



northern  
beaches  
council

# 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
- 7.0 CHIEF EXECUTIVE OFFICER'S DIVISION REPORTS ..... 5
- 7.1 Special Variation to Rates - Approval to lodge an application to IPART..... 5

## 1.0 ACKNOWLEDGEMENT OF COUNTRY

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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.

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## 2.0 APOLOGIES AND APPLICATIONS FOR LEAVE OF ABSENCE

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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.

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## 3.0 DISCLOSURES OF INTEREST

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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.

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## 4.0 PUBLIC ADDRESS

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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.

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## 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.
- Council's Audit, Risk and Improvement Committee (ARIC) has written 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:

1. 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 Independent Pricing and Regulatory Tribunal (IPART).
2. 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.
3. 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.
4. Note the memo from the Audit, Risk and Improvement Committee in consideration of a special variation to rates for Northern Beaches Council and its acknowledgement that a special variation is a sound financial initiative to maintain Council’s long term financial sustainability.
5. 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.
6. 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.
7. Adopt Option 3 of the Addendum to the Delivery Program 2024-28 and Operational Plan 2024/25 included within Attachment 2.
8. Adopt the revised Long-Term Financial Plan 2024-2034 at Attachment 3.
9. 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:
  - a. Year 2025/26 – 12.1% increase (8.3% + rate peg of 3.8%)
  - b. Year 2026/27 – 11.7% increase (8.3% + assumed rate peg of 3.4%)
  - c. Year 2027/28 – 11.5% increase (8.4% + assumed rate peg of 3.1%)
10. 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.

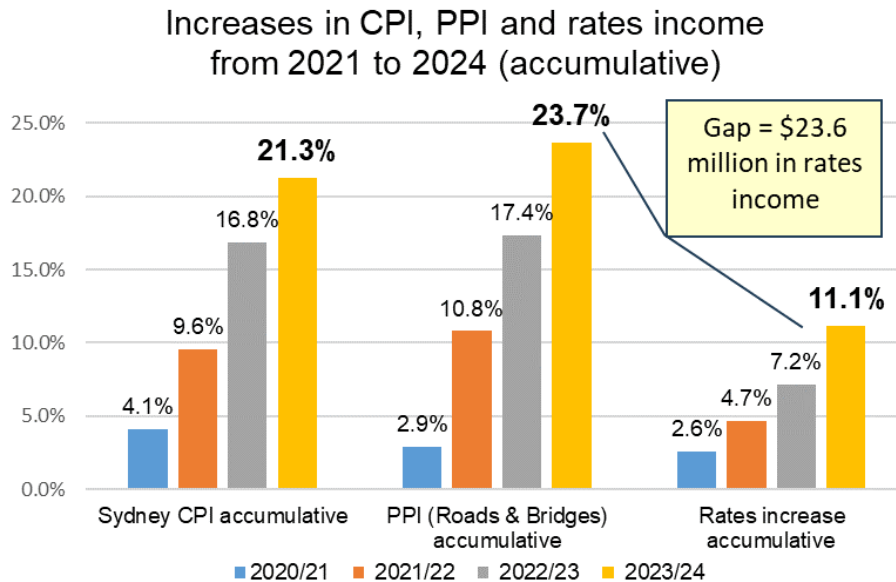
**DISCUSSION**

**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 the meet 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
<b>Budget Performance</b>														
<b>Operating Performance Ratio</b>	> 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>		✓	✓	✓	✗	✗	✗	✓	✗	✓	✓	✗	✗	✗
<b>Own Source Operating Revenue Ratio</b>	> 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>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Operational Liquidity</b>														
<b>Unrestricted Current Ratio</b>	> 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>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>	< 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>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Cash Expense Cover Ratio</b>	> 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>		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Liability and Debt Management</b>														
<b>Debt Service Cover Ratio</b>	> 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 investment 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		
<b>Asset Management</b>															
<b>Building and Infrastructure Renewals Ratio</b> <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%	101.2%	94.0%	90.8%	91.9%	90.8%	88.8%	89.0%	87.2%	86.4%	
		✓	✓	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗	
<b>Infrastructure Backlog Ratio</b> <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%	1.59%	1.61%	1.63%	1.65%	1.67%	1.68%	1.69%	1.70%	
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
<b>Asset Maintenance Ratio</b> <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%	93.5%	93.5%	93.6%	93.6%	93.6%	93.6%	93.6%	93.6%	93.6%	
		✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	
<b>Cost to bring assets to agreed service level</b> <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%	1.34%	1.35%	1.37%	1.39%	1.41%	1.42%	1.43%	1.44%	
		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

## 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 ARIC has offered an opinion (Attachment 6) as to Council's financial position and the need for a special variation to rates, endorsed by all of the independent voting members. In summarising their considerations, the ARIC stated that members 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 <b>Reduce services</b>	 Option 2 <b>Maintain services</b>	 Option 3 <b>Improve services</b>	 Option 4 <b>Increase services</b>
<b>Impact</b>	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 <sup>1</sup>	\$181 yr \$3.47 wk	\$527 yr \$10.10 wk	\$673 yr \$12.89 wk	\$780 yr \$14.95 wk
Av business (general) <sup>2</sup> rate increase by yr 3 <sup>3</sup>	\$433 yr \$8.30 wk	\$1,263 yr \$24.19 wk	\$1,611 yr \$30.86 wk	\$1,869 yr \$35.80 wk

