

APPENDIX B: STRATEGIC CAPACITY

MORE ROBUST REVENUE BASE AND INCREASED DISCRETIONARY SPEND

Revenue in per capita terms does not grow in an amalgamation or stand-alone scenario without a Special Rate Variation. Indeed, rate pegging has the effect that revenue growth does not keep up with population growth and therefore the region will continue to experience declining revenue per capita, potentially even with SRVs.

The proposed option outlining an SRV of 9.5% (half of the increase in Gosford LGA from rates equalisation under an amalgamation) will grow revenue per capita enabling council to invest in bringing infrastructure and services up to a satisfactory level.

Gosford City Council already exercises reasonable control over its revenue streams with own source revenue consistently around 80%, well above the benchmark of 60%.

The ongoing efficiency gains from the transformation program, conservatively estimated at 0.5% pa, will further enhance Council's discretionary spend.

An amalgamation option may improve efficiency and therefore discretionary spend, but with greater risk and lag involved.

As a result, while both options address this element of strategy capacity, the proposed option is superior.

SCOPE TO UNDERTAKE NEW FUNCTIONS AND MAJOR PROJECTS

Gosford City Council and Wyong Shire Councils have shown the scope to undertake new functions and major projects as evidenced by:

- Building of the Mardi to Mangrove pipeline improving water security for the Central Coast
- Taking over the operation and management of Central Coast Stadium to ensure the continuation of a premier sports venue in the region
- Establishing Smart Work Hubs to enable more people to telecommute and enhance local business.

Gosford City Council is currently developing the following new functions and major projects:

- A major Gosford CBD revitalisation which has resulted in around \$750m worth of development applications in the area in the last year. This project also marks the initial development of Place Making as an internal capability in GCC
- The Regional Performing Art and Conference Centre is set to commence with the commitment from the State and Federal Governments to jointly fund the project. This will also further enhance the Gosford CBD revitalisation, particularly in the waterfront precinct where the development is earmarked to go.

These types of initiatives will not be deteriorated or further enhanced by amalgamation, although the initial focus on integration will detract from the ability to deliver some of the immediate projects. Therefore, both options meet this element of strategic capacity; neither is superior to the other.

ABILITY TO EMPLOY A WIDER RANGE OF SKILLED STAFF

Gosford City Council is in an enviable position to attract talented staff. Gosford sees nearly a third of its working population commute to the Sydney Metropolitan for work, most of whom are skilled or semi-skilled workers. The Central Coast's exceptional lifestyle opportunities continue to attract people, with population expected to continue to grow.

In the 2014 organisational redesign, Gosford externally advertised all of the Director and Manager, and most of the senior administrative support positions. There was significant interest in all these positions. The successful applicants came from as far afield as Qatar, Western Australia, Victoria and Queensland with a mix of local government and private industry backgrounds. Appendix D outlines the experience of the new management team in more detail.

With the second phase of the redesign now complete, Council has recently lifted a recruitment freeze and is seeing more roles advertised externally. There has been overwhelming interest in these roles, with some excellent candidates. This process is ongoing, the first successful external candidates will commence in July 2015.

This is not expected to improve or decline under either of the two structural options.

KNOWLEDGE, CREATIVITY AND INNOVATION

Gosford City Council continues to build its capabilities in this area through the implementation of continuous improvement leveraging the Australian Business Excellence Framework, developing and refining its IT strategy, and mapping business processes.

We are injecting innovation and best practice in the work being undertaken to revitalise the Gosford CBD. We embarked on a US study tour to understand options for leading city planning and have commenced a cross-functional and community-integrated CBD revitalising program. Most recently, we invited Jim Diers, a leading thinker in place-making, to come and present to staff and the community in two 'standing room only' theatre presentations.

Gosford City Council has supported the development of an Innovation Centre of Excellence through the University of Newcastle, Innov8Central. This has been seen as a successful pilot on how to embed innovation into a regional economy. It is now being used as a model to roll out to other regions.

It is accepted that an amalgamation could provide fresh perspectives, culture and working practices to the organisation. Both options seem equally capable of enhancing the capacity for knowledge, creativity and innovation.

ADVANCED SKILLS IN STRATEGIC PLANNING

Council has the ability to integrate planning for the community, government and industry, and turn expectations into reality.

Our high level strategic plans integrate built form, the environment, and community outcomes with the appropriate infrastructure to support projected population growth and demographic change.

