1 July 2021, 1 July 2022, 1 July 2023, 1 July 2024.
2. Total salaries and wages paid to Council staff for each of the following financial years ending 30 June 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024.
3. Total amount paid to agency staff for each of the following financial years ending 30 June 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024.

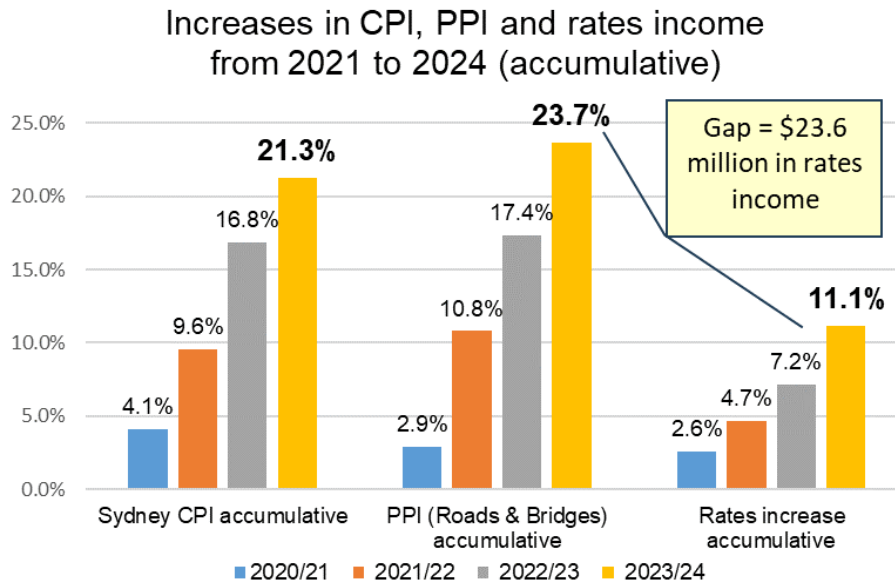
DISCUSSION

Financial position and the need for a special variation to rates

Council's financial sustainability is at risk. The Long-Term Financial Plan (LTFP) highlighted that high inflation, severe weather events, the COVID-19 pandemic and significant increases in costs like the Emergency Services Levy (ESL), insurance and gas, alongside constraints on rates income is placing significant pressure on Council's ability to maintain infrastructure and services at the required level.

Council has undertaken a number of measures to assist in offsetting cost pressures in recent years including fee reviews, achieving efficiency gains and cost savings. This includes \$0.4 million in the development of the 2024/25 budget along with over \$2 million in the previous 2 financial years. While opportunities are continuously sought, these measures alone are unable to fully offset the impact of recent high inflation levels.

Sydney's inflation over the 4 years to 30 June 2024 was almost double the increase in rates income, which is equivalent to an accumulative variance of 10.2%, or \$19.1 million in rates income. When rates income is compared to the cost of infrastructure indicated by the Producer Price Index (PPI) for Roads and Bridge Construction, the gap grows to \$23.6 million (12.6%) over the same period. This gap is now built into Council's ongoing rates income, meaning the rate base will be permanently lower without intervention.



Rates are local taxes that are levied on the basis of property (land) values, issued by the Valuer General. They are Council's main source of income, currently being 44% of total revenue.

Each year the NSW Government (through IPART) determines the percentage figure by which councils can increase their rates income – this is called the rate peg.

The rate peg is mostly based on the change in the Base Cost index – like a CPI for local government. However historically it has not reflected the rising costs of Council's materials, contracts, and construction. As explained above, over the past 4 years to 30 June 2024, Sydney's CPI has been almost double the increase in rates income, meaning the Base Cost index was not a reliable measure of Council's actual costs.

In August 2023 IPART undertook a review of the rate peg methodology, acknowledging "aspects of the way IPART calculated the rate peg were not suited to a volatile economic climate" and also resulted in an "under-recovery of Emergency Services Levy contributions" (IPART, 'Review of the rate peg methodology', August 2023, p vi, p13, p63). IPART suggested councils address the material impact on financial viability these issues caused through the special variation process.

The LTFP shows income levels are no longer sufficient to fund operating expenses, invest in the ongoing renewal of infrastructure assets required by the Asset Management Plans and provide the

necessary working capital to manage unexpected events, a scenario which is not sustainable and without intervention will continue to reduce services to the community.

The Asset Management Plans require an additional investment of \$15.1 million per year to maintain and renew existing assets, along with \$10.4 million per year to uplift service levels and provide high priority new assets required by the community.

The LTFP at Attachment 3 explores alternative scenarios to strengthen Council's position in the future and address these funding gaps along with options to improve services through a special variation to rates.

To assist with Council's rising costs, service demands, upkeep of assets and to meet ongoing financial sustainability needs, Council should apply to IPART for a special variation to increase rates above the pegged annual increase.

Financial sustainability outlook

Council has a responsibility, under the *Local Government Act 1993* (Section 8B and Section 223(1)(c)), to ensure as far as possible the financial sustainability of the Council, including effective asset management and achieving intergenerational equity. This requires Council to take such decisions as are necessary to achieve financial sustainability and consider the financial effects on future generations.

Council's financial results over the past 4 financial years reflect the impact of COVID-19 pandemic restrictions on operations, the support measures in place for the community and the recovery process. The net cost to Council of the COVID-19 pandemic was \$41 million.

Other significant events placing pressure on Council include storms, flooding, and bushfire threats. In the past 6 years the Northern Beaches experienced seven natural disasters at a cost of \$15 million, of which \$7 million has been recovered (to 30 June 2024) from the Federal Government Disaster Recovery Funding Arrangements.

In 2023/24 the Emergency Services Levy alone increased by \$3 million to \$9 million, equivalent to a \$30 increase per ratepayer. Council was required to reduce infrastructure spending by \$3 million per year to fund this cost increase.

High inflation and price volatility, combined with the historical lag in the rate peg, are resulting in a growing divergence between costs and rates income.

Key financial and asset management performance ratios are weakening. Income levels are no longer sufficient to fund operating expenses, invest in the ongoing renewal of infrastructure assets required by the Asset Management Plans and provide the necessary working capital to manage unexpected events.

Council has made positive and sound financial management decisions over many years which enabled Council to deliver significant projects, support the community during the COVID-19 pandemic and several natural disasters and invest merger savings into improved services and infrastructure to meet the needs of our community and improve their quality of life.

However, with infrastructure inflation outpacing growth in rates income by 12.6% in 4 years and no mechanism in the IPART rate peg to adjust for this, income levels are not sufficient to meet future operating costs and maintain infrastructure at the level required.

The following operating ratios table indicate the deterioration in Council's financial position, with the Operating Performance ratios failing to meet the Office of Local Government's (OLG) benchmark.

Option 1: Reduce service Statement of performance measures														
	OLG Benchmark	Result 2021/22	Result 2022/23	Result 2023/24	Forecast 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Year 6 2029/30	Year 7 2030/31	Year 8 2031/32	Year 9 2032/33	Year 10 2033/34
Budget Performance														
Operating Performance Ratio	> 0%	4.5%	4.5%	3.7%	(1.3%)	(2.5%)	(0.9%)	0.3%	(0.1%)	0.0%	0.1%	(0.2%)	(0.6%)	(0.3%)
<i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.</i>														
Own Source Operating Revenue Ratio	> 60%	82.5%	84.6%	87.4%	86.0%	89.9%	92.2%	93.1%	93.6%	93.6%	93.6%	93.4%	93.6%	93.5%
<i>measures fiscal flexibility. It is the degree of reliance on external funding sources.</i>														
Operational Liquidity														
Unrestricted Current Ratio	> 1.5x	1.90x	1.92x	2.18x	2.16x	1.92x	1.72x	1.82x	1.89x	1.83x	1.95x	1.83x	1.84x	1.92x
<i>represents a council's ability to meet short-term obligations as they fall due.</i>														
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	< 5%	3.6%	3.6%	3.8%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
<i>expressed as a percentage of total rates and charges available for collection in the financial year.</i>														
Cash Expense Cover Ratio	> 3mths	5.6mths	6.1mths	6.4mths	4.8mths	4.1mths	4.0mths	3.9mths	4.1mths	3.9mths	3.9mths	3.9mths	3.9mths	3.9mths
<i>liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.</i>														
Liability and Debt Management														
Debt Service Cover Ratio	> 2x	7.3x	7.7x	6.9x	8.8x	6.9x	9.7x	10.5x	10.8x	15.7x	15.6x	16.3x	14.5x	19.2x
<i>measures the availability of operating cash to service loan repayments.</i>														

It is important to note that while the OLG's benchmark for the Operating Performance Ratio is 0%, Northern Beaches Council requires a stronger ratio within a range of 4% to 6% to ensure adequate funds are available to respond to natural disasters, unexpected shocks, failure of infrastructure, unexpected cost shifting from other levels of government, and to set aside funding for future needs including the remediation of the Kimbriki landfill site. The Northern Beaches area is particularly vulnerable to natural hazards including bush fire, flooding, landslip, coastal erosion and storms. Additional funding above this level provides the capacity to invest in improvements to community infrastructure. Only Options 3 and 4 are forecast to achieve an Operating Performance Ratio above this target.

Decline in asset conditions and maintenance requirements

Council manages \$2.5 billion of land assets, \$3.9 billion of infrastructure assets and \$0.1 billion of other assets such as IT equipment, plant, and fleet. Council's infrastructure assets include the stormwater network, transport network (local roads, paths, cycleways, bus shelters, wharves, bridges, retaining walls), sports fields and other parks and recreation assets, some foreshore structures and a wide range of buildings and public amenities. Each year Council plans ahead to understand investment levels required to ensure our assets meet the needs of our changing community, are well maintained, accessible, safe and operational, and upgraded when needed.

Council's Asset Management Strategy and Asset Management Plans have identified an ever-increasing trend in the decline of asset condition and the need for greater levels of asset maintenance. As noted above, the Asset Management Plans identify infrastructure challenges that will require an additional investment of \$15.1 million per year to renew and maintain existing assets along with an additional \$10.4 million per year to invest in service uplifts and new assets.

Over the last 4 years, the 'infrastructure backlog' as reported in the annual Financial Statements has been growing as a result of insufficient funding available to maintain and renew assets at the required levels. This means that the number of assets in poor or very poor condition is continuing to grow, creating an escalating financial liability for Council and the community.

Should asset renewals continue to be deferred due to insufficient renewal funding, asset conditions will continue to deteriorate, leading to more reactive maintenance, until the point of asset failure and significant disruption to service delivery. This type of deferral and reactive approach can only be sustained for a short period of time before the cumulative effects result in significantly more

expensive asset renewals to be undertaken. If unfunded, this cumulative impact could mean that assets will need to be decommissioned, as they would be unable to safely and effectively provide services to the community.

Further to this, asset management ratios are weakening with the Building and Infrastructure Renewals Ratio not being met, meaning Council is unable to invest in the renewal of assets at the rate at which they are depreciating. Additionally, the Asset Maintenance Ratios are also in decline. These ratios are required to be reported in the annual Financial Statements and are a measure of the health of our ability to invest in asset renewal and maintenance. Stated simply, an asset renewal ratio of less than 100% means that the assets are being renewed (i.e. replacing or refurbishing an existing asset to restore it to its original level of service or performance) at a rate that is not keeping up with their deterioration, leading to an ongoing decline in asset condition and functionality.

The declining Asset Maintenance Ratio is a measure showing that the actual maintenance spend is less than the required level of maintenance identified in the Asset Management Plans. Should this continue to decline, the level of service delivered to the community will be less than their desired level of service.

Council is an asset-centric business with the assets being the platform for service delivery to the community. When combined, these 2 ratios highlight the need for a strategic review of the current level of funding available for asset renewal and asset maintenance. If left unchecked, asset condition will continue to deteriorate at an increasing rate, which will require a significantly higher level of renewal investment in future years to replace these assets or remove them from service delivery.

The Financial Statements 2023/24 show that Council did not invest sufficient funding in the maintenance and renewal of infrastructure assets in that year and as a result did not meet 2 of the asset performance benchmarks set by the Office of Local Government. Construction costs have increased significantly, which has resulted in a higher rate of depreciation for Council's assets than the funding Council has available to meet renewal requirements. Maintenance costs have also increased at a faster pace, along with updated condition assessments following the revaluation of road and building assets in 2024, resulting in a higher level of required maintenance expenditure than the funding available. It is anticipated that Council will not achieve these asset performance benchmarks in 2024/25 due to the current level of funding of assets.

The following asset ratio tables indicate the deterioration in Council's assets, with the Building and Infrastructure Renewals ratios and Asset Maintenance ratios failing to meet Office of Local Government benchmarks.

Asset Management Ratios 2021/22 to 2033/34

Option 1: Reduce service Statement of performance measures (continued)														
	OLG Benchmark	Result 2021/22	Result 2022/23	Result 2023/24	Forecast 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Year 6 2029/30	Year 7 2030/31	Year 8 2031/32	Year 9 2032/33	Year 10 2033/34
Asset Management														
Building and Infrastructure Renewals Ratio	> 100%	112.7%	130.8%	94.6%	95.1%	101.2%	94.0%	90.8%	91.9%	90.8%	88.8%	89.0%	87.2%	86.4%
assesses the rate at which these assets are being renewed against the rate at which they are depreciating.		✓	✓	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗
Infrastructure Backlog Ratio	< 2%	1.53%	1.49%	1.52%	1.58%	1.58%	1.59%	1.61%	1.63%	1.65%	1.67%	1.68%	1.69%	1.70%
ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Maintenance Ratio	> 100%	100.6%	109.7%	98.1%	92.5%	93.5%	93.5%	93.6%	93.6%	93.6%	93.6%	93.6%	93.6%	93.6%
ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.		✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Cost to bring assets to agreed service level		1.26%	1.22%	1.17%	1.32%	1.32%	1.34%	1.35%	1.37%	1.39%	1.41%	1.42%	1.43%	1.44%
ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Climate change and associated natural disaster impacts and costs

As a coastal community with low lying areas, coastal lagoons and steep escarpments, the Northern Beaches are vulnerable to the effects and impacts of natural hazards. Climate change, with associated extreme weather events, is anticipated to exacerbate current natural hazards. The coastline and flood-prone areas are particularly vulnerable to climate change because of increased storm activity and sea level rise, as well as increased erosion activity and cliff instability. Climate change and consequential sea level rise will have a substantial impact on our infrastructure assets that are in coastal and low-lying areas (such as wharves, jetties, buildings, and road infrastructure). Climate change is also expected to have a significant effect on the predictability and length of the bushfire season. This presents emerging challenges for Council in managing its bush fire affected land and associated assets.

These changing conditions create unique challenges for our assets, with continued innovation and development required to ensure the best outcome for our infrastructure assets as environmental conditions continue to change.

In the past 6 years alone, the Northern Beaches have experienced 7 natural disasters at a cost of \$15 million with only \$7 million being recovered from the Federal Government Disaster Recovery Funding Arrangements (to 30 June 2024). This net annual cost to Council is an average of \$1.3 million per year. To ensure Council continues to be ready financially for such events, dedicated funds need to be set aside to adapt our assets and prepare for natural disaster relief and restoration.

Recognition of financial sustainability issue – Audit Risk and Improvement Committee

The Audit, Risk and Improvement Committee (ARIC) meets at least 4 times a year as an independent governance body for Council. As a part of its remit, it is provided information on and has a level of oversight as to Council's annual and longer-term financial positioning. As an oversight Committee it understands the position that Council financially finds itself in as well as understanding that it is an industry issue and not simply an issue affecting Northern Beaches Council. The independent voting members of the ARIC have offered an opinion (Attachment 6) as to Council's financial position and the need for a special variation to rates. In summarising their considerations, they stated all independent voting members of the ARIC are unanimously of the view that:

- *The information, analysis and insights provided to the ARIC over an extended period of time, and our interrogation of that material, supports our confidence in the capability of management's analysis. The representatives of the Audit Office of NSW have also commented to the ARIC on a number of occasions of the high quality of the financial management and analysis capability at Northern Beaches Council.*
- *Whilst it is never possible to conclude that every aspect of any Council's activities are optimised, and that every opportunity for savings and cost recovery has been exhausted, the ARIC is satisfied that the situation analysis being provided to Council by management (with respect to the issue of a possible SRV application) is presented fairly, and that is reasonable to place reliance upon the analysis for the purposes intended.*
- *The information and the data that the ARIC has been presented with from Northern Beaches Council provides reasonable and reliable evidence to support utilising the Independent Pricing and Regulatory Authorities (IPART) process for a Special Variation to rates.*

Financial sustainability in the Local Government sector

In late November 2024 the NSW Parliament's Standing Committee on State Development released a report on the 'Ability of local governments to fund infrastructure and services'.

The inquiry found fiscal discipline alone will not solve the financial challenges councils are grappling with and that these challenges are threatening the long-term sustainability of the sector.

The inquiry's report includes key recommendations aimed at improving financial sustainability, flexibility, and fairness for councils. These include:

- reviewing rate structures
- enhancing rate-setting flexibility
- addressing cost shifting and fee limits
- revising grants and disaster recovery funding
- updating development contribution frameworks.

It is pleasing to see that many of the issues Council raised in our submission and when representing our community at this inquiry have been captured in the recommendations. This also demonstrates the similarity of the issues that councils across the state are facing to try to deliver the infrastructure and services their communities expect.

The Committee's report is with the NSW Government, with a response to these recommendations expected in the coming months. Additional inquiries into related issues around natural disasters and the Rural Fire Service are also underway.

The Federal Government is similarly conducting their own inquiry into local government financial sustainability across Australia.





A special variation to rates is a normal process in the local government funding model with 57 out of 128 NSW Council's successfully receiving approval from IPART for an SV ranging from 2.5% to 94.9% since 2016/17, and more specifically 50% of merged councils with an average rate increase of 35% (with applications ranging from 8% to 64.3%). They are an important mechanism for local government to support long term financial sustainability, ultimately supporting councils with:

- the ability to address inflationary gaps between inflation and the local government industry's cap on rates (peg)
- budget and key financial performance benchmarks
- the opportunity to mitigate risk associated with a decline in asset condition and maintenance requirements
- a means to respond to unexpected significant natural disaster events.

For the 2025/26 financial year we are aware that at least 5 other councils are considering a special variation to their rates, ranging from 8% (over 1 year) up to 111% (over 3 years). Additionally, other State agencies such as Sydney Water and the Valuer General have also applied to IPART for a fee increases. Sydney Water has applied for an increase of over 50% (excluding inflation) over five years to keep up with rising costs and asset demands and the NSW Valuer General has applied to IPART to increase their prices for land valuation services to councils of between 21% and 38% in the next financial year.

Proposed special variation to rates and associated benefits

Council consulted with the community on 4 options with respect to rates and associated delivery of services and infrastructure, as outlined below.

	 Option 1 Reduce services	 Option 2 Maintain services	 Option 3 Improve services	 Option 4 Increase services
Impact	Increased maintenance backlog and cuts to services.	Retain services and address maintenance and environmental programs funding gap.	Option 2 plus: Improve facilities and deliver larger projects.	Option 2 & 3 plus: Accelerate infrastructure delivery and increase services.
Proposed rate increase over 3 yrs	Rate peg only	6% each yr + rate peg	8.3% for 2 yrs 8.4% in yr 3 + rate peg	10% each yr + rate peg
Cumulative rate increase over 3 yrs	10.7% Rate peg only	31.1% Special variation (incl rate peg)	39.6% Special variation (incl rate peg)	46% Special variation (incl rate peg)
Av residential rate increase by yr 3 ¹	\$181 yr \$3.47 wk	\$527 yr \$10.10 wk	\$673 yr \$12.89 wk	\$780 yr \$14.95 wk
Av business (general) ² rate increase by yr 3 ³	\$433 yr \$8.30 wk	\$1,263 yr \$24.19 wk	\$1,611 yr \$30.86 wk	\$1,869 yr \$35.80 wk

¹ 2024/25 average residential rate is \$1,698, which is based on residential rates income divided by residential properties - it is the equivalent of rates based on a land value of \$1.63 million. ² Excludes the Manly CBD, Warriewood Square, Warringah Mall, strata storage unit facilities and special rates. ³ 2024/25 average business rate is \$4,066, which is based on business (general) rates income divided by properties within this category - it is the equivalent of rates based on a land value of \$1.15 million. Estimates in rates do not include changes in rates which may occur from new land valuations or changes in the rating structure.

Question with Notice No 18/2024 from the 10 December 2024 council meeting is of relevance here, as it queried the rate increase for rate payers across the Local Government Area since amalgamation. Prior to rates harmonisation in July 2021 Council was required to maintain separate rating structures for each former council area, based on their individual rate paths. Refer to Attachment 7 for further details.

Community Satisfaction Survey – August 2024

Every 2 years the Council undertakes a representative survey of the community to understand their satisfaction and the importance of the services delivered by Council. In August 2024, Council engaged an independent expert Micromex Research, to conduct a random telephone survey of residents living in the Northern Beaches to identify community priorities, overall level of satisfaction with Council performance, residents' satisfaction with the services and facilities, their experience of contact with Council as well as the support for paying more to improve the level of services, facilities and infrastructure.

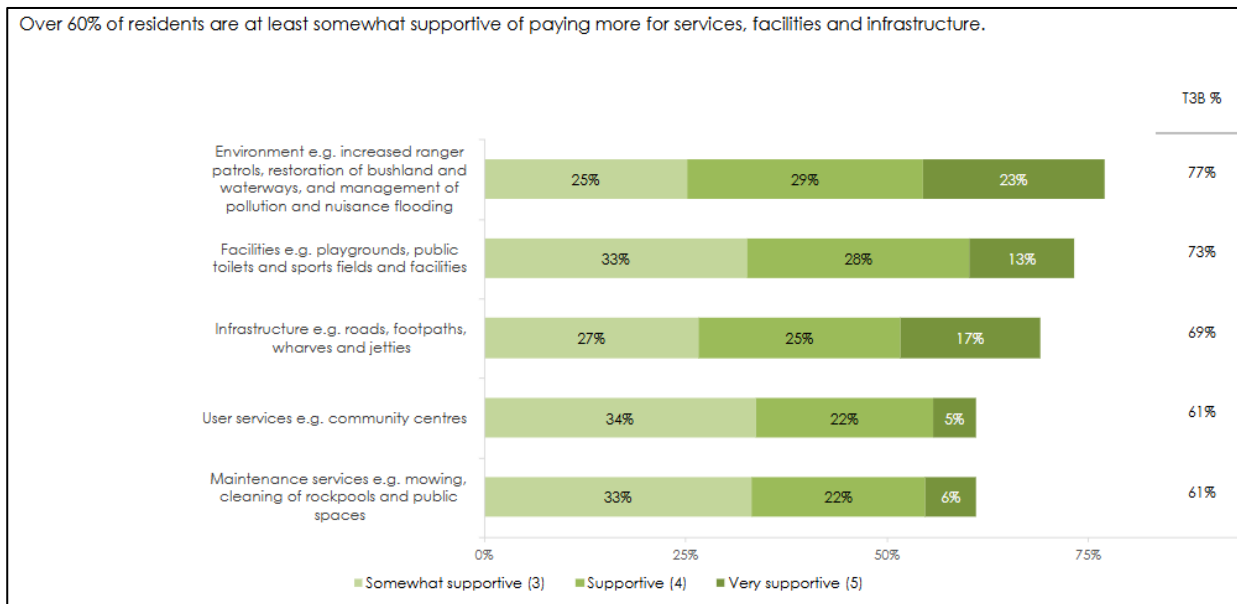
Again, Council is successfully meeting the needs of its residents as outlined in the headline results as follows:

- Overall, 86% of residents are at least somewhat satisfied with the performance of Council over the last 12 months.
- 78% of residents are at least somewhat satisfied with the performance of staff in dealing with the enquiries.
- 98% of residents rate their quality of life as 'good' to 'excellent' in the Northern Beaches LGA.

The survey also found the top 5 priority areas for Council to focus on are roads, development and planning, environment and sustainability, traffic management/road safety and improve/maintain services and facilities.

As a part of this process, Council also surveyed the community as to its support to pay more for improvements in the environment, facilities, infrastructure, user services and maintenance. Over 60% of residents surveyed (see graph below) indicated that they are at least somewhat supportive of paying more for such improvements, demonstrating that a level of capacity and willingness exists in the community to fund improvements moving forward.

Community Satisfaction Survey 2024 - Level of Support to Pay More for Improvement



Community Engagement - process and outcomes

The Independent Pricing and Regulatory Tribunal (IPART) requires councils considering making an application for a special variation to rates, to engage with their communities before the application is finalised and submitted to IPART. The engagement should explain and seek community feedback on the purpose, need for and impact of a proposed SV which may include current and planned service levels. It should also talk about alternatives considered and efficiencies it has found. A key criterion in the application is evidence that the community is aware of the need for, and extent of a rate rise and that the impact on affected ratepayers is reasonable.

A comprehensive [community engagement plan](#) was presented to Council at the 12 November 2024 Council meeting outlining a variety of consultation methods and communication tools that would be used to ensure our ratepayers and residents were made aware of the financial problem and the alternative solutions (options) being proposed to address the shortfall and provide financial sustainability to the Council for future years.

Council conducted an 8-week community consultation program planned in accordance with IPART requirements and Council's Community Engagement Policy and Strategy.

A project page was established on Council's Your Say website platform with various information tools including videos, fact sheets, graphics, rates calculator, webinars, and an extensive frequently asked questions (FAQ) section. The project page was the focus of a broad multi-channel communications campaign that aimed at driving visitation to the Your Say project page with particular emphasis on reaching ratepayers and residents.

Feedback was captured through an online survey embedded into the Your Say project page and a registration process was set up to gather information about participants to provide insight into the reach and effectiveness of engaging residents/ ratepayers. Other questions were designed to





provide qualitative data about community sentiment towards the proposed options and how participants value the importance of Council services and programs. An open comment box was also provided to capture more feedback. Email and written comments were also received.




The results of the communications campaign show it had extensive reach across multiple channels including social media (posts/ reels), print/ digital advertising, earned media, eDMs and direct letter mailout. Engagement was high with traffic to the page coming from a range of sources including over 13,290 QR code users, 6,070 click throughs from Council eDMs and more than 1,460 clicks via Council's social media posts.





The outcomes of the community engagement and communications program are detailed in Attachment 1.




A summary of the outcomes of the engagement and communications campaign is presented in the table below:

How we engaged

 Total unique responses	6,389		
 How responses were received	Submission form survey – online Submission form survey - hardcopy Written responses (email/letter)		Completions: 5,538 No. received 46 No. received: 805
 Have Your Say: visitation stats	Page views (total): 45,419	Visits (individual browsing sessions): 36,875 Visitors (single browsing session): 26,469	Average time on page: 3 min 9 sec 5,538 Contributions 5,514 Contributors 2,969 followers on project page
 Council website	Homepage carousel		1,482 clicks from ~1,034 users
	News stories x 2		Views: 2,805 Sessions: 2,681
	Engagement card on homepage		902 clicks
	Organic post/reel (video 1 animation): (Facebook, LinkedIn, Instagram)		5,840 views 5,261 reach 383 clicks

 Social media	Organic post/reel (video 2 explainer): (Facebook, LinkedIn, Instagram)	12,680 views 8,651 reach 545 clicks
	2 x paid ads (Facebook, Instagram)	525,221 impressions 311,802 reach 539 link clicks 649 engagement
 Videos	Video explainer – YouTube Animation - Your Tube	Views:1,416 Views: 518
 Print collateral	Direct letter poster to all ratepayers	Distribution: 96,156
	QR code utilisation	13,294
	Postcards	Print run: 2,000
	Brochure	Print run: 1,200
	Collateral available at information stations (Libraries, Customer Service Centres and Aquatic Centres)	Number of sites: 12

 <p>Media</p>	Media briefing	Attendance: 3
	Media release Editorial media coverage (print, digital, broadcast)	23 news items, reaching 261,000 audience
	<i>Pittwater Life</i> print ad - Dec 24 and Jan 25	Distribution: 32,000 x 2
	<i>Peninsula Living</i> (south) print ad - Dec 24 & Jan 25	Distribution: 30,000 x 2
	<i>Peninsula Living</i> (south) print ad - Dec 24 & Jan 25	Distribution: 57,000
	<i>Tawney Frogmouth</i> print ad (back cover)	Distribution: 50,000
	Digital ads Manly Observer	135,000 impressions, 62 clicks
	Northern Beaches Advocate	121,000 views, 89 clicks
 <p>Electronic direct mail (eDM)</p>	All eDM direct click through to Your Say	6,078
	Community Engagement (fortnightly) x 2	Distribution: 21,900
	Council (weekly) e-news: x 8 editions	Distribution: 58,100
	Stakeholder email: 3	Distribution: 705
 <p>Face-to-face sessions</p>	Webinar Information session: 2	Attendance: 37
	Pop up / Drop-in sessions: 10	Attendance: 1,641
 <p>Key stakeholder engagement</p>	Resident associations Group notification Group discussion (in-person meetings)	Distribution: 52 Meetings: 7
	Online information session for local business chambers	Attendance: 10

 Rates calculator utilisation	Rates calculator utilisation	13,388
 Outdoor advertising	Outdoor advertising Bus shelters and EV charging stations	Bus shelters: 6 locations in Dee Why x 2, Belrose, Collaroy, Manly, Forestville EV charging stations: 3 locations in Narrabeen, Collaroy and Dee Why
Other advertising	Digital advertising on customer screens	Location: All Customer Service Centres and Libraries
 Telephone survey	Telephone survey 20-27 August 2024	Participants: 606

Particularly successful was the rates calculator with engagement of over 13,000 users (13% of ratepayers or 1 in every 8 ratepayers). The calculator allowed individual ratepayers to better understand the actual dollar impact on their property as a result of the proposed special variation to rates options.

The project page data shows that the high level of awareness generated across the multi-channel communications campaign drove the highest level of visitation to a Your Say page in comparison with other Council project pages in recent years. Visits to the Funding our Future page were more than 5 times the volume seen on most other project pages.

The data shows that over 80% of the opt-in online survey respondents were aware of the project via a direct letter from Council, followed by eDMs, and word of mouth.

Council's social media posts had a solid reach and QR codes were used over 13,200. This is significantly higher compared with other Council projects of this nature.

The total number of project page total views was 45,419 and there were 36,875 visits (individual browsing sessions) this figure may include one person if they returned multiple times. There were 26,469 visitors which records IP addresses, noting if multiple people use the same IP it only records them only once. Visitors spent an above average dwell time on the page of 3 minutes and 10 seconds. This is higher than the industry average dwell time (between 30 sec – 2 min) and higher than other Council project pages.

These results indicate there was a high level of awareness of the project and there was significant engagement with the content on the project page that was well above Council project page averages.

Council received 5,538 submissions via Your Say project page. This represents around 15% of visits to the page resulting in a submission and conversely, 85% of visits to the page did not choose to engage further.

Independent review – Micromex Research

Council sought an independent review of the methodology applied to the assessment of submissions and comment on the engagement results which is detailed in Attachment 1. An extract of the comment is below:

In terms of volume, optional online SRV surveys rarely see significant community participation. Usually, we get no more than 100 responses to our offered opt-in SRV surveys. However, in this consultation over 5,500 residents registered and voted in the survey, while another 800 sent in a submission.

- *It would be counterintuitive to suggest that residents who clicked through but did not complete the survey were even more negative towards the SRV than those who participated. It is more likely they were ambivalent or tacitly supportive.*

In summary, while the results are not representative of the Northern Beaches community, they meaningfully reflect the views of the significant number of residents who interacted or participated in the survey component of the consultation.

Community Engagement Outcomes

Engagement on the special variation commenced on 18 November 2024 and closed on 12 January 2025. Community sentiment was measured by responses to an opt in survey as well as emails and letters where respondents could:

- Rate the level of importance of services and facilities
- Rate the level of support for each option
- Rank the options in order of preference
- Provide free text comments that were themed

The feedback in the opt-in survey shows the importance the community places on Council continuing to deliver services and invest in maintaining and improving the Northern Beaches. 80% of respondents rated maintaining existing services and facilities, improving roads and footpaths and Council investing in risk reduction programs and natural disaster recovery as important.

Looking at the level of support for each option, it was strongest for Maintain service at 72% in the opt in survey, followed by Reduce service at 57% and to a lesser extent Improve service.

The ranking of options shows the community is divided on 1st preference in the opt-in survey. Some 49% of respondent's 1st preference was a special variation to either Maintain, Improve or Increase service with the remainder favouring Reduce service. (Total responses 5,584).

The 1st preference option of those responding by email and letter was clearer. They favoured Reduce service at 64%, over the combined special variation options at 36%. (Total responses 467).

The survey in August 2024 of a representative sample of the community shows stronger support at that time for an increase. Over 60% of respondents were at least somewhat supportive of a rate increase to maintain and/or improve services.

Community Engagement – Key sentiment

Further to the above summary of engagement data, community responses have been collated within the Community Engagement Report based on themes. Below is a summary of key sentiment associated with Council's engagement.

Desire to improve services and infrastructure:

Community response:

The community expressed a level of desire to improve services on a proactive basis especially in the face of increasing natural disasters and ageing assets. The community indicated that they see value in what Council delivers, and they do not want to see that eroded. The community acknowledged that Council has maintenance issues and would like to see them better addressed especially as the area faces growing density and rising population. Sentiment still remains that services relating to roads, the environment, our beaches and parks are important and a loss of amenity around these core services would not be desirable. There is an expectation that the community expects value for money, wishes Council to remain fiscally responsible and that a relative cost of increasing services versus the risk of natural decline in our public spaces and local environment with time, is worth the extra investment to ensure a best in class local council, services and amenities. However, there is some level of sentiment that while there is a desire to improve services and infrastructure the funding should come from within via savings or removal of non-core services.

Comment:

Whilst there was an understandable reluctance to pay higher rates, there was strong sentiment in the need for Council to maintain or improve services and infrastructure. Council has been presented with 2 options (3 and 4) that would fund the required asset renewal and maintenance and would also fund an amount of investment in new services and infrastructure.

The Addendum to the Delivery Program 2024-2028 and Operational Plan 2024/25 at Attachment 2 provides information on the proposed program.

Desire to maintain existing services and infrastructure:

Community response:

The community expressed a desire for services and quality of our assets not to go backwards. Sentiment expressed that Council should maintain essential basic services and reduce non-essential spending on grant programs and events, as expressed by some. It was expressed that Council does not need additional services in this current economic climate however should invest in maintaining what it currently has. Responses indicated that some feel the current level of amenity within the Northern Beaches is good and that the Council is doing a good job and that the residents are well serviced, however some feel that some services require funding to bring their standard back to where it should be. While service reductions are not desired, again some responses suggest that Council live within its means and continue to investigate savings with a view to fund the required maintenance and asset renewal requirements.

Comment:

As outlined within the financial sustainability commentary in this report and other previous reports and briefings to Council, Council has made positive and sound financial management decisions over many years. This has enabled Council to deliver significant projects, support the community during the COVID-19 pandemic and several natural disasters and invest merger savings into improved services and infrastructure to meet the needs of our community and improve their quality of life.

However, with infrastructure inflation outpacing growth in rates income by 12.6% in 4 years and no mechanism in the IPART rate peg to adjust for this, income levels are not sufficient to meet future operating costs and maintain infrastructure at the level required. The community have expressed a desire to, at a minimum, maintain the current level of service and infrastructure. In order to do this a special variation is required.

Desire to reduce services and infrastructure:

Community response:

Some community members expressed a desire for Council to work within its existing budget and reduce non-essential services to do so. Some responses indicated that due to increasing costs individuals are having to prioritise their spending and that Council should consider the same. Again, some sentiment indicated a focus should be on roads, garbage collection, park and beach maintenance and eliminate costly non-essential services such fireworks, community events, etc.

Comment:

A number of submissions encouraged Council to “return to basics.” However, with few exceptions, those submitters did not nominate services they would like to see Council discontinue. In contrast, feedback from the public engagement on the Community Strategic Plan expressed strong preference for Council to expand and or improve its current services. It is noted that outside the current engagement on a special levy, community feedback typically advocates for additional service and infrastructure.

A desire to reduce services is mainly focused on the administration of Council or non-specific non-core services. Subject to the ongoing search for refinements to improve productivity (refer to the Productivity Journey and Improvement Plan at Attachment 4), the current level of administration is required to maintain the delivery of the current level of community service and infrastructure. Community facing services and infrastructure would need to be reduced to see a commensurate decrease in administrative costs. Further to the above, a reduction in some non-essential service and administration would not be of a scale to offset the required level of funding for Council’s asset maintenance and renewal backlogs that are in the order of approximately \$40 million per annum and increasing.

Support for Council to cut costs and seek additional income streams:

Community response:

Community responses included a sentiment that Council should be able to manage their funds more effectively without any decrease in services provided. The community expressed a desire for Council to work on strategies to minimise perceived overspending and inappropriate spending.

Comment:

In an effort to reduce the burden on rates, Council has been on an improvement journey since its inception in 2016 and remains committed to continuing saving initiatives as part of its whole of organisation improvement plan.

Productivity improvements form a core part of management’s continuous improvement program and are reviewed constantly and reported to Council’s Audit Risk and Improvement Committee (ARIC) on an ongoing basis.

Council’s organisational improvement plan seeks to continue the focus on cost containment strategies, service reviews, process and productivity improvements as well as funding opportunities and continuing to drive a culture of improvement within Council employees.

At the Council meeting held on 10 December 2024, Council was presented with the latest version of the Preliminary Productivity Journey and Improvement Plan – 2024 that outlined past savings as well as areas of focus for future savings. Further detail on future savings

initiatives can be found in this report within the section, 'Improvement Plan, Additional Service Reductions and Fee Increases.'

Question With Notice No 15/2024 from the 10 December 2024 Council meeting is of relevance here, as it queried council revenue from fines and what this money is being spent on. Fines comprise fines for parking, building compliance, fire safety, health, pollution, pool barriers, rangers (animals, etc), overdue library books and other compliance issues. Currently income from fines for overdue books funds less than 1% of the library service whilst income from all other fines funds around 40% of the environmental compliance service. Refer to Attachment 7 for further details.

Increase in rates to only be in line with inflation or no increase at all:

Community response:

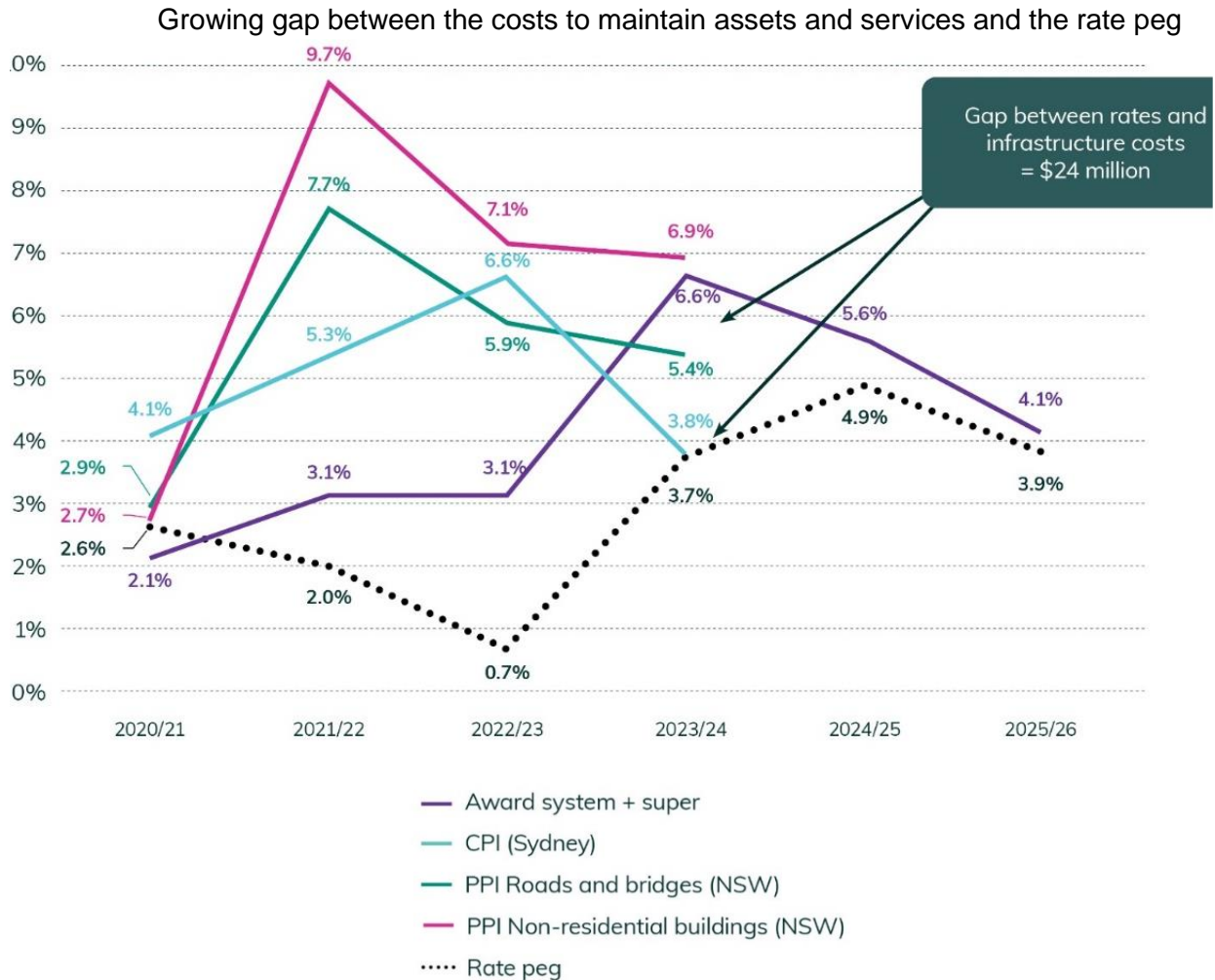
The community commented, that in the same way that ratepayers are having to reduce their personal spending in light of the rising cost of living, Council has an obligation to manage their costs in line with the IPART rate pegs without passing on the burden of these additional costs to ratepayers. Some sentiment of responses under this theme, like others, support maintaining existing services and infrastructure through a combination of efficiencies and only raising rates within inflation levels (or not at all).

Comment:

As outlined in this report and previous reports, briefings and workshops, Council's expenses are not only subject to standard CPI (Sydney) inflationary pressures but instead are also subject to other rising cost impacts that track well above standard inflation as demonstrated in the graph below. High inflation and price volatility, combined with the historical lag in the rate peg, are resulting in a growing divergence between costs and rates income.

Over the last 4 years, the gap between rising infrastructure costs and rates income growth represents \$23.6 million (12.6%) lost from the rates base going forward. This reduces Council's capacity to address unfunded elements of the Asset Management Plans and the ability to maintain and renew Council's \$3.9 billion asset portfolio.

Rate peg vs. inflationary pressures



Affordability:

Community response:

While there was a recognition of the value of service delivery of the Council and that a reduction in service levels and asset maintenance is not desired, there is a level of community concern as to household affordability at this point in time. Some sentiment indicated that Council should try to find other ways to reduce costs and prioritise spending on providing critical and essential services such as roads and public areas before raising rates without an increase in rates.

Comment:

Concerns were raised over the current cost of living and the affordability to pay any increase in rates and Council acknowledges that in some pockets of our community there are financial pressures. To assess the affordability of a rate increase within the LGA Council engaged an independent analysis by Morrison Low Consultants. The analysis considered a wide range of socio-economic factors and other data and evaluated the general financial capacity of ratepayers to pay the proposed rate changes. It also considers the financial vulnerability and exposure of different community groups within the local government area (LGA). Overall, the report found that there is capacity to absorb the additional rates payable, particularly if this is supported by an appropriate hardship policy. For more detail, see Attachment 5 - *Morrison Low – Capacity to Pay Report - Northern Beaches Council – December 2024*

Concern over the complexity of information in the community engagement:*Community response:*

The community raised some level of concern as to the level of detail associated with the special variation especially with respect to projected works and Council's finances. Other issues raised included that there was no opportunity to suggest other options and that the survey design is biased. Comments were also received on the requirement to register to provide feedback

Comment:

Council reports and the Long-Term Financial Plan 2024-2034 (LTFP) have detailed the organisation's financial challenges for some years. The current exhibition contained even further detail to ensure the community is aware of the challenges facing Council as well as a range of potential solutions.

In preparing submissions, the community was therefore faced with responding to the detailed data and other information, owing to the complexity of Council's operations and the rating system. It is understandable that a number of residents who prepared submissions raised some comments as to the level of detail.

Councillors and staff reported particular success at many of the drop-in sessions across the LGA. Initial reluctance or concerns were often dissipated by brief one-on-one explanations of Council's position. Upon explanation, a common sentiment could be summarised as "I don't like it, but fair enough."

With respect to future projected works, detail as to the type of works has been referenced in the special variation engagement material such as road works, footpath programs, environmental projects, natural disaster recovery, asset renewal and maintenance. These programs are also outlined in the Addendum to the Delivery Program 2024-2028 and Operational Plan 2024/25 at Attachment 2. However, prioritisation and detailed works programs cannot be provided at this stage as they require assessment and adoption by Council as a part of the 2025/26 budget process. Council's detailed Asset Management Plans and Long-Term Financial Plan establish the need for funding and associated areas of works and the Delivery Program and annual budget process establishes the short-term priorities and specific project delivery.

The survey was designed to assist Council to understand community sentiment on the level of importance of services and facilities, the level of support for each option as well as the ranking of options. The options ranking was not mandatory.

To make a submission via the online survey, participants had to register and provide contact details. This was introduced to allow Council to understand who was making a submission and make it easier to identify duplicate submissions. Some users experienced difficulties in navigating the registration process and support was provided where they contacted Council.

The vast majority were able to successfully register with 5,538 submissions online. Submissions via post and email were also available.

Concerns raised over the benefit of amalgamation:*Community response:*

A small proportion of responses raised concerns over the lack of perceived benefits gained through the amalgamation process.

Comment:

The NSW Government estimated a potential savings of \$76.3m (NPV over 10 years) for Northern Beaches Council. Council exceeded this target achieving with an estimated NPV over 10 years of \$161.6m. However, some submissions expressed surprise or concern about

Council's financial position post amalgamation. Community concerns that link Council's current financial situation to amalgamation do not take into account that the 3 former smaller, less financially stable councils would be in the very same situation, if not worse. Council's financial pressures are a result of the industry rate peg not keeping with up with inflation, significant cost shifting from other tiers of Government, costs associated with community and business support during the pandemic and the increasing frequency of costly natural disasters. These financial impacts have no correlation to the amalgamation and would have also significantly impacted all 3 past councils regardless of amalgamation.

The community also raised issues to a lesser extent on concerns about the rating system including the equity and impact of rates due to land values and an understanding that costs are shifted to Local Government from other tiers of government.

The full outcomes of Council's community engagement on the options for a special variation to rates can be found at Attachment 1.

Proposed special variation to rates and associated benefits

Having considered the community feedback received through the engagement process, as well as Council's long term financial sustainability, required levels of service, and the need to maintain, renew and improve our assets to meet current and future community demand; it is recommended by staff that Council proceed with an application to IPART for a special variation to rates, based on Option 3.

While Option 4 would best allow the delivery of the community's desired facilities; in considering cost of living pressures and conflicting views on the provision of services to the community as reflected in the feedback, Option 3 is considered most suitable.

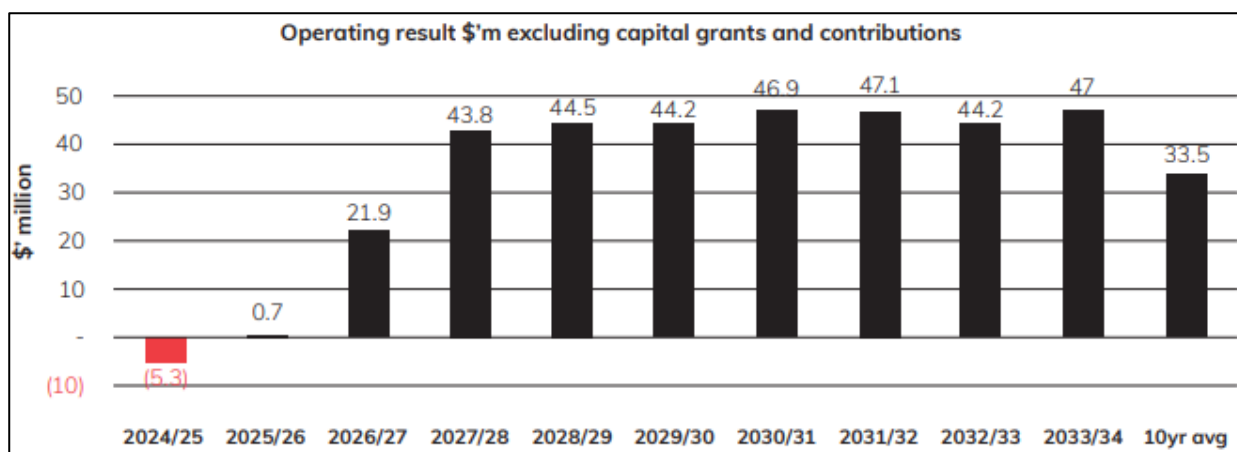
Option 3 – Improve services, proposes an SV of an 8.3% increase in addition to the rate peg each year for 2 years and 8.4% in year 3. The additional cumulative increase will amount to 29% over 3 years, raising an additional \$56.8 million in rates income per year by the 3rd year. The proposed annual increases, including the rate peg, are set out below:

- Year 2025/26 – 12.1% increase (8.3% + rate peg of 3.8%)
- Year 2026/27 – 11.7% increase (8.3% + assumed rate peg of 3.4%)
- Year 2027/28 – 11.5% increase (8.4% + assumed rate peg of 3.1%)

While many of the survey respondents indicated they did not want an SV, there was also support for levels of service to be improved, which is not possible without a rate increase. While Option 2 provides funding to maintain services, it does not deliver the capacity to undertake improvements and major renewal works. Improvements that were mentioned by the community included those regarding environmental protection, sporting amenities, footpaths and roads.

Accordingly, in this Option, Council would seek to continue all existing services, address the asset renewal and maintenance gap, improve roads and expand footpath programs, support environmental and natural risk reduction programs, and be able to establish a fund for natural disaster recovery as well as provide the opportunity to deliver larger renewal and improvement projects in future years such as the renewal of the Warringah Aquatic Centre. Councillors will have the ability to allocate funding to priority projects through the annual budget process, in consideration of community desires and needs.

Additionally, Option 3 will secure Council's long term financial sustainability by returning to continued surpluses in Council's operating results, as demonstrated in the graph below. The operating surplus provides the capacity to respond to shocks, set aside funds for future needs and capacity to invest in improvements to community infrastructure.



Option 3: Improve service – additional income and expenditure

	Year 1 2025/26 \$'mil	Year 2 2026/27 \$'mil	Year 3 2027/28 \$'mil	10 year total \$'mil
Option 3: Improve service				
Additional rates income	\$16.3	\$35.1	\$56.8	\$557.0
Expenditure by service:				
Environment and sustainability	\$3.4	\$6.1	\$11.1	\$118.4
Community, arts and culture	\$0.1	\$0.0	\$0.2	\$4.4
Environmental compliance	\$0.4	\$0.8	\$1.2	\$12.0
Parks and recreation	\$1.7	\$4.4	\$7.4	\$74.6
Transport, traffic and active travel	\$3.2	\$7.9	\$11.1	\$98.7
Economic development, events and engagement	-	\$1.6	\$2.5	\$47.3
Property and facilities	\$1.8	\$2.4	\$4.4	\$160.4
Total service programs	\$10.6	\$23.2	\$37.9	\$515.7
Future funding:				
Working capital	\$0.4	\$0.9	\$1.3	\$13.1
Depreciation and maintenance on new assets above	-	-	\$0.1	\$7.8
Disaster fund	\$0.7	\$1.3	\$2.1	\$20.3
Total expenditure program	\$11.7	\$25.4	\$41.5	\$556.9
Closing balance of future works fund	\$4.6	\$14.3	\$29.6	\$0.1

* See the Delivery Program in the attachments for the detailed expenditure program – subject to the annual budget process

The impact on residential and business rates will be as follows:

Option 3: Improve service – impact on rates - residential

Impact on average residential rates of a permanent SV of 12.1% in year 1, 11.7% in year 2 and 11.5% in year 3 (39.6% SV)

	Base Year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average residential rate under assumed rate peg	\$1,698	\$1,763	\$1,823	\$1,879	\$181
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Annual increase rate peg with an SV for 3 years	\$1,698	\$1,904	\$2,127	\$2,371	\$673
Annual increase with SV		12.1%	11.7%	11.5%	39.6%
Cumulative impact of SV above base year level		\$205	\$428	\$673	
Difference between SV and rate peg only scenarios		\$141	\$304	\$492	

Numbers presented may not sum precisely to the total due to rounding

Option 3: Improve service – impact on rates - business

Impact on average business rates of a permanent SV of 12.1% in year 1, 11.7% in year 2 and 11.5% in year 3 (39.6% SV)

	Base Year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average business rate under assumed rate peg	\$4,066	\$4,221	\$4,364	\$4,500	\$433
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Annual increase rate peg with an SV for 3 years	\$4,066	\$4,558	\$5,092	\$5,677	\$1,611
Annual increase with SV		12.1%	11.7%	11.5%	39.6%
Cumulative impact of SV above base year level		\$492	\$1,025	\$1,611	
Difference between SV and rate peg only scenarios		\$338	\$727	\$1,178	

Numbers presented may not sum precisely to the total due to rounding and do not include Special Rates which may apply. Business rates (general category) does not apply to the Manly CBD, Warriewood Square, Warringah Mall, strata storage unit facilities which are separate sub-categories for rating.

Improvement Plan, additional service reductions and fee increases

In an effort to reduce the burden on rates, Council has been on an improvement journey since its inception in 2016 and remains committed to continuing saving initiatives as part of its whole of organisation improvement plan.

Productivity improvements form a core part of management's continuous improvement program and are reviewed and reported to Council's Audit Risk and Improvement Committee (ARIC) on an ongoing basis.

Council's organisational improvement plan seeks to continue the focus on cost containment strategies, service reviews, process and productivity improvements as well as funding opportunities and continuing to drive a culture of improvement within Council employees.

Historically, the executive has been asked to look at staff structure, salaries, oncosts, reforms, and savings that could be implemented. At the Council meeting held on 30 June 2024, a confidential list of discretionary services currently delivered by Council was presented for consideration as to what potential service reductions could be made with associated cost savings.

Questions with Notice No 14/2024, 17/2024 and 19/2024 from the 10 December 2024 Council meeting are of relevance here, as they queried staffing numbers and expenditure. It is important to note that whilst Council has been able to reduce its overall staff establishment by 28 positions or 2% since amalgamation, ultimately workforce requirements relate directly to the services and facilities to be provided as per the Delivery Program and Operational Plan adopted by Council each year.

The number of staff within the organisation, by itself, is not a useful measure of its efficiency. It follows that if Council resolves to increase and/or introduce a new service, the CEO will amend the workforce strategy accordingly.

In addition, it is more important to measure the 'efficiency' and 'effectiveness' of the service than merely the number of staff involved in the delivery of that service. By way of example, Council currently contracts the bulk of its waste collection service to an external provider. Should at the end of the current contract, Council decide to employ staff to perform waste collection services, the number of staff employed will exceed the number at the time of its inception in 2016. Presumably, Council would only resolve to internalise waste collection if it considered that model represents best value for ratepayer money and therefore, it would be 'efficient' for Council to increase staff establishment.

Council continually reviews and improves its organisational design to ensure it is cost effective and has an optimal structure to deliver efficient community services and infrastructure, whilst at the same time responding to natural attrition, innovation, and process improvements.

Refer to Attachment 7 for further details.

Further to this, at the Council meeting held on 10 December 2024, Council was also presented with the latest version of the Preliminary Productivity Journey and Improvement Plan – 2024 that outlined past savings as well as areas of focus for future savings.

As discussed above, a number of initiatives are planned to continue the focus on cost containments, efficient utilisation of assets and to reduce the burden on rates. The latest updates of these initiatives are summarised below.

Initiative	Description	Operational Savings/Costs (after year 3)	Capital Savings/Costs (after year 5)
Service and Associated Cost Rationalisation Plan	<p>Council will continue to focus on the rationalisation of discretionary services with a view to adjusting the level of some services. Examples include:</p> <ul style="list-style-type: none"> Rationalisation management agreements of some community centres - \$80,000 Review future of Manly Information Visitors Centre - \$238,970 Partially reduce Hop Skip and Jump Bus Service - \$507,000 & \$330,000 capital (adopted 10 December 2024) Evaluate tourism support service that supports the Northern Beaches Destination Management Plan to create a sustainable visitor economy - \$153,000 	\$2,141,000	\$330,000

Initiative	Description	Operational Savings/Costs (after year 3)	Capital Savings/Costs (after year 5)
	<ul style="list-style-type: none"> Remove financial subsidy - NSW Surf Life Saving Championships - \$252,000 (retain in kind support) Remove family events (e.g. outdoor cinemas/local park events) - \$285,000 Remove Christmas Events - \$281,000 Remove New Years Eve Events (fireworks) - \$235,000 Remove World Food Markets - \$79,000 Removal of the Easy Link community transport service - \$30,000 		
Workforce Management	Council will review and where feasible improve its organisational design to ensure it is a cost effective and optimal structure	\$1,700,000	\$0
Property Rationalisation Plan	<p>Council will continue to focus on the rationalisation of its property portfolio to realise a transfer of underutilised assets from property to cash, including:</p> <ul style="list-style-type: none"> 194 Lower Plateau Road, Bilgola Plateau (immediate opportunity for sale) 2 Bangaroo St, North Balgowlah (immediate opportunity for sale) Unit 9, 5 Vuko Place, Warriewood (3 to 5 years for opportunity of sale) 	-\$200,000 (indicative potential loss of rental income)	Up to \$10,000,000 (1 to 5 years)
Fleet Optimisation Plan	Council will continue to focus on the rationalisation of its vehicle fleet undertaking a net cost containment plan	\$580,000	\$43,000
Energy Efficiency Plan	Council will continue to focus on its energy efficiency and solar opportunities	\$755,000 (subject to grant funding)	\$0
Total New Estimated Savings	Estimated savings in addition to current LTFP budget estimates	\$4,976,000	\$10,373,000 (one-off, over 1 to 5 years)
Workers Compensation Self Insurance Continuation	Council will continue to manage workers compensation under its own self insurance licence	\$1,500,000 (savings currently)	\$0

Initiative	Description	Operational Savings/Costs (after year 3)	Capital Savings/Costs (after year 5)
		imbedded in budget)	

Resolution 316/24 from the 10 December 2024 council meeting

Council at its meeting of 10 December 2024, also resolved (Resolution 316/24) in part:

3. *To ensure proper governance, transparency and the opportunity for all Councillors to have balanced information to properly consider whether or not to approve an application for a Special Rate Variation (SRV), the Chief Executive Officer (CEO) be requested to send to all Councillors, at least 7 days prior to the 28 January 2025 meeting, a report outlining:*
 - a. *opportunities to cut costs by rationalising its operational properties, particularly those that are currently occupied for administrative purposes*
 - b. *opportunities to cut costs by reviewing expenditure on services, organisational structure (noting that pursuant to s333 of the Local Government Act 1993, Council must determine the organisational structure within one year of an ordinary Council election) and operational efficiencies*
 - c. *send a link to the Asset Management Plan*
 - d. *any other cost cutting opportunities the CEO thinks fit.*

With respect to the above Resolution 316/24 (in part) an additional table identifying further options for discretionary service reductions and fee increases has been prepared for the consideration of Council as shown below.

Property rationalisation (point 3.a) has separately been considered in the revised figures presented above, which are taken from the latest version of the Productivity Journey and Improvement Plan – 2024. Opportunity for an additional \$8 million of capital revenue (as one-off boosts through property sales) has been identified, subject to council decision.

Question With Notice No 16/2024 from the 10 December 2024 Council meeting is of relevance here, as it requested information on the operational land that Council owns. It is confirmed that a land register including all operational land and community land is available to the public on the Council's website. Refer to Attachment 7 and 8 for further details.

It is important to note that the sale of public land may be appropriate when there is no community objection. However, where there may be conflicting community views and usage benefits to some community groups, selling such land parcels should not be considered a 'quick win' for revenue injection and this would not be recommended.

Option	Description	Operational Savings/Costs (between 1 and 3 years)	Capital Savings/Costs (between 1 and 5 years)
Voluntary pensioner rebate on rates (non-Domestic Waste)	Remove the \$150 voluntary pensioner rebate on rates	\$122,000	\$0
Youth and Community Development	Reduce the amount of financial assistance provided to: <ul style="list-style-type: none"> Northern Beaches Women's Shelter (\$70k) 	\$389,000	\$0

Option	Description	Operational Savings/Costs (between 1 and 3 years)	Capital Savings/Costs (between 1 and 5 years)
	<ul style="list-style-type: none"> Local Kind Northern Beaches (\$103k) Avalon Youth Hub (96k) Youth and Community Development Grants (\$120k) 		
Arts & Culture incl Public Art	Remove the \$100k Arts and Creativity Grants program	\$100,000	\$0
Community Liaison Service	Close service no longer providing an additional layer of interface between Council and the community (approximately 135 meetings per annum)	\$251,000	\$0
Place Management - Public Place Officer Service	Withdraw Place Coordinator Service as a point of contact to businesses for support and a business concierge service, support of local chambers, annual audits of town centres, etc.	\$600,000	\$0
Community Events Grants	Remove community events grants programs that support the delivery of local events that promote community participation.	\$144,000	\$0
Environment Centres	Close both Environment Centres (Manly and Narrabeen) - alternative use of the Narrabeen site may result in income or other costs.	\$684,000	\$0
Sportsfield User Fees	Increase (double) sportsground user fees - which currently are charged at around 10% cost recovery - 24/25 fees for long season \$15.60/junior player and \$21.10/senior player.	\$846,000	\$0
Local Playground Equipment Consolidation	Remove playground equipment from small "local" playgrounds at the end of their useful life, with parks remaining as green space for recreation such as ball games and relaxation. This represents 40% of playgrounds.	\$250,000	\$0
Brookvale Oval – Full Cost Recovery	Charge Manly Sea Eagles full cost recovery for Brookvale Oval.	\$580,000	\$0
Close Avalon Golf Course	Close golf course and create passive open space with equivalent maintenance to other spaces.	\$149,000	\$0
Total new additional estimated savings	Estimated savings in addition to Productivity Journey and Improvement Plan - 2024 forward savings	\$4,115,000	\$0 (one off)

The total savings potentially achieved after 3 years represent only a very small proportion of the annual need for asset renewal and maintenance, natural disaster preparedness and long term financial sustainability.

These options for discretionary service reductions and fee increases identified above combined with the Productivity Journey and Improvement Plan amount to approximately \$9 million per annum (if fully adopted) and represent a significant reduction and/or closure of services, facilities and community grant and subsidisation programs. It is anticipated that the reduction/withdrawal of any of the abovementioned services would result in considerable community and business objection and Council would need to balance whether such action would be in the community's interest.

The implementation of the Improvement Plan, historical productivity initiatives and new Councillor requested initiatives do not remove the need for a special variation of rates and while these above initiatives have and will assist Council's financial sustainability, they are not of a scale that can ensure its financial security long term.

Resolution 316/24, 3(d) - 'Any other cost cutting opportunities the CEO thinks fit'

Whilst this report, and some attachments to the report set out options for Council to cut services and/or rationalise properties, the report itself does not explicitly address whether staff positions would also be removed. There are a number of reasons for this, including but not limited to:

- Council's obligation and agreement to consult with employee associations/unions on industrial relations matters; and
- Personnel matters being closed to the public pursuant to s10A(2)(a) of the *Local Government Act 1993*.

Council's staffing numbers are a sub-set of Council's Workforce Management Strategy, which in turn is a product of Council's Resourcing Strategy. Staff are not employed unless carrying out a service or otherwise engaged in the business of the Council. It follows that if Council determines that a service (or infrastructure) is no longer in the community's interest, the CEO may need to adjust staffing numbers. The structure of the organisation is reviewed within 12 months of the beginning of each term in accordance with its obligations pursuant to section 333 of the *Local Government Act 1993* as Council noted in its resolution.

Turning to staff 'efficiency', management and the elected council are aided by findings of programmed service reviews, which are presented to the Audit, Risk and Improvement Committee for independent scrutiny. Staff numbers are periodically adjusted in response to the elected Council's decisions to dial up or down services (and infrastructure) in consultation with employee unions.

To ensure greater transparency of such matters, Council relevantly resolved at its December 2024 meeting (Resolution 313/24) *that a benchmarking report be tabled to Council annually, with finance, workforce and operational metrics, to demonstrate Council's performance compared to Office of Local Government benchmarks and similar councils, and any available report be tabled as soon as possible.*

Also at its December 2024 meeting, Council relevantly resolved (Resolution 327/24) *that Council conducts a strategic planning weekend (at a Council-owned venue) in the first quarter of 2025 in preparation of the 2025/26 Operational Plan and budget with a focus on opportunities for ongoing review of services, operational efficiencies, and property rationalisation, that incorporates feedback from the community engagement of a Special Variation to rates.* It is recommended that "cost cutting opportunities" which affect staff be the subject of the strategic planning weekend.

Bringing this back to whether Council should support the staff recommendation detailed in this report, it is advised that cost-cutting opportunities would not negate the need for a special variation to rates. A dramatic reduction in the discretionary services currently provided by Council (including staff costs) represents a small fraction of the gap between the current infrastructure backlog and Council's capacity to maintain that infrastructure. There is no utility in deferring a decision to apply

for a special variation to rates until cost-cutting opportunities are reviewed, with the latter being a part of Council's normal operating procedures.

Capacity to Pay Report

Council engaged an independent consultant, Morrison Low, to undertake an analysis and report to Council on the Northern Beaches community's capacity to pay based on socio-economic data.

The Socio-Economic Indexes for Areas (SEIFA) is an economic tool developed by the ABS to rank areas in Australia according to their relative socio-economic advantage and disadvantage. It takes into consideration a broad range of variables such as income, education, employment, occupation, housing, etc. and is standardised such that the average Australian represents a score of 1,000.

Morrison Low concludes in part:

"From our analysis it is apparent that although there is significant advantage across the LGA, there is some inequity, with some suburbs within the Central-East (Brookvale, Collaroy, Collaroy Plateau, Cromer, Dee Why, Narrabeen, Narrabeena, Wheeler Heights) grouping experiencing slightly higher levels of disadvantage. It is important that Council acknowledges these levels of disadvantage within the community, and that it does not significantly marginalise particularly vulnerable individuals and households....."

"In light of the advantage generally seen across the LGA and the positive indications from our industry analysis, it is considered that there is capacity to pay the proposed rate increases."

Further, compared to these councils (group 3), Northern Beaches has low levels of rates income as a percentage of operating expenses when compared to similar councils, and also low levels of outstanding rates (constantly below the average of all comparable councils for the past four years), and has been consistently below metropolitan benchmarks (5%), which indicates that there may be capacity and potential willingness from ratepayers to absorb rises. From community survey feedback, it also seems that there is willingness to pay increased rates, particularly to assist with environmental improvements and improvements to facilities and infrastructure. Overall, it is therefore considered that there is capacity to absorb the additional rates payable, particularly if this is supported by an appropriate hardship policy."

Comparison Socio-Economic Indexes for Areas (SEIFA) and percentiles

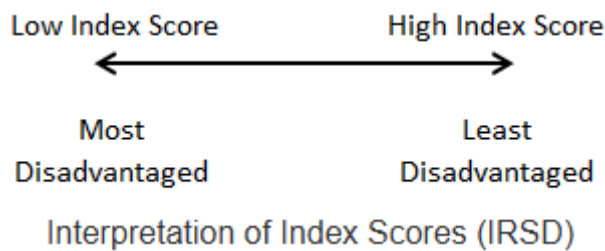
Area	SEIFA IRSD	Percentile	SEIFA IRSD	Percentile
Mosman Council	1,109.50	98	1,169.00	100
Ku-ring-gai Council	1,108.10	98	1,164.80	100
North Sydney Council	1,096.00	96	1,164.10	100
Northern Beaches Council	1,088.60	93	1,125.50	98
North District	1,085.30	92	1,131.60	98
Hornsby Shire Council	1,082.20	91	1,115.70	97
Willoughby City Council	1,074.70	88	1,142.40	99
Greater Sydney	1,010.00	48	1,045.00	82
NSW	1,000.00	42	1,016.00	67
Australia	1,001.20	42	1,002.60	60

Northern Beaches Council's 'Index of Relative Socio-economic Disadvantage' (IRSD) of 1,088.6 is above the NSW and Greater Sydney rankings, and slightly above the North District ranking. The ranking places the LGA in the 93rd percentile, meaning approximately 7% of Australian suburbs

have a SEIFA ISRD ranking higher than this area (less disadvantaged), while 93% are lower (more disadvantaged).

IRSAD includes levels of both advantage and disadvantage. Northern Beaches Council's score of 1,125.5 places the LGA into the 98th percentile. A higher IRSAD score compared to IRSD score is indicative of more opportunities within the LGA, e.g. higher equivalised incomes, higher education levels, more employment opportunities within the area or more skilled jobs. The LGA therefore ranks notably higher than Greater Sydney and NSW and is in line with the percentile ranking for the North District, although it has a slightly lower IRSAD score.

Note: The Index of Relative Socio-economic Disadvantage (IRSD) is a general socio-economic index that summarises a range of information about the economic and social conditions of people and households within an area. Unlike the other indexes, this index includes only measures of relative disadvantage.



The Index of Relative Socio-economic Advantage and Disadvantage (IRSAD) summarises information about the economic and social conditions of people and households within an area. This index includes both relative advantage and disadvantage measures.

A low score indicates relatively greater disadvantage and a lack of advantage in general. For example, an area could have a low score if there are: many households with low incomes, or many people in unskilled occupations, AND a few households with high incomes, or few people in skilled occupations.

A high score indicates a relative lack of disadvantage and greater advantage in general. For example, an area may have a high score if there are: many households with high incomes, or many people in skilled occupations, AND few households with low incomes, or few people in unskilled occupations.

Morrison Low's full Capacity to Pay Report can be found at Attachment 5.

Integrated Planning and Reporting (IP&R) - Revised Long-Term Financial Plan 2024-2034, the Delivery Program 2024-28 and Operational Plan 2024/25

Before applying to IPART for a SV, the OLG and IPART require Council's IP&R documents to include any special variation proposals and require that they have been publicly exhibited, feedback considered and adopted by Council. Accordingly, as Council adopted its Delivery Program 2024-2028, Operational Plan 2024/25 (including the Budget and Fees and Charges), Long-Term Financial Plan 2024-2034 (LTFP) and Asset Management Plans 2024-2034 at the 25 June 2024 Council Meeting, an addendum including the details of the special variation options and programs of work associated with each option was endorsed at the Council Meeting of the 12 November 2024 for public exhibition.

Minor amendments have been made to the draft Long-Term Financial Plan 2024-2034 and Addendum to the Delivery Program 2024-28 and Operational Plan 2024/25 to incorporate updated information being available since the draft documents were placed on exhibition including the findings of the Capacity to Pay Report and the SV engagement dates.

These revised documents including the detail outlined in the exhibited addendums are now presented to Council for adoption as a part of this report.

Council's Delivery Program 2024-2028, Operational Plan 2024/25 and LTFP 2024-2034 including details outlined in the exhibited addendums are contained in the attachments to this Report.

Application to Independent Pricing and Regulatory Tribunal (IPART)

Should Council support the recommendation to submit an application to IPART, a comprehensive application will be submitted which will include the following:

- CEO covering letter outlining the basis for a special variation to rates for the Northern Beaches Council
- IPART Form A (special variation application), which is a detailed spreadsheet that includes numerical information on matters such as future notional and permissible income, minimum and average rates and the expenditure program to be funded by the SRV and Council's future projected financial results
- IPART Form B (special variation application) which is a written response to the criteria which Council needs to address to meet the relevant Office of Local Government guidelines for SVs
- A range of attachments to Form B, including information on Council's Productivity Journey and Improvement Plan - 2024, research on the capacity of Northern Beaches' ratepayers to pay the 39.6% - 3-year cumulative increase, community engagement summary and report and any other necessary attachments that supports Council's application.
- The revised Long-Term Financial Plan 2024-2034, Delivery Program 2024-2028 and Operational Plan 2024/25 attached to this report for approval; and
- Compendiums of community engagement material and reports.

Next steps

If Council resolves to submit an application to IPART for a special variation to rates, the next steps will be as follows:

- Submit Council's application on or before 3 February 2025 to IPART
- IPART will then exhibit Council's application (and attachments to this application) indicatively between February and March 2025, which will give another opportunity for community members to provide feedback directly to IPART.
- Council's 2025/26 budget will be prepared assuming the special variation to rates application is successful.
- In April 2025 Council will consider a report recommending to place on exhibition the Long-Term Financial Plan 2025-2035, Delivery Program 2025-2029 and Operational Plan 2025/26, incorporating and clearly identifying the additional funding and expenditure plan from the proposed special variation to rates.
- IPART will make a public announcement either approving, modifying or refusing the application, estimated to be in May 2025, based on previous years.
- At the June 2025 council meeting, Council will be presented a report following the exhibition of the Long-Term Financial Plan 2025-2035, Delivery Program 2025-2029 and Operational Plan 2025/26 for consideration, and adoption of these documents.
- As part of the adoption of the Operational Plan 2025/26 in June 2025, Council will determine the final rate rise to be adopted for FY2025/26 (up to the maximum as determined by IPART for that year). Once adopted, the 2025/26 rates notices sent to all ratepayers in July, with the first instalment due 31 August 2025.

CONSULTATION

Community consultation commenced on 18 November 2024 with an extended consultation period running through to 12 January 2025, significantly exceeding the required 28-day consultation period. Notwithstanding the minimum requirements, the community engagement period extended through to mid-January, to provide additional time for the community to consider and provide feedback on the options being proposed.

In addition to the summary provided earlier in the report, the full outcomes of Council's community engagement on the Options for a special variation to rates can be found at Attachment 1.

TIMING

IPART has set the deadline for all councils for the special variation process, with all applications having to be submitted by 3 February 2025. The timing for the process following the submission of the application is detailed in the 'Next Steps' discussion above.

FINANCIAL CONSIDERATIONS

Council's financial sustainability is at risk and high inflation, severe weather events, the COVID-19 pandemic and significant increases in costs like the ESL, insurance and gas, alongside constraints on rates income is placing significant pressure on Council's ability to maintain infrastructure and services at the required level.

In order to remain financially sustainable without service level reductions, Council should make an application to IPART for a special variation to rates to take effect from the 2025/26 financial year and phased in over 3 years.

Costs associated with Council's special variation process and community engagement were included in the 2024/25 budget at an estimation of \$204,000. Costs to date amount to \$173,000 (subject to final invoices) indicating that the engagement process will be below budget.

GOVERNANCE AND RISK CONSIDERATIONS

Under the *Local Government Act 1993* (Section 8B – Sound Financial Management) principles of sound financial management are outlined. Additionally, guidelines of the NSW Integrated, Planning and Reporting (IP&R) Framework, contemplate that Council will set appropriate rates, fees and charges and monitor the Council's progress in delivering priorities, projects and services through the Operational Plan.

Accordingly, to ensure Council adheres to the *Local Government Act 1993* and IP&R Guidelines a transparent process to discuss Council's financial sustainability with the community has commenced.

The OLG has issued guidelines under the *Local Government Act 1993* entitled '[Guidelines for the preparation of an application for a special variation to general income](#)', which councils must take into consideration before applying for a SV. A determination for a SV may be made in accordance with the guidelines. IPART has also issued guidance entitled '[2025-26 Guidance booklet for councils - Special variations: How to prepare and apply](#)'. These documents are available on their websites. This report and associated documents have been prepared in accordance with these documents.

ENVIRONMENTAL CONSIDERATIONS

The proposed actions in this report are expected to result in an improved environmental outcome as it is proposed that SV funds will be directed towards a number of environmental programs as well as future risk reduction management programs.

SOCIAL CONSIDERATIONS

The proposed actions in this report while not directly impacting our social initiatives may result in a beneficial social outcome as it is proposed that a special variation to rates will provide funds that will be directed towards future projects that will improve the liveability and wellbeing of our community.

LINK TO STRATEGY

This report relates to the Community Strategic Plan Outcomes and Goals:

- Good governance - Goal 20 Our Council is proactive, and efficiently and effectively responds to, and delivers on, the evolving needs of the community.
- Partnership and participation - Goal 21 Our community is engaged in decision making processes.