<sup>1</sup> 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. <sup>2</sup> Excludes the Manly CBD, Warriewood Square, Warringah Mall, strata storage unit facilities and special rates. <sup>3</sup> 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 1,570 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**

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

 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

 Media	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
 Electronic direct mail (eDM)	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	Attendance: 37
	Pop up / Drop-in sessions: 10	Attendance: 1,641
 Key stakeholder engagement	Resident associations	Distribution: 52
	Group notification	Meetings: 7
	Group discussion (in-person meetings)	
	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 45,877 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 1<sup>st</sup> preference in the opt-in survey. Some 49% of respondent's 1<sup>st</sup> preference was a special variation to either Maintain, Improve or Increase service with the remainder favouring Reduce service. (Total responses 5,584).

The 1<sup>st</sup> 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).

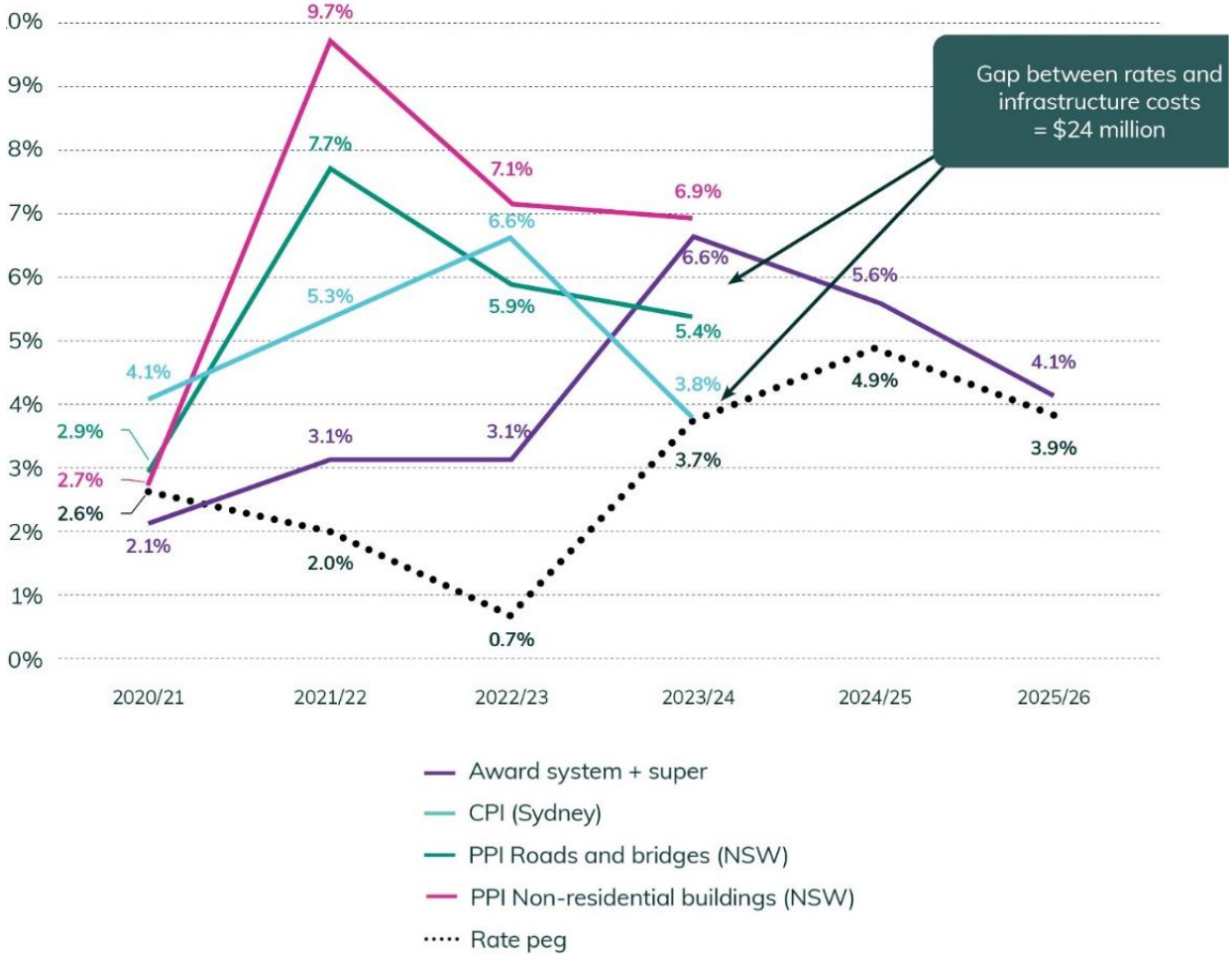
*Comment:*

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

Growing gap between the costs to maintain assets and services and the rate peg



**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.

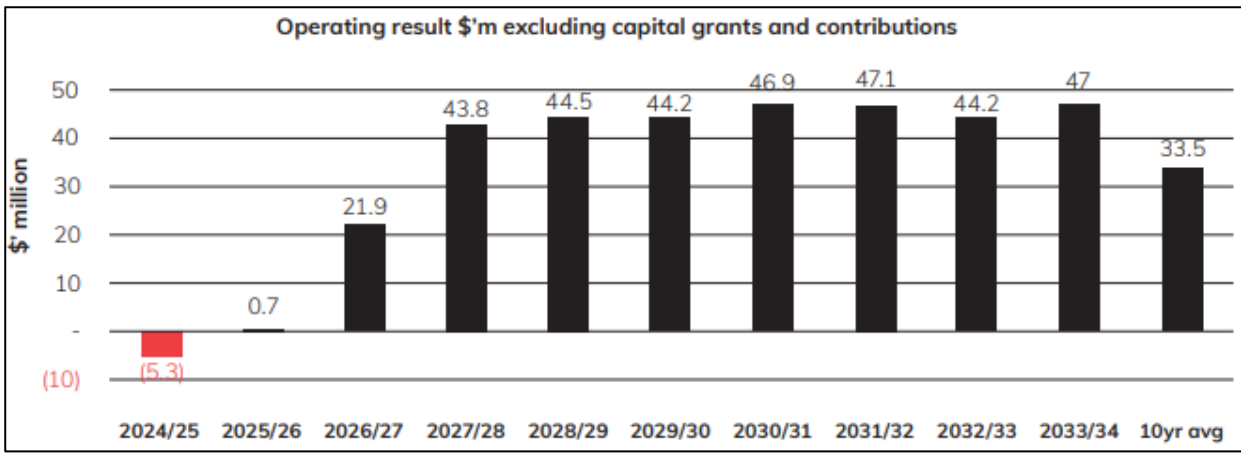
Option 3 – Improve services, proposes an SV of an 8.3% increase in addition to the rate peg each year for 2 years and 8.4% in year 3. The additional cumulative increase will amount to 29% over 3 years, raising an additional \$56.8 million in rates income per year by the 3<sup>rd</sup> year. The proposed 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	Year 2 2026/27	Year 3 2027/28	10 year total
Option 3: Improve service	\$'mil	\$'mil	\$'mil	\$'mil
<b>Additional rates income</b>	<b>\$16.3</b>	<b>\$35.1</b>	<b>\$56.8</b>	<b>\$557.0</b>
<b>Expenditure by service:</b>				
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
<b>Total service programs</b>	<b>\$10.6</b>	<b>\$23.2</b>	<b>\$37.9</b>	<b>\$515.7</b>
<b>Future funding:</b>				
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
<b>Total expenditure program</b>	<b>\$11.7</b>	<b>\$25.4</b>	<b>\$41.5</b>	<b>\$556.9</b>
<b>Closing balance of future works fund</b>	<b>\$4.6</b>	<b>\$14.3</b>	<b>\$29.6</b>	<b>\$0.1</b>

\* 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	
<b>Difference between SV and rate peg only scenarios</b>		<b>\$141</b>	<b>\$304</b>	<b>\$492</b>	

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	
<b>Difference between SV and rate peg only scenarios</b>		<b>\$338</b>	<b>\$727</b>	<b>\$1,178</b>	

