



# **BUSINESS PAPER**

## **GENERAL MEETING**

**Wednesday 13 March 2019  
at 6:30pm**



---

## TABLE OF CONTENTS

### AGENDA AND SUMMARY OF RECOMMENDATIONS

#### RESCISSION MOTIONS

#### MAYORAL MINUTES

#### ITEMS PASSED BY EXCEPTION / CALL FOR SPEAKERS ON AGENDA ITEMS

#### GENERAL BUSINESS

##### Office of the General Manager

Nil

##### Corporate Support Division

Item 1	CS4/19 Investments and Borrowings for 2018/19 - Status for Period Ending January 2019 .....	1
Item 2	CS6/19 Update of Council's Long Term Financial Plan .....	4
Item 3	CS7/19 NSW Government's Local Government Reform Process and Compensation for Council .....	9
Item 4	CS5/19 Outstanding Council Resolutions - Period Until 30 November 2018 .....	32

##### Environment and Human Services Division

Nil

##### Planning Division

Item 5	PL2/19 Hornsby Section 7.12 Development Contributions Plan 2019-2029 .....	35
--------	--	----

##### Infrastructure and Recreation Division

Nil

#### PUBLIC FORUM – NON AGENDA ITEMS

#### QUESTIONS OF WHICH NOTICE HAS BEEN GIVEN

#### MAYOR'S NOTES

Item 6	MN2/19 Mayor's Notes from 01 February to 28 February .....	39
--------	--	----

#### NOTICES OF MOTION

Item 7	NOM2/19 Berowra Pool Feasibility.....	40
Item 8	NOM3/19 Divestment from Fossil Fuel Aligned Financial Institutions.....	41

Item 9	NOM4/19 Changes to the Federal Government's Status Resolution Support Services (SRSS) Program .....	42
--------	---	----

**SUPPLEMENTARY AGENDA**

**MATTERS OF URGENCY**

**QUESTIONS WITHOUT NOTICE**

## **AGENDA AND SUMMARY OF RECOMMENDATIONS**

### **PRESENT**

### **NATIONAL ANTHEM**

### **OPENING PRAYER/S**

Pastor Brendan Willis of Sovereign Grace Church, Hornsby will open tonight's meeting in prayer.

### **ACKNOWLEDGEMENT OF RELIGIOUS DIVERSITY**

Statement by the Chairperson:

*"We recognise our Shire's rich cultural and religious diversity and we acknowledge and pay respect to the beliefs of all members of our community, regardless of creed or faith."*

### **ABORIGINAL RECOGNITION**

Statement by the Chairperson:

*"We acknowledge we are on the traditional lands of the Darug and Guringai Peoples. We pay our respects to elders past and present."*

### **VIDEO AND AUDIO RECORDING OF COUNCIL MEETING**

Statement by the Chairperson:

*"I advise all present that tonight's meeting is being video streamed live via Council's website and also audio recorded for the purposes of providing a record of public comment at the meeting, supporting the democratic process, broadening knowledge and participation in community affairs, and demonstrating Council's commitment to openness and accountability. The audio and video recordings of the non-confidential parts of the meeting will be made available on Council's website once the Minutes have been finalised. All speakers are requested to ensure their comments are relevant to the issue at hand and to refrain from making personal comments or criticisms. No other persons are permitted to record the Meeting, unless specifically authorised by Council to do so."*

### **APOLOGIES / LEAVE OF ABSENCE**

### **POLITICAL DONATIONS DISCLOSURE**

Statement by the Chairperson:

*"In accordance with Section 147 of the Environmental Planning and Assessment Act 1979, any person or organisation who has made a relevant planning application or a submission in respect of a relevant planning application which is on tonight's agenda, and who has made a reportable political donation or gift to a Councillor or employee of the Council, must make a Political Donations Disclosure Statement."*

---

*If a Councillor or employee has received a reportable political donation or gift from a person or organisation who has made a relevant planning application or a submission in respect of a relevant planning application which is on tonight's agenda, they must declare a non-pecuniary conflict of interests to the meeting, disclose the nature of the interest and manage the conflict of interests in accordance with Council's Code of Conduct."*

## **DECLARATIONS OF INTEREST**

*Clause 52 of Council's Code of Meeting Practice (Section 451 of the Local Government Act, 1993) requires that a councillor or a member of a Council committee who has a pecuniary interest in a matter which is before the Council or committee and who is present at a meeting of the Council or committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable. The disclosure is also to be submitted in writing (on the form titled "Declaration of Interest").*

*The Councillor or member of a Council committee must not be present at, or in sight of, the meeting of the Council or committee:*

- (a) at any time during which the matter is being considered or discussed by the Council or committee.*
- (b) at any time during which the Council or committee is voting on any question in relation to the matter.*

*Clause 51A of Council's Code of Meeting Practice provides that a Councillor, Council officer, or a member of a Council committee who has a non pecuniary interest in any matter with which the Council is concerned and who is present at a meeting of the Council or committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable. The disclosure is also to be submitted in writing (on the form titled "Declaration of Interest").*

*If the non-pecuniary interest is significant, the Councillor must:*

- a) remove the source of conflict, by relinquishing or divesting the interest that creates the conflict, or reallocating the conflicting duties to another Council official.*

*OR*

- b) have no involvement in the matter by absenting themselves from and not taking part in any debate or voting on the issue as if the provisions of Section 451(2) of the Act apply.*

*If the non-pecuniary interest is less than significant, the Councillor must provide an explanation of why they consider that the interest does not require further action in the circumstances.*

## **CONFIRMATION OF MINUTES**

THAT the Minutes of the General Meeting held on 20 February, 2019 be confirmed; a copy having been distributed to all Councillors.

## **PETITIONS**

**PRESENTATIONS****RESCISSION MOTIONS****MAYORAL MINUTES****ITEMS PASSED BY EXCEPTION / CALL FOR SPEAKERS ON AGENDA ITEMS**Note:

*Persons wishing to address Council on matters which are on the Agenda are permitted to speak, prior to the item being discussed, and their names will be recorded in the Minutes in respect of that particular item.*

*Persons wishing to address Council on **non agenda matters**, are permitted to speak after all items on the agenda in respect of which there is a speaker from the public have been finalised by Council. Their names will be recorded in the Minutes under the heading "Public Forum for Non Agenda Items".*

**GENERAL BUSINESS**

- *Items for which there is a Public Forum Speaker*
- *Public Forum for non agenda items*
- *Balance of General Business items*

**OFFICE OF THE GENERAL MANAGER**

Nil

**CORPORATE SUPPORT DIVISION****Page Number 1**

**Item 1 CS4/19 INVESTMENTS AND BORROWINGS FOR 2018/19 - STATUS FOR PERIOD ENDING JANUARY 2019**

**RECOMMENDATION**

THAT the contents of Deputy General Manager's Report No. CS4/19 be received and noted.

**Page Number 4**

**Item 2 CS6/19 UPDATE OF COUNCIL'S LONG TERM FINANCIAL PLAN**

**RECOMMENDATION**

THAT the Long Term Financial Plan for the period 2019/20 to 2028/29 attached to Deputy General Manager's Report No. CS6/19 be adopted and Council approve the consequent budget changes for 2018/19 and budget inclusions for 2019/20 in accordance with Table 1 of the Report.

**Page Number 9**

**Item 3 CS7/19 NSW GOVERNMENT'S LOCAL GOVERNMENT REFORM PROCESS AND COMPENSATION FOR COUNCIL**

**RECOMMENDATION**

THAT the contents of Deputy General Manager's Report No. CS7/19 be received and noted.

**Page Number 32**

**Item 4 CS5/19 OUTSTANDING COUNCIL RESOLUTIONS - PERIOD UNTIL 30 NOVEMBER 2018**

**RECOMMENDATION**

THAT the contents of Deputy General Manager's Report No. CS5/19 be received and noted.

**ENVIRONMENT AND HUMAN SERVICES DIVISION**

Nil

**PLANNING DIVISION**

**Page Number 35**

**Item 5 PL2/19 HORNSBY SECTION 7.12 DEVELOPMENT CONTRIBUTIONS PLAN 2019-2029**

**RECOMMENDATION**

THAT:

1. Council exhibit the attached *draft Hornsby Section 7.12 Development Contributions Plan 2019-2029* for a period of 28 days in accordance with Clause 26 of the *Environmental Planning and Assessment Regulation 2000*.
2. Following the exhibition, a report on submissions be presented to Council.

**INFRASTRUCTURE AND RECREATION DIVISION**

Nil

**PUBLIC FORUM – NON AGENDA ITEMS**

**QUESTIONS OF WHICH NOTICE HAS BEEN GIVEN**

**MAYOR'S NOTES**

**Page Number 39**

---

**Item 6 MN2/19 MAYOR'S NOTES FROM 01 FEBRUARY TO 28 FEBRUARY****NOTICES OF MOTION****Page Number 40****Item 7 NOM2/19 BEROWRA POOL FEASIBILITY**

COUNCILLOR MARR TO MOVE

THAT:

1. Council fund and undertake an independent study and report on the need and feasibility for an indoor 25 metre pool and a 10 metre program pool to be developed adjacent to the Berowra Community Centre.
2. The report should include both positive and negative outcomes to other businesses including the Learn to Swim business at Mount Kuring-gai.
3. Funds not in excess of \$50,000 be allocated to this project.

**Page Number 41****Item 8 NOM3/19 DIVESTMENT FROM FOSSIL FUEL ALIGNED FINANCIAL INSTITUTIONS**

COUNCILLOR MARR TO MOVE

THAT:

1. An Informal Workshop be organised to discuss Council's investments with Fossil Fuel Aligned Financial Institutions.
2. Discussion is to centre around the following:
  - a) The ability of Council to divest its term portfolio from all Fossil Fuel Aligned Financial Institutions.
  - b) As Council's current term investments with Fossil Fuel Aligned Financial Institutions expire that these funds be reinvested only with non-Fossil Fuel Aligned Financial Institutions subject to the investment being compliant with Council's investment policy and New South Wales State Government requirements; and the investment rate of interest being comparable or better than that offered by Fossil Fuel Aligned Financial Institutions.

**Page Number 42****Item 9 NOM4/19 CHANGES TO THE FEDERAL GOVERNMENT'S STATUS RESOLUTION SUPPORT SERVICES (SRSS) PROGRAM**

COUNCILLOR NICITA TO MOVE



THAT Council in principle:

1. Endorse the Joint Statement against changes to the Status Resolution Support Services.
2. Commit to joining the Local Government Mayoral Taskforce Supporting People Seeking Asylum as a general member.
3. Endorse the Back Your Neighbour campaign run by the Taskforce.

**SUPPLEMENTARY AGENDA**

**MATTERS OF URGENCY**

**QUESTIONS WITHOUT NOTICE**

**1 INVESTMENTS AND BORROWINGS FOR 2018/19 - STATUS FOR PERIOD ENDING JANUARY 2019**

---

**EXECUTIVE SUMMARY**

- This Report provides details of Council's investment performance for the period ending 31 January 2019 as well as the extent of its borrowings at the end of the same period.
- Council invests funds that are not, for the time being, required for any other purpose. The investments must be in accordance with relevant legislative requirements and Council's policies and the Chief Financial Officer must report monthly to Council on the details of funds invested.
- All of Council's investments have been made in accordance with the Local Government Act, the Local Government (General) Regulation and Council's Investment of Surplus Funds Policy and Investment Strategy.
- In respect of Council's cash and term deposit investments, the portfolio achieved an annualised return of 3.88% for January 2019.

**RECOMMENDATION**

THAT the contents of Deputy General Manager's Report No. CS4/19 be received and noted.

**PURPOSE**

The purpose of this Report is to advise Council of funds invested in accordance with Section 625 of the Local Government Act; to provide details as required by Clause 212(1) of the Local Government (General) Regulation and Council's Investment of Surplus Funds Policy; and to advise on the extent of Council's current borrowings.

**BACKGROUND**

A report is required to be submitted for Council's consideration each month detailing Council's investments and borrowings and highlighting the monthly and year to date performance of the investments. Initial investments and reallocation of funds are made, where appropriate, after consultation with Council's financial investment adviser and fund managers.