Council has a defined pathway through a Growth Strategy with four layers of planning from an LGA-wide Master Plan down to Precinct Plans, which will be integrated with corporate and infrastructure planning. Council's Growth Framework will integrate the community, Council and industry expectations into a vision to be delivered within a defined period.

Council's Growth Framework will be ready to inform a Regional Growth Strategy at the Joint Organisation level, setting out how strategic direction occurs across the region.

We undertake planning for a large population across a diverse region including urban, regional and coastal communities. The range of planning issues that we address at the local level includes:

- population growth
- community development
- economic development
- urban sprawl
- climate adaptation

- coastal hazards
- flooding and drainage
- resource lands
- strategic infrastructure planning

The 2014/15 organisational restructure has allowed Council to recruit highly skilled executives and managerial staff, and realign the strategic and operational aspects of the business. This new structure has been put into place to deliver implementation of Council's strategic plans.

It is Council's view that membership of a broader organisation like the Hunter Joint Organisation will have a greater positive impact on strategy planning capabilities than either amalgamation or a Gosford/Wyong JO.

EFFECTIVE REGIONAL COLLABORATION

Gosford LGA sits on the metropolitan fringe of Sydney and spans across a number of regional definitions, including:

- The Central Coast, as a unique coastal, suburban and rural region
- The Sydney Metropolitan, as a supplier of workforce to the metro region and potential migration destination for metro population
- The Hunter Region, as a cohort of councils with similar demographic mixes of coastal, regional and rural populations and similar local government challenges.

As a result, Gosford City Council aims to be an effective participant in all regional partnerships.

Council operates a number of joint services with Wyong Council, as outlined in Appendix A, and is a participant in the Central Coast Region of Councils (CCROC) and the Central Coast Joint Scheme Funding Agreement for bulk water.

Gosford Council is also preparing a growth framework to align and support the Central Coast Regional Growth and Infrastructure Plan. Council's strategic planning, will through this process, identify the approach, methodology and process required to enable Gosford Council to inform, develop and implement the new CCRGIP and how council will implement a holistic and integrated growth strategy for Gosford City LGA.

The Gosford City Growth Framework (GCGF) sets the strategic framework for sustainable growth and provides a suite of strategic plans that guide, inform and manage growth across the LGA. The Framework establishes principles, objectives, policies and implementation actions that must be followed by Council and relevant stakeholders to lead, manage and implement growth across the LGA. The Framework provides a disciplined structure of planning tools for making spatial and land use decisions to guide development for the next 20 years. The Framework is structured around four supporting layers of planning, being:

- City-wide Growth Strategies (Growth Strategy and Spatial Plan)
- Corridor and Precinct Development Plans (Structure Plan and Strategies)
- Area Based Master Plans (Master Plans and Area Action Plans)
- Implementation Plans (LEP, DCP, Contribution Plans, Priority Phasing Plans, Asset Strategies)

Gosford Council is part of the Metropolitan Development Program, which is a program that ensures that enough new housing is being built to support the needs of "Sydneyiders". A key part of Gosford Council's role is identifying and ensuring that there are new housing opportunities in both green field and infill areas. Gosford continues to provide data on housing approvals as part of the base line information required for policy and infrastructure decisions.

Gosford maintains, and aims to build stronger, relationships with councils in the Hunter region. We have been looking into the possibility of joining the Hunter Joint Organisation, with some initial positive interest. This arrangement has the propensity to outstrip an amalgamation or Central Coast JO in improving Council's

strategic capacity. There are opportunities to create strong shared capabilities in key strategic areas like coastal engineering, training strategy and delivery, and procurement, to name a few.

As a member of the Local Government Business Excellence Network we are actively working to build a community of practice around our Excellence and Innovation initiatives and learn from others who embarked on this journey before us to fast track efficiency improvement.

Amalgamation or a multi-purpose JO has no distinguishable difference on Council's ability to collaborate in the region.

CREDIBILITY FOR MORE EFFECTIVE ADVOCACY

There is a strong argument to say that having two local government voices advocating for the Central Coast is more effective than one. While it is impossible to point to definitive evidence for improved or deteriorating advocacy, amalgamation would diversify the community served. When looking at the very different socio-economic backgrounds of the far north and far south of the amalgamated Central Coast council area, it is not clear how one entity can effectively advocate all the interests in the community.