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"> <li>Rationalisation management agreements of some community centres - \$80,000</li> <li>Review future of Manly Information Visitors Centre - \$238,970</li> <li>Partially reduce Hop Skip and Jump Bus Service - \$507,000 &amp; \$330,000 capital (adopted 10 December 2024)</li> <li>Evaluate tourism support service that supports the Northern Beaches Destination Management Plan to create a sustainable visitor economy - \$153,000</li> </ul>	\$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"> <li>Remove financial subsidy - NSW Surf Life Saving Championships - \$252,000 (retain in kind support)</li> <li>Remove family events (e.g. outdoor cinemas/local park events) - \$285,000</li> <li>Remove Christmas Events - \$281,000</li> <li>Remove New Years Eve Events (fireworks) - \$235,000</li> <li>Remove World Food Markets - \$79,000</li> <li>Removal of the Easy Link community transport service - \$30,000</li> </ul>		
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"> <li>194 Lower Plateau Road, Bilgola Plateau (immediate opportunity for sale)</li> <li>2 Bangaroo St, North Balgowlah (immediate opportunity for sale)</li> <li>Unit 9, 5 Vuko Place, Warriewood (3 to 5 years for opportunity of sale)</li> </ul>	-\$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
<b>Total New Estimated Savings</b>	<b>Estimated savings in addition to current LTFP budget estimates</b>	<b>\$4,976,000</b>	<b>\$10,373,000 (one-off, over 1 to 5 years)</b>
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"> <li>• Northern Beaches Women's Shelter (\$70k)</li> </ul>	\$389,000	\$0

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Option	Description	Operational Savings/Costs (between 1 and 3 years)	Capital Savings/Costs (between 1 and 5 years)
	<ul style="list-style-type: none"> <li>Local Kind Northern Beaches (\$103k)</li> <li>Avalon Youth Hub (96k)</li> <li>Youth and Community Development Grants (\$120k)</li> </ul>		
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
<b>Total new additional estimated savings</b>	<b>Estimated savings in addition to Productivity Journey and Improvement Plan - 2024 forward savings</b>	<b>\$4,115,000</b>	<b>\$0 (one off)</b>

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, Narraweena, 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*

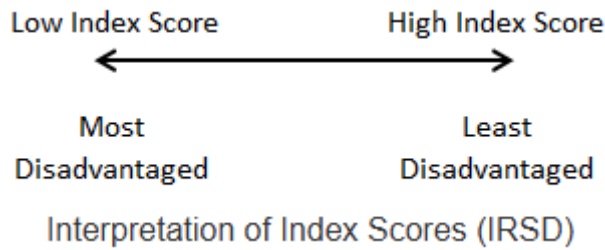
Area	SEIFA IRSD	Percentile	SEIFA IRSAD	Percentile
Mosman Council	1,109.50	98	1,169.00	100
Ku-ring-gai Council	1,108.10	98	1,164.80	100
North Sydney Council	1,096.00	96	1,164.10	100
<b>Northern Beaches Council</b>	<b>1,088.60</b>	<b>93</b>	<b>1,125.50</b>	<b>98</b>
North District	1,085.30	92	1,131.60	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.

