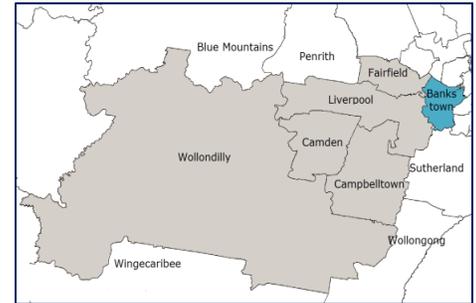


BANKSTOWN CITY COUNCIL – CIP

FIT

Area (km ²)	77	Population 2011	190,850
OLG Group	3	(2031)	240,800
ILGRP Group	Sydney Metro		
Operating revenue (2013-14)	\$139m	TCorp assessment	Moderate FSR Positive Outlook

ILGRP options (preference in bold) **No change** or combine as a strong JO with Liverpool, Fairfield, Camden, Campbelltown, Wollondilly Councils (all shaded). The ILGRP noted that an alternative could be to merge with Canterbury as part of the South sub-region, but this was not included as an option.



Assessment summary

Scale and capacity	Satisfies
Financial criteria:	Satisfies overall
• Sustainability	Satisfies
• Infrastructure and service management	Satisfies
• Efficiency	Satisfies

Fit for the Future – FIT

- The council satisfies the scale and capacity criterion.
- The council satisfies the financial criteria overall. It satisfies the sustainability, infrastructure and service management and efficiency criteria.

Scale and capacity – satisfies

- The council's proposal to stand alone is consistent with the ILGRP preferred option for no change.
- The council has a robust revenue base and sound financial position. Its own source revenue ratio and operating performance are affected by high amounts of developer charges and large depreciation amounts due to an increasing asset base.
- The council demonstrates scope to undertake new functions and projects and the ability to employ a wide range of skilled staff.
- The ILGRP report included an alternative for Bankstown City Council to merge with Canterbury. In response to an enquiry from IPART, the council provided some evidence to suggest this could produce benefits if it is pursued further.
- Our independent consultants Ernst & Young calculated that a merger between Bankstown City Council and Canterbury City Council could produce benefits of \$86m over 20 years, using publically available data.
- While this evidence suggests a merger may be a better alternative to the council's proposal to stand alone, our finding is based on the proposal being consistent with the ILGRP preferred option for no change.

Sustainability – satisfies

- The council meets the criterion for sustainability as it is forecast to meet the benchmarks for the operating performance ratio, building and infrastructure asset renewal ratio and own source revenue ratio by 2019-20.
- In its proposal, the council relies on the successful application for and adoption of a special variation from 2017-18, which we estimate to be 34.7% cumulative over 5 years (21.5% above the rate peg).
- The council provided evidence that the cost savings from a merger with a neighbouring council would obviate the need for the special variation.
- The council provided further evidence that a significant portion of their community supported a merger with Canterbury City Council instead of a rate increase.

Infrastructure and service management - satisfies

- The council meets the criterion for infrastructure and service management as it is forecast to meet the benchmarks for the asset maintenance ratio by 2019-20.
- The council's debt service ratio was 2.7% in 2014-15 and is forecast to reach 0.0% by 2019-20; without rounding, this is slightly above 0 and so technically meets the benchmark.
- The council does not meet the infrastructure backlog benchmark. It is taking steps to address its infrastructure backlog, but improvements in its backlog will be dependent on successful application and adoption of its proposed special variation.

- The council states it has adopted an Asset Management Strategy that will result in a reduction in the infrastructure backlog ratio. The council plans to accelerate its infrastructure spending from 2017 onwards, assuming successful application and adoption of a special variation, which would enable it to completely remove its current infrastructure backlog by 2024-25.

Efficiency - satisfies

- The council meets the criterion for efficiency based on the Real Operating Expenditure per Capita showing a declining trend.

Other relevant factors

Social and community context	<p>The council's proposal states there are a number of key arterial channels common to the Bankstown and Canterbury Local Government Areas, including the M5 Motorway, Canterbury Road and the south western rail corridor. It considers a merger or partial boundary adjustment would offer scope to improve regional planning for the area. The council notes with some concern the issue of its current relative scale and position being substantially reduced should implementation of the ILGRP's proposed mergers occur, resulting in councils of over 350,000 residents encircling the Bankstown Local Government Area.</p> <p>The council considers that an alternative boundary adjustment with Strathfield Municipal Council would improve regional planning. IPART has received a petition from 260 Strathfield residents potentially affected by the proposed boundary adjustment, who indicate they have not been consulted on the proposal and do not share communities of interest with Bankstown.</p>
Community consultation	<p>The council consulted with the community on Fit for the Future options. Initially (without being informed of the need for a rate increase) nearly 90% of residents were at least 'somewhat supportive' of the council standing alone. With the knowledge of the need for a rate increase to remain Fit for the Future, 54% of residents were still supportive of standing alone rather than merging with Canterbury Council.</p>
Water and/or sewer	<p>The council does not have a water/sewer business.</p>
Submissions	<p>There were 94 submissions received on Bankstown City Council's proposal. The majority of these were form letters submitted by Strathfield residents opposed to the council's investigation of a boundary adjustment to take over the southern portion of Strathfield Municipal Council. The form letter (and variations of the form letter) raised issues including:</p> <ul style="list-style-type: none"> • Lack of consultation on the proposed change. • Satisfaction with Strathfield is high, residents do not identify with Bankstown. • Rate increases, reduced representation and declining services if the change were implemented. <p>Bankstown City Council received two petitions from Strathfield residents in relation to the boundary change with a total of 373 signatures raising similar issues to the form letter. Strathfield Municipal Council made a submission regarding the boundary change, stating that it would provide no benefit for residents and businesses, would result in a loss of representation for residents and was not supported by the community.</p> <p>One submission against a merger was received based on lack of evidence that residents would be better off under a merger. One late submission was received which argued that if a merger is inevitable, it should be between Canterbury and Bankstown to reflect the sense of community.</p> <p>In a meeting the council made a number of points:</p> <ul style="list-style-type: none"> • There would be an impact on Bankstown if an amalgamation pattern along the lines of the ILGRP's preferred options was implemented, particularly if it is surrounded by councils assessed as not fit for the future. In this circumstance, Bankstown is of the opinion that, with a forecast population of 240,000 (in 2031), and surrounded by councils with populations over 450,000 (eg, Fairfield/Liverpool 528,850; Canterbury/Rockdale/Kogarah/Hurstville 491,600), it would not have relative scale and capacity. • Further, Bankstown raised concerns that if this outcome was to eventuate, it would potentially disadvantage Bankstown's community by not being a preferred partner with Government or an equal regional partner in the NSW Government's Plan For Growing Sydney. • Whilst Bankstown's preferred option is to stand alone, if the Government requires mergers, Bankstown has a willingness to actively contribute to and or participate in the Government's process to ensure it maintains a strong regional position. • In response to a request from IPART, the council provided further information indicating estimated cost savings of \$9.7 million per annum from a possible merger with Canterbury. If such a merger occurred, the council said its modelling indicated it would not need to proceed with a proposed special variation to raise residential rates by 7.5% in real terms. It would still proceed with a business rate adjustment alongside an increase in residential minimum rates. • Bankstown provided a summary of its community consultation reports (phone poll) which indicated residential support of a merger was higher where it had the potential to offset rate increases.