**DISCUSSION**

Council invests funds which are not, for the time being, required for any other purpose. Such investment must be in accordance with relevant legislative requirements and Council Policies, and the Chief Financial Officer must report monthly to Council on the details of the funds invested. Council's investment performance for the month ending 31 January 2019 is detailed in the attached document. In summary, the portfolio achieved an annualised return of 3.88% for January 2019 and year to date 2.52%.

In respect of Council borrowings, the weighted average interest rate payable on outstanding loans taken out from June 2009 to date, based on the principal balances outstanding is 6.76%. The Borrowings Schedule as at 31 January 2019 is also attached for Council's information.

**BUDGET**

Budgeted investment income for 2018/19 is \$3,679,500 with an average budgeted monthly income of \$306,625. Year to date investment income ended 31 January \$4,455,000 which includes unrealised gains or losses from managed funds. Approximately 27% of the investment income received by Council relates to externally restricted funds (e.g. Section 711 development contribution funds) and is required to be allocated to those funds. All investments have been made in accordance with the Local Government Act, the Local Government (General) Regulation and Council's Investment of Surplus Funds Policy and Investment Strategy.

**CONCLUSION**

The investment of Council funds and the extent of its borrowings as at 31 January 2019 are detailed in the documents attached to this Report. Council's consideration of the Report and its attachments ensures that the relevant legislative requirements and Council protocols have been met in respect of those investments and borrowings.

**RESPONSIBLE OFFICER**

The officer responsible for the preparation of this Report is the Acting Chief Financial Officer – Pam Cook - who can be contacted on 9847 6834.

PAMELA COOK  
Acting Chief Financial Officer  
Corporate Support Division

GLEN MAGUS  
Acting Deputy General Manager - Corporate  
Support  
Corporate Support Division

**ITEM 1**

**Attachments:**

1. [⇒](#) HSC Investment Summary Report January 2019
2. [⇒](#) HSC Borrowings Schedule 31 January 2019

File Reference: F2004/06987-02

Document Number: D07610210

## **2 UPDATE OF COUNCIL'S LONG TERM FINANCIAL PLAN**

---

### **EXECUTIVE SUMMARY**

- Under Section 403(2) of the Local Government Act, a council is required to review its Long Term Financial Plan (LTFP) in detail every four years and update it annually when developing the Operational Plan. With no clear indication from the NSW Government in respect to further compensation to Hornsby Shire Council (refer Deputy General Manager's Report No. CS7/19) it has been decided to no longer delay the detailed revision of the LTFP.
- Councillor priorities above recurrent service levels for inclusion into this Plan are the tree planting program to achieve 25,000 trees by 2020; public domain improvements; outcomes in Council's sportsground strategy; revitalisation of the Hornsby Quarry and Westleigh former Water Board site; increased footpath budget; community centre enhancements; improved Shire signage; refurbishment of Hornsby Library; a heritage planning study; and improvements to Hornsby Library and Wallarobba Arts and Cultural Centre.
- As part of the process, a range of primary financial statements have been prepared along with key financial performance indicators (KPI's) for the next 10 years. The primary financial statements and KPI's indicate that Council will achieve acceptable levels against industry benchmarks during the LTFP period. The LTFP update shows that there has been a significant decline in Council's Income Statement Result (before Capital Items and Profit from Asset Sales) which is a key measure of financial liquidity.
- Historically, Council's surplus Income Statement Results prior to local government reform were \$14.638 million (in 2015/16), \$14.770 million (in 2014/15) and \$6.668 million (in 2013/14). The updated LTFP shows that for the next 10 years, the Result will decline to an average of around \$1.907 million per annum. Based on the update, Council will need to critically review the scope of many major projects that have previously been identified including at the Hornsby Quarry and the former Westleigh Water Board site and implement a range of financial initiatives to improve current financial capacity.
- In order to continue to deliver a continuing high level of service and undertake a number of key initiatives, it will be important for future budgets to restrict current service levels and recognise that there may be the need to 'dip' into restricted funds if there are cost over-runs or significant infrastructure failures.

### **RECOMMENDATION**

THAT the Long Term Financial Plan for the period 2019/20 to 2028/29 attached to Deputy General Manager's Report No. CS6/19 be adopted and Council approve the consequent budget changes for 2018/19 and budget inclusions for 2019/20 in accordance with Table 1 of the Report.

## PURPOSE

The purpose of this Report is to present for Council's consideration an updated LTFP covering the period 2018/19 – 2028/29.

## BACKGROUND

Under section 403(2) of the Local Government Act, a council is required to review its LTFP in detail every four years and update it annually when developing the Operational Plan. The planning assumptions used as part of a revision of the LTFP will derive from the Community Strategic Planning process, major planned capital expenditure and significant initiatives that Councillors confirmed at their Strategic Weekend held in February 2019.

A series of briefings were held with Councillors during 2018 to assist in the development of the LTFP and this required Councillors to rank a set of community priorities due to limited funds available. While this Plan has allocated the full amount received by the NSW Government on the 30 June 2018 from the Stronger Communities Funds for the Hornsby Quarry and Westleigh Park projects, Council is still awaiting further payments from the State Government to fully compensate it for the loss in 2016 of the area south of the M2 Motorway. With no clear indication from the NSW Government in respect to further compensation to Hornsby Council it has been decided to no longer delay the revision of the LTFP. (This matter is further discussed in Deputy General Manager's Report No. CS7/19 which is also on the agenda for tonight's Meeting)

## DISCUSSION

### Boundary Adjustment with the City of Parramatta Council

On 12 May 2016, the Minister for Local Government proclaimed the creation of 19 new councils across NSW. This included the creation of the City of Parramatta Council and confirmed the transfer of the Hornsby Shire Council area south of the M2 Motorway to the new City of Parramatta Council effective from the proclamation date. The financial impact of this transfer (i.e. an unfavourable cash impact to the 2016/17 Budget of approximately \$9.1 million) was previously reported to Council when it adopted the September Quarter Review of the 2016/17 Budget – refer Deputy General Manager's Report No. CS43/16 considered by Council on 9 November 2016 along with a range of other financial impacts including reduced rates revenue growth and Development Contributions.

This LTFP has been developed based on Council's amended financial state following the boundary adjustment and adjusted for the amount received by the NSW Government on the 30 June 2018 towards the Hornsby Quarry Revitalisation and Westleigh Sportsground projects. Full financial compensation sought by Hornsby Shire Council (based on independent analysis) from the NSW Government due to the financial loss of the transferred area to the City of Parramatta Council is still unknown at the date of writing this Plan. No estimate of compensation has therefore been provided over the forecast period.

### LTFP Summary

This review of the LTFP has been developed using a range of assumptions and by indexing income and expenditure that in turn underpins the forecasts developed. The 2018/19 Original Budget has been used as its base point. The LTFP has been developed based on a continuance of service levels defined in the 2018/19 Annual Budget process and some additional priorities identified by Councillors above recurrent budget allocations.

Priorities for inclusion into the LTFP were determined by Councillors through a series of briefings in 2018 and confirmed at their Strategic Weekend held in February 2019. Councillor priorities above

recurrent service levels for inclusion into the preparation of this LTFFP are the tree planting program to achieve 25,000 trees by 2020; public domain improvements; outcomes in Council's sportsground strategy; revitalisation of the Hornsby Quarry and Westleigh former Water Board site; increased footpath budget; community centre enhancements; improved Shire signage; refurbishment of Hornsby Library; a heritage planning study; and improvements to Hornsby Library and Wallarobba Arts and Cultural Centre. These initiatives all respond to areas of focus within the Community Strategic Plan.

A range of primary financial statements have been prepared along with KPI's covering the next 10 years and they are detailed in the attached summary. The primary financial statements and KPI's indicate that acceptable levels will be achieved against industry benchmarks during the LTFFP period.

It is noted that the significant decline in Council's Income Statement Result (before Capital Items and Profit from Asset Sales) to approximately \$1.907 million on average over the next 10 years is significantly down on what has been achieved historically. In this regard, it is noted that Council's surplus Results prior to local government reform were \$14.638 million (in 2015/16), \$14.770 million (in 2014/15) and \$6.668 million (in 2013/14).

This loss of operating capacity will be further impacted by the fact that future rate increases will now be on a reduced rate base and the also there will be a loss of projected rate growth from the area south of M2 Motorway (which was expected due to the expected concentrated development in that area). This will make it difficult for Council to improve its operating capacity based on present conditions.

As a consequence, Council will need to critically review the scope of major projects such as those that had been identified at the Hornsby Quarry and former Westleigh Water Board site acquired to address future sporting and recreation needs. It will be important for future budgets to restrict service levels and recognise that there may be the need to 'dip' into restricted funds if there are cost over-runs or significant infrastructure failure. It is noted that annual cash surpluses will be required to be set aside in a restricted asset to fund cash short-falls in financial years 2023/24 and 2024/25 when greater levels of expenditure are targeted in the delivery of major projects.

In order to improve the current situation and fund major capital projects to meet community expectations, Council may need to consider options over the period of this Plan such a:

- Creation of Service Development and Improvement Plans.
- Revision of fees and charges.
- Asset reviews of community facilities, infrastructure and small parks.
- Rate increases above the rate pegging limit.
- External loan borrowing.
- Implementation of a capital governance framework for major capital projects.
- Revision of Development Contribution Plans.
- Maintaining cost increases to modest levels.
- Reviewing major expense categories for potential efficiencies that may be able to be realised.
- A greater emphasis on capital projects funded by Development Contributions.
- Implementing a revised investment strategy to maximise current returns by tightening cash-flow management on major capital projects, longer dated investments to potentially achieve

an improved yield and utilising authorised products such as floating rate notes, certificate of deposits and NSW TCorp's growth funds.

- A greater focus on broader revenue initiatives and opportunities.

## BUDGET

This Report provides an update to the LTFP including a range of new priorities determined by Councillors for inclusion into annual budgets over the next 10 years including the current financial year. These priorities have an immediate impact on the 2018/19 Budget and the preparation of the 2019/20 Budget. Table 1 below lists the budget changes required to be made to the 2018/19 Budget and for inclusion into the 2019/20 Budget.

Table 1 – Budget Changes for 2018/19 and 2019/20

Item	2018/19 Budget	2019/20 Budget
Increase to footpath improvement budget	\$1,000,000	\$1,000,000
Funding towards signage with a focus on entry signs including rural, urgent replacements and wildlife protection signs	\$317,000	\$317,000
Hornsby Library Refurbishment – subject to funding allocated from a revised S712 Development Contributions Plan and grant funds	\$1,000,000	\$1,700,000
Community Centres – keyless entry upgrade	\$1,200,000	
Heritage Planning Study (\$1.7M over a four year period)		\$425,000
Tree Planting – 25,000 trees by 2020 – subject to funding from a revised S712 Development Contributions Plan	\$1,250,000	\$1,250,000
Planning/Investigations into Public Domain (as resolved by Council in Deputy General Manager Report No. IR7/18)	\$300,000	
Public Domain (Asquith to Mt Colah) – subject to funding from a revised S711 Development Contributions Plan		\$4,500,000
Reinstate capital projects funded from the SRV that were deferred to 2019/20 as part of Deputy General Managers Report No. CS24/18.	\$1,360,000	
Reduction in employee costs – this item continues over the life of this Plan	(\$606,685)	
Increase in investment revenue – (\$250,000 relates to Development Contributions investment balances that will require a restricted asset offset) – this item continues into 2019/20 Budget preparations	(\$3,700,000)	
Asset Sales in Restricted Asset	(\$1,950,000)	
Reduction in workers compensation premium \$250,000 and employee leave entitlement provision \$500,000		\$750,000
Reduction in reactive maintenance in asset management		\$250,000



plans		
-------	--	--

## CONCLUSION

Council's consideration of this Report enables an understanding of the future financial position over the next 10 years in respect to maintaining current service levels, major capital projects and additional Councillor priorities. The review of the LTFP demonstrates that while Council will be able to meet key financial indicators, its operating capacity will be significantly reduced and a careful review of future major projects and commencement of a range of financial improvement initiatives will be required. It is recommended that the LTFP be adopted and be utilised for the setting of future budgets over the LTFP period. In order to continue to deliver a continuing high level of service and undertake a number of key initiatives, it will be important for future budgets to restrict current service levels and recognise that there may be the need to 'dip' into restricted funds if there are cost over-runs or significant infrastructure failures.