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





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# 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 1<sup>st</sup> 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:







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




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

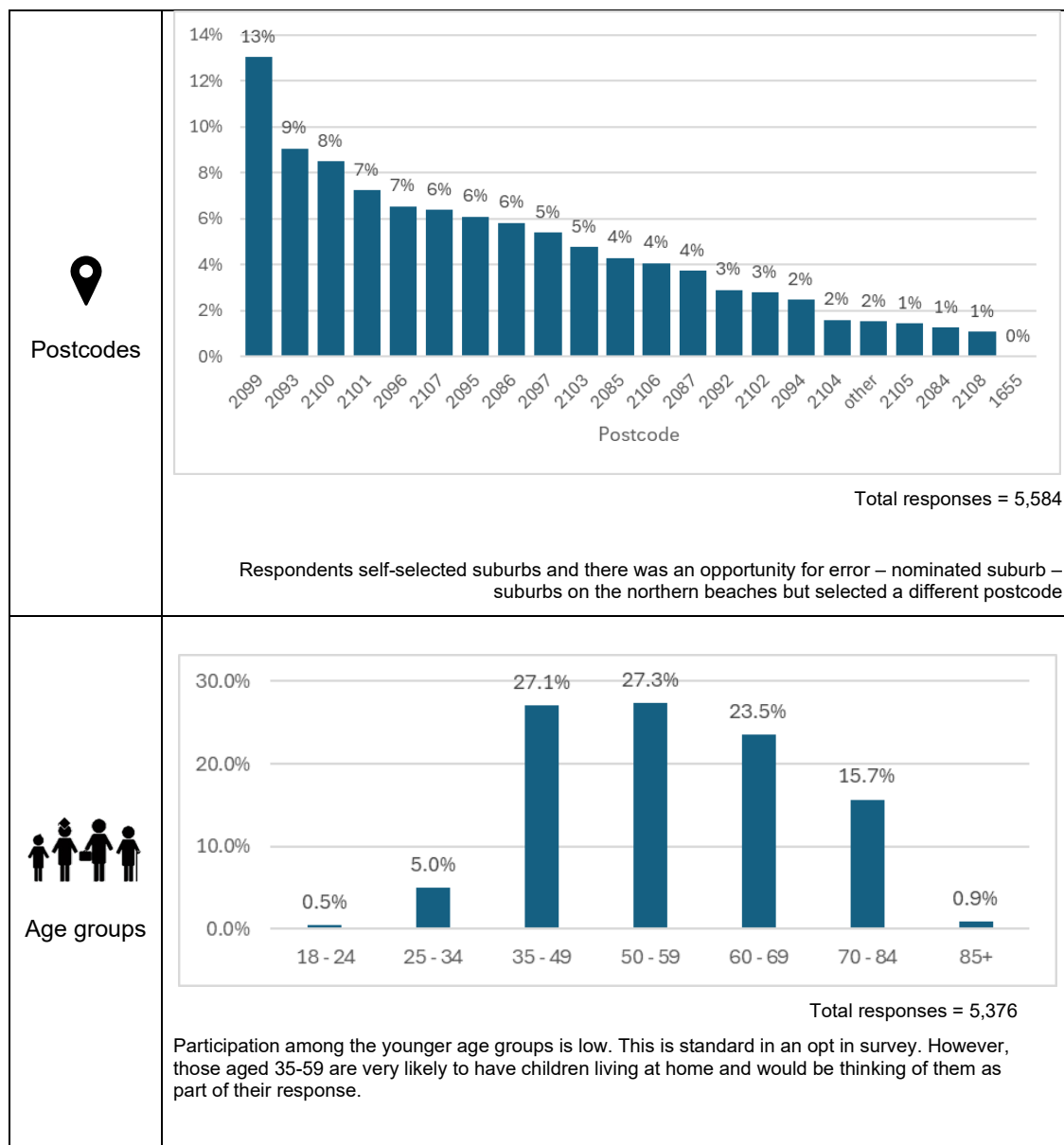
 Total unique responses	6,389		
 How responses were received	Submission form survey – online Submission form survey - hardcopy Written responses (email/letter)		Completions: 5,538 No. received 46 No. received: 805
 Have Your Say: visitation stats	Page views (total): 45,419	Visits (individual browsing 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 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
	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
	Northern Beaches Advocate	121,000 views, 89 clicks
 Electronic direct mail (eDM)	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

