

ASHFIELD CITY COUNCIL – CIP

NOT FIT

Area (km ²)	8	Population 2011	43,550
OLG Group	2	(2031)	53,400
ILGRP Group	Sydney Metro	Merger 2011	331,800
		(2031)	433,000
Operating revenue (2013-14)	\$35.4m	TCorp assessment	Sound FSR Neutral Outlook

ILGRP options (preference in bold) **Merge with Burwood, Canada Bay, Leichhardt, Marrickville and Strathfield** (yellow) or combine as strong JO (all shaded).



Assessment summary	Scale and capacity	Does not satisfy
	Financial criteria overall:	Satisfies
	• Sustainability	Satisfies
	• Infrastructure and service management	Satisfies
	• Efficiency	Does not satisfy

Fit for the Future – NOT FIT

- The council does not satisfy the scale and capacity criterion.
- The council satisfies the financial criteria overall. Although it does not meet the efficiency criterion, the council satisfies the sustainability and infrastructure and service management criteria.
- Scale and capacity is a threshold criterion which councils must meet to be Fit for the Future (FFTF), therefore the council is not fit.

Scale and capacity – does not satisfy

- The council did not demonstrate that its proposal to stand alone would be as good as or better than the merger. The efficiency improvements in the council's proposal can be realised under the merger option. In addition the merger option would provide significant further benefits.
- The council's population is forecast to be 53,400 by 2031 compared with the forecast merger population of 433,000. Our analysis suggests the council does not have sufficient scale to partner effectively with governments compared to the merger.
- The council submitted a business case which showed a merger of Strathfield, Ashfield, Burwood, Canada Bay, Leichardt and Marrickville produces net benefits. Based on this model, our analysis suggests the merger could produce net benefits of \$396m over 20 years (including the full Government grant).
- In addition, our independent economic consultants have estimated net benefits from the merger of \$194m over 20 years using public data (not including the Government grant).
- All analyses showed large gains to the local community from a merger. Variances in calculations result from different inputs and underlying methodologies.
- Our analysis is consistent with the ILGRP preferred option for Ashfield to merge with neighbouring councils.
- If standing alone is not a viable option, the council indicates its community's preference is for a merger with Leichhardt and Marrickville, rather than the full Inner West merger.

Sustainability – satisfies

- The council satisfies the sustainability criterion. It is forecast to meet the benchmarks for the operating performance ratio, the own source revenue ratio and the building and infrastructure renewal ratio by 2019-20.

Infrastructure and service management – satisfies

- The council satisfies the infrastructure and service management criterion as it meets the asset maintenance and debt service benchmarks by 2019-20.
- The council has forecast the infrastructure backlog will be 3.6% in 2019-20, which is close to the benchmark. We consider the council's forecast performance on this ratios is reasonable in the context of the council's performance against the other ratios.

Efficiency – does not satisfy

- The council does not meet the efficiency criterion based on an increase in real operating expenditure per capita over time to 2019-20.

Other relevant factors

Social and community context	Ashfield City Council indicates its LGA comprises distinct neighbourhoods with a high value placed on built heritage conservation and quality urban design. Local identity was identified as being important by 74% of respondents to the survey discussed below. An information brochure for its survey, discussed below, indicates Ashfield City Council has a history of working effectively with Leichhardt and Marrickville Councils, with 63% of respondents indicating a shared history of working effectively with Ashfield is important in amalgamation.
Community consultation	Ashfield City Council consulted the community on three options (stand alone, Inner West merger, Ashfield-Leichhardt-Marrickville merger). It distributed 22,000 information packs to households and ratepayers and received a total of 1,727 feedback forms. Based on first preferences, 54% prefer to stand alone, 27% prefer the smaller merger and 19% prefer an Inner West merger. However, we consider its information pack presents an incomplete assessment of costs and benefits.
Water and/or sewer	The council does not have a water/sewer business.
Submissions	We received four submissions for Ashfield. One supported a merger with Burwood, Canada Bay and Auburn due to common demographics, natural boundaries and to improve planning such as for major projects (eg, WestConnex). Three submissions were against the merger proposal as they considered the council was performing well and were concerned about a potential loss of local focus and reduced services among a variety of other reasons.