## RESPONSIBLE OFFICER

The officer responsible for the preparation of this Report is the Acting Deputy General Manager Corporate Support – Glen Magus who can be contacted on 9847 6635.

GLEN MAGUS  
Acting Deputy General Manager -  
Corporate Support  
Corporate Support Division

STEVEN HEAD  
General Manager  
Office of the General Manager

## Attachments:

1. [⇒](#) Long Term Financial Plan 2019/20 to 2028/29

File Reference: F2005/00862  
Document Number: D07617158

**3 NSW GOVERNMENT'S LOCAL GOVERNMENT REFORM PROCESS AND  
COMPENSATION FOR COUNCIL**

---

**EXECUTIVE SUMMARY**

- The former Hornsby Shire Council area south of the M2 Motorway was transferred by proclamation of the State Government to the City of Parramatta Council on 12 May 2016. The Government's expectation at that time was that a merger of Ku-ring-gai Council and the remaining area of Hornsby Shire Council would occur soon thereafter.
- Since the Government decided in mid-2017 that the merger of Hornsby and Ku-ring-gai Councils was not to proceed, Hornsby Shire Council has been seeking to have the area south of the M2 Motorway returned. This was done by submitting an Alteration of Boundaries Proposal to the Minister for Local Government and also by producing evidence that Hornsby Shire Council would be a net \$10 million per annum worse off as a result of the Government's decision to excise the area south of the M2 Motorway.
- Although the State Government has resisted Council's attempts to have the area south of the M2 Motorway returned to Hornsby Shire, it has publicly promised that the residents of Hornsby will not be worse off as a result of the Government's actions.
- The Government's first steps in meeting this promise was to provide Council with a grant of \$90 million to assist in the rehabilitation of Hornsby Quarry (\$50 million) and the development of parkland on the former Westleigh Water Board site now owned by Council (\$40 million). The rehabilitation of the Quarry will take a spoiled piece of land and turn it into 50 hectares of parkland a short walk from Hornsby's CBD, while the Westleigh project will provide much needed sporting fields and recreational spaces.
- The Government has publicly committed to providing Council with further compensation to offset its net \$10 million per annum loss, however, despite various assurances that the compensation would be forthcoming prior to the March 2019 State election, Council has not yet received any formal advice from the Government.
- It is important for this Report to be placed on the public record so that the Hornsby Shire community are fully aware of the consequences to Council and its residents/ratepayers of the failed local government reform process (as it applies to Hornsby Shire Council) as well as Council's responses to the situation during and post that period.

**RECOMMENDATION**

THAT the contents of Deputy General Manager's Report No. CS7/19 be received and noted.

## PURPOSE

The purpose of this Report is to provide Council with a complete record of the local government reform process that has been in train since 2011; to show Council's significant contribution to the reform process throughout which it has been prepared to take an industry-wide (rather than a Hornsby-specific) view to proposals included in the State Government's Destination 2036 and Fit for the Future initiatives; to detail the struggles that Council has had in convincing the Government that the decisions to transfer the area south of the M2 Motorway to the City of Parramatta Council, whilst not progressing the merger of Ku-ring-gai Council and the remainder of Hornsby Shire Council, has had an ongoing significant financial impact on Hornsby Shire Council and its residents/ratepayers; and to advise on the compensation that has so far been forthcoming from the State Government.

## BACKGROUND

Council has been a major supporter of the local government reform process commenced by the NSW Government in August 2011 and has considered a significant number of reports as it responded to requests from the Government and the views of its neighbouring councils about reform and how it affected Hornsby. Now that negotiations with the State Government to compensate Council for the unfair treatment it received through the process appear to have stalled, it is appropriate that a summary report be considered which reflects on Council's journey through a particularly difficult time in its history and the current status of the situation.

An appropriate way to reflect on Council's journey is to provide details of the relevant reports that Council has considered in the period since 2011 and the decisions that it made as a consequence of its consideration of those reports. The information is provided by referencing the report, providing a summary of its contents and detailing Council's decision in respect of each of the reports. Further detail can be obtained by viewing each individual report in the Business Paper section of Council's website.

### **Deputy General Manager's Report No. CS7/12 – Destination 2036 Action Plan - 18 July 2012 General Meeting**

- Following on from the Destination 2036 Workshop held in August 2011 when local government leaders from all 152 councils across the State met to discuss and plan for the future of local government in NSW, the Division of Local Government (DLG) released the Destination 2036 Outcomes Report. Council considered the Report in October 2011 and offered its support to the initiatives and actions included.
- In December 2011, the Destination 2036 Implementation Steering Committee (ISC) released a draft Destination 2036 Action Plan for comment and over 100 responses were received. The ISC made changes to the Plan which has subsequently been adopted by the Minister for Local Government. The changes generally related to the setting of more specific and realistic timescales and to streamline actions to simplify the Plan. There was also recognition in the Plan of the establishment by the Minister for Local Government of an Independent Local Government Review Panel who will work with the ISC as a key partner.
- The Action Plan indicates that a wide range of consultative arrangements will be established to ensure that all interested stakeholders are involved. These will include community and ratepayer forums, reference groups, focus groups and working parties and they will draw on the knowledge, skills and experience of those willing and able to contribute.
- The ISC will report quarterly on progress against actions for which it is responsible. Coordinating Agencies will be required to submit to the ISC a schedule listing the actions for

which they are responsible, together with their project plans, or a status report on their project plans if they have not been completed. The ISC will provide a report on the outcomes achieved against each action by June 2013, to inform both the Independent Local Government Review Panel and the Minister for Local Government in making and considering recommendations and next steps in arrangements for delivering the vision for local government

- Now that the Destination 2036 Action Plan has been approved by the Minister for Local Government and actions are either progressing or will progress in the near future, opportunities to participate in reference groups, focus groups, working parties, etc. of relevant actions will be monitored by ExCo to ensure that Councillors, managers and other staff are kept informed of those opportunities.

#### **Resolution**

*THAT Council note the release of the Destination 2036 Action Plan and monitor opportunities to participate in reference groups, focus groups, working parties, etc. as relevant actions are progressed.*

---

#### **Deputy General Manager's Report No. CS22/13 – Independent Local Government Review Panel – Consultation Paper – Future Directions for NSW Local Government – Twenty Essential Steps – 19 June 2013 General Meeting**

- The Independent Local Government Review Panel has released a third consultation paper titled "Future Directions for NSW Local Government – Twenty Essential Steps". The paper sets out the Panel's latest thinking as it enters the final three to four months of its work program. It builds on the "Case for Sustainable Change" document that the Panel released in November 2012. The Panel has indicated that its ideas are crystallising but are not set in concrete. A number of research projects are still under way and the Panel wants to discuss the options included in the paper with councils and communities before the release of its final report in September 2013.
- This Report provides background detail in respect of the local government reform process, known as Destination 2036, which has been progressing since 2011. It also summarises the Panel's latest consultation paper, particularly as it impacts on Council. In this regard, the main recommendation affecting Council is that Hornsby amalgamates with Ku-ring-gai Council. If this proposal is not acceptable to the State Government because of its current policy position of no forced amalgamations, the Panel recommends that the two Councils combine under a strong County Council model. Under this model, the County Council would undertake a broad range of strategic functions to support both Hornsby and Ku-ring-gai Councils.
- Although Council does not as yet have a formal position in respect of the Panel's proposals and recommendations, it did consider a Notice of Motion at the 5 May 2013 General Meeting and resolved that the General Manager write to adjoining councils in the metropolitan region and invite those councils to participate in preliminary discussions on opportunities to reform local councils consistent with the Panel's recommendations. It also resolved to commission independent research into the Hornsby Shire community's attitude and the attitude of communities in adjoining local government areas towards local government reform consistent with the Panel's recommendations. An update in respect of the actions taken on the Notice of Motion resolution is included in this Report.

- In terms of Council responding to the Panel's consultation paper, a table is provided in the Report which details a summary of the Panel's Key Proposals and Options together with a draft response to each which is based on feedback that has been received from the Councillors at informal briefings on the matter and comments from relevant managers/staff from across the organisation.

#### **Resolution**

*THAT the responses to the Independent Local Government Review Panel's Key Proposals and Options, as detailed in Deputy General Manager's Report No. CS22/13, form the basis of a Council submission to the Panel.*

---

#### **Deputy General Manager's Report No. CS37/13 – Local Government Reform – Research Undertaken on Behalf of Council – 21 August 2013 General Meeting**

- This Report provides Council with the details of two pieces of research which have been undertaken by Crosby Textor and PricewaterhouseCoopers (PWC) to assist Council in determining its position on local government reform. The research complements the papers on reform that have been issued by the Independent Local Government Review Panel.
- Crosby Textor's research provides insights into the community's view about reforms proposed by the Independent Panel and in particular council amalgamations and/or shared services; whilst the PWC research details the potential issues, benefits and disadvantages associated with Hornsby amalgamating with its neighbouring councils. As the Crosby Textor Research is understood to be the only comprehensive independent community research of this nature to be undertaken at local or State Government level, Council has offered both the Panel and the Minister for Local Government briefings on the findings to assist them in their continuing deliberations on local government reform.
- With the final report of the Independent Panel expected to be released in October 2013, and a response to the report expected from the State Government soon thereafter, Council should decide whether it simply awaits the final report before formalising its view on reform or whether it requires further information to assist. If Council wishes to continue to take a lead position on local government reform in the metropolitan region, it may be that a project of the type recently commissioned by Randwick and Warringah Councils (for a high level strategic and financial assessment of opportunities for council amalgamation in the eastern suburbs and northern beaches areas respectively) is appropriate.

#### **Resolution**

*THAT:*

1. *The research undertaken for Council by Crosby Textor and PricewaterhouseCoopers be received and noted and briefings on the Crosby Textor research continue to be offered to the Independent Local Government Review Panel and the Minister for Local Government.*
2. *Due to public interest in this matter, copies of the PricewaterhouseCoopers and Crosby Textor quantitative research be made available with other relevant information on a "Local Government Reform" section of Council's website.*
3. *Prior to formalising its position on local government reform, Council commission an independent, high level strategic and financial assessment of potential options for structural reform of local government in the northern Sydney area. Such assessment would be similar to*

*assessments already undertaken by Randwick and Warringah Councils for the eastern suburbs and northern beaches areas respectively.*

---

**Deputy General Manager's Report No. CS5/14 – Independent Local Government Review Panel – Final Report – “Revitalising Local Government” – 12 March 2014 General Meeting**

- Following its consideration of the Independent Local Government Review Panel's April 2013 paper titled “Future Directions for NSW Local Government – Twenty Essential Steps”, Council made a submission to the Panel in June 2013. It was one of many submissions that the Panel considered in developing its final report. That report was submitted to the Minister for Local Government on 16 October 2013 and subsequently released by the Minister in January 2014 for public comment, with comments due to the NSW Government by 4 April 2014.
- The Panel has made 65 recommendations which respond to 12 key themes and are grouped under the headings of Fiscal Responsibility; Strengthening the Revenue Base; Meeting Infrastructure Needs; Improvement, Productivity and Accountability; Political Leadership and Good Governance; Advancing Structural Reform; Regional Joint Organisations; Rural Councils and Community Boards; Metropolitan Sydney, Hunter and Central Coast; Non-Metropolitan Regions; Far West; and State-Local Government Relations. The main recommendation for Hornsby is to amalgamate with Ku-ring-gai Council; or that Hornsby and Ku-ring-gai combine as a strong Joint Organisation. The Panel has also recommended that Hornsby's current boundary with Parramatta and/or Ryde Councils be shifted north to the M2.
- As a means of developing a Council submission on the Panel's final report, a table is provided in this Report which summarises the Panel's 65 recommendations along with a response to each. The responses are based on feedback received from Councillors at informal briefings and/or comments from relevant managers/staff from across the organisation.
- An update is also provided about the research Council has commissioned in respect of local government reform i.e. PricewaterhouseCoopers investigation of potential mergers of Hornsby/The Hills with each other and/or with neighbouring councils; and the Crosby Textor research regarding community opinion about the local government reform process. It is noted that a further report from KPMG, which provides a high level strategic and financial assessment of potential options for structural reform of local government in the northern Sydney area, is expected to be considered by Council at its 9 April 2014 General Meeting.