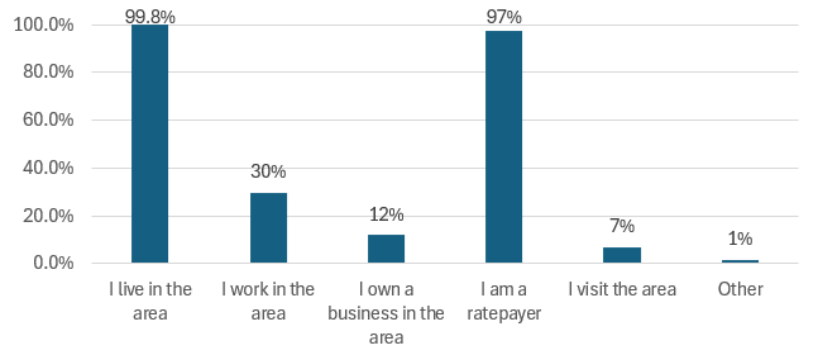
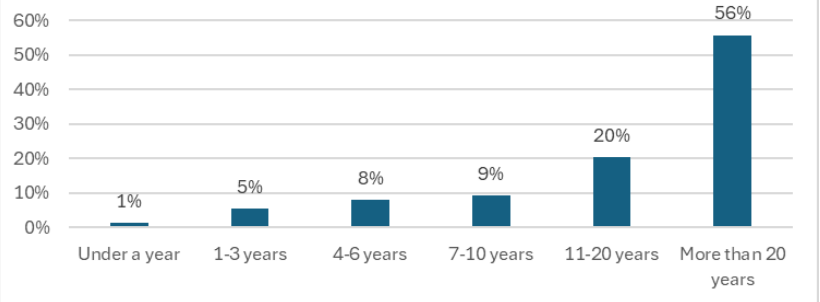
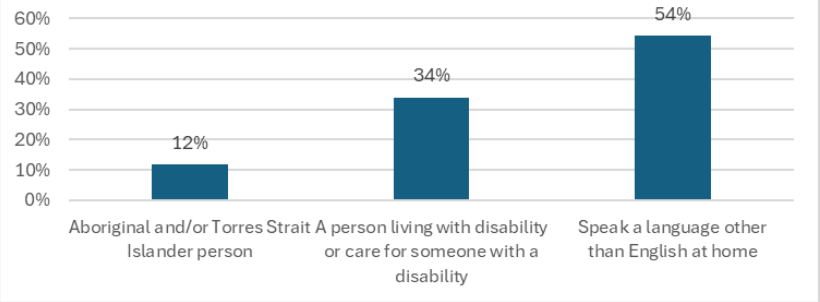
 Face-to-face sessions	Webinar Information session: 2  Pop up / Drop-in sessions: 10	Attendance: 37  Attendance: 1,641
 Key stakeholder engagement	Resident associations Group notification Group discussion (in-person meetings)  Online information session for local business chambers	Distribution: 52 Meetings: 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 responded<sup>1</sup>



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

 <p>Ratepayer v Non ratepayer</p>	 <p>Total responses = 5,580</p>
 <p>Connection to Northern Beaches</p>	 <p>Total responses = 4,506 More than one option could be nominated by respondents</p>
 <p>Time living in the Northern Beaches</p>	 <p>Total responses = 5,582</p>
 <p>Priority populations</p>	 <p>Total responses = 707</p>

### 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%.

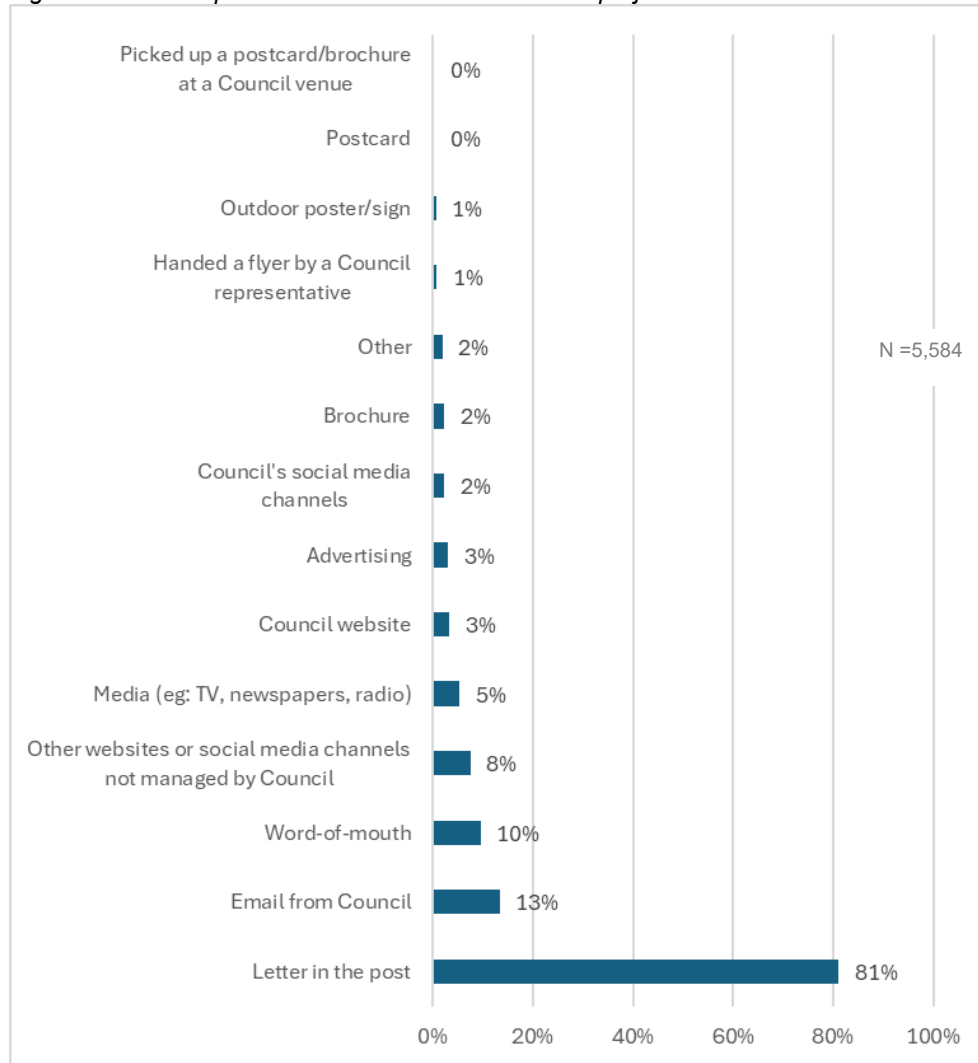
QR codes were deployed across all print, advertising and embedded in the direct mailout letters to all 96,156 ratepayers. Data shows the use of QR codes was higher than average, used over 13,290 times to access the Your Say project page directly. The metrics indicate that people were using the code to 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](http://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 1<sup>st</sup> preference in the opt in survey. Some 49% of respondent's 1<sup>st</sup> preference was a special variation to either Maintain, Improve or Increase service with the remainder favouring Reduce service. (Total responses 5,584).