Reporting team	Strategy & Performance
TRIM file ref	2024/852710
Attachments	1 Community and Stakeholder Engagement Report 2 Addendum to Delivery Program 2024-2028 and Operational Plan 2024/25 - Special variation rate options 3 Revised Long-Term Financial Plan 2024-2034 4 Productivity Journey and Improvement Plan 2024 5 Morrison Low – Capacity to Pay Report - Northern Beaches Council – December 2024 6 Letter from ARIC Chair to Councillors - Special variation to rates 7 Responses to questions with notice 15.5-15.10 from 10 December 2024 Council Meeting 8 Council owned operational land schedule



COMMUNITY AND STAKEHOLDER ENGAGEMENT REPORT

Funding our Future

Consultation period: 18 November 2024 to 12 January 2025

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OVERVIEW

The Independent Pricing and Regulatory Tribunal (IPART) requires councils considering making an application for a Special Variation (SV) to rates, to engage with their communities before the application is finalised and submitted to IPART. The engagement should explain and seek community feedback on the purpose, need for and impact of a proposed SV which may include current and planned service levels. It should also talk about alternatives considered and efficiencies it has found. A key criterion in the application is evidence that the community is aware of the need for, and extent of a rate rise and that the impact on affected ratepayers is reasonable.

A comprehensive [community engagement plan](#) was presented to Council at the 12 November 2024 Council meeting outlining a variety of consultation methods and communication tools that would be used to ensure our ratepayers and residents are made aware of the financial problem and the alternative solutions (options) being proposed to address the shortfall and provide financial sustainability to the Council for future years.

Council conducted an 8-week community consultation program planned in accordance with IPART requirements and Council's Community Engagement Policy and Strategy.

A project page was established on Council's Your Say website platform with various information tools including videos, fact sheets, graphics, rates calculator, webinars, and an extensive frequently asked questions (FAQ) section. The project page was the focus of a broad multi-channel communications campaign that aimed at driving visitation to the Your Say project page with particular emphasis on reaching ratepayers and residents.

Feedback was captured through an online survey embedded into the Your Say project page. Other questions were designed to provide qualitative data about community sentiment towards the proposed options and how respondents value the importance of Council services. An open comment box was also provided, and email and written comments were also received. Page and a registration process was set up to gather information about participants to provide insight into the reach and effectiveness of engaging local residents/ ratepayers. Other questions were designed to provide qualitative data about community sentiment towards the proposed options and how participants value the importance of Council services and programs. An open comment box was also provided to capture more feedback. Email and written comments were also received.

The results of the communications campaign show it had extensive reach across multiple channels including social media (posts/ reels), print advertising, earned media, eDMs and direct letter mail. Engagement was high with traffic to the page coming from over 13,290 QR code users, followed by more than 6,070 click throughs from Council eDMs and more than 1,577 clicks via social media.

The metrics show there were more than 36,800 visits (individual browsing sessions) to the Your Say page. The average time spent on the page was 3 minutes and 10 seconds, a higher than average dwell time compared with industry data and other Council project pages. The online rates calculator was used over 13,300 times.

A total of 6,339 responses were received 5,584 survey submissions via Your Say or in hard copy and 804 submissions received via email or written.

The analysis of submissions in this report is qualitative. Whilst the project has received one of the highest responses in terms of the number of submissions in recent years, it is not representative data, rather it provides representation of community sentiment. This report should be viewed along with the statistical data in the Community Satisfaction Survey (August 2024). This survey included questions on support for paying more to maintain and improve services, facilities and infrastructure.

It shows stronger support from the community with over 60% of respondents were at least somewhat supportive.

The approach to completing the analysis involved identifying the issues and points of feedback within each submission, establishing the overarching themes and coding the issues and feedback in accordance with them. The process recognised that one submission could contain several themes. Quality control was employed to further cross check the submissions. The themes are:

1. Desire to improve services and infrastructure
2. Desire to maintain services and infrastructure
3. Desire to reduce services and infrastructure
4. Support for Council to cut costs and seek additional income streams
5. Increase in rates should only be in line with inflation or no increase at all
6. Comments relating to affordability
7. Community engagement on options
8. Concerns over the benefit of amalgamation
9. Don't like any of the options
10. NSW Government influence
11. Concerns about the rating system.

Community sentiment was measured by an opt in survey asking respondents to:

- Rate the level of importance of services and facilities
- Rate the level of support for each option
- Rank the options in order of preference
- Provide free text comments that were themed

The feedback shows the importance placed by the community on Council continuing to deliver services and invest in maintaining and improving the Northern Beaches. In the opt-in survey, 80% of respondents rated maintaining existing services and facilities, improving roads and footpaths and Council investing in risk reduction programs and natural disaster recovery as important.

Looking at the level of support for the options in the opt in survey, it was strongest for Maintain service at 72% followed by Reduce service and to a lesser extent Improve service.

However, in ranking the options the opt in survey shows the community is divided with support balanced between the options on 1st preference. Some 49% are in favour of a special variation to either Maintain, Improve or Increase service and the remainder favour Reduce service.

An independent review of the engagement plan and submission analysis by Micromex Research, concluded, "It would be counterintuitive to suggest that residents who clicked through but did not complete the survey were even more negative towards the SRV than those who participated. It is more likely they were ambivalent or tacitly supportive."

This report provides a breakdown of the findings.

1. ENGAGEMENT

1.1 Objectives

Community and stakeholder engagement aimed to explain and seek community feedback on the purpose, need for and impact of the proposed Special Variation to rates options. It also included information to promote understanding about Council's current financial position, savings and efficiencies already achieved and ongoing.

A key criterion in the application to IPART is evidence that the community is aware of the need for, and extent of a rate rise and that the impact on affected ratepayers is reasonable.

1.2 Approach

The engagement was planned, implemented and reported in accordance with Council's [Community Engagement Strategy](#) (2022).

Community and stakeholder engagement for Funding our Future was conducted between Monday 18 November 2024 and Sunday 12 January 2025 and consisted of a series of activities that provided opportunities for community and stakeholders to contribute.

A project page was established on Council's Your Say website platform with information in a range of formats. This included, videos, fact sheets, related reports, graphics and tables, rates calculator, webinars, and an extensive frequently asked questions (FAQ) section that was regularly updated during the public exhibition in response to new questions arising from the community.

The project was promoted through a multi-channel communications campaign to promote visitation to the Your Say project page. Promotion was also done via Council's regular electronic direct mail (EDMs) as well as through a range of other communication channels including print advertising, media, postcards and information stations at key customer contact points. Letters were also mailed directly to ratepayers providing information and inviting them to visit the Your Say page via a QR code.

The use of QR codes was also deployed across collateral at all information stations, printed collateral and print advertising to promote easy access to the project page.

Customer service centres were provided with information to promote first contact resolution for customers and to assist in the efficient management of telephone enquiries. Print copies of the survey were readily available, and assistance provided wherever requested.

Feedback was captured through an online survey embedded into the Have Your Say project page. A registration process was set up that aimed to gather information about participants including postcode data that could provide insight into the reach and effectiveness of the campaign in engaging local residents/ ratepayers. Other questions were designed to provide qualitative data about community sentiment towards the proposed options and how participants value in terms of importance Council services and programs. An open comment box was also provided to capture more feedback. Email and written comments were also received.

A summary of the community engagement activities and communication tools used to support the project, is as follows:







Community Engagement summary	Communication tools summary
<ul style="list-style-type: none"> • Your Say webpage • Rates calculator • Videos • Webinar recording • Fact sheets – Your options explained • Snapshots, graphic tables • Frequently Asked Questions • Support services – including Translation and Accessibility • Contact information for more help • Submission form/survey (with postcode capture) • Document library including: <ul style="list-style-type: none"> - Draft Addendum Delivery Plan - Draft Long-Term Financial Plan - Preliminary Productivity Journey and Improvement plan - Annual Report 2023-24 - Asset Management Plan 2024-2034 - Links to Council meetings and reports. 	<ul style="list-style-type: none"> • Letter box mailout to all ratepayers • Emails to our community members on subscriber distribution lists • Email project updates to subscribers on the Your Say webpage • Drop-in sessions - two per ward, covering both a weekday and weekend • Media Release and news stories • Media briefing • Print advertising in local media • Outdoor advertising on bus shelters/EV charging stations • Community/ resident association meetings • Local business chamber meetings • Social media posts, reels • Digital advertising on Council website, customer services TV screens and local media social pages • Information stations set up at key Council contact points with the community.




In recognising that over 80% of council staff live in the LGA, a range of resources and communication tools were used to promote the project within the organisation, including:






- Internal face to face information sessions
- Team meeting updates/ information sheets
- Staff newsletters
- News stories on the Intranet
- Information stations in key lunchroom areas (pull up and postcards with QR codes).

2. KEY OUTCOMES

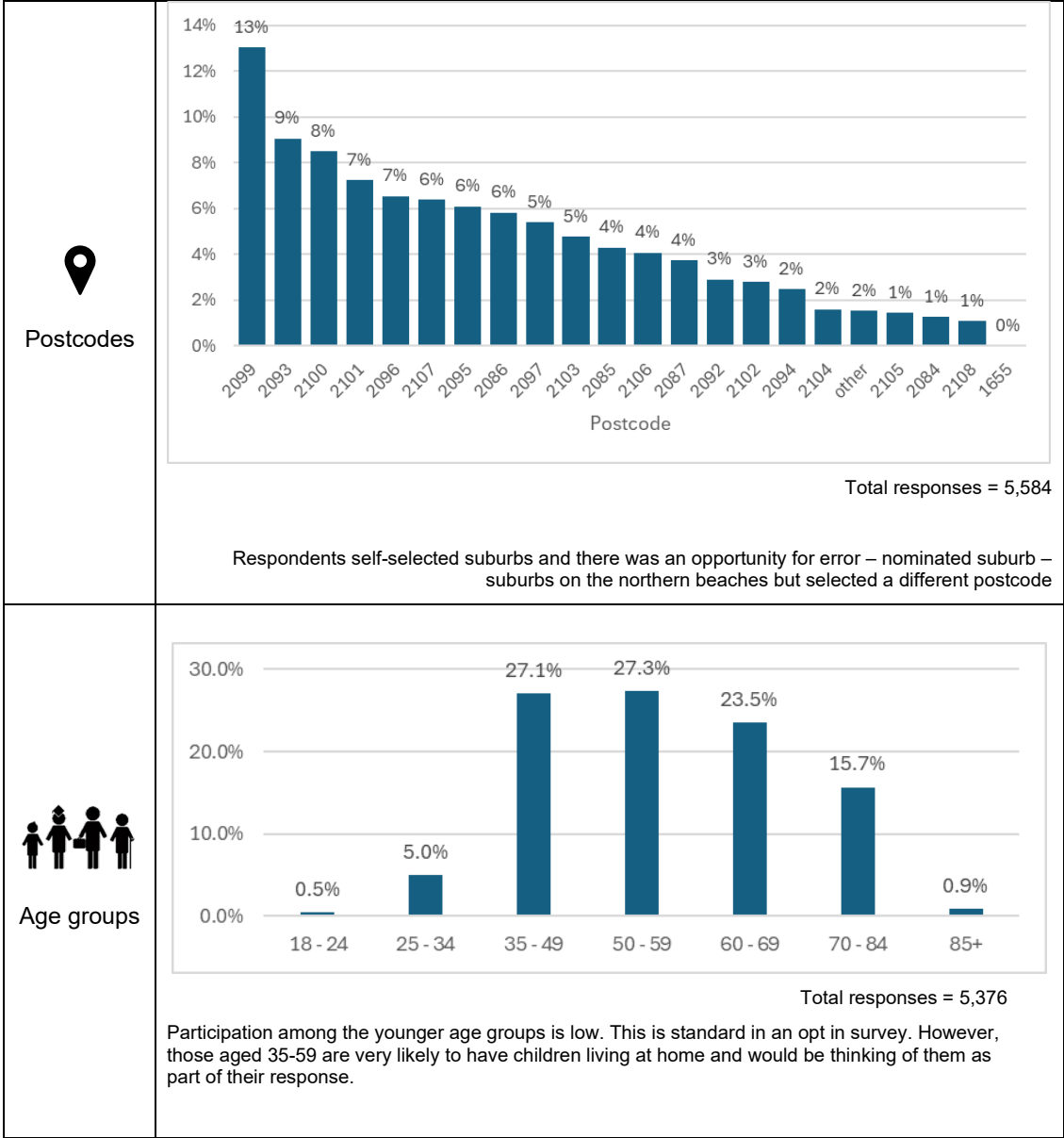
2.1 How we engaged

 Total unique responses	6,389		
 How responses were received	Submission form survey – online Submission form survey - hardcopy Written responses (email/letter)		Completions: 5,538 No. received 46 No. received: 805
 Have Your Say: visitation stats	Page views (total): 45,419	Visits (individual browsing sessions): 36,875 Visitors (single browsing session): 26,469	Average time on page: 3 min 109ec 5,538 Contributions 5,514 Contributors 2,969 followers on project page
 Council website	Homepage carousel		1,482 clicks from ~1,034 users
	News stories x 2		Views: 2,805 Sessions: 2,681
	Engagement card on homepage		902 clicks
 Social media	Organic post/reel (video 1 animation): (Facebook, LinkedIn, Instagram)		5,840 views 5,261 reach 383 clicks
	Organic post/reel (video 2 explainer): (Facebook, LinkedIn, Instagram)		12,680 views 8,651 reach 545 clicks
	2 x paid ads (Facebook, Instagram)		525,221 impressions 311,802 reach 539 link clicks 649 engagement
 	Video explainer - YouTube Animation - Your Tube		Views: 1,416 Views: 518

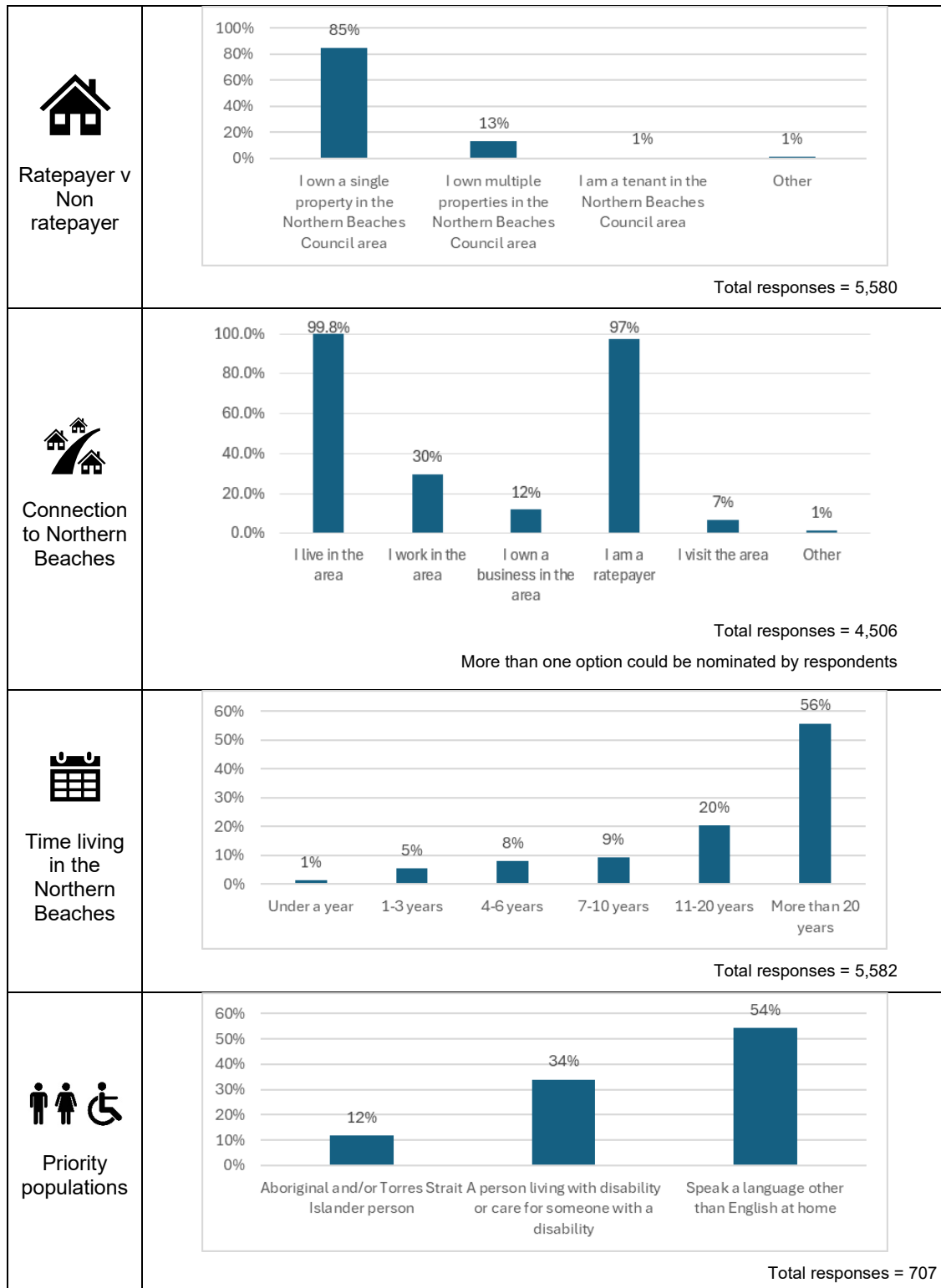
Videos		
 Print collateral	Direct letter poster to all ratepayers	Distribution: 96,156
	QR code utilisation	13,294
	Postcards	Print run: 2,000
	Brochure	Print run: 1,200
	Collateral available at information stations (Libraries, Customer Service Centres and Aquatic Centres)	Number of sites: 12
 Media	Media briefing	Attendance: 3
	Media release	23 news items, reaching
	Editorial media coverage (print, digital, broadcast)	261,000 audience
	<i>Pittwater Life</i> print ad - Dec 24 and Jan 25	Distribution: 32,000 x 2
	Peninsula Living (south) print ad - Dec 24 & Jan 25	Distribution: 30,000 x 2
	<i>Peninsula Living</i> (south) print ad - Dec 24 & Jan 25	Distribution: 57,000
	<i>Tawny Frogmouth</i> print ad (back cover)	Distribution: 50,000
	Digital ads Manly Observer	135,000 impressions, 62 clicks
 Electronic direct mail (eDM)	Northern Beaches Advocate	121,000 views, 89 clicks
	All eDM direct click through to Your Say	6,078
	Community Engagement (fortnightly) x 2	Distribution: 21,900
	Council (weekly) e-news: x 8 editions	Distribution: 58,100
	Stakeholder email: 3	Distribution: 705

 Face-to-face sessions	Webinar Information session: 2 Pop up / Drop-in sessions: 10	Attendance: 37 Attendance: 1,641
 Key stakeholder engagement	Resident associations Group notification Group discussion (in-person meetings) Online information session for local business chambers	Distribution: 52 Meetings: 7 Attendance: 10
 Rates calculator utilisation	Rates calculator utilisation	13,388
 Outdoor advertising	Outdoor advertising Bus shelters and EV charging stations	Bus shelters: 6 locations in Dee Why x 2, Belrose, Collaroy, Manly, Forestville EV charging stations: 3 locations in Narrabeen, Collaroy and Dee Why
Other advertising	Digital advertising on customer screens	Location: All Customer Service Centres and Libraries
 Telephone survey	Telephone survey 20-27 August 2024	Participants: 606

2.2 Who responded¹



¹ Demographic data represented is from the survey form (online and hardcopy) where respondents supplied the information.



3. REACH AND ENGAGEMENT

A comprehensive stakeholder mapping exercise was completed to identify and ensure the tactics developed in the engagement and communications plan would achieve broad community awareness and an understanding of the opportunity to provide feedback.

It was determined for this project that it was particularly important to hear from Northern Beaches ratepayers, residents, resident associations, business operators. Recognising that participation would be voluntary, direct communications were also sent through key community representatives including community and religious leaders, youth and disability networks.

Council delivered a series of pop-up events (2 per Ward, 10 in total) that had a total of 1,641 interactions. The purpose of these was to drive awareness and encourage participation.

Social media hosted several posts and reels including two videos and two paid adverts. The latter demonstrated a high level of impressions (this is the number of times the content was displayed to users). Thus, indicating the likelihood, the content was served to people on the feed and created a level of awareness. This number does not equate to the number of times users engaged with the content.

In terms of engagement on social media, the paid advertising proved effective in terms of reach (over 311,000) and moderate engagement of 649. The click through rate was consistent across paid and organic content. This is solid level of engagement for this type of content.

An extensive print advertising program was deployed across all local print/ digital media agencies. This was complemented with broad editorial coverage (earned media). The paid advertising included several double page layouts. Whilst the publications report a high distribution across the region, it is difficult to measure reach or engagement. Of the digital adverts placed, the data shows there were just over 150 click throughs (engagement). This was less than half of the click through rate on Council's own social media channels.

Council's electronic direct mail (eDM) platform continues to demonstrate effectiveness in terms of reach and engagement. With a total distribution of some 80,000 subscribers the data shows there an engagement rate of 48 - 49% across the Community Engagement eDMs. There was also a CTR (click through rate) of 6,078. This represents a higher than industry average rate which is estimated to be around 3 - 4%.

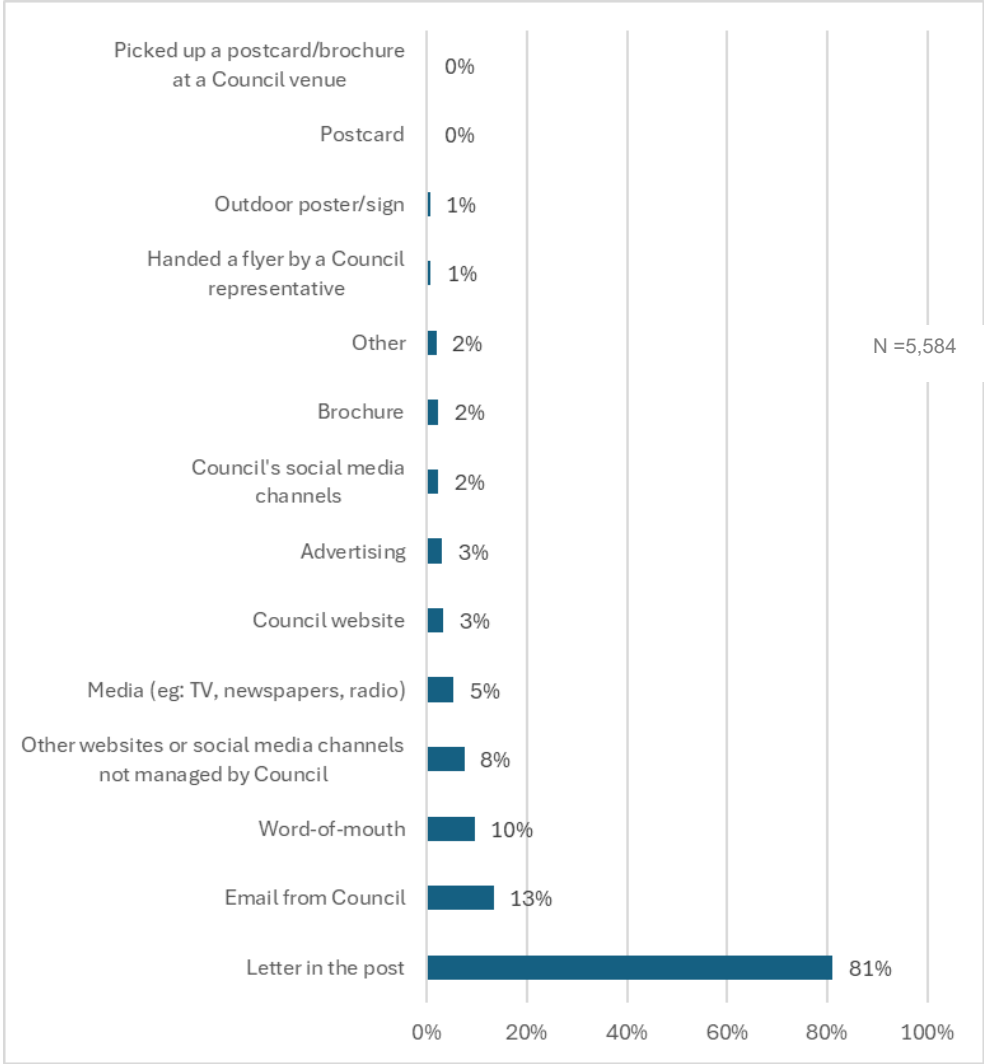
QR codes were deployed across all print, advertising and embedded in the direct mailout letters to all 96,156 ratepayers. Data shows the use of QR codes was higher than average, used over 13,290 times to access the Your Say project page directly. The metrics indicate that people were using the code to get to the page from a poster, sign and/ or letter and then coming back to it later to interact

The total number of page views was 45,877. This represents people who have viewed the page a number of times. There were 36,875 visits (individual browsing sessions) and this figure may include one person if they returned multiple times. There were 26,469 visitors which records IP addresses, however, if multiple people use the same IP it records them only once. These metrics when considered together show that this project page had a very high level of engagement as these numbers are well above Council project page averages. Despite the high visitation, only 11% of visitors to the page have subscribed for project updates.

Visitors spent an above average dwell time on the page of 3 minutes and 10 seconds. This is higher than the industry average dwell time (between 30 seconds – 2 minutes).

Council received 5,538 submissions via Your Say project page. This represents around 15% of visits to the page resulting in a submission, thus 85% of visits to the page did not engage further. The insights into how respondents were aware of the project show that the direct mail out letter to ratepayers was highly effective, followed by Council eDMs, word of mouth and other websites or social media channels not Council. Some respondents nominated more than one source of information. See table below:

Figure 1 - How respondents were made aware of the project*



*Respondents to the survey could choose multiple options

4. MICROMEX RESEARCH INDEPENDENT REVIEW: NORTHERN BEACHES COUNCIL'S SV CONSULTATION

Micromex Research were engaged to review the methodology applied to the assessment of submissions and also comment on the engagement results. The comment is below:

Micromex has extensive experience in assisting State and Local Government organisations in undertaking effective attitudinal, behavioural and satisfaction market research covering a range of topics including community satisfaction, asset management/service levels, special rate variations, concept evaluation, branding, CX and social wellbeing.

In an average year Micromex conducts community research for around 40 or more NSW LGAs. Micromex has conducted around 50 SRV consultations since 2010. Most frequently, we undertake statistically valid and representative measurements of community response. We most frequently do this via telephone surveys, using a managed random sample of mobile phone numbers and landlines.

- *Conducting a representative survey allows for extrapolation of a confidence limit. In the recently conducted Northern Beaches community satisfaction survey, we sampled 600 residents. A sample size of 600 has a confidence limit of +/-4%. This means that 19 times out of 20, the same research would achieve the same result within +/-4%.*

For this consultation, Northern Beaches Council used an opt-in online survey and submission form, so these results do not reflect the views of the entire community. They represent the views of those who completed the survey.

We have observed that other SRV self-select surveys (i.e., online/postal) often show a higher proportion of people supporting a rate peg only option. This proportion is invariably higher than what representative phone surveys reveal because those against a rate rise are more likely to voice objections compared to those who accept or support it, provided that services are maintained or improved.

- *Across the last six consultations where we collected both opt-in online responses and representative polls, over 60% of online respondents generally chose a rate peg or lower option. Thus, the 51%/49% balance observed in the Northern Beaches Council consultation indicates a relatively higher support for a rate variation compared to opt-in SRV consultations conducted by other NSW LGAs.*

Council's communication strategy as outlined on page 5-7 demonstrates that they have made every effort to inform the community of this consultation, and have encouraged the community to take part in the decision process. The media mix covers virtually every possible contact point with the exception of physically door knocking the entire LGA. The data analytics on the homepage recorded 45,000 page views, and 27,000 single browsing session.

In terms of volume, optional online SRV surveys rarely see significant community participation. Usually, we get no more than 100 responses to our offered opt-in SRV surveys. However, in this consultation over 5,500 residents registered and voted in the survey, while another 800 sent in a submission.

- *It would be counterintuitive to suggest that residents who clicked through but did not complete the survey were even more negative towards the SRV than those who participated. It is more likely they were ambivalent or tacitly supportive.*
- *In summary, while the results are not representative of the Northern Beaches community, they meaningfully reflect the views of the significant number of residents who interacted or participated in the survey component of the consultation.*

Stuart Reeve – Director of Micromex Research

5. METHODOLOGY FOR ASSESSING SUBMISSIONS

Submissions are accepted if they are in writing and received either via the online form on the Your Say project page, hardcopy online form, letter or email addressed to Council or Councillors. Anonymous submissions by mail and email are accepted as a submission. (A total of 8 submissions were received by email or letter where the individual could not be identified for registration as customer in Council's document management system).

5.1 Submissions via email/letter

Submissions received via email and mail are registered in Council's record management system and recorded in the Submission Register. An initial check is performed to establish if the writer/respondent has already made a submission. All submissions are read, and the sentiment coded against themes in the Submission Register. An acknowledgement is sent to the customer and the action closed in Council's document management system.

5.2 Submissions via the online form

The information from the hardcopy submission is extracted and recorded. All submissions are read, and the sentiment coded against themes in the register. An automated acknowledgement is sent when the writer/respondent submits the form.

5.3 Duplicate submissions

An individual can only make one submission. Any additional comments are added to the sentiment in their original submission. A secondary review is undertaken to capture new/additional sentiment.

Online form

Customers had to create a Social Pinpoint account on the Your Say project page providing personal information (including name, date of birth and email address) to make a submission. The system does not limit the account holder to one submission. Submissions were deemed to be duplicate where:

1. Member details on social pinpoint platform were identical; and
2. Email contact details supplied separately by the customer to be kept informed of the project was the same as the duplicate submission; and
3. The name of the individual is the same, this includes where initials were used for the Christian name and then written in full.

Note - where only 1 and 2 above is satisfied and the individuals name is different this is treated as a submission.

Emails

Where there was more than one submission from the same account was received and the sign off on the email was either the same, unsigned, one was signed and the other unsigned, or for the Christian name initials were used and then written in full it was considered a duplicate submission.

Submissions from different legal entities (Company + an individual) using the same email and signed were treated as individual submissions.

Letters

Letters were also treated as the same and a similar process undertaken in cross checking and eliminating duplicates from the letters/email register and online form register.

5.4 Quality checking of coding themes

The qualitative comments in submissions are coded against themes and initials of the reviewer recorded against the submission. A secondary review of the coding of comments against themes was completed, including those flagged as having additional submissions added and initials of the reviewer recorded against the submission. All submissions were read to ensure the sentiment coded against each theme is reflective of the writers expressed intent.

6. ANALYSIS OF FEEDBACK

A total of 6,389 submissions were received during the public exhibition. Submissions received by Council up until close of business Wednesday 15 January 2025 have been included in this report. Of these, 5,538 respondents made submissions via Council's Have Your Say page and 851 were received directly via email or letter (including 46 hard copy survey forms). Submissions were also received from organisations, including:

- IRIS Capital and their clients
- Scentre Group for Westfield Warringah Mall
- Vicinity Centres for Warriewood Square
- Manly Business Chamber/ Manly Property Owners Group
- Athas Group (commercial property owners in Manly CBD, Manly & Brookvale)
- Hardware and General Supplies
- Aspiring Properties (property owners in manly)
- Perpetual Trustee Company Limited
- Queensland Investment Corporation
- Duffy's Forest Residents Association
- Newport Residents association
- Palm Beach and Whale Beach Association
- Protect Pittwater

Late submissions were received after Tuesday 15 January. While they have not been incorporated in the report, each were read. It is noted that the sentiment in the late submissions is already captured in the report.

Council also commissioned Micromex Research to conduct a representative telephone of residents living in the Northern Beaches. The survey was undertaken from 20-27 August 2024 with a sample size of 606 residents

The survey explored community priorities, levels of resident satisfaction with Council services and facilities and their sense of connection to the area. Participants were also asked a question on their level of supportive to pay more to support improved level of services, facilities, and infrastructure in your local area.

This report provides a summary of the response to this question. The Micromex Research report is available at www.northernbeaches.nsw.gov.au.

6.1 Theming - survey form, letters and emails

The approach to completing the analysis involved identifying the issues within each and every submission, including establishing overarching themes and coding the issues and feedback in accordance with the themes.

Some people made more than one submission, and it should be noted that one submission could contain several themes.

A quality control process was also implemented so that submissions could be further cross checked.

All submissions received were reviewed, coded, and categorised within the following 11 overarching themes. However, themes 1 – 3 were only used in relation to the analysis of submissions received through the Your Say survey as this formed part of the survey structure and the feedback is captured on that data set.

1. Desire to improve services and infrastructure
2. Desire to maintain services and infrastructure
3. Desire to reduce services and infrastructure
4. Support for Council to cut costs and seek additional income streams
5. Increase in rates should only be in line with inflation or no increase at all
6. Comments relating to affordability
7. Community engagement on options
8. Concerns over the benefit of amalgamation
9. Don't like any of the options
10. NSW Government influence
11. Concerns about the rating system

6.2 Qualitative analysis – Limitations and restrictions

The analysis of submissions in this report is qualitative. Whilst the project has received one of the highest responses in terms of the number of submissions in recent years, it is not representative data, rather it provides some representation of community sentiment.

Feedback was captured through several channels including an online survey form where respondents were invited to include comments. Feedback was also received via email and letter, and directly from organisations. Some submissions provided extensive and detailed information specific to many aspects of the project.

One of the challenges in analysing this type of feedback is in identifying the key issues whilst mitigating bias. Therefore, the comments and issues within each submission were analysed in accordance with 11 high level themes that emerged from the data. This was ascertained through a process of sampling and testing and a quality control review.

A further limitation to the data analysis was the Have Your Say survey design. Whilst the survey was developed to gain insights into option preferences, it was also built to get a holistic picture, to understand what services the community value in terms of importance. This data should be read together with the thematic analysis and the results of the Community Satisfaction Survey.

In considering the views expressed in the engagement results it is important to note they are not representative, as they represent less than 6% of all ratepayers, less than half of the people who used the online rates calculator and just 15% of individual who engaged and browsed the project page.

7. FINDINGS

7.1 Overview

As a precursor to the formal Special Variation engagement process, a representative survey was conducted with the community in August 2024. The survey included questions on support for paying more to maintain and improve services, facilities and infrastructure.

The formal engagement on the Special Variation commenced on 18 November 2024 and closed on 12 January 2025. Community sentiment was measured by responses to an opt in survey as well as emails and letters where respondents could:

- Rate the level of importance of services and facilities
- Rate the level of support for each option
- Rank the options in order of preference
- Provide free text comments that were themed

The feedback in the opt in survey shows the importance the community places on Council continuing to deliver services and invest in maintaining and improving the Northern Beaches. 80% of respondents rated maintaining existing services and facilities, improving roads and footpaths and Council investing in risk reduction programs and natural disaster recovery as important.

Looking at the level of support for each option, it was strongest for Maintain service at 72% in the opt in survey, followed by Reduce service at 57% and to a lesser extent Improve service.

The ranking of options shows the community is divided on 1st preference in the opt in survey. Some 49% of respondent's 1st preference was a special variation to either Maintain, Improve or Increase service with the remainder favouring Reduce service. (Total responses 5,584).

The 1st preference option of those responding by email and letter was clearer. They favoured Reduce service at 64%, over the combined special variation options at 36%. (Total responses 467).

The survey in August 2024 of a representative sample of the community shows stronger support at that time for an increase. Over 60% of respondents were at least somewhat supportive of a rate increase to maintain and/or improve services.

A breakdown of the findings is below.

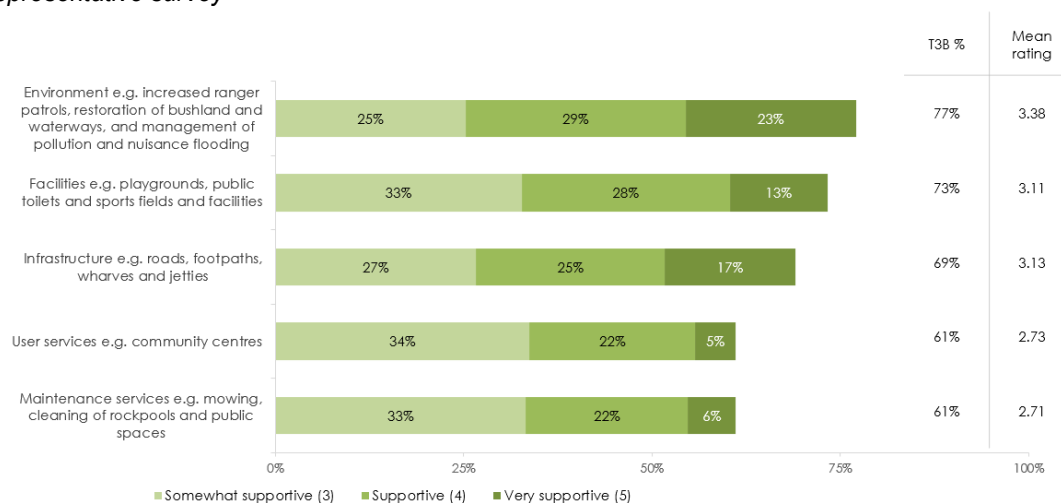
7.2 Representative survey - support to pay more

Micromex Research conducted a representative telephone of 606 residents from 20-27 August 2024. The survey was weighted to reflect Northern Beaches' age and gender population profile (among residents aged 18 or over).

A total sample size of 606 residents provides a maximum sampling error of plus or minus 4.0% at 95% confidence. This means that if the survey was replicated with a new universe of 606 residents, 19 times out of 20 the same results would be expected.

Residents were asked on their level of supportive to pay more to support improved level of services, facilities, and infrastructure in their local area. The survey found over 60% of residents are at least somewhat supportive of paying more for services, facilities and infrastructure.

Figure 2 - Level of support to pay more for improvement for services, facilities and infrastructure – representative survey



Base: N = 606

The survey also found males and younger residents (18-34) are significantly more likely to support paying more for environmental improvements, while older residents (65+) are significantly more likely to support paying more for improvements in user services.

Table 1 - Level of support to pay more for improvement for services, facilities and infrastructure by different participant type – representative survey

T3B% (At least somewhat supportive)	Overall	Male	Female	18-34	35-44	45-54	55-64	65+	Ratepayer	Non-ratepayer
Environment	77%	82%	73%	93%	74%	71%	70%	73%	77%	77%
Facilities	73%	77%	70%	75%	83%	73%	65%	71%	74%	71%
Infrastructure	69%	72%	66%	75%	75%	62%	64%	68%	70%	67%
User services	61%	61%	61%	56%	65%	56%	56%	72%	62%	58%
Maintenance services	61%	63%	59%	64%	64%	55%	53%	66%	61%	63%
Base	606	292	314	144	105	119	96	142	487	119

Scale: 1 = not at all supportive, 5 = very supportive
A significantly higher/lower percentage (by group)

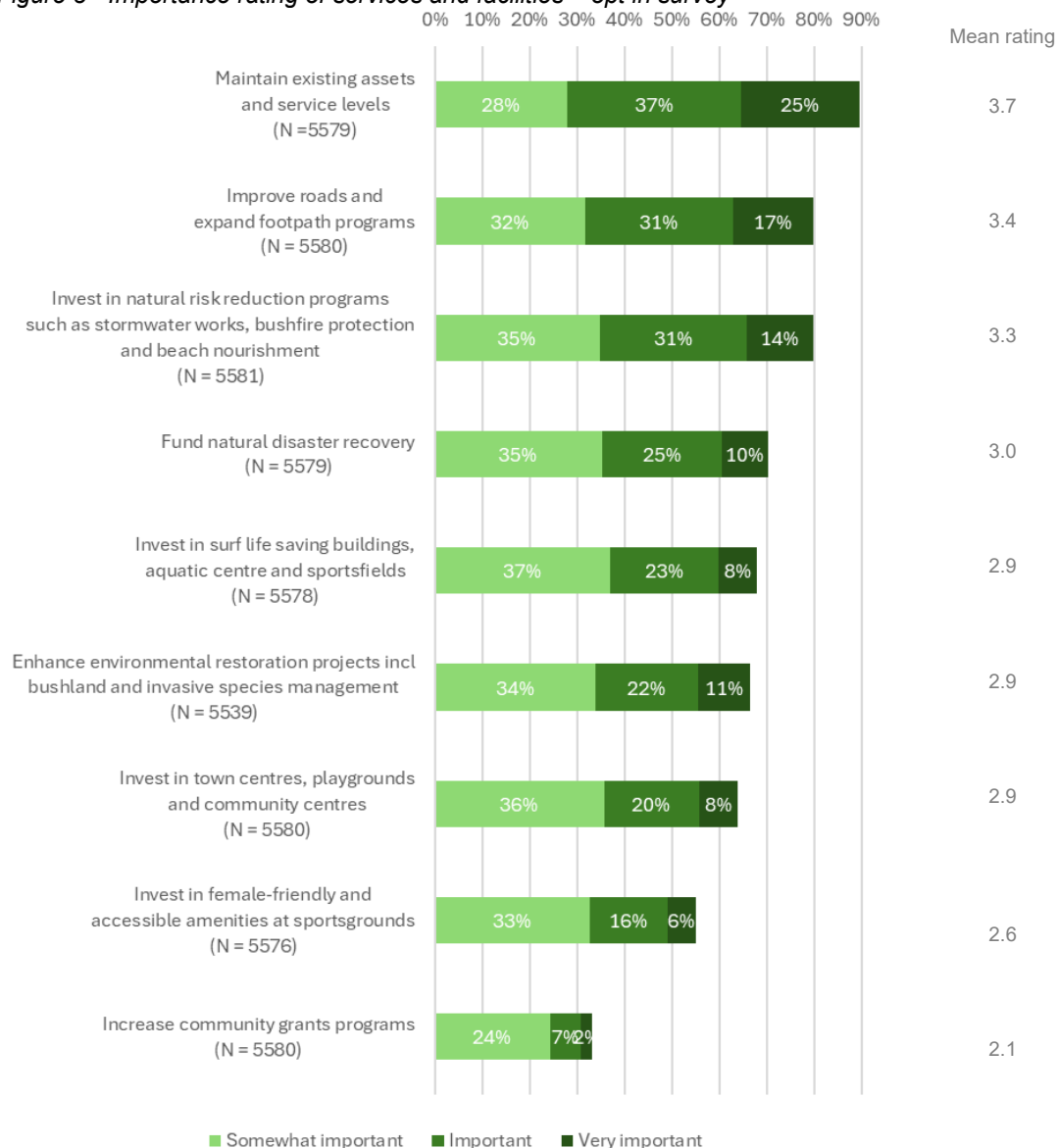
7.3 Opt in survey – Rate the level of importance of services and facilities

Respondents to the opt in survey were asked to rate the importance of Council services and facilities on a 5-point scale of Not Important At All to Very Important.

Of the 9 services and facilities surveyed, over 60% of respondents rated 7 of the services and facilities as least somewhat important. The support was stronger for maintain existing services and facilities, improving roads and expand footpath programs, and investment in natural risk reduction programs with 80% or above rating these initiatives as somewhat to very important.

Figure 1 presents the summary of this data.

Figure 3 - Importance rating of services and facilities – opt in survey

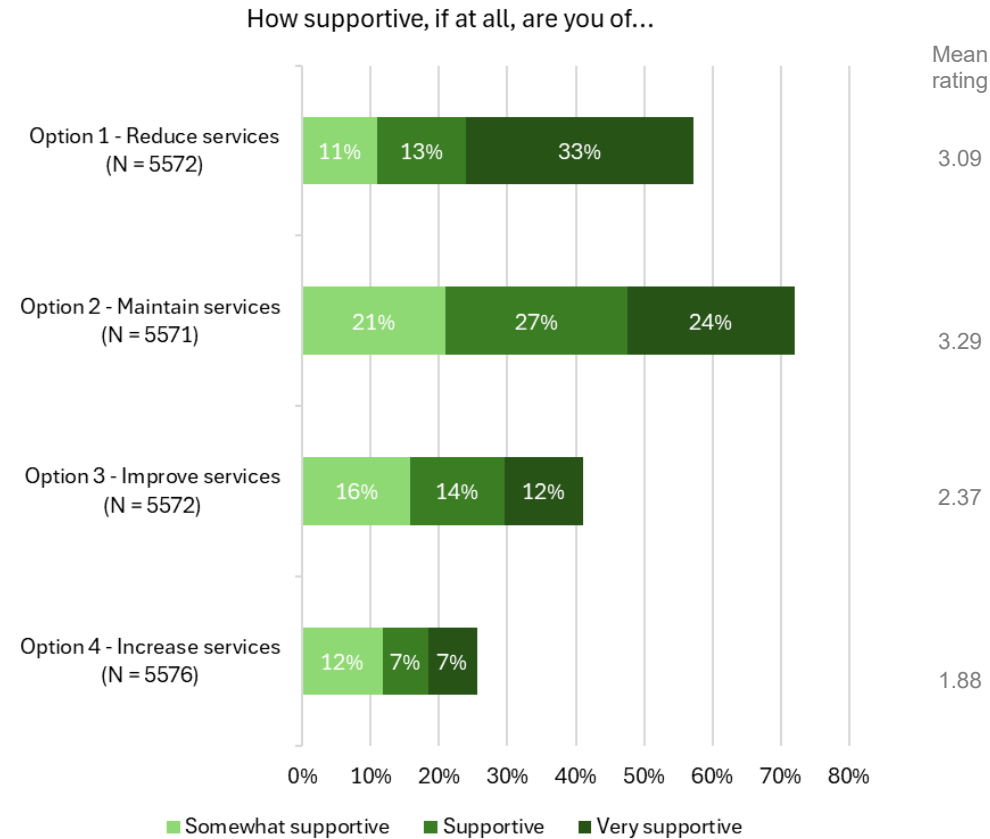


7.4 Opt in survey – Rate the level of support for each option

The SV option rating question in the opt in survey allowed participants to rate their levels of support for each option, without being required to rank all options. Respondents selected 1 of 5 sentiment ratings (from Very Supportive to Not At All Supportive) for each option.

Maintain service had the highest level of support with 72% of respondents at least Somewhat Supportive followed by Reduce service at 57% and Improve service at 42%.

Figure 4 - Level of support for each option opt-in survey

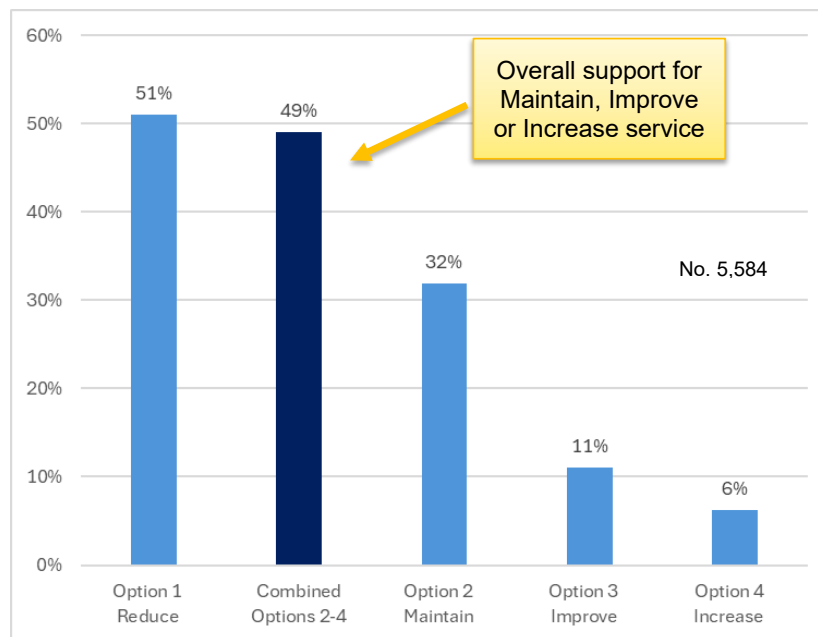


7.5 Opt in survey - Rank the options in order of preference

The preference ranking question on the feedback form online and in hard copy allowed respondents to choose each of the 4 options in order of preference, with 1 the most preferred and 4 the least preferred. Respondent were not required to rank all options.

A total of 5,584 respondents nominated a first preference and 4,811 respondents ranked all options. The graph below shows 1st preference of respondents. Support for the combined options of Maintain, Improve and Increase service is at 49% balanced against support for Reduce service.

Figure 5 - 1st preference in opt-in survey - survey



Respondents that choose Maintain, Improve and Increase service as 1st preference continued to support options which at a minimum Maintain service. The table below shows the movement in ranking from 1st to 2nd preference between the options. Some 58% of respondents with a 1st preference of Maintain choose either Improve or Increase for their 2nd preference.

Table 2 - Ranking pattern from 1st to 2nd preference - survey

		1st preference rank			
		Reduce	Maintain	Improve	Increase
2nd preference distribution	No. 2nd preferences*	2,380	1,595	581	327
	Reduce		41.8%	0.5%	0.3%
	Maintain	97.9%		60.8%	1.8%
	Improve	2.0%	57.6%		97.9%
	Increase	0.1%	0.6%	38.7%	

* 701 respondents only provided a 1st preference

7.6 Opt in survey - Rank the options in order of preference – breakdown by participant types

This section compares the overall ranking result in section 6.3 above with different participant types based on 1st preference. Individuals self-selected these categories in completing the survey.

Looking at 1st preference ranking amongst different participant by age groups, there is some variation compared to the overall result. Those in younger age groups, under 50 years are more supportive of Reduce service, while those over 60 years are slightly more supportive of Maintain or Improve service and less so of Reduce service.

Table 3 - 1st preference by age profile - survey

1st Preference	Overall	Age profile				
		18-34	35-49	50-59	60-69	70+
Option 1 Reduce service	51%	58%	56%	53%	46%	41%
Combined Options 2-4	49%	42%	44%	47%	54%	59%
Option 2 Maintain service	32%	27%	27%	30%	36%	41%
Option 3 Improve service	11%	7%	10%	10%	13%	13%
Option 4 Increase service	6%	8%	7%	7%	5%	5%
Max No. responses	5584	294	1456	1470	1264	890

* 210 respondents did not nominate an age category

Compared to the overall result there is no significant variation been respondents in terms of years resided on the Northern Beaches, resident v non resident or ratepayer v non ratepayer.

Table 4 - 1st preference by years resided on the Northern Beaches - survey

1st Preference	Overall	Years resided in LGA		
		Up to 10yrs	11-20yrs	20yrs+
Option 1 Reduce service	51%	50%	52%	51%
Combined Options 2-4	49%	50%	48%	49%
Option 2 Maintain service	32%	29%	31%	33%
Option 3 Improve service	11%	13%	11%	10%
Option 4 Increase service	6%	9%	7%	5%
Max No. responses	5584	1333	1136	3115

Table 5 - 1st preference by ratepayer v non ratepayer - survey

1st Preference	Overall	Ratepayer v Non Ratepayer	
		Ratepayer	Non-ratepayer
Option 1 Reduce service	51%	51%	50%
Combined Options 2-4	49%	49%	22%
Option 2 Maintain service	32%	32%	29%
Option 3 Improve service	11%	11%	11%
Option 4 Increase service	6%	6%	10%
Max No. responses	5584	5469	115

Table 6 - 1st preference by resident v non resident - survey

1st Preference	Overall	Residents v Non Residents	
		Resident	Non-resident
Option 1 Reduce service	51%	51%	50%
Combined Options 2-4	49%	49%	50%
Option 2 Maintain service	32%	32%	33%
Option 3 Improve service	11%	11%	11%
Option 4 Increase service	6%	6%	7%
Max No. responses	5584	5504	76

* 4 respondents did not nominate a postcode

7.7 Preferred option – letters and emails

Submissions by letter or email were also reviewed to identify the preferred option. Respondents either specifically nominated an option or expressed a preference in their sentiment. In assessing sentiment, it was not possible to distinguish between Increase and Improve service options and they have been combined.

Some 467 respondents expressed a preferred option. The support for Reduce service is stronger at 64% compared to support for Combined Options 2-4 which is 36%.

Table 7 - 1st Preferred option – letters and emails

	Option 1 Reduce	Combined Options 2-4	Option 2 Maintain	Options 3/4 Improve & Increase
%	64%	36%	23%	13%
No. respondents	297	170	108	62

7.8 Themes from comments – Opt in survey, letters and emails

The online survey provided an open-ended question for respondents to comment on issues that influenced their preference ranking. Respondents by email and letter also provided feedback on issues influencing their preference. The themes are below with verbatim comments or curated statements that summarise similar sentiment. The percentage of submissions raising the issue is also included.

Table 8 - Themes

% of submissions	Themes
N/A – see Preference rating section 6.5 of the report	<p>Desire to improve services and infrastructure</p> <p>Submissions expressed a desire to improve services on a proactive basis. This also included submissions where the preference was Reduce service. Sentiment expressed included:</p> <ul style="list-style-type: none"> • If we want a better society, increased and improved roads and services we must pay for it • It's important to keep moving forward, improving, and investing in our community's future - that requires money • The increased cost is affordable. Council should provide as many services as possible to our community

% of submissions	Themes
	<ul style="list-style-type: none"> Investing in improvement will enhance our overall lifestyle and community well-being Great services provided by the Council to everyone, regardless of their wealth Maintaining or improving these services is essential to keeping the community vibrant and connected. I am happy to pay more to ensure we continue to improve and maintain what we have All councils must continue to improve services to match increasing residents' numbers and visitors to the area Increasing services gives us the best outcome for our quality of life on the Northern Beaches We live in a wonderful community and dearly appreciate the established infrastructure, essential services and community care we must never take for granted. We must not only readily maintain and improve what we have but be able to carefully and sensibly develop new and innovative projects to make our shire the best The work the council has done on maintaining and adding community facilities like playgrounds, pools, sports fields, toilet blocks to such an high standard, and managing our beaches, parks and bush land I value. I'd like to see this go a step further. Eg the park on our street is mown one a month. Also, we don't have footpaths. I'd love to see this change for us and other NB residents.
N/A – see Preference rating section 6.5 of the report	<p>Desire to maintain services and infrastructure Submissions expressed a desire to at a minimum, maintain services at the current levels. Sentiment expressed included:</p> <ul style="list-style-type: none"> Preserving the area is critically important, we can't go backwards If we fall behind on general maintenance, then we are just mortgaging the future as we lose both current amenity and the costs will be higher when council is forced to repair later Happy to pay a premium to ensure quality of life in the northern Beaches remain pristine Better roads, natural disaster emergency funds and councillors continuing to receive adequate pay in line with cost of living Feel it is important to maintain the current level of service and build up a fund for response to natural disasters Would not want existing Council services to suffer due to lack of funding If you allow amenities to degrade it costs more to rehabilitate down the track Feel it is important to maintain the current level of service and build up a fund for response to natural disasters
N/A – see Preference rating section	<p>Desire to reduce services and infrastructure</p>

% of submissions	Themes
6.5 of the report	<p>Submissions expressed a desire to reduce services and infrastructure. Many of the issues raised in these submissions is covered under the other separate themes relating to cutting costs and no increase in rates. Sentiment included:</p> <ul style="list-style-type: none"> • Rate payers do not want council to do more-but rather stick to lawns, footpaths, parks, beaches and rubbish services and the absolute essentials. • Council needs to budget or reduce services. Option 1 - Reduce services at least until things get better. • The council's budget should allow for essential services and maintenance only. • When there are budget constraints we all have to find ways to reduce our operating costs and put off projects we cannot afford. • I ask that the rates increase be kept to an absolute minimum and if that means reduced services so be it. • Instead of raising rates look at all the budgeted items to determine which are necessary and important and in accordance with the community's priorities • We do not ask our our employers for more money if we cannot balance our budget. Governments should do the same and spend within their means. • Council needs to budget to provide all essential services within allowable rate peg set by IPART. It should be possible to do this without a reduction in services. • I do not support any further increases in rates. CPI increase only and no service reductions. <p>More detail on issues raised is included in the themes below.</p>
57%	<p>Support for Council to cut costs and/or seek other income streams</p> <p>Submissions that expressed a desire for Council to implement cost cutting and income generating measures also included suggestion on where and how to cut costs and perceived inefficiencies. Sentiment expressed included:</p> <ul style="list-style-type: none"> • Reduce excessive payments to the CEO, Directors and Executive Managers • Freeze on staff salary increases until Council's financial position improves • Comprehensive organisational review to reduce staff numbers including management (bureaucracy) layers • Improved financial management and controls to prevent this happening again • Review discretionary services and focus on core business - roads, rubbish and maintenance of opens spaces etc • Reduce expenditure on non-core services – events, grants, arts, culture, libraries, marketing, consultants etc • Too many niche services are provided which are subsidised by others • Inflation will come down and Council will recover costs • Stop 'pet' projects which only serve a few people

% of submissions	Themes
	<ul style="list-style-type: none"> • Manage a project to a scope and budget • The State Government shelves projects due to costs, so should Council • Streamline processes and procedures to ensure the Council is lean and efficient • Uncommitted funds to be reallocated from restricted asset accounts • Use innovative mechanisms and cost savings to funding facilities upgrades and services • It is said that council has looked at cost cutting and budgeting but I feel that more could be done. • Demand more from developers to service growth needs • Greater use of voluntary planning agreements and higher zonings in Town Centres to support faster development as well as increase rates and contributions • Increasing development, population and land values means more rates income • Review fees and charges as they are arcane and inflexible • Establish fees targeted at visitors/non-residents to support extra services to high visitation locations such as Manly Corso • Increase fees for sporting groups to cover maintenance and facility upgrades • Use Council's property portfolio to generate income • Charge businesses more for the use of open space • Leverage assets (eg surf clubs, pools, lease Manly Town Hall) for revenue opportunities (eg. Cafes, bars, restaurants, facility hire, etc). • Review lease arrangements with surf clubs who are venue managers • Coastal erosion user pays • Divest assets that are not generating a return • Focus on projects that will generate income for sustainability • Adopt a zero-tolerance approach to public safety, dogs off leash etc to increase revenue • Cancel, reduce or defer capital works projects • Get the best value from contractors, stop/use less contractors • Use surpluses to reduce debt and unforeseen events • Before I pay more, I want to see better management of services and projects
44%	<p>Increase in rates to only be in line with inflation or no increase at all Submissions expressed views that an increase in rates is unreasonable with sentiment including:</p> <ul style="list-style-type: none"> • Not prepared to pay more than the rate peg • Rates should reduce • Increasing rates by more than the peg is unreasonable • Rates are increasing by more than inflation and this increase is higher than my wage increase • CPI increase only and no service reductions • Increasing rates will only add to inflation • Rates harmonisation resulted in my rates increasing by over 20%

% of submissions	Themes
32%	<p>Affordability Affordability was cited as a reason for ranking of options. This included negative and positive sentiment and spanned all four options. Sentiment included.</p> <ul style="list-style-type: none"> • Economic climate and cost of living is already an unaffordable burden • Struggling with inflation • Pensioners and self-funded retirees cannot afford extra rates • Consider low-income families and ensure a rate increase does not drive low-income families out of the area • Council is out of touch with the community • People are doing it tough and cutting on expenses. Council should do the same. • The increased cost is affordable for me • Increased services or infrastructure is important and affordable
11%	<p>Community engagement on options Submissions made statements regarding the community engagement process and/or materials including the feedback mechanisms. Sentiment expressed included:</p> <ul style="list-style-type: none"> • Perception of fear mongering, scare campaign marketing • On-line registration, contact details, response and survey too hard • Survey design is biased for a pre-determined outcome for Council (preference ranking) • This was a closed (not open) survey • The survey doesn't really allow for detailed submissions • Forced ranking seems coercive if in disagreement with Options 2, 3 and 4 • Option 1 feels like a threat • Need more information on what services would be cut under Option 1 Reduce • Need more information on infrastructure to be Improved or Increased under Options 3 and 4 • Poor timing over Christmas and the School holiday period • Better communication on future budgets and big spending projects
7%	<p>Concerns over the benefits of amalgamation Submissions referenced amalgamation and their perception of its relative success. Sentiment included:</p> <ul style="list-style-type: none"> • Amalgamation was supposed to provide cost savings • Residents were assured that rates would reduce • Requests for an audit and a demerger • Not satisfied that Council has implemented its claimed efficiencies • Further savings resulting from the amalgamation need to be achieved • Services were much better pre-amalgamation • The amalgamation has been a failure • Better off to have remained as former Councils • Too big to be sustainable, but not too big to fail

% of submissions	Themes
	<ul style="list-style-type: none"> Promised economies of scale have not materialised
7%	<p>Don't like any of the options Dissatisfaction with the options available was expressed. The sentiment included:</p> <ul style="list-style-type: none"> None of the options are acceptable Broader community discussion is required to establish the options to be consulted on Insufficient detail to make an informed decision on the options Suggestion for an Option 1A increase between 3.5% and 10% Suggestion for Option '5' to reduce rate increase and reduce services Suggestion for Option '5' to reduce costs while maintaining services Suggestion for Option '5' to re-instate the former Councils Support a rate increase for a specific purpose/asset only Premature to consider an increase until the NSW Government Standing Committee recommendations have been considered.
2%	<p>NSW Government influence A small proportion of responses acknowledged cost shifting by other levels of government and felt Council should take a stronger stance. Sentiment included:</p> <ul style="list-style-type: none"> Push back on NSW Government shifting costs without matching funding Stop doing projects and programs that NSW or Federal government should be responsible for Ask the NSW Government for increased funding before rate payers
2%	<p>Concerns about the rating system Submissions referred to the methodology for calculating rates including suggestions for changes. Sentiment included:</p> <ul style="list-style-type: none"> Increases in rates on my property have been well above inflation as a result in changes in land value and rates harmonisation The method of rate determination (while set by State government) is archaic and not equitable. The Council "double dips" with IPART rate increases plus increases in land values Rates should be charged on the level of services consumed or the number of occupants per property Means test rates based on salary and net worth Remove the Special Levy for the Manly CBD Business rates are too high

Document administration	
Version	1.0
Date	21 January 2024
Approval	Content provided and approved by Corporate Strategy Team Responsible manager: Manager Corporate Strategy
Status	Final
Related Projects	
Notes	Community and stakeholder views contained in this report do not necessarily reflect the views of the Northern Beaches Council or indicate a commitment to a particular course of action.



Addendum - Delivery Program 2024 - 2028
Including Operational Plan and Budget 2024/25
Special Variation to rates - Addendum

Introduction

This attachment contains amendments to the Delivery Program 2024-2028 and Operational Plan 2024/25 exhibited as part of the Funding our Future project. If Council approves making an application for a Special Variation to rates, Council will also adopt one of the options below and include in the amended Delivery Program 2024-2028 and Operational Plan 2024/25:

- **Option 2:** Special Variation to rates
- addendum - see page 4
- **Option 3:** Special Variation to rates
- addendum - see page 10
- **Option 4:** Special Variation to rates
- addendum - see page 16



Including Operational Plan and Budget 2024/25 - Special Variation to rates - Addendum

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Special Variation to rates - Addendum (Option 2: Maintain services)

Like many councils in NSW, Northern Beaches Council is facing growing pressure to its financial sustainability. Increases in income, under the NSW rate peg system, have not reflected the rising costs of materials, contracts, and construction. Likewise, Sydney's inflation over the 4 years to 30 June 2024 is almost double the increase in rates income.

Council consulted with the community between 18 November 2024 to 12 January 2025 on 4 options for a Special Variation to rates to improve Council's financial sustainability and infrastructure investment.

At its meeting on 28 January 2025, Council resolved to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Variation to rates to address the asset renewal and maintenance gap and support environmental and natural risk reduction programs. The increase, if approved, will commence in 2025/26 and will involve annual increases inclusive of the rate peg of 9.8%, 9.4% and 9.1% applied over 3 years (a total cumulative increase of 31.1%).

The income from the Special Variation and expenditure by key service on programs is set out below. Details of the programs receiving additional funding are over the page.

Draft addendum - Option 2

Prepared for the consideration of Council as part of the Business Paper for the Extraordinary Meeting on 28 January 2025

Option 2: Maintain services

Income and expenditure

	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Opening balance	-	-	79	297
Additional rates income	-	11,768	25,090	40,004
Total	-	11,768	25,169	40,301

Expenditure by key service

Environment and sustainability	-	3,448	6,088	11,088
Community, arts and culture	-	55	7	189
Environmental compliance	-	385	792	1,232
Parks and recreation	-	1,722	4,378	7,445
Transport, traffic and active travel	-	3,208	7,933	11,053
Economic development, events and engagement	-	-	1,042	1,680
Property and facilities	-	1,795	2,407	3,298
Total	-	10,613	22,647	35,985

	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Future funding				
Working capital	-	420	864	1,344
Depreciation and maintenance on new assets above	-	-	13	83
Disaster Fund	-	656	1,348	2,076
Total Option 2	-	11,689	24,872	39,488
Closing balance	-	79	297	813

6 Key Services

Environment and sustainability

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new						Operational					
G1	Water quality improvement (Clear Waters)	-	159	273	1,534	G2	Stormwater asset inspection	-	159	273	840
G1	Water sensitive urban design	-	48	111	205	G2	Enhance stormwater asset maintenance	-	96	250	325
G2	Climate change amplification	-	53	171	344	G2	Clear Waters maintenance program	-	3	17	32
Total new expenditure		-	260	555	2,083	G2	Gross pollutant trap (GPT) enhancement	-	7	38	15
Capital renewal						G2	Beach nourishment investigations and approvals	-	-	109	392
G2	Planned and reactive stormwater renewal	-	1,080	1,279	1,915	G2	Bushfire management	-	106	109	112
G2	Minor stormwater works	-	43	89	137	G1	Bushland and invasive species management	-	538	1,107	1,704
G2	Ocean outfall stormwater renewal	-	-	136	210	G2	Contaminated lands management	-	212	218	224
G2	Flood mitigation program	-	372	1,164	1,793	G1	Creek rehabilitation program	-	106	218	336
Total renewal expenditure		-	1,495	2,668	4,055	G2	Floodplain management program	-	164	218	522
						G2	Foreshore erosion mitigation and adaptation	-	53	55	56
						G2	Geotechnical risk management	-	212	218	224
						G2	Narrabeen Lagoon Entrance Management Strategy implementation	-	38	35	168
						Total operational expenditure		-	1,694	2,865	4,950

*Subject to annual
operational plan adoption

Addendum - Delivery Program 2024 - 2028

ATTACHMENT 2 : ADDENDUM TO DELIVERY PROGRAM 2024-2028 AND OPERATIONAL PLAN 2024/25 - SPECIAL VARIATION RATE OPTIONS - ITEM 7.1 - EXTRAORDINARY NORTHERN BEACHES COUNCIL MEETING - 28 JANUARY 2025

Community, arts and culture

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital renewal					
G12	Glen Street Theatre renewal	-	55	7	189
Total renewal expenditure		-	55	7	189

Environmental Compliance

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Operational					
G12	Compliance services	-	385	792	1,232
Total operational expenditure		-	385	792	1,232

Parks and recreation

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new					
G12	Playground upgrade program	-	-	145	728
G12	Aquatic Reserve lighting system	-	74	706	1,120
G12	Foreshores program	-	32	163	-
Total new expenditure		-	106	1,014	1,848

Parks and recreation (continued)

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital renewal					
G12	Grandstand renewal	-	371	55	-
G12	Sport building renewal	-	-	-	78
G12	Recreational trail renewal	-	115	236	364
G12	Playground renewal	-	133	273	420
G12	Rockpool renewal	-	230	977	1,865
G12	Seawall program	-	-	-	112
Total renewal expenditure		-	849	1,541	2,839
Operational					
G8	Extend Lifeguard operations at Dee Why, Freshwater, Shelly Beaches and Clontarf Pool	-	-	249	393
G12	Maintenance planning of open spaces	-	21	39	-
G12	Maintenance of open spaces	-	158	325	501
G12	Tidal pool maintenance	-	35	73	112
G12	Reserve mowing	-	136	279	430
G12	Tree maintenance	-	177	364	560
G12	Tree planting	-	240	494	762
Total operational expenditure		-	767	1,823	2,758

*Subject to annual operational plan adoption

Including Operational Plan and Budget 2024/25 - Special Variation to rates - Addendum

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Transport, traffic and active travel

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new						Operational					
G16	New cycleways	-	-	145	224	G16	Wharves maintenance	-	53	164	224
G16	New bus shelters	-	-	29	45	G16	Bridge maintenance	-	28	87	90
G16	New footpaths	-	177	364	560	G16	Carpark maintenance	-	36	72	112
G17	New kerb and gutter	-	53	109	168	G16	Linkway maintenance	-	85	96	-
G16, G17	New smart parking infrastructure	-	-	-	429	G16	Footpath maintenance	-	14	29	45
G17	New traffic facilities	-	177	364	560	G16	Fencing maintenance	-	53	73	112
Total new expenditure		-	407	1,011	1,986	G16	Road pavement maintenance	-	230	487	773
Capital renewal						G16	Scotland Island and Western Foreshores maintenance program	-	42	87	134
G16	Multi-storey carpark renewal	-	159	491	560	G16	Traffic facilities maintenance	-	53	109	168
G16	Wharves renewal	-	212	1,679	2,641	G16	Retaining walls maintenance	-	35	73	112
G16	Road renewal	-	877	1,803	2,778	G16	Road shoulders and unsealed roads maintenance	-	107	218	336
G16	Retaining wall renewal	-	428	654	199	Total operational expenditure					
G16	Kerb and gutter renewal	-	141	291	448			-	736	1,495	2,106
G16	Carpark renewal	-	194	400	168						
G16	Bus stops renewal	-	54	110	167						
Total renewal expenditure		-	2,065	5,428	6,961						

*Subject to annual
operational plan adoption

Addendum - Delivery Program 2024 - 2028

Economic development, events and engagement

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CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new					
G12	Commercial centres upgrade	-	-	1,042	1,680
Total new expenditure		-	-	1,042	1,680

Property and facilities

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital renewal					
G5, G9	Disability access compliance works	-	27	73	106
G12	Heritage building renewal	-	-	36	56
G5, G6	Operational buildings renewal	-	282	844	560
G5	Building plant renewal	-	530	654	1,344
G12	Warringah Aquatic Centre renewal	-	107	218	337
Total renewal expenditure		-	946	1,825	2,403
Operational					
G12	Building maintenance	-	849	582	896
Total operational expenditure		-	849	582	896

*Subject to annual
operational plan adoption

Including Operational Plan and Budget 2024/25 - Special Variation to rates - Addendum

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Special Variation to Rates - Addendum (Option 3: Improve services)

Like many councils in NSW, Northern Beaches Council is facing growing pressure to its financial sustainability. Increases in income, under the NSW rate peg system, have not reflected the rising costs of materials, contracts, and construction. Likewise, Sydney's inflation over the 4 years to 30 June 2024 is almost double the increase in rates income.

Council consulted with the community between 18 November 2024 to 12 January 2025 on options for a Special Variation to rates to improve Council's financial sustainability and infrastructure investment.

At its meeting on 28 January 2025, Council resolved to make an application to the Independent Pricing and Regulatory Tribunal for a Special Variation to rates to address the asset renewal and maintenance gap and support environmental and natural risk reduction programs, as well as provide the opportunity to deliver larger renewal projects in future years such as the renewal of the Warringah Aquatic Centre. The increase, if approved will commence in 2025/26 and involve annual increases inclusive of the rate peg of 12.1%, 11.7% and 11.5% applied over 3 years (a total cumulative increase of 39.6%).

The income from the Special Variation and expenditure by key service on programs is set out below. Details of the programs receiving additional funding are over the page.

Draft addendum - Option 3

Prepared for the consideration of Council as part of the Business Paper for the Extraordinary Meeting on 28 January 2025

Option 3: Improve services

Income and expenditure

	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Opening balance	-	-	4,591	14,255
Additional rates income	-	16,279	35,082	56,800
Total	-	16,279	39,673	71,055

Expenditure by key service

Environment and sustainability	-	3,448	6,088	11,088
Community, arts and culture	-	55	7	189
Environmental compliance	-	385	792	1,232
Parks and recreation	-	1,722	4,379	7,445
Transport, traffic and active travel	-	3,208	7,933	11,053
Economic development, events and engagement	-	-	1,587	2,520
Property and facilities	-	1,794	2,406	4,418
Total	-	10,612	23,192	37,945

	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Future funding				
Working capital	-	420	864	1,344
Depreciation and maintenance on new assets above	-	-	14	94
Disaster Fund	-	656	1,348	2,076
Total Option 3	-	11,688	25,418	41,459
Closing balance	-	4,591	14,255	29,596

12 Key Services

Environment and sustainability

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new						Operational					
G1	Water quality improvement (Clear Waters)	-	159	273	1,534	G2	Stormwater asset inspection	-	159	273	840
G1	Water sensitive urban design	-	48	111	205	G2	Enhance stormwater asset maintenance	-	96	250	325
G2	Climate change amplification	-	53	171	344	G2	Clear Waters maintenance program	-	3	17	32
Total new expenditure		-	260	555	2083	G2	Gross pollutant trap (GPT) enhancement	-	7	38	15
Capital renewal						G2	Beach nourishment investigations and approvals	-	-	109	392
G2	Planned and reactive stormwater renewal	-	1,080	1,279	1,915	G2	Bushfire management	-	106	109	112
G2	Minor stormwater works	-	43	89	137	G1	Bushland and invasive species management	-	538	1,107	1,704
G2	Ocean outfall stormwater renewal	-	-	136	210	G2	Contaminated lands management	-	212	218	224
G2	Flood mitigation program	-	372	1,164	1,793	G1	Creek rehabilitation program	-	106	218	336
Total renewal expenditure		-	1,495	2,668	4,055	G2	Floodplain management program	-	164	218	522
						G2	Foreshore erosion mitigation and adaptation	-	53	55	56
						G2	Geotechnical risk management	-	212	218	224
						G2	Narrabeen Lagoon Entrance Management Strategy implementation	-	38	35	168
						Total operational expenditure		-	1,694	2,865	4,950

*Subject to annual operational plan adoption

Addendum - Delivery Program 2024 - 2028

ATTACHMENT 2 : ADDENDUM TO DELIVERY PROGRAM 2024-2028 AND OPERATIONAL PLAN 2024/25 - SPECIAL VARIATION RATE OPTIONS - ITEM 7.1 - EXTRAORDINARY NORTHERN BEACHES COUNCIL MEETING - 28 JANUARY 2025

Community, arts and culture

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital Renewal					
G12	Glen Street Theatre renewal	-	55	7	189
Total renewal expenditure		-	55	7	189

Environmental Compliance

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital Renewal					
G12	Compliance services	-	385	792	1,232
Total renewal expenditure		-	385	792	1,232

Parks and recreation

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new					
G12	Playground upgrade program	-	-	145	728
G12	Aquatic Reserve lighting system	-	74	706	1,120
G12	Foreshores program	-	32	163	-
Total new expenditure		-	106	1,014	1,848

Parks and recreation (continued)

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital renewal					
G12	Grandstand renewal	-	371	55	-
G12	Sport building renewal	-	-	-	78
G12	Recreational trail renewal	-	115	236	364
G12	Playground renewal	-	133	273	420
G12	Rockpool renewal	-	230	977	1,865
G12	Seawall program	-	-	-	112
Total renewal expenditure		-	849	1,541	2,839
Operational					
G8	Extend lifeguard operations at Dee Why, Freshwater, Shelly Beaches and Clontarf Pool	-	-	249	393
G12	Maintenance planning of open spaces	-	21	39	-
G12	Maintenance of open spaces	-	158	325	501
G12	Tidal pool maintenance	-	35	73	112
G12	Reserve mowing	-	136	279	430
G12	Tree maintenance	-	177	364	560
G12	Tree planting	-	240	494	762
Total operational expenditure		-	767	1,823	2,758

*Subject to annual operational plan adoption

Including Operational Plan and Budget 2024/25 - Special Variation to rates - Addendum

14 Transport, traffic and active travel

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new						Operational					
G16	New cycleways	-	-	145	224	G16	Wharves maintenance	-	53	164	224
G16	New bus shelters	-	-	29	45	G16	Bridge maintenance	-	28	87	90
G16	New footpaths	-	177	364	560	G16	Carpark maintenance	-	36	72	112
G17	New kerb and gutter	-	53	109	168	G16	Linkway maintenance	-	85	96	-
G16, G17	New smart parking infrastructure	-	-	-	429	G16	Footpath maintenance	-	14	29	45
G17	New traffic facilities	-	177	364	560	G16	Fencing maintenance	-	53	73	112
Total new expenditure		-	407	1,011	1,986	G16	Road pavement maintenance	-	230	487	773
Capital renewal						G16	Scotland Island and Western Foreshores maintenance program	-	42	87	134
G16	Multi-storey carpark renewal	-	159	491	560	G16	Traffic facilities maintenance	-	53	109	168
G16	Wharves renewal	-	212	1,679	2,641	G16	Retaining walls maintenance	-	35	73	112
G16	Road renewal	-	877	1,803	2,778	G16	Road shoulders and unsealed roads maintenance	-	107	218	336
G16	Retaining wall renewal	-	428	654	199	Total operational expenditure					
G16	Kerb and gutter renewal	-	141	291	448			-	736	1,495	2,106
G16	Carpark renewal	-	194	400	168						
G16	Bus stops renewal	-	54	110	167						
Total renewal expenditure		-	2,065	5,428	6,961						

*Subject to annual operational plan adoption

Addendum - Delivery Program 2024 - 2028

**ATTACHMENT 2 : ADDENDUM TO DELIVERY PROGRAM 2024-2028 AND OPERATIONAL PLAN 2024/25 - SPECIAL VARIATION RATE OPTIONS - ITEM 7.1 -
EXTRAORDINARY NORTHERN BEACHES COUNCIL MEETING - 28 JANUARY 2025**

Economic development, events and engagement

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new					
G12	Commercial centres upgrade	-	-	1,587	2,520
Total new expenditure		-	-	1,587	2,520

Property and facilities

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new					
G12	Surf life saving club minor building works	-	-	-	560
Total new expenditure		-	-	-	560
Capital renewal					
G5, G9	Disability access compliance works	-	27	73	106
G12	Heritage building renewal	-	-	36	56
G5, G6	Operational buildings renewal	-	282	844	560
G5	Building plant renewal	-	530	654	1,344
G12	Warringah Aquatic Centre renewal	-	106	218	336
G12	Surf life saving club renewal works	-	-	-	560
Total renewal expenditure		-	945	1,825	2,962

Property and facilities (continued)

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Operational					
G12	Building maintenance	-	849	582	896
Total operational expenditure		-	849	582	896

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*Subject to annual
operational plan adoption

Including Operational Plan and Budget 2024/25 - Special Variation to rates - Addendum

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Special Variation to Rates - Addendum (Option 4: Increase services)

Like many councils in NSW, Northern Beaches Council is facing growing pressure to its financial sustainability. Increases in income, under the NSW rate peg system, have not reflected the rising costs of materials, contracts, and construction. Likewise, Sydney's inflation over the 4 years to 30 June 2024 is almost double the increase in rates income.