**Resolution**

*THAT the responses to the Independent Local Government Review Panel's recommendations, as detailed in Deputy General Manager's Report No. CS5/14, form the basis of a submission to the NSW Government subject to the following additional comments being included in respect of Recommendation 41: "Upon consideration of the evidence-based KPMG report and subject to favourable community support, Council will again write to the Minister for Local Government seeking his urgent favourable consideration of several changes to the existing boundaries of Hornsby Shire and the local government areas of The Hills, Ku-ring-gai, Ryde and Parramatta."*

---

**Deputy General Manager's Report No. CS42/14 – Analysis of Local Government Reform Options in the Northern Sydney Area – Report Prepared by KPMG – 11 June 2014 General Meeting**

- As part of the local government reform process, Council commissioned research from PricewaterhouseCoopers (PWC) and Crosby Textor as well as responding to the final reports of the Independent Local Government Review Panel (ILGRP) and the Local Government Acts Taskforce (LGAT). KPMG has subsequently completed further work commissioned by Council about local government reform options in the northern Sydney area.
- Now that Council has the benefit of considerable research and has supported the majority of recommendations from the ILGRP and the LGAT, it is apparent that reform of the local government industry is required in one form or another. As such, it is proposed that a copy of the KPMG research be provided to the Minister for Local Government so the Government can take the research into account when developing a response to the final reports of the ILGRP and LGAT. It is also proposed that a copy of the research be forwarded to The Hills and Ku-ring-gai Councils seeking their comments on the reform options discussed in the KPMG reports.
- Once the Government responds to the recommendations of the ILGRP and the LGAT, a further report will be prepared for Council detailing the Government's approach to local government reform and comments from The Hills and Ku-ring-gai about the KPMG research.

### Resolution

#### THAT:

1. *KPMG's "Analysis of local government reform options in the Northern Sydney area" report be made available on Council's website and a copy sent to the Minister for Local Government and The Hills and Ku-ring-gai Councils.*
2. *The NSW Government be encouraged to facilitate local government reform having regard to the research undertaken for Council by KPMG, PricewaterhouseCoopers (PWC) and Crosby Textor; and the recommendations made by the Independent Local Government Review Panel (ILGRP) and the Local Government Acts Taskforce (LGAT).*
3. *The Hills and Ku-ring-gai Councils be requested to provide their comments on the reform options outlined by KPMG.*
4. *When the NSW Government releases its responses to the recommendations made by the ILGRP and the LGAT, a further report be prepared for Council's consideration incorporating any feedback received from The Hills and Ku-ring-gai Councils about the KPMG reports.*

---

### Deputy General Manager's Report No. CS42/14 – Local Government Reform – NSW Government's "Fit for the Future" Announcements – 12 November 2014 General Meeting

- In March 2014, Council made submissions to the NSW Government in respect of the local government reform recommendations of the Independent Local Government Review Panel (ILGRP) and the Local Government Acts Taskforce (LGAT). In September 2014, the Government released its responses to the ILGRP and LGAT recommendations under the banner Fit for the Future. The responses were mostly consistent with Council's submissions.
- The Government has indicated that a Fit for the Future council in NSW will be sustainable; efficient; effectively manage infrastructure and deliver services for communities; and have the scale and capacity to engage effectively across community, industry and government. By being Fit for the Future, councils will have access to a streamlined IPART process for rate

- increases; access to a TCorp borrowing facility; priority access to other State funding and grants; and be eligible for additional devolved planning powers.
- Stage 1 of the Fit for the Future process will see councils use a self-assessment tool to review their current performance against defined criteria. Based on these results, councils will progress to Stage 2 to prepare a roadmap demonstrating how they will become Fit for the Future. In Stage 3 an expert panel will review each council's roadmap. If approved, councils will move to Stage 4 and implement their roadmaps and take advantage of available benefits.
  - The Government's recommendation for Hornsby is that it voluntarily merges with Ku-ring-gai Council to form a new local government area with a population of approximately 280,000. The Councils would be eligible for funded support from the Government to investigate reform opportunities and, if a merger was approved to take place, the new local government area would be eligible for at least \$10.5 million from the Government to implement the merger.
  - It is important for Council to fully engage in the next stage of the process with the Government and with its neighbouring councils before developing a joint or single Fit for the Future roadmap submission. In this regard, Council should undertake the self-assessment exercise as well as continuing discussions with Ku-ring-gai Council (and other neighbouring councils as appropriate) to explore Fit for the Future reform opportunities.

### Resolution

#### THAT:

1. *The contents of Deputy General Manager's Report No. CS42/14, which details the NSW Government's response to the final reports of the Independent Local Government Review Panel (ILGRP) and the Local Government Acts Taskforce under the banner of "Fit for the Future", be received and noted.*
2. *Council note that to be Fit for the Future under the Government's criteria, a council firstly needs to have sufficient Scale and Capacity (broadly in line with the recommendations of the ILGRP) which the Government believes will equip the council to engage effectively across community, industry and government. A Fit for the Future council will then also need to be able to demonstrate against the Government's criteria that it is sustainable, efficient and able to effectively manage infrastructure and deliver services for its community.*
3. *As Council does not have sufficient Scale and Capacity to be Fit for the Future under the Government's requirements, a Steering Committee comprising the Mayor and Councillors Tilbury, Singh and Hutchence be established to undertake discussions with our neighbouring councils regarding the possibility of merging with one or a number of those councils to create a new entity which meets the Scale and Capacity requirements of the Government.*
4. *In respect of the Government's Fit for the Future criteria for sustainability, efficiency and effectively managing infrastructure and services, it be noted that Hornsby Shire Council currently meets the Government's requirements to be Fit for the Future in respect of:*
  - *Operating Performance Ratio*
  - *Own Source Revenue Ratio*
  - *Infrastructure Backlog Ratio*
  - *Debt Service Ratio*
  - *Real Operating Expenditure per capita*



*But does not currently meet the requirements to be Fit for the Future in respect of:*

- *Building and Infrastructure Asset Renewal Ratio*
  - *Asset Maintenance Ratio*
5. *The General Manager advise the Fit for the Future Regional Relationship Manager/s appointed by the Office of Local Government for northern Sydney councils of Council's resolution and seek their support in providing access to skilled facilitator/s and technical experts who will be able to assist the discussions with our neighbouring councils.*
  6. *The General Manager and members of Council's Steering Committee provide regular briefings to all Councillors in respect of the progress of discussions with our neighbouring councils.*
  7. *A further report be prepared for Council's consideration in early 2015 which details how Council should progress the development of its Fit for the Future roadmap.*

---

**Deputy General Manager's Report No. CS13/15 – Local Government Reform – Fit for the Future (FFTF) – The Process Since 2011 and Council's Submission to IPART – 10 June 2015 General Meeting**

- This Report provides details of the Destination 2036 local government reform exercise commenced by the State Government in 2011; the independent research commissioned by Council to assist in deliberations about reform; the research and findings of the Independent Panel in 2012 and 2013; the Government's response in 2014 to the Panel's findings in its FFTF package; and subsequent discussions Hornsby has had with its neighbouring councils about having an independent merger business case prepared which could be used by the councils to objectively and reasonably consider amalgamation options and issues.
- As no neighbouring council has indicated a willingness to partner with Hornsby to have a merger business case prepared, Council now has no choice but to complete a "Council Improvement Proposal" and submit such to IPART for formal assessment. Although Hornsby will be found by IPART to be "not fit" under the scale and capacity requirements of FFTF (as it is not merging in line with the recommendations of the Panel), the Proposal shows that Council has been a role model through the reform process and will meet all the financial sustainability, infrastructure and services and efficiency requirements of FFTF by 2018/19.

**Resolution**

*THAT Council:*

1. *Advise IPART that it has proactively entered into discussions and undertaken research since 2011 which shows that Hornsby Shire would benefit from local government reform.*
2. *Advise IPART that it has discussed with its neighbouring councils the opportunity to commission the preparation of an independent merger business case which would incorporate joint community consultation and be used objectively and reasonably by the councils to consider amalgamation options and issues.*
3. *Advise IPART that as no neighbouring council has indicated a willingness to partner with Hornsby to commission a merger business case, Council is aware that it will be deemed "not fit" under the scale and capacity criteria of Fit for the Future (FFTF) but now has no choice but to complete a Council Improvement Proposal for IPART's assessment.*

4. *Endorse the Council Improvement Proposal incorporated in Deputy General Manager's Report No. CS13/15 for submission to IPART, noting that Council will meet all the financial sustainability, infrastructure and services and efficiency criteria under FFTF by 2018/19.*
5. *Encourage the State Government to remain committed to working with the industry to achieve local government reform in line with the FFTF package.*
6. *Write to the Minister for Local Government and IPART requesting that if the State Government decides to pursue a merger option for Hornsby with Ku-ring-gai (or another council/s) because Hornsby has been deemed "not fit" for the future by IPART, that the Government take the opportunity to also consider the following changes to Hornsby's existing boundaries as part of the process:*
  - a) *That part of the suburb of Carlingford, east of Marsden Road, currently with the Parramatta City Local Government Area (LGA), be transferred to the Hornsby Shire LGA*
  - b) *That part of the suburb of Eastwood currently within the Parramatta City LGA be transferred to the Hornsby Shire LGA*
  - c) *That part of the suburb of Epping currently within the Parramatta City LGA be transferred to the Hornsby Shire LGA*
  - d) *That part of the suburb of Eastwood currently within the City of Ryde LGA be transferred to the Hornsby Shire LGA*
  - e) *The suburb of Marsfield, currently within the City of Ryde LGA, be transferred to the Hornsby Shire LGA*
  - f) *The suburb of Macquarie Park, currently within the City of Ryde LGA, be transferred to the Hornsby Shire LGA*
7. *Make a submission to the NSW Legislative Council's General Purpose Standing Committee No. 6 – Inquiry into local government in New South Wales in terms consistent with the contents of Deputy General Manager's Report No. CS13/15 and Council's resolution.*
8. *Write to the Chair of the NSW Legislative Council's General Purpose Standing Committee No. 6 – Inquiry into local government reform in New South Wales requesting that the Mayor appear as a witness before the Inquiry on behalf of Hornsby Shire Council.*

---

**General Manager's Report No. GM3/15 – Local Government Reform – Fit for the Future Update  
– 11 November 2015 General Meeting**

- In June 2015, Council made a submission to the Independent Pricing and Regulatory Tribunal (IPART) under the NSW Government's Fit for the Future (FFTF) requirements. As expected, Hornsby was found by IPART to be "not fit" under the scale and capacity requirements of FFTF although it was recognised that Council was well placed in meeting all the financial sustainability, infrastructure and services and efficiency requirements of FFTF.
- As a council assessed as "not fit", Hornsby now has the opportunity to comment on the IPART assessment as well as indicating to the Government by 18 November 2015 our preference/s for merger partner/s. From briefings provided by the Government since the release of the IPART report it is understood that whole council mergers are favoured at this stage, although preferences involving boundary adjustments will also be given consideration.

- In line with Council's position on FFTF emanating from the June 2015 General Meeting, it is proposed that two merger option preferences be submitted to the Government for consideration. The first is for a merger of the whole of the existing Hornsby and Ku-ring-gai Councils together with changes to Hornsby's existing boundaries at Carlingford, Eastwood, Epping, Marsfield and Macquarie Park; and the second is a merger of the whole of Hornsby and Ku-ring-gai Councils with no other boundary adjustments.