The 1<sup>st</sup> 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.

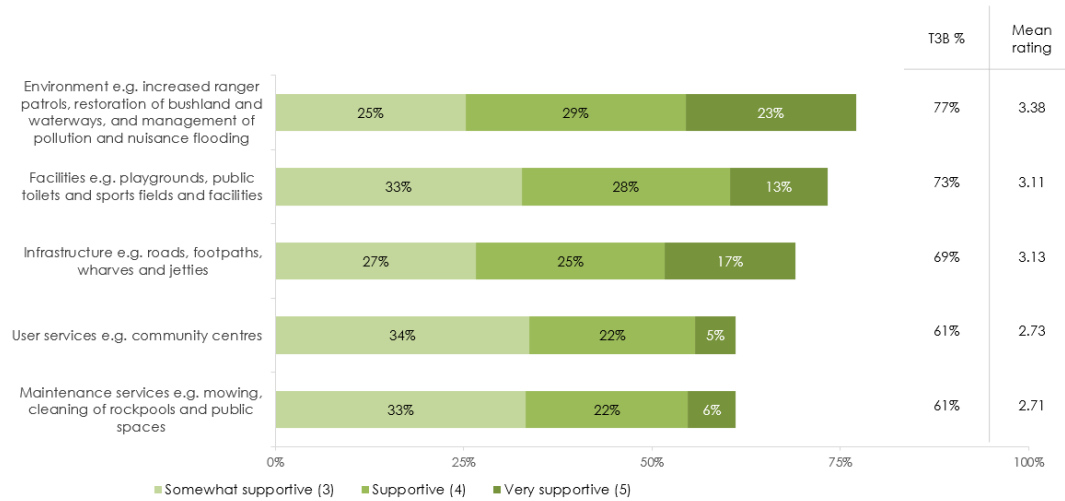
### 7.2 Representative survey - support to pay more

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)