As a result, it is the view of Gosford Council that an amalgamation does not improve effective advocacy for the region.

CAPABLE PARTNER FOR STATE AND FEDERAL AGENCIES

Gosford City Council has demonstrated itself as a capable partner for State and Federal Agencies, as evidenced by the following examples:

- Working with University of Newcastle (UON) and other educational institutions to further develop higher education in the Gosford CBD. UON, council and NSW's Government's Central Coast Local Health District are working together to develop a new medical education and research facility at Gosford Hospital. Council is also working with UON and local federal and state members to establish a business school in the Gosford CBD.
- Council has successfully garnered the commitment of both State and Federal governments to co-fund a new \$33M Regional Performing Arts Centre in the Gosford Waterfront precinct.
- Council is the NSW Government's partner in further developing the Somersby Industrial Estate with the State committing \$9M to the project in the recent election.
- A further \$3.5M was committed by the NSW Government as a 50% contribution to the upgrade of the Woy Woy Grandstand, which is now being built.

While the State and Federal governments may consider it easier to deal with one instead of two councils on the Central Coast, amalgamation or a multi-purpose JO would not significantly improve Council's ability to be an effective partner.

RESOURCES TO COPE WITH COMPLEX AND UNEXPECTED CHANGE

In recent years, there are a few examples of disruptive events in the Gosford area causing Council to refocus resources to address, including:

- *2015 Storm event:* In April this year, the LGA experienced localised flooding and substantial tree fall as a result of an unusually severe storm event. While the cost of the Council response to the disaster and subsequent clean-up is currently being finalised, it is expected to total around \$8M. Gosford Council staff worked with a number of other emergency response agencies, including Police, SES, RFS, Ausgrid and other councils, to effectively respond to the disaster.
- *2007 Piles Creek tragedy:* In 2007, a culvert under a road in Somersby collapsed during a severe storm (the same storm that beached the Pasha Bulker). Tragically, a family of five driving on the road above lost their lives when the road collapsed. A coroner found Gosford City Council's failure to

maintain the road played a direct role in the deaths. As a result of the tragedy, Council implemented a number of measures to improve its record management and asset management practices, including implementing a whole of organisation record management system and improved asset planning and maintenance programs.

- *2002 Drought:* Council established a dedicated program to address the longer term issues that arose from the 2002 drought. Initiatives under the program included water conservation education and restrictions. Gosford and Wyong successfully collaborated to build a \$40M pipeline between our two key dams (Mardi and Mangrove) to secure our future water supply and ensure it against future droughts. Gosford also built a small water treatment plant in Woy Woy to treat bore water, securing the water supply in the area in case of future drought or significant water main failure from the main treatment plant in Somersby.

Other complex change that Gosford City Council has managed includes:

- *Coastal Zone Management:* Council has a strong tradition in planning for hazards such as coastal erosion and flooding through the preparation of floodplain risk management and coastal and estuary management plans, which have in turn informed the preparation of Local Environment Plans (LEP) and associated Development Control Plans (DCP). As part of Council's ongoing responsibility for planning and development in the coastal zone and in response to flood risk, Council has always managed to deal with policy changes and varying economic, climate and environmental responsibilities through sound and responsible strategic planning based on core principles. The implementation of Council's principles is evident through Council's implementation tools such as the LEP and DCP and also through our strategic documents such as our coastal management plans, estuary management plans and floodplain risk management plans which have provided our community with information, guidance and certainty regarding local flooding and coastal erosion risks as part of Council's vision for the future.
- *Organisational Restructure:* As outlined in Section 3 and Appendix D, the recent restructure was a complex change for an organisation that had not made significant structural change for a number of years. The focus was on providing a flexible workforce to meet community needs and provide local employment opportunities. Council's intention is for services to be provided by in-house staff as far as this is best value for money for our residents. The restructure and subsequent workforce transition was managed almost entirely in-house.

Gosford Council continues to develop its resilience and response to complex and unexpected change. Capabilities in this area are not deemed to be impacted by an amalgamation or multi-purpose JO.

HIGH QUALITY POLITICAL AND MANAGERIAL LEADERSHIP

Gosford City Council has a strong leadership and management team in place to support a constructive and collaborative Council.