### Resolution

*THAT in the apparent absence of any interest from our neighbouring councils to investigate a voluntary merger with Hornsby, and in line with its adopted position from the 10 June 2015 General Meeting, Council provide the following responses (shown in italics) to the Department of Premier and Cabinet in respect of the NSW Government's release of the Independent Pricing and Regulatory Tribunal's (IPART) report titled Assessment of Council Fit for the Future Proposals:*

- *In respect of IPART's assessment of Council's submission*
  - *IPART's assessment of Council's submission was in line with Council's expectations and understanding of the process.*
- *In respect of preference/s for merger partner/s*
  - *Preference 1 – A merger of the whole of Hornsby and Ku-ring-gai Councils together with changes to Hornsby's existing boundaries at Carlingford, Eastwood, Epping, Marsfield and Macquarie Park as proposed in Council's letter to the Minister for Local Government dated 30 June 2015.*
  - *Preference 2 – A merger of the whole of Hornsby and Ku-ring-gai Councils.*

---

### General Manager's Report No. GM2/16 – Local Government Reform – Fit for the Future Update – 10 February 2016 General Meeting

- In November 2015, Council resolved that its first preference for a merger with its neighbouring councils was the whole of Hornsby and Ku-ring-gai Councils together with changes to Hornsby's boundaries at Carlingford, Eastwood, Epping, Marsfield and Macquarie Park; and its second preference was for a merger of the whole of Hornsby and Ku-ring-gai Councils.
- In December 2015, the Government announced 35 merger proposals across the State including that the Hornsby Shire Council area, north of where the M2 Motorway crosses the Shire, be merged with Ku-ring-gai Council (the Hornsby/Ku-ring-gai proposal) and the area south of the M2 Motorway become part of Parramatta Council (the expanded Parramatta proposal).
- The proposals are now subject to review by delegates who are required to hold public inquiries (in the first week of February 2016) and consider written submissions (due by 28 February 2016) before providing a report to the Minister for Local Government. The Minister will consider the delegate report, and any comments on such from the Boundaries Commission, before deciding on whether to progress the proposals.
- This Report provides a staff assessment of the proposals affecting Hornsby and in particular, the impact on a merged Hornsby/Ku-ring-gai council of the excision of the area south of the M2 Motorway. The preliminary assessment indicates that the excision of the subject area would see the merged Hornsby/Ku-ring-gai council \$6.4 million per annum worse off (in years

1-3) or \$5.0 million per annum worse off (from year 4 onwards) than if the two whole councils were merged. Such an impact would negate the projected savings in the Government's Hornsby/Ku-ring-gai merger proposal as well as the funding that has been promised by the Government to assist with the merger costs of the councils.

- It is recommended that Council's submission on the Government's proposals be based on the information contained in this Report and state Council's continued support for mergers as part of the Government's local government reform process. The submission should argue for a merger of Hornsby and Ku-ring-gai Councils to proceed, but without the excision to Parramatta Council of the area south of the M2 Motorway.

### Resolution

#### THAT:

1. *The Acting General Manager be authorised to finalise a submission to the delegates appointed to consider the Hornsby/Ku-ring-gai and expanded Parramatta merger proposals in line with the information contained in General Manager's Report No. GM2/16.*
2. *Council's submission to the delegate for the Hornsby/Ku-ring-gai merger proposal also address some of the misconceptions promoted by speakers at the Public Inquiry held on 3 February 2016 by clarifying that:*
  - a) *There would be no financial disadvantage to Ku-ring-gai Council's ratepayers in a Hornsby/Ku-ring-gai merger because Hornsby Council's current financial position is at least comparable to that of Ku-ring-gai Council*
  - b) *Hornsby Council has appropriate plans in place and sufficient funding identified to deal with the management of the Hornsby Quarry into the future*
  - c) *A merger of Hornsby and Ku-ring-gai Councils would not cause an increased intensity and level of housing development in the current Ku-ring-gai Council area*
  - d) *Sufficient expertise would be available in a merged Hornsby/Ku-ring-gai Council to deal with developments which are proposed in areas of heritage and environmental significance in the current Ku-ring-gai Council area.*

---

### Deputy General Manager's Report No. CS24/16 – InterCouncil Transitional Services Agreement – Hornsby Shire Council and City of Parramatta Council – 10 August 2016 General Meeting

- The boundary adjustment announced by the Minister for Local Government on 12 May 2016 resulted in parts of the Hornsby Shire south of the M2 Motorway being transferred to the newly proclaimed City of Parramatta Council.
- Properties affected by this change in most instances will continue to have services provided by Hornsby Shire Council on behalf of the City of Parramatta Council. This arrangement will continue until services are able to be fully transferred to the City of Parramatta Council.
- This transitional period where Hornsby Shire Council continues to provide services on behalf of the City of Parramatta Council has been determined based on discussions between managers at each council and the establishment of key documents that will formalise service expectations during the transitional phase.

- The City of Parramatta Council has already adopted a resolution that enables their Interim General Manager and Administrator to finalise the InterCouncil Transitional Services Agreement (ITSA) with Hornsby Shire Council in line with the existing draft document (but incorporating further amendments as negotiated).
- To progress and finalise the ITSA, it is recommended that a similar delegation be provided to Hornsby Shire Council's Mayor and General Manager.

#### Resolution

##### THAT:

1. *The contents of Deputy General Manager's Report No. CS24/16 dealing with the finalisation of an InterCouncil Transitional Services Agreement (ITSA) between Hornsby Shire Council and the City of Parramatta Council be noted.*
2. *The Mayor and Acting General Manager be delegated authority to execute the ITSA as soon as current negotiations on the document are finalised.*

---

#### Mayoral Minute No. MM2/17 – Local Government Reform – Fit for the Future Process – 8 February 2017 General Meeting

- In recent times there has been conjecture as to whether the NSW State Government will abandon the amalgamation of local governments.
- It is appropriate at this point to reaffirm Hornsby Shire Council's overwhelming support of the reform process, having commissioned a number of independent studies that outline the significant benefits of the proposed merger with Ku-ring-gai Council. It has always been my conviction to seek the best outcome for ratepayers and I am convinced that significant savings can be made for the betterment of both communities in an amalgamation. The duplication of services is wasting a vast amount of money – money that could be put to far better use serving our communities.
- I would also like to remind all parties that Hornsby Shire Council was always opposed to the loss of Epping to Parramatta. We argued against the loss of suburbs south of the M2, which had always been part of our Shire, and we were very disappointed by the NSW Government's decision. However, we accepted that decision because the bigger picture led to larger councils and significant savings for ratepayers that would significantly more than offset the financial loss associated with the excision of the area south of the M2.
- I am hopeful that the merger with Ku-ring-gai will go ahead, but if this were not to occur the suburbs south of the M2 should be returned to Hornsby Shire where they belonged prior to the NSW Government's boundary adjustment with the City of Parramatta Council.
- If we were to stand alone without the return of the area south of the M2 then it would be difficult for Hornsby Council to be financially sustainable over the longer term and would be an unfair impost on the Hornsby community. There would be a significant decline in Hornsby Council's financial situation that was rated in 2014 by NSW Treasury Corporation as being financially sound and the ability of the Council to retain one of the lowest infrastructure backlogs in the State.
- Prior to the boundary adjustment, Council's 10 year long term financial plan required no external loan borrowing and/or special rate variations to meet major capital projects, maintain

ageing infrastructure and continue providing services at current levels. This position would require urgent review if an amalgamation does not proceed and the area south of the M2 is not returned to Hornsby Shire Council.

### Resolution

*THAT:*

1. *Council reaffirm its support for the amalgamation process and the merger of Ku-ring-gai and Hornsby Shire Councils.*
2. *Council write to the NSW Premier, The Hon Gladys Berejiklian MP; the Minister for Local Government, The Hon Gabrielle Upton MP; and Local Members of Parliament reaffirming Council's strong support for the merger process.*
3. *In the event the merger process is abandoned Council seek the support of the NSW Premier, the Minister for Local Government and Local Members of Parliament for the reinstatement of the area south of the M2 into Hornsby Shire.*

---

### Mayoral Minute No. MM6/17 – Local Government Reform – 10 May 2017 General Meeting

- On 27 March 2017, the NSW Supreme Court of Appeal upheld Ku-ring-gai Council's appeal against the proposed amalgamation with Hornsby Shire Council on the grounds that the former Minister for Local Government's decision to proceed with the amalgamation was fundamentally flawed. Part of that decision rested on the finding that the delegate responsible for reporting on the proposed amalgamation did not assess the merits or otherwise of the boundary change which shifted the part of the Hornsby Shire south of the M2 Motorway to the new City of Parramatta Council.
- Although the NSW Government has chosen not to appeal the decision, it has indicated that it is still committed to a merger of Hornsby and Ku-ring-gai Councils. It is understood that this would require the development of a new proposal by the Government which would then need to be assessed according to the requirements of the Local Government Act. At this stage, no new proposal has been made by the Government.
- In the absence of any new proposal for amalgamation, and in the knowledge of how long it has taken for previous proposals to be made, assessed and potentially challenged through the Courts, Council needs to seriously consider the consequences of it having to stand alone without the area south of the M2 Motorway. Although Council believes it is appropriate to make a case for regaining the area south of the M2 Motorway from the City of Parramatta, it cannot be assumed that this would occur. As such, it is prudent for Council to review its services and finances to ensure Hornsby Council is in a position to address the needs of its residents in a financially sustainable manner.
- To commence this process, I believe it is appropriate for Council to request that an update of its Long Term Financial Plan be presented for consideration at the 8 June 2017 General Meeting. Such update should assume no amalgamation with Ku-ring-gai Council and also assume that Hornsby Council's current area will remain in place (i.e. without the area south of the M2 Motorway).

### Resolution

*THAT:*

1. *The Chief Financial Officer provides an update on Council's Long Term Financial Plan at the 8 June 2017 General Meeting. Such update should assume that Council's current area (i.e. without the area south of the M2 Motorway) will be maintained in the immediate future.*
2. *Council write to the NSW Premier and Minister for Local Government requesting that if an amalgamation with Ku-ring-gai Council is not to be progressed, that the NSW Government:*
  - a) *Reinstate the area south of the M2 Motorway to Hornsby Shire Council, or alternatively*
  - b) *Provide compensation to the residents of Hornsby while this Council adjusts to the scale of a smaller council.*

---

**Deputy General Manager's Report No. CS18/17 – Update of Council's Long Term Financial Plan – 14 June 2017 General Meeting**

- At the 10 May 2017 General Meeting, Council requested the Chief Financial Officer to provide it with an update of Council's Long Term Financial Plan (LTFP) which reflects the loss of the area south of the M2 Motorway to the City of Parramatta Council.
- As part of the process, a range of primary financial statements have been prepared along with key financial performance indicators (KPI's) covering the next 10 years. The primary financial statements and KPI's indicate that Council will achieve acceptable levels against industry benchmarks during the LTFP period.
- The LTFP update shows that there has been a significant decline in Council's Income Statement Result (before Capital Items and Profit from Asset Sales) which is a key measure of financial liquidity.
- Historically, Council's surplus Income Statement Results have been \$14.638 million (in 2015/16), \$14.770 million (in 2014/15) and \$6.668 million (in 2013/14). The updated LTFP shows that for the next 10 years, the Result will decline to an average of around \$1.441 million per annum.
- Based on the update, Council will need to critically review the scope of many major projects that have previously been identified including at the Hornsby Quarry and the former Westleigh Water Board site.
- It will be important for future budgets to restrict current service levels and recognise that there may be the need to 'dip' into restricted funds if there are cost over-runs or infrastructure failures.