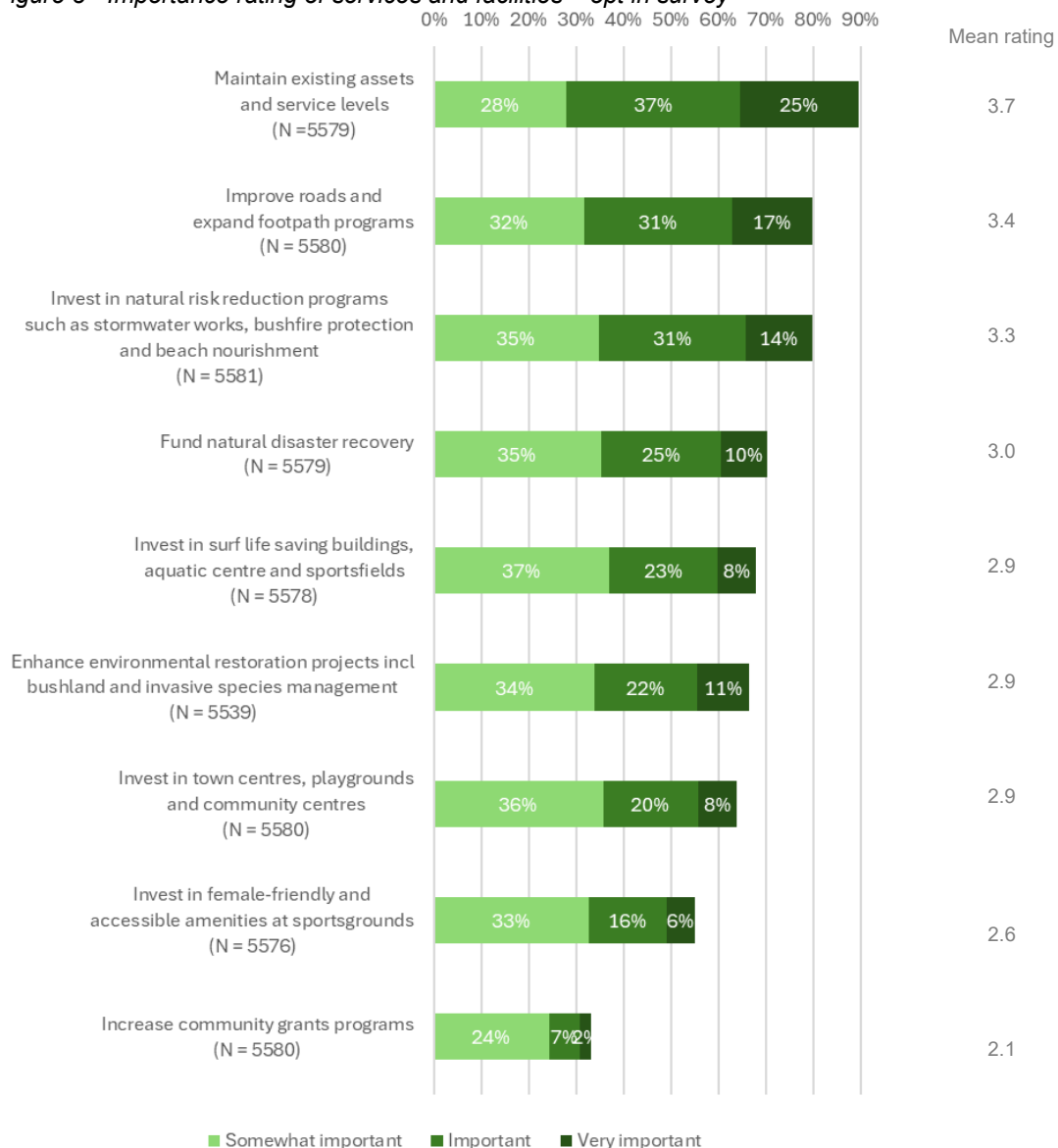
**7.3 Opt in survey – Rate the level of importance of services and facilities**