Council consulted with the community between 18 November 2024 to 12 January 2025 on options for a Special Variation to rates to improve Council's financial sustainability and infrastructure investment.

At its meeting on 28 January 2025, Council resolved to make an application to the Independent Pricing and Regulatory Tribunal for a Special Variation to rates. This is to address the asset renewal and maintenance gap and support environmental and natural risk reduction programs, build up a major renewal fund for future works. This will also provide the opportunity to accelerate the delivery of infrastructure and increase services in areas such as additional community grants, more footpaths, a fit for purpose lifeguard headquarters and improvements to sporting facilities and amenities buildings.

The increase, if approved will commence in 2025/26 and involve annual increases inclusive of the rate peg of 13.8%, 13.4% and 13.1% applied over 3 years (a total cumulative increase of 46%).

The income from the Special Variation and expenditure by key service on programs is set out below. Details of the programs receiving additional funding are over the page.

Draft addendum - Option 4

Prepared for the consideration of Council as part of the Business Paper for the Extraordinary Meeting on 28 January 2025

Option 4: Increase services

Income and expenditure

	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Opening balance	-	-	5,310	15,674
Additional rates income	-	19,614	42,601	69,233
Total	-	19,614	47,911	84,907

Expenditure by key service

Environment and sustainability	-	3,600	6,398	11,570
Waste and cleansing	-	61	126	196
Community, arts and culture	-	760	1,457	2,429
Environmental compliance	-	385	792	1,232
Parks and recreation	-	3,043	8,510	9,125
Transport, traffic and active travel	-	3,585	8,708	15,611
Economic development, events and engagement	-	-	1,587	2,520
Property and facilities	-	1,794	2,406	4,419
Total	-	13,228	29,984	47,102

	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Future funding				
Working capital	-	420	864	1,344
Depreciation and maintenance on new assets above	-	-	41	207
Disaster Fund	-	656	1,348	2,076
Total Option 4	-	14,304	32,237	50,729
Closing balance		5,310	15,674	34,178

18 Key Services

Environment and sustainability

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new						Operational					
G1	Water quality improvement (Clear Waters)	-	159	273	1,534	G2	Stormwater asset inspection	-	159	273	840
G1	Water sensitive urban design	-	48	111	205	G2	Enhance stormwater asset maintenance	-	96	250	325
G2	Climate change amplification	-	53	171	344	G2	Clear Waters maintenance program	-	3	17	32
Total new expenditure		-	260	555	2,083	G2	Gross pollutant trap (GPT) enhancement	-	7	38	15
Capital renewal						G2	Beach nourishment investigations and approvals	-	-	109	392
G2	Planned and reactive stormwater renewal	-	1,080	1,279	1,915	G2	Bushfire management	-	106	109	112
G16	Expanded pipe renewals program	-	151	311	482	G1	Bushland and invasive species management	-	538	1,107	1,704
G2	Minor stormwater works	-	43	89	137	G2	Contaminated lands management	-	212	218	224
G2	Ocean outfall stormwater renewal	-	-	136	210	G1	Creek rehabilitation program	-	106	218	336
G2	Flood mitigation program	-	372	1,164	1,793	G2	Floodplain management program	-	164	218	522
Total renewal expenditure		-	1,646	2,979	4,537	G2	Foreshore erosion mitigation and adaptation	-	53	55	56
						G2	Geotechnical risk management	-	212	218	224
						G2	Narrabeen Lagoon Entrance Management Strategy implementation	-	38	35	168
						Total operational expenditure		-	1,694	2,865	4,950

*Subject to annual
operational plan adoption

Addendum - Delivery Program 2024 - 2028

Waste and cleansing

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Operational					
G12	Improved street sweeping program	-	61	126	196
Total operational expenditure		-	61	126	196

Community, arts and culture

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new					
G12	Community centre upgrades - keyless entry and technology	-	530	545	560
Total new expenditure		-	530	545	560
Capital renewal					
G12	Glen Street Theatre renewal	-	55	7	189
G7	Glen Street Theatre renewal and specialised equipment	-	-	545	1,120
Total renewal expenditure		-	55	552	1,309
Operational					
G7, G12	50% increase in community grants	-	175	360	560
Total renewal expenditure		-	175	360	560

Environmental Compliance

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Operational					
G12	Compliance services	-	385	792	1,232
Total renewal expenditure		-	385	792	1,232

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*Subject to annual
operational plan adoption

Including Operational Plan and Budget 2024/25 - Special Variation to rates - Addendum

**ATTACHMENT 2 : ADDENDUM TO DELIVERY PROGRAM 2024-2028 AND OPERATIONAL PLAN 2024/25 - SPECIAL VARIATION RATE OPTIONS - ITEM 7.1 -
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20 Parks and recreation

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new					
G12	Playground upgrade program	-	-	145	728
G12	Aquatic Reserve lighting system	-	74	706	1,120
G12	Foreshores program	-	32	163	-
G12	Upgrades to amenities at sportsfield buildings	-	1,146	3,446	1,120
G12	Amenities program	-	-	327	-
Total new expenditure		-	1,252	4,787	2,968
Capital renewal					
G12	Grandstand renewal	-	371	55	-
G12	Sport building renewal	-	-	-	78
G12	Recreational trail renewal	-	115	236	364
G12	Playground renewal	-	133	273	420
G12	Rockpool renewal	-	230	977	1,865
G12	Seawall program	-	-	-	112
G12	Amenities renewal	-	175	360	560
Total renewal expenditure		-	1,024	1,901	3,399

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Operational					
G8	Extend lifeguard operations at Dee Why, Freshwater, Shelly Beaches and Clontarf Pool	-	-	249	393
G12	Maintenance planning of open spaces	-	21	39	-
G12	Maintenance of open spaces	-	158	325	501
G12	Tidal pool maintenance	-	35	73	112
G12	Reserve mowing	-	136	279	430
G12	Tree maintenance	-	177	364	560
G12	Tree planting	-	240	494	762
Total operational expenditure		-	767	1,823	2,758

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Addendum - Delivery Program 2024 - 2028

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Transport, traffic and active travel

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CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new					
G16	New cycleways	-	-	145	224
G16	New bus shelters	-	-	29	45
G16	New footpaths	-	354	728	1,120
G17	New kerb and gutter	-	53	109	168
G16, G17	New smart parking infrastructure	-	-	-	429
G17	New traffic facilities	-	177	364	560
G17	Completion of missing section of Coast Walk	-	-	-	3,360
Total new expenditure		-	584	1,375	5,906
Capital renewal					
G16	Multi-storey carpark renewal	-	159	491	560
G16	Wharves renewal	-	212	1,679	2,641
G16	Road renewal	-	877	1,803	2,778
G16	Retaining wall renewal	-	628	1,064	837
G16	Kerb and gutter renewal	-	141	291	448
G16	Carpark renewal	-	194	400	168
G16	Bus stops renewal	-	54	110	167
Total renewal expenditure		-	2,265	5,838	7,599

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Operational					
G16	Wharves maintenance	-	53	164	224
G16	Bridge maintenance	-	28	87	90
G16	Carpark maintenance	-	36	72	112
G16	Linkway maintenance	-	85	96	-
G16	Footpath maintenance	-	14	29	45
G16	Fencing maintenance	-	53	73	112
G16	Road pavement maintenance	-	230	487	773
G16	Scotland Island and Western Foreshores maintenance program	-	42	87	134
G16	Traffic facilities maintenance	-	53	109	168
G16	Retaining walls maintenance	-	35	73	112
G16	Road shoulders and unsealed roads maintenance	-	107	218	336
Total operational expenditure		-	736	1,495	2,106

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Including Operational Plan and Budget 2024/25 - Special Variation to rates - Addendum

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22 Economic development, events and engagement

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new					
G12	Commercial centres upgrade	-	-	1,587	2,520
Total new expenditure		-	-	1,587	2,520

Property and facilities

CSP	Programs*	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Capital new					
G12	Surf life saving club minor building works	-	-	-	560
Total new expenditure		-	-	-	560
Capital renewal					
G5, G9	Disability access compliance works	-	27	73	106
G12	Heritage building renewal	-	-	36	56
G5, G6	Operational buildings renewal	-	282	844	560
G5	Building plant renewal	-	530	654	1,344
G12	Warringah Aquatic Centre renewal	-	106	218	336
G12	Surf life saving club renewal works	-	-	-	560
Total renewal expenditure		-	945	1,825	2,962
Operational					
G12	Building maintenance	-	849	582	896
Total operational expenditure		-	849	582	896

*Subject to annual
operational plan adoption

Addendum - Delivery Program 2024 - 2028



Including Operational Plan and Budget 2024/25 - Special Variation to rates - Addendum



Long-Term Financial Plan

2024 - 2034

Special variation update: Funding our Future

2025/031170 - January 2025



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Executive summary

Like many councils in NSW, Northern Beaches Council is facing growing pressure to its financial sustainability as increases in income, under the NSW rate peg system, have not reflected the rising costs of materials, contracts, and construction.

High inflation, severe weather events, the COVID-19 pandemic and significant increases in costs like the Emergency Services Levy, insurance and gas, alongside constraints on rates income is placing significant pressure on Council's ability to maintain infrastructure and services at the required level.

The Council has undertaken a number of measures to assist in offsetting cost pressures in recent years including fee reviews, achieving efficiency gains and cost savings. This includes \$0.4 million in the development of the 2024/25 budget along with over \$2 million in the previous two financial years. While opportunities are continuously sought, these measures alone are unable to fully offset the impact of recent high inflation levels.

Sydney's inflation over the 4 years to 30 June 2024 was almost double the increase in rates income, which is equivalent to an accumulative variance of 10.2%, or \$19 million in rates income. This gap grows to \$24 million (12.6%) when measured against inflation on infrastructure construction costs. This gap is now built into Council's ongoing rates income, meaning the rate base will be permanently lower without intervention.

The Asset Management Plans require an additional investment of \$15.1 million per year to maintain and renew existing assets, along with \$10.4 million per year to uplift service levels and provide high priority new assets required by the community.

The Council's Long-Term Financial Plan (LTFP) is reviewed and updated each year as a rolling 10-year projection of Council's income and expenditure, assets and liabilities and cashflow. Updates have been made and include revised assumptions and indexation along with financial modelling for scenarios.

The LTFP shows income levels are no longer sufficient to fund operating expenses, invest in the ongoing renewal of infrastructure assets required by the Asset Management Plans and provide the necessary working capital to manage unexpected events, a scenario which is not sustainable and without intervention will continue to reduce services to the community.

The LTFP explores alternative scenarios to strengthen our position in the future and address the funding gap for the renewal and maintenance of existing assets along with options to improve services through a special variation to rates.

Community engagement on proposed options for a special variation to rates was undertaken between 18 Nov 2024 and 12 Jan 2025 and considered by Council at an Extraordinary Meeting on 28 January 2025. More information is available here: <https://yoursay.northernbeaches.nsw.gov.au/funding-our-future>

1. Introduction

The Long-Term Financial Plan forms part of our ten-year Resourcing Strategy, supporting Council's achievement of long-term goals in the Community Strategic Plan 2040. It ensures that we can sustainably deliver our related programs in our Delivery Program and Operational Plan.

What is the Long-Term Financial Plan?

The Long-Term Financial Plan (LTFP) explains how we will deliver services and assets now and in the future.

In forecasting to 2034, we consider a range of economic factors likely to affect our performance and finances and also make assumptions about how levels of service delivery to the community may change over time.

The Long-Term Financial Plan is important because it:

- assesses the financial sustainability of delivering service levels defined in the Delivery Program
- allows the costs of long-term strategic decisions to be quantified and debated
- determines the risk of future strategic directions
- allows scenario testing of different policies and service levels
- enables testing of sensitivity and robustness of key assumptions

The LTFP seeks to fully fund the infrastructure renewal program, as well as additional maintenance costs and depreciation that result from major facilities upgrades.

A key element of the Resourcing Strategy

The LTFP is a key part of our 10-year Resourcing Strategy within our integrated planning and reporting framework. The Community Strategic Plan 2040 (CSP) captures our community's long term needs and aspirations. The Resourcing Strategy supports the CSP, by setting out how we will resource what Council provides in a sustainable way.

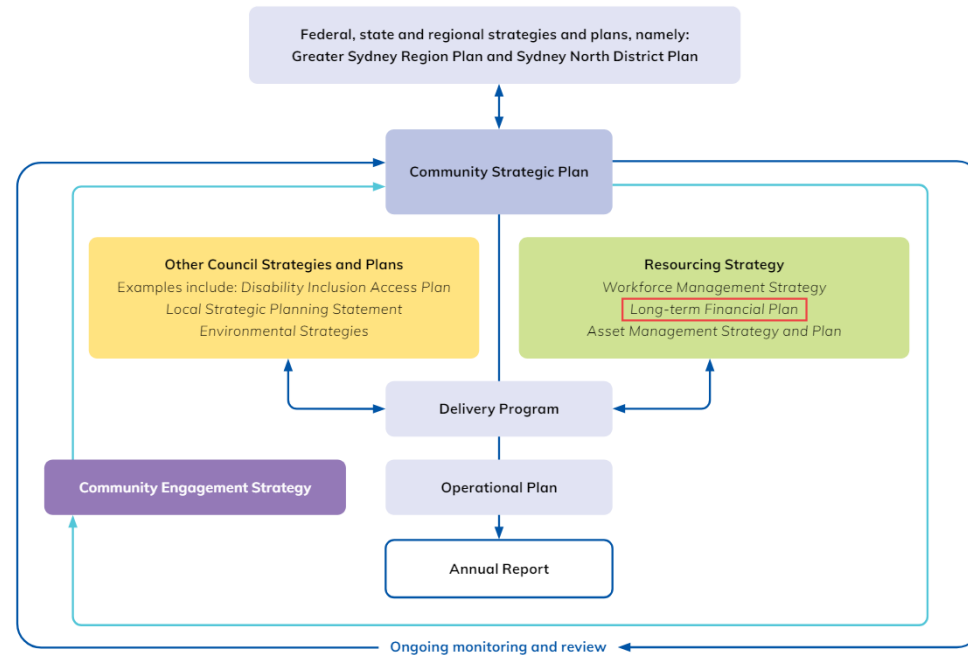
It is comprised of three interrelated elements:

- The LTFP enables us to understand the funding required to deliver services and build financial resilience to be able to withstand future shocks. It sets out how we will fund commitments such as infrastructure renewal, maintaining services, paying down debt and funding capital projects.
- The Workforce Management Strategy shapes the capacity and capability of our workforce to deliver quality services and outcomes for you. It sets out priorities for developing and enabling staff.
- Our Asset Management Strategy sets out how we will maintain our facilities and other assets, and create new ones. It covers assets such as infrastructure for stormwater, transport, parks and recreation, buildings and is supported by Asset Management Plans.

The Resourcing Strategy plans ahead, anticipating the changing demographics and needs of our community, along with other trends and challenges that may impact the services we deliver. Together all elements of the Resourcing Strategy ensure that our commitments for services and capital works are achievable in our four year Delivery Program and annual Operational Plan.

While other elements of the Resourcing Strategy are reviewed every four years with a new Council, the LTFP and Asset Management Plans are reviewed annually to ensure financial planning for the annual Operational Plan and Budget are sound.

Figure 1. Integrated Planning and Reporting Framework



2. Strategic alignment

The community is at the centre of what drives us, starting with the long-term community vision captured in the Community Strategic Plan 2040: *Northern Beaches - a safe, diverse, inclusive and connected community that lives in balance with our extraordinary coastal and bushland environment.*

This is supported by Council's purpose:
Partnering with the community to protect, improve and create our future.

Figure 2 – Strategic line of sight



The Community Strategic Plan captures our community's goals across environmental, social, economic and civic leadership outcomes. The Long-Term Financial Plan addresses the outcome of Good Governance, and its Goal 19: *'Our Council is transparent and trusted to make decisions that reflect the values of the community'*, including our financial planning and accountability.

Our lead strategies and plans set out what Council will do to meet our community's needs and priorities.

They address our functions such as urban planning, environment, transport, community services, arts and events, childcare, libraries, sportsfields, open space and the local economy. These have implications for our service levels as well as resourcing through our finances, facilities and other assets.

The Resourcing Strategy considers these priorities as well as service levels, constraints, external pressures and risks over the coming 10 years. These are factored into the planning for our workforce, assets and finances so associated costs are considered. The LTFP then sets out how we will fund commitments such as delivering our services, renewing our infrastructure, paying down debt, and funding new capital projects.

The LTFP provides the financial horizon for the Delivery Program, paired with capital works planned in the Asset Management Plans. These are then devolved into the annual Operational Plan and its budget across all services. The LTFP is renewed each year to ensure the four-year and annual plans are based on current and robust financial planning.

3. Principles and objectives

Financial management principles and objectives provide the framework for the development of Council's Long-Term Financial Plan and support consistent and informed decision-making by Council.

Under the *Local Government Act 1993* (the Act), councils must apply sound financial management principles that require responsible and sustainable spending and investment and ensure that future decisions consider intergenerational effects and equity.

These principles are applied in the Council's financial and asset management funding decisions and risk management practices.

Principles of sound financial management

The following principles of sound financial management apply to councils and are prescribed under the Act (section 8B):

- a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
- b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.

- c) Councils should have effective financial and asset management, including sound policies and processes for the following:
 - a. performance management and reporting,
 - b. asset maintenance and enhancement,
 - c. funding decisions,
 - d. risk management practices.
- d) Councils should have regard to achieving intergenerational equity, including ensuring the following:
 - a. policy decisions are made after considering their financial effects on future generations,
 - b. the current generation funds the cost of its services.

These financial principles are consistent with and support Council's Asset Management Policy.

Financial objectives

Financial objectives provide the framework for the development of Council's Long-Term Financial Plan and annual budget. The objectives enable consistent and informed decision-making by Council including funding options for infrastructure projects such as

borrowings which impact our present and future financial position. These financial objectives are also consistent with our Asset Management Policy.

1. Financial sustainability:

Generate sufficient income to fund ongoing services, renew and replace assets, meet future commitments, and maintain sufficient cash levels to support liquidity needs and unplanned events.

To do this we will:

- integrate asset management, long-term financial and strategic resource planning
- continually seek time, cost and quality service improvements and efficiencies and opportunities to increase income
- consider lifecycle costs in decisions relating to new and upgraded services and assets
- maintain sufficient cash and investments to ensure short-term working capital requirements are met
- limit the use of loan funds in the main to income producing assets and new infrastructure projects where intergenerational equity considerations justify spreading the cost between generations of ratepayers who benefit from the expenditure
- maintain a sound financial position, reflected in Council's performance ratios.

2. Safeguard financial legacy:

Create and safeguard our financial legacy by making prudent and responsible decisions that consider the financial impact on future generations.

To do this we will:

- ensure the current generation covers the cost of its services through a fully funded operating budget
- aim to achieve equity between generations of ratepayers where the mechanisms to fund specific capital expenditure and operations consider the ratepayers who benefit from the expenditure.

3. Deliver a balanced budget:

Council must achieve a fully funded operating position reflecting that Council collects enough revenue to fund operational expenditure, the repayment of debt and depreciation.

To do this we will:

- have a fully funded capital program, where the source of funding is identified and secured for both capital renewal and new capital works
- manage the immediate and ongoing financial impacts of shocks like a pandemic and weather events, to safeguard long-term financial sustainability
- maintain an unrestricted current ratio of greater than 1.5 to ensure the required level of cash is maintained to meet operational requirements as well as build cash reserves for contingencies that may arise. Strengthening this position over the years of the LTFP is a priority.

4. Fund current service levels:

The operating budget is designed to deliver current services and service levels.

To do this we will:

- maintain existing service levels to the community
- any changes to future service levels will be determined in consultation with the community.

5. Fund infrastructure renewal:

A disciplined approach is undertaken in fully using depreciation for the renewal of assets, informed by asset management plans and the prioritisation of assets in poor condition.

To do this we will:

- fully use depreciation for the renewal of assets and provide the appropriate level of funding for their scheduled and reactive maintenance – i.e. prioritise asset renewal needs over new assets
- continually monitor asset conditions to minimise the likelihood of infrastructure backlogs
- link the Asset Management Plans to the LTFP
- when funding is available:
 - provide well-maintained community assets that are fit for purpose and provide best possible community benefit
 - focus adaptation and mitigation investment on critical assets and infrastructure to ensure they are resilient to natural disasters and climate change impacts.

6. Responsible funding of new community assets:

Surplus funds and other funding sources are sought to meet additional infrastructure needs of the community in a prudent, ethical and responsible manner.

To do this we will:

- achieve operating surpluses (excluding grants and contributions provided for capital purposes) which can be used to provide new assets when there are insufficient development contributions or grant funding
- fund capital expenditure in a prudent, ethical and responsible manner. Council will seek and accept external funding contributions to a project where the acceptance of the funding will not compromise Council's principles or objectives
- when funding is available, ensure the community has access to the required infrastructure to meet community needs within a framework of LGA-wide priorities
- ensure asset management decisions consider sustainability and adaptability, based on full life cycle costs through acquisition, operation, maintenance, renewal, adaptation and disposal.

Borrowing policy

Borrowings, where appropriate and financially responsible, can be an important funding source for income-generating projects and the delivery of significant new infrastructure to support intergenerational equity. The following is to be considered before entering a new loan arrangement.

- Borrowings should only be used as the last resort to finance projects of the highest priority to Council which are unable to be funded from income.
- The use of loan funds will, in the main, be limited to income producing assets and new infrastructure projects where intergenerational equity considerations justify spreading the cost between generations of ratepayers who benefit from the expenditure.

- Loans are not a funding source for operating expenditure.
- The total amount of loan borrowings must be sustainable in terms of ability to meet future repayments and budgetary obligations. The funding source to meet repayments must be identified before entering any new loan arrangement.
- The term of any loan is not to exceed the expected economic life of the asset being funded.

Council also maintains an overdraft facility of \$5 million as an integral and prudent part of cash management in responding to unexpected events without the need for the early redemption of term deposits.

4. Northern Beaches context

When preparing the Long-Term Financial Plan, many factors are taken into consideration and a vast array of research and statistics are analysed to forecast the likely revenue that will be available to meet the community's long-term objectives.

The Northern Beaches local government area (LGA) covers 254km² of urban and natural environment and is located to the north of the Sydney CBD. There is 80 km of coastline and several national parks in the area, as well as four coastal lagoons, Manly Dam and many other Council reserves. Apart from housing there are also large areas for commercial and retail, light industry and rural land uses.

4.1 Community¹

The population is 267,921 people (Estimated Resident Population 2023) living across 105,016 dwellings.

Other characteristics include:

- the largest age group is 45-49 years old, with over 20,500 people and comprising 8% of our population
- an ageing population: those aged 60+ years will grow by 26% by 2034, another 16,100 people
- living arrangements include 37% of the population as couples with children, 26% couples, 22% single, 9% single

parents and 3% in group living situations such as nursing homes

- 4% of residents have a disability that needs daily assistance, and 11% provide unpaid assistance to a person with disability, long term illness or elderly.

4.2 Economy²

Our local economy features over 32,900 local businesses and:

- 58% of our working population work full time, 41% part time
- 54% of working residents work locally
- 116,671 local jobs with 15% in healthcare and social assistance, 14% in construction and 12% in retail
- healthcare and social assistance is our fastest growing industry
- Gross Regional Product was estimated at over \$21 billion in 2023.

¹ Community data obtained from ID Planning
- Northern Beaches Community Profile
<https://profile.id.com.au/northern-beaches>

² Economy data obtained from ID Economy
- Northern Beaches Economic Profile
<https://economy.id.com.au/northern-beaches>

4.3 Council's role and partners

Council provides a range of services and facilities to the community and local businesses across social services, arts, culture and events, a theatre and museum, libraries, childcare, environment and waste management, parks and recreation, beaches and pools, planning and place management, local transport networks, economic development, cemeteries, holiday facilities, customer

service and community engagement. We work together with the State Government on some of these functions to ensure our community's needs are recognised – such as in planning and development, social and affordable housing, community safety, public transport and major roads, natural hazards and emergency management.

Some of key agencies and other bodies we work with include:

NSW Government:

- Department of Planning and Environment
- Greater Cities Commission
- Infrastructure NSW
- Department of Primary Industries
- Office of Local Government
- Office of Sport
- Destination NSW
- Transport for NSW
- Department of Education
- Department of Communities and Justice
- Rural Fire Service and Fire and Rescue
- Police and State Emergency Service

Not for Profits:

- Aboriginal Heritage Office
- Surf Life Saving Northern Beaches
- Community housing providers
- LocalKind Northern Beaches
- Disability advocates
- Charities, churches and shelters
- Easylink Community Transport
- Cycling NSW
- Pedestrian Council of Australia
- Green Building Council of Australia

Other:

- Local resident associations
- Cultural and sporting groups
- Local businesses
- Chambers of Commerce
- Kimbriki Environmental Enterprises
- Utility providers
- TAFE and universities
- Sydney Coastal Councils
- Cities Power Partnership
- Resilient Cities Network

We also partner with our community, community groups and others to deliver the best outcomes. This includes the use of our facilities by community groups, schools and not for profit organisations such as community centres and hubs, creative art spaces, sportsfields, surf club and sports club buildings, aquatic centres and the Coastal Environment Centre. This may involve the charging of a fee, or a subsidised lease for exclusive use. Various open spaces are hired for filming, sporting or major events as the Northern Beaches provides many stunning locations.

Council manages \$2.5 billion of land assets, \$3.9 billion of infrastructure assets and \$0.1 billion of others such as IT equipment, plant and fleet. Our infrastructure assets include the stormwater network, transport network (local roads, paths, cycleways, bus shelters, wharves, bridges, retaining walls), sportsfields and other parks and recreation assets, some foreshore and coastal protection structures and a wide range of buildings and

public amenities. Each year Council plans ahead to understand investment levels required to ensure our assets meet the needs of our changing community, are well maintained, accessible, safe and operational, and upgraded when needed.

While around 57% of Council's income is sourced from rates and annual charges from property ratepayers, our services and infrastructure works are also funded from grants, statutory contributions, interest on investments, dividends from the Kimbriki waste facility and fees and charges. At times new major assets are provided by Council, often with the assistance of Government grants, such as Narrabeen Lagoon pedestrian and cycle bridge, new surf club buildings, footpaths and many recent cycleways. We also work together with bodies such as sports clubs, Surf Life Saving and the Rural Fire Service to fund upgrades to related buildings where needed.

4.4 Financial issues and risks

An analysis of financial issues and risks that impact Council's ability to meet its objectives has been undertaken.

Risks

- Regulatory financial management restrictions placed on Council and its ability to raise revenue limit Council's ability to forward plan with certainty, when the largest funding source is reliant on the annual rate peg announcement
- Ongoing economic instability results in further uncertainty in estimating costs and setting prices
- Pressures from climate change, population growth and increased property values will drive increased exposure to our entire community, from a safety, wellbeing, and financial perspective unless we take active steps to manage these risks. The Northern Beaches area is particularly vulnerable to natural hazards including bush fire, flooding, landslip, coastal erosion and storms. As the climate changes, exposure to natural hazards such as heatwaves, heavy rainfall, severe bush fire conditions, storm surges, sea-level rise and flooding will increase. Efforts to increase resilience in the community and natural and built environments are needed along with measures to reduce carbon emissions and increase efficiencies in managing energy, water and waste.
- Many projects are funded through grants. It is often not possible to submit grant applications several years in advance, and a subsequent failure to receive grant funding may severely affect the ability of the Council to deliver a project. Grants that are not recurring in nature or secured are not included in the LTFP for this reason.
- Political decisions at the State and Commonwealth level that change policy and legislation that Council operates under could negatively impact on our revenue generating capability, transfer greater service delivery responsibility to Council or result in population growth with insufficient planning and funding.
- A number of State and Federal Government inquiries are underway. The outcomes from these inquiries may lead to changes that impact Council.

Issues

- The most significant financial consideration is the gap that has occurred in recent years between rates income and costs. The new IPART rate peg will not address the historical lag between the rate peg and inflation that caused such a significant gap during recent high inflation periods. IPART suggested councils consider addressing the lag through the Special Variation process.
- This occurred alongside other issues that placed pressure on Council's budget during this period including the COVID-19 pandemic, storms and increases in the Emergency Services Levy. This resulted in the re-prioritisation of many programs and capital expenditure projects to ensure Council had the capacity to respond to these issues. Rebuilding working capital and focusing on reducing the infrastructure renewal backlog are a priority.
- The Asset Management Plans identify infrastructure challenges that will require an additional investment of \$15.1 million per

year to renew and maintain existing assets along with an additional \$10.4 million per year to invest in service uplifts and new assets.

Category	10 yr gap (\$m)*
Renewal Gap	\$117
Maintenance Gap	\$34
Uplift in Service Gap	\$67
New Asset Gap	\$37
Total unfunded Asset Management Plans	\$255m

* 10 year gap is expressed in present values (as at 30 June 2023)

- To address these issues and meet growing expectations, funding options will need to be explored with the community. Resourcing options to address the funding gap is explored in Options 2, 3 and 4 in this LTFP.

5. Risk management

Council has a cautious risk appetite for financial risks and will manage risks that have the potential to adversely impact on its long-term sustainable future.

Council's activities expose it to a variety of risks which are considered in preparing the LTFP. Council recognises the importance of a risk framework to strengthen its capacity to effectively identify, understand and capitalise on challenges and pursue opportunities. Council has different levels of risk that it is prepared to accept before mitigation action is deemed to be necessary.

Council has a cautious risk appetite for financial risks and its preference is for safe options that are very low risk, tightly controlled, and which only pursue a potential for reward when it safely outweighs the risk/s taken. Council manages its budgets and financial commitments prudently to remain within its approved annual and long-term plans. Budgets are considered through effective short, medium and long-term financial planning and

investment strategies and long-term asset management plans to maintain a disciplined approach to financial sustainability.

The risk of Council's financial position becoming unsustainable has been identified as a Strategic Risk Area for the organisation. There are likely causes, both external and internal, that could lead to this situation without the presence of risk controls. Controls are in place to mitigate this risk including the preparation of this LTFP informed by Council's Asset Management Plans.

However, long term planning in a dynamic environment has some level of uncertainty. Risks such as changes in legislative requirements and economic risks have been discussed in the previous section. These risks could materially change the outcome and projected results of this plan. The Sensitivity Analysis within this LTFP tests the impact of inherent economic risks.

6. Current financial position

Council's financial results in recent years largely reflect the impact of COVID-19 pandemic restrictions on operations, the support measures in place for the community and the recovery process. The net cost to Council of the COVID-19 pandemic was \$41 million.

Other significant events placing pressure on Council include storms, flooding and bushfire threats. In the past 6 years the Northern Beaches experienced 7 natural disasters at a cost of \$15 million, of which \$7 million has been recovered to 30 June 2024, from the Federal Government Disaster Recovery Funding Arrangements.

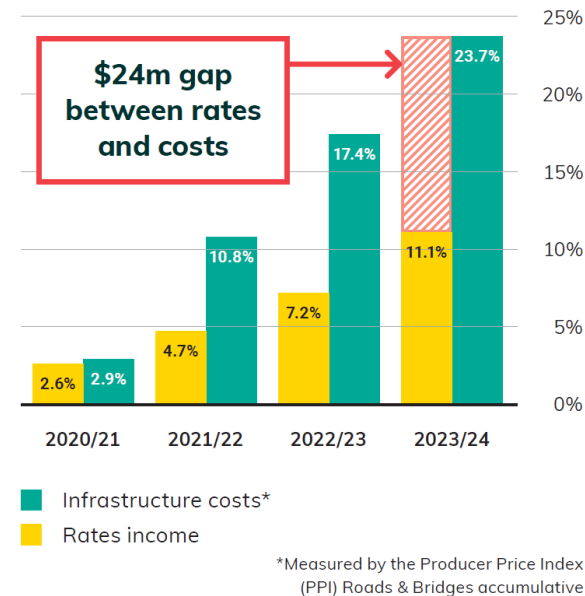
In 2023/24 the Emergency Services Levy increased by \$3 million to \$9 million, equivalent to a \$30 increase per ratepayer. The Council was required to reduce infrastructure spending by \$3 million per year to fund this cost increase.

High inflation and price volatility, combined with the historical lag in the rate peg, are resulting in a growing divergence between costs and rates income, with Sydney's inflation over the 4 years to 30 June 2024 being almost double the increase in rates income. The growing divergence between CPI and rates income is equivalent to an accumulative gap of \$19 million (10.2%) in rates income.

When the rates income is compared to the cost of infrastructure indicated by the Producer Price Index for Roads and Bridge Construction, the gap grows to \$24 million (12.6%) over the same

period.³ This gap is now built into Council's ongoing rates income, meaning the rate base will be permanently lower without intervention. This reduces Council's capacity to address unfunded elements of the Asset Management Plans.

Increases in infrastructure inflation* vs rates income



³ 4 year period from July 2020 to 30 June 2024 – Sydney CPI 21.3%, NSW Producer Price Index Roads and Bridges 23.7%, rates increase 11.1%

Key financial and asset management performance ratios are weakening. Income levels are no longer sufficient to fund operating expenses, invest in the ongoing renewal of infrastructure assets required by the Asset Management Plans and provide the necessary working capital to manage unexpected events.

It is important to note Kimbriki's financial performance and position is consolidated with Council's position. This includes cash and investments which are held for operational purposes, future capital expenditure and the future remediation of the landfill site. These funds are held for the management of the facility and are governed by an independent Board. If Kimbriki's financial position was excluded the Council's performance against most benchmarks would be weaker.

Council's Financial Statements provide a summary of our financial performance and are available on our website.

7. Forecasting future budgets

In planning for the financial year 2024/25, and beyond, we have made assumptions on factors outside of our control such as inflation, wage increases and the rate peg.

In other words, our current budget and long-term outlook is based on the most likely scenarios.

To illustrate how further negative movements in these factors could affect our budgets in coming years, we have included a separate sensitivity analysis.

7.1. Revenue forecasts

In determining the likely revenue that will be available to meet the community's long-term objectives, we have considered the following items.

7.1.1 Capacity for rating

Income from rates is a major component of Council's revenue base. The community's capacity and willingness to pay rates and whether there is potential for changes to the rate path are an important consideration when determining a rating structure.

In making that judgement, Council considers information related to:

- the potential to reduce the reliance on rates through increased revenues from other sources
- the projected impact of the rate cap
- changes in rating revenues from changing demographics and industry makeup
- opportunities for a special variation to general income
- any need to increase the reliance on rating due to a reduction of revenues from other sources such as a decline in grants and subsidies

No change in the rating categories and sub-categories was proposed for the 2024/25 year, nor the method of rating. Options 2, 3 and 4 of this LTFP explore an application to IPART for a Special Variation to rates to address unfunded requirements of the Asset Management Plan, environmental and natural risk reduction programs and improvements to services and assets.

Socio-economic analysis and rates affordability

The following analysis assists in undertaking this assessment of the community's capacity and willingness to pay rates.

Residential properties

In the 2023/24 financial year, there are 96,354 properties across Northern Beaches Council rated as 'Residential'. These properties include single dwellings, social housing and multi-unit dwellings.

Housing tenure

In the Northern Beaches Council area, 68% of households were purchasing or fully owned their home, 24.5% were renting privately, and 1.6% were in social housing in 2021 (ABS).

The median monthly mortgage repayment across the Northern Beaches was \$3,124 and the median weekly rent was \$650⁴.

Household income and employment status

According to the 2021 Census the median weekly income of households across the Northern Beaches was \$2,592 which was \$515 more than the Greater Sydney area.

In June 2024 Northern Beaches had an unemployment rate of 2.4% (3,660 people), lower than the Greater Sydney rate of 3.9%⁵.

⁴ Australian Bureau of Statistics, Census of Population and Housing 2021 <https://www.abs.gov.au/census/find-census-data/quickstats/2021/LGA15990>

⁵ Jobs and Skills Australia, Small Area Labour Markets, June quarter 2024 <https://www.jobsandskills.gov.au/data/small-area-labour-markets>

Wellbeing Index

The annual SGS Cities and Regions Wellbeing Index measures the economic wellbeing of local government areas based on a range of criteria. In 2024 Northern Beaches was ranked as the highest in the nation for overall wellbeing. The Northern Beaches was one of the highest performing regions in terms of income and wealth with the report stating, "The relationships between a region's economic resources and labour market trends is no doubt related to key measures of financial security, such as individual and household income and wealth."⁶

Index of Relative Socio-Economic Disadvantage (IRSED)

The Index of Relative Socio-Economic Disadvantage (IRSED) is based on the 2021 Census and is useful in identifying geographic areas that are relatively disadvantaged. The index is derived from attributes that reflect disadvantage such as low income, low educational attainment, high unemployment, and jobs in relatively unskilled occupations.

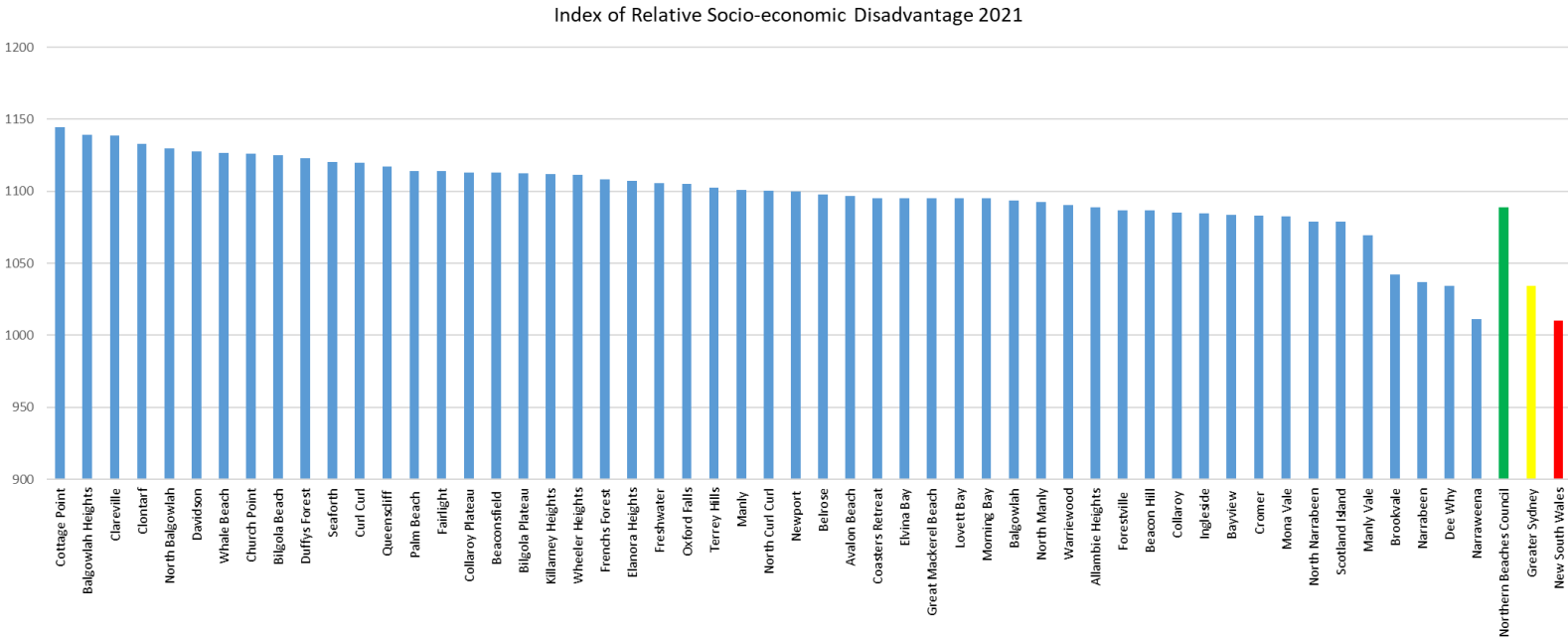
An area with an IRSED of 1,000 is considered average while a lower score indicates that the area is experiencing more disadvantage.

⁶ SGS Cities and Regions Wellbeing Index, May 2024

https://sgsep.com.au/assets/main/SGS-Economics-and-Planning_SGS-Cities-and-Regions-Wellbeing-Index_2024_Website.pdf

The IRSED for the Northern Beaches is higher than the average at 1,089. This indicates relatively lower levels of socio-economic disadvantage as compared to other LGAs. An analysis undertaken by Morrison Low⁷ shows 93% of Local Government Areas in Australia are more disadvantaged compared to the Northern Beaches.

The IRSED index by suburb is illustrated below. Whilst there is some variation across the LGA, no area falls below 1,000.



Source: Australian Bureau of Statistics, Socio-Economic Indexes for Areas (SEIFA), Australia 2021

⁷ Morrison Low, 'Capacity to Pay Report Northern Beaches', Dec 2024, p14

Capacity to pay report

To assess the affordability of a rate increase within the Northern Beaches, the Council engaged an independent analysis by Morrison Low. The analysis considered a wide range of socio-economic factors and other data and evaluated the general financial capacity of ratepayers to pay the proposed rate changes. It also considers the financial vulnerability and exposure of different community groups within the local government area.

Overall, the report found that there is capacity to absorb the additional rates payable proposed under the Special Variation options included in this LTFP, particularly if this is supported by an appropriate hardship policy.

Morrison Low's '*Capacity to Pay Report - Northern Beaches Council December 2024*' was presented to Council at an Extraordinary Meeting on 28 January 2025 and is available on Council's website.

Outstanding rates and annual charges

On 30 June 2024, 3.83% of rates and annual charges levied remained outstanding which remains well under the industry benchmark of 5%. This is an important consideration in setting options for funding within this plan and is one of the indicators of our ratepayers' capacity and willingness to pay for the services of the Council.

Financial hardship and rebates

Council understands that individual ratepayers may experience financial hardship and has options available to provide support through the Rates and Annual Charges Hardship Policy.

Concessions are also available to eligible pensioners.

Rate peg and Special Variations

The maximum amount councils can collect in income from rates is determined each year by the Independent Pricing and Regulatory Tribunal (IPART) through their rate peg methodology.

A council can apply to IPART for a Special Variation (SV) to the rate peg – which enables a Council to establish an increase in rates income above the rate peg. Options 2, 3 and 4 in this LTFP explore SV options to address financial sustainability issues and provide capacity to respond to shocks and opportunities and invest in new community assets and improved services.

Willingness to pay

In August 2024 Council, conducted a random telephone survey of residents living in the Northern Beaches to identify community priorities, overall level of satisfaction with Council performance, residents' satisfaction with the services and facilities, their experience of contact with Council as well as the support for paying more to improve the level of services, facilities and infrastructure.

The survey found the top 5 priority areas for Council to focus on are roads, development and planning, environment and sustainability, traffic management/road safety and improve/maintain services and facilities.

Council also surveyed the community as to its support to pay more for improvements in the environment, facilities, infrastructure, user services and maintenance. Over 60% of residents surveyed indicated that they are at least somewhat supportive of paying more for such improvements demonstrating that a level of capacity and willingness exists in the community to fund improvements moving forward.

7.1.2 Fees and charges

A number of the services we provide are offered on a user pays basis. In preparing the LTFP, possible future income from fees and charges, including opportunities to reduce reliance on other forms of income, has been considered.

7.1.3 Grants and subsidies

Council receives an annual Financial Assistance Grant allocation from the Commonwealth as well as grants for specific programs. We have assumed we will continue to receive grants of this nature that are recurring. Should these grants and subsidies be reduced, our ability to provide the same level of service will be impacted.

The Financial Assistance Grant has been paid partially in advance for a number of years, with the advance payment for the following year generally occurring in the last quarter. We have assumed this will continue.

7.2. Borrowings

External borrowing is proposed in 2024/25 to part fund an infrastructure projects:

External loan	\$'000
2024/25 Warriewood Valley Community Centre	10,450

Refinancing of an existing loan which has an initial 10-year term will also be undertaken. The residual at maturity of the initial term was based on repayments over a term of 20 years. The refinancing of this loan is consistent with the loan documentation and planning undertaken at its initiation and was endorsed by Council at their meeting on 27 June 2023.

Refinance external loan	\$'000
2024/25 Former Manly Council Loan CBA 48	2,400

An internal loan from the Mona Vale Cemetery Internal Cash Reserve was endorsed by Council at their meeting on 27 June 2023 to part fund the Enterprise Resource Planning system replacement. The loan will be repaid to this internally restricted reserve over 10 years with the equivalent interest the funds would have earned over the same period:

Internal loan	\$'000
2024/25 ERP Project – internal loan from the Mona Vale Cemetery Internally Restricted Cash Reserve	2,400

7.3. Cash reserves

Detailed modelling has been undertaken to manage Council's restricted cash reserves including development contributions, domestic waste and the Kimbriki landfill remediation reserves.

Working capital needs to be maintained at sufficient levels to provide against unforeseen and unbudgeted expenditures. This includes storm events, the need to undertake works unbudgeted in the current financial year which may impact on services to the community, the safety of the community and the protection of community assets. The events of the last few years now mean Council needs to rebuild working capital. Future operating surpluses are required to reinstate working capital levels.

7.4. Expenditure forecasts

In developing expenditure forecasts, new expenditure items and ongoing commitments have been considered. This has included costs for capital and recurrent expenditures such as maintenance costs and capital renewals for infrastructure assets. Consideration has also been given to appropriate phasing of when the costs are expected to be incurred including expenditure for planning, construction, implementation and ongoing maintenance.

Increased maintenance expenditure has been included within the plan for new assets.

The Asset Management Plans identify a level of unfunded works. To deliver the funding needed to progress these projects, Special Variation to rates options were explored with the community between November 2024 and January 2025 and considered by Council at an Extraordinary Meeting on 28 January 2025. More information is available on the Council engagement page:

<https://yoursay.northernbeaches.nsw.gov.au/funding-our-future>

7.5. Financial modelling

The development process for the LTFP has included financial modelling taking account of different scenarios. This has been presented in the sensitivity analysis.

8. Financial planning assumptions

In preparing the budget, consideration was given to a range of economic and political factors that affect our finances. This impacts our capability to maintain existing levels of service and long-term financial sustainability.

Based on reputable sources such as Deloitte Access Economics, we have made assumptions in putting together this year's budget and long-term financial outlook. The assumptions are detailed below:

8.1 Market driven planning assumptions

As part of undertaking financial modelling, key assumptions that underpin the estimates must be made. The following assumptions have been used in the modelling contained in the Long-Term Financial Plan.

Growth

Demographic trends and projections influence planning for housing, jobs, infrastructure, facilities and other services.

The Northern Beaches population is projected to increase to over 296,000 people in 2034, at an average of 0.9% per annum, or approximately 2,500 extra persons per year.⁸

Inflation (Consumer Price Index (CPI))

Inflation has been assumed as follows:

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Consumer Price Index (CPI)	3.2%	2.9%	2.5%	2.5%	2.4%	2.3%	2.3%	2.4%	2.5%	2.5%

Source: Deloitte Access Economics Business Outlook – Underlying CPI – 2024/25 sourced from the September 2023 quarter update and future years from the September 2024 quarter update.

⁸ Source: .id – March 2024 <https://forecast.id.com.au/northern-beaches>

8.2 Income assumptions

Rates

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Rate peg -										
Option 1: Reduce service		3.8%	3.4%	3.1%						
Special variation -		3.8%	3.4%	3.1%						
Option 2: Maintain service		+	+	+						
	4.9%	6.0%	6.0%	6.0%	3.0%	3.0%	3.0%	3.0%	3.1%	3.2%
Special variation -		3.8%	3.4%	3.1%						
Option 3: Improve service		+	+	+						
		8.3%	8.3%	8.4%						
Special variation -		3.8%	3.4%	3.1%						
Option 4: Increase service		+	+	+						
		10.0%	10.0%	10.0%						
Rates and annual charges growth	0.01%	0.08%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%

2024/25 is based on the IPART's rate peg of 4.9%, along with 2025/26 at 3.8%.

Subsequent years are an estimation of the Rate Peg, based on IPART's methodology. Specifically, 40% of costs being Employee Costs, 18% being the Producer Price Index (Roads and Bridges) and 42% being CPI with an estimate for the Emergency Services Levy adjustment factor.

Options 2, 3 and 4 also include an additional amount through a Special Variation to rates to close the asset renewal and maintenance gap, strengthen working capital and invest in new assets and services.

Rates growth represents the average annual growth in income (measured over five years) due to supplementary valuations and

anticipated population growth. This is also applied to annual charges for domestic waste and stormwater.

Option 1, 'Reduce service', is the primary model and is the basis upon which the Delivery Program and budget was prepared. It assumes that rates income will increase by the rate peg each year.

Options 2, 3 and 4 explore the revenue implications if Council was to increase expenditure to meet asset maintenance gaps, provide new services and improve working capital levels without reducing service levels elsewhere.

For more information on these options refer to Council's Special Variation to Rates 'Funding our Future' engagement page: <https://yoursay.northernbeaches.nsw.gov.au/funding-our-future>

Average rates

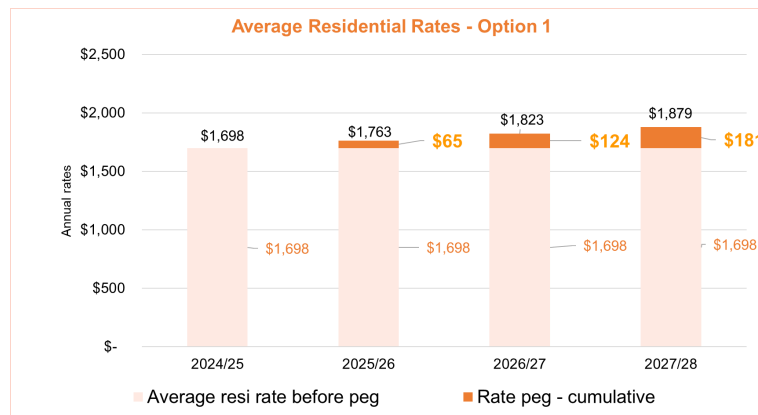
The below tables outline the average rate impact, by major rating categories, as a consequence of the proposed rates increases.

Option 1: Reduce service – impact on rates – residential

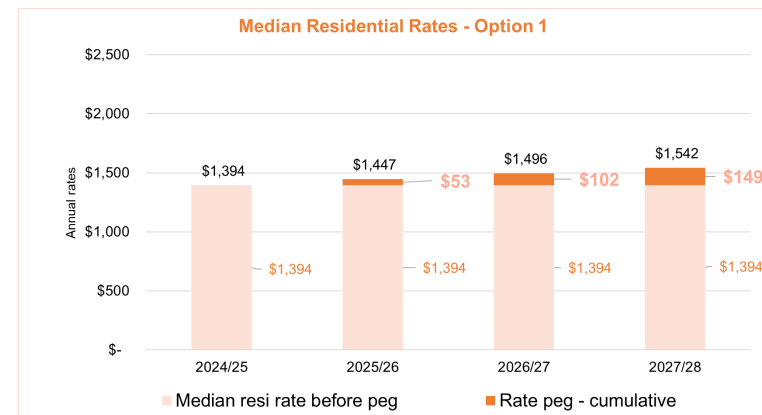
Impact on average residential rates of the rate peg of 3.8% in year 1, 3.4% in year 2 and 3.1% in year 3 (10.7% in 3 years)

	Base year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average residential rate under assumed rate peg	\$1,698	\$1,763	\$1,823	\$1,879	\$181
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Cumulative impact of rate peg above base year level		\$65	\$124	\$181	

Numbers presented may not sum precisely to the total due to rounding



Average - based on residential rates income divided by residential properties (96,354) – it is the equivalent of rates based on a land value of \$1.63 million.



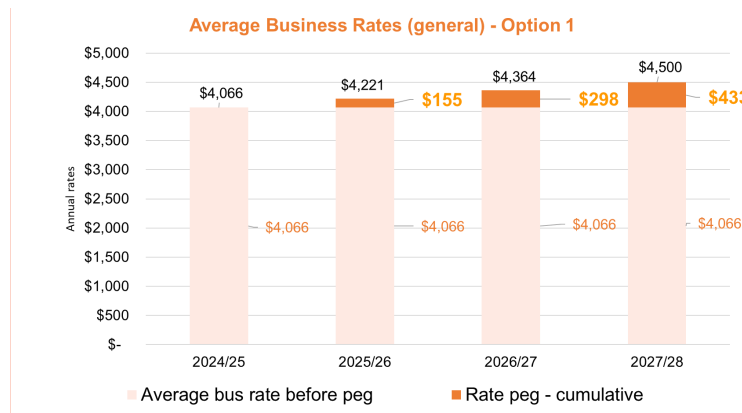
Median - based on the median (midpoint) residential land value of \$1.34 million – the median is a closer reflection of the average ratepayer.

Option 1: Reduce service – impact on rates – business (general)

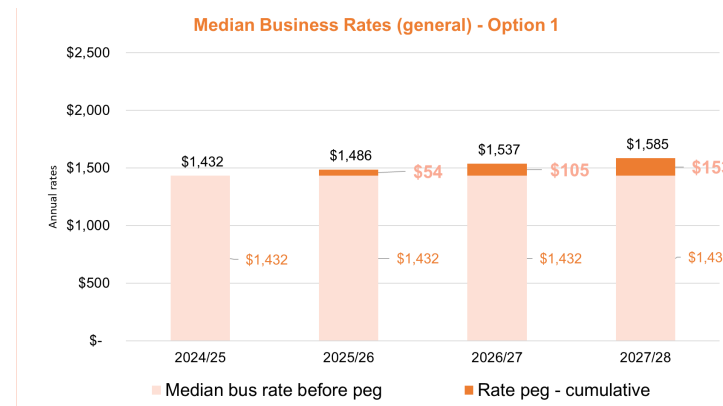
Impact on average business rates (general) of the rate peg of 3.8% in year 1, 3.4% in year 2 and 3.1% in year 3 (10.7% in 3 years)

	Base year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average business rate under assumed rate peg	\$4,066	\$4,221	\$4,364	\$4,500	\$433
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Cumulative impact of rate peg above base year level		\$155	\$298	\$433	

Numbers presented may not sum precisely to the total due to rounding



Average - based on business (general category) rates income divided by properties within this category (6,538) – it is the equivalent of rates based on a land value of \$1.15 million.



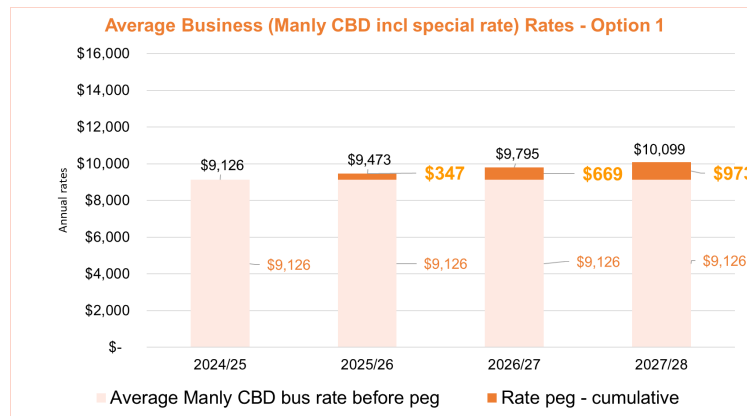
Median - based on the median (midpoint) business (general category) land value of \$0.279 million – the median is a closer reflection of the average ratepayer.

Option 1: Reduce service – impact on rates – business (Manly CBD including special rate)

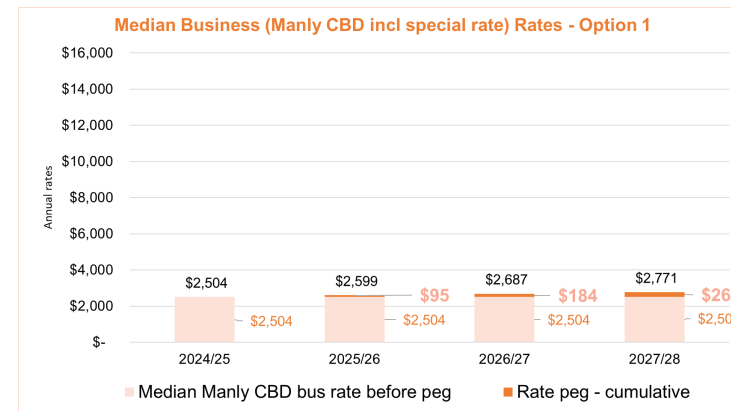
Impact on average business rates (Manly CBD incl special rate) of the rate peg of 3.8% in year 1, 3.4% in year 2 and 3.1% in year 3 (10.7% in 3 years)

	Base year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average business rate under assumed rate peg	\$9,126	\$9,473	\$9,795	\$10,099	\$973
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Cumulative impact of rate peg above base year level		\$347	\$669	\$973	

Numbers presented may not sum precisely to the total due to rounding



Average - based on Manly CBD business sub-category rates income divided by properties within this category (640) – it is the equivalent of rates based on a land value of \$1.19 million.

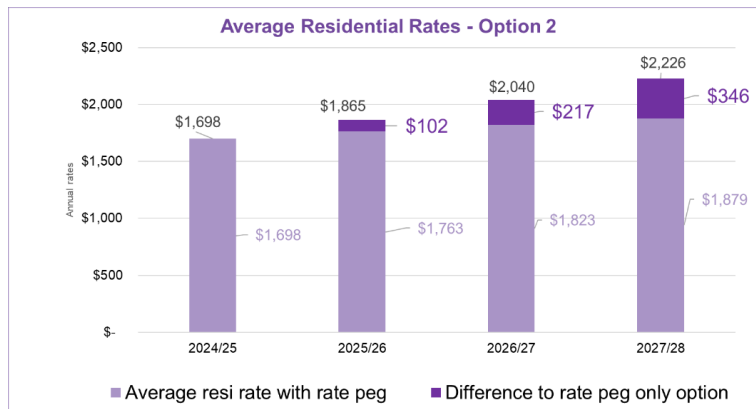


Median - based on the median Manly CBD business sub-category land value of \$0.328 million – the median is a closer reflection of the average ratepayer.

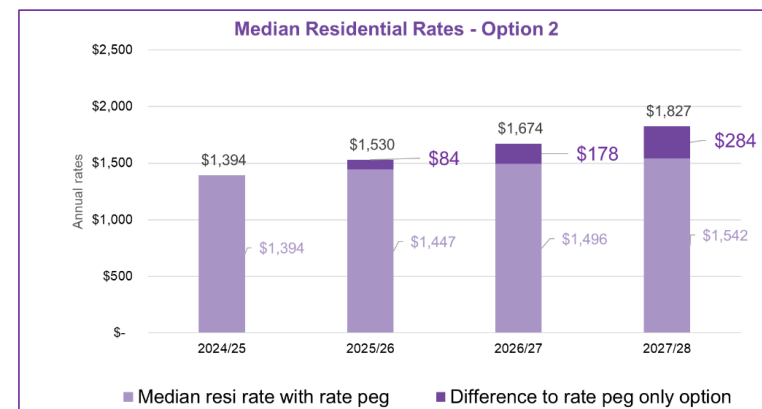
Option 2: Maintain service – impact on rates - residential**Impact on average residential rates of a permanent SV of 9.8% in year 1, 9.4% in year 2 and 9.1% in year 3 (31.1% SV)**

	Base year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average residential rate under assumed rate peg	\$1,698	\$1,763	\$1,823	\$1,879	\$181
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Annual increase rate peg with an SV for 3 years	\$1,698	\$1,865	\$2,040	\$2,226	\$527
Annual increase with SV		9.8%	9.4%	9.1%	31.1%
Cumulative impact of SV above base year level		\$166	\$342	\$527	
Difference between SV and rate peg only scenarios		\$102	\$217	\$346	

Numbers presented may not sum precisely to the total due to rounding



Average - based on residential rates income divided by residential properties (96,354) – it is the equivalent of rates based on a land value of \$1.63 million.



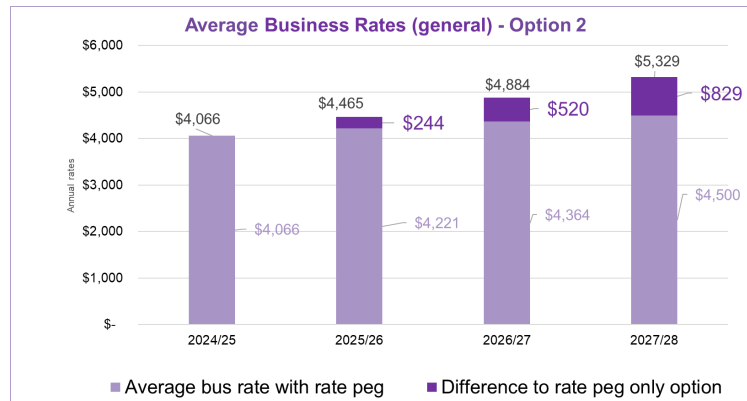
Median - based on the median (midpoint) residential land value of \$1.34 million – the median is a closer reflection of the average ratepayer.

Option 2: Maintain service – impact on rates – business (general)

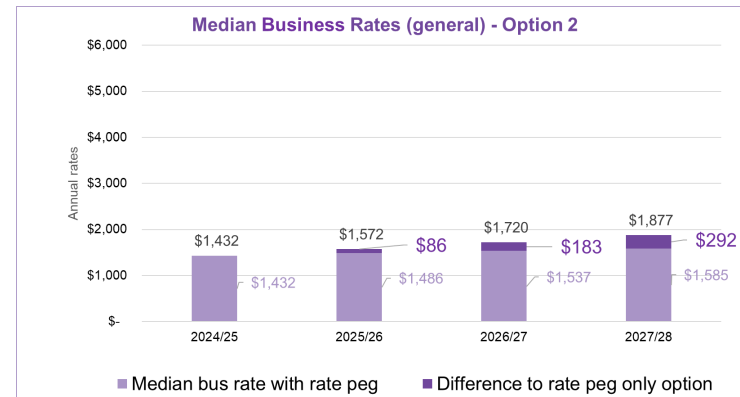
Impact on average business rates (general) of a permanent SV of 9.8% in year 1, 9.4% in year 2 and 9.1% in year 3 (31.1% SV)

	Base Year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average business rate under assumed rate peg	\$4,066	\$4,221	\$4,364	\$4,500	\$433
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Annual increase rate peg with an SV for 3 years	\$4,066	\$4,465	\$4,884	\$5,329	\$1,263
Annual increase with SV		9.8%	9.4%	9.1%	31.1%
Cumulative impact of SV above base year level		\$398	\$818	\$1,263	
Difference between SV and rate peg only scenarios		\$244	\$520	\$829	

Numbers presented may not sum precisely to the total due to rounding



Average - based on business (general category) rates income divided by properties within this category (6,538) – it is the equivalent of rates based on a land value of \$1.15 million.



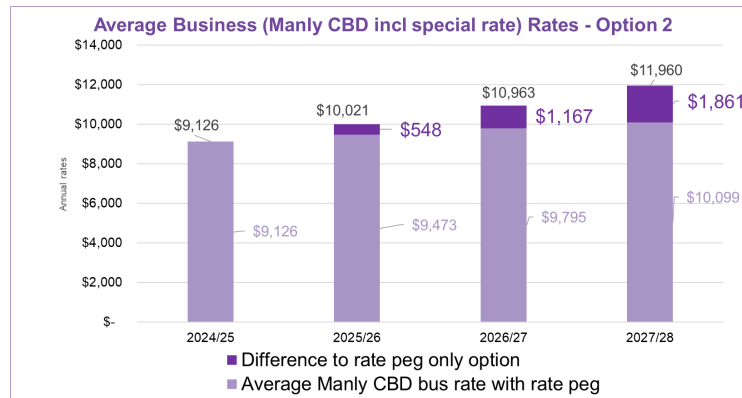
Median - based on the median (midpoint) business (general category) land value of \$0.279 million – the median is a closer reflection of the average ratepayer.

Option 2: Maintain service – impact on rates – business (Manly CBD including special rate)

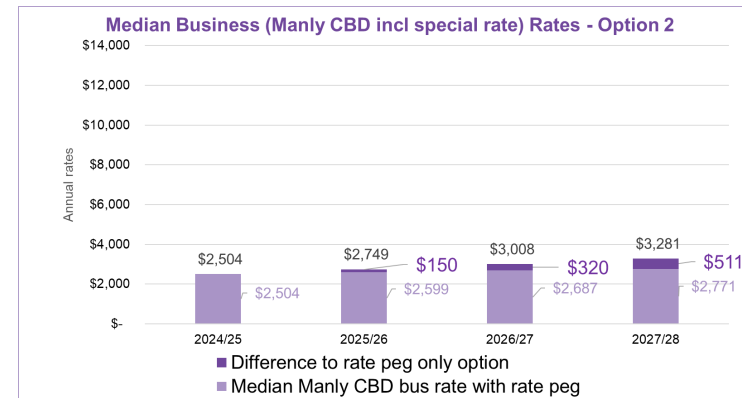
Impact on average business rates (Manly CBD incl special rate) of a permanent SV of 9.8% in year 1, 9.4% in year 2 and 9.1% in year 3 (31.1% SV)

	Base Year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average business rate (Manly CBD incl special rate) under assumed rate peg	\$9,126	\$9,473	\$9,795	\$10,099	\$973
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Annual increase rate peg with an SV for 3 years	\$9,126	\$10,021	\$10,963	\$11,960	\$2,834
Annual increase with SV		9.8%	9.4%	9.1%	31.1%
Cumulative impact of SV above base year level		\$894	\$1,836	\$2,834	
Difference between SV and rate peg only scenarios		\$548	\$1,167	\$1,861	

Numbers presented may not sum precisely to the total due to rounding



Average - based on Manly CBD business sub-category rates income divided by properties within this category (640) – it is the equivalent of rates based on a land value of \$1.19 million.



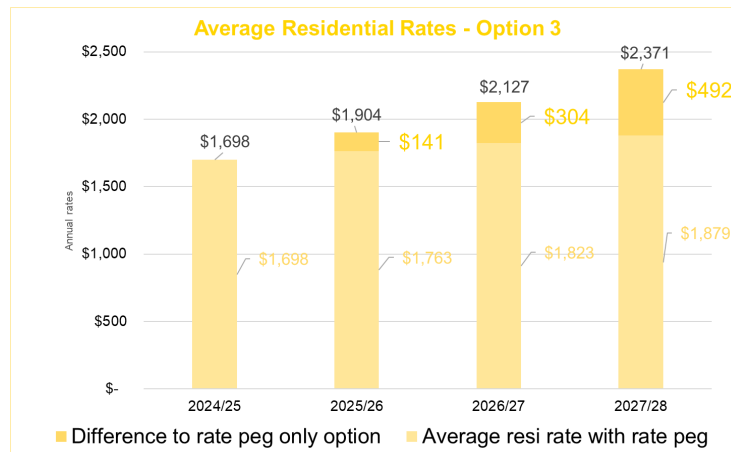
Median - based on the median Manly CBD business sub-category land value of \$0.328 million – the median is a closer reflection of the average ratepayer.

Option 3: Improve service – impact on rates - residential

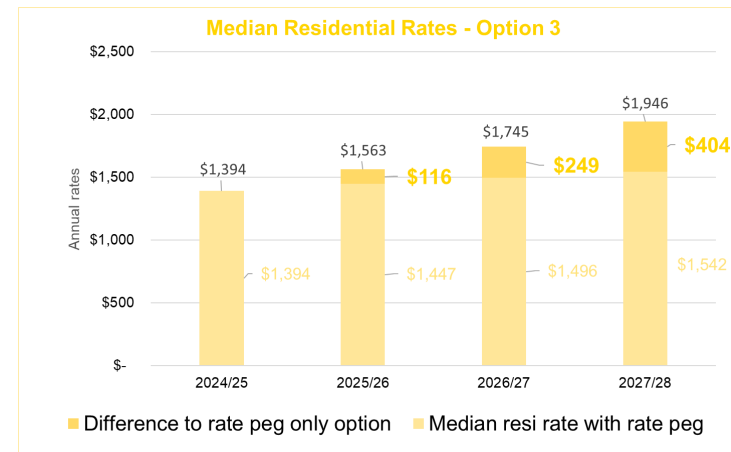
Impact on average residential rates of a permanent SV of 12.1% in year 1, 11.7% in year 2 and 11.5% in year 3 (39.6% SV)

	Base Year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average residential rate under assumed rate peg	\$1,698	\$1,763	\$1,823	\$1,879	\$181
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Annual increase rate peg with an SV for 3 years	\$1,698	\$1,904	\$2,127	\$2,371	\$673
Annual increase with SV		12.1%	11.7%	11.5%	39.6%
Cumulative impact of SV above base year level		\$205	\$428	\$673	
Difference between SV and rate peg only scenarios		\$141	\$304	\$492	

Numbers presented may not sum precisely to the total due to rounding



Average - based on residential rates income divided by residential properties (96,354) – it is the equivalent of rates based on a land value of \$1.63 million.



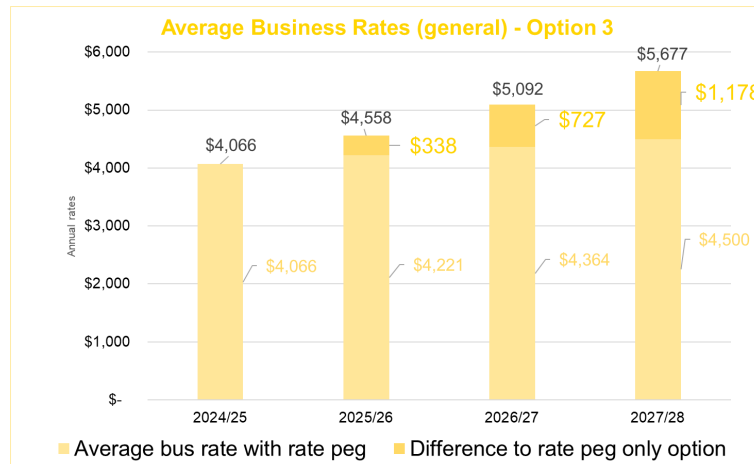
Median - based on the median (midpoint) residential land value of \$1.34 million – the median is a closer reflection of the average ratepayer.

Option 3: Improve service – impact on rates – business (general)

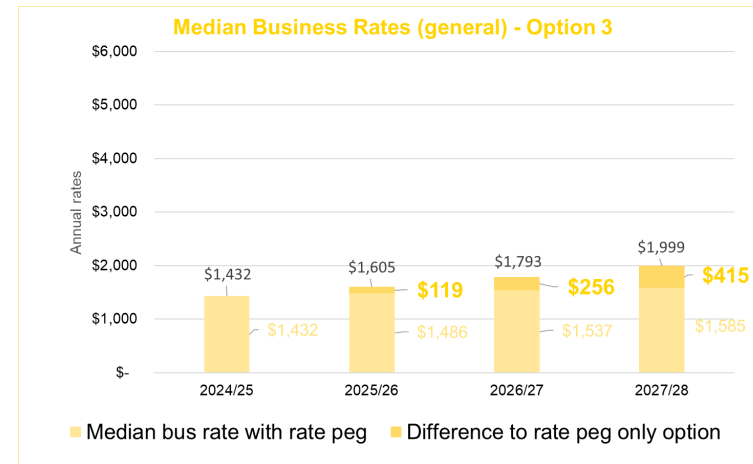
Impact on average business rates (general) of a permanent SV of 12.1% in year 1, 11.7% in year 2 and 11.5% in year 3 (39.6% SV)

	Base Year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average business rate under assumed rate peg	\$4,066	\$4,221	\$4,364	\$4,500	\$433
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Annual increase rate peg with an SV for 3 years	\$4,066	\$4,558	\$5,092	\$5,677	\$1,611
Annual increase with SV		12.1%	11.7%	11.5%	39.6%
Cumulative impact of SV above base year level		\$492	\$1,025	\$1,611	
Difference between SV and rate peg only scenarios		\$338	\$727	\$1,178	

Numbers presented may not sum precisely to the total due to rounding



Average - based on business (general category) rates income divided by properties within this category (6,538) – it is the equivalent of rates based on a land value of \$1.15 million.



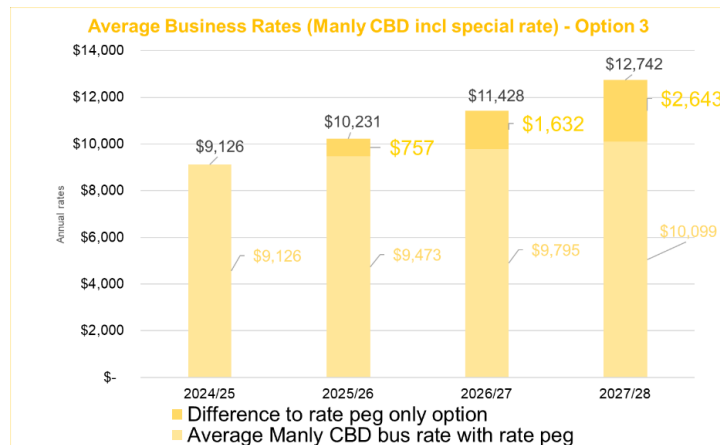
Median - based on the median (midpoint) business (general category) land value of \$0.279 million – the median is a closer reflection of the average ratepayer.

Option 3: Improve service – impact on rates – business (Manly CBD incl special rate)

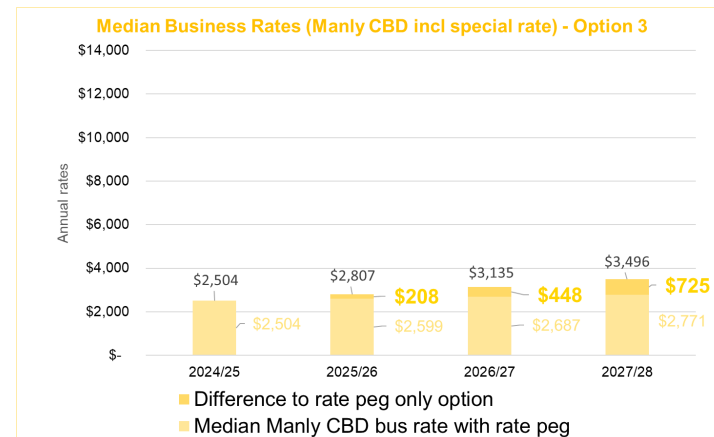
Impact on average business rates (Manly CBD incl special rate) of a permanent SV of 12.1% in year 1, 11.7% in year 2 and 11.5% in year 3 (39.6% SV)

	Base Year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average business rate (Manly CBD incl special rate) under assumed rate peg	\$9,126	\$9,473	\$9,795	\$10,099	\$973
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Annual increase rate peg with an SV for 3 years	\$9,126	\$10,231	\$11,428	\$12,742	\$3,615
Annual increase with SV		12.1%	11.7%	11.5%	39.6%
Cumulative impact of SV above base year level		\$1,104	\$2,301	\$3,615	
Difference between SV and rate peg only scenarios		\$757	\$1,632	\$2,643	

Numbers presented may not sum precisely to the total due to rounding



Average - based on Manly CBD business sub-category rates income divided by properties within this category (640) – it is the equivalent of rates based on a land value of \$1.19 million.



