

CANTERBURY CITY COUNCIL - CIP

NOT FIT

Area (km ²)	34	Population	2011	145,100
OLG Group	3		(2031)	181,850
ILGRP Group	Metropolitan Sydney	St George merger	2011	390,300
			(2031)	497,500
		Bankstown Merger	2011	335,950
			(2031)	422,650
Operating revenue (2013-14)	\$96.8m	TCorp assessment	Moderate FSR	Neutral Outlook



ILGRP options (preferences in bold).

Merge with Hurstville, Kogarah and Rockdale (yellow) or combine as a strong Joint Organisation, also including Sutherland (grey) **and** adjust Rockdale boundary at airport.

The ILGRP Report also stated that an alternative could be to amalgamate with Bankstown (but this was not included as a final option in the table addressing the council's region).

Assessment summary

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

Fit for the Future – NOT FIT

- The council does not satisfy 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 is a threshold criterion which councils must satisfy to be Fit for the Future (FFTF), therefore the council is not fit.

Scale and capacity – does not satisfy

- The council did not demonstrate its proposal to stand alone would be as good as or better than the ILGRP preferred merger. The efficiency improvements in the council's proposal can be realised under a merger option. In addition a merger option would provide significant further benefits such as delivering infrastructure in accordance with the South Subregion plan, and managing the Georges River catchment.
- The council's population is forecast to be 181,850 by 2031 compared with the forecast merger population of 497,500. Our analysis suggests that the council does not have sufficient scale to partner effectively with governments compared to the merger.
- The council submitted a business case which showed that a merger of Canterbury, Kogarah, Hurstville and Rockdale produces net benefits. Based on this model, our analysis suggests the merger could produce net benefits of \$280m over 20 years (including the full Government grant).
- In addition, our independent consultants Ernst and Young estimated net benefits from the merger of \$172m over 20 years using publically available data (not including the Government grant).
- All analyses showed large net benefits to the local community from the merger. Variances in calculations result from different inputs and underlying methodologies.
- We note the ILGRP report included an alternative for Canterbury City Council to merge with Bankstown. Bankstown provided evidence to suggest this merger could produce benefits if it is pursued further.
- Our independent consultants Ernst and Young calculated a merger between Bankstown City Council and Canterbury City Council could produce net benefits of \$86m over 20 years, using public data.
- Our analysis is consistent with the ILGRP's preferred option for Canterbury to merge with neighbouring councils.

Sustainability - satisfies

- The council satisfies the criterion for sustainability based on its forecast to meet the benchmarks for the operating performance ratio, the own source revenue ratio and the building and infrastructure asset renewal ratio by 2019-20.
- The council's improvement in financial performance is driven by a special variation of 24.2% over 3 years approved in 2014 for sustainability and asset renewal purposes (16% above the rate peg).

Infrastructure and service management – satisfies

- The council satisfies the criterion for infrastructure and service management. It meets the benchmarks for the infrastructure backlog and debt service ratios and shows improvement in the asset maintenance ratio over the outlook period.

Efficiency - satisfies

- The council meets the criterion for efficiency based on declining real opex per capita over time.

Other relevant factors

Social and community context	Canterbury has a culturally diverse population. Around 70% of its residents speak a language other than English at home. Similarly, Kogarah, Rockdale and Hurstville LGAs are also culturally diverse. Around 50% to 60% of residents in these LGAs also speak a language other than English at home.
Community consultation	<p>Canterbury commissioned Qdos Research to gauge the community's views about the proposed amalgamation. This involved two focus group meetings in December 2014. The Qdos report indicated that the community's views were mixed:</p> <ul style="list-style-type: none">• Most people would not prefer a merger, but noted that there is no "passion" to their opposition, because they do not identify themselves as residents of a municipality. Qdos noted that losing Canterbury City Council in its current form is not a particular concern for residents.• However, most residents noted some negative aspects of a merger eg, more bureaucracy and potential cuts to services or facilities. <p>Qdos also conducted community surveys earlier in March 2014. This included a phone survey (450 respondents) and an online survey (944 completed surveys).</p> <ul style="list-style-type: none">• Overall, the surveys found that residents are more likely to identify themselves as part of the St George area, rather than the Bankstown LGA. However, 60% selected Canterbury to be a stand-alone council as their first preference.• The remaining 40% of first preferences were almost evenly split between a merger with St George councils and Bankstown council. However, 54% of second preferences were in favour of a merger with St George councils, compared with 31% for Bankstown City Council.
Water and/or sewer Submissions	<p>The council does not have a water/sewer business.</p> <p>We received 14 submissions about the council's proposal. Most did not support the merger because it may lead to loss of local representation and services, and potentially higher council rates. Seven submissions stated that Canterbury is performing well and should not change.</p> <p>Four submissions supported some form of a merger to improve services. One submission supported dividing Canterbury between Marrickville, St George area and Bankstown. Also, the Hurlstone Park Association (representing 120 members) considers that its suburb shares greater economic and social links with Marrickville, and that the boundary should be changed to reflect this.</p> <p>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>