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*

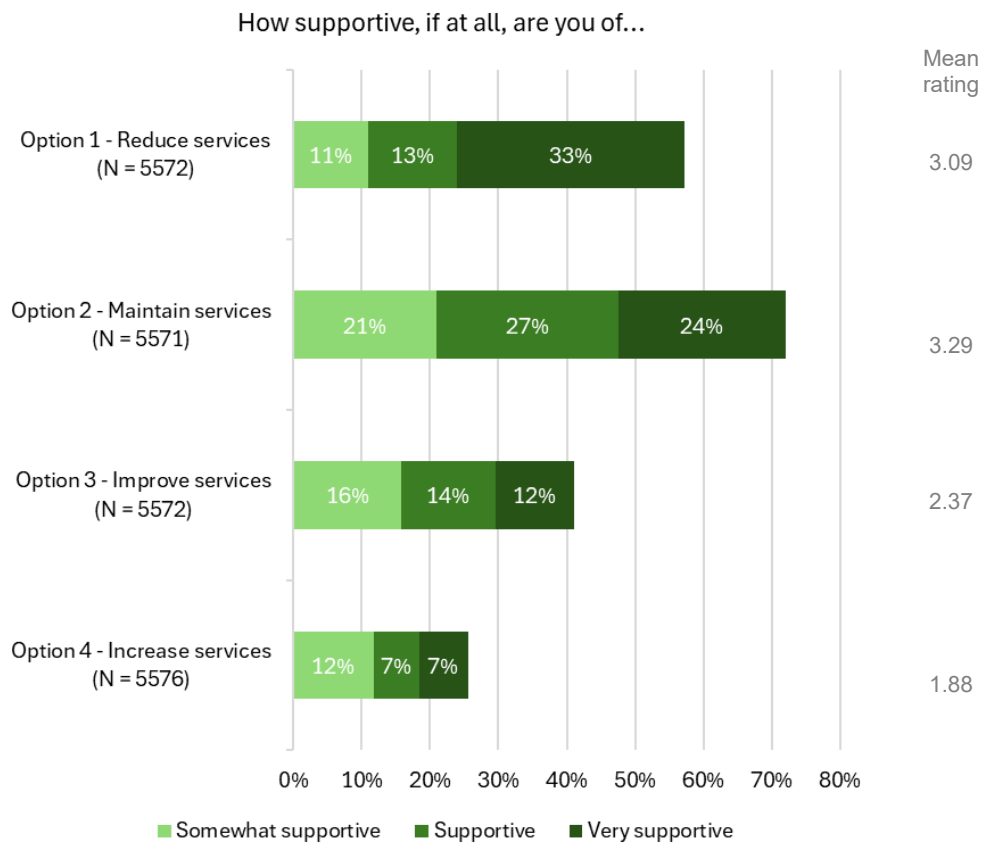


**7.4 Opt in survey – Rate the level of support for each option**

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

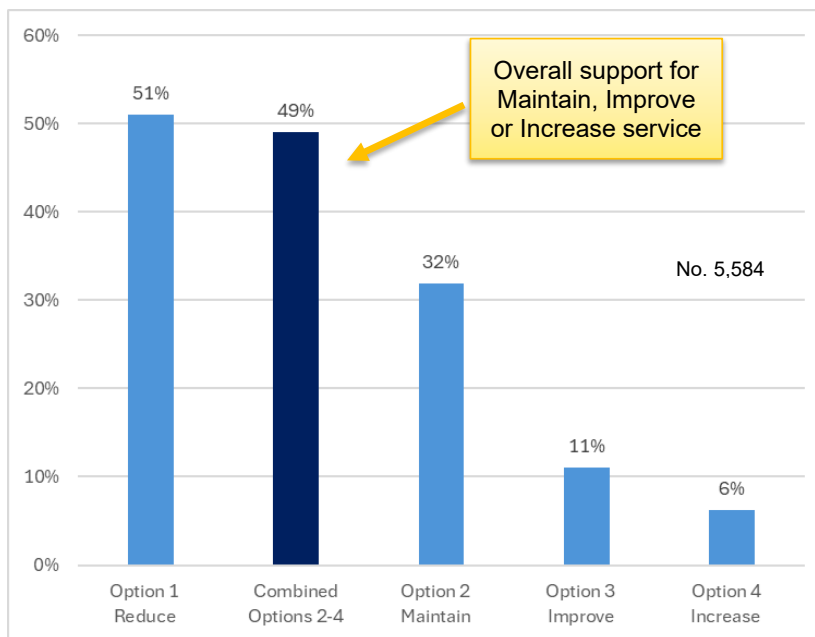


### 7.5 Opt in survey - Rank the options in order of preference

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 1<sup>st</sup> 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 - 1<sup>st</sup> preference in opt-in survey - survey



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

Table 2 - Ranking pattern from 1<sup>st</sup> to 2<sup>nd</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 - 1<sup>st</sup> 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 - 1<sup>st</sup> 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 - 1<sup>st</sup> 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 - 1<sup>st</sup> 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 - 1<sup>st</sup> 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><b>Desire to improve services and infrastructure</b> 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"> <li>• If we want a better society, increased and improved roads and services we must pay for it</li> <li>• It's important to keep moving forward, improving, and investing in our community's future - that requires money</li> <li>• The increased cost is affordable. Council should provide as many services as possible to our community</li> </ul>



% of submissions	Themes
	<ul style="list-style-type: none"> <li>• Investing in improvement will enhance our overall lifestyle and community well-being</li> <li>• Great services provided by the Council to everyone, regardless of their wealth</li> <li>• Maintaining or improving these services is essential to keeping the community vibrant and connected.</li> <li>• I am happy to pay more to ensure we continue to improve and maintain what we have</li> <li>• All councils must continue to improve services to match increasing residents' numbers and visitors to the area</li> <li>• Increasing services gives us the best outcome for our quality of life on the Northern Beaches</li> <li>• 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</li> <li>• 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.</li> </ul>
<p>N/A – see Preference rating section 6.5 of the report</p>	<p><b>Desire to maintain services and infrastructure</b> Submissions expressed a desire to at a minimum, maintain services at the current levels. Sentiment expressed included:</p> <ul style="list-style-type: none"> <li>• Preserving the area is critically important, we can't go backwards</li> <li>• 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</li> <li>• Happy to pay a premium to ensure quality of life in the northern Beaches remain pristine</li> <li>• Better roads, natural disaster emergency funds and councillors continuing to receive adequate pay in line with cost of living</li> <li>• Feel it is important to maintain the current level of service and build up a fund for response to natural disasters</li> <li>• Would not want existing Council services to suffer due to lack of funding</li> <li>• If you allow amenities to degrade it costs more to rehabilitate down the track</li> <li>• Feel it is important to maintain the current level of service and build up a fund for response to natural disasters</li> </ul>
<p>N/A – see Preference rating section</p>	<p><b>Desire to reduce services and infrastructure</b></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"> <li>• Rate payers do not want council to do more-but rather stick to lawns, footpaths, parks, beaches and rubbish services and the absolute essentials.</li> <li>• Council needs to budget or reduce services. Option 1 - Reduce services at least until things get better.</li> <li>• The council's budget should allow for essential services and maintenance only.</li> <li>• When there are budget constraints we all have to find ways to reduce our operating costs and put off projects we cannot afford.</li> <li>• I ask that the rates increase be kept to an absolute minimum and if that means reduced services so be it.</li> <li>• 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</li> <li>• 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.</li> <li>• 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.</li> <li>• I do not support any further increases in rates. CPI increase only and no service reductions.</li> </ul> <p>More detail on issues raised is included in the themes below.</p>
57%	<p><b>Support for Council to cut costs and/or seek other income streams</b></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"> <li>• Reduce excessive payments to the CEO, Directors and Executive Managers</li> <li>• Freeze on staff salary increases until Council's financial position improves</li> <li>• Comprehensive organisational review to reduce staff numbers including management (bureaucracy) layers</li> <li>• Improved financial management and controls to prevent this happening again</li> <li>• Review discretionary services and focus on core business - roads, rubbish and maintenance of opens spaces etc</li> <li>• Reduce expenditure on non-core services – events, grants, arts, culture, libraries, marketing, consultants etc</li> <li>• Too many niche services are provided which are subsidised by others</li> <li>• Inflation will come down and Council will recover costs</li> <li>• Stop 'pet' projects which only serve a few people</li> </ul>

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

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

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

<b>Document administration</b>	
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.

















































































































































































































































































































































































































































































































































