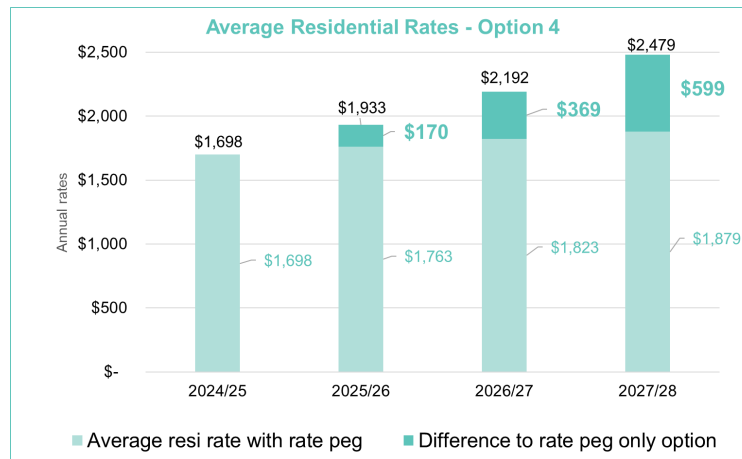
Median - based on the median Manly CBD business sub-category land value of \$0.328 million – the median is a closer reflection of the average ratepayer.

Option 4: Increase service – impact on rates – residential

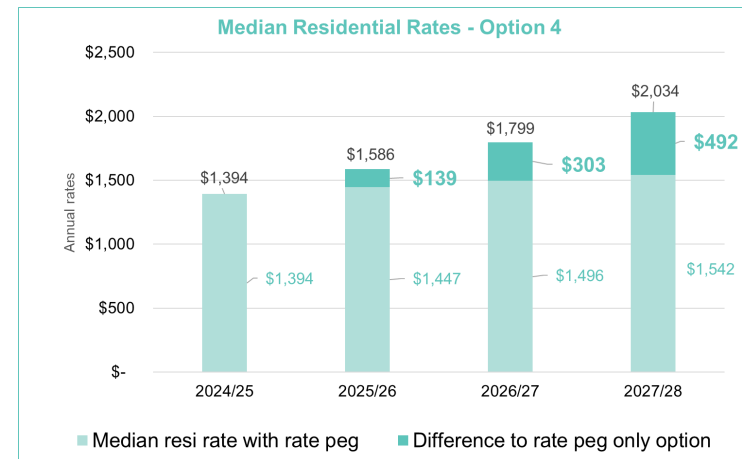
Impact on average residential rates of a permanent SV of 13.8% in year 1, 13.4% in year 2 and 13.1% in year 3
(46.0% SV)

	Base Year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average residential rate under assumed rate peg	\$1,698	\$1,763	\$1,823	\$1,879	\$181
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Annual increase rate peg with an SV for 3 years	\$1,698	\$1,933	\$2,192	\$2,479	\$780
Annual increase with SV		13.8%	13.4%	13.1%	46.0%
Cumulative impact of SV above base year levels		\$234	\$493	\$780	
Difference between SV and rate peg only scenarios		\$170	\$369	\$599	

Numbers presented may not sum precisely to the total due to rounding



Average - based on residential rates income divided by residential properties (96,354) – it is the equivalent of rates based on a land value of \$1.63 million.



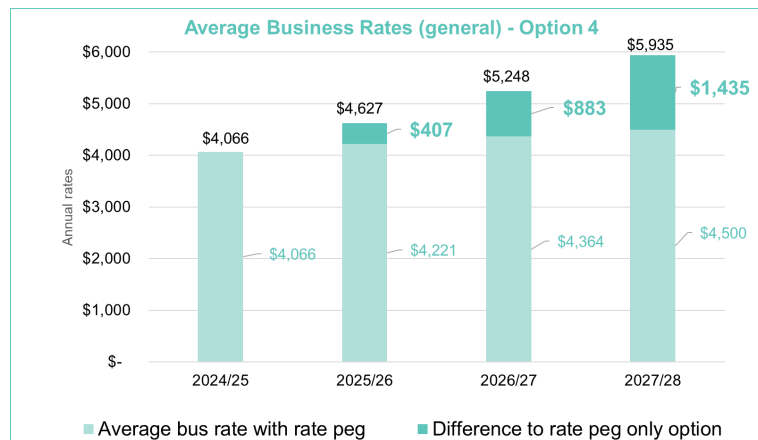
Median - based on the median (midpoint) residential land value of \$1.34 million – the median is a closer reflection of the average ratepayer.

Option 4: Increase service – impact on rates – business (general)

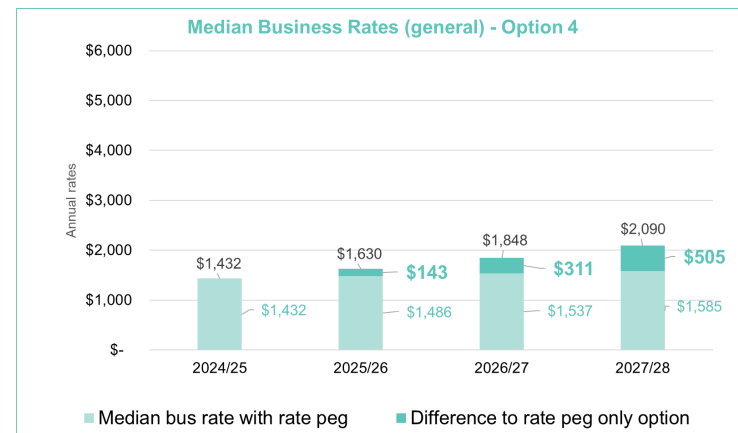
Impact on average business rates (general) of a permanent SV of 13.8% in year 1, 13.4% in year 2 and 13.1% in year 3 (46.0% SV)

	Base Year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average business rate under assumed rate peg	\$4,066	\$4,221	\$4,364	\$4,500	\$433
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Annual increase rate peg with an SV for 3 years	\$4,066	\$4,627	\$5,248	\$5,935	\$1,869
Annual increase with SV		13.8%	13.4%	13.1%	46.0%
Cumulative impact of SV above base year levels		\$561	\$1,181	\$1,869	
Difference between SV and rate peg only scenarios		\$407	\$883	\$1,435	

Numbers presented may not sum precisely to the total due to rounding



Average - based on business (general category) rates income divided by properties within this category (6,538) – it is the equivalent of rates based on a land value of \$1.15 million.



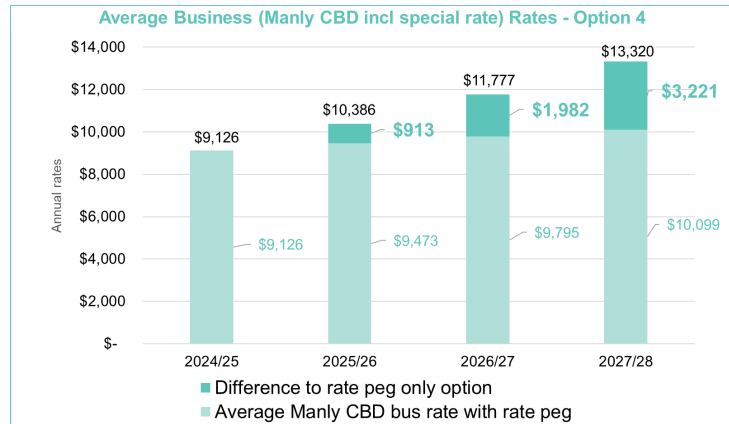
Median - based on the median (midpoint) business (general category) land value of \$0.279 million – the median is a closer reflection of the average ratepayer.

Option 4: Increase service – impact on rates – business (Manly CBD incl special rate)

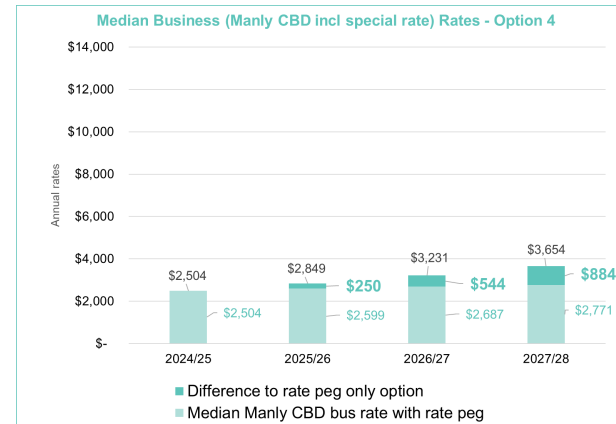
Impact on average business rates (Manly CBD incl special rate) of a permanent SV of 13.8% in year 1, 13.4% in year 2 and 13.1% in year 3 (46.0% SV)

	Base Year 2024/25	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Cumulative increase
Average business rate (Manly CBD incl special rate) under assumed rate peg	\$9,126	\$9,473	\$9,795	\$10,099	\$973
Annual increase in rate peg (%)		3.8%	3.4%	3.1%	10.7%
Annual increase rate peg with an SV for 3 years	\$9,126	\$10,386	\$11,777	\$13,320	\$4,194
Annual increase with SV		13.8%	13.4%	13.1%	46.0%
Cumulative impact of SV above base year levels		\$1,259	\$2,651	\$4,194	
Difference between SV and rate peg only scenarios		\$913	\$1,982	\$3,221	

Numbers presented may not sum precisely to the total due to rounding



Average - based on Manly CBD business sub-category rates income divided by properties within this category (640) – it is the equivalent of rates based on a land value of \$1.19 million.



Median - based on the median Manly CBD business sub-category land value of \$0.328 million – the median is a closer reflection of the average ratepayer.

Annual charges - domestic waste management charge

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Waste charge	5.6%	4.9%	0.8%	2.6%	2.4%	2.3%	2.3%	2.3%	2.4%	2.4%

We calculate the domestic waste management charges (DWMC) to ensure the income generated can fund the costs associated with providing the service including provisions for the future replacement of bins.

This also includes planning for future improvements to the service and capacity to respond to unplanned events such as a storm.

It has been assumed that costs and therefore the DWMC will primarily increase in line with underlying inflation, with adjustments for items such as known contract 'rise and fall' factors including fuel and changes to the Waste Levy.

Annual charges – stormwater management services charge

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Stormwater charge	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

We have assumed there is no change in the Stormwater Management Services Charge, as the charge is capped by legislation and has not changed since it was introduced in 2006/07.

User fees and charges

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Fees and charges – statutory	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Fees and charges – Kimbriki & community centres	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Fees and charges – Parking Areas	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fees and charges – non-statutory	5.60%	3.1%	3.0%	3.0%	2.9%	2.9%	2.9%	2.9%	3.0%	3.0%

User fees and charges that are controlled by other levels of government under legislation are assumed to increase by CPI. We have also assumed Kimbriki and community centre hire income will increase by CPI. No growth in income from pay and display beach parking and car parks is forecast due to the high elasticity of demand and volatility in this income stream.

Non-statutory charges such as childcare and aquatic centre fees, are determined by applying our Pricing Policy which incorporates the Local Government Competitive Neutrality Guidelines. Projected income growth is based on 75% of related costs being employee costs and 25% being other expenses (CPI).

Other revenues

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Fines	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other revenues	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI

Other Revenue principally comprises income from fines, sale of recycled materials and licences. CPI has been used to project future income from Other Revenues except for fines. Fines are set by the State Government and are not forecast to increase.

Grants and contributions - operating purposes

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Grants and Contributions - Operating (recurring)	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI

Council receives a number of operational grants from various Government agencies. The largest of these being the Financial Assistance Grant and we have assumed that this will continue (and be paid partially paid in advance).

We have also assumed we will continue to receive other operating grants in relation to ongoing operations e.g., salary grants and that these will increase annually in line with CPI. Other operating grants received for specific project related purposes have been included in the year we anticipate they will be received.

Grants and contributions - capital purposes

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Development contributions	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Other grants and contributions - capital	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Local infrastructure contributions are a significant source of capital revenue. Predicting the amount of revenues received from this source is extremely difficult as it is essentially market driven and depends on the timing of developments. We have assumed \$7.7 million in contributions in the 2024/25 financial year and these will increase annually in line with CPI with some adjustments for the expected timing of Warriewood Valley s7.11 payments.

We have also assumed we will continue to receive other capital grants in relation to ongoing programs for road resheeting however we have not assumed any further growth in this income. Other capital grants received for specific project related purposes have been included in the year we anticipate they will be received only where the grant funding has been confirmed.

Interest and investment revenues

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Return on investment portfolio	4.65%	3.65%	3.30%	3.20%	3.10%	3.00%	2.90%	2.90%	2.90%	2.90%

We have used information provided by our Investment Advisors and Deloitte Access Economics to determine forecast projections for interest on investments based on forecast cash balances over the 10-year period.

Other income

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Other income	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI

Other Income comprises rental income from leased properties. CPI has been used to project future income.

Gain / (loss) on disposal of assets

Gains or losses on the disposal of assets are predominantly received from the sale of plant and fleet. Future years are based on the plant and fleet replacement program. Infrastructure-related disposals are based on the Asset Management Plans for the renewal program.

8.3 Expenditure assumptions

Employee benefits and on costs

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Industry Award base increase	3.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Industry Award step increase	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
Super guarantee levy	11.50%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

The Local Government State Award provides for an annual increase as well as salary band step increases. The current Award, which expires on 30 June 2026 provides for an increase of 3.5% in 2024/25 along with an additional award lump sum payment of the greater of \$1,000 or 0.5% of each permanent employee's annual salary.

The current Award increase is 3.0% in 2025/26. We have assumed increases will be 2.5% per annum over the remainder of the LTFP.

Other assumptions include:

- No change in existing employee working hours.
- A stable vacancy rate in establishment permanent positions in each financial year.
- The average increase as a result of award-based salary band step increases will be 0.63% per annum.
- Superannuation expenditure based on the statutory contribution rate incrementally increasing to 12% by 2025/26.

Borrowing costs

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Interest rate on loans	5.80%	5.80%	5.80%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Tip remediation discount	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%

Council's borrowing costs over the ten-year period comprise a number of components:

- Interest on loans - Where borrowings have already been undertaken the interest rate identified in the Loan Agreement has been used. For variable loans or new borrowings the proposed interest rate has been calculated based on the forecast 10 year swap rate along with a 2% loan margin based on advice from Council's investment advisor.
- Lease interest charges - rates are forecast in accordance with the lease documents.
- Tip remediation discount - this relates to the remediation of the waste landfill site at Kimbriki. The discount rate is utilised to adjust the landfill remediation provision each year so that it reflects the present value of the estimated future expenditure to remediate the site.

Materials and services

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Materials and services	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI
Fuel - Petrol price at pump (cents per litre) (Sept 2024)	188.99	179.61	181.03	183.57	185.94	188.06	190.16	192.44	194.94	197.65

Materials and services, including Domestic Waste Management costs and other expenses which represent the principal costs used to deliver services to the community, are forecast to increase in line with the CPI. While the rate of growth projected is uneven it is

forecast to average 2.5% per annum. Fuel is indexed by the forecast change in the petrol price at pump published by Deloitte Access Economics.

Depreciation and amortisation

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Depreciation – Producer Price Index (Roads and Bridges)	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%	CPI + 0.3%

Depreciation is forecast to increase by the Producer Price Index (Roads and Bridges). The index is estimated as CPI + 0.3%, being the 10 year average of the difference between the CPI and the PPI.

The depreciation methodology can be found in the Notes to the Financial Statements. The depreciation expense assumed in the LTFP has been calculated in accordance with this methodology. Estimates have also been included for the projected depreciation cost of new assets which have been identified within the proposed Capital Works Program along with the impact of revaluations.

Other expenses

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Other expenses	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI	CPI

Other Expenses primarily relate to statutory charges (including the Emergency Services Levy and Waste Disposal Levy) and grants and donations provided by Council. These are generally forecast to increase in line with CPI. However, the Emergency Services Levy is

forecast to increase by 8.5% per year, which is the average increase in the levy over the past 5 years.

8.4 Future and ongoing financial challenges, opportunities and efficiency savings

Like many councils in NSW, Council is facing growing pressure to its financial sustainability as increases in income, under the NSW rate peg system, have not reflected the rising costs of materials, contracts, and construction, with Sydney's inflation over the 4 years to 30 June 2024 being almost double the increase in rates income. When compared to infrastructure inflation⁹ over the same period, the divergence between costs and rates income is equivalent to an accumulative gap of \$24 million (12.6%) in rates income over the same period.

Infrastructure investment is informed by the Asset Management Plans 2024-2034. However, there is a growing gap between the costs to maintain assets and services and the funding available to Council. The Plans require an additional investment of \$15.1 million per year to maintain and renew existing assets, along with \$10.4 million per year to uplift services levels and provide high priority new assets required by the community.

Council is focused on continuing to achieve efficiency savings and reinvesting those into our community. This includes efficiencies

achieved through the introduction of new systems and processes and the optimisation of plant and fleet. This builds on savings achieved in each year since the formation of Northern Beaches Council.

We continue to work across the organisation to provide efficiency improvements and contain costs. Ongoing savings are anticipated through projects such as the advancement of technology and the efficiencies and improved customer experience it presents and the optimisation of resources and assets. The Productivity Journey and Improvement Plan 2024 outlines the Council's future improvement initiatives and is available on the Council's website at <https://yoursay.northernbeaches.nsw.gov.au/funding-our-future>.

Funds that may be made available through such projects could be used in a number of ways including supporting the rebuilding of working capital, improvements in services, accelerating the renewal of aging infrastructure or reducing rates. As savings are achieved opportunities will be considered and changes to the Long-Term Financial Plan applied.

⁹ The cost of infrastructure is indicated by the Producer Price Index for Roads and Bridge Construction – 23.7% accumulative increase from 2021 to 2024 compared to 11.1% increase in rates income.

9. Sensitivity analysis

Although the assumptions listed in the previous section are our current informed estimate based on a range of reliable sources, Long-Term Financial Plans are inherently uncertain.

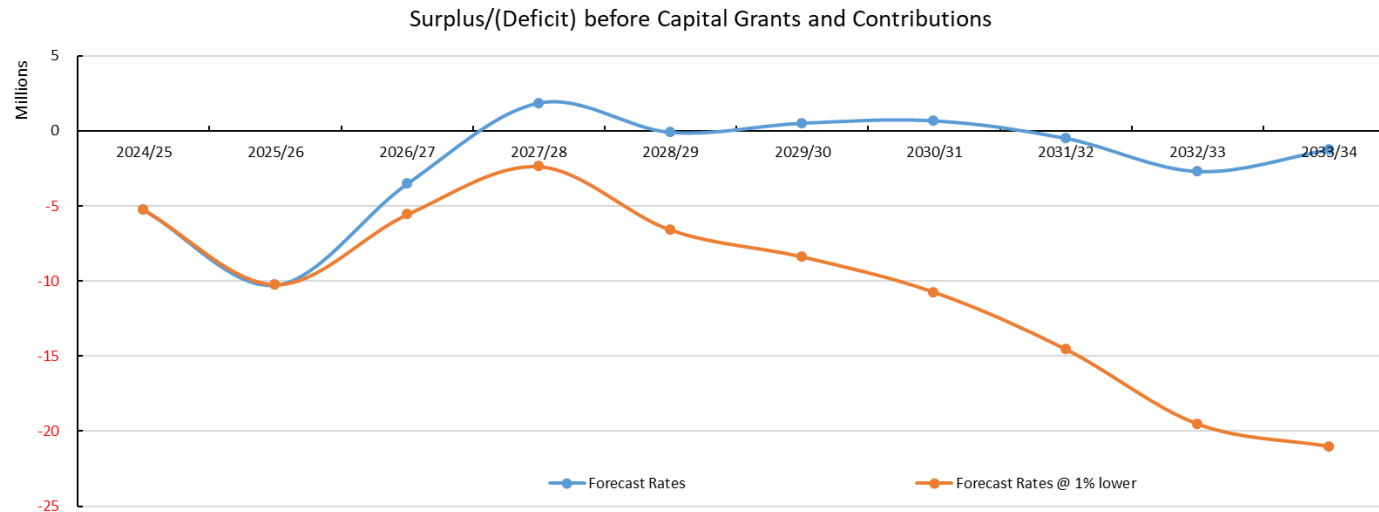
They contain a wide range of assumptions about interest rates and the potential effect of inflation on revenues and expenditures which are largely outside our control. Developing our LTFP includes

financial modelling to demonstrate the impact on our finances if trends worsen. Modelling analyses 'Option 1 – Reduce services', as this is the base case for the Council's 2024/25 budget.

9.1 Rates

Rates comprise 44% of our total income. Rates are capped by the State Government and we can only increase rates if we apply for a Special Variation through IPART.

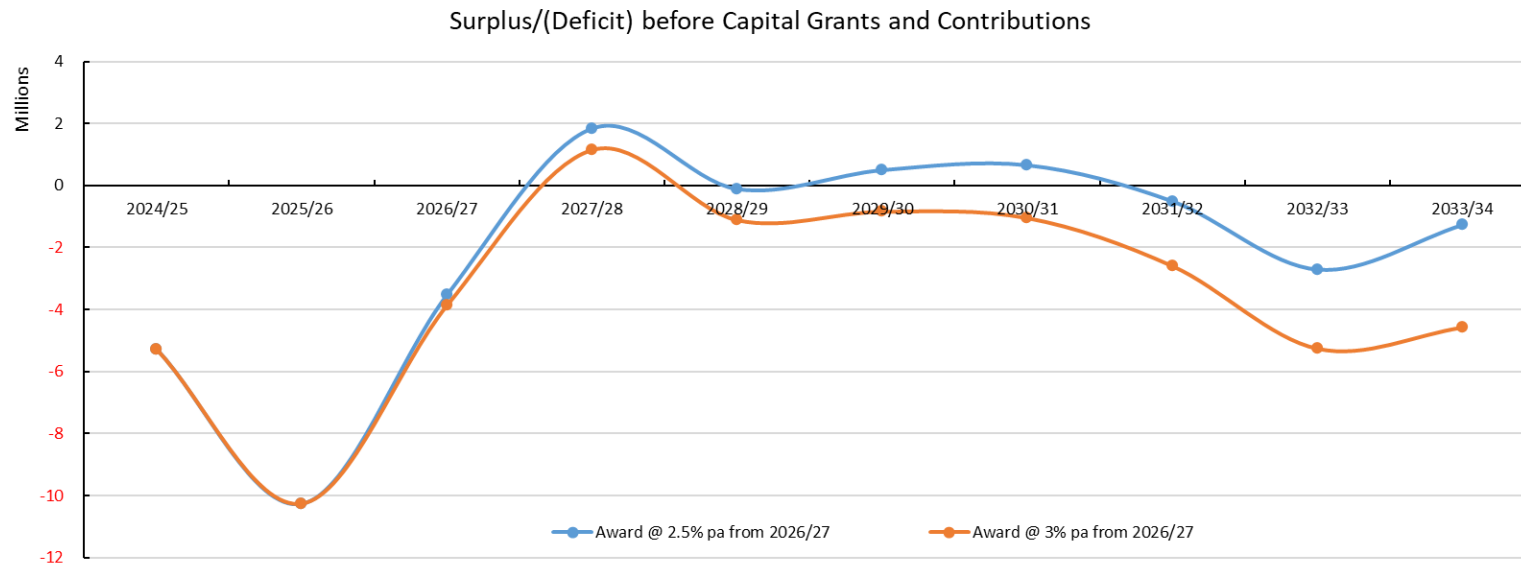
If the rate peg is 1.0% pa lower than forecast from year 3 the budget would remain in deficit and this would continue to grow.



9.2 Employee costs

Salary growth is largely subject to the NSW Local Government Award. The current Award expires on 30 June 2026 and we have assumed an annual Award increase of 2.5% in 2026/27 and for each year afterwards before step increases.

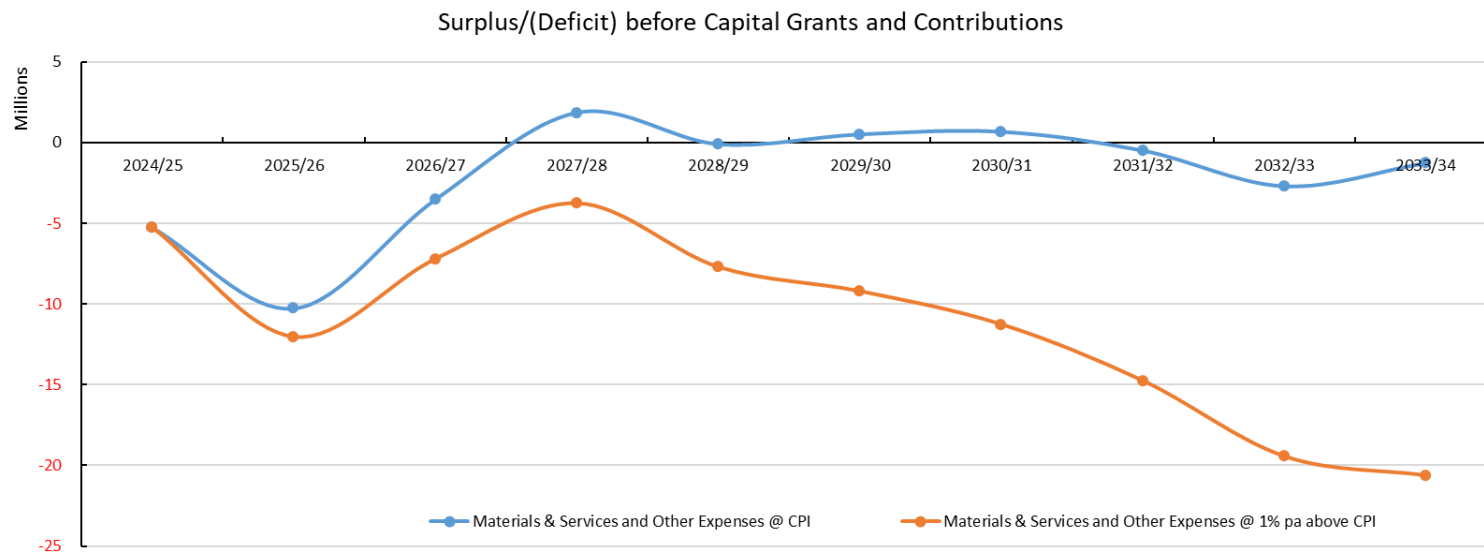
If the future Award increase was 0.5% pa higher each year the budget would remain in deficit for each year of the Long-Term Financial Plan from 2028/29.



9.3 Materials, services and other expenses

Fluctuating market conditions could affect the price of certain materials and services. The chart shows the impact of a 1.0% per annum increase in materials, services and other expenses above

the CPI. The budget remains in deficit each year if no corresponding change in income or expenditure is made.



10. Scenario modelling

The Long-Term Financial Plan is a rolling 10-year projection of Council's income and expenditure, assets and liabilities and cashflow. Updates have been made alongside the revision of Council's Delivery Program, Operational Plan and Asset Management Plans. This includes revised assumptions, indexation and financial modelling for scenarios.

Option 1: Reduce service – rate peg only (current path)

- This model is consistent with the Delivery Program 2024-2028 adopted by Council in June 2024, with rates increases based on the rate peg in each year.
- Income levels are not sufficient to fund operating expenses, invest in the ongoing renewal of infrastructure assets and provide the necessary working capital to manage unexpected events. Performance benchmarks are weakening or not met, especially regarding asset management and operating performance.
- This is not sustainable and will continue to reduce services to the community.

Option 2: Maintain service – rate peg + 6% pa over 3 years

- This model addresses the maintenance and renewal funding gap for existing assets outlined in the Asset Management Plans and provides funding to support environmental and natural risk reduction programs.
- Infrastructure expenditure is increased and working capital is strengthened to provide the capacity to respond to unexpected events. This produces a stronger operating result and asset management ratios.
- To provide funding for this model, rates income increases over a 3-year period, providing an additional \$40 million in income per year by the 3rd year (which is retained in future years and equivalent to a 20% cumulative increase above the forecast rate peg).

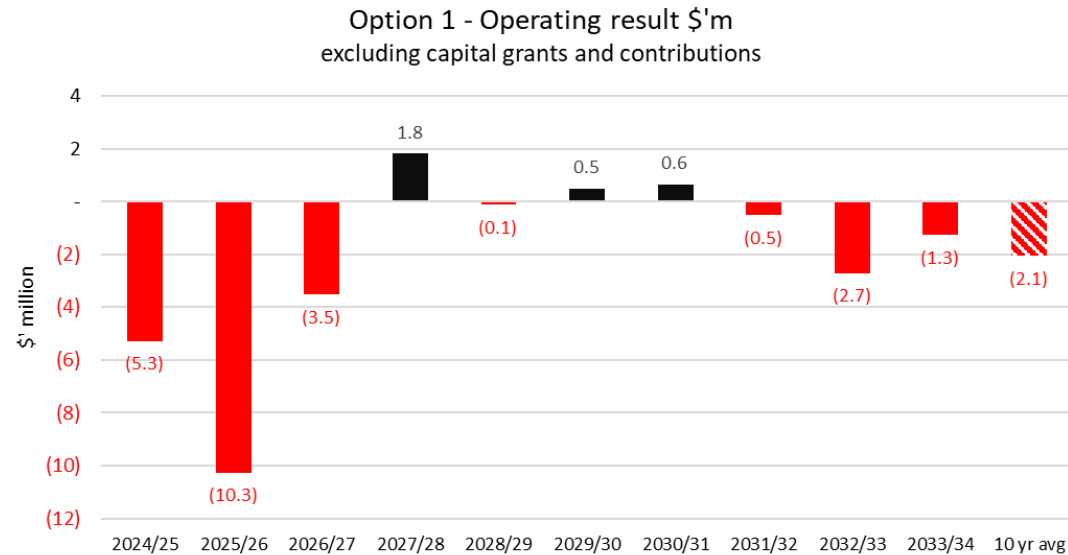
Option 3: Improve service – rate peg + 8.3% pa over 2 years and 8.4% in year 3

- This model builds on the items listed under Option 2 with the addition of providing the opportunity to deliver larger renewal projects in future years such as the renewal of the Warringah Aquatic Centre.
- Infrastructure expenditure is increased, and stronger operating result and asset management ratios are achieved.
- To provide funding for this model, rates income increases over a 3-year period, providing an additional \$57 million in income per year by the 3rd year (which is retained in future years and equivalent to a 29% cumulative increase above the forecast rate peg).
- This model primarily offsets the impact of high inflation levels in recent years and the increase in the Emergency Services Levy.

Option 4: Increase service – rate peg + 10% pa over 3 years

- Building on both Options 2 and 3, this model also provides the opportunity to accelerate the delivery of infrastructure and increase services in areas such as additional community grants, more footpaths, and improvements to sporting facilities and amenities buildings.
- Infrastructure expenditure is increased, and a stronger operating result provides the flexibility to invest in expanded services and facilities.
- To provide funding for this model, rates income increases over a 3-year period, providing an additional \$69 million in income per year by the 3rd year (which is retained in future years and equivalent to a 35% cumulative increase above the forecast rate peg).

10.1 Option 1: Reduce service



Option 1: Reduce service
Income statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Income from continuing operations													
Rates and annual charges	225,941	234,424	246,432	259,515	270,570	278,547	287,241	295,832	304,574	313,538	322,918	332,887	343,375
User charges and fees	79,722	91,876	99,931	102,637	104,372	106,638	109,167	111,542	114,064	116,652	119,358	122,201	125,163
Other revenues	22,343	20,086	21,620	20,845	21,035	21,351	21,674	21,993	22,305	22,625	22,966	23,330	23,703
Grants and contributions provided for operating purposes	27,165	31,496	26,529	25,181	20,221	19,663	20,926	20,086	21,440	21,040	22,437	22,104	23,549
Grants and contributions provided for capital purposes	43,952	33,917	29,218	39,594	25,389	15,775	10,969	10,303	9,776	10,847	11,070	11,299	11,534
Interest and investment revenue	1,238	7,085	11,083	8,918	5,265	4,696	4,622	4,748	4,441	4,474	4,618	4,710	4,801
Other income	6,736	6,392	6,915	6,946	6,976	7,151	7,329	7,505	7,678	7,855	8,043	8,244	8,450
Net gain from the disposal of assets	960	167		392	595	622	433	420	351	467	734	524	590
Total income from continuing operations	408,057	425,443	441,728	464,029	454,423	454,444	462,362	472,430	484,629	497,497	512,144	525,298	541,165
Expenses from continuing operations													
Employee benefits and on-costs	134,560	146,153	159,331	171,870	176,191	180,109	183,972	189,714	195,635	201,740	208,037	214,532	221,229
Materials and services	142,766	157,273	163,471	180,278	183,608	178,960	181,281	185,828	189,641	192,732	198,902	204,291	209,131
Borrowing costs	2,624	2,738	2,689	2,605	2,942	2,879	2,830	2,464	2,428	2,433	2,206	2,170	1,939
Depreciation, amortisation and impairment for non-financial assets	45,508	46,821	48,975	53,208	54,632	57,202	57,225	58,711	59,778	60,768	62,551	64,133	65,200
Other expenses	20,969	20,765	22,569	21,752	21,917	23,045	24,250	25,526	26,878	28,326	29,892	31,586	33,402
Net loss from the disposal of assets	-	-	545	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	346,427	373,750	397,580	429,713	439,290	442,194	449,558	462,243	474,360	486,000	501,588	516,712	530,900
Operating result - Surplus / (Deficit)	61,630	51,693	44,148	34,317	15,133	12,250	12,804	10,186	10,269	11,497	10,556	8,587	10,265
Operating result before grants and contributions provided for capital purposes	17,678	17,776	14,930	(5,278)	(10,256)	(3,525)	1,835	(117)	493	650	(514)	(2,712)	(1,269)

Option 1: Reduce service
Balance sheet

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
ASSETS													
Current assets													
Cash and cash equivalents	6,697	6,605	17,541	8,975	10,850	11,497	12,153	12,768	13,483	14,058	14,652	15,587	16,260
Investments	150,625	175,623	182,096	156,764	130,330	126,361	127,490	135,134	128,854	133,824	138,167	140,680	143,147
Receivables	24,791	20,844	25,958	22,591	23,072	23,566	24,055	24,555	25,040	25,562	26,099	26,667	27,264
Inventories	397	372	392	405	416	427	437	448	458	469	480	492	504
Prepayments	2,975	3,364	4,984	5,143	5,293	5,425	5,561	5,694	5,825	5,959	6,102	6,255	6,411
Total current assets	185,485	206,808	230,971	193,877	169,961	167,276	169,696	178,599	173,660	179,871	185,499	189,680	193,585
Non-Current Assets													
Investments	760	678	577	435	293	148	4	0	-	-	-	-	-
Receivables	1,007	1,012	952	999	1,037	1,072	1,105	1,138	1,172	1,208	1,244	1,282	1,323
Infrastructure, property, plant and equipment	5,218,499	5,413,807	5,643,257	5,853,717	6,015,953	6,146,595	6,270,994	6,392,670	6,529,081	6,654,972	6,794,498	6,937,757	7,090,788
Investment property	6,155	6,320	6,565	6,810	7,055	7,300	7,545	7,790	8,035	8,280	8,525	8,770	9,015
Right of use assets	9,110	7,811	6,544	3,947	3,947	2,686	1,424	163	108	54	0	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	5,235,531	5,429,628	5,657,895	5,865,908	6,028,285	6,157,801	6,281,072	6,401,761	6,538,396	6,664,514	6,804,267	6,947,809	7,101,127
Total assets	5,421,016	5,636,436	5,888,866	6,059,785	6,198,246	6,325,077	6,450,767	6,580,360	6,712,057	6,844,385	6,989,766	7,137,489	7,294,712

Option 1: Reduce service
Balance sheet (continued)

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
LIABILITIES													
Current liabilities													
Payables	45,393	47,806	55,607	56,813	57,704	58,610	59,533	60,454	61,376	62,322	63,318	64,370	65,454
Contract Liabilities	24,206	27,619	20,102	5,035	5,838	5,328	5,489	5,649	5,813	5,982	6,157	6,342	6,533
Lease Liabilities	1,238	1,241	1,279	1,307	1,347	1,388	1,430	63	66	70	-	-	-
Borrowings	4,770	3,340	2,178	2,596	1,594	1,684	1,782	1,513	1,591	1,673	2,227	1,500	1,572
Employee benefit provisions	35,553	34,754	35,901	38,015	39,006	40,218	41,468	42,756	44,085	45,456	46,869	48,327	49,830
Provisions	759	1,060	1,193	1,264	1,466	8,041	1,426	1,471	6,335	1,599	6,480	4,834	1,803
Total current liabilities	111,919	115,820	116,260	105,030	106,955	115,269	111,128	111,906	119,266	117,101	125,051	125,372	125,191
Non-current liabilities													
Payables	150	100	50	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	7,466	8,239	10,053	9,593	5,796	5,705	5,614	5,523	5,432	5,342	5,251	5,160	5,069
Lease Liabilities	8,237	6,996	5,717	4,365	3,018	1,630	200	137	70	-	-	-	-
Borrowings	12,538	9,185	6,984	15,134	13,540	11,856	10,074	8,561	6,971	5,298	3,071	1,572	0
Employee benefit provisions	761	1,843	2,001	2,120	2,175	2,243	2,313	2,386	2,460	2,537	2,616	2,698	2,782
Provisions	43,404	45,094	45,433	43,447	45,263	40,661	42,806	44,730	41,924	43,995	41,097	39,985	41,816
Total non-current liabilities	72,556	71,457	70,238	74,659	69,792	62,095	61,007	61,337	56,857	57,171	52,035	49,415	49,668
Total liabilities	184,475	187,277	186,498	179,689	176,746	177,364	172,135	173,243	176,124	174,272	177,086	174,786	174,858
Net assets	5,236,541	5,449,159	5,702,368	5,880,097	6,021,500	6,147,712	6,278,633	6,407,117	6,535,933	6,670,113	6,812,680	6,962,703	7,119,854
EQUITY													
Accumulated Surplus	4,928,924	4,980,559	5,024,590	5,058,787	5,073,797	5,085,921	5,098,596	5,108,650	5,118,783	5,130,142	5,140,556	5,148,997	5,159,113
IPP&E Revaluation Surplus	307,617	468,600	677,778	821,310	947,703	1,061,792	1,180,037	1,298,467	1,417,150	1,539,971	1,672,125	1,813,706	1,960,741
Total equity	5,236,541	5,449,159	5,702,368	5,880,097	6,021,500	6,147,712	6,278,633	6,407,117	6,535,933	6,670,113	6,812,680	6,962,703	7,119,854

Option 1: Reduce service
Cashflow statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Cash flows from operating activities													
Receipts:													
Rates and annual charges	226,388	234,281	245,463	258,950	270,223	278,225	286,937	295,529	304,261	313,217	322,587	332,534	342,999
User charges and fees	84,398	96,268	104,315	108,572	110,503	112,905	115,582	118,100	120,769	123,509	126,373	129,377	132,512
Interest received	1,182	4,873	9,052	8,857	5,266	4,658	4,577	4,691	4,409	4,419	4,562	4,655	4,743
Grants and contributions	56,687	76,799	48,521	46,493	42,327	35,042	32,129	30,608	31,443	32,120	33,758	33,653	35,350
Bonds, deposits and retentions received	7,098	7,741	8,143	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742
Other	45,656	41,346	44,656	46,877	45,487	43,737	43,890	43,942	46,163	45,889	47,124	47,887	49,160
Payments:													
Payments to employees	(137,235)	(145,037)	(156,343)	(167,957)	(174,941)	(178,581)	(182,398)	(188,091)	(193,960)	(200,013)	(206,256)	(212,695)	(219,335)
Payments for materials and services	(158,507)	(176,928)	(182,311)	(209,976)	(205,926)	(200,008)	(208,465)	(205,440)	(211,317)	(218,069)	(219,495)	(229,717)	(232,781)
Borrowing costs	(1,142)	(1,064)	(924)	(696)	(1,084)	(932)	(798)	(656)	(536)	(452)	(364)	(243)	(156)
Bonds, deposits and retentions refunded	(5,466)	(5,571)	(5,867)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)
Other	(28,886)	(22,019)	(21,914)	(20,735)	(21,649)	(22,728)	(23,928)	(25,207)	(26,564)	(28,008)	(29,559)	(31,236)	(33,047)
Net Cash flows from operating activities	90,173	110,689	92,791	70,385	70,206	72,318	67,527	73,475	74,669	72,612	78,731	74,215	79,446

Option 1: Reduce service
Cashflow statement (continued)

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Cash flows from investing activities													
Receipts:													
Sale of investments	338,038	272,227	269,831	323,300	320,500	301,500	306,100	296,100	306,900	299,000	302,650	303,200	303,480
Proceeds from sale of PPE	3,734	2,167	2,513	2,183	2,778	2,847	3,238	2,900	2,177	2,857	4,138	2,902	3,095
Payments:													
Purchase of investment securities	(352,829)	(297,123)	(276,178)	(297,826)	(293,924)	(297,386)	(307,084)	(303,740)	(300,620)	(303,970)	(306,993)	(305,713)	(305,947)
Payments for PPE	(76,755)	(81,973)	(73,302)	(113,788)	(93,659)	(75,566)	(65,924)	(64,776)	(80,701)	(68,129)	(76,048)	(71,298)	(77,754)
Net Cash flows from investing activities	(87,812)	(104,702)	(77,136)	(86,131)	(64,305)	(68,605)	(63,670)	(69,516)	(72,244)	(70,242)	(76,253)	(70,909)	(77,125)
Cash flows from financing activities													
Receipts:													
Proceeds from borrowings	-	-	2,500	10,450	-	-	-	-	-	-	-	-	-
Payments:													
Repayment of borrowings	(5,018)	(4,783)	(5,863)	(1,882)	(2,596)	(1,594)	(1,684)	(1,782)	(1,513)	(1,591)	(1,673)	(2,227)	(1,500)
Lease liabilities (principal repayments)	(1,269)	(1,238)	(1,241)	(1,269)	(1,307)	(1,347)	(1,388)	(1,430)	(63)	(66)	(70)	-	-
Dividends paid to minority interest	(38)	(58)	(115)	(119)	(122)	(125)	(128)	(131)	(134)	(138)	(141)	(145)	(148)
Net Cash flows from financing activities	(6,325)	(6,079)	(4,719)	7,180	(4,025)	(3,066)	(3,200)	(3,343)	(1,710)	(1,795)	(1,884)	(2,371)	(1,648)
Net change in cash and cash equivalents	(3,964)	(92)	10,936	(8,566)	1,875	647	656	616	715	575	594	935	674
Cash and cash equivalents at beginning of year	10,661	6,697	6,605	17,541	8,975	10,850	11,497	12,153	12,768	13,483	14,058	14,652	15,587
Cash and cash equivalents at end of year	6,697	6,605	17,541	8,975	10,850	11,497	12,153	12,768	13,483	14,058	14,652	15,587	16,260
Investments at year end	151,385	176,301	182,673	157,199	130,623	126,510	127,494	135,134	128,854	133,824	138,167	140,680	143,147
Cash, cash equivalents and investments at end of year	158,082	182,906	200,214	166,174	141,473	138,006	139,647	147,902	142,337	147,881	152,818	156,266	159,407
Net change in cash, cash equivalents and investments		24,824	17,308	(34,040)	(24,701)	(3,466)	1,640	8,256	(5,565)	5,545	4,937	3,448	3,141

Option 1: Reduce service
Cash and investments statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Total Cash and Investments	158,082	182,906	200,214	166,174	141,473	138,006	139,647	147,902	142,337	147,881	152,818	156,266	159,407
Represented by:													
Externally restricted													
Developer Contributions	36,457	43,446	47,386	34,422	21,790	19,903	20,957	22,338	20,702	20,481	19,610	19,592	15,175
Unexpended Grants - not tied to liability	566	597	573	0	0	0	0	0	0	0	0	0	0
Domestic Waste Management	3,401	7,626	13,176	15,433	16,873	18,011	20,154	22,531	11,116	13,989	17,135	20,616	24,294
Other externally restricted reserves	722	618	1,130	1,243	1,383	379	495	623	764	919	557	740	938
Total Externally restricted	41,146	52,286	62,264	51,098	40,046	38,294	41,605	45,492	32,582	35,389	37,303	40,948	40,407
Internally restricted													
Deposits, Retentions & Bonds	15,380	17,550	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527
Employee Leave Entitlement	7,026	7,111	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580
Kimbriki Landfill Remediation	13,597	15,418	18,207	20,660	22,941	25,120	20,881	23,200	25,640	23,390	25,893	23,695	23,170
Unexpended Grants - tied to liability	28,600	31,960	26,118	10,333	7,356	7,420	7,491	7,566	7,647	7,733	7,826	7,924	8,034
Other	15,582	18,794	17,152	13,289	11,278	8,864	9,469	10,268	11,802	12,459	9,239	9,435	9,088
Total Internally restricted	80,184	90,833	88,585	71,389	68,682	68,512	64,948	68,141	72,196	70,689	70,065	68,161	67,398
Total restricted cash	121,330	143,119	150,849	122,487	108,728	106,806	106,553	113,633	104,779	106,078	107,368	109,110	107,805
Total unrestricted cash	36,752	39,787	49,365	43,687	32,745	31,201	33,094	34,269	37,558	41,803	45,451	47,157	51,602
Unrestricted cash breakdown:													
Unrestricted - Northern Beaches	20,549	30,792	42,971	38,991	26,563	24,206	25,122	24,574	25,845	27,673	28,937	28,138	29,754
Unrestricted - Kimbriki	16,203	8,995	6,394	4,695	6,182	6,995	7,972	9,695	11,713	14,130	16,513	19,018	21,848

Option 1: Reduce service
Capital budget statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Capital Funding													
Working Capital	7,785	16,118	5,645	6,107	3,038	2,544	2,550	1,557	1,564	1,571	1,578	1,397	1,400
Depreciation	22,098	32,322	31,876	33,206	41,581	42,990	43,154	44,545	45,272	45,470	46,727	47,917	48,950
Capital grants and contributions													
Grants and contributions	29,262	20,265	12,791	31,963	18,192	6,548	3,913	1,913	1,913	1,913	1,913	1,913	1,913
Externally restricted reserves													
- Developer contributions	8,038	8,088	14,527	21,943	18,567	11,469	6,503	7,529	10,028	9,636	10,490	9,848	14,413
- Domestic Waste	-	-	-	-	-	-	-	-	14,048	-	-	-	-
- Other	1,797	2,347	1,757	1,965	2,009	3,156	2,037	2,024	2,012	2,000	2,518	1,976	1,964
Internally restricted reserves													
- Merger savings fund	1,893	343	323	209	702	-	-	-	-	-	-	-	-
- Borrowings	-	-	-	9,935	515	-	-	-	-	-	-	-	-
- Other	4,005	1,260	3,817	6,277	6,278	6,012	4,529	4,307	3,688	4,682	8,684	5,345	6,020
Income from sale of assets													
- Plant and equipment	1,995	2,112	2,732	2,183	2,778	2,847	3,238	2,900	2,177	2,857	4,138	2,902	3,095
Total funding	76,872	82,856	73,468	113,788	93,659	75,566	65,924	64,776	80,701	68,129	76,048	71,298	77,754
Capital Expenditure													
Buildings	21,091	15,413	9,841	26,287	14,204	14,956	8,994	9,922	10,158	10,699	10,964	11,238	11,519
Community Land	-	838	-	2,740	-	-	-	-	-	-	-	-	-
Furniture & Fittings	730	74	65	178	36	36	36	36	36	36	36	36	36
Land Improvements	-	-	4,951	4,474	2,917	2,940	2,964	1,988	2,014	2,039	2,066	2,095	2,123
Library Books	868	685	707	799	752	771	790	809	829	849	870	892	914
Office Equipment	1,995	2,904	2,569	3,122	2,608	2,500	2,563	2,624	2,687	2,752	2,821	2,891	2,963
Open Space / Recreational	9,387	10,501	14,008	16,968	17,064	9,350	8,492	7,447	10,008	10,349	11,755	8,547	10,041
Other Assets	696	163	357	114	702	-	-	-	-	-	-	-	-
Other Structures	3,419	2,302	1,495	6,555	5,847	3,598	3,941	959	977	995	1,014	1,035	1,057
Plant & Equipment	3,545	3,275	6,673	8,264	8,809	8,956	7,809	7,601	20,118	7,478	12,943	8,401	9,105
Road, Bridges & Footpaths	26,574	24,323	23,496	33,980	29,683	21,689	19,572	21,264	21,556	21,135	21,200	23,346	26,780
Stormwater Drainage	5,505	8,485	8,686	8,497	10,247	9,360	9,532	10,452	10,627	10,856	10,649	11,046	11,399
Swimming Pools	345	1,109	620	1,811	791	1,410	1,232	1,675	1,693	941	1,730	1,772	1,817
Other Kimbriki Assets	2,718	12,785	-	0	-	-	-	-	-	-	-	-	-
Total expenditure	76,872	82,856	73,468	113,788	93,659	75,566	65,924	64,776	80,701	68,129	76,048	71,298	77,754

Option 1: Reduce service
Statement of borrowings

The Long-Term Financial Plan recognises debt as an important source of funds for large capital projects.

New borrowings are anticipated over the 10 year period of the Long-Term Financial Plan to fund a major infrastructure project. Spreading these costs over a number of years facilitates inter-generational equity and smooths out long term expenditure peaks and troughs, where financially sustainable.

Proposed new borrowings

Financial year	Loan amount	Proposed term	Repayment funding source	Purpose of loan
2024/25 (Year 1)	\$10,450,000	10 years	The funding currently utilised to repay existing loans is sufficient to fund the repayment schedule for this loan as several existing loans are coming to the end of their term.	To assist with the construction of the Warriewood Community Centre.

Loans are proposed to be sourced from authorised financial institutions licensed by the Australian Prudential Regulatory Authority (APRA) to carry on banking business (Authorised Deposit Taking Institutions or NSW Treasury Corporation) and secured over rates income.

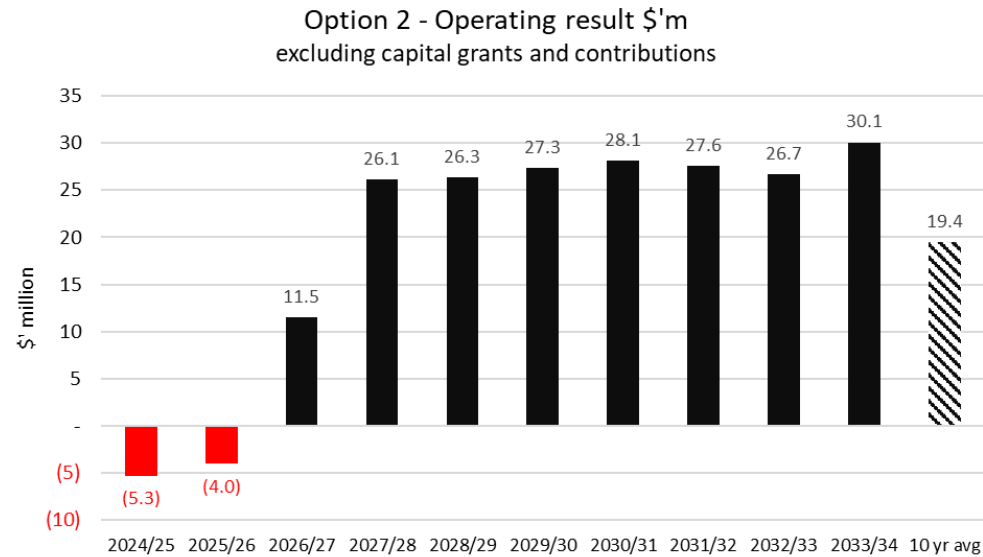
Option 1: Reduce service
Statement of performance measures

	OLG Benchmark	Result	Result	Result	Forecast	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Budget Performance														
Operating Performance Ratio <i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.</i>	> 0%	4.5%	4.5%	3.7%	(1.3%)	(2.5%)	(0.9%)	0.3%	(0.1%)	0.0%	0.1%	(0.2%)	(0.6%)	(0.3%)
		✓	✓	✓	✗	✗	✗	✓	✗	✓	✓	✗	✗	✗
Own Source Operating Revenue Ratio <i>measures fiscal flexibility. It is the degree of reliance on external funding sources.</i>	> 60%	82.5%	84.6%	87.4%	86.0%	89.9%	92.2%	93.1%	93.6%	93.6%	93.6%	93.4%	93.6%	93.5%
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Operational Liquidity														
Unrestricted Current Ratio <i>represents a council's ability to meet short-term obligations as they fall due.</i>	> 1.5x	1.90x	1.92x	2.18x	2.16x	1.92x	1.72x	1.82x	1.89x	1.83x	1.95x	1.83x	1.84x	1.92x
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage <i>expressed as a percentage of total rates and charges available for collection in the financial year.</i>	< 5%	3.6%	3.6%	3.8%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cash Expense Cover Ratio <i>liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.</i>	> 3mths	5.6mths	6.1mths	6.4mths	4.8mths	4.1mths	4.0mths	3.9mths	4.1mths	3.9mths	3.9mths	3.9mths	3.9mths	3.9mths
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Liability and Debt Management														
Debt Service Cover Ratio <i>measures the availability of operating cash to service loan repayments.</i>	> 2x	7.3x	7.7x	6.9x	8.8x	6.9x	9.7x	10.5x	10.8x	15.7x	15.6x	16.3x	14.5x	19.2x
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Option 1: Reduce service
Statement of performance measures (continued)

	OLG Benchmark	Result 2021/22	Result 2022/23	Result 2023/24	Forecast 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Year 6 2029/30	Year 7 2030/31	Year 8 2031/32	Year 9 2032/33	Year 10 2033/34
Asset Management														
Building and Infrastructure Renewals Ratio	> 100%	112.7%	130.8%	94.6%	95.1%	101.2%	94.0%	90.8%	91.9%	90.8%	88.8%	89.0%	87.2%	86.4%
<i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating.</i>		✓	✓	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗
Infrastructure Backlog Ratio	< 2%	1.53%	1.49%	1.52%	1.58%	1.58%	1.59%	1.61%	1.63%	1.65%	1.67%	1.68%	1.69%	1.70%
<i>ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Maintenance Ratio	> 100%	100.6%	109.7%	98.1%	92.5%	93.5%	93.5%	93.6%	93.6%	93.6%	93.6%	93.6%	93.6%	93.6%
<i>ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.</i>		✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Cost to bring assets to agreed service level		1.26%	1.22%	1.17%	1.32%	1.32%	1.34%	1.35%	1.37%	1.39%	1.41%	1.42%	1.43%	1.44%
<i>ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

10.2 Option 2: Maintain service



Option 2: Maintain service Income statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Income from continuing operations													
Rates and annual charges	225,941	234,424	246,432	259,515	282,404	303,794	327,524	337,354	347,373	357,655	368,392	379,805	391,831
User charges and fees	79,722	91,876	99,931	102,637	104,372	106,638	109,167	111,542	114,064	116,652	119,358	122,201	125,163
Other revenues	22,343	20,086	21,620	20,845	21,037	21,354	21,680	21,999	22,311	22,631	22,973	23,337	23,710
Grants and contributions provided for operating purposes	27,165	31,496	26,529	25,181	20,221	19,663	20,926	20,086	21,440	21,040	22,437	22,104	23,549
Grants and contributions provided for capital purposes	43,952	33,917	29,218	39,594	25,389	15,775	10,969	10,303	9,776	10,847	11,070	11,299	11,534
Interest and investment revenue	1,238	7,085	11,083	8,918	5,313	4,806	4,823	5,014	4,777	4,882	5,113	5,298	5,490
Other Income	6,736	6,392	6,915	6,946	6,976	7,151	7,329	7,505	7,678	7,855	8,043	8,244	8,450
Net gain from the disposal of assets	960	167		392	595	622	433	420	351	467	734	524	590
Total income from continuing operations	408,057	425,443	441,728	464,029	466,306	479,804	502,851	514,223	527,770	542,027	558,119	572,812	590,317
Expenses from continuing operations													
Employee benefits and on-costs	134,560	146,153	159,331	171,870	176,191	180,109	183,972	189,714	195,635	201,740	208,037	214,532	221,229
Materials and services	142,766	157,273	163,471	180,278	188,787	188,064	195,615	199,042	203,533	207,196	214,204	219,615	224,400
Borrowing costs	2,624	2,738	2,689	2,605	2,942	2,879	2,830	2,464	2,428	2,433	2,206	2,170	1,939
Depreciation, amortisation and impairment for non-financial assets	45,508	46,821	48,975	53,208	55,102	58,443	59,066	60,855	62,183	63,341	65,112	66,919	67,749
Other expenses	20,969	20,765	22,569	21,752	21,917	23,045	24,250	25,526	26,878	28,326	29,892	31,586	33,402
Net loss from the disposal of assets	-	-	545	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	346,427	373,750	397,580	429,713	444,940	452,539	465,733	477,602	490,657	503,037	519,451	534,821	548,718
Operating result - Surplus / (Deficit)	61,630	51,693	44,148	34,317	21,366	27,264	37,118	36,621	37,113	38,991	38,668	37,991	41,599
Operating result before grants and contributions provided for capital purposes	17,678	17,776	14,930	(5,278)	(4,023)	11,489	26,149	26,318	27,338	28,144	27,598	26,692	30,065

Option 2: Maintain service
Balance sheet

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
ASSETS													
Current assets													
Cash and cash equivalents	6,697	6,605	17,541	8,975	10,849	11,672	12,447	13,140	13,942	14,614	15,313	16,366	17,171
Investments	150,625	175,623	182,096	156,764	130,830	127,768	130,637	140,376	136,489	144,123	151,353	156,959	162,772
Receivables	24,791	20,844	25,958	22,591	23,476	24,432	25,446	26,006	26,555	27,142	27,747	28,386	29,060
Inventories	397	372	392	405	416	427	437	448	458	469	480	492	504
Prepayments	2,975	3,364	4,984	5,143	5,293	5,425	5,561	5,694	5,825	5,959	6,102	6,255	6,411
Total current assets	185,485	206,808	230,971	193,877	170,865	169,724	174,528	185,664	183,269	192,306	200,994	208,458	215,918
Non-Current Assets													
Investments	760	678	577	435	293	148	4	0	-	-	-	-	-
Receivables	1,007	1,012	952	999	1,097	1,200	1,309	1,348	1,388	1,430	1,473	1,519	1,567
Infrastructure, property, plant and equipment	5,218,499	5,413,807	5,643,257	5,853,717	6,021,874	6,166,924	6,314,520	6,461,196	6,622,637	6,773,896	6,939,107	7,109,120	7,290,558
Investment property	6,155	6,320	6,565	6,810	7,055	7,300	7,545	7,790	8,035	8,280	8,525	8,770	9,015
Right of use assets	9,110	7,811	6,544	3,947	3,947	2,686	1,424	163	108	54	0	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	5,235,531	5,429,628	5,657,895	5,865,908	6,034,265	6,178,257	6,324,802	6,470,497	6,632,169	6,783,660	6,949,105	7,119,409	7,301,140
Total assets	5,421,016	5,636,436	5,888,866	6,059,785	6,205,130	6,347,981	6,499,329	6,656,161	6,815,439	6,975,967	7,150,099	7,327,866	7,517,058

Option 2: Maintain service
Balance sheet (continued)

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
LIABILITIES													
Current liabilities													
Payables	45,393	47,806	55,607	56,813	57,847	58,916	60,022	60,958	61,896	62,857	63,870	64,940	66,043
Contract Liabilities	24,206	27,619	20,102	5,035	5,838	5,328	5,489	5,649	5,813	5,982	6,157	6,342	6,533
Lease Liabilities	1,238	1,241	1,279	1,307	1,347	1,388	1,430	63	66	70	-	-	-
Borrowings	4,770	3,340	2,178	2,596	1,594	1,684	1,782	1,513	1,591	1,673	2,227	1,500	1,572
Employee benefit provisions	35,553	34,754	35,901	38,015	39,006	40,218	41,468	42,756	44,085	45,456	46,869	48,327	49,830
Provisions	759	1,060	1,193	1,264	1,466	8,041	1,426	1,471	6,335	1,599	6,480	4,834	1,803
Total current liabilities	111,919	115,820	116,260	105,030	107,098	115,575	111,617	112,410	119,786	117,637	125,603	125,942	125,780
Non-current liabilities													
Payables	150	100	50	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	7,466	8,239	10,053	9,593	5,796	5,705	5,614	5,523	5,432	5,342	5,251	5,160	5,069
Lease Liabilities	8,237	6,996	5,717	4,365	3,018	1,630	200	137	70	-	-	-	-
Borrowings	12,538	9,185	6,984	15,134	13,540	11,856	10,074	8,561	6,971	5,298	3,071	1,572	0
Employee benefit provisions	761	1,843	2,001	2,120	2,175	2,243	2,313	2,386	2,460	2,537	2,616	2,698	2,782
Provisions	43,404	45,094	45,433	43,447	45,263	40,661	42,806	44,730	41,924	43,995	41,097	39,985	41,816
Total non-current liabilities	72,556	71,457	70,238	74,659	69,792	62,095	61,007	61,337	56,857	57,171	52,035	49,415	49,668
Total liabilities	184,475	187,277	186,498	179,689	176,890	177,671	172,624	173,747	176,644	174,808	177,638	175,356	175,447
Net assets	5,236,541	5,449,159	5,702,368	5,880,097	6,028,240	6,170,310	6,326,705	6,482,414	6,638,795	6,801,159	6,972,460	7,152,510	7,341,611
EQUITY													
Accumulated Surplus	4,928,924	4,980,559	5,024,590	5,058,787	5,080,030	5,107,169	5,144,157	5,180,647	5,217,625	5,256,477	5,295,003	5,332,848	5,374,298
IPP&E Revaluation Surplus	307,617	468,600	677,778	821,310	948,210	1,063,141	1,182,548	1,301,767	1,421,171	1,544,682	1,677,457	1,819,661	1,967,313
Total equity	5,236,541	5,449,159	5,702,368	5,880,097	6,028,240	6,170,310	6,326,705	6,482,414	6,638,795	6,801,159	6,972,460	7,152,510	7,341,611

**Option 2: Maintain service
Cashflow statement**

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Cash flows from operating activities													
Receipts:													
Rates and annual charges	226,388	234,281	245,463	258,950	281,509	302,852	326,526	336,995	347,003	357,274	368,000	379,388	391,386
User charges and fees	84,398	96,268	104,315	108,572	110,503	112,905	115,582	118,100	120,769	123,509	126,373	129,377	132,512
Interest received	1,182	4,873	9,052	8,857	5,235	4,678	4,676	4,944	4,732	4,813	5,043	5,228	5,416
Grants and contributions	56,687	76,799	48,521	46,493	42,327	35,042	32,129	30,608	31,443	32,120	33,758	33,653	35,350
Bonds, deposits and retentions received	7,098	7,741	8,143	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742
Other	45,656	41,346	44,656	46,877	46,547	46,024	47,518	47,663	49,952	49,756	51,071	51,936	53,315
Payments:													
Payments to employees	(137,235)	(145,037)	(156,343)	(167,957)	(174,941)	(178,581)	(182,398)	(188,091)	(193,960)	(200,013)	(206,256)	(212,695)	(219,335)
Payments for materials and services	(158,507)	(176,928)	(182,311)	(209,976)	(211,559)	(210,769)	(225,877)	(222,788)	(229,664)	(237,306)	(239,948)	(250,583)	(254,013)
Borrowing costs	(1,142)	(1,064)	(924)	(696)	(1,084)	(932)	(798)	(656)	(536)	(452)	(364)	(243)	(156)
Bonds, deposits and retentions refunded	(5,466)	(5,571)	(5,867)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)
Other	(28,886)	(22,019)	(21,914)	(20,735)	(21,649)	(22,728)	(23,928)	(25,207)	(26,564)	(28,008)	(29,559)	(31,236)	(33,047)
Net Cash flows from operating activities	90,173	110,689	92,791	70,385	76,888	88,490	93,430	101,567	103,175	101,694	108,118	104,824	111,429

Option 2: Maintain service
Cashflow statement (continued)

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Cash flows from investing activities													
Receipts:													
Sale of investments	338,038	272,227	269,831	323,300	320,500	301,500	306,100	296,100	306,900	299,000	302,650	303,200	303,480
Proceeds from sale of PPE	3,734	2,167	2,513	2,183	2,778	2,847	3,238	2,900	2,177	2,857	4,138	2,902	3,095
Payments:													
Purchase of investment securities	(352,829)	(297,123)	(276,178)	(297,826)	(294,424)	(298,293)	(308,825)	(305,835)	(303,013)	(306,634)	(309,880)	(308,806)	(309,293)
Payments for PPE	(76,755)	(81,973)	(73,302)	(113,788)	(99,842)	(90,656)	(89,968)	(90,696)	(106,727)	(94,451)	(102,443)	(98,696)	(106,258)
Net Cash flows from investing activities	(87,812)	(104,702)	(77,136)	(86,131)	(70,988)	(84,601)	(89,455)	(97,531)	(100,662)	(99,228)	(105,535)	(101,400)	(108,976)
Cash flows from financing activities													
Receipts:													
Proceeds from borrowings	-	-	2,500	10,450	-	-	-	-	-	-	-	-	-
Payments:													
Repayment of borrowings	(5,018)	(4,783)	(5,863)	(1,882)	(2,596)	(1,594)	(1,684)	(1,782)	(1,513)	(1,591)	(1,673)	(2,227)	(1,500)
Lease liabilities (principal repayments)	(1,269)	(1,238)	(1,241)	(1,269)	(1,307)	(1,347)	(1,388)	(1,430)	(63)	(66)	(70)	-	-
Dividends paid to minority interest	(38)	(58)	(115)	(119)	(122)	(125)	(128)	(131)	(134)	(138)	(141)	(145)	(148)
Net Cash flows from financing activities	(6,325)	(6,079)	(4,719)	7,180	(4,025)	(3,066)	(3,200)	(3,343)	(1,710)	(1,795)	(1,884)	(2,371)	(1,648)
Net change in cash and cash equivalents	(3,964)	(92)	10,936	(8,566)	1,875	822	775	693	802	671	699	1,053	805
Cash and cash equivalents at beginning of year	10,661	6,697	6,605	17,541	8,975	10,849	11,672	12,447	13,140	13,942	14,614	15,313	16,366
Cash and cash equivalents at end of year	6,697	6,605	17,541	8,975	10,849	11,672	12,447	13,140	13,942	14,614	15,313	16,366	17,171
Investments at year end	151,385	176,301	182,673	157,199	131,123	127,916	130,641	140,376	136,489	144,123	151,353	156,959	162,772
Cash, cash equivalents and investments at end of year	158,082	182,906	200,214	166,174	141,972	139,588	143,088	153,516	150,431	158,737	166,666	173,325	179,943
Net change in cash, cash equivalents and investments		24,824	17,308	(34,040)	(24,201)	(2,385)	3,500	10,428	(3,085)	8,305	7,929	6,659	6,618

Option 2: Maintain service

Cash and investments statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Total Cash and Investments	158,082	182,906	200,214	166,174	141,972	139,588	143,088	153,516	150,431	158,737	166,666	173,325	179,943
Represented by:													
Externally Restricted													
Developer Contributions	36,457	43,446	47,386	34,422	21,790	19,903	20,957	22,338	20,702	20,481	19,610	19,592	15,175
Unexpended Grants - not tied to liability	566	597	573	0	0	0	0	0	0	0	0	0	0
Domestic Waste Management	3,401	7,626	13,176	15,433	16,873	18,011	20,154	22,531	11,116	13,989	17,135	20,616	24,294
Other externally restricted reserves	722	618	1,130	1,243	1,383	379	495	623	764	919	557	740	938
Total Externally Restricted	41,146	52,286	62,264	51,098	40,046	38,294	41,605	45,492	32,582	35,389	37,303	40,948	40,407
Internally Restricted													
Deposits, Retentions & Bonds	15,380	17,550	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527
Employee Leave Entitlement	7,026	7,111	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580
Kimbriki Landfill Remediation	13,597	15,418	18,207	20,660	22,941	25,120	20,881	23,200	25,640	23,390	25,893	23,695	23,170
Unexpended Grants - tied to liability	28,600	31,960	26,118	10,333	7,356	7,420	7,491	7,566	7,647	7,733	7,826	7,924	8,034
Special variation - future works fund	-	-	-	-	79	297	813	1,607	2,673	3,980	5,479	7,154	9,054
Other	15,582	18,794	17,152	13,289	11,278	8,864	9,469	10,268	11,802	12,459	9,239	9,435	9,088
Total Internally Restricted	80,184	90,833	88,585	71,389	68,761	68,809	65,761	69,748	74,869	74,669	75,544	75,316	76,452
Total Restricted Cash	121,330	143,119	150,849	122,487	108,807	107,103	107,366	115,240	107,452	110,059	112,846	116,264	116,859
Total Unrestricted Cash	36,752	39,787	49,365	43,687	33,165	32,484	35,722	38,276	42,980	48,678	53,819	57,061	63,084
Unrestricted cash breakdown:													
Unrestricted - Northern Beaches	20,549	30,792	42,971	38,991	26,983	25,490	27,750	28,581	31,267	34,548	37,306	38,042	41,237
Unrestricted - Kimbriki	16,203	8,995	6,394	4,695	6,182	6,995	7,972	9,695	11,713	14,130	16,513	19,018	21,848

Option 2: Maintain service

Capital budget statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Capital Funding													
Working Capital	7,785	16,118	5,645	6,107	3,038	2,544	2,550	1,557	1,564	1,571	1,578	1,397	1,400
Special Variation	-	-	-	-	6,182	15,090	24,044	25,920	26,026	26,322	26,396	27,398	28,505
Depreciation	22,098	32,322	31,876	33,206	41,581	42,990	43,154	44,545	45,272	45,470	46,727	47,917	48,950
Capital grants and contributions													
Grants and contributions	29,262	20,265	12,791	31,963	18,192	6,548	3,913	1,913	1,913	1,913	1,913	1,913	1,913
Externally restricted reserves													
- Developer contributions	8,038	8,088	14,527	21,943	18,567	11,469	6,503	7,529	10,028	9,636	10,490	9,848	14,413
- Domestic Waste	-	-	-	-	-	-	-	-	14,048	-	-	-	-
- Other	1,797	2,347	1,757	1,965	2,009	3,156	2,037	2,024	2,012	2,000	2,518	1,976	1,964
Internally restricted reserves													
- Merger savings fund	1,893	343	323	209	702	-	-	-	-	-	-	-	-
- Borrowings	-	-	-	9,935	515	-	-	-	-	-	-	-	-
- Other	4,005	1,260	3,817	6,277	6,278	6,012	4,529	4,307	3,688	4,682	8,684	5,345	6,020
Income from sale of assets													
- Plant and equipment	1,995	2,112	2,732	2,183	2,778	2,847	3,238	2,900	2,177	2,857	4,138	2,902	3,095
Total funding	76,872	82,856	73,468	113,788	99,842	90,656	89,968	90,696	106,727	94,451	102,443	98,696	106,258
Capital Expenditure													
Buildings	21,091	15,413	9,841	26,287	15,735	17,333	12,224	15,062	14,025	12,960	15,970	17,504	16,330
Community Land	-	838	-	2,740	-	-	-	-	-	-	-	-	-
Furniture & Fittings	730	74	65	178	36	36	36	36	36	36	36	36	36
Land Improvements	-	-	4,951	4,474	2,917	2,940	2,964	1,988	2,014	2,039	2,066	2,095	2,123
Library Books	868	685	707	799	752	771	790	809	829	849	870	892	914
Office Equipment	1,995	2,904	2,569	3,122	2,608	2,500	2,563	2,624	2,687	2,752	2,821	2,891	2,963
Open Space / Recreational	9,387	10,501	14,008	16,968	17,302	10,637	10,760	9,774	10,451	12,196	13,716	9,459	10,980
Other Assets	696	163	357	114	702	-	-	-	-	-	-	-	-
Other Structures	3,419	2,302	1,495	6,555	6,174	5,514	7,058	3,902	6,151	6,495	2,913	2,964	3,016
Plant & Equipment	3,545	3,275	6,673	8,264	8,809	8,956	7,809	7,601	20,118	7,478	12,943	8,401	9,105
Road, Bridges & Footpaths	26,574	24,323	23,496	33,980	31,785	26,999	26,998	29,741	30,671	31,216	31,886	34,597	36,475
Stormwater Drainage	5,505	8,485	8,686	8,497	12,001	12,583	15,670	16,795	16,969	16,763	16,746	17,318	21,711
Swimming Pools	345	1,109	620	1,811	1,020	2,388	3,097	2,364	2,777	1,667	2,477	2,540	2,606
Other Kimbriki Assets	2,718	12,785	-	0	-	-	-	-	-	-	-	-	-
Total expenditure	76,872	82,856	73,468	113,788	99,842	90,656	89,968	90,696	106,727	94,451	102,443	98,696	106,258

Option 2: Maintain service

Statement of borrowings

The Long-Term Financial Plan recognises debt as an important source of funds for large capital projects.

New borrowings are anticipated over the 10 year period of the Long-Term Financial Plan to fund a major infrastructure project. Spreading these costs over a number of years facilitates inter-generational equity and smooths out long term expenditure peaks and troughs, where financially sustainable.

Proposed new borrowings

Financial year	Loan amount	Proposed term	Repayment funding source	Purpose of loan
2024/25 (Year 1)	\$10,450,000	10 years	The funding currently utilised to repay existing loans is sufficient to fund the repayment schedule for this loan as several existing loans are coming to the end of their term.	To assist with the construction of the Warriewood Community Centre.

Loans are proposed to be sourced from authorised financial institutions licensed by the Australian Prudential Regulatory Authority (APRA) to carry on banking business (Authorised Deposit Taking Institutions or NSW Treasury Corporation) and secured over rates income.