**Resolution**

*THAT:*

1. *The Update of Council's Long Term Financial Plan for the period 2017/18 to 2026/27 as attached to Deputy General Manager's Report No. CS18/17 be received and noted.*
2. *The Restricted Asset Account – Parks Development Policy; the Restricted Asset Account – Land Acquisition Policy; and the Land Property Sales – Use of Funds Policy be deleted as those Policies are now redundant as they are taken account of through the Long Term Financial Plan process.*

3. *Council seek advice from the Minister for Local Government about whether Hornsby and Ku-ring-gai Councils are still considered to be in a proposal period in terms of Section 354 of the Local Government Act.*
4. *The Acting General Manager be authorised to seek legal advice about the possibility of legal proceedings to return the land area south of the M2 Motorway (which was transferred from Hornsby Shire Council to the City of Parramatta Council on 12 May 2016) to Hornsby Shire Council; and/or secure compensation to Hornsby Shire Council for the adverse financial impacts that have resulted from the 12 May 2016 loss of the area south of the M2 Motorway to the City of Parramatta Council.*
5. *The Acting General Manager be authorised to commence the preparation of a proposal under Section 218E of the Local Government Act which proposes that the land area south of the M2 Motorway (which was transferred from Hornsby Shire Council to the City of Parramatta Council on 12 May 2016) be returned to Hornsby Shire Council.*
6. *In the event the area south of the M2 Motorway is not returned to Hornsby Shire Council:*
  - a) *The Chief Financial Officer prepares a report for Council's consideration at the 8 November 2017 General Meeting which investigates opportunities for cost savings to improve Council's financial bottom line.*
  - b) *The Acting General Manager prepare a report for Council's consideration at the 8 November 2017 General Meeting which identifies a high level approach (including consultation with Council staff) to improve the efficiency and productivity of services provided by Council as well as opportunities, other than raising rates or fees and charges, for increasing Council's income.*
7. *The Long Term Financial Plan include a range of initiatives to fund street plantings on public lands in response to the loss of the tree canopy due to changes in lot size and demography in response to successive State Government policy positions.*

---

**Deputy General Manager's Report No. CS23/17 – Hornsby Shire Council and City of Parramatta Council (Part) – Response to 14 June 2017 Council Resolution – 12 July 2017 General Meeting**

- In line with Council's 10 May 2017 resolution, the Mayor wrote to the Premier and Minister for Local Government requesting the Government to reinstate the area south of the M2 Motorway to Hornsby Shire Council, or alternatively, to provide compensation to Council while it adjusts to a smaller scale operation. No response has yet been received from the Premier or Minister.
- Following consideration at the 14 June 2017 General Meeting of a report about an update to its Long Term Financial Plan, Council authorised the Acting General Manager to commence the preparation of a proposal for submission to the Minister under Section 218E of the Local Government Act to return the land area south of the M2 Motorway to Hornsby Shire Council.
- The information contained in this Report takes account of the statutory requirements relating to proposals; Council's support for the NSW Government's Fit for the Future process; the success of Ku-ring-gai Council in the NSW Supreme Court of Appeal challenging the Hornsby/Ku-ring-gai Council merger; the state of uncertainty that Council has been placed in while the Government considers its next moves on local government reform; the severe recurrent financial impact that the loss of the area south of the M2 Motorway has had on



Council; and questions why the Government acted on the transfer of the area south of the M2 Motorway prior to a final decision being made on the proposed Hornsby/Ku-ring-gai merger.

- In drafting Council's new proposal, it has become clear that no independent assessment of a standalone proposal recommending the transfer of the former Hornsby Shire Council area south of the M2 Motorway to the City Of Parramatta Council would have been supported. Yet that is what has practically occurred to Hornsby Shire Council. In the absence of the NSW Government progressing its local government reform program, it is considered appropriate for the area south of the M2 Motorway to be returned to Hornsby Shire Council. This would not only improve Council's long term financial sustainability but would also allow Council to finance the numerous public improvements that it had planned for the Epping area.
- The information recommended for inclusion in Council's proposal is detailed under appropriate headings in the Discussion section of this Report. The intent is that this information be used to finalise the proposal for submission to the Minister.

### Resolution

#### THAT:

1. *The Acting General Manager be delegated authority to finalise a proposal under Section 218E of the Local Government Act in line with the information contained in Deputy General Manager's Report No. CS23/17 and to submit such a proposal to the Minister for Local Government.*
2. *The Acting General Manager be delegated authority to prepare and submit an additional proposal under Section 218E of the Local Government Act for the transfer of the current City of Parramatta Council area bounded by the M2 Motorway, Midson Road, Terry Road, Epping Avenue, Wingate Avenue, Ball Avenue, Blaxland Road and Terrys Creek to Hornsby Shire Council.*
3. *Council write to the Minister for Local Government and the State Members for Hornsby and Epping seeking a meeting to discuss the financial impact of the stalled amalgamation process on Hornsby Shire to date.*

---

### Deputy General Manager's Report No. CS38/17 – Alteration of Boundaries Proposals - Hornsby Shire Council and City of Parramatta Council – 11 October 2017 General Meeting

- At the 12 July 2017 General Meeting, Council authorised the Acting General Manager to submit two Alteration of Boundaries' Proposals to the Minister for Local Government.
- The first Proposal sought to have the previous Hornsby Shire Council area south of the M2 Motorway, which was transferred to the City of Parramatta Council by a proclamation of the NSW Governor on 12 May 2016, returned to Hornsby Shire Council.
- The second Proposal sought to transfer the current City of Parramatta Council area bounded by the M2 Motorway, Midson Road, Terry Road, Epping Avenue, Wingate Avenue, Ball Avenue, Blaxland Road and Terrys Creek to Hornsby Shire Council.
- On 22 September 2017, the Acting General Manager was advised by the Acting Chief Executive of the Office of Local Government (OLG) that the Proposals submitted by Council may not be valid.

- The Acting General Manager and the Deputy General Manager, Corporate Support has held discussions with staff of the OLG in an attempt to determine what the OLG believed was necessary to validate Council's Proposals.
- Based on those discussions, it appears that the simplest and most timely method is for Council to pass a resolution to resubmit one or both of the attached Proposal/s to the Minister.
- That course of action is recommended.

### Resolution

*THAT:*

1. *Council, under section 218E of the Local Government Act, submit to the Minister for Local Government the Alteration of Boundaries Proposal (dated 14 July 2017) included as Attachment 2 to Deputy General Manager's Report No. CS38/17.*
2. *The Acting General Manager be authorised to seek legal advice in respect of:*
  - a) *Defending any action that the City of Parramatta Council may bring against Hornsby Shire Council in respect of the transfer of rates and other income, information and records associated with Hornsby Shire Council's loss of the land south of the M2 Motorway to the City of Parramatta Council in May 2016.*
  - b) *Options for joining the NSW Government to any action brought by the City of Parramatta Council against Hornsby Shire Council, particularly in light of public statements made by representatives of the NSW State Government that Hornsby Shire Council and its residents will not be worse off financially as a consequence of the loss of the area south of the M2 Motorway to the City of Parramatta Council.*
3. *An informal briefing of Councillors be organised to discuss means to inform Hornsby Shire Council residents of the implications of the loss of the area south of the M2 Motorway to the City of Parramatta Council in terms of provision of services across Hornsby Shire.*

---

### Mayoral Minute No. MM17/17 – Alteration of Boundaries Proposal Update – 8 November 2017 General Meeting

- At its 11 October 2017 General Meeting Council resolved to submit an alteration of boundaries proposal to the Minister for Local Government seeking to have the previous Hornsby Shire Council area south of the M2 Motorway returned.
- Council resolved such as it considered that an alteration of boundaries proposal was the best way to give effect to the NSW Government's commitment that Hornsby Shire Council and its ratepayers would not be financially worse off as a result of the Government's decision to abandon its amalgamation program.
- The alteration of boundaries proposal was subsequently submitted to the Minister for Local Government on 13 October 2017. To date Council has not received any response or acknowledgement of its proposal from the Minister or the Office of Local Government.
- Councillors will be aware that the boundaries proposal is of vital importance to the future of the Hornsby Shire and I believe that our community needs to have an understanding of the timeframe and process for the Minister to consider and determine our proposal.

### Resolution

*THAT:*

1. Council seek an urgent meeting with the Minister for Local Government to discuss the timeframe and process for the Minister to consider and determine Council's Alteration of Boundaries Proposal.
2. Council seek an urgent meeting with the State Member for Hornsby, the State Member for Epping, the Federal Member for Berowra as well as the Federal Member for Bennelong to develop a proposal for the provision of capital works projects and a strategy for the redevelopment of the Epping Town Centre which would remove expressed obstacles and allow the NSW Government to return the area south of the M2 Motorway back to Hornsby Shire Council.
3. The proposal in point 2. is to seek agreement from the various parties to:
  - a) A list of public benefit projects in the former Hornsby Local Government Area south of the M2 Motorway to support an agreed population increase.
  - b) An expenditure and financing strategy for the delivery of the projects identified in point 3 a)
  - c) An appropriate service level provision for the projects listed in point 3 a)
  - d) A desirable outcome and zoning strategy for the redevelopment of the Epping Town Centre, including the quantum and location of commercial activities to support the redevelopment of the Parramatta Central Business District and/or the development of the Epping Town Centre as a Strategic Centre.

---

**Confidential General Manager's Report No. GM3/17 – Legal Proceedings Update – 22 November 2017 Extraordinary Meeting**

- In November 2017, the City of Parramatta Council filed a summons in the Supreme Court seeking orders that rates, annual fees, development contribution and other charges collected by Hornsby Shire Council from within its former area south of the M2 Motorway be paid to the City of Parramatta Council; and that Hornsby Shire Council deliver to the City of Parramatta Council records and information relating to the rates, annual fees, development contributions and other charges in respect of its former area.
- This Confidential Report provided legal advice in respect of the Court case.

**Resolution***THAT:*

1. The contents of Confidential General Manager's Report No. GM3/17 and Confidential Late Items Memo No. LM9/17 be received and noted.
2. Council note that the City of Parramatta Council has commenced legal action against Hornsby Shire Council in respect of monies and information associated with the former Hornsby Shire Council area south of the M2 Motorway.
3. The Acting General Manager be authorised to defend the legal action brought against Hornsby Shire Council by the City of Parramatta Council.

4. *It be noted that Council has attempted to, and remains open to, negotiate with the City of Parramatta Council in respect of monies and information associated with the former Hornsby Shire Council area south of the M2 Motorway.*

---

**Confidential General Manager's Report No. GM4/17 – Legal Proceedings Update – 29 November 2017 Extraordinary Meeting**

- This Confidential Report provided an update and legal advice in respect of the Supreme Court case.

**Resolution**

*THAT:*

1. *The contents of Confidential General Manager's Report No. GM4/17 and Confidential Late Item Memo LM11/17 be received and noted.*
2. *The Acting General Manager be authorised to progress actions generally in line with the contents of Confidential General Manager's Report No. GM4/17 and advice provided by Council's legal team.*

---

**Confidential Mayoral Minute No. MM10/18 – Compensation for Loss of the Area South of the M2 Motorway to Parramatta Council – 13 June 2018 General Meeting**

- This Confidential Mayoral Minute provided an update to Council in respect of the Mayor's discussions regarding compensation in respect of the loss of the area south of the M2 Motorway.

**Resolution**

*THAT Council continue discussions with the NSW State Government as outlined in points 1 - 4 contained in Confidential Mayoral Minute MM10/18.*

---

**Confidential Deputy General Manager's Report No. CS53/18 – Legal Proceedings Update – 14 November 2018 General Meeting**

- This Confidential Report provided Council with the opportunity to settle the Supreme Court case with the City of Parramatta under a number of negotiated terms.
- The terms of settlement, including the amount to be paid by Hornsby Shire Council to the City of Parramatta Council, would be the subject of a confidential deed.

**Resolution**

*THAT the General Manager be delegated authority to settle the legal proceedings in accordance with the terms outlined in Confidential Deputy General Manager's Report No. CS53/18.*

---

N.B. Following the above resolution, Hornsby Shire and the City of Parramatta Councils issued the following joint media statement:

- *City of Parramatta and Hornsby Shire Council have settled an ongoing legal matter regarding remaining rates and levies from Epping residents and businesses and outstanding Section 94 contributions, which arose after new Local Government boundaries, were put into place in May 2016.*
- *In addition to finalising financial arrangements, the Councils have agreed to maintain the current boundaries as established by the NSW State Government in May 2016.*
- *Both councils are now looking forward to collaborating and working constructively with each other to achieve positive outcomes for all residents in the region.*

---

## DISCUSSION

The NSW Government's decision on 12 May 2016 to expand the area of the City of Parramatta Council (CoPC) by reducing the area of the Hornsby Shire Council (HSC), prior to any final decision being made on the merger of HSC and Ku-ring-gai Councils, has had a deleterious ongoing impact on HSC's future financial situation in the order of a net \$10 million per annum.

This impact has been the subject of many Council discussions with the State Government since 2016 and has involved the Premier, Minister for Local Government, Treasurer and local Members of Parliament. As a consequence of the discussions, the Government publicly committed to HSC not being worse off as a result of the Government's 2016 decision to transfer the former HSC area south of the M2 Motorway to the CoPC; and the Government's 2017 decision not to progress the amalgamation of Ku-ring-gai Council with the remainder of HSC.