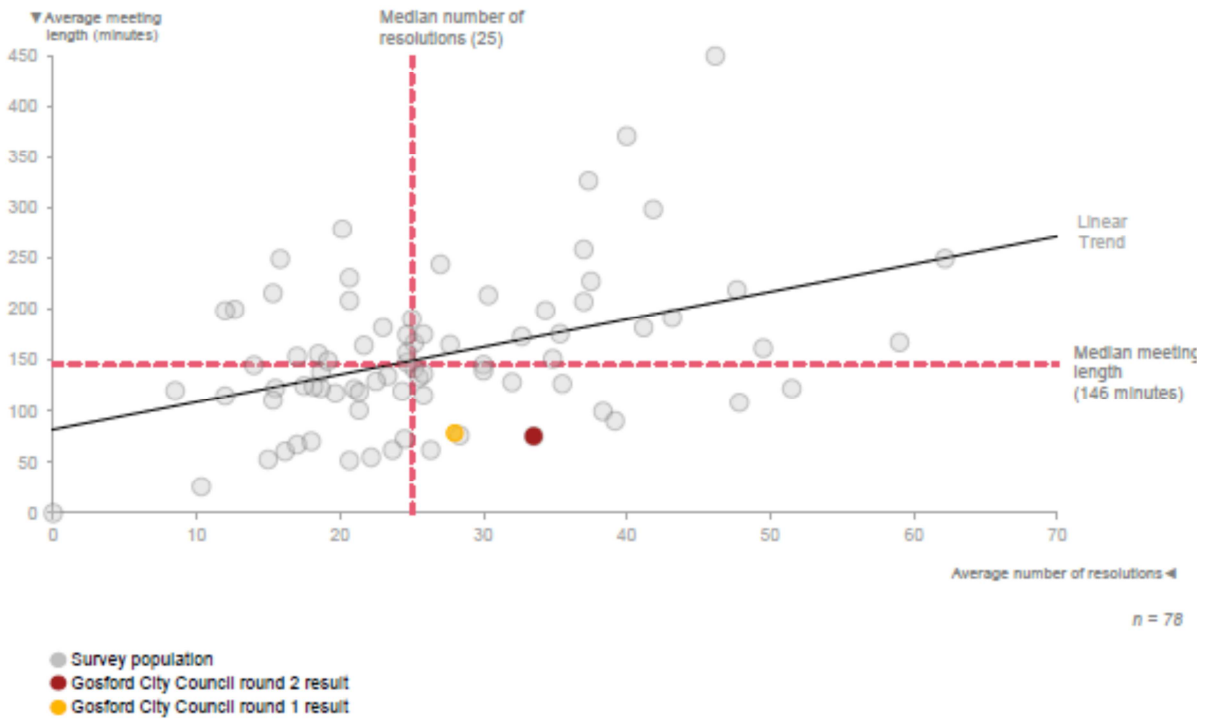
In the 12 months ending 30 April 2015, GCC has determined 1654 applications including Section 96 amendments with a median turnaround time of 41 business days. Of these development applications, 1,509 were approved with a value of \$385,675,007 and 97% of applications were determined under delegation.

Council also issued 623 Construction Certificates with a value of \$94,979,329 and 103 Complying Development Certificates with a value of \$5,574,867. There were also 713 Private Tree Works applications determined in the same period. All of these statistics have improved over the last 2 years.

Compliance activity included the issue of 35 Protection of the Environment Operations Notices and 206 orders or intention to serve an order in the 12 months ending 30 April 2015.

Benchmarking indicates that Gosford has very efficient Council meeting processes that enable meetings to run smoothly with an average time of around 1 hour and making around 25-35 decisions a meeting on average over the 2013/14 and 2012/13 financial years. While these results point to efficiency, Council is also aware that this needs to be balanced with good robust decision making. We continue to monitor the volume of each meeting's agenda so that Councillors have sufficient capacity to adequately consider each decision they need to make.

Figure 1: Relationship between council meetings duration and resolutions passed¹



Gosford and Wyong Councils have significantly different socio-economic factors, ranked 115 and 53 respectively in 2014 Socio-Economic Rating of Councils (lowest to highest). As a reflection of this, the two Councils have a distinctly different political makeup. As a result, it is not clear whether amalgamation will bring with improved its political management.

¹ PWC and LG Professionals NSW (2015) "NSW Local Government Operational and Management Effectiveness Report –FY14 – Gosford City Council"