Option 2: Maintain service

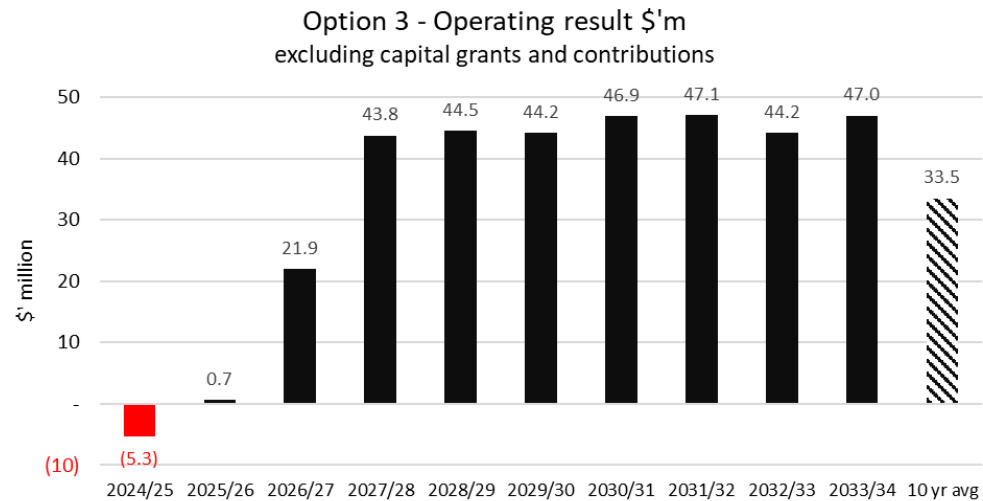
Statement of performance measures

OLG Benchmark	Result	Result	Result	Forecast	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	
Budget Performance														
Operating Performance Ratio <i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.</i>	> 0%	4.5%	4.5%	3.7%	(1.3%)	(1.0%)	2.4%	5.3%	5.2%	5.2%	5.2%	4.9%	4.7%	5.1%
		✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓
Own Source Operating Revenue Ratio <i>measures fiscal flexibility. It is the degree of reliance on external funding sources.</i>	> 60%	82.5%	84.6%	87.4%	86.0%	90.2%	92.6%	93.7%	94.1%	94.1%	94.1%	94.0%	94.2%	94.1%
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Operational Liquidity														
Unrestricted Current Ratio <i>represents a council's ability to meet short-term obligations as they fall due.</i>	> 1.5x	1.90x	1.92x	2.18x	2.16x	1.93x	1.74x	1.88x	1.98x	1.94x	2.10x	2.00x	2.06x	2.19x
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage <i>expressed as a percentage of total rates and charges available for collection in the financial year.</i>	< 5%	3.6%	3.6%	3.8%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cash Expense Cover Ratio <i>liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.</i>	> 3mths	5.6mths	6.1mths	6.4mths	4.8mths	4.0mths	3.9mths	3.9mths	4.1mths	3.9mths	4.0mths	4.1mths	4.1mths	4.2mths
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Liability and Debt Management														
Debt Service Cover Ratio <i>measures the availability of operating cash to service loan repayments.</i>	> 2x	7.3x	7.7x	6.9x	8.8x	7.9x	12.5x	14.9x	15.8x	23.0x	23.0x	24.1x	21.8x	29.0x
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Option 2: Maintain service
Statement of performance measures (continued)

	OLG Benchmark	Result 2021/22	Result 2022/23	Result 2023/24	Forecast 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Year 6 2029/30	Year 7 2030/31	Year 8 2031/32	Year 9 2032/33	Year 10 2033/34
Asset Management														
Building and Infrastructure Renewals Ratio	> 100%	112.7%	130.8%	94.6%	95.1%	115.1%	125.8%	139.6%	142.1%	139.1%	135.8%	134.8%	133.0%	133.4%
<i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating.</i>		✓	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
Infrastructure Backlog Ratio	< 2%	1.53%	1.49%	1.52%	1.58%	1.58%	1.58%	1.59%	1.59%	1.60%	1.61%	1.61%	1.61%	1.61%
<i>ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Maintenance Ratio	> 100%	100.6%	109.7%	98.1%	92.5%	96.9%	98.1%	100.5%	100.1%	100.1%	100.4%	100.3%	100.4%	100.4%
<i>ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.</i>		✓	✓	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓
Cost to bring assets to agreed service level		1.26%	1.22%	1.17%	1.32%	1.32%	1.33%	1.34%	1.36%	1.37%	1.38%	1.39%	1.40%	1.41%
<i>ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

10.3 Option 3: Improve service



Option 3: Improve service Income statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Income from continuing operations													
Rates and annual charges	225,941	234,424	246,432	259,515	286,940	313,849	344,436	354,787	365,342	376,176	387,483	399,503	412,174
User charges and fees	79,722	91,876	99,931	102,637	104,372	106,638	109,167	111,542	114,064	116,652	119,358	122,201	125,163
Other revenues	22,343	20,086	21,620	20,845	21,037	21,356	21,683	22,001	22,314	22,634	22,975	23,340	23,713
Grants and contributions provided for operating purposes	27,165	31,496	26,529	25,181	20,221	19,663	20,926	20,086	21,440	21,040	22,437	22,104	23,549
Grants and contributions provided for capital purposes	43,952	33,917	29,218	39,594	25,389	15,775	10,969	10,303	9,776	10,847	11,070	11,299	11,534
Interest and investment revenue	1,238	7,085	11,083	8,918	5,489	5,292	5,785	6,304	5,849	6,261	6,807	6,323	5,726
Other income	6,736	6,392	6,915	6,946	6,976	7,151	7,329	7,505	7,678	7,855	8,043	8,244	8,450
Net gain from the disposal of assets	960	167		392	595	622	433	420	351	467	734	524	590
Total income from continuing operations	408,057	425,443	441,728	464,029	471,019	490,346	520,728	532,948	546,814	561,931	578,907	593,538	610,898
Expenses from continuing operations													
Employee benefits and on-costs	134,560	146,153	159,331	171,870	176,191	180,109	183,972	189,714	195,635	201,740	208,037	214,532	221,229
Materials and services	142,766	157,273	163,471	180,278	188,823	188,143	195,747	199,179	204,087	207,947	214,975	219,833	224,618
Borrowing costs	2,624	2,738	2,689	2,605	2,942	2,879	2,830	2,464	2,428	2,433	2,206	2,170	1,939
Depreciation, amortisation and impairment for non-financial assets	45,508	46,821	48,975	53,208	55,102	58,462	59,178	61,231	63,776	63,714	65,618	69,956	71,154
Other expenses	20,969	20,765	22,569	21,752	21,917	23,045	24,250	25,526	26,878	28,326	29,892	31,586	33,402
Net loss from the disposal of assets	-	-	545	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	346,427	373,750	397,580	429,713	444,976	452,637	465,978	478,115	492,803	504,160	520,729	538,076	552,341
Operating result - Surplus / (Deficit)	61,630	51,693	44,148	34,317	26,043	37,709	54,750	54,833	54,010	57,771	58,178	55,462	58,558
Operating result before grants and contributions provided for capital purposes	17,678	17,776	14,930	(5,278)	654	21,934	43,781	44,530	44,235	46,924	47,108	44,163	47,024

Option 3: Improve service
Balance sheet

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
ASSETS													
Current assets													
Cash and cash equivalents	6,697	6,605	17,541	8,975	10,849	11,640	12,480	13,207	14,059	14,779	15,437	16,326	17,173
Investments	150,625	175,623	182,096	156,764	135,341	141,758	159,386	180,605	170,759	190,089	208,132	190,645	169,160
Receivables	24,791	20,844	25,958	22,591	23,639	24,803	26,082	26,688	27,250	27,885	28,536	29,159	29,810
Inventories	397	372	392	405	416	427	437	448	458	469	480	492	504
Prepayments	2,975	3,364	4,984	5,143	5,293	5,425	5,561	5,694	5,825	5,959	6,102	6,255	6,411
Total current assets	185,485	206,808	230,971	193,877	175,539	184,053	203,946	226,642	218,351	239,180	258,687	242,876	223,058
Non-Current Assets													
Investments	760	678	577	435	293	148	4	0	-	-	-	-	-
Receivables	1,007	1,012	952	999	1,119	1,250	1,394	1,436	1,479	1,524	1,569	1,618	1,670
Infrastructure, property, plant and equipment	5,218,499	5,413,807	5,643,257	5,853,717	6,021,874	6,167,469	6,316,983	6,469,233	6,653,049	6,810,063	6,982,403	7,193,264	7,420,228
Investment property	6,155	6,320	6,565	6,810	7,055	7,300	7,545	7,790	8,035	8,280	8,525	8,770	9,015
Right of use assets	9,110	7,811	6,544	3,947	3,947	2,686	1,424	163	108	54	0	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	5,235,531	5,429,628	5,657,895	5,865,908	6,034,288	6,178,853	6,327,350	6,478,622	6,662,672	6,819,921	6,992,497	7,203,652	7,430,913
Total assets	5,421,016	5,636,436	5,888,866	6,059,785	6,209,827	6,362,906	6,531,296	6,705,264	6,881,023	7,059,100	7,251,184	7,446,528	7,653,970

Option 3: Improve service
Balance sheet (continued)

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
LIABILITIES													
Current liabilities													
Payables	45,393	47,806	55,607	56,813	57,903	59,038	60,227	61,170	62,114	63,082	64,102	65,179	66,290
Contract Liabilities	24,206	27,619	20,102	5,035	5,838	5,328	5,489	5,649	5,813	5,982	6,157	6,342	6,533
Lease Liabilities	1,238	1,241	1,279	1,307	1,347	1,388	1,430	63	66	70	-	-	-
Borrowings	4,770	3,340	2,178	2,596	1,594	1,684	1,782	1,513	1,591	1,673	2,227	1,500	1,572
Employee benefit provisions	35,553	34,754	35,901	38,015	39,006	40,218	41,468	42,756	44,085	45,456	46,869	48,327	49,830
Provisions	759	1,060	1,193	1,264	1,466	8,041	1,426	1,471	6,335	1,599	6,480	4,834	1,803
Total current liabilities	111,919	115,820	116,260	105,030	107,153	115,698	111,822	112,622	120,004	117,862	125,835	126,181	126,027
Non-current liabilities													
Payables	150	100	50	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	7,466	8,239	10,053	9,593	5,796	5,705	5,614	5,523	5,432	5,342	5,251	5,160	5,069
Lease Liabilities	8,237	6,996	5,717	4,365	3,018	1,630	200	137	70	-	-	-	-
Borrowings	12,538	9,185	6,984	15,134	13,540	11,856	10,074	8,561	6,971	5,298	3,071	1,572	0
Employee benefit provisions	761	1,843	2,001	2,120	2,175	2,243	2,313	2,386	2,460	2,537	2,616	2,698	2,782
Provisions	43,404	45,094	45,433	43,447	45,263	40,661	42,806	44,730	41,924	43,995	41,097	39,985	41,816
Total non-current liabilities	72,556	71,457	70,238	74,659	69,792	62,095	61,007	61,337	56,857	57,171	52,035	49,415	49,668
Total liabilities	184,475	187,277	186,498	179,689	176,945	177,793	172,829	173,959	176,862	175,033	177,870	175,596	175,695
Net assets	5,236,541	5,449,159	5,702,368	5,880,097	6,032,882	6,185,113	6,358,467	6,531,305	6,704,161	6,884,067	7,073,314	7,270,932	7,478,276
EQUITY													
Accumulated Surplus	4,928,924	4,980,559	5,024,590	5,058,787	5,084,707	5,122,290	5,176,911	5,231,612	5,285,487	5,343,119	5,401,156	5,456,472	5,514,881
IPP&E Revaluation Surplus	307,617	468,600	677,778	821,310	948,175	1,062,823	1,181,556	1,299,693	1,418,674	1,540,948	1,672,159	1,814,460	1,963,395
Total equity	5,236,541	5,449,159	5,702,368	5,880,097	6,032,882	6,185,113	6,358,467	6,531,305	6,704,161	6,884,067	7,073,314	7,270,932	7,478,276

Option 3: Improve service
Cashflow statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Cash flows from operating activities													
Receipts:													
Rates and annual charges	226,388	234,281	245,463	258,950	285,835	312,651	343,121	354,404	364,948	375,770	387,065	399,059	411,701
User charges and fees	84,398	96,268	104,315	108,572	110,503	112,905	115,582	118,100	120,769	123,509	126,373	129,377	132,512
Interest received	1,182	4,873	9,052	8,857	5,373	5,110	5,565	6,209	5,812	6,166	6,713	6,294	5,700
Grants and contributions	56,687	76,799	48,521	46,493	42,327	35,042	32,129	30,608	31,443	32,120	33,758	33,653	35,350
Bonds, deposits and retentions received	7,098	7,741	8,143	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742
Other	45,656	41,346	44,656	46,877	46,550	46,086	47,728	48,251	52,319	50,392	51,848	56,174	58,007
Payments:													
Payments to employees	(137,235)	(145,037)	(156,343)	(167,957)	(174,941)	(178,581)	(182,398)	(188,091)	(193,960)	(200,013)	(206,256)	(212,695)	(219,335)
Payments for materials and services	(158,507)	(176,928)	(182,311)	(209,976)	(211,515)	(211,071)	(226,787)	(224,792)	(233,797)	(240,356)	(243,593)	(256,651)	(259,860)
Borrowing costs	(1,142)	(1,064)	(924)	(696)	(1,084)	(932)	(798)	(656)	(536)	(452)	(364)	(243)	(156)
Bonds, deposits and retentions refunded	(5,466)	(5,571)	(5,867)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)
Other	(28,886)	(22,019)	(21,914)	(20,735)	(21,649)	(22,728)	(23,928)	(25,207)	(26,564)	(28,008)	(29,559)	(31,236)	(33,047)
Net Cash flows from operating activities	90,173	110,689	92,791	70,385	81,399	98,482	110,215	118,827	120,434	119,130	125,986	123,731	130,872

Option 3: Improve service
Cashflow statement (continued)

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Cash flows from investing activities													
Receipts:													
Sale of investments	338,038	272,227	269,831	323,300	320,500	301,500	306,100	296,100	306,900	299,000	302,650	303,200	303,480
Proceeds from sale of PPE	3,734	2,167	2,513	2,183	2,778	2,847	3,238	2,900	2,177	2,857	4,138	2,902	3,095
Payments:													
Purchase of investment securities	(352,829)	(297,123)	(276,178)	(297,826)	(298,935)	(307,772)	(323,584)	(317,315)	(297,054)	(318,330)	(320,693)	(285,713)	(281,995)
Payments for PPE	(76,755)	(81,973)	(73,302)	(113,788)	(99,842)	(91,201)	(91,928)	(96,442)	(129,895)	(100,142)	(109,539)	(140,861)	(152,957)
Net Cash flows from investing activities	(87,812)	(104,702)	(77,136)	(86,131)	(75,499)	(94,626)	(106,174)	(114,757)	(117,872)	(116,615)	(123,444)	(120,471)	(128,377)
Cash flows from financing activities													
Receipts:													
Proceeds from borrowings	-	-	2,500	10,450	-	-	-	-	-	-	-	-	-
Payments:													
Repayment of borrowings	(5,018)	(4,783)	(5,863)	(1,882)	(2,596)	(1,594)	(1,684)	(1,782)	(1,513)	(1,591)	(1,673)	(2,227)	(1,500)
Lease liabilities (principal repayments)	(1,269)	(1,238)	(1,241)	(1,269)	(1,307)	(1,347)	(1,388)	(1,430)	(63)	(66)	(70)	-	-
Dividends paid to minority interest	(38)	(58)	(115)	(119)	(122)	(125)	(128)	(131)	(134)	(138)	(141)	(145)	(148)
Net Cash flows from financing activities	(6,325)	(6,079)	(4,719)	7,180	(4,025)	(3,066)	(3,200)	(3,343)	(1,710)	(1,795)	(1,884)	(2,371)	(1,648)
Net change in cash and cash equivalents	(3,964)	(92)	10,936	(8,566)	1,875	790	841	727	852	720	659	888	847
Cash and cash equivalents at beginning of year	10,661	6,697	6,605	17,541	8,975	10,849	11,640	12,480	13,207	14,059	14,779	15,437	16,326
Cash and cash equivalents at end of year	6,697	6,605	17,541	8,975	10,849	11,640	12,480	13,207	14,059	14,779	15,437	16,326	17,173
Investments at year end	151,385	176,301	182,673	157,199	135,634	141,906	159,390	180,605	170,759	190,089	208,132	190,645	169,160
Cash, cash equivalents and investments at end of year	158,082	182,906	200,214	166,174	146,483	153,546	171,870	193,812	184,818	204,868	223,569	206,971	186,332
Net change in cash, cash equivalents and investments		24,824	17,308	(34,040)	(19,690)	7,062	18,325	21,942	(8,994)	20,050	18,702	(16,599)	(20,638)

Option 3: Improve service
Cash and investments statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Total Cash and Investments	158,082	182,906	200,214	166,174	146,483	153,546	171,870	193,812	184,818	204,868	223,569	206,971	186,332
Represented by:													
Externally restricted													
Developer Contributions	36,457	43,446	47,386	34,422	21,790	19,903	20,957	22,338	20,702	20,481	19,610	19,592	15,175
Unexpended Grants - not tied to liability	566	597	573	0	0	0	0	0	0	0	0	0	0
Domestic Waste Management	3,401	7,626	13,176	15,433	16,873	18,011	20,154	22,531	11,116	13,989	17,135	20,616	24,294
Other externally restricted reserves	722	618	1,130	1,243	1,383	379	495	623	764	919	557	740	938
Total Externally restricted	41,146	52,286	62,264	51,098	40,046	38,294	41,605	45,492	32,582	35,389	37,303	40,948	40,407
Internally restricted													
Deposits, Retentions & Bonds	15,380	17,550	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527
Employee Leave Entitlement	7,026	7,111	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580
Kimbriki Landfill Remediation	13,597	15,418	18,207	20,660	22,941	25,120	20,881	23,200	25,640	23,390	25,893	23,695	23,170
Unexpended Grants - tied to liability	28,600	31,960	26,118	10,333	7,356	7,420	7,491	7,566	7,647	7,733	7,826	7,924	8,034
Special variation - future works fund	-	-	-	-	4,591	14,255	29,596	41,903	37,059	50,111	62,382	40,800	15,443
Other	15,582	18,794	17,152	13,289	11,278	8,864	9,469	10,268	11,802	12,459	9,239	9,435	9,088
Total Internally restricted	80,184	90,833	88,585	71,389	73,272	82,768	94,543	110,044	109,256	120,800	132,447	108,962	82,841
Total restricted cash	121,330	143,119	150,849	122,487	113,318	121,061	136,149	155,536	141,838	156,190	169,750	149,910	123,248
Total unrestricted cash	36,752	39,787	49,365	43,687	33,165	32,484	35,722	38,276	42,980	48,678	53,819	57,061	63,084
Unrestricted cash breakdown:													
Unrestricted - Northern Beaches	20,549	30,792	42,971	38,991	26,983	25,490	27,750	28,581	31,267	34,548	37,306	38,042	41,237
Unrestricted - Kimbriki	16,203	8,995	6,394	4,695	6,182	6,995	7,972	9,695	11,713	14,130	16,513	19,018	21,848

Option 3: Improve service
Capital budget statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Capital Funding													
Working Capital	7,785	16,118	5,645	6,107	3,038	2,544	2,550	1,557	1,564	1,571	1,578	1,397	1,400
Special Variation	-	-	-	-	6,182	15,635	26,004	31,666	49,194	32,013	33,491	69,562	75,204
Depreciation	22,098	32,322	31,876	33,206	41,581	42,990	43,154	44,545	45,272	45,470	46,727	47,917	48,950
Capital grants and contributions													
Grants and contributions	29,262	20,265	12,791	31,963	18,192	6,548	3,913	1,913	1,913	1,913	1,913	1,913	1,913
Externally restricted reserves													
- Developer contributions	8,038	8,088	14,527	21,943	18,567	11,469	6,503	7,529	10,028	9,636	10,490	9,848	14,413
- Domestic Waste	-	-	-	-	-	-	-	-	14,048	-	-	-	-
- Other	1,797	2,347	1,757	1,965	2,009	3,156	2,037	2,024	2,012	2,000	2,518	1,976	1,964
Internally restricted reserves													
- Merger savings fund	1,893	343	323	209	702	-	-	-	-	-	-	-	-
- Borrowings	-	-	-	9,935	515	-	-	-	-	-	-	-	-
- Other	4,005	1,260	3,817	6,277	6,278	6,012	4,529	4,307	3,688	4,682	8,684	5,345	6,020
Income from sale of assets													
- Plant and equipment	1,995	2,112	2,732	2,183	2,778	2,847	3,238	2,900	2,177	2,857	4,138	2,902	3,095
Total funding	76,872	82,856	73,468	113,788	99,842	91,201	91,928	96,442	129,895	100,142	109,539	140,861	152,957
Capital Expenditure													
Buildings	21,091	15,413	9,841	26,287	15,735	17,333	13,344	19,658	35,248	14,171	18,459	55,893	55,794
Community Land	-	838	-	2,740	-	-	-	-	-	-	-	-	-
Furniture & Fittings	730	74	65	178	36	36	36	36	36	36	36	36	36
Land Improvements	-	-	4,951	4,474	2,917	2,940	2,964	1,988	2,014	2,039	2,066	2,095	2,123
Library Books	868	685	707	799	752	771	790	809	829	849	870	892	914
Office Equipment	1,995	2,904	2,569	3,122	2,608	2,500	2,563	2,624	2,687	2,752	2,821	2,891	2,963
Open Space / Recreational	9,387	10,501	14,008	16,968	17,302	11,182	11,600	10,923	12,396	16,676	18,322	13,234	18,215
Other Assets	696	163	357	114	702	-	-	-	-	-	-	-	-
Other Structures	3,419	2,302	1,495	6,555	6,174	5,514	7,058	3,902	6,151	6,495	2,913	2,964	3,016
Plant & Equipment	3,545	3,275	6,673	8,264	8,809	8,956	7,809	7,601	20,118	7,478	12,943	8,401	9,105
Road, Bridges & Footpaths	26,574	24,323	23,496	33,980	31,785	26,999	26,998	29,741	30,671	31,216	31,886	34,597	36,475
Stormwater Drainage	5,505	8,485	8,686	8,497	12,001	12,583	15,670	16,795	16,969	16,763	16,746	17,318	21,711
Swimming Pools	345	1,109	620	1,811	1,020	2,388	3,097	2,364	2,777	1,667	2,477	2,540	2,606
Other Kimbriki Assets	2,718	12,785	-	0	-	-	-	-	-	-	-	-	-
Total expenditure	76,872	82,856	73,468	113,788	99,842	91,201	91,928	96,442	129,895	100,142	109,539	140,861	152,957

Option 3: Improve service
Statement of borrowings

The Long-Term Financial Plan recognises debt as an important source of funds for large capital projects.

New borrowings are anticipated over the 10 year period of the Long-Term Financial Plan to fund a major infrastructure project. Spreading these costs over a number of years facilitates inter-generational equity and smooths out long term expenditure peaks and troughs, where financially sustainable.

Proposed new borrowings

Financial year	Loan amount	Proposed term	Repayment funding source	Purpose of loan
2024/25 (Year 1)	\$10,450,000	10 years	The funding currently utilised to repay existing loans is sufficient to fund the repayment schedule for this loan as several existing loans are coming to the end of their term.	To assist with the construction of the Warriewood Community Centre.

Loans are proposed to be sourced from authorised financial institutions licensed by the Australian Prudential Regulatory Authority (APRA) to carry on banking business (Authorised Deposit Taking Institutions or NSW Treasury Corporation) and secured over rates income.

Option 3: Improve service

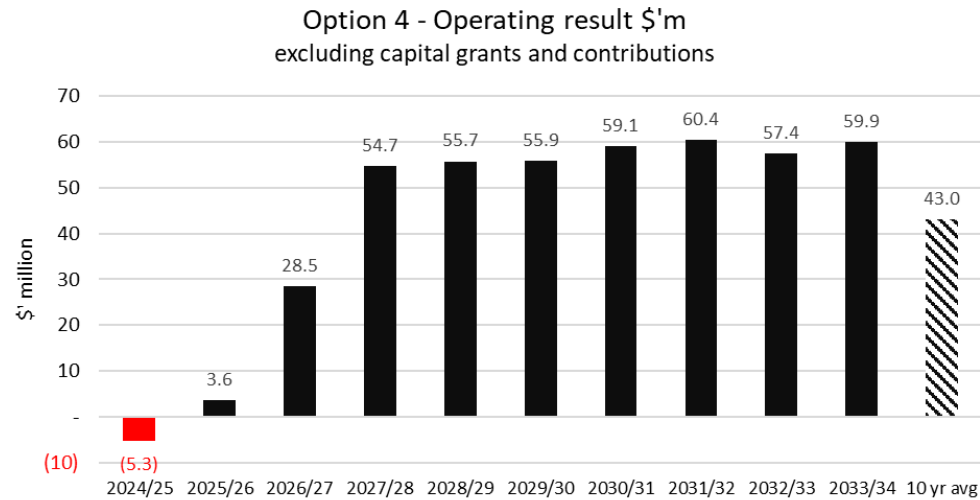
Statement of performance measures

OLG Benchmark	Result	Result	Result	Forecast	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	
Budget Performance														
Operating Performance Ratio <i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.</i>	> 0%	4.5%	4.5%	3.7%	(1.3%)	0.0%	4.5%	8.5%	8.5%	8.2%	8.5%	8.2%	7.5%	7.8%
		✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
Own Source Operating Revenue Ratio <i>measures fiscal flexibility. It is the degree of reliance on external funding sources.</i>	> 60%	82.5%	84.6%	87.4%	86.0%	90.3%	92.8%	93.9%	94.3%	94.3%	94.3%	94.2%	94.4%	94.3%
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Operational Liquidity														
Unrestricted Current Ratio <i>represents a council's ability to meet short-term obligations as they fall due.</i>	> 1.5x	1.90x	1.92x	2.18x	2.16x	2.00x	1.93x	2.29x	2.55x	2.39x	2.73x	2.70x	2.48x	2.27x
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage <i>expressed as a percentage of total rates and charges available for collection in the financial year.</i>	< 5%	3.6%	3.6%	3.8%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cash Expense Cover Ratio <i>liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.</i>	> 3mths	5.6mths	6.1mths	6.4mths	4.8mths	4.2mths	4.3mths	4.6mths	5.2mths	4.8mths	5.1mths	5.5mths	4.9mths	4.3mths
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Liability and Debt Management														
Debt Service Cover Ratio <i>measures the availability of operating cash to service loan repayments.</i>	> 2x	7.3x	7.7x	6.9x	8.8x	8.6x	14.3x	17.9x	19.1x	27.6x	27.7x	29.1x	26.5x	35.0x
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Option 3: Improve service
Statement of performance measures (continued)

	OLG Benchmark	Result 2021/22	Result 2022/23	Result 2023/24	Forecast 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Year 6 2029/30	Year 7 2030/31	Year 8 2031/32	Year 9 2032/33	Year 10 2033/34
Asset Management														
Building and Infrastructure Renewals Ratio	> 100%	112.7%	130.8%	94.6%	95.1%	115.1%	127.0%	143.5%	153.0%	180.2%	145.9%	146.8%	199.3%	204.4%
<i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating.</i>		✓	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
Infrastructure Backlog Ratio	< 2%	1.53%	1.49%	1.52%	1.58%	1.58%	1.58%	1.59%	1.59%	1.59%	1.59%	1.59%	1.58%	1.56%
<i>ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Asset Maintenance Ratio	> 100%	100.6%	109.7%	98.1%	92.5%	96.9%	98.1%	100.5%	100.1%	100.1%	100.4%	100.3%	100.4%	100.4%
<i>ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.</i>		✓	✓	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓
Cost to bring assets to agreed service level		1.26%	1.22%	1.17%	1.32%	1.32%	1.33%	1.34%	1.36%	1.37%	1.38%	1.39%	1.39%	1.39%
<i>ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure.</i>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

10.4 Option 4: Increase service



Option 4: Increase service Income statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Income from continuing operations													
Rates and annual charges	225,941	234,424	246,432	259,515	290,293	321,415	356,955	367,691	378,643	389,887	401,616	414,085	427,233
User charges and fees	79,722	91,876	99,931	102,637	104,372	106,638	109,167	111,542	114,064	116,652	119,358	122,201	125,163
Other revenues	22,343	20,086	21,620	20,845	21,038	21,357	21,684	22,003	22,316	22,636	22,977	23,342	23,715
Grants and contributions provided for operating purposes	27,165	31,496	26,529	25,181	20,221	19,663	20,926	20,086	21,440	21,040	22,437	22,104	23,549
Grants and contributions provided for capital purposes	43,952	33,917	29,218	39,594	25,389	15,775	10,969	10,303	9,776	10,847	11,070	11,299	11,534
Interest and investment revenue	1,238	7,085	11,083	8,918	5,523	5,357	5,965	6,526	6,157	6,602	7,399	6,984	6,206
Other income	6,736	6,392	6,915	6,946	6,976	7,151	7,329	7,505	7,678	7,855	8,043	8,244	8,450
Net gain from the disposal of assets	960	167		392	595	622	433	420	351	467	734	524	590
Total income from continuing operations	408,057	425,443	441,728	464,029	474,407	497,978	533,428	546,076	560,425	575,985	593,634	608,782	626,440
Expenses from continuing operations													
Employee benefits and on-costs	134,560	146,153	159,331	171,870	176,191	180,109	183,972	189,714	195,635	201,740	208,037	214,532	221,229
Materials and services	142,766	157,273	163,471	180,278	189,086	188,688	196,602	200,056	204,987	208,872	215,926	220,811	225,624
Borrowing costs	2,624	2,738	2,689	2,605	2,942	2,879	2,830	2,464	2,428	2,433	2,206	2,170	1,939
Depreciation, amortisation and impairment for non-financial assets	45,508	46,821	48,975	53,208	55,287	58,950	60,090	62,312	64,809	64,657	66,120	70,940	72,819
Other expenses	20,969	20,765	22,569	21,752	21,917	23,045	24,250	25,526	26,878	28,326	29,892	31,586	33,402
Net loss from the disposal of assets	-	-	545	-	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	346,427	373,750	397,580	429,713	445,424	453,670	467,745	480,073	494,737	506,028	522,182	540,038	555,012
Operating result - Surplus / (Deficit)	61,630	51,693	44,148	34,317	28,984	44,308	65,684	66,004	65,688	69,957	71,453	68,744	71,429
Operating result before grants and contributions provided for capital purposes	17,678	17,776	14,930	(5,278)	3,595	28,532	54,715	55,700	55,913	59,110	60,383	57,444	59,895

Option 4: Increase service
Balance sheet

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
ASSETS													
Current assets													
Cash and cash equivalents	6,697	6,605	17,541	8,975	10,849	11,655	12,413	13,130	13,931	14,617	15,321	16,286	17,009
Investments	150,625	175,623	182,096	156,764	136,061	143,161	164,036	186,734	179,923	200,697	227,354	212,169	184,445
Receivables	24,791	20,844	25,958	22,591	23,755	25,065	26,521	27,148	27,733	28,390	29,077	29,725	30,386
Inventories	397	372	392	405	416	427	437	448	458	469	480	492	504
Prepayments	2,975	3,364	4,984	5,143	5,293	5,425	5,561	5,694	5,825	5,959	6,102	6,255	6,411
Total current assets	185,485	206,808	230,971	193,877	176,374	185,732	208,968	233,153	227,871	250,131	278,333	264,927	238,755
Non-Current Assets													
Investments	760	678	577	435	293	148	4	0	-	-	-	-	-
Receivables	1,007	1,012	952	999	1,136	1,289	1,458	1,501	1,546	1,593	1,641	1,691	1,745
Infrastructure, property, plant and equipment	5,218,499	5,413,807	5,643,257	5,853,717	6,024,142	6,175,774	6,333,099	6,495,060	6,687,406	6,855,003	7,031,339	7,252,617	7,498,814
Investment property	6,155	6,320	6,565	6,810	7,055	7,300	7,545	7,790	8,035	8,280	8,525	8,770	9,015
Right of use assets	9,110	7,811	6,544	3,947	3,947	2,686	1,424	163	108	54	0	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	5,235,531	5,429,628	5,657,895	5,865,908	6,036,573	6,187,196	6,343,529	6,504,514	6,697,096	6,864,930	7,041,505	7,263,078	7,509,574
Total assets	5,421,016	5,636,436	5,888,866	6,059,785	6,212,947	6,372,929	6,552,497	6,737,667	6,924,967	7,115,061	7,319,838	7,528,005	7,748,329

Option 4: Increase service
Balance sheet (continued)

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
LIABILITIES													
Current liabilities													
Payables	45,393	47,806	55,607	56,813	57,943	59,130	60,379	61,327	62,275	63,249	64,274	65,357	66,473
Contract Liabilities	24,206	27,619	20,102	5,035	5,838	5,328	5,489	5,649	5,813	5,982	6,157	6,342	6,533
Lease Liabilities	1,238	1,241	1,279	1,307	1,347	1,388	1,430	63	66	70	-	-	-
Borrowings	4,770	3,340	2,178	2,596	1,594	1,684	1,782	1,513	1,591	1,673	2,227	1,500	1,572
Employee benefit provisions	35,553	34,754	35,901	38,015	39,006	40,218	41,468	42,756	44,085	45,456	46,869	48,327	49,830
Provisions	759	1,060	1,193	1,264	1,466	8,041	1,426	1,471	6,335	1,599	6,480	4,834	1,803
Total current liabilities	111,919	115,820	116,260	105,030	107,194	115,789	111,974	112,779	120,166	118,029	126,007	126,358	126,210
Non-current liabilities													
Payables	150	100	50	-	-	-	-	-	-	-	-	-	-
Contract Liabilities	7,466	8,239	10,053	9,593	5,796	5,705	5,614	5,523	5,432	5,342	5,251	5,160	5,069
Lease Liabilities	8,237	6,996	5,717	4,365	3,018	1,630	200	137	70	-	-	-	-
Borrowings	12,538	9,185	6,984	15,134	13,540	11,856	10,074	8,561	6,971	5,298	3,071	1,572	0
Employee benefit provisions	761	1,843	2,001	2,120	2,175	2,243	2,313	2,386	2,460	2,537	2,616	2,698	2,782
Provisions	43,404	45,094	45,433	43,447	45,263	40,661	42,806	44,730	41,924	43,995	41,097	39,985	41,816
Total non-current liabilities	72,556	71,457	70,238	74,659	69,792	62,095	61,007	61,337	56,857	57,171	52,035	49,415	49,668
Total liabilities	184,475	187,277	186,498	179,689	176,986	177,885	172,981	174,115	177,023	175,200	178,042	175,773	175,878
Net assets	5,236,541	5,449,159	5,702,368	5,880,097	6,035,962	6,195,044	6,379,516	6,563,551	6,747,944	6,939,861	7,141,796	7,352,232	7,572,451
EQUITY													
Accumulated Surplus	4,928,924	4,980,559	5,024,590	5,058,787	5,087,647	5,131,829	5,197,384	5,263,256	5,328,809	5,398,627	5,469,938	5,538,536	5,609,816
IPP&E Revaluation Surplus	307,617	468,600	677,778	821,310	948,314	1,063,215	1,182,132	1,300,296	1,419,135	1,541,234	1,671,858	1,813,696	1,962,636
Total equity	5,236,541	5,449,159	5,702,368	5,880,097	6,035,962	6,195,044	6,379,516	6,563,551	6,747,944	6,939,861	7,141,796	7,352,232	7,572,451

Option 4: Increase service Cashflow statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Cash flows from operating activities													
Receipts:													
Rates and annual charges	226,388	234,281	245,463	258,950	289,033	320,022	355,411	367,291	378,231	389,463	401,179	413,620	426,738
User charges and fees	84,398	96,268	104,315	108,572	110,503	112,905	115,582	118,100	120,769	123,509	126,373	129,377	132,512
Interest received	1,182	4,873	9,052	8,857	5,384	5,146	5,706	6,426	6,112	6,503	7,286	6,947	6,189
Grants and contributions	56,687	76,799	48,521	46,493	42,327	35,042	32,129	30,608	31,443	32,120	33,758	33,653	35,350
Bonds, deposits and retentions received	7,098	7,741	8,143	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742	7,742
Other	45,656	41,346	44,656	46,877	46,811	46,765	48,642	49,362	53,305	51,562	52,330	57,321	60,067
Payments:													
Payments to employees	(137,235)	(145,037)	(156,343)	(167,957)	(174,941)	(178,581)	(182,398)	(188,091)	(193,960)	(200,013)	(206,256)	(212,695)	(219,335)
Payments for materials and services	(158,507)	(176,928)	(182,311)	(209,976)	(211,887)	(212,151)	(228,568)	(227,195)	(236,303)	(243,247)	(246,119)	(260,013)	(264,079)
Borrowing costs	(1,142)	(1,064)	(924)	(696)	(1,084)	(932)	(798)	(656)	(536)	(452)	(364)	(243)	(156)
Bonds, deposits and retentions refunded	(5,466)	(5,571)	(5,867)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)	(7,742)
Other	(28,886)	(22,019)	(21,914)	(20,735)	(21,649)	(22,728)	(23,928)	(25,207)	(26,564)	(28,008)	(29,559)	(31,236)	(33,047)
Net Cash flows from operating activities	90,173	110,689	92,791	70,385	84,497	105,488	121,780	130,638	132,498	131,438	138,629	136,731	144,241

Option 4: Increase service
Cashflow statement (continued)

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Cash flows from investing activities													
Receipts:													
Sale of investments	338,038	272,227	269,831	323,300	320,500	301,500	306,100	296,100	306,900	299,000	302,650	303,200	303,480
Proceeds from sale of PPE	3,734	2,167	2,513	2,183	2,778	2,847	3,238	2,900	2,177	2,857	4,138	2,902	3,095
Payments:													
Purchase of investment securities	(352,829)	(297,123)	(276,178)	(297,826)	(299,655)	(308,455)	(326,831)	(318,794)	(300,089)	(319,774)	(329,307)	(288,015)	(275,756)
Payments for PPE	(76,755)	(81,973)	(73,302)	(113,788)	(102,220)	(97,509)	(100,329)	(106,785)	(138,974)	(111,040)	(113,522)	(151,482)	(172,689)
Net Cash flows from investing activities	(87,812)	(104,702)	(77,136)	(86,131)	(78,597)	(101,616)	(117,822)	(126,578)	(129,985)	(128,957)	(136,041)	(133,394)	(141,870)
Cash flows from financing activities													
Receipts:													
Proceeds from borrowings	-	-	2,500	10,450	-	-	-	-	-	-	-	-	-
Payments:													
Repayment of borrowings	(5,018)	(4,783)	(5,863)	(1,882)	(2,596)	(1,594)	(1,684)	(1,782)	(1,513)	(1,591)	(1,673)	(2,227)	(1,500)
Lease liabilities (principal repayments)	(1,269)	(1,238)	(1,241)	(1,269)	(1,307)	(1,347)	(1,388)	(1,430)	(63)	(66)	(70)	-	-
Dividends paid to minority interest	(38)	(58)	(115)	(119)	(122)	(125)	(128)	(131)	(134)	(138)	(141)	(145)	(148)
Net Cash flows from financing activities	(6,325)	(6,079)	(4,719)	7,180	(4,025)	(3,066)	(3,200)	(3,343)	(1,710)	(1,795)	(1,884)	(2,371)	(1,648)
Net change in cash and cash equivalents	(3,964)	(92)	10,936	(8,566)	1,875	806	758	717	802	686	704	965	723
Cash and cash equivalents at beginning of year	10,661	6,697	6,605	17,541	8,975	10,849	11,655	12,413	13,130	13,931	14,617	15,321	16,286
Cash and cash equivalents at end of year	6,697	6,605	17,541	8,975	10,849	11,655	12,413	13,130	13,931	14,617	15,321	16,286	17,009
Investments at year end	151,385	176,301	182,673	157,199	136,354	143,309	164,040	186,734	179,923	200,697	227,354	212,169	184,445
Cash, cash equivalents and investments at end of year	158,082	182,906	200,214	166,174	147,203	154,964	176,453	199,864	193,854	215,314	242,675	228,455	201,454
Net change in cash, cash equivalents and investments		24,824	17,308	(34,040)	(18,970)	7,761	21,489	23,411	(6,009)	21,460	27,361	(14,220)	(27,001)

Option 4: Increase service
Cash and investments statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Total Cash and Investments	158,082	182,906	200,214	166,174	147,203	154,964	176,453	199,864	193,854	215,314	242,675	228,455	201,454
Represented by:													
Externally restricted													
Developer Contributions	36,457	43,446	47,386	34,422	21,790	19,903	20,957	22,338	20,702	20,481	19,610	19,592	15,175
Unexpended Grants - not tied to liability	566	597	573	0	0	0	0	0	0	0	0	0	0
Domestic Waste Management	3,401	7,626	13,176	15,433	16,873	18,011	20,154	22,531	11,116	13,989	17,135	20,616	24,294
Other externally restricted reserves	722	618	1,130	1,243	1,383	379	495	623	764	919	557	740	938
Total Externally restricted	41,146	52,286	62,264	51,098	40,046	38,294	41,605	45,492	32,582	35,389	37,303	40,948	40,407
Internally restricted													
Deposits, Retentions & Bonds	15,380	17,550	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527	19,527
Employee Leave Entitlement	7,026	7,111	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580	7,580
Kimbriki Landfill Remediation	13,597	15,418	18,207	20,660	22,941	25,120	20,881	23,200	25,640	23,390	25,893	23,695	23,170
Unexpended Grants - tied to liability	28,600	31,960	26,118	10,333	7,356	7,420	7,491	7,566	7,647	7,733	7,826	7,924	8,034
Special variation - future works fund	-	-	-	-	5,310	15,674	34,178	47,955	46,096	60,558	81,488	62,285	30,564
Other	15,582	18,794	17,152	13,289	11,278	8,864	9,469	10,268	11,802	12,459	9,239	9,435	9,088
Total Internally restricted	80,184	90,833	88,585	71,389	73,992	84,186	99,126	116,096	118,292	131,247	151,553	130,446	97,963
Total restricted cash	121,330	143,119	150,849	122,487	114,038	122,480	140,731	161,587	150,875	166,636	188,856	171,394	138,369
Total unrestricted cash	36,752	39,787	49,365	43,687	33,165	32,484	35,722	38,276	42,980	48,678	53,819	57,061	63,084
Unrestricted cash breakdown:													
Unrestricted - Northern Beaches	20,549	30,792	42,971	38,991	26,983	25,490	27,750	28,581	31,267	34,548	37,306	38,042	41,237
Unrestricted - Kimbriki	16,203	8,995	6,394	4,695	6,182	6,995	7,972	9,695	11,713	14,130	16,513	19,018	21,848

Option 4: Increase service
Capital budget statement

	Result 2021/22 \$ '000	Result 2022/23 \$ '000	Result 2023/24 \$ '000	Forecast 2024/25 \$ '000	Year 2 2025/26 \$ '000	Year 3 2026/27 \$ '000	Year 4 2027/28 \$ '000	Year 5 2028/29 \$ '000	Year 6 2029/30 \$ '000	Year 7 2030/31 \$ '000	Year 8 2031/32 \$ '000	Year 9 2032/33 \$ '000	Year 10 2033/34 \$ '000
Capital Funding													
Working Capital	7,785	16,118	5,645	6,107	3,038	2,544	2,550	1,557	1,564	1,571	1,578	1,397	1,400
Special Variation	-	-	-	-	8,561	21,942	34,404	42,009	58,273	42,911	37,474	80,183	94,936
Depreciation	22,098	32,322	31,876	33,206	41,581	42,990	43,154	44,545	45,272	45,470	46,727	47,917	48,950
Capital grants and contributions													
Grants and contributions	29,262	20,265	12,791	31,963	18,192	6,548	3,913	1,913	1,913	1,913	1,913	1,913	1,913
Externally restricted reserves													
- Developer contributions	8,038	8,088	14,527	21,943	18,567	11,469	6,503	7,529	10,028	9,636	10,490	9,848	14,413
- Domestic Waste	-	-	-	-	-	-	-	-	14,048	-	-	-	-
- Other	1,797	2,347	1,757	1,965	2,009	3,156	2,037	2,024	2,012	2,000	2,518	1,976	1,964
Internally restricted reserves													
- Merger savings fund	1,893	343	323	209	702	-	-	-	-	-	-	-	-
- Borrowings	-	-	-	9,935	515	-	-	-	-	-	-	-	-
- Other	4,005	1,260	3,817	6,277	6,278	6,012	4,529	4,307	3,688	4,682	8,684	5,345	6,020
Income from sale of assets													
- Plant and equipment	1,995	2,112	2,732	2,183	2,778	2,847	3,238	2,900	2,177	2,857	4,138	2,902	3,095
Total funding	76,872	82,856	73,468	113,788	102,220	97,509	100,329	106,785	138,974	111,040	113,522	151,482	172,689
Capital Expenditure													
Buildings	21,091	15,413	9,841	26,287	17,586	22,557	16,704	24,830	39,021	23,252	20,575	64,595	73,552
Community Land	-	838	-	2,740	-	-	-	-	-	-	-	-	-
Furniture & Fittings	730	74	65	178	36	36	36	36	36	36	36	36	36
Land Improvements	-	-	4,951	4,474	2,917	2,940	2,964	1,988	2,014	2,039	2,066	2,095	2,123
Library Books	868	685	707	799	752	771	790	809	829	849	870	892	914
Office Equipment	1,995	2,904	2,569	3,122	2,608	2,500	2,563	2,624	2,687	2,752	2,821	2,891	2,963
Open Space / Recreational	9,387	10,501	14,008	16,968	17,302	11,182	11,600	10,923	12,396	16,676	18,322	13,234	18,215
Other Assets	696	163	357	114	702	-	-	-	-	-	-	-	-
Other Structures	3,419	2,302	1,495	6,555	6,174	5,514	7,058	3,902	6,151	6,495	2,913	2,964	3,016
Plant & Equipment	3,545	3,275	6,673	8,264	8,809	8,956	7,809	7,601	20,118	7,478	12,943	8,401	9,105
Road, Bridges & Footpaths	26,574	24,323	23,496	33,980	32,161	27,773	31,557	34,418	35,470	32,512	33,218	35,967	37,883
Stormwater Drainage	5,505	8,485	8,686	8,497	12,152	12,893	16,152	17,290	17,476	17,284	17,282	17,868	22,277
Swimming Pools	345	1,109	620	1,811	1,020	2,388	3,097	2,364	2,777	1,667	2,477	2,540	2,606
Other Kimbriki Assets	2,718	12,785	-	0	-	-	-	-	-	-	-	-	-
Total expenditure	76,872	82,856	73,468	113,788	102,220	97,509	100,329	106,785	138,974	111,040	113,522	151,482	172,689

Option 4: Increase service
Statement of borrowings

The Long-Term Financial Plan recognises debt as an important source of funds for large capital projects.

New borrowings are anticipated over the 10 year period of the Long-Term Financial Plan to fund a major infrastructure project. Spreading these costs over a number of years facilitates inter-generational equity and smooths out long term expenditure peaks and troughs, where financially sustainable.

Proposed new borrowings

Financial year	Loan amount	Proposed term	Repayment funding source	Purpose of loan
2024/25 (Year 1)	\$10,450,000	10 years	The funding currently utilised to repay existing loans is sufficient to fund the repayment schedule for this loan as several existing loans are coming to the end of their term.	To assist with the construction of the Warriewood Community Centre.

Loans are proposed to be sourced from authorised financial institutions licensed by the Australian Prudential Regulatory Authority (APRA) to carry on banking business (Authorised Deposit Taking Institutions or NSW Treasury Corporation) and secured over rates income.

Option 4: Increase service

Statement of performance measures

OLG Benchmark	Result	Result	Result	Forecast	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	
Budget Performance														
Operating Performance Ratio <i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue.</i>	> 0%	4.5%	4.5%	3.7%	(1.3%)	0.7%	5.8%	10.4%	10.3%	10.1%	10.4%	10.3%	9.6%	9.7%
		✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
Own Source Operating Revenue Ratio <i>measures fiscal flexibility. It is the degree of reliance on external funding sources.</i>	> 60%	82.5%	84.6%	87.4%	86.0%	90.4%	92.9%	94.0%	94.4%	94.4%	94.5%	94.3%	94.5%	94.4%
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Operational Liquidity														
Unrestricted Current Ratio <i>represents a council's ability to meet short-term obligations as they fall due.</i>	> 1.5x	1.90x	1.92x	2.18x	2.16x	2.01x	1.95x	2.35x	2.63x	2.51x	2.87x	2.93x	2.74x	2.46x
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage <i>expressed as a percentage of total rates and charges available for collection in the financial year.</i>	< 5%	3.6%	3.6%	3.8%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cash Expense Cover Ratio <i>liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.</i>	> 3mths	5.6mths	6.1mths	6.4mths	4.8mths	4.2mths	4.4mths	4.7mths	5.3mths	5.0mths	5.4mths	5.9mths	5.3mths	4.6mths
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Liability and Debt Management														
Debt Service Cover Ratio <i>measures the availability of operating cash to service loan repayments.</i>	> 2x	7.3x	7.7x	6.9x	8.8x	9.0x	15.5x	19.9x	21.2x	30.8x	30.9x	32.6x	29.7x	39.2x
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Option 4: Increase service
Statement of performance measures (continued)

	OLG Benchmark	Result 2021/22	Result 2022/23	Result 2023/24	Forecast 2024/25	Year 2 2025/26	Year 3 2026/27	Year 4 2027/28	Year 5 2028/29	Year 6 2029/30	Year 7 2030/31	Year 8 2031/32	Year 9 2032/33	Year 10 2033/34
Asset Management														
Building and Infrastructure Renewals Ratio <i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating.</i>	> 100%	112.7%	130.8%	94.6%	95.1%	120.4%	139.8%	158.6%	170.7%	194.0%	164.1%	152.9%	214.1%	231.2%
		🟢	🟢	🔴	🔴	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Infrastructure Backlog Ratio <i>ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure.</i>	< 2%	1.53%	1.49%	1.52%	1.58%	1.58%	1.58%	1.58%	1.58%	1.57%	1.58%	1.58%	1.56%	1.54%
		🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Asset Maintenance Ratio <i>ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.</i>	> 100%	100.6%	109.7%	98.1%	92.5%	96.9%	98.1%	100.5%	100.1%	100.1%	100.4%	100.3%	100.4%	100.4%
		🟢	🟢	🔴	🔴	🔴	🔴	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Cost to bring assets to agreed service level <i>ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure.</i>		1.26%	1.22%	1.17%	1.32%	1.32%	1.33%	1.34%	1.36%	1.37%	1.38%	1.39%	1.39%	1.39%
		🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢

11. Performance monitoring

Council monitors its performance against financial health check performance indicators. The statement of performance measures is in accordance with Local Government Code of Accounting Practice and Financial Reporting and the benchmarks set by the NSW Office of Local Government.

Indicator	Measure	Definition	Benchmarks
Operating Performance Ratio	Measures a council's ability to contain operating expenditure within operating revenue.	Operating revenue (excluding capital grants and contributions less operating expenses)/Operating revenue (excluding capital grants and contributions)	> 0% ¹⁰
Own Source Operating Revenue Ratio	Measures the level of a council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.	Total operating revenue (inclusive of capital grants and contributions) / Total operating revenue	> 60%
Unrestricted Current Ratio	This ratio is specific to local government and is designed to assess the adequacy of working capital and the ability to satisfy obligations in the short term for unrestricted activities of council.	Current assets less all external restrictions/current liabilities less specific purpose liabilities	> 1.5x
Rates and Annual Charges Outstanding Percentage	To assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.	Rates, Annual and Extra Charges Outstanding / Rates, Annual and Extra Charges Collectible	< 5.0%

¹⁰ While the OLG's benchmark for the Operating Performance Ratio is 0%, Northern Beaches Council requires a stronger ratio within a range of 4% to 6% to ensure adequate funds are available to respond to natural disasters, unexpected shocks, failure of infrastructure, unexpected cost shifting from other levels of government, and to set aside funding for future needs including the remediation of the Kimbriki landfill site. The Northern Beaches area is particularly vulnerable to natural hazards including bush fire, flooding, landslip, coastal erosion and storms. Additional funding above this level provides the capacity to investment in improvements to community infrastructure.

Indicator	Measure	Definition	Benchmarks
Cash Expense Cover Ratio	This liquidity ratio indicates the number of months a council can continue to pay for its immediate expenses without additional cash inflow.	Current year's cash and cash equivalents/Payments from cashflow of operating and financing activities multiplied by 12	> 3 months
Debt Service Cover Ratio	The availability of operating cash to service debt including interest, principal and lease payments.	Operating Result before capital grants excluding interest and depreciation / Principal Repayments (from the Statement of Cash Flows + Borrowing Interest Costs (from the Income Statement)	> 2x
Building and Infrastructure Renewals Ratio	Compares the proportion spent on infrastructure asset renewals and the assets deterioration.	Asset renewals/Depreciation of building and infrastructure assets	> 100%
Infrastructure Backlog Ratio	This ratio shows what proportion the backlog is against total value of a council's infrastructure.	Estimated cost to bring assets to a satisfactory condition/total infrastructure assets (carrying value)	< 2%
Asset Maintenance Ratio	Compares actual versus required annual asset maintenance.	Actual maintenance / Required asset maintenance	> 100%
Cost to Bring Assets to Agreed Service Level	This ratio shows what proportion the backlog is against total replacement value of a council's infrastructure.	Estimated cost to bring assets to a satisfactory condition/total infrastructure assets (replacement cost)	N/A



Productivity Journey and Improvement Plan 2024

As part of a submission to IPART



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INTRODUCTION

Northern Beaches Council ("Council") has been on an improvement journey since its inception in 2016 and remains committed to continuing saving initiatives as part of its whole of organisation improvement plan.

While Council has achieved and continues to strive for organisational efficiency, Council has recently identified a future funding gap that will place its financial sustainability at risk unless action is taken.

Council's organisational improvement plan seeks to focus on cost containment strategies, service reviews, process and productivity improvements and funding opportunities as well as instilling a culture of improvement within Council employees. These methods of improvement have been utilised by Council in the past and will continue to underpin opportunities for improvement into the future.

The overall objectives of Council's organisational productivity and improvement plan are:

- Long-term financial sustainability across the organisation.
- A top down collaborative and organisation wide approach to solutions.
- Cultural focus on improvements to ensure future decision making embeds 'sustainability' in all decisions.
- Ensure that the Office of Local Government's (OLG) Integrated, Planning and Reporting requirements are met with Council facilitating a prioritised program of ongoing service reviews aimed at continuous improvement and optimisation of its services.
- To seek productivity improvements as a means of cost containment and efficiency in processes and practices.
- Additional funding opportunities to ensure income patterns support the community's expenditure and asset needs.

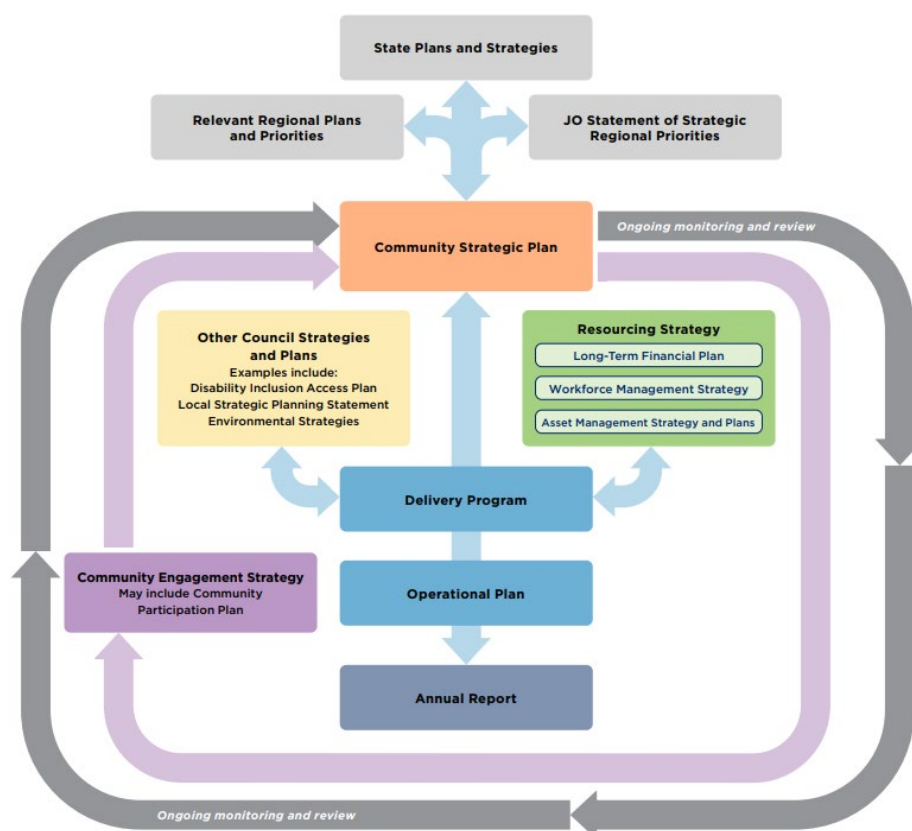
This report summarises the productivity journey that Council has undertaken to date as well as outlining the future improvement plans that Council will be facilitating moving forward.

BACKGROUND

Organisational sustainability and continuous improvement are made up of a number of components that need to function as one. Financial sustainability is not the only component to provide organisational sustainability. For an organisation to be sustainable, its strategic direction, service delivery, knowledge base, capacity and resources must integrate to guide sustainable practices and decision-making. The Office of Local Government's Integrated Planning and Reporting (IP&R) framework aims to provide a pathway to facilitate such organisational sustainability.

The IP&R framework recognises that council plans and policies should not exist in isolation and are connected on many levels. The IP&R framework allows NSW councils to draw their various plans together, to understand how they interact and inform each other, and to get the maximum benefit from their efforts by planning holistically for the future.

Figure 1. OLG Integrated Planning & Reporting Framework



To support and build upon the IP&R Framework principles of coordinated planning and benefit maximisation, Council has gone beyond the core elements of the Framework and has integrated other programs of continuous improvement with the organisation. Improvement initiatives include financial efficiency gains, continuous improvement programs, service review framework and associated programs and awareness and training of staff in continuous improvement to ensure cultural change. Through these extensive and integrated improvement initiatives across Council, our journey of improvement has and will continue to support the main elements of organisational sustainability, being:

- planned strategic direction and decision making
- efficient service delivery based on community needs
- appropriate asset maintenance and renewal
- integrated and strategic resource delivery
- alignment of policies, strategies, systems, and processes to support organisational efficiency.

The following overview of Council's productivity journey to date and future improvement plans will demonstrate Council's past and future approach to organisational sustainability and efficiency.

PRODUCTIVITY JOURNEY

Council has been on a productivity journey since its formation in May 2016 and remains committed to continuing with productivity and savings initiatives as part of its ongoing organisational improvement plan.

For the purpose of this Improvement Plan, productivity initiatives are categorised as follows:

- Amalgamation Initiatives - May 2016 to 30 June 2020
- Productivity Improvements (Post Amalgamation) – July 2020 to June 2024
- Forward Improvement Plan Initiatives - July 2024 Onwards

AMALGAMATION INITIATIVES – MAY 2016 TO 30 JUNE 2020

Amalgamation Initiatives – Savings and Re-Investments

As a result of the amalgamation of Warringah, Pittwater and Manly Councils in 2016, significant benefits were realised during the early stages of the Northern Beaches Council's development between May 2016 to June 2020.

An analysis in 2019/20, indicated that the newly formed Council more than doubled the NSW State Government's \$76.3 million estimated net present value (NPV) savings from amalgamation, with an estimated \$161.6 million (NPV) in savings over ten years.

As a snapshot of the above NPV estimate, in 2019/20, as a result of improved efficiencies and gains in productivity an annual recurrent benefit was estimated at \$29.5 million, with savings generated from the following:



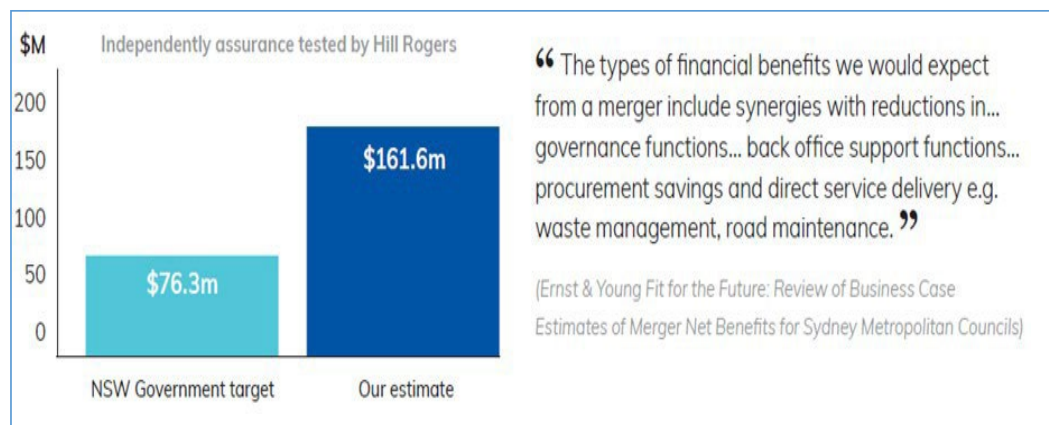
These savings allowed Council to invest back into the community through either the direct provision of additional services and infrastructure or in-directly through the re-investment/re-allocation in staff, reducing costs or changing service/infrastructure delivery based on community need.

These direct and indirect investments are outlined below:

- \$4.41 million in improved asset maintenance
- \$1.5 million in new footpaths programs
- \$1.03 million investment into a single Northern Beaches parking sticker
- \$0.65 million in proactive tree inspection and pruning programs

- \$1.24 million in increased public place cleaning
- \$0.18 million in increase cyber security of our networks
- \$2.94 million reduction in domestic waste charge delivering one of the lowest domestic waste charges in NSW
- \$2.77 million offsetting higher waste disposal costs and reinvesting in advance waste technology to reduce waste going to landfill
- \$1.84 million in the harmonisation of pre-amalgamated salary systems to ensure equitable rates of pay aligned to the market for employees
- \$1.49 million investment in enhancing Council's service delivery through an appropriate organisational structure that recognises the size and scale of the workforce, service complexity and infrastructure delivery requirements
- \$1.46 million reinvestment in services associated with restorations, road services, localised bus service, social support, event management and CCTV and public WI-FI
- \$9.99 million service uplift for the community enabled by reallocation of staff resources in the areas of:
 - Regional transport planning
 - Economic development and tourism
 - Local traffic planning
 - Place making
 - Village and town centre management
 - Customer call centre operations and expanded hours
 - Asset and open space planning.

To quality assure Council's assessment of amalgamation benefits, Hill Rogers Auditors were engaged to independently review Council's modelling and provide an assurance report on the savings. They concluded that Council's approach and modelling were reasonable and based on sound measurement principles in establishing our estimated NPV savings over 10 years.



Amalgamation Initiatives – Service Uplift

In addition to direct savings and service improvements based on the re-investment of such savings, post amalgamation, Council also in general adopted the highest level of service of the three former Councils across the LGA to ensure that there was no reduction in services

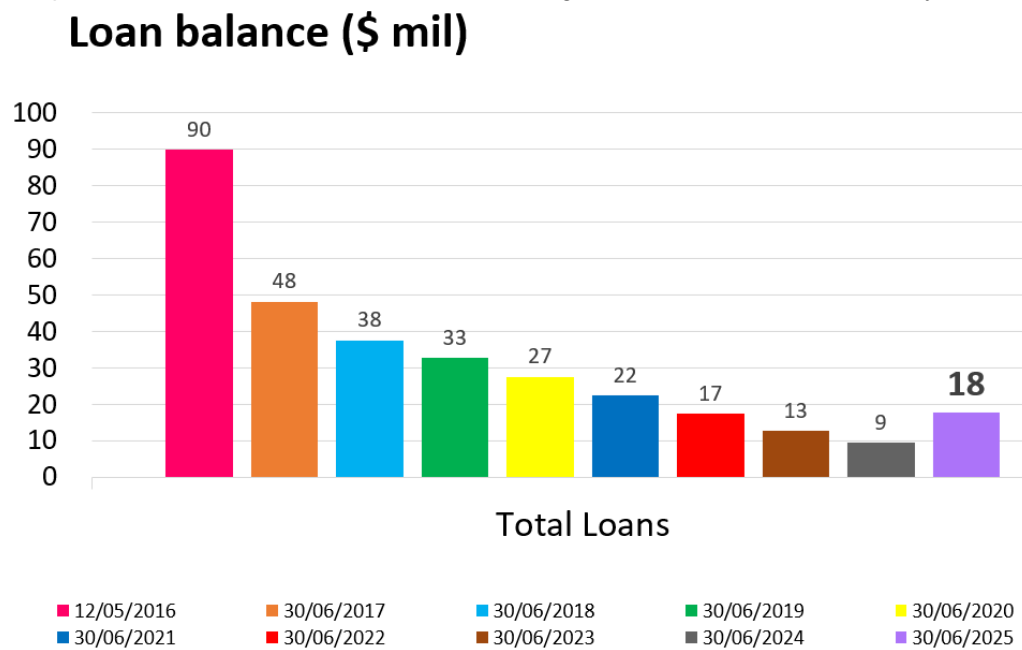
or service level for the community. Services such as internal urban design, creative space services, DA Pre-Lodgments, library borrowing programs and art programs are examples of where one former Council's level of service dictated that the new Council adopt a higher level of service to meet that threshold across the entire LGA.

Further to this adoption of the highest level of service, Council also began introducing new services to the community such as Public Place Coordinators (to activate town centres), Public Place Officers (to assist with the increased maintenance of public areas), Councillor support services, and Community Liaison Officers to expand on Council's already wide range of services to the community. For further details on the benefits of the amalgamation, see Council's Full Merger Report at Attachment B.

Amalgamation Initiatives – Debt Management

At amalgamation, the Northern Beaches Council inherited some \$90 million in outstanding loans. To ensure economies of scale were utilised, a path of debt and interest reduction was initiated to maximise Council's financial sustainability path. A reduction of some \$72 million in loans (to 2025/26) as outlined in Graph 1 below has been achieved representing a significant financial milestone.

Graph 1 – Northern Beaches Council – Post Amalgamation Loan Balance Summary

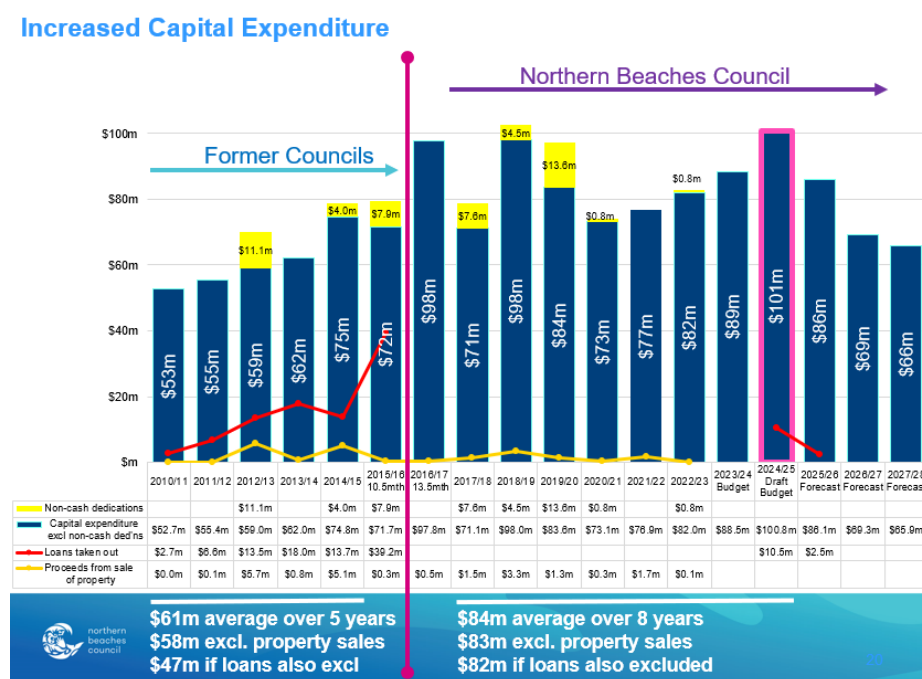


Numbers presented may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to rounding.

Amalgamation Initiatives – Capital Investment

A significant improvement since amalgamation was the increased delivery of capital expenditure to the community of the northern beaches. An uplift of over \$20 million per annum on average in capital expenditure, as outlined in Graph 2 below, has been delivered since amalgamation in 2016. The economies of scale of a larger Northern Beaches Council have enabled the delivery of larger capital investment into its asset base than was possible for the previous Council's, especially the smaller entities of Manly and Pittwater.

Graph 2 – Northern Beaches Council – Post Amalgamation Capital Expenditure Summary



Amalgamation Initiatives – Final Resource Review

As a part of closing out the initial saving and re-investments associated with the amalgamation process, Council undertook a review of positions that were considered surplus to the organisation's efficient delivery of service and infrastructure to the community. This process saw an additional efficiency saving dividend of some \$2.75 million realised in 2019/20 with no impact to the quality and service levels of Council.

PRODUCTIVITY IMPROVEMENTS (POST AMALGAMATION) – JULY 2020 TO JUNE 2024

Productivity Improvements (Post Amalgamation) – Savings Initiatives

Post amalgamation, Council has continued to seek ongoing productivity improvements as a part of its normal operations. In the 2020/21 budget, Council achieved another \$2.75 million in budget savings through initiatives in the following areas:

- Street lighting cost reductions – via energy efficient LED globe replacements
- Reduced agency costs
- Reduced bank fees
- Reduced insurance costs
- Reduced fuel costs
- Savings in employee costs due to system efficiencies
- Fee initiatives with regard to children's services.

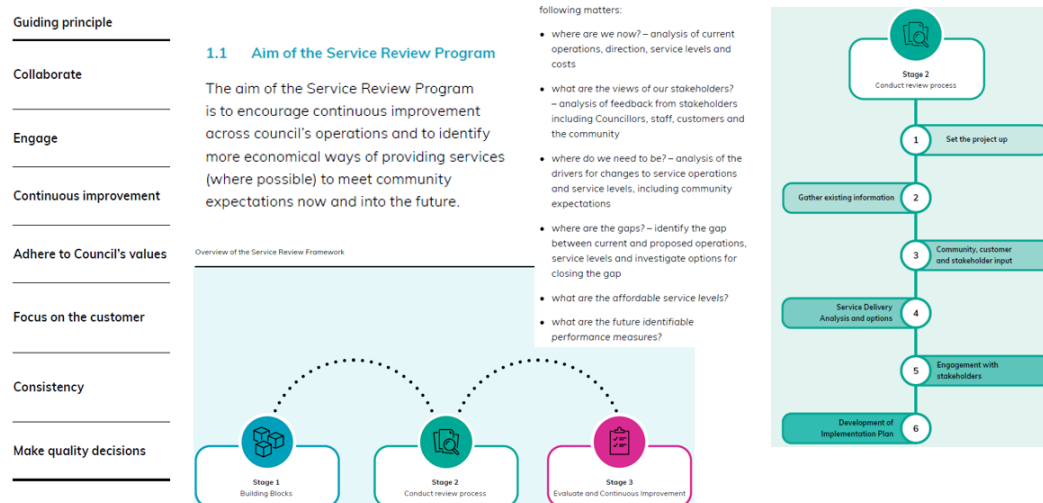
These savings were reinvested in priority services and infrastructure based on Council's ongoing budget process and Councillor and community requests.

Productivity Improvements (*Post Amalgamation*) – Service Review Framework and Ongoing Program of Reviews

In 2020 and updated in 2024, Council has developed and implemented a Service Review Framework (see Attachment A) and associated program of reviews to proactively promote and drive productivity and organisational sustainability.

Service Review Framework

Northern Beaches Council May 2024



The aim of the service review program is to encourage continuous improvement across council's operations and to identify more economical ways of providing services to meet community needs now and into the future. The program's underlying objectives are:

- Assess the service's performance including efficiency (how well it uses its inputs) and effectiveness (how well it achieves its outcomes) to deliver current service levels.
- Develop an awareness and understanding of community and customer needs and the relative importance of the service.
- Ensure understanding of the financial impact of the service on rate subsidisation.
- Review the balance between the rate of subsidisation of the service against relative importance.
- Strive to improve our services by comparing with other high performing organisations and/or undertaking industry research (where feasible).

To date, the Service Review Program has led to over 230 service improvement initiatives that are currently in various stages of implementation. Improvements are being implemented organisational wide and include initiatives such as structural improvements, optimising trade panels to ensure diversity in contractor management, process and productivity improvements, improved data capture and management, introduction of mobile field technology, improved resourcing, financial assessment of services to facilitate a cost neutral

outcome, introduction of new innovations, introduction of performance dashboards to better understand service delivery and improved training to name a few.

The above improvement programs and reviews are demonstrative that Council has embedded and continues to seek organisational improvements in order to promote financial sustainability and minimise the burden on rates where possible.

Productivity Improvements (Post Amalgamation) – Continuous Improvement Programs

Council continues to facilitate and drive a culture of continuous improvement through its long term program referred to as IGNITE – *Inspiring Great New Ideas Towards Excellence*. These smaller organisational wide improvement initiatives are in addition to Council's large scale improvements being implemented as part of Council's IP&R inspired Service Review Program. The program communicated via Council's intranet is designed to:

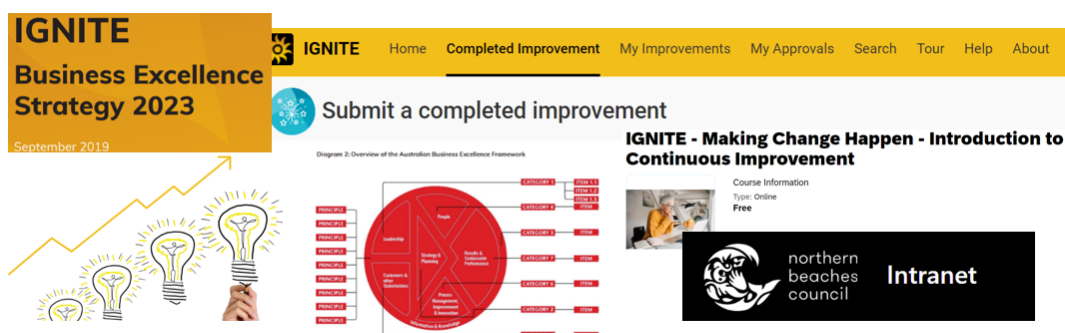
- Reduce waste i.e. remove duplication and double handling, remove blockages to streamline the system/process
- Improve quality by improving consistency, providing clarity and reducing complexity
- Improve customer service - external or internal
- Reduce risk
- Save time (hours)
- Provides an environmental benefit.

The program is considered significantly important as it drives a culture of continuous improvement throughout the organisation and has been praised by Council's independent Audit, Risk and Improvement Committee (ARIC) due to its grass roots improvement process.

The multifaceted continuous improvement program is industry leading and incorporates the following initiatives:

- Continuous improvement training, which educates staff in the principles of business excellence and continuous improvement.
- Process mapping training, to ensure processes can be designed and managed efficiently.
- Business Excellence Assessment Tools and Templates, to enable a self-assessment of how your business systems, practices, and processes rate against business excellence methodologies to enable further development of improvement initiatives.
- Change Management training, to ensure change and innovation is managed efficiently within Council.
- Communities of practice (improvement focus), that brings together like minded staff and other Council's to share improvement journeys and initiatives, and
- Council's Improvement Register that logs Council's ongoing improvement initiatives.

Since the program's inception in 2020, Council has trained over 1,000 staff and registered over 700 improvement initiatives that have either saved funds, improved processes, saved staff time and reduced organisational risk.



Productivity Improvements (Post Amalgamation) - Workforce Management and Organisational Re-Design

Within any organisation, to ensure a sustainable level of efficiency is achieved, a balance between the strategic focus (management) and service delivery (workforce) must be optimised, including employee layers and direct reports and overall organisational design.

According to the Australian Public Service Commission (APSC) - *Optimal Management Structures Guidance 2023*, the optimal number of organisational layers should be between 5 and 7 depending on the type of work being conducted, the context and organisational model. Optimising the number of layers in an organisation should:

- provide the most effective way to make decisions and manage accountability
- enable decisions to be made at the lowest appropriate level
- place decision making authority with the functions or individuals closest to the issues to minimise unwieldy clearance processes
- avoid unnecessary reporting lines to reduce hierarchy complexity, while improving communication and efficiency.

Further to this, the APSC suggests that the number of direct reports to managers should range from 0 to approximately 15+ depending again on the type and complexity of work undertaken. This range is outlined in Table 1 below.

Table 1 - Number of Direct Reports by Work Type

Category A Taskforce and specialist	Category B Specialist policy	Category C Policy and program development Program delivery	Category D High level service delivery Case management	Category E High volume service delivery Regular and less complex tasks
Benchmark number of direct reports: 0-3	Benchmark number of direct reports: 3-7	Benchmark number of direct reports: 5-9	Benchmark number of direct reports: 6-9	Benchmark number of direct reports: 8-15+
<p>High level of influence in area of specialisation, including senior specialist roles.</p> <p>Work is ambiguous, highly complex and decisions have significant risk, including reputational risk.</p> <p>Can be accountable for directing or coordinating the efforts of employees outside the direct reporting structure.</p> <p>Taskforces operate with considerable autonomy to quickly address complex and pressing needs.</p> <p>Substantial representation and new/complex stakeholder engagement.</p> <p>There may be high degrees of ministerial engagement and/or external scrutiny such as audit and parliamentary processes.</p>	<p>High level subject matter expertise.</p> <p>Decisions have significant risk, including reputational risk.</p> <p>High level of judgement and discretion.</p> <p>High degree of representation and stakeholder engagement.</p> <p>There may be moderate degrees of ministerial engagement and/or external scrutiny such as audit and parliamentary processes.</p>	<p>Distinct area of expertise with a level of specialisation.</p> <p>Broad policy advice across multiple areas within the same sphere of influence.</p> <p>Requirement to shape policy and develop methodologies.</p> <p>Responsible for promulgation of policy and revisions.</p> <p>High level of innovation.</p> <p>Design and delivery of complex programs.</p> <p>There may be some ministerial engagement and/or external scrutiny such as audit and parliamentary processes.</p>	<p>Tailored approaches to delivery of outcomes.</p> <p>High to medium complexity.</p> <p>Low number of routine application (one offs).</p> <p>Broad range of work and interactions.</p> <p>Fluid priorities and objectives.</p> <p>Regular stakeholder engagement, largely within established networks.</p>	<p>High volume of routine and repetitive tasks.</p> <p>Tasks easily grouped.</p> <p>Boundaries and frameworks for business processes and decision making are clearly defined and well tested.</p> <p>Processes are simple and replicated across multiple situations.</p> <p>Work is determined with minimal interaction required.</p> <p>High level of technology supports work processing.</p>

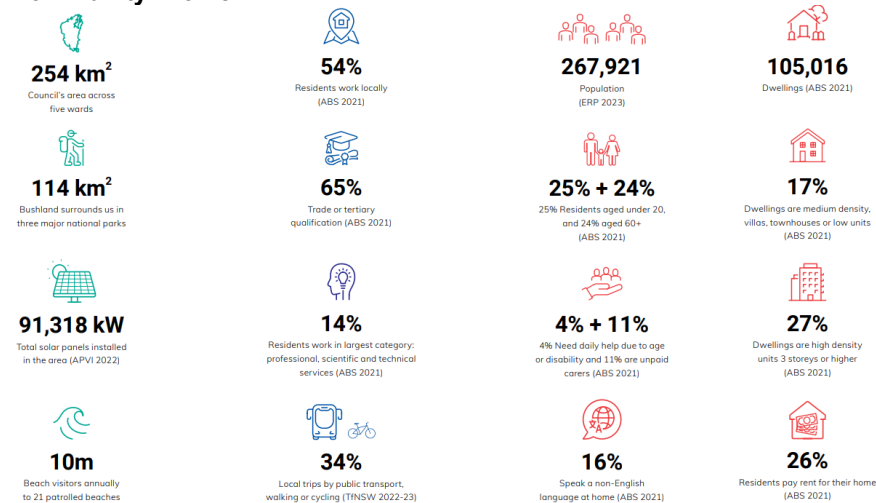
Source: Australian Public Service Commission - *Optimal Management Structures Guidance* 2023 - October 2023.