HSC has argued consistently that the only way to properly ensure that it is not financially worse off as a result of the Government's decisions is to return the area south of the M2 Motorway to HSC. That possibility was, however, ruled out by the Government some time ago on the basis that the Government would work with HSC to determine an amount of compensation that would be payable to ensure HSC and its residents/ratepayers were not worse off.

In 2017, TCorp reviewed HSC's Long Term Financial Plan, which had been prepared after HSC lost the area south of the M2 Motorway to the CoPC. TCorp's assessment confirmed HSC's view that the net financial loss to HSC over the 10 year period from 2016 to 2026 was \$160 million. HSC provided the Government with a copy of TCorp's analysis, noting that it did not include further HSC losses of Section 94 contributions and property assets. If these items were included in the analysis, the figure would inflate to over \$200 million for the 10 year period.

In June 2018, the Government paid HSC \$90 million as an initial down payment of compensation towards its ongoing financial losses, to be used for the Hornsby Quarry and Westleigh Park projects. In order to determine a further figure that would reasonably compensate HSC for its annual net losses into the future, NSW Treasury asked HSC to arrange for an independent financial analysis of its situation to be prepared by a reputable organisation.

HSC engaged BIS Oxford Economics to undertake the analysis. BIS used HSC's actual financial data prior to and after the loss of the area south of the M2 Motorway, as well as TCorp's analysis referred to above, to calculate a figure using a NSW Treasury Economic Appraisal Approach which Treasury promotes for such exercises. This included a 30 year timeframe from 2016 and a discount rate of 7% to achieve a Net Present Value figure.

The analysis showed that a total payment of \$258 million was required to be paid to HSC to compensate it for the financial losses it will incur over the next 30 years. That figure comprises \$163 million for the difference in operating income before and after the loss of the area south of the M2 Motorway; a \$70 million negative impact on interest that would have been achieved on higher operating surpluses; and \$25 million of foregone Section 94 development contributions. As HSC has already received \$90 million from the Government in June 2018, a further payment of \$168 million to HSC would be required to ensure full compensation for the loss of the area south of the M2 Motorway.

A number of questions raised by NSW Treasury on 14 August 2018 about BIS's analysis were answered by HSC on 4 September 2018. After a meeting on 16 September 2018 involving Treasury officials and HSC, NSW Treasury raised some further questions about the BIS analysis which were answered by HSC on 25 September 2018. In the absence of any further comments or questions having been raised by NSW Treasury since 25 September 2018, HSC assumed that NSW Treasury had all the information it required to finalise its review of the BIS analysis.

In calculating the remaining compensation payable to HSC, NSW Treasury was asked by HSC to give consideration to the impact of diseconomies of scale i.e. where HSC's fixed costs are now spread over a lower revenue base, even though increasing opportunities for realising economies of scale was a key objective for amalgamating councils under the 'Fit for the Future' program. In this context, the NSW Government's whole premise on local government reform was to create larger, more efficient councils. As a consequence of the Government's decision to transfer the former HSC area south of the M2 Motorway, but not proceed with the amalgamation of HSC and Ku-ring-gai Councils, the opposite has been imposed on a smaller HSC.

HSC has pointed out that NSW Treasury's initial assessment of BIS's analysis has focused on an equivalence argument i.e. the loss of net recurrent revenue will be offset by expenditure reductions and the loss of future investment income associated with lands south of the M2 Motorway is a straight transfer of the benefits that would have flowed to the residents of this area from HSC ownership to the CoPC ownership. The equivalence argument ignores the fact that areas south of the M2 Motorway (e.g. Epping) are mature suburbs that have had extensive capital investment from HSC to develop a range of facilities over many years and a large amount of the funding investment has been drawn from funds derived from residents north of the M2 Motorway.

Council also pointed out that NSW Treasury needed to consider that in the years preceding the boundary adjustment, HSC had embarked on a range of financial reforms. This transformed HSC's operating performance before capital items (audited) into one of the strongest across all NSW councils. This was achieved through efficiencies that no longer exist under a post boundary adjustment situation.

Although the Government has publicly committed to providing HSC with further compensation to offset its \$10 million per annum loss, and despite various promises that the compensation would be forthcoming prior to the March 2019 State election, nothing has since been formally committed to by the Government.

As this is the last Council meeting prior to the NSW State election, it was important for this Report to be placed on the public record so that the Hornsby community are fully aware of the consequences to Council and its residents/ratepayers of the failed local government reform process (as it applies to Hornsby Shire Council) as well as Council's responses to the situation during and post that reform period.

## CONSULTATION

In the period since 2011, Council has consulted extensively with its neighbouring councils and with various members of the State Government and its bureaucrats. This has included specific meetings between the previous and current Mayors with the Premier, Treasurer and local MP's to discuss Council's plight.

## BUDGET

The financial impact on Council as a result of the failed amalgamation process over the past few years is covered in the Discussion Section of this Report. BIS Oxford Economics have confirmed that for Council to be fully compensated for the loss of the area south of the M2 Motorway, a further \$168 million should be paid by the State Government to Council. Whilst Council remains financially viable in the short term, the loss of a net \$10 million per annum will continue to result in a loss of service and facility opportunities that would otherwise have been able to be achieved for the Hornsby community.

## POLICY

Council has been a supporter of the local government reform process since 2011 and has sought to seek the best outcome for all of its residents and ratepayers. Council has, however, always been opposed to the loss of the area south of the M2 Motorway to the City of Parramatta Council and argued this consistently with the State Government.

## CONCLUSION

Through its consideration of reports in June and July of 2017, and following the NSW Government's abandonment of its proposal to merge Hornsby Shire and Ku-ring-gai Councils, Council has been steadfast in its position that the Government needs to ensure that the residents and ratepayers of Hornsby Shire Council should not be worse off as a result of the Government's decision to move on the expansion of the City of Parramatta (and the contraction of Hornsby Shire) prior to finalising a decision on the merger of Hornsby and Ku-ring-gai Councils.

Although the Government is on the record as having publicly committed to providing Council with further compensation above and beyond the \$90 million so far provided to assist with funding the Hornsby Quarry and Westleigh Park, and despite various promises that compensation for Council's net \$10 million per annum loss would be forthcoming, nothing formal has since been provided or committed to by the Government.

## RESPONSIBLE OFFICER

The officers responsible for the preparation of this Report are the Acting Deputy General Manager, Corporate Support – Mr Glen Magus and the General Manager – Mr Steven Head - who can be contacted on 9847-6635 and 9847-6604 respectively.

GLEN MAGUS  
Acting Deputy General Manager -  
Corporate Support  
Corporate Support Division

STEVEN HEAD  
General Manager  
Office of the General Manager

**Attachments:**

There are no attachments for this report.

File Reference: F2014/00494

Document Number: D07575548

**ITEM 3**



**4 OUTSTANDING COUNCIL RESOLUTIONS - PERIOD UNTIL 30 NOVEMBER 2018**

---

**EXECUTIVE SUMMARY**

- Clause 32A of the Code of Meeting Practice deals with the implementation of Council resolutions.
- The Clause requires that a quarterly report be prepared for Council's consideration detailing resolutions which have not been substantially implemented within two months of being adopted as well as any impediments to their finalisation.
- In accordance with the Code, each Division has carried out a review of any resolutions adopted by Council up until the end of November 2018 which have not been substantially implemented.
- Council should consider the comments provided in the attachment to this Report in respect of each of the outstanding resolutions and determine if any further action is required.

**RECOMMENDATION**

THAT the contents of Deputy General Manager's Report No. CS5/19 be received and noted.

**PURPOSE**

The purpose of this Report is to comply with Council's Code of Meeting Practice and provide details in respect of resolutions adopted by Council up until the end of November 2018 which have not been substantially implemented.

**BACKGROUND**

Clause 32A of the Code of Meeting Practice deals with the implementation of Council resolutions and requires that a quarterly report be prepared detailing resolutions which have not been substantially implemented within two months of being adopted as well as any impediments to their finalisation. The reports are generally submitted for Council's consideration at the General Meetings in March, June, September and December each year.

**DISCUSSION**

In accordance with the Code of Meeting Practice, each Division has carried out a review of any resolutions adopted by Council up until the end of November 2018 which have not been substantially implemented. This has resulted in the attached table being prepared which shows a list of outstanding resolutions per Division. Details are provided about the:

- Report Number and Name
- Outstanding Resolution
- Latest Status
- Comment

In preparing Outstanding Council Resolutions reports, Divisional Managers give special consideration to any long outstanding resolutions and, where such resolutions exist, provide comments about whether further action may be unlikely or impractical. In these cases, Council may wish to determine whether or not the item should be removed from further reporting in the Outstanding Council Resolutions report.

**BUDGET**

Any budgetary implications are included in the relevant report or in the "Latest Status" column of the attached spreadsheet.

**POLICY**

The preparation of this Report meets the requirements of Clause 32A of the Code of Meeting Practice.

**CONCLUSION**

Council should consider the comments provided in the attachment in respect of each of the outstanding resolutions and, if necessary, determine if any further action is required.

**RESPONSIBLE OFFICER**

The officer responsible for the preparation of this Report is the Manager Governance and Customer Service – Robyn Abicair, who can be contacted on 9847 6608.

ROBYN ABICAIR  
Manager - Governance and Customer Service  
Corporate Support Division

GLEN MAGUS  
Acting Deputy General Manager - Corporate  
Support  
Corporate Support Division

**ITEM 4**

**Attachments:**

1. [➡](#) Outstanding Council Resolutions for Period Ending 30 November 2018

File Reference: F2005/00112

Document Number: D07616396

**5 HORNSBY SECTION 7.12 DEVELOPMENT CONTRIBUTIONS PLAN 2019-2029**

---

**EXECUTIVE SUMMARY**

- Section 7.12 of the *Environmental Planning and Assessment Act 1979 (EP&A Act)* allows councils to impose a levy based on a percentage of the proposed cost of carrying out development.
- Council may collect monetary contributions under Section 7.12 to fund infrastructure in existing areas where there is little growth and the benefit of facilities to be provided is widely dispersed.
- A review of the existing *Hornsby Section 94A Development Contributions Plan 2014-2024* has been completed to update terminology and references as well as update the associated works program to be funded by the Plan.
- A *draft Hornsby Section 7.12 Development Contributions Plan* has been prepared with a new works program for the period of 2019-2029 based on the revised local government area boundary following the transfer of lands south of the M2 motorway to the City of Parramatta Council.
- The *draft Hornsby Section 7.12 Development Contributions Plan 2019-2029* repeals the existing *Hornsby Section 94A Development Contributions Plan 2014-2024* and any unspent money held in restricted accounts will be used to complete the remaining projects associated with the Plan or be rolled over into the new draft Plan to be spent on the same or a similar project.

**RECOMMENDATION**

THAT:

1. Council exhibit the attached *draft Hornsby Section 7.12 Development Contributions Plan 2019-2029* for a period of 28 days in accordance with Clause 26 of the *Environmental Planning and Assessment Regulation 2000*.
2. Following the exhibition, a report on submissions be presented to Council.

## PURPOSE

The purpose of this report is to seek Council's endorsement to exhibit the new *draft Hornsby Section 7.12 Development Contributions Plan 2019-2029* (formerly Section 94A).

## BACKGROUND

On 12 May 2016, the *Local Government (City of Parramatta and Cumberland) Proclamation 2016* resulted in boundary changes to the Hornsby and Parramatta Local Government Areas (LGAs). The development contributions plan review has primarily arisen as a result of the transfer of land south of the M2 Motorway to The City of Parramatta Council.

Throughout 2017 council officers worked on adjusting the population forecasts and projects outlined in the plan based on the revised Hornsby LGA boundary. In Early 2018, an external consultant was engaged to finalise the review of the plan and facilitate workshops with internal facilities managers to prepare a new works program to be funded by development contributions under Section 7.12.

The *draft Hornsby Section 7.12 Development Contributions Plan 2019-2029* has now been finalised for the purposes of public exhibition and adoption.