The balance of management to staff ratio will never be a one size fits all scenario especially within the industry of Local Government and it's 128 Councils due to the industry's diverse and complex nature. Each Local Government Area (LGA) has very different community, environmental, social and economic demands to meet all of which will determine the mix of management to staff layering and reporting.

The Northern Beaches Council consists of 6 workforce layers ranging from the CEO to field and operational staff. In addition, based on an estimated weighted average (incl. casual and estimated mix of indoor and outdoor staff), Council's number of direct reports would range from approximately 5 to 6, placing the workforce span of control consistent within the Australian Public Service Commission's recommended range of Category B through D (range 3 to 9) in Table 1 above. Categories B through D best reflect Council's diverse service delivery model.

Further consolidating Council's consistent approach to workforce management is the level of complexity that the Northern Beaches Council must manage in its delivery of service. The Northern Beaches Council is the 4th largest in NSW and one of the most complex councils (LGA) to manage. This complexity is demonstrated below by a snapshot of its environmental, social, economic and community profiles:

Community Profile



Environmental Profile



Social Profile



24

Ocean beaches



>790

Environmental health food inspections annually



6

Gallery, art and performance venues



36

Community centres



122

Sportsfields



219

Playgrounds



>2,200

Volunteers



20,190

Meals on Wheels services annually



2

Aquatic centres



>101,000

Visits to gallery, art and performance venues annually



6

Libraries



9

Long day care/preschool sites

Economic Profile



\$21.10b

(GRP) Size of local economy (NIEIR 2023)



32,905

Local businesses (ABS 2023)



116,671

Local jobs (NIEIR 2023)



\$1.06b

Roads and transport infrastructure managed



54%

Residents also work in the area (ABS)



>7,800

Subscribers to Beaches Biz News emails



>470

Leases and licences over Council properties managed annually



845km

of local roads



37

Public wharves managed by Council – harbour and Pittwater



115

Public Wi-Fi access points supported



>7,200

Pay and display parking spaces managed



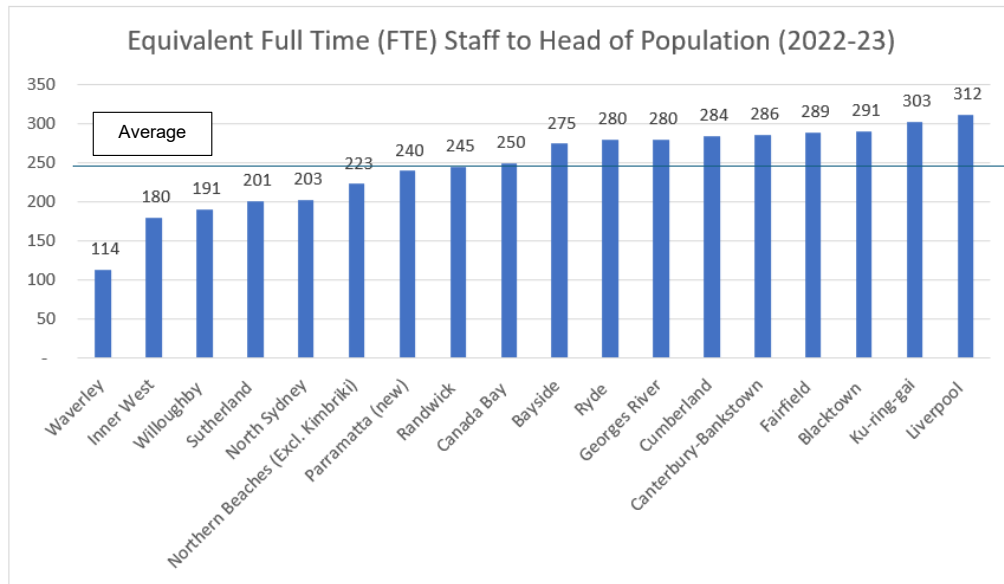
>83,000

public amenity cleaning services annually

Even with such complexity, size and depth of Council's required service delivery, the Northern Beaches Council has been able to meet or perform better than industry benchmarks (both sector wide and its own OLG Group Category) in its workforce ratios, once again demonstrating Council's dedication to organisational efficiency and organisational sustainability.

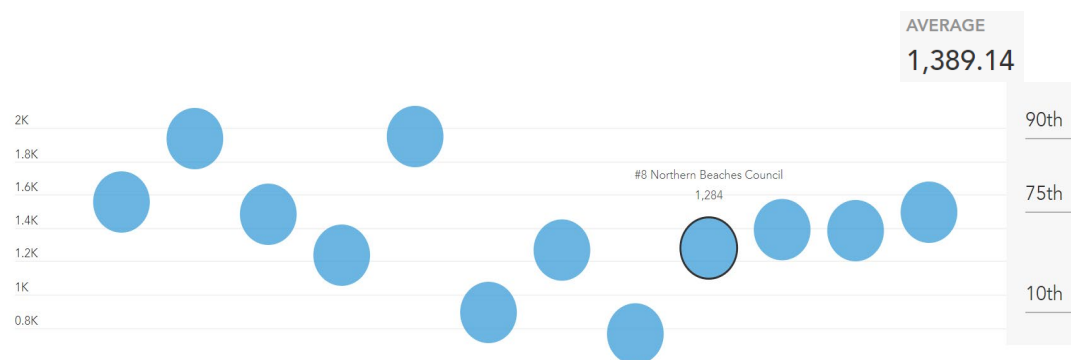
Council's full time equivalent (FTE) staff per head of population remains near average with the OLG's - NSW Medium to Large Metro Council Group, as demonstrated in Graph 3 below, as well as being better than average with the LGNSW - NSW Large Metro Council Group in the number of approved positions (FTE) within Council's establishment, as demonstrated in Graph 4 below.

Graph 3 - Equivalent Full Time (FTE) Staff to Head of Population – 2022/23



Source: Office of Local Government (OLG) Time Series Data 2022-23 (18 medium to large metro councils) – FTE excluding Kimbriki for NBC and budgeted vacant and seasonal positions.

Graph 4 - Establishment FTE Approved Positions (Very Large Urban Councils)

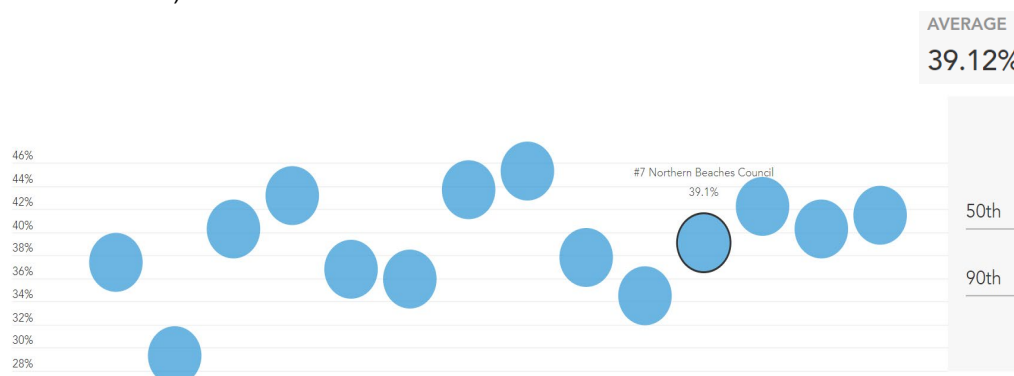


Source: Local Government Management Solution (LGNSW) 2022-23 (12 large metro councils - 2 no data supplied)

Another measure of workforce efficiency is the overall operating expenditure associated with workforce as a percentage of total operating expenditure, which is often considered a meaningful industry benchmark in term of workforce cost management. Council has

continued to maintain a percentage of 39.1% (2022/23) which is in line with the industry average of 39.12% (2022/23) for very large urban councils, as outlined in Graph 5 below.

Graph 5 - Staff Labour Cost % against Total Operating Expenditure (TOE) (Very Large Urban Councils)

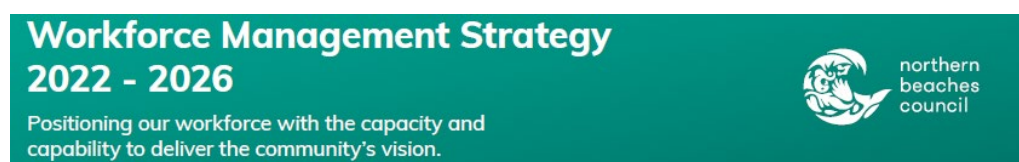


Source: Local Government Management Solution (LGNSW) 2022-23 (14 very large urban councils)

Finally, in addition to organisational layering and cost, Council constantly reviews its organisational design to ensure efficiency at a service and infrastructure delivery level.

As outlined in Council's Workforce Management Strategy 2022 -2026,

"Our organisation structure is aligned to the community's goals and strategies within the Community Strategic Plan. As the largest workforce on the Northern Beaches the structure is designed to support the community's vision for the Northern Beaches. Council continues to invest in our employees, reshaping our workforce to meet the changing needs of the community and ensuring our workforce practices are comparable to the local government market. In support of this, Council also conducts annual remuneration benchmarking and metrics comparison against NSW councils to help inform decisions and the direction of our workforce."



It is because of this proactive approach to workforce management; Council has been able to meet the changing needs of its community as well as facilitate an ongoing assessment of staff resourcing and workforce expenditure.

Council continually reviews and improves its organisational design to ensure it is cost effective, has an optimal structure to deliver efficient community services and infrastructure at the same time responding to natural attrition, innovation, and process improvements. As demonstrated in Table 2 below, Council has been able to reduce its overall establishment FTE positions since amalgamation in 2016, from a level of 1,315 FTE in 2016 to 1,287 (FTE) in 2024/2025. This net decrease of 28 positions or 2% is attributable to reductions in Council's back office operations due to efficiency gains (through innovation and improved processes and practices) and an increase in a number of community facing services. This

reduction is even more so significant recognising the fact that Council in its first 3 years of operation was bound legislatively to “no forced redundancies” as a protection for amalgamated staff. Accordingly, this overall reduction is a significant achievement and the change in workforce focus is a positive outcome for the community and has also been achieved even in the face of continued cost shift, a significant increase in infrastructure delivery and an increase in community demand for services.

Table 2 - Establishment FTE Approved Positions (Northern Beaches Council 2016 – 2025)

Full-time equivalent positions (FTE) - by service	2016	2024/25	Increase / Decrease	
			#	%
Environment and Sustainability Services	83	84	1	2%
Waste and Cleansing Services	88	82	-5	-6%
Strategic Land Use Planning	32	34	3	8%
Development Assessment	60	48	-12	-21%
Environmental Compliance	103	100	-3	-3%
Parks and Recreation Services	141	146	5	4%
Children's Services	118	123	5	4%
Community, Arts and Culture Service	49	58	9	20%
Library Services	79	80	0	0%
Transport, Traffic and Active Travel	126	127	1	1%
Economic Development, Events and Engagement Services	40	52	12	31%
Property and Facilities Services	98	95	-3	-3%
Governance & Risk Services	40	23	-17	-42%
Customer Service	41	40	-1	-2%
Corporate Support Services	218	194	-24	-11%
Total	1,315	1,287	-28	-2%

Notes: Excludes temporary core operating system replacement project team (15 FTE).
 Figures have been rounded to the nearest whole number.
 Northern Beaches Council FTE Data 2016 to 2025, excludes Kimbriki, Council's Core Operating Replacement Project and budgeted vacant and seasonal positions.

Productivity Improvements (Post Amalgamation) - Employee Engagement

Often the measure of productivity and innovation will correlate to the wellbeing and level of engagement of a workforce.

The achievement of the above productivity improvements as outlined above would not be possible without a committed, innovative, and engaged workforce. Council is the largest employer on the Northern Beaches, delivering through its people over 60 diverse services from multiple sites and field locations. It has in excess of 80% of its workforce living and working in our Local Government Area.

To demonstrate organisation workforce efficiency and wellbeing, Council's recent employee engagement results are as follows:

2019 – Employee Engagement Snapshot

The 2019 engagement survey facilitated by an external party communicated a 76% engagement score representing a significant level of job satisfaction and commitment for an organisation that was only three years of age at that point in time.

The survey achieved an outstanding response rate of 85% excluding casuals.

An overview of staff responses are as follows:

- 76% said work gives them a feeling of accomplishment
- 88% like the kind of work that they do
- 74% are proud to tell people they work for Council
- 74% feel they have an opportunity to make a difference here
- 75% would recommend Council as a good place to work
- 78% would like to still be working at Council in the next two years

2022 – Employee Engagement Snapshot

In 2022, 72% (excluding casuals) took the opportunity to have a say in Council's Employee Engagement Survey with Council receiving a Change Champion Award by the independent assessor based on Council's results.

Council's overall engagement score rose to 78% indicating that employees felt even more engaged than the last survey in 2019.

2024 – Employee Engagement Snapshot

In 2024, Council's overall employee engagement score rose to 82%, up 4% from 2022. In addition, employees told management that they have experienced an improvement in how they feel at work (wellbeing), progress and success in delivering services and that they feel that as a collective Council is living the values.

Based on these results, Council won two independent provider engagement awards including the prestigious Best Workplace Award, and for the second time the Change Champion Award.

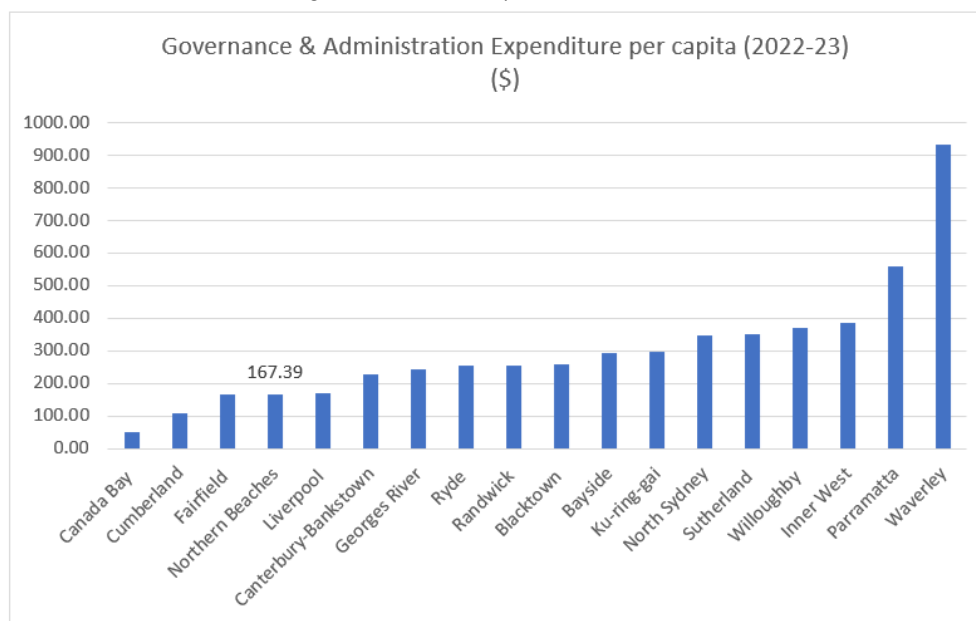
Fundamentally, as demonstrated above the Northern Beaches Council workforce is cost effective, committed and engaged thus creating a foundation for efficient delivery of service.

Productivity Improvements (Post Amalgamation) - Governance and Administration Expenditure Containment

The cost of the governance and administration per capita reflects the level of expenditure required to manage the Council per resident in the community. The lower the cost of governance and administrative indicates an efficiency in the administration of a council. The lower the costs associated with Council's administration allows greater level of funding that can be subsequently directed towards community facing services.

As outlined in Graph 6 below, in 2022/23 the Northern Beaches Council was one of the lowest Councils in the OLG's Medium to Large Metro Council Group with respect to expenditure on governance and administrative expenditure.

Graph 6 - Governance & Administration Expenditure per Resident 2022-23 (OLG Group 3 Councils - 18 medium to large metro councils)



Source: Office of Local Government (OLG) Time Series Data 2022-23 (18 medium to large metro councils)

Productivity Improvements - (Post Amalgamation) Other Cost Containment Initiatives

In recent years Council has analysed practices and the utilisation of materials and services to optimise their use and cost containment. Council has proactively improved and saved in the following areas:

- **Electricity cost containments strategies:** Council has completed the following initiatives:
 - undertaken energy efficient upgrades including lighting, HVAC upgrades and sports field lighting upgrades estimated to save over \$460,000 each year
 - Energy efficiency projects including the installation of over 480 kW of solar panels on Council buildings that has saved approximately \$80,000 each year
 - Entering into a new electricity contract for 100% renewables which has saved \$2.52 million since its inception in 2021.
- **Workers Compensation Self Insurance Management Practices:** Since amalgamation, Council has managed workers compensation under its own self insurance license. The immediate effect of this at the time of amalgamation was a premium savings of approximately \$1 million dollars. Council has maintained this license and management practice since amalgamation, saving on average approximately \$1.5 million dollars a year in premium costs as determined by an independent methodology review by ENSURE in 2021. ENSURE expressed, that "After the comprehensive review of all premium options and resourcing models currently available to NBC it is our recommendation to continue with your current workers compensation arrangements – that is, maintain your Self-Insured program as well as continuing with the internal Injury Management Team structure." NBC NSW Workers Compensation – Alternate Premium Methodology Review – 23rd March 2021.

- *Waste management strategies to reduce landfill:* In order to facilitate and maintain strategies to reduce waste going directly to landfill Council has in place a four (4) bin source separation system that separates collection of garden organics, paper/cardboard and containers that provides the optimal process to recycle and reuse household waste. Further to this separation system, Council has in place comprehensive and leading waste reduction programs, including reuse and recycle drop off events, supporting charity collections, and offering re-usable food and drink containers. The above waste reduction practices have led to high landfill diversion rates of household waste from landfill that has seen the rates increase from 49% in 2019 to 65% in 2022. These practices have extended the useful life of Council's waste facility and in turn kept long term costs as associated with domestic waste management contained.
- *Re-financing of Council loans:* Where possible, Council continues to review its loan portfolio to ensure that opportunities that may have presented themselves due to changes in market conditions have not been missed. In 2020, a refinancing analysis was undertaken of Council's loans that had a higher interest rate attached to them however no net financial advantages were able to be achieved by refinancing council's loan portfolio due to break costs. This process was again repeated in 2024 with a \$95,000 (over loan life) savings achieved in the re-financing of council's loans.

FORWARD IMPROVEMENT PLAN INITIATIVES – JULY 2024 ONWARDS

As a part of Council's forward improvement plan the following cost containment strategies and efficiency initiatives will be undertaken over the next 3 years and beyond:

- **Service Delivery to the Community – Optimisation through Service Review.**

Council is committed to the ongoing review of its services in an effort to efficiently meet the needs of its community as identified in the Community Strategic Plan. As a part of this commitment a review of the following services is to occur in 2024/25:

- Traffic and Transport
- Marketing And Communications
- Open Space Maintenance
- Community engagement

Further service reviews will be determined as a part of Council's Delivery and Operational Plan process and will be conducted year on year.

- **Workforce Management**

Council will continue to focus on workforce efficiency in the same manner that it has to date. Council will review and where feasible improve its organisational design to ensure it is cost effective, has an optimal structure to deliver efficient community services and infrastructure in line with the Community Strategic Plan. It is anticipated that through natural employee attrition, innovation, and process improvements (in addition to services listed in Service Delivery Optimisation), the full time equivalent (FTE) workforce may be reduced over 3 years at an estimated savings of \$1.7 million dollars (based on an average employee cost of \$100,000).

- **Service and Associated Cost Rationalisation Plan**

Council will continue to focus on the rationalisation of discretionary services with a view

to adjust the level of some services to meet both the Community Strategic Plan priorities and organisational financial sustainability. It is anticipated that an estimated \$2.1 million dollars could be saved on annual basis within 3 years (subject to Council consideration) with some moderate level of service reductions, through Council's ongoing process of service reviews and organisational wide productivity opportunities.

- **Property Rationalisation Plan**

Council will continue to focus on the optimisation of the community's property portfolio including the appropriate divestment of poorly utilised land parcels. It is estimated that \$10 million could be realised over the next 1-5 years through the sale of Council property and land holdings. Property rationalisation will be based on a review noting:

- Council's property portfolio is highly valued by the community with only a small percentage of parcels currently seen as not providing community value.
- Council is restricted in its capacity to dispose of land, with the vast majority of Council's property portfolio categorised as community land and therefore is not able to be sold.
- The optimisation of Council's property portfolio also looks at re-purposing for a community use in the analysis of "highest and best" use.
- Taking all of the above into account, there remains opportunity to deliver a financial outcome from consolidating uses and divesting or developing some parcels.

It is important to acknowledge that proceeds from the sale of property is one off, is often complex and contentious, has long lead times and subject to significant considerations to proceed to sale (re-zoning, assessment of community need, consultation process etc.). Realised funds, while unable to resolve Council's immediate financial concerns, would support rate income into the future with re-investment into the renewal and delivery of new community facilities and assets.

- **Fleet Optimisation Plan**

Council provides a fleet of vehicles (cars, utes etc.) to facilitate the delivery of services and capital works to the community of the Northern Beaches. Council will continue to focus on the rationalisation of its vehicle fleet undertaking a net cost containment plan though staff contribution increases, a reduction in council pool cars, purchasing rationalisation to lower cost vehicles and FBT savings. It is estimated that the above strategies will facilitate net operational savings/income of over \$580,000 by year 3, with a small capital savings of approximately \$43,000 also realised.

- **Workers Compensation Self Insurance Continuation**

Council will continue to manage workers compensation under its own self-insurance license to maintain the estimated annual savings of \$1.5 million dollars in premiums. (It should be noted that this recurring savings is currently embedded within Council current and future budgets)

- **Energy Efficiency Plan**

Council will continue to focus on its energy efficiency and solar opportunities including the facilitation of:

- an additional 370kW of solar on Council facilities (including solar at Cromer Depot and Dee Why Civic Centre) expected to save around \$55,000 p.a. on energy bills.

- energy efficiency works such as HVAC and sports field lighting upgrades with estimated cost savings over \$100,000 p.a.
- an energy efficient heat pump upgrade at Manly Andrew 'Boy' Charlton Aquatic Centre which is expected to save \$550,000 in energy bills and over 1,600 tonnes in greenhouse gas emissions each year. (Note: an investment of approximately \$2.5 million (grant funds) will be required in the heat pump upgrade at Manly Andrew 'Boy' Charlton Aquatic Centre to achieved estimated annual savings.)
- additional transition from gas/electrification projects, including energy efficient electric hot water systems, gas cooking and heating upgrades, expected to save over.

\$50,000 p.a. in energy costs and 180 tonnes in greenhouse gas emissions each year.

It is estimated that the above energy efficiency opportunities will provide \$755,000 in savings by year 3.

Note: Planned solar projects are expected to deliver slightly less return in terms of \$/kW savings than completed projects. This is due in part to significantly lower electricity prices for our large sites since commencement of our PPA in 2021 together with project specifics such as larger systems that can accommodate potential future battery installation or EV charging.

- **Innovation and Information & Technology Investment**

Council will continue to focus on its information technology platform to ensure the efficient provision an enterprise resource platform (ERP) and associated infrastructure and software application systems. Over a three year period commencing in 2024/25, Council is investing in its ERP to ensure it has a modern and efficient technology platform. This platform will enable Council to operate in a protected cloud base environment ensuring optimisation of its organisations process and practices.

- **Community Satisfaction and Council's Customer Service Focus**

Council prides itself in the delivery of its services and strives to ensure our community is satisfied.

A recent Community Satisfaction Survey in 2024 by an independent provider indicated that despite the external stressors (e.g., flooding and economic recession) in recent years, residents' satisfaction with Council and their perceived quality of life have remained steady.

- 98% rated their quality of life as 'good' to 'excellent',
- 86% are at least somewhat satisfied with the performance of Council, and
- 78% of residents are at least somewhat satisfied with the performance of staff in dealing with the enquiries.

At a further granular level, Council continues to survey its customers who lodge a customer request with Council to gain their feedback. The survey seeks information on a number of customer service categories including, *felt valued as a customer, kept up to date through the process, ability of staff to complete request, time for request to be completed, satisfied with outcome of request and service experience met expectations*, to better understand their customer experience.

In 2023/24, from 21,159 surveyed customers, Council's Month on Month comparative satisfaction scores averaged from 3.82 to a peak in June 2024 of 4.17 (out of 5), indicating that our delivery of service in the main is satisfying the needs of the community.

It is the information gained from such surveys that allows Council to tailor our services and infrastructure delivery to meet the needs and satisfaction levels of our community.

- **Additional Funding Streams**

While Council will continue to promote effective budget principles and focus internally for productivity and cost containment initiatives it is recognised that these initiatives alone will not be enough to ensure financial sustainability of the Council now and into the future.

The Northern Beaches Council, like all NSW Councils, face the financial dilemma of ageing infrastructure, rising costs, limited ability to raise revenue and high community expectations. This imbalance in part can be addressed through Council's ability to raise from time to time a special variation in rates.

Accordingly, it is proposed that from the financial year 2025/26 (for 3 years), Council will seek a variation to its ordinary and business rate base to seek additional revenue to facilitate ongoing financial sustainability, allocation of funds to natural disaster management and to address Councils ageing infrastructure demands.

SUMMARY

Post amalgamation and ongoing to date, Council has consistently demonstrated that it has continued to produce a high level of productivity improvements and cost containment initiatives that has provided the community of the northern beaches with a cost efficient and effective Council. This position was recognised, in 2022 with Council being awarded the AR Bluett Memorial Award by Local Government NSW that recognises the most progressive metropolitan and rural council out of 128 across NSW.

The Northern Beaches Council continues to look towards ongoing financial sustainability and strives to maintain the most cost effective practices, processes, and workforce it can in its delivery of service to the community.

While Council will continue to promote effective budget principles and focus internally for productivity and cost containment initiatives it is recognised that these initiatives alone will not be enough to ensure financial sustainability of the Council now and into the future.

ATTACHMENTS

- Attachment A - Service Review Framework 2024
- Attachment B - Northern Beaches Council Merger Performance Report – 28 July 2020 Council Report



Attachment A

Service Review Framework

Northern Beaches Council May 2024





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Introduction

Northern Beaches Council is the largest provider of services for the Northern Beaches community. Across 16 key service areas, Council is committed to delivering high quality services that meet the needs of our community now and into the future.

Council is under pressure to deliver services within an increasingly challenging environment. Council has progressively taken on greater responsibilities for delivering services in response to both growing community expectations and the devolution of functions from other levels of government. To ensure ongoing financial sustainability, Council is committed to strategically and continuously reviewing and improving its services to consider what we do, how we do it and how we manage associated costs. Council also seeks to be innovative in its service delivery in an ever-increasing global and digital economy.

To encourage continuous improvement across operations and support councils to remain sustainable, the Office of Local Government has now included within its Integrated Planning and Reporting - Guidelines for Local Government in NSW (September 2021) a requirement for councils to undertake a review of their services. These Guidelines mandate that all NSW councils undertake a program of service reviews and specifically that:

1. To encourage continuous improvement across the council's operations, the Delivery Program must identify areas of service that the council will review during its term, and how the council will engage with the community and other stakeholders to determine service level expectations and appropriate measures (Essential Element 4.3).
2. With respect to service reviews identified in the Delivery Program, the Operational Plan must specify each review to be undertaken in that year (Essential Element 4.17).
3. The Annual Report must include information about how the council has progressed on the delivery of the service reviews it has committed to undertake in that year, the results of those reviews and any changes made to levels of service in the areas under review (Essential Element 5.3).

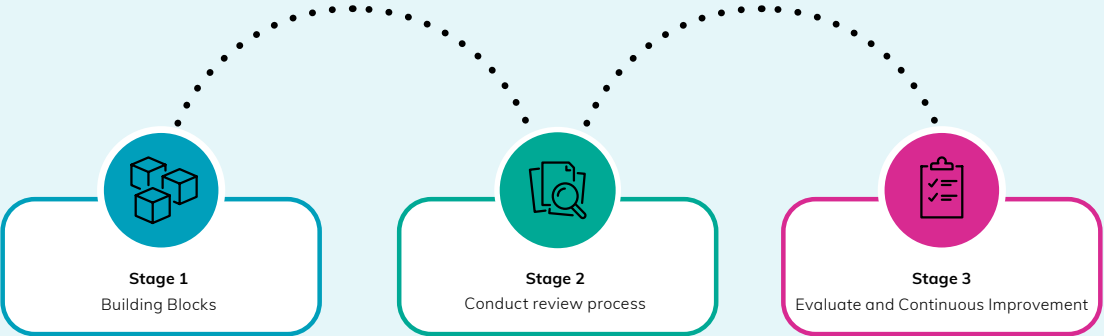
Council's ongoing Service Review Program will involve comprehensive reviews of its services and associated functions and forms part of the ongoing continuous improvement program. The reviews are led by the Strategy and Performance Business Unit and undertaken in accordance with the Integrated Planning and Reporting Guidelines (IP&R).

To support the implementation of the Service Review Program, Northern Beaches Council has developed the Service Review Framework to ensure clear and concise objectives are established for the program and that a consistent process of review is understood and followed by all stakeholders.

The Northern Beaches Service Review Framework is based on the resource, "Service Delivery Review: A How to Manual for Local Government", which was developed by the Australian Centre of Excellence for Local Government (ACELG) and the University of Technology, Sydney's Centre for Local Government (UTS: CLG). This Framework outlines a process for undertaking reviews and Northern Beaches Council has embraced this methodology and incorporated these foundations into our process.

The framework can be applied to reviews of services at all levels including whole of service or specific service functions. The scalability of this framework will enable individual service reviews to be conducted at the required level to fit their unique circumstances whilst ensuring Council's overarching Service Review Program can be achieved.

Figure 1
Overview of the Service Review Framework



Stage 1: Establish the building blocks

In accordance with the ACELG & UTS: CLG Framework, Northern Beaches Council has established the building blocks to support a comprehensive Service Review Program. This includes:

- articulating the aim of the service review program
- developing clear objectives to measure success
- establishing guiding principles that will govern our approach and behaviours
- confirming clear roles and responsibilities to ensure clarity and accountability.

1.1 Aim of the Service Review Program

The aim of the Service Review Program is to encourage continuous improvement across council's operations and to identify more economical ways of providing services (where possible) to meet community expectations now and into the future.

1.2 Objectives

The Service Review Program objectives are:

- Assess the service's performance including efficiency (how well it uses its inputs) and effectiveness (how well it achieves its outcomes) to deliver current service levels.
- Develop an awareness and understanding of community and customer needs and the relative importance of the service.
- Ensure understanding of the financial impact of the service on rate subsidisation.
- Review the balance between the rate of subsidisation of the service against relative importance.
- Strive to improve our services by comparing with other high performing organisations and/or undertaking industry research (where feasible).

1.3 Guiding principles

The following principles have been established to guide the process and behaviours for conducting service reviews.

Guiding principle	We will
Collaborate	Leverage diverse knowledge and thinking by collaborating extensively to identify opportunities to improve Council’s financial, environmental, social and economic sustainability.
Engage	Engage widely and value the experience and ideas of service delivery teams and their customers to ensure input is considered and incorporated.
Continuous improvement	Build a culture of continuous improvement, excellence, and innovation, empowering staff to continue this journey post the review.
Adhere to Council's values	Honour our values of service, teamwork, trust, respect, integrity and leadership when conducting service reviews.
Focus on the customer	Consider improvement recommendations from a variety of perspectives with the principal aim of improving the overall customer experience with the service.
Consistency	Ensure alignment with Council strategies and plans e.g., Asset Management Strategy and Plans, Change Management Framework and Community Engagement Policy and Strategy.
Make quality decisions	Make effective use of facts, data, and knowledge to guide decision making.

1.4 Prioritisation of the Service Review Program

The Service Review Program involves the analysis of individual services and the development and implementation of action plans. Council is committed to regularly reviewing its services based on a prioritised program.

The prioritised program of reviews is established to ensure resources are allocated effectively to achieve the overall objectives of the program and will consider:

- community and customer feedback
- councillor priorities
- organisational priorities, available resources and competing projects.
- environmental pressures (political, economic, sociological, technological, legal and environmental)
- Strategic Internal Audit Plan
- workforce changes (structure reviews).

As part of Council's planning cycle, the Service Review Program and schedule will be reviewed and set to reflect current service delivery priorities and be identified in the Operational and Delivery Plans. The exact scope and scale of each review will be determined during the project set up stage.

1.5 Roles and responsibilities

Program governance

Service reviews will use the following governance structure, as outlined in Figure 2 to ensure a level of independence and critical thinking is applied when reviewing Council services.

Figure 2
Roles and responsibilities



Detailed Roles and responsibilities

Council

Council will be notified of the program of service reviews through their inclusion in Council's Delivery Program and Annual Operational Plans, as per Integrated, Planning & Reporting Guidelines. In addition to the programing of reviews, Councillors will be:

- notified when a service review has commenced
- invited to contribute their input into each service review
- invited to attend ARIC meetings where service review recommendations are presented
- notified of the outcomes and recommendations of service reviews.

Chief Executive Team (CET)

CET will have complete oversight of the Service Review Program and process, including Service Review Framework endorsement. Individual Directors are accountable for the review activities within their Directorate. CET will endorse all service review assessments and recommended options prior to Audit , Risk and Improvement Committee or presentation to Council (when required).

Audit Risk and Improvement Committee (ARIC)

ARIC will play an advisory role and will be provided progress reports throughout the program. ARIC will critically evaluate service reviews and associated recommendations to ensure due consideration has been applied to all aspects of a service.

Steering Committee

The Service Review Steering Committee (made up of cross organisational representation) will ensure the review process has been transparent and has followed the adopted process. Stage gates will be undertaken at the end of the project set up stage to endorse scope of the review and at the end of stakeholder engagement stage to endorse the review findings and recommendations. The Director of the service being reviewed will be included on the Steering Committee.

Program management

The Executive Manager, Strategy and Performance will coordinate the Service Review Program across the organisation with the assistance of the Manager, Organisational Performance. Their role will be to:

- co-ordinate the most appropriate services to be reviewed and update IP&R documents
- advise Executive Managers on process
- provide quality assurance of the individual reviews
- monitor and report on progress to Council, CET and ARIC via the most appropriate mediums.

Responsible Executive Manager

The Executive Manager of the service will have oversight and reporting responsibilities of the individual service review. The Executive Manager will also be responsible for the allocation of resources within their Business Unit to support the collection of data.

Service Review Team

The Service Review Team will engage with stakeholders, gather information, undertake benchmarking, analyse options and prepare recommendations.

The review team may comprise:

- project lead (Performance Team)
- service manager or managers
- subject matter experts – (Finance, Human Resources, Customer experience)
- project support

Stage 2: Conduct the Review

2.1 Service review methodology

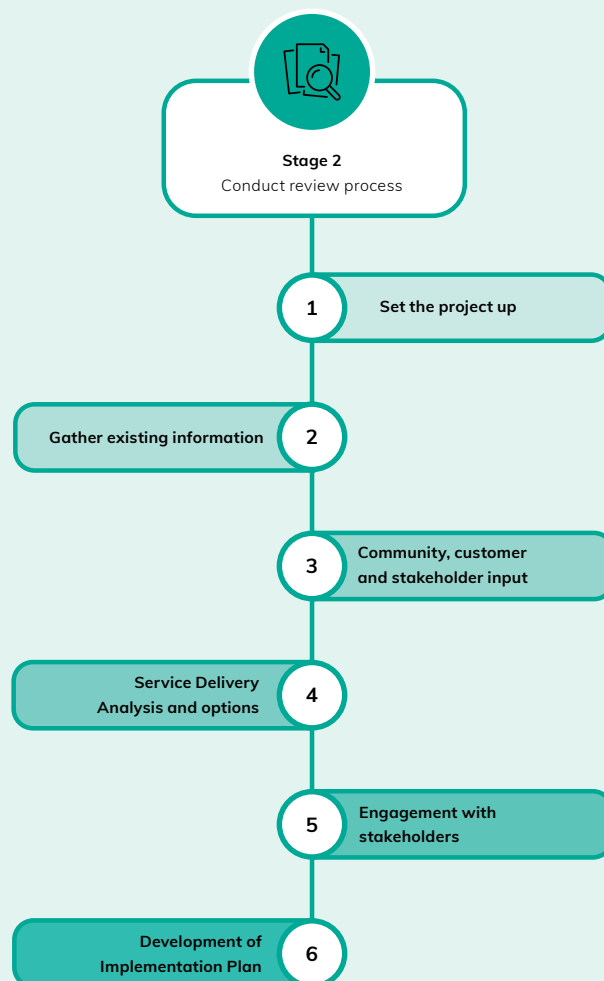
The focus of individual service reviews will be on the consideration and assessment of the following matters:

- *where are we now?* – analysis of current operations, direction, service levels and costs
- *what are the views of our stakeholders?*
– analysis of feedback from stakeholders including Councillors, staff, customers and the community
- *where do we need to be?* – analysis of the drivers for changes to service operations and service levels, including community expectations
- *where are the gaps?* – identify the gap between current and proposed operations, service levels and investigate options for closing the gap
- *what are the affordable service levels?*
- *what are the future identifiable performance measures?*

2.2 Service review process

The process activities that will be undertaken to complete a service review are grouped into steps.

Figure 3
Overview of the service review process



The activities and outputs for each of the six steps of the review process are outlined in Table 1 below.

Table 1
Service review process steps, activities and outputs

Steps	Activities	Outputs
1. Set the project up	Define the scope of the review including the service functions and current resources (financial and people)	Draft service overview
	Identify specific review goals, deliverables, tasks, and timeframes. Consider existing performance measures and indicators, if benchmarking is appropriate, level of stakeholder engagement	Agreed scope and project plan
	Identify internal resources and subject matter experts to support the review	Service Review Team (resources) allocated
	Present the Define stage gate to the Steering Committee	Steering Committee input incorporated into project plan
2. Gather existing information	Develop the data collection plan with data collection requirements including: <ul style="list-style-type: none"> overview of the service, its service functions, activities, and outputs legislative requirements current resourcing current method of service delivery. 	Finalised service overview.
	Collect current state of the service financial information including: <ul style="list-style-type: none"> inputs (e.g. employee costs, material & contracts, other expenses) financial contributions (e.g. fees and charges, grants) rate subsidisation amount calculation. 	Current rate subsidisation calculation and financial inputs.
	Collect current service performance information: <ul style="list-style-type: none"> key performance indicators (KPIs) current levels of service and service utilisation financial performance (including trends). 	Service performance data, results and trends.

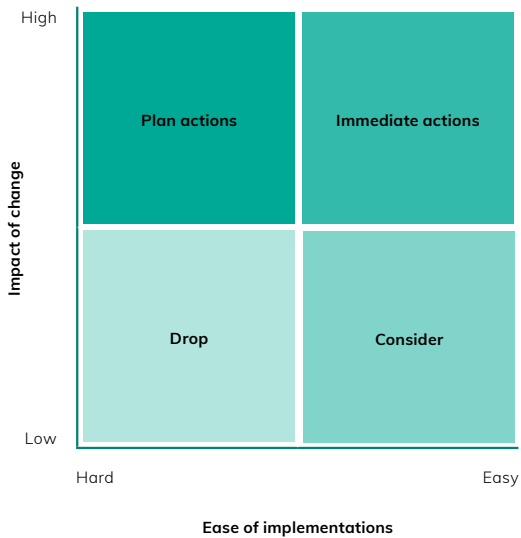
Steps	Activities	Outputs
3. Community, customer and stakeholder input	Collect community satisfaction information.	Survey/feedback results and trends.
	Collect customer satisfaction information.	Survey/feedback results and trends.
	Conduct internal stakeholder engagement (e.g. interviews and surveys) with stakeholders.	Internal stakeholder feedback results and existing service agreements.
	Conduct service provider engagement with service delivery team(s) (e.g. SWOT assessments or team workshops).	Service providers feedback including local challenges and opportunities for improvement.
	Benchmark and undertake industry research to compare service provided (where possible).	Service comparisons and identification of best practices, trends, and innovations.
4. Service Delivery Analysis and options	Conduct detailed analysis of information gathered to identify and assess service gaps and performance issues/risks to determine how the service can be improved.	Prepare draft service review report (based on standardised format)
	Review: <ul style="list-style-type: none"> • structure • alternative methods of service delivery • adjustment to service levels 	
	Develop and test recommendations with various stakeholders.	Service recommendations:
	Note: The above is to be categorised in accordance with Table 2.	<ol style="list-style-type: none"> 1. Opportunities for improvement and associated benefits (efficiency of internal operations) 2. Future service delivery options (alternative models of service delivery and/or adjustments to service levels that require funding)
5. Engagement with stakeholders	Present draft report findings to service owner (EM and Director) and incorporate feedback.	Service owner review of report findings and recommendations.
	Disagreement on material findings and recommendations following EM and Director review to be escalated to CET.	
	Analyse stage gate presented to Steering Committee.	Steering Committee review and endorsement of report findings and recommendations.
	Prioritise recommendations in consultation with Business Unit for implementation (ease of implementation and impact matrix).	This is to be undertaken in accordance with Table 3: Ease and Impact Matrix.
	Final report reviewed and endorsed by CET and ARIC	Final reported reviewed. See Appendix B for report structure
6. Development of Implementation Plan	Conduct handover to Business:	Recommendations implemented as per implementation plan and progress updates reported to ARIC and Council. Community updated via the Delivery Program progress reports.
	<ol style="list-style-type: none"> 1. Develop detailed implementation and change management plan. 2. Create actions and monitor progress in reporting system. 	

The service review improvement opportunities and future service delivery options will be classified using the following five categories. These five categories of improvement are shown in Table 2 below.

Table 2
Improvement Categories

Code	Type	Definition
A	Efficiency	Recommendation that results in improvement to process, outcomes and/or operations with no financial impact.
B	Saving	Recommendation that results in a financial saving but do not affect outcomes or service levels. Savings that can be banked or reinvested by Council into other services.
C	Increase	Recommendation that increases outputs and/or service levels and may require financial investment (additional rate subsidy)
D	Reduction	Recommendation that decreases outputs and/or service levels that results in financial savings that can be banked or reinvested by Council into other services.
E	Alternative funding	Recommendation that increases alternative funding to the service (e.g. fees and charges and result in reduction of rate subsidy).

Table 3
Ease and Impact Matrix



- **Immediate actions:** to be completed within 6 to 12 months of the review.
- **Plan actions:** to be scheduled in accordance with Council's priorities (subject to Project Management Governance Structure if requiring project management and resourcing).
- **Consider:** to be implemented at the Business Unit's discretion depending on resources.
- **Drop:** Will not be included within the recommendations.

Stage 3: Evaluate and drive continuous improvement

3.1 Monitoring and reporting

An executive summary of each review and the outcomes will be forwarded (internally) to Council following the review of each service by the ARIC.

The ongoing monitoring of the implementation plan will occur through Council's corporate reporting system on a quarterly basis. It is the ongoing responsibility of the Executive Manager of the service to provide the required quarterly updates until such time that all improvement recommendations have been completed. The ongoing program of recommendation implementation will be reported to CET and ARIC on a six-monthly basis.

As per the requirements under the Integrated, Planning & Reporting Guidelines, Council will report on how it has progressed on the delivery of the service reviews it has committed to within the annual report including the results of those reviews and any changes made to levels of service in the areas under review.

3.2 Continuous improvement

The Service Review Program forms an important part of Council's ongoing continuous improvement program. As such, Council is committed to reviewing each of its services on an ongoing basis to identify improvements based on the program aims and objectives. A key part of the program includes the monitoring and reporting of each of the service implementation plans identified as part of the review. The review will also look at opportunities to empower staff to identify and implement continuous improvement opportunities outside the review cycle. In addition, the review process and framework will continue to be assessed, to identify any opportunities in to further enhance the program.

The Service Review Program will undertake cyclic reviews, with each service being reviewed on an ongoing basis, to ensure we continually drive future improvements. The time and nature of the repeated reviews will be determined, in part by the outcome of the initial review, as well as considering relative importance of the service, and changing external or internal priorities.

The Service Review Program will ultimately result in the expansion of Council's continuous improvement culture with all employees being empowered to be part of the journey and contribute to the delivery of services to our community.



Appendix A: Service Areas and Service list

Key Service Areas	Services	Business Units
Strategic Land Use Planning	Strategic and Place Planning	Strategic and Place Planning
Development Assessment	Development Assessment	Development Assessment
Community, Art & Culture	Arts and Culture incl Public Art	Community Arts and Culture
	Glen Street Theatre	
	Community Centre Bookings Management	
	Community Development and Social Planning Services	
Environmental Compliance	Rangers	Environmental Compliance
	Building Control	
	Environmental Health	
Children Services	Children Services	Children Services
Economic Development, Events and Engagement	Events	Community Engagement and Communications
	Tourism and Visitors Information	
	Communications	
	Community Engagement	
Customer Service	Customer Service	Customer Service
Governance and Assurance Services	Elected Representatives and Mayor Support	Office of the CEO
	Risk and Insurance	Governance and Risk
	Governance	
Library	Library	Library
Transport, Traffic and Active Travel	Road and Transport Infrastructure	Transport and Civil Infrastructure
	Parking Operations	
	Hop, Skip and Jump Bus	
	Traffic and Transport Management	
	Street Lighting	
	After hours	
	Plant, Fleet and Stores	

Key Service Areas	Services	Business Units
Parks and Recreation	Open Space Operations	Parks and Recreation
	Open Space Asset Planning	
	Open Space Recreational Planning	
	Tree Management	
	Open Space Bookings	
	Beach Services	
	Recreational Services	Recreation Business
Property and Facilities	Holiday Accommodation	Property
	Public Conveniences	
	Facilities Management and Building Asset planning	
	Property and Commercial Management	
	Cemeteries	
Waste and Cleansing	Public Place Cleaning	Waste and Cleansing
	Public Litter Bins	
	Waste Management	
	Waste Education	
Environment and Sustainability	Natural Environment Management	Environment and Climate Change
	Stormwater Works and Maintenance	
	Environmental Education and Community Sustainability	
	Natural Hazards, Resilience and Emergency Management	
	Development Engineering and Certification	

Key Service Areas	Services	Business Units
Corporate Support Services	Capital Projects Delivery and Work Program Management	Capital Projects
	Information and Digital Technology	Information and Digital Technology
	Legal	Legal
	Work Health and Safety	Human Resources
	Workers Compensation	
	Human Resources	
	Finance Transactional Accounting	Finance
	Procurement	
	Finance Business Support	Financial Planning and Services
	Corporate Strategy	Strategy and Performance
	Corporate Performance	
	Internal Audit	Internal Audit & Complaints Resolution
	Complaints Resolution	

**Kimbriki Resource Recovery is a separate legal entity with its own board however it is recognised as a Key Service Area in Councils Delivery Program as they are a major shareholder.*

Appendix B: Sample Report Content

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Northern Beaches Council Service Review Report – Template 1

Executive Summary 1

1.0 Service Scope/Snapshot..... 3

1.1 Overview of service functions, activities, and outputs..... 3

1.2 Legislative Requirements..... 3

1.3 Current Resources..... 3

1.4 Method of Service Delivery 3

2.0 Current Performance..... 3

2.1 Service Performance 3

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2.3 Community Satisfaction 3

2.4 Customer Satisfaction..... 3

2.5 Internal Stakeholders Consultation 3

2.6 Service Provider Consultation..... 3

2.7 Benchmarking and Industry Research..... 3

3.0 Service Delivery Analysis and Options 4

3.1 Structure Review..... 4

3.2 Alternative Methods of service delivery 4

3.3 Adjustment of Service Levels..... 4

4.0 Findings and Recommendations 4

Revision History

Revision	Date:	Change:	TRIM Ref
1	9/6/2020	Service Review Framework endorsed by Council on 23 June 2020.	2020/337808
2	22/5/2024	Framework reviewed and amended to reflect changes to the Service Review objectives, guiding principles, and process stages.	2024/258789



ITEM 8.2	NORTHERN BEACHES COUNCIL MERGER PERFORMANCE REPORT
REPORTING MANAGER	CHIEF EXECUTIVE OFFICER
TRIM FILE REF	2020/404056
ATTACHMENTS	1 Awards and Recognition (Included In Attachments Booklet) 2 Independent Auditor's Report - Report on General Purpose Financial Statements (Included In Attachments Booklet) 3 Improvements Register (Included In Attachments Booklet)

SUMMARY

PURPOSE

This report provides a summary of the Northern Beaches Council performance in addressing the New South Wales government's aims for Council mergers since Council's formation in May 2016.

EXECUTIVE SUMMARY

The proposed end of term for the current Northern Beaches Council was September 2020. The Minister for Local Government announced the extension of the current term of Council to 4 September 2021, due to the COVID 19 pandemic.

The amalgamation of Councils across NSW was a key policy of the Liberal/National government. Northern Beaches Council was established in May 2016 as an outcome of this policy. Given that we are at the end of term for the original proposed Northern Beaches Council, it is important to reflect on the performance of the Northern Beaches Council in the context of the state government's merger platform.

The objective of the NSW Coalition Government of the day was to:

"Create strategic and 'Fit for the Future' councils – Councils that are financially sustainable; efficient; with the capacity to effectively manage infrastructure and deliver services; the scale, resources and 'strategic capacity' to govern effectively and partner with the State; and has the capacity to reduce red tape and bureaucracy for business and of a scale and structure that is broadly in line with the Panel's recommendations". (*Source: Review of criteria for fit for the future IPART - Policy objective of local government reform - September 2014*).

The following paper contains information that addresses the criteria of the government's policy objective of local government reform. The information in this report is largely extracted from reports previously provided to the Councillors and to the Audit Risk & Improvement Committee. It is provided to equip Councillors to represent the performance of the Council to the community that we are all here to serve, and to report to the government on the success of their policy of Council mergers.

In just four years (some 1,460 days) the Northern Beaches Council has successfully amalgamated and established a strong financial base. In pursuit of its Corporate Strategy it is establishing itself as a leader for its community and a leader in the local government sector. Most recently it has demonstrated a high level of agility and responsiveness in supporting our community in the face of flood, storm events, bushfire and a global pandemic.



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ITEM NO. 8.2 - 28 JULY 2020

Northern Beaches Council is today an efficient, connected and leading organisation with significant strategic capacity in working with the state government. Since the merger in May 2016, Northern Beaches Council has delivered and achieved the following:

- Over \$1.3 billion in services to our community through our operational budget.
- Over \$370 million in new and renewal works through the Capital Works program.
- Completed asset planning and management of all asset classes for the next 10 year, with \$4.97 billion in community assets under Council's care and management control as at 30 June 2019.
- Is on track to more than double the State Government's \$76.3 million estimated savings from amalgamation, with a projected \$161.6 million (net present value) over ten years. Hill Rogers Auditors were engaged to independently review Council's modelling and provide an assurance report on the savings and concluded that Council's approach and modelling were reasonable and based on sound measurement principles in establishing our estimated NPV savings over 10 years. In 2019/20 the annual recurrent merger saving being reinvested back into the community, is estimated at \$29.5 million
- A reduction of some \$63 million in loans (to 2019/20) representing a significant financial achievement. At amalgamation the Northern Beaches Council inherited some \$90 million in outstanding loans and a path of debt reduction was initiated.
- An average increase in rates and annual charges of 1.67% per annum. The Reserve Bank of Australia (RBA), inflation for the four year period from March 2016 to March 2020 was 7.8%. The IPART rate-peg increases for the four years since amalgamation have totalled 8.3%. In comparison, the increase in rates and annual charges levied by Northern Beaches Council over this same time period has been 6.68%, or on average 1.67% per annum.
- A manager to employee (span of control measure) ratio better than the industry median. Span of control measures the total number of staff per manager (defined as supervisors and above). The results show that Northern Beaches Council span of control is 3.8 'other' staff per manager. This is better than the NSW and Industry median of 3.3, where they had fewer 'other' staff per manager.
- Generally adopted the highest level of service of the three former Councils across the LGA to ensure that there was no reduction in services or service level for the community.
- Introduced new services such as Place Coordinators (activation of town centres), Public Place Officers (increased maintenance of public areas), Councillor support services, and Community Liaison Officers.
- Completed 70,000 customer requests in the last year and attended 243 community meetings from December 2018 to date.
- Implemented a Business Excellence Strategy to ignite the discussion on continuous improvement within Council, receiving recognition as a leader in the industry for its program of organisational improvement as expressed on a number of occasions by the Chair of the Audit Risk and Improvement Committee (ARIC).
- A well planned and implemented response to the shocks and stresses that have challenged our community through the bushfires, storm events and COVID pandemic. This is primarily due to a number of factors:
 - The size and scale of Northern Beaches Council resulting from the Coalition government's policy of merging Council's to create capacity to deal with these events
 - A high performing organisation that has its governance, systems and workforce in place to deal with these events, while maintaining our service levels to the



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community

- A skilled, innovative and engaged workforce
- Leadership of the Council.
- A highly engaged workforce. Council undertook an Employee Engagement Survey in 2019 which achieved an outstanding response rate of 85% demonstrating an engaged workforce, delivering to our community.

In the 20/21 financial year the Northern Beaches Council will expend over \$370 million in over 60 diverse services involving hundreds of activities delivered in a 24/7 environment to our community through the operational budget. Additionally, the capital works program will deliver \$104.6 million worth of new and renewal works.

At the time of amalgamation Council had no way of predicting that in 2020 it would have established a revenue base capable of absorbing a costly pandemic and delivering \$374 million in capital works projects over a four year period.

In the second half of 2020, the organisation is undertaking a program of strategic service reviews. This report provides a baseline to consider the outcomes of those reviews and inform the current and the future Council to make strategic decisions to support the resilience and capacity of our Council and community. These decisions by the Council will have an impact on the financial position of the organisation.

As a result of amalgamation, and the scale and capacity it has brought Northern Beaches Council, our understanding of the current condition of our infrastructure assets has improved, as has our modelling of required infrastructure investment in the future. Additionally, the community's expectations are increasing, in relation to the standard and quality of infrastructure currently being delivered, and to be delivered in the future. This represents an emerging challenge for our organisation.

The Mayor and Councillors have played an important function in leading the Council and ensuring that the concerns of the community are addressed and that the community is connected to the newly merged Council. The telling of the success of the Northern Beaches Council merger story should be promoted and celebrated.

The Northern Beaches Council today is an exemplar of the benefits identified by the Review Panel for an amalgamated Council. The New South Wales government should be acknowledged and commended for their leadership in progressing the Local Government Reform policy. The beneficiaries of this leadership and the outcomes are the Northern Beaches community with increased services and significant infrastructure upgrades and maintenance, with the capacity to support during the shocks and stresses now and into the future.

RECOMMENDATION OF CHIEF EXECUTIVE OFFICER

That Council:

1. Acknowledge the report.
2. Write to the Premier of New South Wales Gladys Berejiklian and the Minister for Local Government Shelley Hancock, acknowledging the success of the government's local government reform policy and outlining the benefits to the Northern Beaches Community.
3. Write to the former Premier Mike Baird and the Minister for Regional Transport and Roads Paul Toole (previous Minister for Local Government), thanking them for their leadership in delivering the local government reform policy and outlining the benefits to the Northern Beaches community.



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4. Write to local members outlining the benefits of the local government reform policy to the Northern Beaches community.
-



REPORT

BACKGROUND

In 2013, an Independent Local Government Review Panel made a number of recommendations to reform the local government system in NSW finding that there was an unsustainably high number of councils in NSW, and that many were financially unsustainable.

The objective of the NSW Coalition Government of the day was to:

“Create strategic and ‘Fit for the Future’ Councils – Councils that are financially sustainable; efficient; with the capacity to effectively manage infrastructure and deliver services; the scale, resources and ‘strategic capacity’ to govern effectively and partner with the State; and has the capacity to reduce red tape and bureaucracy for business and of a scale and structure that is broadly in line with the Panel’s recommendations”.
(Source: Review of criteria for fit for the future IPART - Policy objective of local government reform - September 2014).

The amalgamation of Councils across New South Wales was a key policy of the coalition government. Northern Beaches Council was established in May 2016 as an outcome of this policy. Given that we are at the end of term for the original proposed Northern Beaches Council, it is important to reflect on the performance of the Northern Beaches Council in the context of the New South Wales government’s merger platform.

The following paper contains information that addresses the government’s policy objective for local government reform. The information in this report is largely extracted from reports previously provided to the Councillors and to the Audit Risk & Improvement Committee. It is provided to equip Councillors to represent the performance of the Council to the community that we are all here to serve, and to report to the government on the success of their policy of Council mergers.

It also provides a baseline for considering the recommendations to be included in the strategic service review report to be presented to Council in December 2020.

AMALGAMATION OUTCOMES

Strategic Capacity

Today Council is recognised as a strong government partner with a strategic outlook, confidently representing and progressing matters of local and regional significance.

The following key examples are demonstrations of an effective Council:

- Secured over \$36.1 million in Stronger Communities Fund grant funding
- Commencement of B-Line bus network and six commuter parking stations providing around 900 car spaces
- Working with NSW Government to deliver the Frenchs Forest Hospital Precinct and Ingleside Land Release
- Allocated \$1.2 million for development of youth spaces and youth activities at PCYC, Dee Why
- \$10.3 million Connecting All Through Play program features a regional network of inclusive accessible playgrounds
- Construction of \$21 million coast walk and art trail from Manly to Palm Beach
- Harmonised fees and charges across Northern Beaches



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- Implementation of the new State Government's Local Planning Panel
- Development and adoption of the Affordable House Policy
- First Northern Beaches Disability Inclusion Action Plan (DIAP) - adopted June 2017
- Management of Alcohol Free Zones and Alcohol Prohibited Areas - more unified approach across the LGA
- Development and adoption of a Compliance and Enforcement Policy to apply a single approach to enforcement across the Northern Beaches
- Consolidation of Traffic Committees - to provide a holistic approach to traffic concerns
- Move Northern Beaches Transport Strategy adopted in November 2018
- New waste collection service - harmonising waste and recycling collection services and delivering improved safety, environmental and financial benefits through standardised, integrated domestic waste collection services contract commenced 1 July 2019.

Service Provision

Residents and businesses communicate an efficient, convenient and satisfying experience when using council services, information and infrastructure.

- 90% customer satisfaction rating
- Single Northern Beaches Parking Sticker
- Introduction of web streaming and agenda display for council meetings
- Consolidated Pre-Lodgement Service - harmonising and improving service through consolidated booking system, fees, practices, expert input/attendance and consistent written advice whilst maintaining the option of meetings in three locations
- Single form for DAs, Modification and Review Applications - one checklist and combined lodgement requirements
- Implementation of one assessment report tool (ASSESS) - creating consistent reporting, planning conditions, and document templates as well as electronic stamping of consent plans
- Meals on Wheels - expanded service included community lunches
- Hop, Skip and Jump (HSJ) Bus Service - expanded routes to Manly Vale in January 2018
- Additional arts programs - expanding the Makers Markets across the LGA
- Scores on Doors - rolled out across the LGA which provides the community with access to food safety information
- Out of Hours Work Permits - process to assess and grant approval for construction work outside of standard and approved hours
- Harmonisation of fees and charges - single schedule of fees and charges adopted
- Established one contact number for families to call and register for any of the six long day care centres, two pre-schools, five vacation care and 56 family day care centres
- Centralisation of Compliant Child Care Management Systems (CCMS) - using a single CCMS system for managing child care fees and waiting list
- Spatial Information - combined Council Planning Certifications into one system, single



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point, consistent approach and customer experience

- New integrated website delivered streamlining 125+ service lines into an intuitive and user friendly model for the community to use online
- Integration of Community Engagement System and Website (Your Say)
- Launch of a new quarterly newsletter Beaches Biz News - the newsletter is distributed to over 2,500 local businesses
- Customer Service Centres - aligned operating hours with ability to do all Council business at any of our four customer centres
- Single Call Centre - providing continuity in responses and information to customers
- New Customer Online Portal - established a new customer online portal (OneCRM) which has seen an increase of customers contacting us online
- Expanded Call Centre Hours - for residents of former Warringah and Manly. These residents have an additional 5.5 hours per week direct phone contact with Council staff
- Expansion of Library Borrowing Program customers can borrow and return items from any of the six branch libraries as well as the Avalon Community Library
- Single library card - providing access to the whole service and collection
- New Library Management System - all services and collections accessible from one system online or in branch, saving \$200k over five years
- Consolidation of library programs providing more events at no extra cost
- Creation of a public place team - the team proactively fix minor issues and 'make safe' any larger issues until staff can attend and complete repairs
- Development of a Northern Beaches walking plan
- Park and Recreation Bookings: event bookings are now in one system and fees harmonised.

Community Relationships

Investment in the community has been demonstrated in the following ways:

- Awarded \$1 million in grants to the community
- Community Liaison Coordinator role initiated to assist advocacy for local community groups
- Engaged 2,000 diverse community members to develop the first Community Strategic Plan for Northern Beaches Council
- Established six strategic reference groups
- Community satisfaction survey of residents on the Northern Beaches shows they feel that they have a 'good' to 'excellent' quality of life and feel proud and connected to the area
- Developed a unique brand reflecting the Northern Beaches lifestyle
- Adopted a Community Engagement policy and matrix
- Club Grants - supported the formation of one Club Grants committee
- Establishment of a Suicide Prevention Working Group - with Police and key service providers, to identify strategies and actions to reduce suicide



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- Development and adoption of a Compliance and Enforcement Policy to apply a single approach to enforcement across the Northern Beaches
- Development of an Asbestos Management Policy and Guidelines for the Northern Beaches community, staff and workers within the local government area
- Integration of Community Engagement System and Website (Your Say)
- New Community Engagement Framework and Policy - developed, engaged and adopted (Feb 2017)
- First Events Strategy 2018-2023 developed and adopted
- New Place Making Framework developed and implemented
- Launch of a new quarterly newsletter Beaches Biz News: the newsletter is distributed to over 2,500 local businesses.

Sound Organisational Health

Our culture directly contributes to the Council's success and to the delivery of positive customer centred behaviours, Council has:

- Established a corporate vision and values with more than 500 staff participating in its creation
- Finalised a Workforce Management Plan to develop our people
- Implemented a 10 year Long Term Financial Plan
- Initiated a Leadership Development program for Executive Leadership Team
- Consolidated staff accommodation to build teams and create efficiencies
- Delivered performance conversation training for all people leaders
- Achieved White Ribbon accreditation to strengthen a culture of respect and gender equality at all levels of the organisation
- Developed of one set of consistent, current and compliant HR policies across Council including HR Delegations (most recently revised in 2020)
- Developed and implemented a three year people plan to drive a culture of high performance and engagement, enabling leaders to deliver and building a capable fit for purpose workforce
- Deployed new WHS IT Systems.

Performance

The Council delivers on the needs of the community. Demonstrated examples include:

- Injected the NSW Government's New Council Implementation Fund into core integration projects allowing for continuity of performance and improved service
- Transition from Administrator to 15 elected Councillors
- Repaid significant outstanding debt (\$63 million)
- Developed external facing Organisational Performance Metrics which are reported six monthly to Council
- Facilitation of productivity savings in line with Council's Long Term Financial Plan
- Enterprise Risk and Opportunity Management Framework – comprehensive framework implemented with a strategic approach incorporating the three lines of defence risk model to mitigate organisational risk



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- Redesign of the Internal Audit (IA) function and implementation of an IA Plan: new IA co- sourced function developed to replace three former IA models, IA and ARIC Charters revised and adopted
- Asset Management Strategy - a single Asset Management Strategy aligned to the CSP and IP&R framework
- Substantially delivered on the NSW government's savings over 10 years (see Merger savings below for further detail).

FINANCIALLY SUSTAINABLE

Council has, and continues to produce, sound financial results. It demonstrates strong financial stewardship with sound year-end operating results and ratios, sound asset management, significant debt reduction, stable inflationary management and the continued projection of long term sound financial results, even after absorbing the current financial impacts of the COVID- 19 pandemic.

The general premise of adopting the highest level of service of the three former Councils across the local government area to ensure that there was no reduction in services or service level for the community, has the potential to have a long term impact on the financial position of Council, should additional actions not be undertaken.

Council's financial operations and results are reviewed by the Audit Risk & Improvement Committee. They are also subject to intense annual scrutiny by the Auditor General of NSW during the audit of Council's annual financial statements. The 2019 Auditor General of NSW Auditor's Report is found at Attachment 2. Furthermore, the Northern Beaches Council has never had a qualified set of financial statements, further demonstration that all financial matters of Council are undertaken diligently, accurately and completed to the highest standard.

Extracts from Council's last audited financial statements and other financial information are outlined below.



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Operating Results

Council's audited Statement of Performance Measures (year end 2019) demonstrates our sound financial position exceeding all required NSW Office of Local Government benchmarks.

NOTE 23 Statement of performance measures - consolidated results				
	Amounts 2019 \$'000	2019 Indicators	2018 Indicators	Benchmark
1. Operating Performance				
Total continuing operating revenue ¹ excluding capital grants and contributions less operating expenses ²	9,835	2.89%	7.97%	>0
Total continuing operating revenue ¹ excluding capital grants and contributions	340,810			
2. Own Source Operating Revenue				
Total continuing operating revenue ¹ excluding all grants and contributions	325,154	90.64%	82.58%	>60%
Total continuing operating revenue ¹ inclusive of capital grants and contributions	358,744			
3. Unrestricted Current Ratio				
Current assets less all external restrictions	142,914	2.65x	3.09x	>1.5x
Current liabilities less specific purpose liabilities	53,948			
4. Debt Service Cover Ratio				
Operating Results ¹ before capital excluding interest and depreciation/impairment/amortisation	52,741	6.40x	4.62x	>2x
Principal repayments (from the statement of cash flows) plus borrowing interest costs (from the income statement)	8,241			
5. Rates and Annual Charges Outstanding Percentage				
Rates and Annual Charges Outstanding	8,071	3.67%	3.85%	<5%
Rates and Annual Charges Collectable	220,136			
6. Cash Expense Cover Ratio				
Current period's cash and cash equivalents + term deposits	194,969	7.53 months	8.59 months	>3 months
Payments from cash flow of operating and financing activities	25,909			

Long Term Financial Planning

Long term financial planning ensures Council can maintain a sound fiscal base even in the event of financial shocks such as those associated with the COVID-19 pandemic.

There are many factors to consider and manage to ensure our ongoing financial position is sound including statutory obligations, future service and infrastructure delivery, loans, commercial activities, workforce obligations, grant income and allocations and productivity returns etc.

Council is forecasting long term operating surpluses (noting short term operating deficits in 2020/21 and 2021/22 due to the impacts of COVID-19 and associated Council community financial support initiatives).

The Performance Measurement Indicators Table (2019 to 2024) below forecasts financial results based on the following categories:

- Budget performance
- Operational liquidity
- Liability and debt management
- Asset management.

As demonstrated within the Table, besides the short term issues associated with the impacts of Covid-19 and Council's community financial support initiatives, Council continues to produce sound financial ratios across the board.



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Performance Measurement Indicators 2019 – 2024

	OLG Benchmark	Result	Original Budget	Forecast	Budget	Projected	Projected	Projected
		2019	2020	2020	2021	2022	2023	2024
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Budget Performance								
Operating Performance Ratio <i>measures the extent to which a council has succeeded in containing operating expenditure within operating revenue</i>	>0%	2.89%	1.03%	-2.24%	-1.31%	2.97%	3.66%	3.80%
		✓	✓	✗	✗	✓	✓	✓
Own Source Operating Revenue Ratio <i>measures fiscal flexibility. It is the degree of reliance on external funding sources</i>	>= 60%	90.64%	86.82%	88.42%	86.18%	92.81%	93.47%	93.51%
		✓	✓	✓	✓	✓	✓	✓
Operational Liquidity								
Unrestricted Current Ratio <i>represents a council's ability to meet short-term obligations as they fall due.</i>	>= 1.5x	2.65x	1.61x	1.89x	1.79x	1.76x	1.82x	2.04x
		✓	✓	✓	✓	✓	✓	✓
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage <i>expressed as a percentage of total rates and charges available for collection in the financial year</i>	< 5%	3.7%	3.7%	4.6%	3.6%	3.6%	3.6%	3.6%
		✓	✓	✓	✓	✓	✓	✓
Cash Expense Cover Ratio <i>liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow</i>	>= 3mths	7.53mths	4.69mths	5.11mths	3.86mths	3.42mths	3.40mths	3.82mths
		✓	✓	✓	✓	✓	✓	✓
Liability and Debt Management								
Debt Service Cover Ratio <i>measures the availability of operating cash to service loan repayments.</i>	2.00x	6.40x	4.24x	4.24x	5.02x	7.32x	8.14x	10.83x
		✓	✓	✓	✓	✓	✓	✓
Asset Management								
Building and Infrastructure Renewals Ratio <i>assesses the rate at which these assets are being renewed against the rate at which they are depreciating</i>	>= 100%	139.09%	142.60%	142.60%	108.71%	109.94%	117.05%	114.92%
		✓	✓	✓	✓	✓	✓	✓
Infrastructure Backlog Ratio <i>ratio shows what proportion the infrastructure backlog is against the total net carrying amount of a council's infrastructure</i>	<= 2%	1.32%	1.27%	1.27%	1.24%	1.23%	1.22%	1.21%
		✓	✓	✓	✓	✓	✓	✓
Asset Maintenance Ratio <i>ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing.</i>	>= 100%	115.45%	115.45%	115.45%	116.37%	119.08%	121.47%	123.39%
		✓	✓	✓	✓	✓	✓	✓
Cost to bring assets to agreed service level <i>ratio shows what proportion the infrastructure backlog is against the total gross replacement cost of a council's infrastructure</i>	<= 2%	1.10%	1.07%	1.07%	1.04%	1.03%	1.02%	1.01%
		✓	✓	✓	✓	✓	✓	✓



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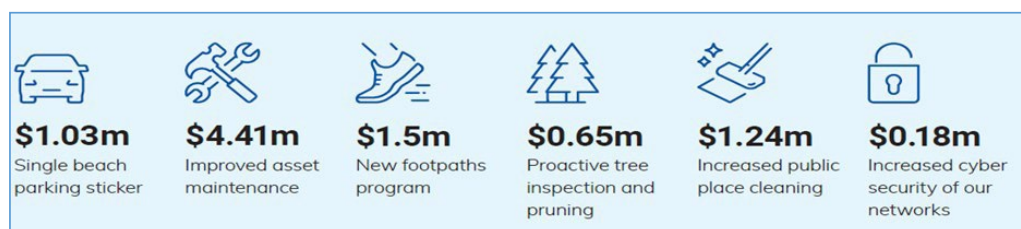
Merger Savings

Council is on track to more than double the State Government's \$76.3 Million estimated savings from amalgamation, with a projected \$161.6 million (net present value) over ten years. The non-discounted amount would equate to \$258.6 million in estimated savings over 10 years.

In 2019/20 the annual recurrent benefit is estimated at \$29.5 million. These recurrent benefits have been derived from savings in the following areas.



As Council's primary focus is the continued delivery of service and infrastructure to the Community the above identified savings have been re-invested back into the community. \$9 million of direct service and infrastructure benefits have been initiated as follows:



In addition to the direct service and infrastructure benefits that have been delivered from the 2019/20 \$29.5 million estimated recurrent savings, the following re-investments have been made:

- \$2.94 million reduction in domestic waste charge delivering one of the lowest domestic waste charges in NSW – a saving of \$255 p.a. for former Manly residents and \$193 p.a. for former Pittwater residents since amalgamation.
- \$2.77 million offsetting higher waste disposal costs and reinvesting in advance waste technology to reduce waste going to landfill.
- \$1.84 million in the harmonisation of pre-amalgamated salary systems to ensure equitable rates of pay aligned to the market for employees
- \$1.49 million investment in enhancing Council's service delivery through an appropriate organisational structure that recognises the size and scale of the workforce, and service complexity and infrastructure delivery requirements of our organisation of over 1,800 employees delivering over 200 functions to a resident base of some 270,000 people.
- \$9.99 million service uplift for the community enabled by reallocation of staff resources in the areas of:
 - Regional transport planning

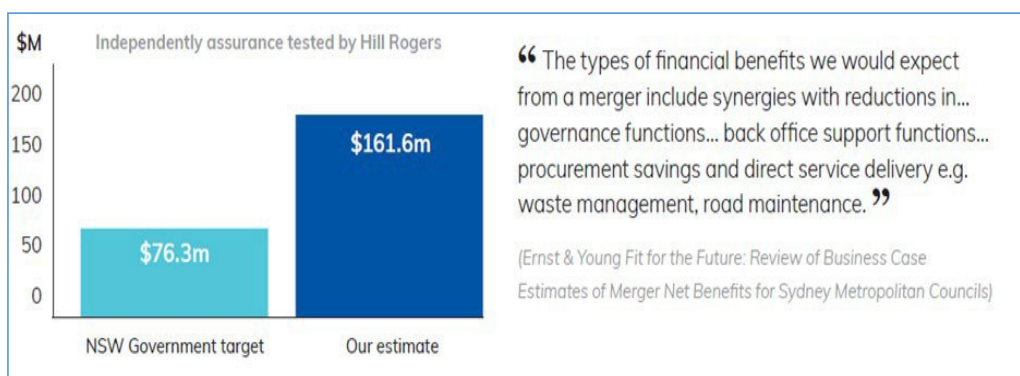


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- Economic development and tourism
- Local traffic planning
- Place making
- Village and town centre management
- Customer call centre operations and expanded hours
- Asset and open space planning.
- \$1.46 million reinvestment in services associated with restorations, road services, localised bus service, social support, event management and CCTV and public WI-FI.

In early 2019, Hill Rogers Auditors were engaged to independently review Council's modelling and provide an assurance report on the savings. They concluded that Council's approach and modelling were reasonable and based on sound measurement principles in establishing our estimated NPV savings over 10 years.



Productivity Returns

Council continues to seek ongoing productivity savings (referred to by some Councillors as efficiency dividends). The 2019/20 budget process initiated in excess of \$2.75 million in productivity savings through the removal of vacant positions.

Further to this, within its 2020/21 budget Council will achieve another \$2.75 million in productivity initiatives. These savings are reinvested in priority services and infrastructure determined through Council's ongoing budget reviews and Councillor and community requests.

In 2020/21, these savings are achieved from the following areas of Council:

- Street lighting initiatives – via the replacement of streetlights with energy efficient LED globe
- Reduced agency costs
- Reduced bank fees
- Reduced insurance costs
- Reduced fuel costs
- Savings in employee costs due to system efficiencies
- Fee initiatives with regard to children's services.