Council's *Section 94 Development Contributions Plan 2014–2024* (now known as Section 7.11) is also being updated and reviewed and an amended Section 7.11 Plan is anticipated to be presented to Council in the coming months for endorsement.

## DISCUSSION

Section 7.12 of the *EP&A Act* allows councils to impose a levy based on a percentage of the proposed cost of carrying out development. The contribution can only be authorised under a Contributions Plan. Unlike Section 7.11 levies, a Section 7.12 levy does not need to demonstrate a direct nexus between the works to be funded and the development to be levied. A Section 7.12 levy cannot be imposed if the same development is subject to a contribution under Section 7.11.

The *EP&A Regulation* sets out the maximum percentage levy that councils are able to apply based on development costs as follows:

Levy	Cost of Development
0%	Under \$100,000
0.5%	\$100,001 - \$200,000
1%	Over \$200,000

The works program in the current *Hornsby Section 94A Development Contributions Plan 2014-2024* includes the following projects.

Facility Ref	Description	Total Facility Cost	Cost anticipated to be funded by this Plan
s94A_034	Hornsby Aquatic Centre - Stage 2	\$3,000,000	\$3,000,000
s94A_046	Hornsby Shire Bike Plan - shared paths/open space linkages (residual of S94 project OS-040)	\$5,043,836	\$250,000
s94A_049	Pennant Hills Library - Extend existing	\$5,700,000	\$5,637,829
s94A_053	Hornsby Shire Bike Plan - commuter/on road	\$5,000,000	\$700,000

<b>TOTAL</b>	<b>\$18,743,836</b>	<b>\$9,587,829</b>
--------------	---------------------	--------------------

The development contributions plan review has primarily arisen as a result of the transfer of land south of the M2 Motorway to The City of Parramatta Council. The review process provided an opportunity to review the priority and likelihood of the reasonable delivery of the current works program given the significant implications of the Local Government Area boundary adjustment. In this regard, Section 7.16(3)(b) of the *EP&A Act* requires that development contributions be spent within a reasonable time for the purpose for which they are levied.

The current works program is proposed to be replaced with a new work program in the *draft Hornsby Section 7.12 Development Contributions Plan 2019-2029* attached to this report. The amended works program reflects community priorities identified in Council's Community Strategic Plan which are capable of reasonable delivery in the short to medium term.

The works program under the *Section 7.12 Plan* is made up of items which require immediate funding and may not satisfy the nexus requirements of Section 7.11. The works list which is anticipated to be funded through Section 7.12, is outlined below:

Facility Ref	Description	Total Facility Cost	Cost anticipated to be funded by this Plan
S7.12-001	Street / Park tree planting program	\$2,500,000	\$2,500,000
S7.12-002	Playground shade devices	\$250,000	\$250,000
S7.12-003	Off-leash dog facility improvements	\$250,000	\$250,000
S7.12-004	Installation of solar panels at Hornsby Aquatic Centre	\$300,000	\$300,000
S7.12-005	Installation of solar panels at Community Recycling Centre	\$250,000	\$250,000
S7.12-006	Bushland Reserves Infrastructure	\$900,000	\$900,000
S7.12-007	Hornsby Library short-term expansion	\$2,700,000	\$2,700,000
S7.12-008	Bike Plan	\$700,000	\$700,000
<b>TOTAL</b>		<b>\$7,850,000</b>	<b>\$7,850,000</b>

## CONSULTATION

A Working Group comprising Group Managers, Branch Managers, Chief Financial Officer and facilities managers met as a project control group and individually with the consultant to prepare the works program.

The *EP&A Act* requires that Council publicly exhibit a draft contributions plan for 28 days through public notice in a local newspaper. Should Council endorse the draft Plan attached to this report for exhibition, a notice will be placed in local newspapers setting out where the draft Plan can be viewed and the period during which submissions may be made. A notice will also be placed on Council's website, along with electronic copies of the draft Plan.

## BUDGET

The cost (including GST) of consultant input into the contributions plan review is \$16,500, which has been partially expended. This cost will be recouped through the Section 7.11 Contributions Plan.

**POLICY**

The *draft Hornsby 7.12 Development Contributions Plan 2019-2029* will supersede the current *Hornsby Section 94A Development Contributions Plan 2014-2024*.

**CONCLUSION**

This report presents a draft Section 7.12 Development Contributions Plan which has been prepared by a consultant in accordance with the requirements of the *EP&A Act*, Ministerial Directions and Practice Notes issued by the Department of Planning. The Plan outlines works required to support and improve established areas. It is recommended that Council endorse the attached *draft Hornsby Section 7.12 Development Contributions Plan 2019-2029* for public exhibition.

**RESPONSIBLE OFFICER**

The officer responsible for the preparation of this Report is the Manager Strategic Planning – Katherine Vickery - who can be contacted on 9847 6744.

KATHERINE VICKERY  
Manager - Strategic Planning  
Planning Division

JAMES FARRINGTON  
Group Manager Planning  
Planning Division

**Attachments:**

1. [↔](#) Draft Hornsby Section 7.12 Contributions Plan 2019-2029

File Reference: F2010/00015-04

Document Number: D07617530

**6 MAYOR'S NOTES FROM 01 FEBRUARY TO 28 FEBRUARY**

---

*Note: These are the functions that the Mayor, or his representative, has attended in addition to the normal Council Meetings, Workshops, Mayoral Interviews and other Council Committee Meetings.*

Wednesday 6<sup>th</sup> February 2019 – The Mayor hosted two Citizenship Ceremonies in the Council Chambers.

Thursday 7<sup>th</sup> February 2019 – The Mayor attended the First Year Anniversary of The Hills Women's Shed at Thompson Hall in Baulkham Hills.

Saturday 16<sup>th</sup> February 2019 – The Mayor attended the Sri Lankan Association of NSW Annual Seniors Day held at Thornleigh Community Centre in Thornleigh.

Sunday 17<sup>th</sup> February 2019 – The Mayor attended the Chinese New Year Celebrations of the Cherrybrook Chinese Community Association held at the Castle Terrace Chinese Cuisine in Castle Hill.

Sunday 17<sup>th</sup> February 2019 – The Mayor attended the "Beat the Bottle in the Bushland" held at Erlsetone Park in Cherrybrook.

Thursday 21<sup>st</sup> February 2019 – The Mayor attended the Official Opening of D-Caf (Dementia Café) at Hornsby and Kuring Gai PCYC in Waitara.

Thursday 21<sup>st</sup> February 2019 - On behalf of the Mayor, Deputy Mayor, Councillor Vince Del Gallego attended the Kuring Gai Chase and Barry Easy Walk 2019 held at Knox Grammar School in Wahroonga.

Friday 22<sup>nd</sup> February 2019 – The Mayor attended Senior Week 2019 at Hornsby RSL, Hornsby.

Wednesday 27<sup>th</sup> February 2019 – The Mayor attended the Official Opening and Dedication of St James Chapel and Dover Hall at the Anglicare Retirement Village in Castle Hill.

File Reference: F2004/07053  
Document Number: D07623328



**7 BEROWRA POOL FEASIBILITY**

---

COUNCILLOR MARR TO MOVE

THAT:

1. Council fund and undertake an independent study and report on the need and feasibility for an indoor 25 metre pool and a 10 metre program pool to be developed adjacent to the Berowra Community Centre.
2. The report should include both positive and negative outcomes to other businesses including the Learn to Swim business at Mount Kuring-gai.
3. Funds not in excess of \$50,000 be allocated to this project.

**Attachments:**

There are no attachments for this report.

File Reference: F2013/00751

Document Number: D07622875

**8 DIVESTMENT FROM FOSSIL FUEL ALIGNED FINANCIAL INSTITUTIONS**

---

COUNCILLOR MARR TO MOVE

THAT:

1. An Informal Workshop be organised to discuss Council's investments with Fossil Fuel Aligned Financial Institutions.
2. Discussion is to centre around the following:
  - a) The ability of Council to divest its term portfolio from all Fossil Fuel Aligned Financial Institutions.
  - b) As Council's current term investments with Fossil Fuel Aligned Financial Institutions expire that these funds be reinvested only with non-Fossil Fuel Aligned Financial Institutions subject to the investment being compliant with Council's investment policy and New South Wales State Government requirements; and the investment rate of interest being comparable or better than that offered by Fossil Fuel Aligned Financial Institutions.

**Attachments:**

There are no attachments for this report.

File Reference: F2013/00751

Document Number: D07622891

**9 CHANGES TO THE FEDERAL GOVERNMENT'S STATUS RESOLUTION SUPPORT SERVICES (SRSS) PROGRAM**

---

COUNCILLOR NICITA TO MOVE

THAT Council in principle:

1. Endorse the Joint Statement against changes to the Status Resolution Support Services.
2. Commit to joining the Local Government Mayoral Taskforce Supporting People Seeking Asylum as a general member.
3. Endorse the Back Your Neighbour campaign run by the Taskforce.

**Note from Councillor**

The Status Resolution Support Service (SRSS) is an important safety net for people seeking asylum in Australia. It provides basic income support, casework services, and access to torture and trauma counselling services to many women, men, and children.

Changes to the Federal Government's Status Resolution Support Services (SRSS) program is cutting the income and case management support of many people seeking asylum already living in Australian communities and increasing the demand for material aid resources at the local community level. This action is leaving people destitute and requests for financial assistance to help with accommodation, clothing, medical expenses, food and other essentials are increasing.

People seeking asylum were already accessing emergency assistance in increasing numbers from support agencies and other charities. Many of those organisations receive no government funding. Cuts to the SRSS program increase the barriers facing asylum seekers in settling into local communities.

In July of 2018, a Mayoral Roundtable was held between a number of Victorian Councils concerned about the issue. What was agreed to be a joint statement and an agreement to establish a taskforce to advocate on the issue. This taskforce, the Local Government Mayoral Taskforce for People Seeking Asylum broadened its scope to encompass Councils nationally as of October 2018, and already has twenty member Councils, including at least four from NSW.

Given our Hornsby Shire's status as a Refugee Welcome Zone- a Local Government Area which has made a commitment to welcoming refugees into the community, upholding their human rights, demonstrating compassion and enhancing cultural and religious diversity in the community- I feel it is important to raise this Motion with Council.

**Joint Statement - Local Government against changes to the Status Resolution Support**

**Services (SRSS) for People Seeking Asylum**

We the undersigned representatives of local governments in Australia issue the following statement:

We want the Australian Government to provide adequate resources to meet the needs of people seeking asylum who live in the community.

Over 4,000 children nationally could be affected by the changes and we call upon the Australian Government to adhere to its national and international obligations in accordance with the Charter of Human Rights.

We strongly believe more effective collaboration and coordination is essential between Commonwealth, State and Local Governments and we seek the following commitments from the:

**Australian Government:**

Commitment One: We want the Australian Government to reverse the recent assessment changes to the Status Resolution Support Services (SRSS) program and provide adequate income and case management support for people seeking asylum while they seek sustainable employment.

Commitment Two: We strongly call on the Australian Government to provide funding to enable accurate initial job readiness assessment by trained employment consultants who understand the unique and significant barriers that people seeking asylum face.

Commitment Three: We want the Australian Government to provide additional funding to enable asylum seekers to be registered as Stream B and C job seekers within the job active network of agencies to facilitate ongoing job readiness assessment and skilled employment consultant support.

Commitment Four: The Australian Government needs to improve local area coordination in cooperation with local government areas. We call on the Australian Government to work with local municipalities in exploring the feasibility of local coordination points to better respond to local area need.

Commitment Five: We strongly call on the Australian Government to provide greater resourcing to reinforce the capacity of community service and voluntary organisations to assist people seeking asylum to live safely in local communities and receive emergency relief and material aid support until such time as they receive a substantive visa or are deported.

**Accountability**

Additional resourcing will bring with it an obligation to ensure that Local Government allocates resources appropriately and resource areas of identified need.

We commit to ensure efficiency and effectiveness.

We commit to evaluate the application of resources in people seeking asylum support programs by measuring service delivery against agreed objectives and targets. The evaluation process will include annual program reports and Inter-Governmental consultations to review program effectiveness and refine objectives and activities.

**Attachments:**

There are no attachments for this report.

File Reference: F2004/07177  
Document Number: D07622921

**ITEM 9**