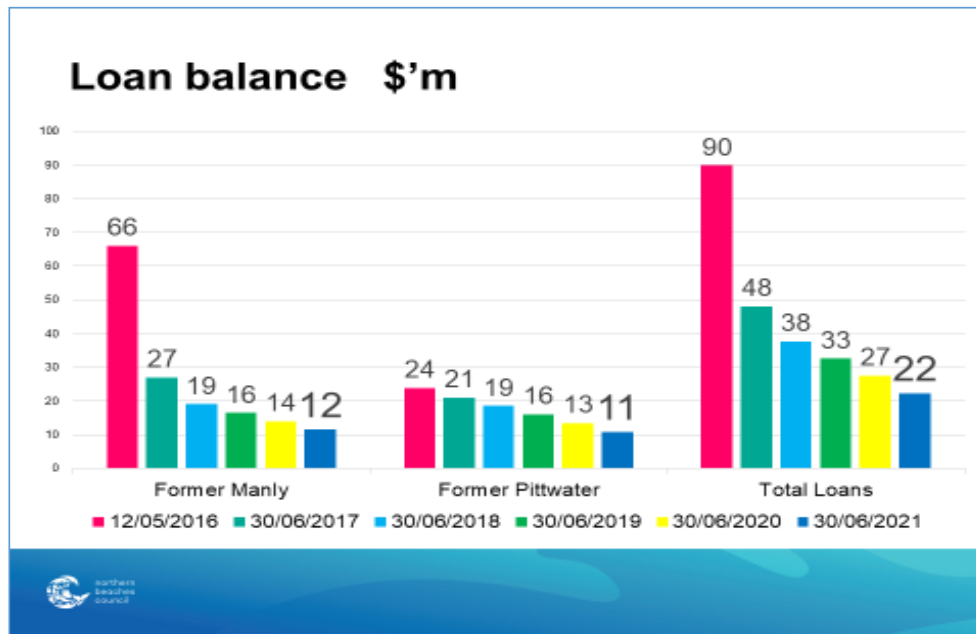


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Debt Management

At amalgamation the Northern Beaches Council inherited some \$90 million in outstanding loans and a path of debt reduction was initiated. A reduction of some \$63 million in loans (to 2019/20) represents a significant financial achievement.



Source: Councillor Briefing 10th March – Draft Operational Plan

Stable Inflationary Management

Council is focused on balancing short-term expenses with longer term fiscal management. This is a continual challenge.

Annual rates are one of the largest direct Council costs to our community. The annual rates notice includes a domestic waste charge for residents and a stormwater charge for former Pittwater and Manly local government areas. Since amalgamation there have been substantial reductions in the domestic waste charge for residents of the former Manly and Pittwater Councils while the stormwater management charge has not increased. The result of the reductions in the waste charge means residents of the former Manly and Pittwater Councils that pay the minimum rate now pay less to Council than they did before the merger.

According to The Reserve Bank of Australia (RBA), inflation for the four year period from March 2016 to March 2020 was 7.8%. The IPART rate-peg increases for the four years since amalgamation have totaled 8.3%. In comparison, the increase in rates and annual charges levied by Northern Beaches Council over this same time period has been 6.68%, or on average 1.67% per annum. This increase in rates and annual charges levied also covers development that has occurred since amalgamation, for example the Meriton development in Dee Why Town Centre. The increase in real terms is actually less than 6.68%.



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ORGANISATIONAL EFFICIENCY

A strategic decision of the newly merged Northern Beaches Council to ensure that there was no reduction in services for the community, was that generally the highest level of service of the three former Councils would be adopted. In addition to this 'best' of service level philosophy, new services were adopted, such as Place Coordinators (activation of town centres), Public Place Officers (increased maintenance of public areas), Councillor support services, and Community Liaison officers, among others highlighted above.

Council's service review that is currently being undertaken, will provide the Council with the opportunity to determine the services and level of services that are to be provided to the community.

The Northern Beaches Council is a part of the Australasian Local Government Performance Excellence Benchmarking Program with over 115 participating Councils; facilitated by PricewaterhouseCoopers. The process of industry benchmarking highlight whether Council's functions are consistent or more efficient when compared to other Local Government Authorities.

In the 2018/19 program, the latest set of results, 56 NSW councils (44%), 15 NZ councils, 23 SA councils, and 21 WA councils participated. Council is also benchmarking against a subset of councils that are prepared to share their individual results. Presently Northern Beaches participates in a Sydney Metropolitan group with Burwood, Campbelltown, Georges River, Hornsby, Lane Cove and Willoughby Councils.

Council's Audit Risk and Improvement Committee (ARIC) considered the results in March 2020, and commended Council on the benchmark results.

Over 100 metrics across six categories are benchmarked in the Report. The data below is limited to measures that respond to Council's staffing levels and management structure, in outlining organisational efficiency:

- FTE per 1,000 residents
- Remuneration as % of Operating Expenses
- Span of Control (No. of other staff per manager)
- Corporate services staff per 100 employees (customer service, finance, human resources and information and technology)

The key below will assist in understanding the data that follows:

- NBC – Northern Beaches Council performance
- Metro – Median score of Sydney metropolitan councils - Burwood, Campbelltown, Georges River, Hornsby, Lane Cove, Northern Beaches and Willoughby Councils
- NSW – Median score of NSW 56 participating councils
- Industry – Median score of 115 participating councils
- N/A – data unavailable in the report.

Full Time Equivalent (FTE) per 1,000 Residents

FTE is dependent on the services a council provides to the community and method of delivery (contract v in house). Council's staffing levels at 4.4 FTE per 1,000 residents is significantly lower than the NSW Median of 9.0. Additionally, we are consistent with surveyed NSW Metropolitan Councils.



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Median Score	NBC 2019	Metro	NSW	Industr y
FTE per 1,000 residents	4.4	4.4	9.0	N/A

Remuneration as % of Operating Expenses

Northern Beaches Council employee costs as a % of operational expenses is consistent with metropolitan councils and only slightly higher than the NSW median score.

Median Score	NBC 2019	Metro	NSW	Industr y
Remuneration as % of Operating Expenses	40%	40%	37%	N/A

Corporate Service Staff per 100 Employees

The corporate service function provides support and expertise to the entire organisation. It is responsible for establishing safe and sustainable practices so that core activities can be delivered consistently and efficiently across the Council. Corporate services include customer service, finance, human resources and information technology. Council's corporate service staffing levels at 13.0 FTE per 100 staff is slightly lower than the NSW score of 13.5. Additionally, we are consistent with surveyed NSW Metropolitan Councils.

Breakdown	NBC 2019	Metro	NSW	Industr y
Corporate Service Staff per Employees 100	13.0	13.0	13.5	14.7

Span of Control

Span of control measures the total number of staff per manager (defined as supervisors and above). The results show that Northern Beaches Council span of control is 3.8 'other' staff per manager. This is better than the NSW and Industry median where they had less 'other' staff per manager. Of the 24 large councils in the program (population 100,000+), Northern Beaches Council was the median score. Additionally, we are slightly better than surveyed NSW Metropolitan Councils.

Median Score	NBC 2019	Metro	NSW	Industr y
Span of Control (No. of other staff per manager)	3.8	3.3	3.3	3.5

Figure 1.9 is an extract from the Report and shows management to staff ratio at different levels compared to the survey population, as well as the 24 large councils. Our staffing levels at the

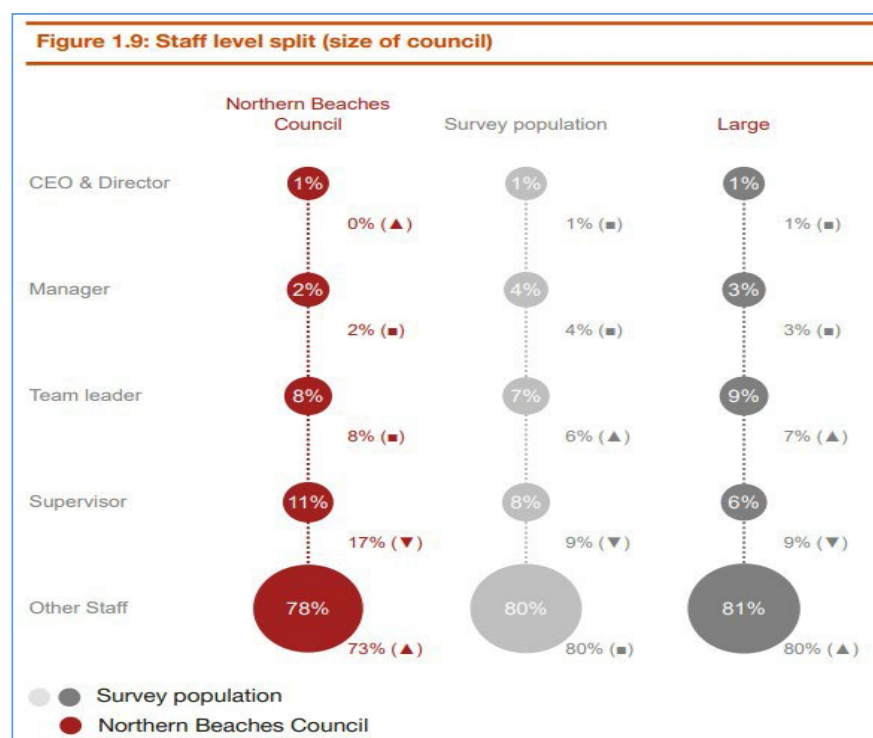


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Chief Executive Officer and Director, Manager (executive manager) and Team Leader (manager) levels are consistent with or lower than that of other large councils in the survey. However, we have more supervisors (team leaders and below) and slightly fewer other staff. It should be noted that team leaders in the main undertake on ground work.

Additionally, our higher numbers of supervisors reflect the size of the LGA and the need to operate from multiple sites to serve our community. It also reflects the maturity of the organisation (established in 2016) and the need to provide greater expertise and experience in field at the supervisory level to undertake on ground work in addition to support and develop staff.



Generally the delivery of the 'best' of service level philosophy and the additional new services, to ensure our community was not adversely affected by the creation of Northern Beaches Council has been achieved with;

- Rates and annual charges levied by Northern Beaches Council lower than the inflation rate and the IPART local government rate-peg increase
- An annual recurrent merger saving estimated at \$29.5 million (2019/20)
- Paying down the loan balance from \$90 million to \$22 million by 30 June 2021.
- Span of management control better than the metro and NSW benchmarked Councils
- Remuneration as a % of operating expenses consistent with benchmarked metro Councils
- Full Time Equivalent Staff per 1000 Residents consistent with benchmarked metro Councils.

Council continues to strive for continuous improvement to increase our efficiency to deliver more effective services and improve our community assets. While, there is always the opportunity for efficiency improvements, it is clear that Council is a high performing and efficient organisation.



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MANAGING INFRASTRUCTURE

Council's Infrastructure Asset Performance Indicators (year end 2019) demonstrate our commitment to the continued sound management of the community's assets, again exceeding all required NSW Office of Local Government benchmarks in 2019.

Northern Beaches Council				
Special Schedules				
for the year ended 30 June 2019				
Report on infrastructure assets				
Infrastructure asset performance indicators – consolidated				
	2019 \$'000	Current Year indicators	2018	Benchmark
1. Building and infrastructure renewals ratio				
Asset renewals (renewals only for Infrastructure Assets)	41,685	139.09%	99.79%	>100%
Depreciation, amortisation and impairment	29,969			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	31,074	1.32%	0.51%	<2%
Net carrying amount of infrastructure assets	2,359,454			
3. Asset maintenance ratio				
Actual asset maintenance	38,890	115.45%	116.98%	>100%
Required asset maintenance	33,685			
4. Cost to bring assets to agreed service level				
Estimated cost to bring to an agreed level of service set by Council	31,074	1.10%	0.44%	
Gross replacement cost	2,829,769			



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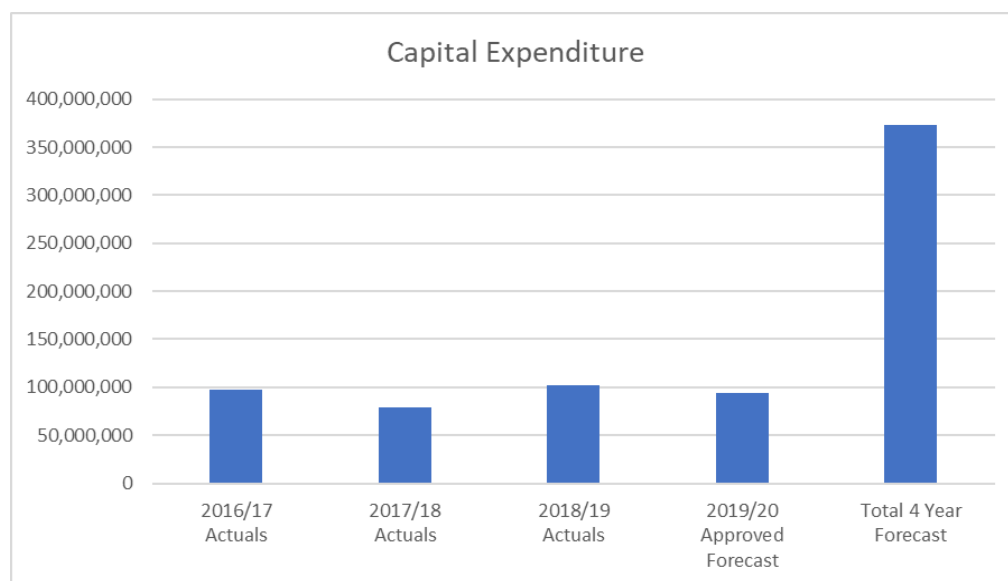
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COMMUNITY CAPITAL INVESTMENT

Council has \$4.97 billion in current assets under management. Council continues to invest in its community through the delivery of significant annual capital works programs.

Since amalgamation Council has invested over \$372 million in capital expenditure.

Post Amalgamation - 4 Year Estimated Capital Expenditure to June 2020



In addition, Council continues to project and deliver large scale capital works programs on behalf of its community to ensure infrastructure needs are met.

In excess of \$104 million is again budgeted to be expended in Council's 2020/21 capital works program, including:

- \$10.5 million to resurface 18.6km roads, renew 8km footpaths and build 4.7km of new ones
- \$11.2 million to upgrade Mona Vale and Long Reef Surf Lifesaving Clubs
- \$6.4 million for stormwater works to reduce flooding and pollution
- \$5.2 million for Coast Walk paths and cycle ways from Newport to Palm Beach
- \$4.9 million for Narrabeen pedestrian and cycle bridge
- \$3 million to construct Dee Why Town Centre parks in St David's Avenue and Triangle Park
- \$2.9 million for Warriewood Valley open space, sports, traffic, transport and community centre works
- \$2.9 million for coastal protection at Collaroy-Narrabeen
- \$2.0 million to improve Bells and Carols wharves at Scotland Island.



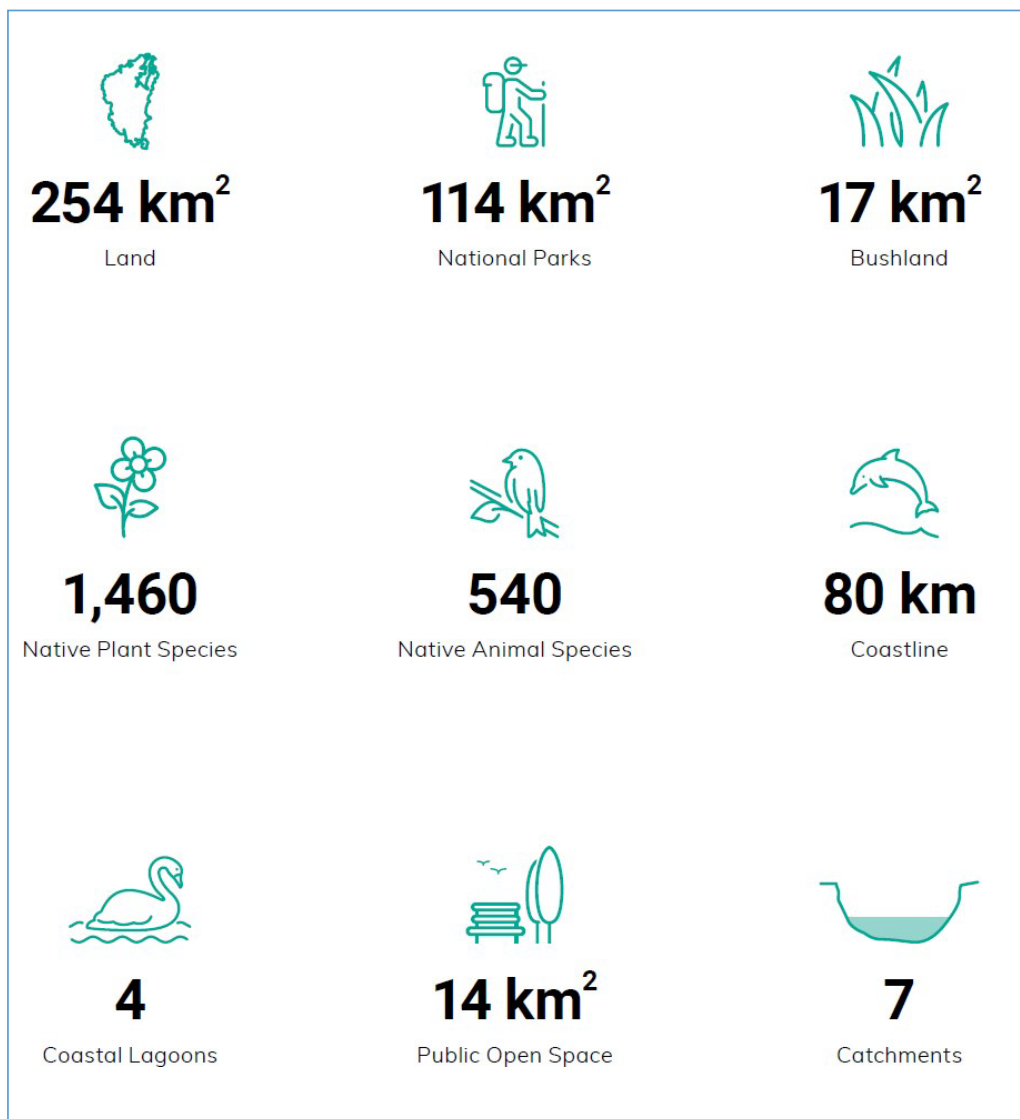
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SERVICE DELIVERY

Our purpose is “*delivering the highest quality service, valued and trusted by our community*”.

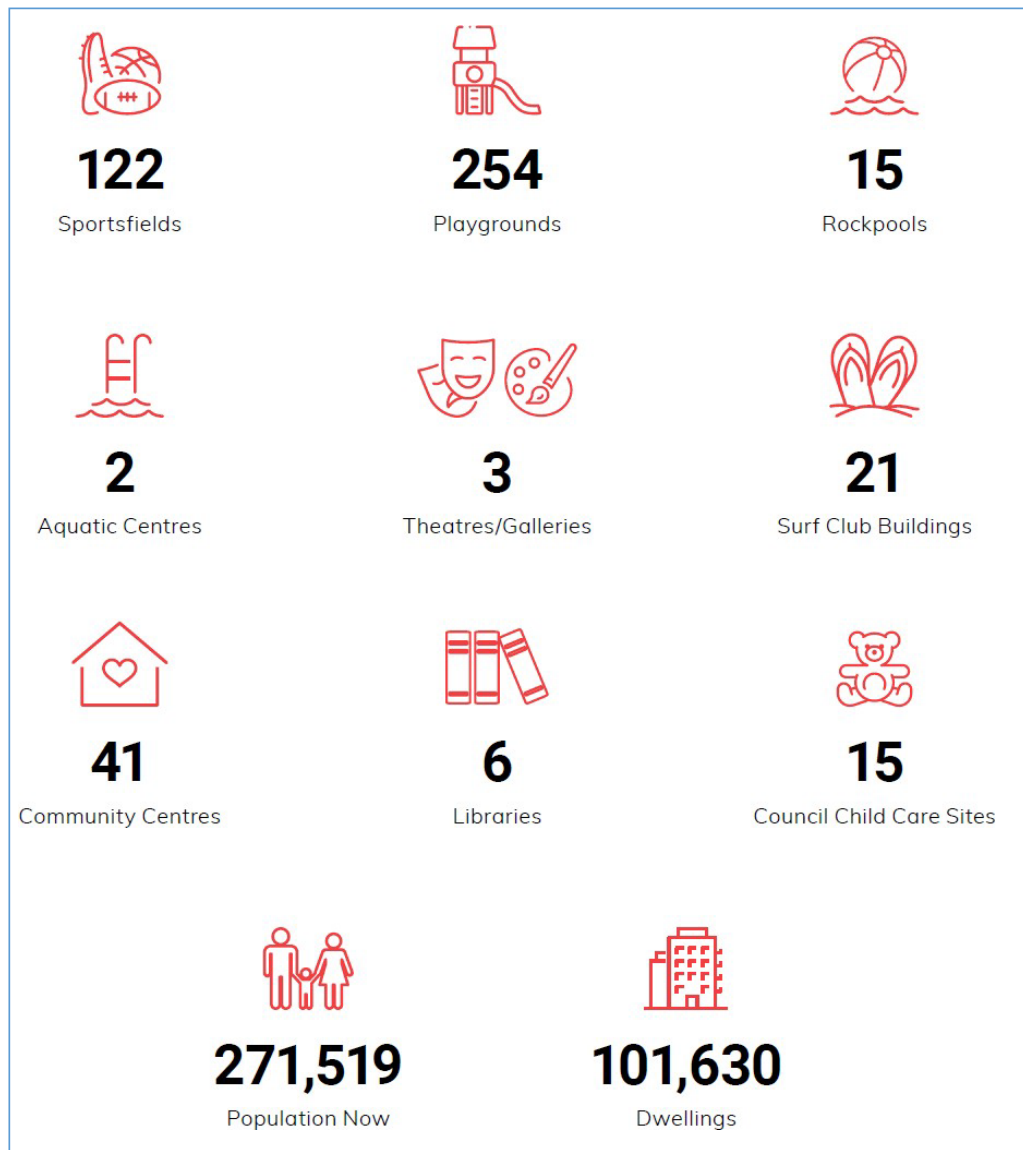
In the provision of our high quality service delivery to 271,519 residents, the icons below demonstrate the demands on our organisation.





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COMMUNITY CONNECTEDNESS

The customer is at the centre of all our activities and being connected to our community is vital for the success and acceptance of the community of Northern Beaches Council. Concerns regarding the perceived loss of a local voice and connectedness was one of the main reasons that people opposed the government's policy of Council mergers.

The Mayor and Councillors have played an important function in ensuring that the concerns of the community are addressed and that they are connected to the newly merged Council. It is acknowledged that it is challenging for Councillors as they balance the local political environment and their collective proactive stewardship of the setting up of the newly formed Northern Beaches Council for the future generations.

The focus on the building of effective relationships with local Chambers of Commerce and the establishment of Council Place Co-ordinators that work with our local business to activate the Town Centres has realised tangible outcomes for local business.

The establishment of a Community Liaison Coordinator role has provided a conduit for our community groups, associations and external stakeholders to have a local voice and be connected to the Council. Since December 2018 there has been 243 community meetings.

The Community Liaison Coordinator liaises between the Chief Executive Officer, external stakeholders and community members. This position ensures consistent and high performance service delivery across Council in direct response to community feedback. This approach receives positive community feedback.

A significant community connection for our residents are our beaches. Council has worked on building strong working relationships with all our Surf Life Saving Clubs, Northern Beaches Surf Life Saving and Surf Life Saving NSW.

The Public Places Team, another recently introduced service, drives a pro-active focus on the monitoring, investigation, reporting, condition assessment and recommendation of immediate action required for Council assets in public places. It is also another point of contact on the ground with Council. This team coordinate and collaborate with internal stakeholders to ensure public places are maintained in optimal condition for the community. This function also receives positive community feedback.

Over the last 12 months Council has received close to 70,000 customer requests and has responded to these requests; 92% within the designated 10 day response time (benchmark 90% response within 10 working days).

Anecdotally, the feedback from the community of Council's COVID response and support for the community and other stakeholders is positive. Council continued to deliver its services within the confines of the Health Orders and communicated early and often with community members and local businesses.

Community Satisfaction Survey Results

Many of our individual services conduct customer feedback surveys to support continuous improvement. Our overall effectiveness in the area of customer service is supported by Council's most recent community satisfaction survey.

In April 2019, Northern Beaches Council commissioned Jetty Research to conduct a statistically valid telephone survey of 750+ adult residents living within the local government area (to assess

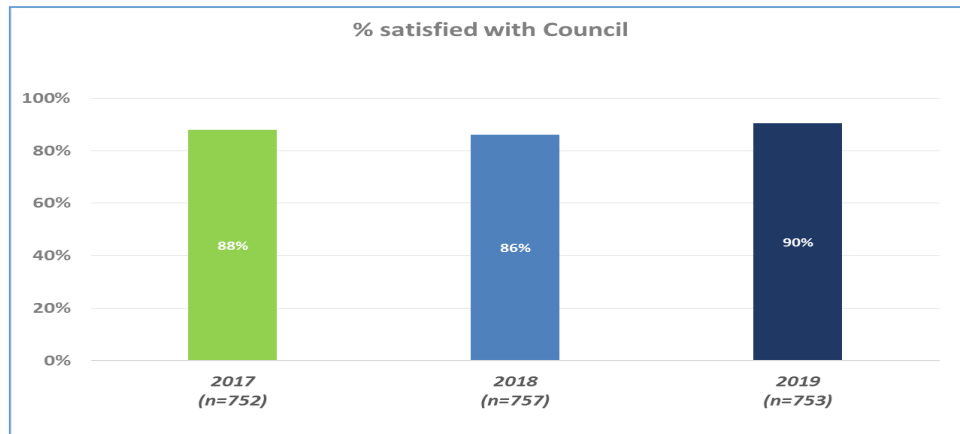


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satisfaction with, and priorities towards different Council-managed facilities and services, and council customer service.

The 'top three box' score for overall satisfaction has shown slow but steady growth over the past three years, with 90 percent of the community surveyed currently satisfied with Council.



In addition to the above Customer Satisfaction Survey results, the Northern Beaches Council has also been recognised for its outstanding provision of customer service with the following awards:

- National Local Government Customer Service Network
Innovation in Customer Service Award – Online Customer Relationship Management (CRM) customer portal for customer enquiries and requests – winner
- National Local Government Customer Service
Network Customer Service Strategy Award - Winner
Customer Experience Excellence Award - Highly Commended
- Customer Service Team of the Year Award – Finalist.

A full list of Council's recognition and awards for its achievements in its delivery of service and infrastructure to its community and customers can be found at Attachment 1.



GOVERNANCE, RISK AND IMPROVEMENT

Governance and Risk

Council has significant controls in place to ensure Council's operations are transparent and efficient. Council's controls are industry leading with internal and external checks and balances in place.

The Audit Risk and Improvement Committee (ARIC) which reports directly to the Council, comprises seven members, four independent external members (one of whom is the Committee Chair) and three councillors. All members bring to the table expert knowledge of Council's operations, strategic direction and community knowledge.

Council also has an:

- Enterprise risk management framework consistent with the international risk standard AS ISO31000:2018
- Internal audit function mandated by an internal audit charter, internal audit personnel whose reporting lines reflect the International Professional Practices Framework (IPPF) mandatory requirements, an internal audit program conducted in line with the IPPF, routine monitoring and reporting to the ARIC and Council, and an internal audit quality assurance and improvement program.
- Legislative Compliance Register (Reliansys) - at the ARIC meeting of June 2020, the Director of Financial Audit Services, Audit Office of NSW, advised that few councils have Legislative Compliance software. This (Council's) system exceeds the requirements of the Audit Office of NSW in terms of meeting legislative compliance.

Council's financial operations and results are reviewed by ARIC. They are also subject to intense annual scrutiny by the Auditor General of NSW during the audit of Council's annual financial statements. The 2019 Auditor General of NSW statement is found at Attachment 2. Furthermore, the Northern Beaches Council has never had a qualified set of financial statements further demonstration that all financial matters of Council are undertaken diligently, accurately and completed to the highest standard.

Improvement

Council is a leader in the industry for its program of organisational improvement as expressed on a number of occasions by the Chair of the Audit Risk and Improvement Committee (ARIC).

In September 2019, a Business Excellence Strategy was put in place to ignite the discussion on continuous improvement within Council.

The intent of the Strategy:

"Our Business Excellence Strategy 2023 (the Strategy) aims to shape an environment and culture within our organisation that embraces and supports business excellence, continuous improvement and innovation. The four-year Strategy outlines why Business Excellence is important, what we are aiming to accomplish and how we plan to work together to achieve this for Northern Beaches Council.

Through this Strategy, Council will encourage innovative ideas, provide the nurturing environment for continuous improvement and support the sharing of successful solutions that will positively impact our organisation and community alike.

Together let's focus on improvement in everything we do.

(Internal Source: Business Excellence Strategy 2023 – September 2019)



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Organisational improvement is underpinned by the Australian Business Excellence Framework (ABEF) which is an internationally recognised framework for innovation, improvement and sustainable performance. The Framework has a strong reputation of delivering success, it speaks to the values of our organisation and categorises the organisation into seven perspectives, whilst nine principles guide ongoing improvement and performance. It is a tool that provides clear direction and measurement of success and enables benchmarking of results that can be compared across the Local Government sector and other industries.

In the absence of the NSW State Government mandating a process for improvement under the terms of the ARIC structure, the Northern Beaches Council has taken the initiative in its improvement journey.

To date, over 150 improvement initiatives, small and large have been initiated. Further information can be found at Attachment 3.

ORGANISATIONAL WORKFORCE AND STRUCTURE

The achievement of all of the above performance outcomes would not be possible without a committed, innovative and engaged workforce. Council is one of the largest employers on the Northern Beaches. It has in excess of 80% of its workforce living and working in our Local Government Area. The 2019 engagement survey facilitated by an external party communicated a 76% engagement score representing a significant level of job satisfaction and commitment for an organisation that was only three years of age. Our employees demonstrate discretionary effort to achieve our performance outcomes because they are well organised, led and managed. At the date of this report Council's workforce consisted of 1,863 people including casual employees. These people deliver over 60 different services from multiple sites and field locations. It is a complex and busy organisation.

Employee Engagement Survey (2019)

The survey achieved an outstanding response rate of 85% excluding casuals.

A snapshot of staff responses to the questions that make up this organisational engagement score include:

- 76% said work gives them a feeling of accomplishment
- 88% like the kind of work that they do
- 74% are proud to tell people they work for Council
- 74% feel they have an opportunity to make a difference here
- 75% would recommend Council as a good place to work
- 78% would like to still be working at Council in the next two years
- 67% of respondents can see a future for themselves at Council.

RESPONSIVENESS TO COMMUNITY NEEDS

Council staff have responded to an increasing number of emergency incidents from flooding in late 2019 to wind and storm events, bushfire and COVID-19 in 2020. Council's Incident Management Team (IMT) is able to quickly assemble and respond to community needs.

Recent examples of community care and responsiveness include.



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November 2019 Localised Thunderstorm & Blackout

- Swift action from on the ground teams to help stretched emergency services
- Continuity of service i.e. Belrose Childcare Centre (which lost power)
- Council facilities open longer hours (i.e. Libraries) to allow the community to charge phones, use the internet or have a tea of coffee
- Warringah Aquatic Centre open for those in need of a hot shower.
- Residents were able to take up to 300kg of green waste to Kimbriki each day with proof of address and extra green waste kerbside collections by request.

February 2020 Storm & Flooding

- Evacuation of over 900 properties extensive road closures due to flooding within the Narrabeen Lagoon catchment.
- Management of significant tree falls resulting in widespread power outages and road closures
- Responsiveness to landslides including evacuation of properties in Bayview and North Narrabeen.
- Monitoring substantial coastal erosion (no inundation reported)
- Establishment of two Evacuation Centres opened, one on standby
- Activation of an Emergency Operations Centre
- Emergency support to manage the land slip issues
- Engaging and supporting agencies to manage evacuation centres.

Bushfire Support 2019/20

- Key role in coordination of all communication and operations
- Erection of fences for large animal relocations
- Coordination of road closures, liaising with emergency services
- Preparation of evacuation centres.

COVID-19 Support

Council acted to address the adverse impacts of COVID-19 on our community, ensuring continuation of critical services and the health and safety of customers, employees and the Northern Beaches community. Council was responsive to the ever changing situation as Council, State and Federal Governments announced protective actions.

Council focused on maintaining social connection, safety, essential services and supporting vulnerable community members.

Community Care Package

- Essential social services continued such as Meals on Wheels, childcare and vacation care
- Adolescent and family counselling continued online and by phone
- A 'check on your neighbour' campaign supported connections
- Community, cultural and charity groups were supported with actions planning and staying connected
- Supported distribution of 100 boxes of fresh fruit and vegetables every weekday to vulnerable residents
- Expanded the Home Library Service
- Established a Library2U service
- Loan periods were increased, reduced 'hold' fees on items, an increased cap on



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- accumulated fines before borrowing ceases
- Council helped to fill the gaps for charity and not-for-profit groups focused on services for the vulnerable, as well as youth and family, seniors, disabled, new migrants, and those experiencing employment or financial issues.

Free Childcare for Families Package

In partnership with the State and Federal Government, our childcare centres and preschools provided free services for up to six months from 6 April 2020.

Rates, fees and charges package

Under s356 of the Local Government Act, \$4.3 million in financial assistance offered to all ratepayers through a subsidy of the equivalent of 50% of the 2020/21 increase in rates and domestic waste charges. Ratepayers were also provided with an additional month to pay their first rates instalment. Other fees remain at 2019/20 pricing for the first three months of the financial year. Deferred increases in fees until 1 October 2020 provides additional savings of \$0.7 million.

Business Support Plan

\$0.8 million support provided to business via temporary waiving of the fees:

- Outdoor Dining fees, up to 31 December 2020
- Footpath Merchandising fees, up to 30 September 2020
- Fire Safety annual fees, up to 30 September 2020
- Environmental Health Inspection (annual fees and first inspection fees), up to 31 August 2020
- Enforcement actions focused on imminent risks to public or environmental safety, allowing more flexible operations to local businesses:
- Local Business Support webpage and Beaches Biz News
- Helping businesses build digital and social media capacity
- Rates and Charges Hardship Policy for eligible small business ratepayers.

Council Tenant Support Package

Targeted support of up to \$1.1 million for Council tenants experiencing financial hardship as a result of the Government mandated closures including:

- Annual rentals or fees waived, discounted or deferred for up to six months (backdated to commence at 1 April)
- Extension of leases/licenses by six months, where agreements due to expire within 18 months.

Council's scale and capacity and sound financial management practice has allowed it to absorb the financial shock associated with COVID-19.

To respond the way the Council has to the shocks and stresses that have challenged our community through the bushfires, storm events and COVID pandemic, is impressive and due to a number of factors;

- The size and scale of Northern Beaches Council, due to the Coalition government's policy of merging Council's to create capacity to deal with these events,



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- A high performing organisation that has its governance, systems and workforce in place to deal with these events, while maintaining our service levels to the community,
- A skilled, innovative and engaged workforce
- Leadership of the Council.

CONSULTATION

No consultation was undertaken in preparing this report.

TIMING

The timing references information and achievements from the time of amalgamation in May 2016 to July 2020.

LINK TO STRATEGY

This report demonstrates the capacity of the organisation to deliver the Community Strategic Plan Outcomes.

FINANCIAL CONSIDERATIONS

A financially sustainable organisation that delivers quality services to our community, manages infrastructure and has the capacity to cater for shocks and stresses in the future. Council is on track to more than double the State Government's \$76.3 Million estimated savings from amalgamation, with a projected \$161.6 million (net present value) over ten years.

SOCIAL CONSIDERATIONS

An organisation that has the capacity to efficiently deliver social services and community support as outlined in this report. As a newly formed entity, Northern Beaches Council has built connectedness with the community.

ENVIRONMENTAL CONSIDERATIONS

An organisation with a highly skilled workforce and financially sustainable to address the environmental challenges and opportunities moving forward.

GOVERNANCE AND RISK CONSIDERATIONS

Ongoing commitment and efficient delivery of governance and risk services has been outlined in this report.



northern
beaches

Capacity to Pay Report

Northern Beaches Council

December 2024



Document status

Job #	Version	Written	Reviewed	Approved	Report Date
7828	1 - Draft	M. Drummond	G. Smith	G. Smith	October 2024
	2 - Draft (updated rate peg)	M. Drummond	G. Smith	G. Smith	November 2024
	3 - Final	M. Drummond	G. Smith	G. Smith	December 2024

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Executive summary

Northern Beaches Council ('Council') is currently considering an application for a special variation ('SV') to rates, and Council has released four rate rise options to the community (which includes option 1 of rate peg only). These options are designed to help improve Council's financial sustainability, address Council's natural and environmental risks, address the funding gap for the renewal and maintenance of existing assets and support the creation of new priority assets for the community.

The options it is considering, which all include a rate peg of 3.8% in 2025/26, 3.4% in 2026/27 and 3.1% in 2027/28, are:

- Option 1 (base case - do nothing) consists of rate peg increases only, resulting in a cumulative increase of 10.7% by 2027/28.
- Option 2 proposes a 9.8% increase in 2025/26, 9.4% increase in 2026/27 and 9.1% increase in 2027/28, and results in a cumulative increase of 31.1% by 2027/28.
- Option 3 proposes a 12.1% increase in 2025/26, 11.7% increase in 2026/27 and a 11.5% increase in 2027/28, and results in a cumulative increase of 39.6% by 2027/28.
- Option 4 proposes a 13.8% increase in 2025/26, 13.4% increase in 2026/27 and 13.1% increase in 2027/28, and results in a cumulative increase of 46.0% by 2027/28.

About this report

This report provides an analysis of a wide range of socio-economic factors and other data and evaluates the general financial capacity of ratepayers to pay the proposed rate changes. It also considers the financial vulnerability and exposure of different community groups within the local government area (LGA).

It analyses both LGA-wide data along with resident-specific data from four geographic groupings within the Northern Beaches LGA. These groupings have been selected because they have aligned geographic and socio-economic characteristics - utilising data from the Northern Beaches Council Community Profile.¹

These groupings are:

- Central-East
- North-East
- South
- West and North-West.

A breakdown of the suburbs included within each grouping is detailed on pages 5 and 6 of this report.

¹.id (informed decisions), October 2024. Northern Beaches Council - Community Profile, Social Atlas, Economic Profile. (Sourced from: <https://profile.id.com.au/northern-beaches>)



About the Northern Beaches LGA

Northern Beaches Council is predominantly a residential area with a large portion of bushland, but also has some more commercial and industrial areas. Major features of the LGA include a substantial number of National Parks and aquatic reserves, Manly Reservoir, Manly Dam, Dee Why Lagoon, Narrabeen Lagoon, North Head Sanctuary, the Manly Town Centre, the Mona Vale Town Centre, Pittwater Place Shopping Centre, Balgowlah Village, Warriewood Square Shopping Centre, Westfield Warringah Mall Shopping Centre, Northern Beaches Hospital, Mona Vale Hospital, Coastal Environment Centre, Manly Art Gallery & Museum, The Northern Sydney Institute of TAFE (Northern Beaches Campus), Sydney Academy of Sport and Recreation, Stony Range Regional Botanic Garden, Bicentennial Coastal Walkway, Manly Scenic Walkway, North Harbour Walk, Scotland Island, Barrenjoey Lighthouse and numerous beaches, rockpools, lookouts, marinas, and wharves.

The LGA is characterised by a relatively high socioeconomic status, low unemployment rate, lower average ordinary business rates and below average residential rates (when comparing residential rates on properties with a land value of \$1 million), and low levels of outstanding rates. All suburbs in the LGA have lower disadvantage levels, and greater advantage levels, compared to the Greater Sydney, NSW and Australian results.

Grouping analysis for residential ratepayers

The groupings of North-East, South and West and North-West have significant levels of advantage, as demonstrated by high levels of household income, high socio-economic scores and high levels of home ownership. These groupings are all ranked within the top 5% of areas in Australia for advantage according to the Socio-Economic Indexes for Areas (SIEFA) and Index of Relative Socio-Economic Advantage and Disadvantage (IRSAD).

At the end of 2027/28, residential ratepayers in the South and North-East groupings would be paying, depending on the SV option, between \$389 and \$675 more than they would have under the normal rate increases, while West and North-West would be paying between \$308 and \$533 more, therefore it is considered that there is capacity to pay.

The Central-East grouping has a higher disadvantage level, but both this and the level of advantage is still above the averages for Greater Sydney, however, they are weaker scores compared to the groupings mentioned above. Residential ratepayers in these areas will be paying between \$284 and \$491 more than they would have under the normal rate increases. Noting that these areas will be paying the lowest average residential rate increases in the LGA (due to lower property values) and have the joint highest proportion of renters who are not immediately affected by any increase, it is considered these areas have capacity to pay the proposed increases (but less capacity than other parts of the LGA).

The application of an appropriate hardship policy remains an important consideration in the implementation of any rate increase, particularly for the Central-East grouping.



Business rates

On average, business ratepayers across the LGA will receive an increase between \$854 and \$1,478², phased in over three years, depending on the SV option selected. From all the groupings, South will receive the highest average increase in rates of between \$1,083 and \$1,875, this grouping contains only 20% of the LGA's business ratepayers. Central-East contains 40% of the LGA's business ratepayers and this grouping will see the second lowest increase in averages rates (between \$809 and \$1,400 by the third year, depending on the SV option), after the North-East grouping which has the second highest number of business ratepayers and will see the lowest increase in rates (between \$729 and \$1,262 by the third year, depending on the SV option).

Before the proposed rate increases, Northern Beaches had the third lowest overall ordinary business category rate out of the 18 Office of Local Government (OLG) Group 3 councils. Even with the largest increase, Northern Beaches will move just three spots to the 13th highest. When looking at rates for a business property with a land value of \$1 million, the estimated business rate for 2027/28 would sit between 6th and 1st against comparable group 3 councils, dependent on the SV option applied. In light of our industry analysis, which identifies a significant increase in full-time equivalent jobs of 14,163 and an overall increase in value-added of \$3.37 million since 2012/13, it is considered that for business ratepayers there is capacity to pay across all groupings.

Rate rise choice

Council is considering three permanent three-year SV options from 2025/26 to 2027/28, in addition to not applying an SV (base case or option 1 – rate peg only). The three proposed SV increases are, as cumulative over three-years, 31.1% for option 2, 39.6% for option 3 and 46.0% for option 4. While option 2 has the least impact on ratepayers and therefore an enhanced capacity to pay when compared to the other options, Council will also need to consider the community feedback, need to improve financial sustainability and a wide range of other factors in making its final decision on its preferred SV option.

² Please note that the total average business rate per grouping was calculated by dividing all business income by business properties per grouping and does not therefore directly equate to any business category or sub-category.



Introduction

This report provides an analysis and evaluation of relative wealth and financial capacity; it looks at the financial vulnerability and exposure of different community groups within the LGA.

Key considerations include:

- regions of social disadvantage
- particularly vulnerable groups of individuals
- patterns of household expenditure.

These findings will then be compared to proposed changes in rates to identify whether there are any groups or individuals that are being particularly impacted and/or marginalised.

Data for this review was obtained from the following sources:

- Australian Bureau of Statistics 2016 and 2021 Census Data – Data by Regions.
- Profile ID – Northern Beaches Council Community/Social/Economic Profiles.
- February 2016 – Housing and Homelessness Policy Consortium (ACT Shelter, ACTCOSS, Women’s Centre for Health Matters, Youth Coalition of Act) – Snapshot: Housing stress and its effects.

Background

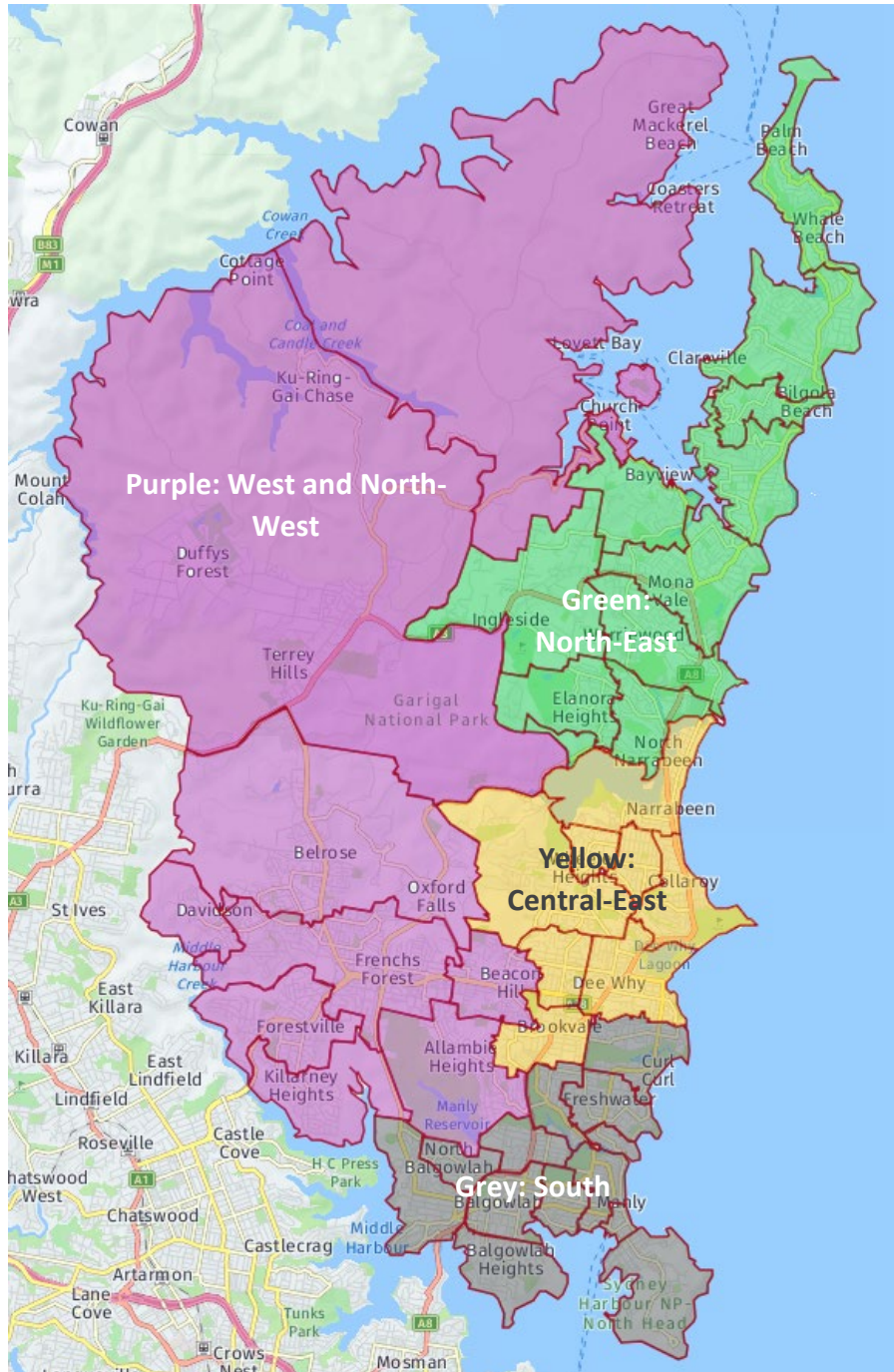
For the purposes of this report, the Northern Beaches LGA is divided into four groupings. Council is looking to ensure that equity is maintained between areas, as each area has differing economic and socio-economic profiles. A summary of the groupings and the suburbs they encompass has been provided in the following Table 1 and Figure 1.

Table 1 Northern Beaches Council area grouping summary

Area	Population	Suburbs
Central-East (identified yellow on map)	66,294	Brookvale, Collaroy, Collaroy Plateau, Cromer, Dee Why, Narrabeen, Narraweena, Wheeler Heights
North-East (identified green on map)	61,381	Avalon Beach - Clareville, Bayview, Bilgola, Elanora Heights, Ingleside, Mona Vale, Newport, North Narrabeen, Palm Beach - Whale Beach, Warriewood
South (identified grey on map)	75,938	Balgowlah, Balgowlah Heights - Clontarf, Curl Curl - North Curl Curl, Fairlight, Freshwater, Manly (Eastern Hill), Manly (Pittwater Road), Manly (Town Centre), Manly Vale, North Balgowlah, North Manly, Queenscliff, Seaforth
West and North-West (identified purple on map)	59,930	Allambie Heights, Beacon Hill, Belrose - Oxford Falls, Church Point - Scotland Island - Ku-ring-gai Chase, Davidson, Forestville, Frenchs Forest, Killarney Heights, Terrey Hills - Duffys Forest
Northern Beaches Council total	263,543	



Figure 1 Northern Beaches Council area map





Methodology

Our methodology in examining the relative wealth between the different areas focuses on the following:

- **Areas of social disadvantage**

We will first investigate the different characteristics and make up of each area to determine whether there are any particular areas of social disadvantage. This will include an investigation into:

- the age structure of each region
- the typical make up of each household
- household income, including the effect of dependants
- SEIFA rankings.

- **Particularly vulnerable groups of individuals**

We will then investigate whether there are any particular groups within each area that, despite the overall wealth of the area, would be particularly vulnerable and affected by a change in rates. These include:

- persons who have or need core assistance
- individuals who are currently unemployed
- households currently under housing stress
- pensioners.

- **Patterns in household expenditure**

We will then examine trends in household expenditure and discuss what impacts they may have on an individual's ability to pay.

- **Industry**

We will then compare employment by industry type, as well as value added by industry sector and the key productive sectors.

We will then compare these findings to the proposed rating changes, to determine whether there are any particular groups or individuals that would be significantly impacted. Our analysis will also compare with the average rates of other Group 3 and neighbouring councils, in addition to outstanding rates ratios and other factors that can help indicate whether the Northern Beaches community has a willingness to pay increased rates.



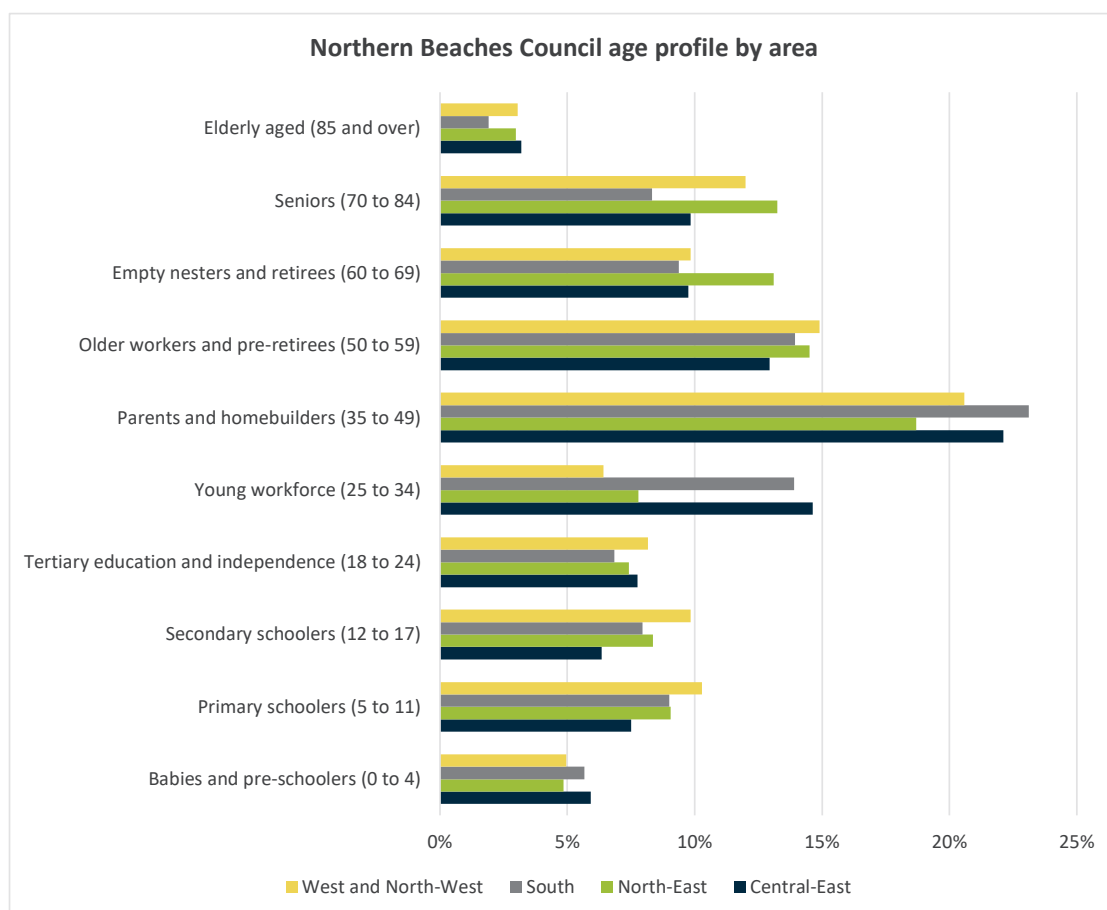
Areas of social disadvantage

Each area has differing demographic characteristics, and we first want to identify ‘who are the people’ that make up each area, ‘what do they do’ and ‘how do they live’.

Service age groups

Age profiles are used to understand the demand for age-based services as well as the income-earning status of the population. Data has been broken into groups that are reflective of typical life stages. This provides insight into the number of dependants, size of the workforce and number of retirees in each area.

Figure 2 Service age groups



Grouping these results in terms of the following categories, dependants (0-17 years), workforce (18-59 years), and retirees (60-85+ years), and ranking them in terms of proportion of population (with one representing the largest proportion) generates the following results.



Table 2 Service age rankings

Rank	Central-East	North-East	South	West and North-West
Dependents	4	3	2	1
Working age	2	4	1	3
Retirees	3	1	4	2

At an LGA level, there is a slightly lower proportion in the young workforce (25-34 age group) at 11%, compared with the Greater Sydney average of 16% and NSW average of 14%. Conversely there is a slightly higher proportion in the 50-59 age group (14%), compared to the North District³ average (13%) and Greater Sydney and NSW averages (both 12%). Overall, the proportion of those in the working age group is slightly lower at 54%, compared to the Greater Sydney average of 58%, and the proportion in the retirees age group is higher at 24% when compared to the Greater Sydney average of 20% and North District average of 23%.

Looking into specific areas, we observe the following:

- Central-East - has the lowest proportion of dependents (20%) and second highest proportion of working age (57%) - this is due to a low proportion in the 12-17 age group (6%) and a high proportion in the young workforce (15%).
- North-East - has the lowest proportion of working age (48%) at nearly 10% lower than the Greater Sydney average, and highest proportion of retirees (29%) which is 5% higher than the average for the LGA as a whole and 9% higher than the Greater Sydney average.
- South - has the highest proportion of working age (58%) and lowest proportion of retirees (20%), both of which are in line with the Greater Sydney averages of 58% and 20% respectively. It also has the second highest proportion of dependents (23%).
- West and North-West - has the highest proportion of dependents (25%) and this is also high when compared to North District and Greater Sydney averages (21% and 22% respectively). It also has the second lowest proportion of working age (50%) which is lower than both North District and Greater Sydney averages (55% and 58% respectively).

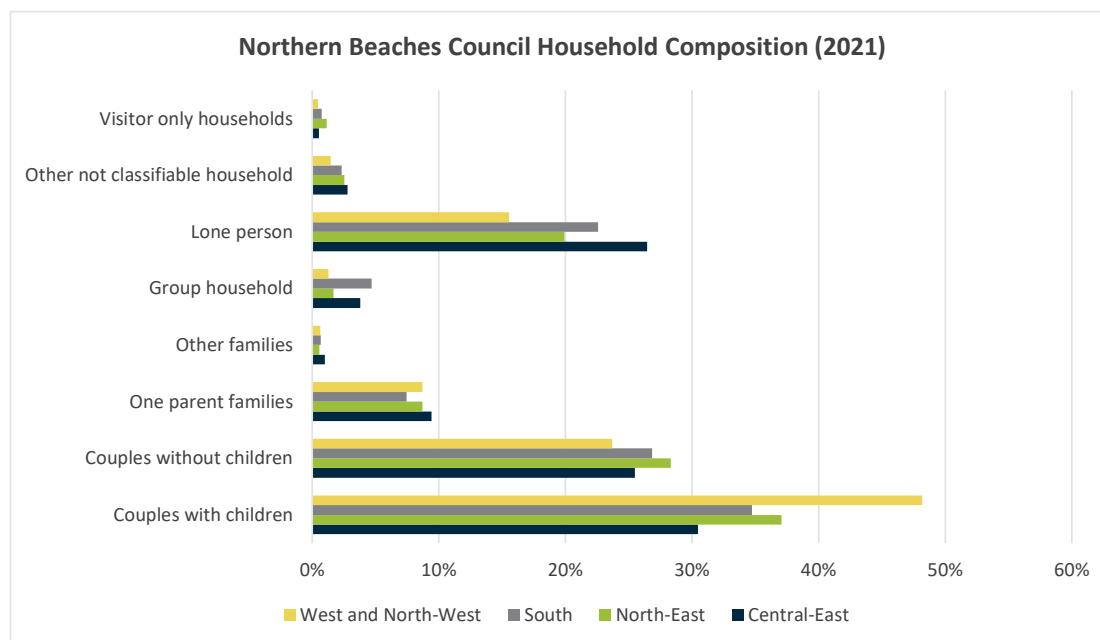
Household types

Alongside the age structure of each region, it is important to determine the typical trends in the make-up of households. This provides a complete picture of the people, families and communities in each area. A summary of household type is provided in the following figure.

³ The North District includes the local government areas of Hornsby, Hunter's Hill, Ku-ring-gai, Lane Cove, Mosman, North Sydney, Northern Beaches, Ryde and Willoughby.



Figure 3 Household composition



Overall, the proportion of one parent households in the LGA (9%) is slightly higher than the North District average and slightly below the Greater Sydney average, at 8% and 10% respectively. The proportion of couples with children in the LGA (37%) is slightly higher than the North District average (36%) and higher than the Greater Sydney average (34%), this is predominantly a result of the high proportion within the West and North-West grouping (48%).

The 'lone person' and 'one parent family' households are considered to be more vulnerable to the impacts of rate increases due to a reduced/singular income stream. Combining these categories together into an 'at risk' group shows that across the LGA as a whole, the at-risk group makes up 30% of the population, this is slightly below the average for the North District (31%) and below the averages for Greater Sydney (33%) and NSW (34%).

There is, however, a higher proportion of 'at risk' households in the Central East grouping at 36%, particularly when compared to the West and North-West grouping which has 24% in this category. The Central East grouping has 26% of its households within the lone person category whereas West and North-West has only 16%. Of the households 9% are one parent families in all area groupings, aside from the South grouping, which has a lower proportion at 7%.



Housing tenure

Analysis of housing tenure levels within the LGA allows us to identify which areas are most impacted by changes in council rates. For example, the direct impact of a change in rates will be felt by homeowners, whereas renters are not expected to experience such a direct increase due to the nature of lease agreements, however there is a likelihood of rate increases being passed onto tenants by property owners over the longer term. Furthermore, individuals in social housing will not be immediately impacted by a change in rates, however there is potential for the social housing provider to pass some of these costs on over time.

Table 3 Northern Beaches Council housing tenure

Housing Tenure - % of households	Central-East	North-East	South	West and North-West	Northern Beaches LGA
Fully owned	27%	41%	31%	40%	34%
Mortgage	31%	35%	31%	41%	34%
Renting - Total	35%	17%	34%	15%	26%
Renting - Social housing	3%	0%	2%	1%	2%
Renting - Private	32%	16%	32%	13%	25%
Other tenure type	4%	3%	1%	2%	2%
Not stated	4%	4%	3%	2%	3%
Total households	26,428	22,262	29,045	19,579	97,377

The Northern Beaches LGA resident ratepayer (fully owned plus mortgaged) average of 68% is higher than the North District (64%), Greater Sydney (59%) and NSW (61%) averages. When reviewing at an area level, the proportion of resident ratepayers ranges widely from Central-East (55%), which is well below all comparison averages, up to West and North-West (81%), which is significantly higher than comparison averages.

The LGA has slightly higher rates of fully owned home ownership (34%) relative to the North District average (32%) and noticeably higher than Greater Sydney (27%). North-East (41%) and West and North-West (40%) have a very high proportion of fully owned households, whilst Central-East (27%) and South (31%) are significantly lower in comparison. Higher levels are generally indicative of higher household wealth and therefore increased capacity to pay; however, it is worth noting that property ownership is not always indicative of higher income or excess disposable income.

Across the LGA, 34% of households have mortgages, which is slightly higher when compared with North District and Greater Sydney (both 32%) and NSW (31%). The proportion of mortgaged homes also contrasts across the LGA, with a lower 31% in both Central-East and South and higher 41% in West and North-West. Lower levels of mortgages are indicative of increased capacity to absorb rates increases.



The LGA overall has low levels of renters (26%), however there is again a wide range when groupings are compared, with South having a 34% proportion of renters and West and North-West 15%. The overall LGA renter average is below the North District and Greater Sydney averages (31% and 35% respectively). It is important to note that generally, the impact of these rates rises will not be immediately passed onto renters due to the longer-term nature of rental agreements, however the likelihood of longer-term rental increases, due to the increase in rates, does become more likely.

Central-East contains the majority of the LGA's social housing (48%) as 3% of its households fall into this category; this is driven by Narraweena which has a 15% proportion of its households living in social housing. Residents in social housing do not pay rates and will not be immediately impacted by the proposed SV, however it is important to acknowledge that accommodation costs may be increased by the social housing provider over the longer term.

Equivalised household income

Equivalised household income can be viewed as an indicator of the economic resources available to a standardised household. It is calculated by dividing total household income by an equivalence factor. The factor is calculated in the following way:

- first adult = 1
- each additional adult + child over 15 = + 0.5
- each child under 15 = + 0.3.

Dividing by the equivalence factor, household income becomes comparable to that of a lone individual, thereby making households with dependants and multiple occupants comparable to those without. By factoring in dependants into household incomes, we are provided with a better indicator of the resources available to a household.

As this is a relative comparison, data has been presented in quartiles; regions of disadvantage will have a higher proportion of households in the bottom two quartiles than those of greater wealth and advantage. These quartiles were determined by reviewing the distribution of household incomes within NSW and then dividing them into four equal groups or quartiles.

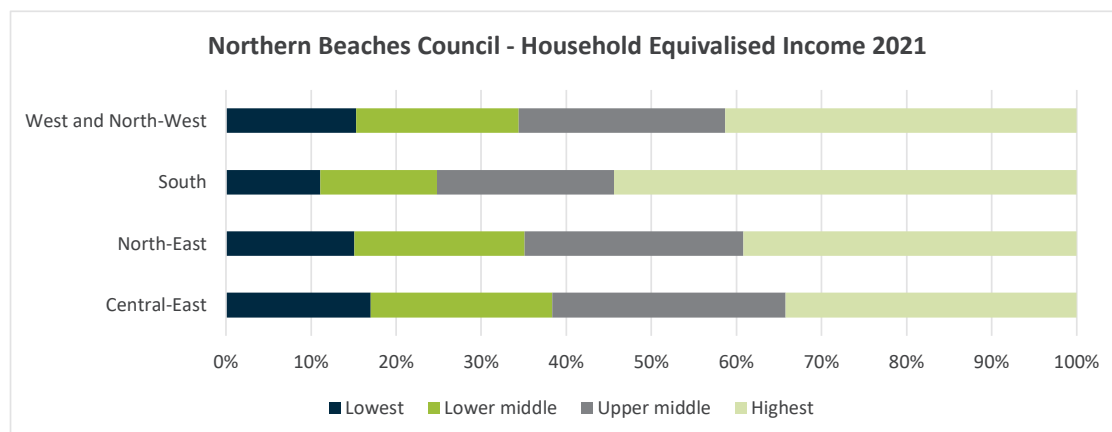
The data has been presented in ranges for the following equivalised weekly income levels for 2021:

- Lowest: \$0 - \$603 – this range is representative of the bottom 25% of all equivalised household incomes in NSW.
- Medium lowest: \$604 - \$1,096 – this range is representative of the bottom 25% - 50% of all equivalised household incomes in NSW.
- Medium highest: \$1,097 - \$1,770 – this range is representative of the top 25% - 50% of all equivalised household incomes in NSW.
- Highest: \$1,771 and over – this range is representative of the top 25% of all equivalised household incomes in NSW.

Figure 4 summarises the equivalised household income ranges for each area.



Figure 4 Equivalised household income



The LGA as a whole has higher proportions in the upper two income quartiles, at 67% compared to 55% for Greater Sydney (North District average is also 67%). All profile areas within the LGA also have higher proportions in the highest two quartiles compared to the lowest two quartiles. The LGA also has lower proportions in the lowest two quartiles, at 33% compared to 45% for Greater Sydney (again this is in line with the North District average of 33%).

There is some income disparity across the LGA, as shown in the following observations from the data:

- Central-East has the highest proportion in the lowest two quartiles, at 38%, and lowest in the highest two income quartiles, at 62%. However, these proportions are still worth considering relatively to the Greater Sydney averages (45% in lowest two quartiles and 55% in highest two quartiles).
- South has the highest proportion in the highest two income quartiles (75%), which is significantly higher than all other groupings and the average for the North District (67%). It also has the lowest proportion in the lowest two quartiles (25%), again notably lower than comparable averages.

Table 4 Comparison of equivalised household income

Equivalised income quartiles (2021)	Central-East	North-East	South	West and North-West	Northern Beaches LGA	North District	Greater Sydney	NSW
Lowest two quartiles	38%	35%	25%	34%	33%	33%	45%	50%
Middle two quartiles	49%	46%	34%	43%	43%	42%	48%	50%
Highest two quartiles	62%	65%	75%	66%	67%	67%	55%	50%



Socio-economic index

The Socio-Economic Indexes for Areas (SEIFA) is an economic tool developed by the ABS to rank areas in Australia according to their relative socio-economic advantage and disadvantage. It takes into consideration a broad range of variables such as income, education, employment, occupation, housing, etc. and is standardised such that the average Australian represents a score of 1,000.

In our research, we explored two of the indexes published by the ABS:

- **Index of Relative Socio-Economic Disadvantage (IRSD)**

This index ranks areas from most disadvantaged to least disadvantaged, i.e. a lower score will have a greater proportion of relatively disadvantaged people in the area.

From this score, however you cannot conclude whether a high-ranking area will have a large portion of relatively advantaged people, just that it has a low proportion of disadvantage.

- **Index of Relative Socio-Economic Advantage and Disadvantage (IRSAD)**

This index considers variables of both advantage and disadvantage and, as such, scores and ranks areas from most disadvantaged to most advantaged.

The ABS has also published the variables which have the most impact on both indices, these include:

- IRSD variables of disadvantage:
 - low equivalised household incomes
 - households with children and unemployed parents
 - percentage of occupied dwellings with no internet connection
 - percentage of employed people classified as labourers.
- IRSAD variables of advantage only (disadvantage similar to IRSD):
 - high equivalised household incomes
 - percentage of households making high mortgage repayments
 - percentage of employed people classified as professionals
 - percentage of employed people classified as managers.

Further analysis of these factors is provided in the discussion section. A comparison summary, including related comparison metro and national percentiles, is provided in the table on the following page.



Table 5 Comparison SEIFA scores and percentiles

Area	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Mosman Council	1,109.50	98	1,169.00	100
Ku-ring-gai Council	1,108.10	98	1,164.80	100
North Sydney Council	1,096.00	96	1,164.10	100
Northern Beaches Council	1,088.60	93	1,125.50	98
North District	1,085.30	92	1,131.60	98
Hornsby Shire Council	1,082.20	91	1,115.70	97
Willoughby City Council	1,074.70	88	1,142.40	99
Greater Sydney	1,010.00	48	1,045.00	82
NSW	1,000.00	42	1,016.00	67
Australia	1,001.20	42	1,002.60	60

Northern Beaches Council's IRSD score of 1,088.6 is above the NSW and Greater Sydney rankings, and slightly above the North District ranking. The ranking places the LGA in the 93rd percentile, meaning approximately 7% of Australian suburbs have a SEIFA IRSD ranking higher than this area (less disadvantaged), while 93% are lower (more disadvantaged).

IRSAD includes levels of both advantage and disadvantage. Northern Beaches Council's score of 1,125.50 places the LGA into the 98th percentile. A higher IRSAD score compared to IRSD score is indicative of more opportunities within the LGA, e.g. higher equivalised incomes, higher education levels, more employment opportunities within the area or more skilled jobs. The LGA therefore ranks notably higher than Greater Sydney and NSW and is in line with the percentile ranking for the North District, although noting it has a slightly lower IRSAD score.

A grouping-level summary is provided in the following table.

Table 6 Grouping-level SEIFA scores and percentiles

Area	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
South	1,106.39	97	1,162.01	99
West and North-West	1,102.57	97	1,136.40	99
North-East	1,095.90	95	1,121.08	98
Northern Beaches LGA	1,088.60	93	1,125.50	98
Central-East	1,064.48	78	1,091.30	93

Analysis at the grouping level demonstrates some inequity between different areas of the LGA. South and West and North-West are both in the 99th percentile for IRSAD scores, meaning that only 1% of areas have higher levels of advantage. Whereas Central-East (IRSD in the 78th percentile and IRSAD in the 93rd percentile) has levels of disadvantage higher than the other groupings and neighbouring councils and slightly lower levels of advantage. Although it's worth noting that both scores are still in the top 25% of all scores and the IRSAD score is in the top 10%.



There is, however, more depth to the scoring when it is considered at a suburb level.

Table 7 Suburb SEIFA rankings

Suburb	Grouping	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Balgowlah Heights - Clontarf	South	1136.9	100	1197.6	100
North Balgowlah	South	1129.6	100	1184.1	100
Davidson	West and North-West	1125.9	100	1162.4	100
Seaforth	South	1120.5	100	1180.7	100
Queenscliff	South	1117.2	99	1170.3	100
Palm Beach - Whale Beach	North-East	1116	99	1143.7	99
Fairlight	South	1113.8	99	1171.4	100
Bilgola	North-East	1113.3	99	1149.2	99
Collaroy Plateau	Central-East	1112.9	99	1137.3	99
Killarney Heights	West and North-West	1111.9	99	1156.5	100
Wheeler Heights	Central-East	1111.3	99	1126.9	98
Curl Curl - North Curl Curl	South	1107.9	98	1150.3	99
Elanora Heights	North-East	1107.4	98	1133.1	99
Freshwater	South	1105.7	98	1151.4	99
Terrey Hills - Duffys Forest	West and North-West	1105.7	98	1122.6	98
Church Point - Scotland Island - Ku-ring-gai Chase	West and North-West	1105.1	98	1136.1	99
Manly (Pittwater Road)	South	1103.6	97	1169.5	100
Frenchs Forest	West and North-West	1103.5	97	1139.7	99
Manly (Eastern Hill)	South	1103.5	97	1168.2	100
Avalon Beach - Clareville	North-East	1099.8	97	1124.7	98
Newport	North-East	1099.7	97	1123.8	98
Allambie Heights	West and North-West	1099.5	96	1136.9	99
Belrose - Oxford Falls	West and North-West	1098.1	96	1132	99
Balgowlah	South	1093.3	95	1146.3	99
North Manly	South	1092.5	95	1137.1	99
Warriewood	North-East	1090.3	94	1118.3	97
Manly (Town Centre)	South	1089.1	94	1167.9	100
Forestville	West and North-West	1086.9	93	1124.4	98
Beacon Hill	West and North-West	1086.5	93	1117	97
Ingleside	North-East	1086.4	93	1104.4	96
Bayview	North-East	1085.1	92	1113.5	97
Collaroy	Central-East	1085.1	92	1113.6	97
Cromer	Central-East	1083	92	1104.1	96
Mona Vale	North-East	1082.1	91	1100	96
North Narrabeen	North-East	1078.9	90	1100.1	96
Manly Vale	South	1069.5	85	1111.3	97
Brookvale	Central-East	1041.4	67	1072.2	91
Narrabeen	Central-East	1036.7	64	1059.7	87
Dee Why	Central-East	1034.1	62	1071.1	90
Narraweena	Central-East	1011.3	49	1045.5	82



When reviewing SEIFA rankings at a suburb level we see the distribution of disadvantage through the LGA varies, with Narrabeena sitting in the 49th percentile and Dee Why in the 62nd, whereas Balgowlah Heights-Clontarf, North Balgowlah, Davidson and Seaforth all sit in the 100th percentile for IRSD. Narrabeena and Dee Why do however both sit much higher when advantage (IRSAD) is also considered, sitting at the 82nd and 90th percentiles respectively. This means that while, for Narrabeena, 51% of areas have less disadvantage, there are only 18% of areas that have more advantage. This identifies that within the area itself there are notable pockets of disadvantage but that there is a lot of opportunity and pockets of wealth.

Overall, the LGA as a whole can be considered an area with a lot of advantage but with some pockets of increased disadvantage, notably Narrabeena, Dee Why, Narrabeen and Brookvale, which all sit within the Central-East grouping. These suburbs, however, do still have significant levels of advantage within them, as can be seen by higher IRSAD to IRSD scores; with all suburbs within the LGA sitting within the top 20% of all areas within Australia and all but one suburb (Narrabeena) sitting within the top 10%.

Vulnerable groups or individuals

This section of the report considers whether there are any spatial patterns of individuals or groups who either need additional community services or are more sensitive to a change in rates.

Workforce status

The levels of full or part-time employment and unemployment are indicative of the strength of the local economy and social characteristics of the population.

Table 8 Community workforce status – 2021

Workforce status	Central-East	North-East	South	West and North-West	Northern Beaches LGA
Employed	97%	97%	97%	97%	97%
Employed full-time	56%	52%	60%	55%	56%
Employed part-time	31%	35%	28%	32%	31%
Employed, away from work	10%	10%	8%	10%	9%
Unemployed (Unemployment rate)	3%	3%	3%	3%	3%
Looking for full-time work	2%	2%	2%	2%	2%
Looking for part-time work	2%	2%	1%	2%	2%
Total labour force	36,673	31,261	42,544	30,290	140,742

Note: Pensioners and other non-participants are not included in the total labour force.

In 2021, unemployment within the LGA (3%) was below the averages for the North District (4%), Greater Sydney and NSW (both 5%). The unemployment rate average is consistent across all groupings.



Pensioners

A distinction is made between retirees, and eligible pensioners. To be classified as a pensioner for the purposes of receiving rates rebates, ratepayers must be receiving Centrelink payments such as the age pension or have partial capacity to work such as having a disability, being a carer or being a low-income parent. These individuals have reduced income streams and can be vulnerable to financial shocks and price rises. The following table shows the number of assessments receiving pensioner rebates compared to the total number of assessments for that area.

Table 9 Number of pensioner assessments

Number of pensioner properties	Total assessments	Statutory pensioner assessments	Statutory pensioner assessments %
Central-East	24,657	2,288	9%
North-East	22,630	2,365	10%
South	29,987	1,866	6%
West and North-West	19,080	2,427	13%
Northern Beaches Council total	96,354	8,946	9%

It is observed that the largest proportion of pensioners resides within West and North-West (13%), followed by North-East (10%). South has the lowest proportion and number of pensioner rebates, at 6% or 1,866 individuals, which is lower than the LGA average of 9%. The Group 3 council average proportion of residential pensioners is 10%, with a range from 21% to 4%,⁴ therefore Northern Beaches sits about average overall when compared to other similar councils.

Eligible pensioners have access to mandatory rebates (up to a maximum of \$250 per year) on their rates. In addition to the statutory pensioner rebate, Council also offers a voluntary rebate of \$150 to eligible pensioners on their general rates. There are 863 ratepayers receiving the voluntary general rates rebate across the LGA. This offers further assistance to a potentially more vulnerable portion of the community.

Core assistance

Table 10 highlights the areas within the LGA that have higher concentrations of people who need assistance in their day-to-day lives with self-care, body movements or communication – because of a disability, long-term health condition or old age.

Table 10 Number of people requiring core assistance

Assistance required (2021)	Number	Percent %
Central-East	3,041	5%
North-East	2,208	4%
South	2,157	3%
West and North-West	2,745	4%
Northern Beaches LGA	10,154	4%

⁴ Office of Local Government, 'Time Series Data 2022-2023'. Retrieved from: <https://www.olg.nsw.gov.au/public/about-councils/comparative-council-information/your-council-report/>.



We observe that Central-East has a slightly higher proportion (5%) of individuals requiring assistance, whereas South has a slightly lower proportion (3%). The LGA is generally in line with the North District average (4%) whereas Central-East is more in line with the Greater Sydney average (5%). All groupings sit below the NSW average of 6%.

Housing stress

The National Centre for Social and Economic Modelling (NATSEM) defines households experiencing 'housing stress' as those that satisfy both of the following criteria:

- equivalised household income is within the lowest 40% of the state's income distribution
- housing costs (i.e. mortgage and/or rent repayments) are greater than 30% of household income.

Research funded by the ACT Government on housing and homelessness issues in the ACT found that due to financial pressures:

- 19% of households facing housing stress compromised a lot on their grocery spend over a 12-month period
- 24% of households facing housing stress found rent/mortgage repayments quite/very difficult in the last three months.

Households facing housing stress are highly likely to be under significant financial stress and vulnerable to sudden increases in council rates.

Mortgage stress

A comparison of households where mortgage costs exceed 30% of income is as follows.

Table 11 Households where mortgage costs exceed 30% of income

Households with mortgage costs >30% of income (2021)	Number	Number of households with a mortgage	Percent %
Central-East	1,474	8,165	18%
North-East	1,522	7,854	19%
South	1,429	8,928	16%
West and North-West	1,216	8,015	15%
Northern Beaches LGA	5,644	32,976	17%
North District	19,335	100,462	19%
Greater Sydney	120,485	608,735	20%
NSW	163,060	942,804	17%



Overall, 5,644 (17%) households have mortgage costs exceeding 30% of their household income, below the North District and Greater Sydney averages (19% and 20% respectively). North-East has the highest proportion of all groupings at 19% (1,522 households) followed by Central-East at 18%. These groupings also both have highest proportions of households in the lowest two equivalised income quartiles, therefore there may be potential for some mortgage stress within these groupings. South (16%) and West and North-West (15%) both have lower proportions with mortgage costs exceeding 30% of income and also have the highest proportions in the highest two equivalised income quartiles, which would suggest that there is lower potential for mortgage stress within these groupings.

Rental stress

Although renters are not usually immediately directly affected by an increase to council rates, there is generally considered to be a flow-on effect whereby landlords can pass on rate increases to the tenant via an increase in rental payments. It is therefore important to also consider rental stress and any areas within the LGA where this may be higher.

The following table compares the proportion of households with rental payments greater than 30% of household income.

Table 12 Households where rental costs exceed 30% of income

Households with rental costs >30% of income (2021)	Number	Number of households renting	Percent %
Central-East	3,616	9,086	40%
North-East	1,598	3,740	43%
South	3,077	9,654	32%
West and North-West	1,142	2,885	40%
Northern Beaches LGA	9,451	25,365	37%
North District	33,180	97,213	34%
Greater Sydney	231,957	657,317	35%
NSW	335,404	944,585	36%

Across the LGA, 9,451 (37%) households have rental costs exceeding 30% of their household income, which is above the North District and Greater Sydney averages (34% and 35% respectively). North-East has the highest proportion of all groupings at 43% (1,598 households) followed by West and North-West and Central-East, with both at 40%. North-East and Central East have the highest proportions of households in the lowest two equivalised income quartiles, therefore there may be potential for some rental stress within these groupings. It is, however, important to note that North-East and West and North-West have the lowest proportion of renting households of all groupings, at 17% and 15% respectively. West and North-West also has the second lowest proportion in the lowest two income quartiles and the second highest in the upper two quartiles, which suggests there is less likelihood for rental stress. South (32%) has lower proportions with rental costs exceeding 30% of income and also has the highest proportions in the highest two equivalised income quartiles, which would suggest that there is lower potential for rental stress within this grouping.



Trends in cost of living

The cost of living can best be described as the cost of maintaining a certain standard of living. Identifying trends in future costs, particularly with regards to discretionary and non-discretionary income. The following table presents the changes in typical household expenditure throughout the Northern Beaches LGA over a five-year period.

Table 13 Five-year comparison of cost of living in Northern Beaches Council LGA⁵

Household expenditure (totals)	2022/23		2017/18		Change		
	\$ per household	% of expenditure	\$ per household	% of expenditure	\$ per household	% of expenditure	%
Food	\$15,532	9%	\$16,021	9%	-\$488	0%	-3%
Alcoholic beverages & tobacco	\$6,639	4%	\$8,423	5%	-\$1,784	-1%	-21%
Clothing & footwear	\$6,900	4%	\$6,060	3%	\$840	1%	14%
Furnishings & equipment	\$7,801	4.4%	\$7,887	4.3%	-\$85	0%	-1%
Health	\$10,283	6%	\$9,404	5%	\$879	1%	9%
Transport	\$17,036	10%	\$22,833	12%	-\$5,798	-3%	-25%
Communications	\$3,155	2%	\$2,898	2%	\$256	0%	9%
Recreation & culture	\$17,273	10%	\$17,864	10%	-\$590	0%	-3%
Education	\$6,282	4%	\$6,366	3%	-\$84	0%	-1%
Hotels, cafes & restaurants	\$13,463	8%	\$14,315	8%	-\$851	0%	-6%
Miscellaneous goods & services	\$21,861	12%	\$24,791	13%	-\$2,930	-1%	-12%
Housing	\$47,015	27%	\$43,526	24%	\$3,489	3%	8%
Utilities	\$4,486	3%	\$4,999	3%	-\$514	0%	-10%
Total expenditure	\$177,728	100%	\$185,388	100%	-\$7,660	0%	-4%
Net savings	\$45,855	21%	\$36,836	17%	\$9,019	4%	24%
Total disposable income	\$223,583	0%	\$222,224	0%	\$1,359	0%	1%
Non-discretionary*	\$104,407	59%	\$105,741	57%	-\$1,334	2%	-1%
Discretionary	\$73,319	41%	\$79,646	43%	-\$6,327	-2%	-8%

*Non-discretionary spending includes the following categories: food, clothing and footwear, health, transport, communications, housing and utilities.

⁵ National Institute of Economic and Industry Research (NIEIR), 2021. Compiled and presented in economy.id by. Data based on 2016-17 price base for all years. NIEIR-ID data are inflation adjusted each year to allow direct comparison, and annual data releases adjust previous years' figures to a new base year.



Table 13 shows over the five-year period, total disposable income across the LGA has increased by an average of \$1,359 (1%) and net annual savings have increased by \$9,019 (24%). Total expenditure has reduced by 4% with an 8% decrease in discretionary spending. This is mirrored across Greater Sydney and NSW, where discretionary spending has also reduced by 5% for both regions. However, total disposable income has decreased slightly in Greater Sydney, by \$1,640 or a reduction of 1%, whereas in NSW it has increased by 1% or \$1,179.

Industry

In 2023, the main industries in order of employment (as full-time equivalent - FTE) remain construction (14.9%), health care and social assistance (13.9%), professional, scientific and technical services (11.7%), retail trade (10.9%) and education and training (8.3%). Since 2013, construction has moved ahead of professional, scientific and technical services to become the highest employing sector within the LGA. This differs to Greater Sydney, where professional, scientific and technical services remains the highest employing industry for 2023. The most recent data indicates the following trends, over the ten years from 2013 to 2023, in these core sectors:

- construction roles have increased by 5,416 (FTE)
- wholesale trade jobs have decreased by 2,086 (FTE)
- health care and social assistance jobs have increased by 4,163 (FTE)
- professional, scientific and technical services roles have increased by 2,696 (FTE)
- education and training sector has increased by 2,032 (FTE)
- manufacturing roles have decreased by 655 (FTE)
- overall, there are 14,163 more jobs (FTE) within the LGA in 2023 when compared to 2013.

It is noted that 53.8% of Northern Beaches Council's resident workers work within the LGA, with 46.2% travelling outside the LGA to work - mainly to City of Sydney, North Sydney and Willoughby LGAs.

Professional, scientific and technical services remain the most productive industry for the Northern Beaches LGA, generating 12.9% of the region's value (as value added) which is equal to Greater Sydney. This is an increase of \$551.2 million since 2012/13, when it contributed 11.9% for the Northern Beaches LGA. Health care and social assistance is now the second most valuable industry for the area, at 10.4% compared to 8.4% in 2012/13, with an increase of \$583.3 million in value added to the economy. Manufacturing (+\$63.8 million) and wholesale trade (-\$63.6 million) have both dropped from second and third respectively in 2012/13 to third and fifth, respectively in 2022/23. Construction remains in fourth place (+\$219.1 million), however its proportion of value add has dropped by 0.5% from 2012/13.

The overall value added by industries for the Northern Beaches LGA has increased by \$3.37 million since 2012/13, which, when combined with the significant increase in full-time equivalent jobs of 14,163, highlights the level of increasing opportunity and advantage within the area.



Table 14 Value added by industry sector⁶

Industry	2022/23			2012/13			Change (\$m)
	Northern Beaches \$m	Northern Beaches %	Greater Sydney %	Northern Beaches \$m	Northern Beaches %	Greater Sydney %	2012/13 - 2022/23
Agriculture, Forestry and Fishing	120.70	0.8	0.5	47.60	0.4	0.4	73.10
Mining	102.30	0.7	0.8	39.90	0.3	0.7	62.40
Manufacturing	1,316.10	8.8	6.4	1,252.30	10.8	8.7	63.80
Electricity, Gas, Water and Waste Services	179.90	1.2	1.7	161.70	1.4	2.4	18.20
Construction	1,194.50	8.0	7.8	975.50	8.5	7.6	219.10
Wholesale Trade	1,168.00	7.8	5.5	1,231.50	10.7	5.8	-63.60
Retail Trade	1,065.60	7.1	4.6	931.30	8.1	5.0	134.30
Accommodation and Food Services	649.10	4.4	2.6	502.60	4.4	2.7	146.60
Transport, Postal and Warehousing	574.20	3.8	6.7	418.80	3.6	7.7	155.40
Information Media and Telecommunications	555.60	3.7	5.7	276.80	2.4	3.8	278.80
Financial and Insurance Services	929.60	6.2	14.5	670.50	5.8	15.3	259.10
Rental, Hiring and Real Estate Services	981.80	6.6	4.6	698.10	6.0	4.3	283.80
Professional, Scientific and Technical Services	1,921.00	12.9	12.9	1,369.80	11.9	10.6	551.20
Administrative and Support Services	909.70	6.1	5.2	541.70	4.7	4.9	368.00
Public Administration and Safety	352.30	2.4	5.1	314.60	2.7	5.0	37.70
Education and Training	828.70	5.6	5.3	654.00	5.7	5.7	174.80
Health Care and Social Assistance	1,550.00	10.4	7.6	966.70	8.4	6.4	583.30
Arts and Recreation Services	168.30	1.1	0.9	127.90	1.1	1.0	40.30
Other Services	347.60	2.3	1.5	362.70	3.1	2.0	-15.10
Total industries	14,914.90	100.0	100.0	11,543.80	100.0	100.0	3,371.00

Council's Gross Regional Product was \$21.11 billion in the year ending June 2023, growing 2% since the previous year and increasing a substantial 27.7% since 2013. The local industry to resident's ratio has increased slightly from 0.72 in 2012/13 to 0.74 in 2023, which is the highest it has been since 2004. This indicates that generally most residents are contributing their economic productivity within the LGA, and that more residents may be working within the LGA than in previous years.

⁶ NIEIR, 2021. Compiled and presented in economy.id by.



Discussion

Our analysis shows that whilst Northern Beaches Council is a very advantaged area, there is some inequity within the LGA, with some areas experiencing higher levels of disadvantage even though there appears to be relatively similar levels of advantage across the LGA. There are a variety of differences emerging between the different areas, and this is also evident to some extent when reviewing SEIFA rankings. Overall, we observe greater levels of advantage in South, West and North-West and North-East when compared to Central-East.

Key aspects of the Central-East grouping, which has an IRSD ranking in the 78th percentile, and an IRSAD ranking (including factors of advantage) in the 93rd percentile, included:

- lowest proportion of dependents (20%) and second highest proportion of working age (57%), with the highest proportion of young workforce (15%)
- highest percentage of vulnerable households (36%) which are either 'lone person' or 'single parent' households
- a 3% unemployment rate (which is the same for all groupings) and is below the average for the North District and Greater Sydney as a whole
- majority of the LGA's social housing, joint lowest proportion of households with a mortgage (31%) and joint highest proportion of private renters (32%)
- highest proportion in the lowest two equivalised income quartiles (38%) and lowest proportion in the highest two quartiles (62%) – however both proportions are improved when compared to the Greater Sydney averages
- highest proportion of residents requiring assistance (5%)
- some potential for both mortgage and rental stress within this grouping.

Key aspects of the North-East grouping, with an IRSD ranking in the 95th percentile, and IRSAD ranking in the 98th percentile, are:

- highest proportion of retirees (29%) and lowest proportion of working age (48%)
- second lowest proportion of vulnerable households (29%)
- highest proportion of fully owned homes (41%), second highest proportion of households with a mortgage (35%) and second lowest proportion of private renters (16%)
- second highest proportion in the lowest two income quartiles (35%), however this is lower than the average for Greater Sydney and only slightly above the average for the North District
- some potential for mortgage and rental stress within this grouping
- second highest proportion of pensioners (10%).

Key aspects of the South grouping, contributing IRSD and IRSAD rankings in the 97th and 99th percentile respectively, are:

- highest proportion of working age (58%) and lowest proportion of retirees (20%)
- second highest proportion of vulnerable households (30%)
- joint lowest proportion of households with a mortgage (31%) and joint highest proportion of private renters (32%)



- highest proportion of households in the top two equivalised income quartiles (75%), well above the average for both Greater Sydney and the North District
- lowest proportion in the lowest two income quartiles (25%), well below Greater Sydney and North District averages
- highest proportion of workforce employed full-time (60%)
- less likelihood of mortgage and rental stress
- lowest proportion of residents requiring assistance (3%)
- lowest proportion of pensioners (6%).

Key aspects of the West and North-West grouping, which has an IRSD ranking in the 97th percentile, and IRSAD ranking in the 99th percentile, are:

- second lowest proportion of working age (50%) and highest proportion of dependents (25%)
- lowest proportion of vulnerable households (24%), with lowest proportion of lone person households (16%), both well below Greater Sydney and North District averages
- highest proportion of resident ratepayers (81%) and highest proportion of households with a mortgage (41%), contrasted with lowest proportions of private renters
- second highest in the top two income quartiles (66%) and second lowest in the lowest two quartiles (34%)
- lowest potential for mortgage stress and a lower likelihood of rental stress
- highest proportion of pensioners (13%).

It is important to note that although there is a significant level of advantage across each of the groupings within the LGA, there are some levels of disadvantage within the Central-East grouping, notably the suburbs of Narrabeena, Dee Why, Narrabeen and Brookvale.



Proposed rating changes

Northern Beaches Council has four options with respect to rates. These options, which are all permanent and all include a rate peg of 3.8% in 2025/26, 3.4% in 2026/27 and 3.1% in 2027/28, are:

- Option 1 (base case - do nothing) consists of rate peg increases only, resulting in a cumulative increase of 10.7% by 2027/28.
- Option 2 proposes a 9.8% increase in 2025/26, 9.4% increase in 2026/27 and 9.1% increase in 2027/28, and results in a cumulative increase of 31.1% by 2027/28.
- Option 3 proposes a 12.1% increase in 2025/26, 11.7% increase in 2026/27 and a 11.5% increase in 2027/28, and results in a cumulative increase of 39.6% by 2027/28.
- Option 4 proposes a 13.8% increase in 2025/26, 13.4% increase in 2026/27 and 13.1% increase in 2027/28, and results in a cumulative increase of 46.0% by 2027/28.

We have reviewed average rates by grouping and rate category. We compare the average rates for each scenario against the “do nothing” scenario (option 1 – rates to increase as normal, with rate peg only applied and no SV). The table below summarises the four scenarios and our analysis of each scenario follows.

Table 15 SV options

Option	2025/26	2026/27	2027/28
Option 1 is a cumulative increase of 10.7% at the end of 2027/28	rate peg (3.8%)	rate peg (3.4%)	rate peg (3.1%)
Option 2 is a cumulative increase of 31.1% at the end of 2027/28	9.8%	9.4%	9.1%
Option 3 is cumulative increase of 39.6% at the end of 2027/28	12.1%	11.7%	11.5%
Option 4 is cumulative increase of 46.0% at the end of 2027/28	13.8%	13.4%	13.1%

Residential rates – impact analysis by scenario

Table 16 Option 2 residential average rates impact analysis

Residential - average rates	2024/25 average rate by grouping	2027/28 Option 1 - do nothing (\$)	2027/28 Option 2 average (\$)	Average increase (above rate peg) per year (\$)	Weekly increase above rate peg (\$)	Total increase (above rate peg) over 3 years (\$)
Central-East	1,392	1,540	1,824	95	1.82	284
North-East	1,908	2,111	2,500	130	2.49	389
South	1,913	2,117	2,507	130	2.50	390
West and North-West	1,509	1,670	1,978	103	1.97	308



The impact of increases in rates will be unequal across the LGA due to the wide variance in land value from area to area. Those in the higher land value areas of South (average to increase to \$2,507, an increase of \$2.50 per week by the end of 2027/28 when compared to option 1 'do nothing') as well as North-East (average to increase to \$2,500, an increase of \$2.49 per week by the end of 2027/28) are expected to see larger increases in average rates compared to the lower land value area of Central-East (average to increase to \$1,824, an increase of \$1.82 per week by the end of 2027/28).

Table 17 Option 3 residential average rates impact analysis

Residential - average rates	2024/25 average rate by grouping	2027/28 Option 1 - do nothing (\$)	2027/28 Option 3 average (\$)	Average increase (above rate peg) per year (\$)	Weekly increase above rate peg (\$)	Total increase (above rate peg) over 3 years (\$)
Central-East	1,392	1,540	1,943	134	2.58	403
North-East	1,908	2,111	2,664	184	3.54	553
South	1,913	2,117	2,671	185	3.55	554
West and North-West	1,509	1,670	2,107	146	2.80	437

As with option 2, residential ratepayers in the higher land value areas of South and North-East (averages to increase by \$554 and \$553 respectively, when compared to option 1 - do nothing, over three years) are expected to see larger increases in average rates, under option 3, compared to the lower land value areas of Central-East (total average increase over three years of \$403 or \$2.58 per week) and West and North-West (average increase of \$437 over three years or \$2.80 per week).

Table 18 Option 4 residential average rates impact analysis

Residential - average rates	2024/25 average rate by grouping	2027/28 Option 1 - do nothing (\$)	2027/28 Option 4 average (\$)	Average increase (above rate peg) per year (\$)	Weekly increase above rate peg (\$)	Total increase (above rate peg) over 3 years (\$)
Central-East	1,392	1,540	2,032	164	3.15	491
North-East	1,908	2,111	2,785	224	4.32	673
South	1,913	2,117	2,792	225	4.33	675
West and North-West	1,509	1,670	2,202	178	3.41	533

Under option 4, as with both options above, there will be unequal increases, with residential ratepayers in the higher land value areas of South (average to increase to \$2,792, an increase of \$225 per year by end of 2027/28) and North-East (average to increase to \$2,785, an increase of \$224 per year by the end of 2027/28) expected to see larger increases in average rates compared to the lower land value areas of Central-East (average to increase to \$2,032, an increase of \$164 per year by the end of 2027/28) and West and North-West (average to increase to \$2,202, an increase of \$178 per year by the end of 2027/28).



Business rates – impact analysis by scenario

Table 19 Option 2 business average rates impact analysis

Business - average rates	2024/25 average rate by grouping	2027/28 Option 1 - do nothing (\$)	2027/28 Option 2 average (\$)	Average increase (above rate peg) per year (\$)	Weekly increase above rate peg (\$)	Total increase (above rate peg) over 3 years (\$)
Central-East	3,966	4,389	5,198	270	5.19	809
North-East	3,575	3,956	4,685	243	4.67	729
South	5,311	5,877	6,960	361	6.94	1,083
West and North-West	4,228	4,679	5,541	287	5.53	862

The impact of increases in rates will be unequal across the LGA due to the wide variance in land value from area to area, with those in the higher land value areas of South (average to increase to \$6,960, an increase of \$6.94 per week by the end of 2027/28) as well as West and North-West (average to increase to \$5,541, an increase of \$5.53 per week by the end of 2027/28) expected to see larger increases in average rates compared to the lower land value area of North-East (average to increase to \$4,685, an increase of \$4.67 per week by the end of 2027/28). It is observed that Central-East has the highest number of business ratepayers (3,126) and will see the second lowest average rate increase (to \$5,198 or \$5.19 per week).

Table 20 Option 3 business average rates impact analysis

Business - average rates	2024/25 average rate by grouping	2027/28 Option 1 - do nothing (\$)	2027/28 Option 3 average (\$)	Average increase (above rate peg) per year (\$)	Weekly increase above rate peg (\$)	Total increase (above rate peg) over 3 years (\$)
Central-East	3,966	4,389	5,537	383	7.36	1,149
North-East	3,575	3,956	4,991	345	6.64	1,035
South	5,311	5,877	7,415	513	9.86	1,538
West and North-West	4,228	4,679	5,903	408	7.85	1,224

As with option 2, business ratepayers in the higher land value areas of South and West and North-West (averages to increase by \$1,538 and \$1,224 respectively, when compared to option 1 - do nothing, over three years) are expected to see larger increases in average rates, under option 3, compared to the lower land value areas of Central-East (total average increase over three years of \$1,149 or \$7.36 per week) and North-East (average increase of \$1,035 over three years or \$6.64 per week). Central-East has the highest number of business ratepayers (3,126), followed by North-East (1,901). West and North-West, which will have the second highest average business rates has the lowest number of business ratepayers (1,133).



Table 21 Option 4 business average rates impact analysis

Business - average rates	2024/25 average rate by grouping	2027/28 Option 1 - do nothing (\$)	2027/28 Option 4 average (\$)	Average increase (above rate peg) per year (\$)	Weekly increase above rate peg (\$)	Total increase (above rate peg) over 3 years (\$)
Central-East	3,966	4,389	5,789	467	8.97	1,400
North-East	3,575	3,956	5,218	421	8.09	1,262
South	5,311	5,877	7,752	625	12.02	1,875
West and North-West	4,228	4,679	6,171	497	9.57	1,492

Under option 4, as with both options above, business ratepayers in the higher land value areas of South (average to increase to \$7,752, an increase of \$625 per year by the end of 2027/28) as well as West and North-West (average to increase to \$6,171, an increase of \$497 per year by the end of 2027/28) are expected to see larger increases in average rates compared to the lower land value area of North-East (average to increase to \$5,218, an increase of \$421 per year by the end of 2027/28).



Other rating considerations

Table 22 Estimated 2027/28 residential rates for OLG Group 3 councils for a property with a land value of \$1 million⁷

LGA	Estimated 2027/28 residential rate for property with land value of \$1 million	Residential rank	Estimated 2027/28 business rate for property with land value of \$1 million	Business rank
Bayside	\$1,473	8	\$3,014	18
Blacktown	\$1,771	2	\$3,825	11
Canada Bay	\$1,077	18	\$2,120	20
Canterbury-Bankstown	\$1,545	5	\$3,361	15
Cumberland	\$1,474	7	\$3,772	13
Fairfield	\$1,436	10	\$1,707	21
Georges River	\$1,396	11	\$3,159	17
Inner West	\$1,134	15	\$3,892	10
Ku-ring-gai	\$1,113	17	\$3,795	12
Liverpool	\$1,829	1	\$2,647	19
North Sydney	\$793	21	\$4,813	5
Northern Beaches - no SV (rate peg only)	\$1,217	14	\$3,921	9
Northern Beaches - SV option 2	\$1,441	9	\$4,643	6
Northern Beaches - SV option 3	\$1,535	6	\$4,947	4
Northern Beaches - SV option 4	\$1,605	4	\$5,171	1
Parramatta	\$1,249	13	\$3,332	16
Randwick	\$1,310	12	\$4,984	2
Ryde	\$969	19	\$4,955	3
Sutherland	\$1,701	3	\$3,389	14
Waverley	\$883	20	\$4,480	8
Willoughby	\$1,121	16	\$4,483	7

⁷ Source: Northern Beaches Council. Please note that rates include Special Rates that apply to all ratepayers. Business Rates represents the general business rates category for each LGA. For Northern Beaches Council this means we have excluded rates for the Manly CBD, strata storage units, Warriewood Square and Warringah Mall. Several councils have a number of business sub-categories and additional special rates for businesses which makes a comparative analysis for business rates more challenging compared to the residential rate.

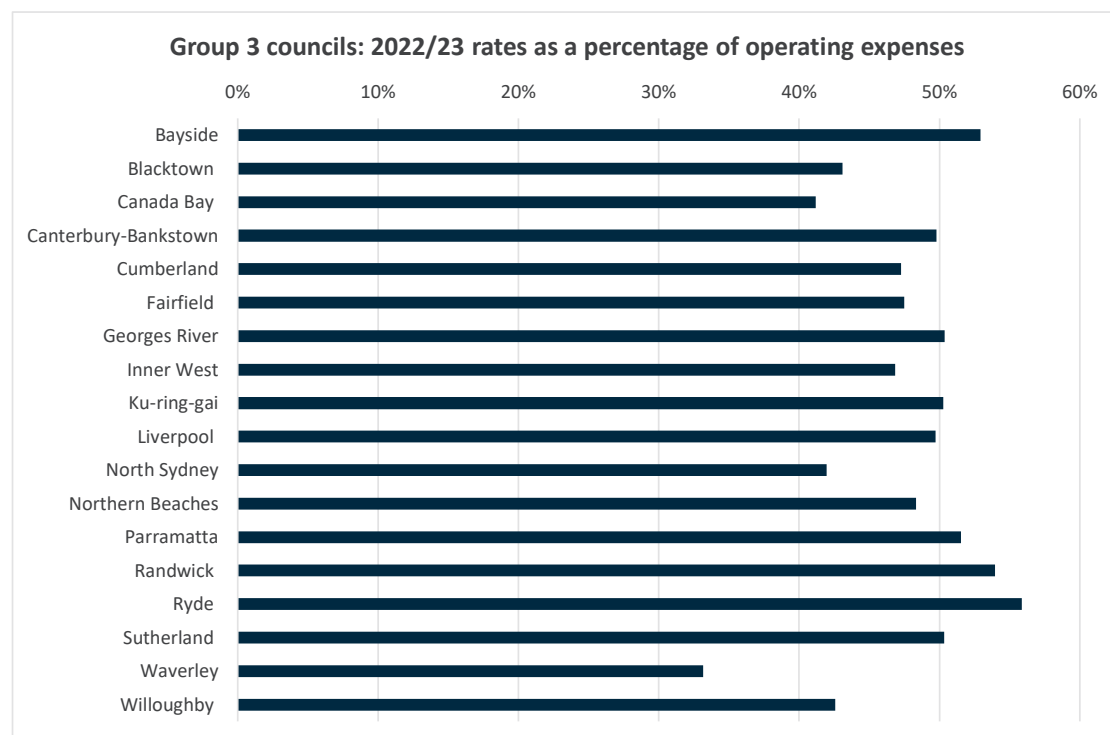


Table 22 identifies the estimated rate in 2027/28 for a property with a land value of \$1 million, including special rates, for each LGA within the OLG’s group 3 (which contains councils comparable to Northern Beaches). This data has been collected by Northern Beaches Council from each council’s 2024/25 Delivery Program and Operational Plan and multiplied by the rate peg (and any approved special rate variation) to calculate the estimated rates for 2027/28. This data has been used for comparison as average rates tend to be lower for councils with higher density due to a higher proportion of properties paying the minimum rate compared to Northern Beaches. In addition, the Northern Beaches LGA includes several retirement communities which are levied as one property rather than separate individual lots, which distorts the average rate.

When comparing these rates, Northern Beaches sits below the average of all group 3 councils (average \$1,305) when the rate peg only is applied and ranks between 4th and 9th dependent on which SV option is applied. For business rates, Northern Beaches sits above average (average \$3,647) when the rate peg only is applied, and moves to between 6th and 1st, dependent on the SV option.

When comparing the average ordinary rates for each rating category for the 2027/28 financial year (extrapolated using rate pegs from 2023 OLG published time series data⁸ - not based on a specified land value) for group 2 and 3 metropolitan councils, Northern Beaches’ average residential rates under the proposed options will rank towards the top. For average ordinary business rates, Northern Beaches would rank 13th or 14th, depending on the option, and well below the average for all group 3 councils.

Figure 5 Actual (2023) rates as a percentage of operating expenses for OLG Group 3 metropolitan councils



⁸ Noting that a comparison of ordinary rates does not take into account any special rates that a council may charge its ratepayers.



Figure 5 shows total council rates as a percentage of operating expenditure for group 3 metropolitan councils. Northern Beaches is below most of these comparable group 3 councils in 2023, having a below median level of rates revenue as a percentage of operating expenditure. This is a strong indication that Council's rates are below the level required to service the community.

Willingness to pay

Table 23 Actual outstanding rates and charges for OLG Group 3 metropolitan councils

Rates and annual charges outstanding (%)	2022/23	2021/22	2020/21
Bayside	7.2%	7.4%	8.3%
Blacktown	5.0%	4.8%	5.1%
Canada Bay	4.1%	3.9%	4.4%
Canterbury-Bankstown	6.4%	6.2%	6.3%
Cumberland	6.0%	5.6%	6.4%
Fairfield	4.2%	4.5%	4.0%
Georges River	4.4%	4.3%	4.5%
Inner West	8.6%	7.9%	8.5%
Ku-ring-gai	4.5%	4.3%	3.6%
Liverpool	7.5%	6.8%	6.2%
North Sydney	2.8%	2.9%	2.8%
Northern Beaches	3.6%	3.6%	3.9%
Parramatta	7.2%	9.7%	8.6%
Randwick	2.9%	4.5%	3.8%
Ryde	3.3%	5.0%	4.6%
Sutherland	4.7%	4.4%	4.7%
Waverley	4.4%	4.8%	4.2%
Willoughby	2.5%	2.6%	2.2%

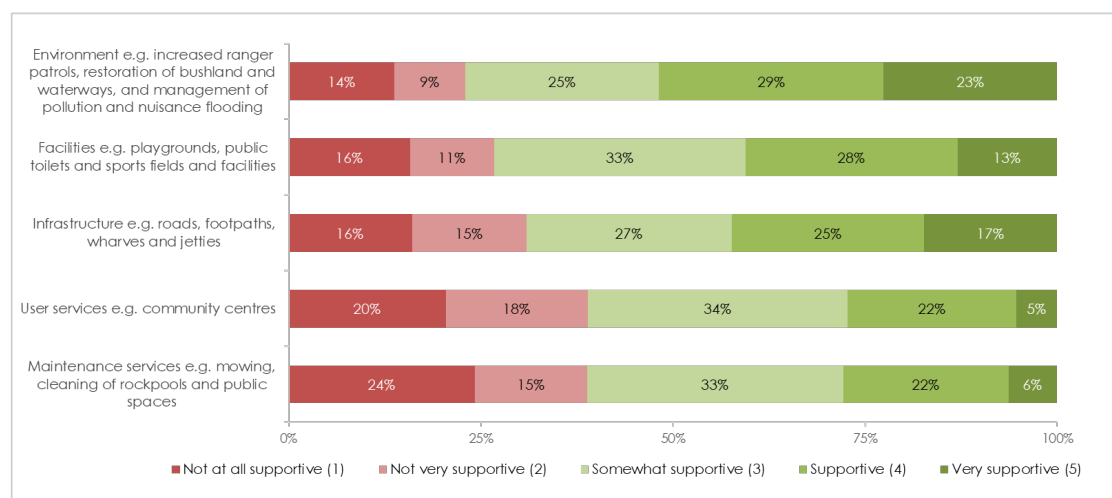
Table 23 shows outstanding rates and charges ratios over the past three reporting years for Group 3 metropolitan councils. Northern Beaches' percentage for 2023/24 is 3.8%, a slight increase from 3.6% in 2022/23 but below the 2020/21 ratio of 3.9%. The NSW benchmark for metropolitan councils is 5%, and Northern Beaches has consistently been below this percentage for the past four financial years and has remained at the lower end of the rankings, for the last four years, when compared to similar councils – this is therefore a partial indicator of capacity and willingness to pay.



As part of its community satisfaction survey, undertaken in August 2024 by Micromex Research, Northern Beaches Council included questions around willingness to pay increased rates for improved services. Analysis of survey feedback revealed the following:

- There was an appetite to increase services and increase rates in line with this, with over 60% of residents being somewhat supporting of paying more for services, facilities and infrastructure.
- Environmental improvements received the most support for being a reason to increase rates (77%), followed by facilities (73%), infrastructure (69%) and user services and maintenance services (both 61%).

Figure 6 Community satisfaction survey question on Council’s level of investment into the future – August 2024



These results are an indication that there is some willingness to pay within the community, particularly in relation to improved environmental outcomes and improved facilities and infrastructure.



Conclusion

From our analysis it is apparent that although there is significant advantage across the LGA, there is some inequity, with some suburbs within the Central-East grouping experiencing slightly higher levels of disadvantage. It is important that Council acknowledges these levels of disadvantage within the community, and that it does not significantly marginalise particularly vulnerable individuals and households.

Central-East has the lowest SEIFA rankings in the LGA, ranking in the 78th percentile for IRSD and 93rd for IRSAD, (however both are above the averages for Greater Sydney) and lowest equivalised income levels. Residential ratepayers within this area would have some of the lowest average weekly increases across all options when compared to option 1 (being the normal increases under rate peg). For option 2 (a cumulative increase of 31.1% by 2027/28) the average increase would be \$284 over three years, for option 3 (a cumulative increase of 39.6% by 2027/28) it would be \$403 and option 4 (a cumulative increase of 46.0% by 2027/28) it would be \$491. It is noted that this area contains the majority of the LGA's social housing (who would be unlikely to see a direct impact from increasing rates) and the lowest proportion of resident ratepayers (mortgaged and fully owned), which may increase the capacity to pay within this grouping. Given this, as well as the relatively lower land values and hence lower impact of an SV, it is considered that there is some capacity to absorb the additional rates payable under the proposed options, particularly if this is supported by an appropriate hardship policy.

North-East, with higher levels of advantage and lowest levels of disadvantage (ranking in the 95th and 98th percentiles for IRSD and IRSAD) will experience the second highest impact on residential ratepayers, with an additional \$389 over three years under option 2, \$553 under option 3 and \$673 under option 4, when compared to normal increases under the rate peg. Whilst being in the top 3% of all areas within Australia for IRSAD, this grouping does still have some potential for mortgage and rental stress and also has the second highest proportion of pensioners. However, it also has the highest proportion of fully owned homes and second lowest proportion of vulnerable households (lone person and one parent families), which will likely assist with mitigating some of the impact of the potential rent increases - as 41% of the population do not have to factor in a mortgage and the majority of households have two incomes. We therefore consider that this grouping has the capacity to afford potential rate rises, although it is important that Council does not marginalise particularly vulnerable individuals and households within this grouping.

South which has the joint highest SEIFA rankings (ranking in the 97th and 99th percentiles for IRSD and IRSAD), highest income levels and lowest potential for mortgage and rental stress, will see the greatest average increase (\$390 under option 2, \$554 under option 3 and \$675 over three years under option 4). Whilst West and North-West (\$308, \$437 and \$553 respectively), which also have the joint highest SEIFA rankings, will have the second lowest residential rate rises of the four groupings. Given the relative advantage of these groupings, it is considered that there is capacity to absorb potential rises.

At an overall level, the Northern Beaches estimated residential rate (for a property with a land value of \$1 million) is just below average when compared against comparable group 3 councils, and business rates are slightly above average when compared to these councils. Under the proposed scenarios, residential rates would move to between 9th and 4th of this grouping of comparable councils, and business rates would move to between 6th and 1st dependent on the option. In light of the advantage generally seen across the LGA and the positive indications from our industry analysis, it is considered that there is capacity to pay the proposed rate increases.



Further, compared to these councils, Northern Beaches has low levels of rates income as a percentage of operating expenses when compared to similar councils, and also low levels of outstanding rates (constantly below the average of all comparable councils for the past four years), and has been consistently below metropolitan benchmarks (5%), which indicates that there may be capacity and potential willingness from ratepayers to absorb rises. From community survey feedback, it also seems that there is willingness to pay increased rates, particularly to assist with environmental improvements and improvements to facilities and infrastructure. Overall, it is therefore considered that there is capacity to absorb the additional rates payable, particularly if this is supported by an appropriate hardship policy.



Memo to Councillors

Audit Risk and Improvement Committee

To: All Councillors
Cc: Chief Executive Team
From: Audit Risk and Improvement Committee - independent voting members
Date: 31 December 2024
Subject: Consideration of a Special Variation to rates for Northern Beaches Council

The Local Government Act 1993, the Local Government (General) Regulation 2021 and Guidelines issued by the Office of Local Government (November 2023) require each council in NSW to have an Audit Risk and Improvement Committee (ARIC) that continuously reviews and provides independent advice to the council on how it is functioning and managing risk (inter alia). The voting members of the ARIC, including the Chair, are all independent.

The ARIC has been requested to offer Council some commentary with respect to the proposal to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Variation (SRV) to rates commencing in 2025/26. We have determined that doing so falls within the provisions of the relevant legislation, and our Charter, and are pleased to assist in this matter.

The ARIC is mindful that it has a limited role in advising Council on any particular decision that Council might choose (including the option to make no decision), and as such our advice is deliberately limited to the issue of the relevance and sufficiency of materials and advice provided to Council by management to enable Council to be in a properly informed position from which to make an informed decision, and the reasonable interpretation and use of that information.

In short, the ARIC is of the opinion that:

- The information, analysis, options and advice provided to Council by management are appropriate, sufficient, evidence-based and reliable for the decision-making purposes required by Council in this matter
- It seems reasonable to conclude that the proposed SRV would positively impact issues such as the growing asset backlog, declining infrastructure performance ratios and the declining operating performance ratio (to the varying extents set out under each of the SRV options).

In support of the ARIC's opinion, we offer the following:

- Over the last two years, the ARIC and Council have been presented with, and briefed on, Council's financial position including Council's Long-Term Financial Plan (LTFP). Council's declining financial sustainability, in the absence of intervention, has been noted.
- Updates to ARIC have been provided on the growing asset backlog from council's Asset Management Plans. ARIC has been briefed, and accepts, that assets are ageing and deteriorating in condition with many requiring immediate intervention
- The ARIC has also noted each year that the related infrastructure performance ratios are in decline, and that without intervention Council will fail to meet several performance metrics over the coming years, as highlighted in the LTFP.
- It is evident to the ARIC that the operating performance ratio is also declining, and that without the proposed SRV Council is not likely to meet the performance metric this year or for several years, with deficit results forecast. These results are out of line with the OLG's required benchmark results.
- The financial impact of natural disasters has been another point of discussion in the ARIC, with Northern Beaches needing to play a critical role in disaster response and mitigation. ARIC has noted that there is a significant lag between when Council needs to expend funds to provide immediate disaster response, and when the NSW State Government may provide some funding back to the Council as financial support: with a recent example being the receipt on 21 August 2024 of an outstanding claim of \$1.7 million for a severe storm that occurred on 19 December 2021. Such mismatches in timing, together with the uncertainty of limited available funding, cause financial difficulty for Council.
- The ARIC has observed the development and implementation of a robust service review framework, and is pleased with the integrity of the service review reports that have been progressively tabled at ARIC meetings – where they are discussed in detail for rigour of methodology and analysis. Such reviews provide deep dives into operating practices, efficiency and, where relevant, effectiveness, in support of appropriate recommendations. ARIC has noted Council's ongoing commitment and effort to undertake service improvements and drive efficiencies across its broad ambit of operations.
- The ARIC has also followed a series of benchmarking exercises by Council over time, which provide further positive insights into Council's operating efficiency against its peers and other comparable Councils.
- The ARIC has noted that Northern Beaches Council has been a leader in promoting and facilitating such exercises with other Councils.

Councils across NSW have felt the impact of significant levels of capital and operating cost inflation during recent years, while increases in rates income have been capped at much lower levels year after year. In the absence of achieving further efficiencies, which are not evident to the ARIC, an SRV is the only way to avoid the cumulative effect of these differences compounding in future rather than being offset over time.

The ARIC is aware of the recent Parliamentary Inquiry into the Ability of Local Governments to fund infrastructure and services, and the recommendations that have been presented to the NSW State Government for consideration.

A key factor noted in that Inquiry is the need to redesign the Local Government Rating System, including reassessing base rates to ensure Councils can respond to actual cost increases, demographic changes and community service demands and expectations.

The Inquiry notes that this financial mismatch is unsustainable and that without funding intervention the long-term financial sustainability of NSW councils will continue to be under pressure.

Noting all of the above, the ARIC is of the view that:

- The information, analysis and insights provided to the ARIC over an extended period of time, and our interrogation of that material, supports our confidence in the capability of management's analysis. The representatives of the Audit Office of NSW have also commented to the ARIC on a number of occasions of the high quality of the financial management and analysis capability at Northern Beaches Council.
- Whilst it is never possible to conclude that every aspect of any Council's activities are optimised, and that every opportunity for savings and cost recovery has been exhausted, the ARIC is satisfied that the situation analysis being provided to Council by management (with respect to the issue of a possible SRV application) is presented fairly, and that is reasonable to place reliance upon the analysis for the purposes intended.
- The information and the data that the ARIC has been presented with from Northern Beaches Council provides reasonable and reliable evidence to support utilising the Independent Pricing and Regulatory Authorities (IPART) process for a Special Variation to rates.

The entire content of this letter has been endorsed by all of the independent voting members of Council's ARIC.

Kind regards

Stephen Horne
Independent Chair
Northern Beaches Council
Audit Risk and Improvement Committee.

Questions with Notice 15.5-15.10 from 10 December 2024 council meeting

Item 15.5 Question with Notice No 14/2024

1. What savings have been made on staffing costs since 2016?

Northern Beaches Council is the 4th largest in NSW and one of the most complex metropolitan local government areas to manage. Council is a service-based organisation, with most of those services delivered by employees. Our largest team, Children's Services, (\$15m – 9% of the employee costs budget) operate 7 long day care centres, 2 preschools, vacation care at 3 locations and support family day care at up to 50 locations (this service is not funded by rates).

Within any organisation, to ensure a sustainable level of efficiency is achieved, a balance between the strategic focus (management) and service delivery (workforce) must be optimised, including employee layers, direct reports and overall organisational design.

Employee costs are consistent with industry benchmarks and increases are set under the industry Award.

Achieved savings

Northern Beaches Council commenced on 12 May 2016.

To date, Council:

- delivered \$6.03 million in recurrent employee cost savings during its early development phase between May 2016 and June 2020, along with an additional \$10.13 million in staff efficiency savings by the 2019/20 financial year (the Productivity Journey and Improvement Plan 2024 outlines how these savings were invested back into the community).
- achieved \$3 million in further savings since 2020 through system efficiencies, consolidating teams, process reviews and reducing the number of divisions from 6 to 5 this year.
- maintained a workers compensation self-insurance model that continues to save Council on average an estimated \$1.5 million a year in premium costs.
- reduced its overall establishment full-time equivalent (FTE) positions since amalgamation from 1,315 FTE in 2016 to 1,287 FTE in 2025. This net decrease of 2% is attributable to reductions in Council's corporate operations offset by increases in a number of community facing services (see below table).
- maintained a workforce layering (6 layers) and a span of control (5 to 6 including casuals) consistent within the Australian Public Service Commission's ranges contained in its paper on *Optimal Management Structures Guidance 2023*.
- maintained workforce operating expenditure as a percentage of total operating expenditure (39.1%) in line with the industry average of 39.12% (2022/23) for very large urban councils.
- reviewed the number of divisions and business unit teams, reducing executive management positions.
- remains on par with industry with respect to ratios relating to FTE approved positions and per head of population.

Establishment FTE Positions (Northern Beaches Council 2016 – 2025)

Full-time equivalent positions (FTE) - by service	2016	2024/25	Increase / Decrease	
			#	%
Environment and Sustainability Services	83	84	1	2%
Waste and Cleansing Services	88	82	-5	-6%
Strategic Land Use Planning	32	34	3	8%
Development Assessment	60	48	-12	-21%
Environmental Compliance	103	100	-3	-3%
Parks and Recreation Services	141	146	5	4%
Children's Services	118	123	5	4%
Community, Arts and Culture Service	49	58	9	20%
Library Services	79	80	0	0%
Transport, Traffic and Active Travel	126	127	1	1%
Economic Development, Events and Engagement Services	40	52	12	31%
Property and Facilities Services	98	95	-3	-3%
Governance & Risk Services	40	23	-17	-42%
Customer Service	41	40	-1	-2%
Corporate Support Services	218	194	-24	-11%
Total	1,315	1,287	-28	-2%

Notes: Excludes temporary core operating system replacement project team (15 FTE).

Figures have been rounded to the nearest whole number.

Northern Beaches Council FTE Data 2016 to 2025, excludes Kimbriki, Council's Core Operating Replacement Project and budgeted vacant and seasonal positions.

As stated above, Council has reduced its overall staff establishment since amalgamation, from a level of 1,315 full-time equivalent (FTE) positions in 2016 to 1,287 FTE in 2024/25.

This net decrease of 28 positions or 2% is attributable to:

- reductions in back-office operations due to efficiency gains including 41 positions in corporate support, governance and risk services while managing increasing cyber risk, legacy systems and transitioning to new systems.
- an increase in a number of community facing services including a new 40 place preschool at North Harbour, the Aboriginal Heritage Office, the Manly Visitor Information Centre and expanded field staff teams.

This reduction is even more so significant recognising the fact that Council in its first 3 years of operation was bound legislatively to “no forced redundancies” as a protection for amalgamated staff. Accordingly, this overall reduction is a significant achievement and the change in workforce focus is a positive outcome for the community and has also been achieved even in the face of continued cost shifting, a significant increase in infrastructure delivery and an increase in community demand for services.

Notwithstanding the reduction in staff numbers since the Council's inception, the number of staff within the organisation, by itself, is not a useful measure of its efficiency. Being a service-based organisation, the number of staff is a subset of the services the community demands. It follows that if Council resolves to increase and/or introduce a new service, the CEO will amend the workforce strategy accordingly.

In addition, it is more important to measure the ‘efficiency’ and ‘effectiveness’ of the service than merely the number of staff involved in the delivery of that service. By way of example, Council currently contracts the bulk of its waste collection service to an external provider.

Should at the end of the current contract, Council decide to employ staff to perform waste collection services, the number of staff employed will exceed the number at the time of its inception in 2016. Presumably, Council would only resolve to internalise waste collection if it considered that model represents best value for ratepayer money and therefore, it would be 'efficient' for Council to increase staff establishment

In summary, Council's management measures the organisation's efficiency by 'service' rather than 'staff numbers and reports findings to the Audit, Risk and Improvement Committee.

2. Are any additional savings on staff costs planned?

The Productivity Journey and Improvement Plan 2024 estimates up to \$1.7 million in workforce management savings through natural employee attrition, innovation, and process improvements (in addition to service delivery changes proposed in the Plan).

Item 15.6 Question with Notice No 15/2024

1. I refer to the Sydney Morning Herald article on 30 November 2024 regarding revenue from fines - what has Council spent its fine revenue on?

Income from fines for overdue library items funds less than 1% of the library service whilst income from all other fines funds around 40% of the environmental compliance service.

2. Since amalgamation for each respective year, could Council please advise the totals raised in Compliance, Parking and other fines and in each year what those funds were spent on?

Fine income (net processing fees paid to Revenue NSW) is shown in the table below:

	2016/17 (13 May 2016 to 30 June 2017)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 YTD Actual to Nov 2024
Fine type	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parking fines	7,100	7,904	7,743	6,248	4,458	5,749	5,636	6,355	3,624
Other fines*	663	1,174	636	699	537	446	487	544	380
Less Revenue NSW fee	(1,380)	(1,250)	(1,184)	(836)	(552)	(828)	(717)	(927)	(582)
Net fine income	6,383	7,828	7,195	6,111	4,443	5,367	5,406	5,972	3,422
Service above funding is attributed to:									
Library	80	122	96	74	83	80	108	102	43
Environmental compliance	6,303	7,706	7,099	6,037	4,360	5,287	5,298	5,870	3,379

* 'Other fines' comprises fines for building compliance, fire safety, health, pollution, pool barriers, rangers (animals, etc), overdue library books and other compliance issues.

Item 15.7 Question with Notice No 16/2024

1. *Does Council maintain a publicly available Register of all land it owns that is classified "Operational"? If not, why?*

Council has its Land Register publicly available on its website which includes all its Operational Land and Community Land and is available on the following link.
<https://www.northernbeaches.nsw.gov.au/council/information-access/council-land-register>

2. *Does Council undertake regular inspections of all Operational land to ensure they are properly maintained and fit for need? If so, how regularly?*

Council undertakes inspections of all of its operational land, with the frequency of inspection dependent on the type of property / use of the land.

3. *Can Council please provide a full list of Operational land it owns?*

A current list of all Council owned Operational Land is included as Attachment 8 to this council report.

Item 15.8 Question with Notice No 17/2024

1. *With reference to the FTE stated in Council's Delivery Plan detailed below, what are the total additional salary and oncosts expended for each respective year:*

- a. 2021/22 - 1246.5
- b. 2022/23 - 1265
- c. 2023/24 - 1283
- d. 2024/25 - 1301.6

Employee costs (excluding Kimbriki) budgets as per Delivery Programs

	2021/22		2022/23		2023/24		2024/25	
Level	\$'mil	FTE	\$'mil	FTE	\$'mil	FTE	\$'mil	FTE
All staff excl Kimbriki	\$133.7m	1,246.5	\$142.6m	1,265.0 incl 16 new roles funded by income (incl new preschool)	\$151.7m	1,283.0 incl 16 new roles funded by income (incl aquatic centres and parking officers)	\$165.6m	1,301.6 incl 15 temp roles for the ERP project + 3 grant/income funded roles for projects like the food organics collection project for households

2. *For each of the below years, since amalgamation (2016/17, 2017/18, 2019/20, 2020/21, 2021/22, 2022/23, 2023/24 and 2024 to date), please outline respectively how many people did Council employ and what was the total each year for each position's salary and on costs?*

- a. *Executive General Managers, Managers*

The information in the format requested for management is available for the budgets from 2020/21 and provided in the following table.

Executive Managers and Managers budgets – 2020/21 to 2024/25

	2020/21		2021/22		2022/23		2023/24		2024/25	
Level	\$'mil	FTE	\$'mil	FTE	\$'mil	FTE	\$'mil	FTE	\$'mil	FTE
Executive Managers	\$6.2m	23.0	\$5.9m	23.0	\$6.1m	23.0	\$6.4m	23.0	\$6.6m	22.9
Managers	\$14.6m	92.0	\$15.2m	88.7	\$15.3m	86.7	\$16.4m	88.7	\$16.0m	81.7

- b. *Team Leaders*
- c. *Coordinators*
- d. *Any other designated management positions*

Roles classified as 'People Leaders' are supervisory by nature, not management. These roles are titled as Supervisors, Team Leaders, Coordinators, Children's Services Directors.

The information in the format requested is available for the budgets from 2021/22 for People Leaders and provided in the following table.

People Leaders budgets – 2021/22 to 2024/25

	2021/22		2022/23		2023/24		2024/25	
Level	\$'mil	FTE	\$'mil	FTE	\$'mil	FTE	\$'mil	FTE
People Leaders	\$18.6m	153.6	\$20.8m	166.9	\$21.6m	166.1	\$23.9m	173.0

Item 15.9 Question with Notice No 18/2024

1. *Please confirm the rate increase for ratepayers in the former Manly Council local government area (LGA), the former Warringah Council LGA and the former Pittwater Council LGA since amalgamation.*

Prior to 1 July 2021, Northern Beaches Council was required to maintain separate rating structures for each former Council area. The rating structure was based on the rates path of each former Council. For this reason, the percentage increases differ for each former Council area.

Table 1 Rates changes 2016/17 to 2024/25

	IPART Rate Peg	Former Manly	Former Warringah	Former Pittwater	Northern Beaches
2016/17	1.8%	1.8%	3.0% ²	1.8%	
2017/18	1.5%	-0.5% ¹	9.4% ²	1.5%	
2018/19	2.3%	2.3%	2.3%	2.3%	
2019/20	2.7%	2.7%	2.7%	2.7%	
2020/21	2.6%	2.6%	2.6%	2.6%	
2021/22	2.0%				2.0% ³
2022/23	0.7%				2.4% ⁴
2023/24	3.7%				3.7%
2024/25	4.9%				4.9%

Yellow shading indicates a change that differs from the rate peg.

¹ Manly Council established a 10-year temporary Special Variation (SV) in 2007/08 which provided an additional 2.0% rates income each year until this expired in 2017/18 under Northern Beaches Council. The former Manly Council's Long Term Financial Plan exhibited for 2016/17 indicated that it would be renewed in 2017/18. Under the NSW Government's Rate Freeze Legislation this was not possible as it was not included in the approved rate path at the time of amalgamation.

² Warringah Council established a permanent SV which was implemented across 4 financial years from 2014/15 to 2017/18, resulting in increases above the rate peg of 2014/15 - 0.8%, 2015/16 - 0.6%, 2016/17 - 1.2%, 2017/18 - 7.9%.

³ The Northern Beaches rating structure commenced on 1 July 2021, following the harmonisation of the rating structures of the former Manly, Pittwater and Warringah Councils.

⁴ The 2022/23 rate peg of 0.7% was based on the changes in costs experienced by councils between 2019/20 and 2020/21, in the low inflation environment at the beginning of the COVID-19 pandemic. In acknowledgement such a low rate peg would result in difficulty for councils, an 'Additional Special Variation (ASV)' process provided Council, through IPART, with the ability to increase rates by 2.4% to ensure Council could sustain existing service levels and maintain assets.

Item 15.10 Question with Notice No 19/2024

Could the below information for the following please be provided:

1. *The number of full-time equivalent employed at Northern Beaches Council as at 1 July 2016, 1 July 2017, 1 July 2018, 1 July 2019, 1 July 2020, 1 July 2021, 1 July 2022, 1 July 2023, 1 July 2024.*

The following table provides the number of full time equivalent (FTE) staff employed by Council (excluding casual staff) on 30 June of each year. It differs from the organisation's budget FTE as it does not include seasonal staff employed at different times of the year, staff on unpaid leave on 30 June or vacant positions.

Table 1. Full Time Equivalent employees on 30 June (excluding Kimbriki)

12/05/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024
1,228	1,185	1,136	1,170	1,158	1,201	1,168	1,157	1,200

* Vacancy rates were high in 2022 and 2023 stemming from challenges recruiting in a tight labour market.

2. *Total salaries and wages paid to Council staff for each of the following financial years ending 30 June 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024.*

Salaries and wages paid (\$'mil) – as per annual financial statements which are available in full 12-month periods from 2017/18

Employee Costs (\$'mil)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Local Govt State Award increase	2.5%	2.5%	2.5%	1.5%	2.0%	2.0%	4.5%
Salaries and wages	\$96.0m	\$101.5m	\$109.2m	\$112.6m	\$113.9m	\$116.3m	\$126.5m
Employee termination costs	\$0.5m	\$1.0m	\$0.6m	\$0.7m	\$0.5m	\$1.0m	\$0.8m
Employee leave entitlements	\$11.1m	\$14.9m	\$12.0m	\$12.1m	\$8.1m	\$14.5m	\$14.9m
Superannuation	\$10.8m	\$11.7m	\$12.3m	\$12.6m	\$12.9m	\$13.6m	\$15.2m
Workers' compensation insurance	\$1.2m	\$1.2m	\$2.3m	\$2.5m	\$0.9m	\$2.6m	\$3.7m
Fringe benefit tax (FBT)	\$0.6m	\$0.7m	\$0.8m	\$0.7m	\$0.7m	\$0.8m	\$0.9m
Kimbriki salaries and on-costs	\$5.1m	\$4.8m	\$4.9m	\$4.7m	\$4.6m	\$4.9m	\$4.8m
Capitalised Costs	(\$3.9m)	(\$6.4m)	(\$6.5m)	(\$6.8m)	(\$7.1m)	(\$7.6m)	(\$7.3m)
Total	\$121.4m	\$129.5m	\$135.6m	\$139.1m	\$134.6m	\$146.2m	\$159.3m

3. *Total amount paid to agency staff for each of the following financial years ending 30 June 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024.*

Agency personnel costs paid (\$'mil) – as per annual financial statements which are available in full 12-month periods from 2017/18

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
\$5.6m	\$7.0m	\$4.4m	\$2.9m	\$2.9m	\$4.1m	\$2.4m

Northern Beaches Council Operational Land Schedule 2024

Address			Land Title				
Street No.	Street	Suburb	Lots	Sec	Deposited Plan	Zoning	Purpose/Comments
44	Avalon Parade	Avalon Beach	49	-	9151	SP2	Sealed carpark
44	Avalon Parade	Avalon Beach	2	-	519886	SP2	Sealed carpark
46	Avalon Parade	Avalon Beach	1	-	519886	SP2	Sealed carpark
743	Barrenjoey Road	Avalon Beach	21	-	12074	R2	Drainage reserve to Jamieson Park playground
20A	Cannes Drive	Avalon Beach	19	-	236595	C4	Small triangle between turning bay and pathway
25	Marine Parade	Avalon Beach	1	-	334390	C2/C4	Pathway to Avalon Beach
23A	Riverview Road	Avalon Beach	11	-	17761	C4	Pathway to Pittwater
22	Therry Street	Avalon Beach	33	-	773307	C4	Bushland drainage reserve
46-48	Balgowlah Road	Balgowlah	3	-	1142262	E3	Depot
46-48	Balgowlah Road	Balgowlah	2	-	1142262	SP2	Long term lease to Ausgrid for Electricity Substation facility
-	Burton Street	Balgowlah	A	-	85651	RE1	North Harbour Reserve
-	Burton Street	Balgowlah	B	-	85651	RE1	North Harbour Reserve
-	Burton Street	Balgowlah	C	-	85651	RE1	North Harbour Reserve
-	Burton Street	Balgowlah	D	-	85651	RE1	North Harbour Reserve
-	Burton Street	Balgowlah	E	-	85651	RE1	North Harbour Reserve
-	Burton Street	Balgowlah	1	-	1098262	RE1	North Harbour Childrens Centre
-	Burton Street	Balgowlah	1	-	85609	RE1	North Harbour Childrens Centre
-	Burton Street	Balgowlah	2	-	1098262	RE1	North Harbour Childrens Centre
-	Burton Street	Balgowlah	3	-	1098262	RE1	North Harbour Childrens Centre
-	Burton Street	Balgowlah	4	-	1098262	RE1	North Harbour Childrens Centre
185	Condamine Street	Balgowlah	B	-	331688	E1	Commercially Leased Cottages
187	Condamine Street	Balgowlah	D	-	331143	E1	Sealed carpark
189	Condamine Street	Balgowlah	1	-	134713	E1	Sealed carpark
100	Griffiths Street	Balgowlah	D	-	310565	RE1	Playground & nursery
-	Jackson Street	Balgowlah	-	-	7357	RE1	Vegetated drainage reserve
-	Jackson Street	Balgowlah	A	-	312149	R1	Paved pedestrian laneway
-	Jackson Street	Balgowlah	B	-	312149	R1	Paved pedestrian laneway
1C	Quirk Road	Balgowlah	6	-	30586	RE1	SES & open drainage reserve
8	Roseberry Street	Balgowlah	4	-	1142262	E3	Depot
10	Roseberry Street	Balgowlah	5	-	1142262	SP2	Depot - SES
360-364	Sydney Road	Balgowlah	1	-	1193557	E1	Commercially Leased as Dance Studio
-	Sydney Road	Balgowlah	7	-	310879	E1/R1	Paved pedestrian laneway

Northern Beaches Council Operational Land Schedule 2024

Street No.	Street	Suburb	Deposited		Zoning	Purpose/Comments
			Lots	Sec		
- Adelaide Street		Balgowlah Heights	1	-	450177 R2	Paved pedestrian laneway
34B Beatrice Street		Balgowlah Heights	B	-	437059 R2	Paved laneway
- Beatty Street		Balgowlah Heights	35A	-	9202 RE1	Drainage reserve & path to Forty Baskets
- Ernest Street		Balgowlah Heights	Pt 7	-	12817 R2	Vegetated nature strip
- Fisher Street		Balgowlah Heights	B2	-	449843 R2	Paved laneway
107B Cabbage Tree Road		Bayview	1	-	393057 RU2	Vegetated pump station site
1A Minna Close		Belrose	1,001	-	872048 SP4/C2	Vegetated site within the Belrose Austlink Business Park
- Perentie Road		Belrose	2,000	-	1072235 RE1	Drainage Reserve/Stormwater Detention Basins
194 Lower Plateau Road		Bilgola Plateau	C	-	400008 C4	Vegetated rock ledge
38 Federal Parade		Brookvale	2	-	776771 R2	Child Care Centre
521 Pittwater Road		Brookvale	1	-	1081971 E3	Leased Shop and Offices
145A Mccarrs Creek Road		Church Point	14	-	28236 C4	Vegetated drainage reserve
48A Mccarrs Creek Road		Church Point	63	-	11691 RE1	Access to wharf
72A Mccarrs Creek Road		Church Point	62	-	11691 C4	Vegetated access to tidal waterfront
49A Hudson Parade		Clareville	71	-	7794 C4	Vegetated reserve for access
67A Hudson Parade		Clareville	70	-	7794 C4	Vegetated reserve for access
- Adrian Place		Clontarf	12	-	240567 R2	Vegetated nature strip for road widening
- Alma Street		Clontarf	X	-	397454 R2	Paved pedestrian laneway
- Gordon Street		Clontarf	2	-	1070494 R2	Paved & vegetated reserve
- Peronne Avenue		Clontarf	1	-	964124 R2	Vegetated drainage reserve
- Collaroy Beach Reserve		Collaroy	1	-	346265 RE1	Paved carpark
- Aubreen Street		Collaroy Plateau	3	-	858065 RE1	South-east corner of Plateau Park for access to adj properties and telco compound
- Blandford Street		Collaroy Plateau	5	-	858065 RE1	Telco compound area within Plateau Park
41 Hall Avenue		Collaroy Plateau	5	-	11733 R2	Community Kindergarten site
43 Hall Avenue		Collaroy Plateau	6	-	11733 R2	Community Kindergarten site
54 Little Willandra Road		Cromer	5	-	243662 RE1	Partly vegetated reserve
55 Middleton Road		Cromer	2	-	509156 E4	Works Depot
- Bushey Place		Dee Why	25	-	10683 R2	Vegetated right of way
31 Howard Avenue		Dee Why	17	16	8172 MU1	Paved carpark
33 Howard Avenue		Dee Why	18	16	8172 MU1	Paved carpark
35 Howard Avenue		Dee Why	19	16	8172 MU1	Paved carpark
30 Oaks Avenue		Dee Why	A	-	350145 RE1	Reserve in commercial hub
36 Oaks Avenue		Dee Why	46	16	8172 MU1	Paved carpark

Northern Beaches Council Operational Land Schedule 2024

Street No.	Street	Suburb	Deposited		Plan	Zoning	Purpose/Comments
			Lots	Sec			
38	Oaks Avenue	Dee Why	45	16	8172	MU1	Paved carpark
40	Oaks Avenue	Dee Why	44	16	8172	MU1	Paved carpark
42	Oaks Avenue	Dee Why	43	-	341020	MU1	Paved carpark
44	Oaks Avenue	Dee Why	2	-	526306	MU1	Paved carpark
-	Oaks Avenue	Dee Why	2	-	587690	RE1	Drainage reserve and pathway
703	Pittwater Road	Dee Why	1	-	364010	RE1/MU1	Reserve in commercial hub
725	Pittwater Road	Dee Why	100	-	1041823	MU1	Civic Centre
-	Pittwater Road	Dee Why	1	-	868279	MU1	Civic Centre
8A	Elanora Road	Elanora Heights	200	-	1033787	C4	Vegetated nature strip
10A	Georgina Avenue	Elanora Heights	91	-	25329	R2	Vegetated drainage reserve
10A	Georgina Avenue	Elanora Heights	23	-	30329	R2	Vegetated drainage reserve
49A	Kalang Road	Elanora Heights	1	-	513295	SP2	Community Centre & carpark
49A	Wesley Street	Elanora Heights	3	-	1163689	C2	Vegetated reserve
69A	Kalang Road	Elanora Heights	1	-	1171161	E1	Pedestrian area and parking
12B	Marinna Road	Elanora Heights	90	-	25329	R2	Grassed drainage reserve
-	Balgowlah Road	Fairlight	30	-	9362	R1	Grassed drainage reserve
-	Lauderdale Avenue	Fairlight	1	-	184759	C4	Vegetated reserve
-	Lauderdale Avenue	Fairlight	4	-	949689	C4/R1	Pathway & drainage easement
6	Darley Street	Forestville	100	-	1032863	E1	Library & Community Arts Centre
-	Blackbutts Road	Frenchs Forest	1	-	595183	E1	Glen St Theatre & Library
-	Epping Drive	Frenchs Forest	1	-	1012011	R2	Vegetated reserve
7	Garie Place	Frenchs Forest	40	-	221359	R2	Vacant dwelling - Significant flooding/drainage issues
32	Rabbett Street	Frenchs Forest	7	-	30700	R2	Leased Dwellings - Acquired for future open space
Lot 201	Lawrence Street	Freshwater	201	-	579893	SP2	Sealed carpark
-	Oliver Street	Freshwater	1	-	581226	SP2	Sealed carpark
-	Oliver Street	Freshwater	1	-	539445	SP2	Sealed carpark
-	Oliver Street	Freshwater	1	-	539444	SP2	Sealed carpark
-	Oliver Street	Freshwater	1	-	580780	SP2	Sealed carpark
-	Oliver Street	Freshwater	2	-	517620	SP2	Sealed carpark
-	Oliver Street	Freshwater	7,315	-	1151796	SP2	Sealed carpark
-	Kimbriki Road	Ingleside	301	-	1254796	RE1/SP2	Kimbriki Tip and vegetated border
5	Manor Road	Ingleside	52	-	12115	RU2	Rural Fire Brigade Headquarters
5	Manor Road	Ingleside	53	-	12115	RU2	Rural Fire Brigade Headquarters

Northern Beaches Council Operational Land Schedule 2024

Street No.	Street	Suburb	Deposited		Plan	Zoning	Purpose/Comments
			Lots	Sec			
2A	McCowan Road	Ingleside	277	-	752046	RU2	Partially cleared reserve
11	McLean Street	Ingleside	24A	-	12123	RU2	Vegetated border sloping to quarry
11	McLean Street	Ingleside	2	-	520978	RU2	Part of quarry
11	McLean Street	Ingleside	Pt 2	-	520978	RU2	Part of quarry
11	McLean Street	Ingleside	Pt 2	-	520978	RU2	Part of quarry
11	McLean Street	Ingleside	Pt 2	-	520978	RU2	Part of quarry
7	Kimbriki Road	Ingleside	7	-	243145	SP2	Rural residential adjoining tip
8	Kimbriki Road	Ingleside	1	-	1014540	SP2	Rural residential adjoining tip
8A	Kimbriki Road	Ingleside	2	-	1014540	SP2	Rural residential adjoining tip
10	Kimbriki Road	Ingleside	3	-	243145	SP2	Rural residential adjoining tip
1	Belgrave Street	Manly	1	-	68569	RE1	Council Chambers forecourt
1	Belgrave Street	Manly	2	-	68569	SP2	Council Chambers
-	Bundoon Lane	Manly	13	-	4814	R1	Vegetated reserve
9	Central Avenue	Manly	100	-	869516	E1	Stratum carpark
22	Central Avenue	Manly	185-430	-	SP13245	E1	246 strata title car spaces, in equal share
-	Griffin Street	Manly	1	-	89622	R1	Strip across street and nature strips
-	Market Lane	Manly	2,849	-	822227	E1	Library
-	Market Lane	Manly	1	-	232595	E1	Multi level carpark station
-	Market Lane	Manly	1	-	653606	E1	Multi level carpark station
-	Market Lane	Manly	1	-	68097	E1	Multi level carpark station
-	Market Lane	Manly	1	-	903169	E1	Multi level carpark station
-	Market Lane	Manly	12	-	88385	E1	Multi level carpark station
-	Market Lane	Manly	2	-	585060	E1	Multi level carpark station
-	Market Lane	Manly	3	-	549603	E1	Multi level carpark station
-	Oyama Avenue	Manly	142	-	604520	C4/R1	Pathway & drainage reserve
-	Pine Street	Manly	A	-	312923	R1	Sealed road
1	Pittwater Road	Manly	1	-	933364	E1	Family Consulting Centre
1	Quirk Road	Manly	8	-	9879	E3	Pioneer Clubhouse
1	Quirk Road	Manly	9	-	9879	E3	Pioneer Clubhouse
1	Quirk Road	Manly	10	-	9879	E3	Pioneer Clubhouse
-	Short Street	Manly	121	-	880747	E1	Plaza & underground carpark
-	Stuart Street	Manly	2,851	-	823994	RE1	Part of Little Manly reserve
11-15	Wentworth Street	Manly	34	-	1017433	E1	Stratum carpark

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Street No.	Street	Suburb	Deposited			Zoning	Purpose/Comments
			Lots	Sec	Plan		
272	Condamine Street	Manly Vale	1	-	737410	R2	Community Centre & Kindergarten
117A	Elimatta Road	Mona Vale	1	-	215789	C4	Sealed driveway and grass
4	Bungan Lane	Mona Vale	2	-	230780	MU1	Multi level carpark station
4	Bungan Lane	Mona Vale	2	-	1136849	SP2	Multi level carpark station
16a	Bungan Street	Mona Vale	1	-	542913	MU1	Sealed carriageway
4B	Bungan Street	Mona Vale	102	-	746395	MU1	Part of carriageway
4B	Bungan Street	Mona Vale	4	-	808556	MU1	Part of carriageway
1588B	Pittwater Road	Mona Vale	1	-	1033971	RE1	Vegetated reserve
8	The Esplanade	Mona Vale	204	-	1046593	RE1	Waterfront reserve
24C	Walana Crescent	Mona Vale	3	-	787365	RU2	Vegetated rural residential
4	Bungan Lane	Mona Vale	2	-	715158	SP2	Multi level carpark station
4	Bungan Lane	Mona Vale	102	-	788439	MU1	Multi level carpark station
-	Narrabeen Street	Narrabeen	2	-	202543	RE1	Partly vegetated reserve
1,417	Pittwater Road	Narrabeen	A	-	445551	E1	Bus shelter
32A	Hillside Road	Newport	63	-	9224	C4	Vegetated drainage & walkway reserve
97A	Bungan Head Road	Newport	117	-	10423	C4	Partly vegetated drainage & access reserve
164C	Crescent Road	Newport	100	-	870929	RE1	Partially vegetated reserve
17	Foamcrest Avenue	Newport	10	5	6248	E1	Sealed carpark
17	Foamcrest Avenue	Newport	11	5	6248	E1	Sealed carpark
25	Foamcrest Avenue	Newport	14	5	6248	E1	Sealed carpark
27	Foamcrest Avenue	Newport	15	5	6248	E1	Sealed carpark
19-21	Goodwin Road	Newport	1-2	-	235027	RE1	Vegetated reserve
18A	Hillside Road	Newport	64	-	9224	C4	Vegetated reserve
57A	Hillside Road	Newport	62	-	9224	C4	Partly vegetated reserve
11	Irrubel Road	Newport	1	-	338831	C4	Vegetated drainage reserve
1	Queens Parade	Newport	1	-	864721	W4	Front portion of marina
-	Bangaroo Street	North Balgowlah	1	-	130467	R2/RE1	Partially vegetated reserve
-	Bangaroo Street	North Balgowlah	2	-	873792	R2/RE1	Leased dwelling
10	Bardoo Avenue	North Balgowlah	113	-	13871	R2	Community Centre
10	Bardoo Avenue	North Balgowlah	114	-	13871	R2	Community Centre
13A	Carefree Road	North Narrabeen	26	-	17088	C4	Drainage & access reserve
20A	Carefree Road	North Narrabeen	49	-	11547	C4	Drainage & access reserve
29A	Carefree Road	North Narrabeen	50	-	11547	C4	Drainage & access reserve

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Street No.	Street	Suburb	Deposited			Zoning	Purpose/Comments
			Lots	Sec	Plan		
4A	Carefree Road	North Narrabeen	25	-	17088	C4	Drainage & access reserve
1,449	Pittwater Road	North Narrabeen	5	-	816283	E1	Sealed carpark
1,503	Pittwater Road	North Narrabeen	1	-	235522	E1	Part of 7 Eleven site - Commercially leased - Large drainage culvert underground
35	Wimbledon Avenue	North Narrabeen	35	-	14491	C4	Drainage & access reserve
35	Wimbledon Avenue	North Narrabeen	59	-	17694	C4	Drainage & access reserve
2-10	Woorarra Avenue	North Narrabeen	34	-	23429	SP2	Community Centre
2-10	Woorarra Avenue	North Narrabeen	35	-	23429	SP2	Community Centre
2-10	Woorarra Avenue	North Narrabeen	36	-	23429	SP2	Community Centre
2-10	Woorarra Avenue	North Narrabeen	37	-	23429	SP2	Tennis courts
2-10	Woorarra Avenue	North Narrabeen	38	-	23429	SP2	Tennis courts
969A	Barrenjoey Road	Palm Beach	91	-	13620	C4	Vegetated drainage & access reserve
41A	Bynya Road	Palm Beach	143	-	14961	C2	Vegetated access reserve
83	Florida Road	Palm Beach	4D	-	13780	C4	Partially vegetated accessway
83	Florida Road	Palm Beach	3	-	177349	C4	Partially vegetated accessway
15A	Florida Road	Palm Beach	64	-	10116	C4	Vegetated access reserve
54A	Florida Road	Palm Beach	1	-	188677	C4	Substation and vegetation
52A	Palm Beach Road	Palm Beach	18A	-	6746	C4	Partially vegetated accessway
34	Ralston Road	Palm Beach	1C	-	13374	RE1	Vegetated reserve and pathway
34	Ralston Road	Palm Beach	2C	-	13374	RE1	Vegetated reserve and pathway
34	Ralston Road	Palm Beach	49	-	6746	RE1	Vegetated reserve and pathway
34	Ralston Road	Palm Beach	50	-	6746	RE1	Vegetated reserve and pathway
34	Ralston Road	Palm Beach	1	-	1080797	C2	Vegetated reserve
344A	Whale Beach Road	Palm Beach	356	-	16362	RE1	Vegetated drainage & access reserve
6	Castle Circuit Close	Seaforth	7	-	250986	R2	Castle Circuit roadway
-	Edgecliffe Esplanade To Battle Boulevard	Seaforth	1	-	1190526	R2	Partially vegetated drainage reserve
-	Edgecliffe Esplanade To Battle Boulevard	Seaforth	34	-	7577	R2	Partially vegetated drainage reserve
-	Grandview Grove	Seaforth	1	-	327734	R2	Drainage reserve
-	Laura Street	Seaforth	2	-	586842	RE1	Partially vegetated reserve
-	Old Sydney Road	Seaforth	1	-	181686	R2	Vegetated reserve
10	Ross Street	Seaforth	13	-	801211	RE1	Child Care Centre
12	Ross Street	Seaforth	12	-	801211	RE1	Child Care Centre carpark
-	Seaforth Crescent	Seaforth	1	-	543657	R2	Paved pedestrian laneway
-	Seaforth Crescent	Seaforth	2	-	543657	R2	Paved pedestrian laneway

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Street No.	Street	Suburb	Lots	Sec	Deposited Plan	Zoning	Purpose/Comments
550	Sydney Road	Seaforth	1	-	1041057	E1	Community Centre and long term Commercial Lease to BUPA
-	Kamber Road	Terrey Hills	101	-	1043940	RE1	RFS Headquarters
-	Kamber Road	Terrey Hills	300	-	1254796	RE1/SP2	Vegetated Kimbriki Tip buffer zone
16	Apollo Street	Warriewood	1	-	802844	E4	Vegetated buffer zone & walkway
1	Boondah Road	Warriewood	100	-	1095913	SP2	Works Depot & Offices
4A	Orchard Street	Warriewood	101	-	1033854	R3	Grass nature strip
43	Warriewood Road	Warriewood	2	-	972209	R3	1.8m wide drainage reserve proposed to be sold and retain drainage easement
53	Warriewood Road	Warriewood	3	-	942319	R3	1.8m wide drainage reserve proposed to be sold and retain drainage easement
73	Warriewood Road	Warriewood	A	-	437365	RE1	Warriewood SLS Club & access road
189A	Whale Beach Road	Whale Beach	113	-	10782	C2	Grass reserve and escarpment
90A	Whale Beach Road	Whale Beach	103	-	11909	C4	Partly vegetated walkway
5	Vuko Place	Warriewood	9	-	SP36126	SP4	Strata title office/warehouse unit
5	Vuko Place	Warriewood	11	-	SP36126	SP4	Strata title office/warehouse unit
5	Vuko Place	Warriewood	12	-	SP36126	SP4	Strata title office/warehouse unit
5	Vuko Place	Warriewood	13	-	SP42156	SP4	Strata title office/warehouse unit
5	Vuko Place	Warriewood	14	-	SP42156	SP4	Strata title office/warehouse unit
5	Vuko Place	Warriewood	16	-	SP42156	SP4	Strata title office/warehouse unit