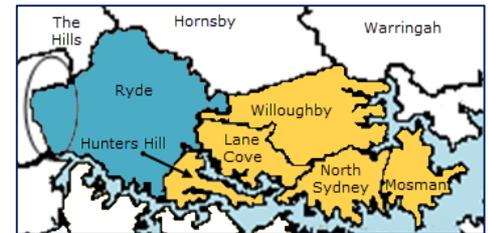


CITY OF RYDE COUNCIL – CIP

NOT FIT

Area (km ²)	40	Population 2011	108,700
OLG Group	3	(2031)	153,600
ILGRP Group	Sydney Metro	Merger 2011	286,867
		(2031)	376,150
Operating revenue (2013-14)	\$96.1m	TCorp assessment	Sound FSR Negative Outlook



ILGRP options (preference in bold) **Merge with Hunters Hill, Lane Cove, Mosman, North Sydney, Willoughby** (yellow) or combine as a JO

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 for a JRA can be realised under the merger option, and the merger option could provide further benefits.
- The council's population is forecast to be 153,600 by 2031 compared with the forecast merger population of 376,150. Our analysis suggests that the council does not have sufficient scale to partner effectively with the governments compared to the merger option.
- The council submitted a business case which showed that a merger of Lane Cove, Hunters Hill, Mosman, North Sydney, Willoughby and part of Ryde produces net benefits. Based on this model, our analysis suggests the merger could produce net benefits of \$280 million over 20 years (including the Government grant).
- In addition, our independent consultants Ernst & Young estimated net benefits from the merger of around \$187m over 20 years using publically available data.
- These analyses showed large net benefits to the local community from the merger. Variances in calculations result from different inputs and underlying methodologies.
- As an alternative to a merger, Hunters Hill, City of Ryde and Lane Cove councils submitted a common proposal to create a Joint Regional Authority (JRA). According to the councils, this would provide the benefits of shared services and centralised planning and development without the disruption of a merger. It would generate net benefits over 15 years of \$0.5m, or \$3.4m if it also included Mosman, North Sydney and Willoughby. The proposal does not fully quantify any efficiency savings that may also eventuate under the JRA. The preferred merger is likely to provide a higher level of efficiency savings than the JRA.
- Our analysis is consistent with the ILGRP's preferred option for Ryde to merge.

Sustainability - satisfies

- The council satisfies the sustainability criterion 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.

Infrastructure and service management - satisfies

- The council satisfies the infrastructure and service management criterion based on its forecast to meet the benchmarks for the infrastructure backlog ratio, asset maintenance ratio and debt service ratio by 2019-20.

Efficiency - satisfies

- The council satisfies the criterion for efficiency based its forecast for a decline in real operating expenditure per capita over the period to 2019-20.

Other relevant factors

Social and community context	The council states its community of interest is with northern Sydney rather than Parramatta and its community supports retaining the Ryde identity. Ryde has a highly multicultural community and this creates identity and communities of interest around culture which is not reported as evident to the same extent in neighbouring local government areas.
Community consultation	The council states it engaged with residents over 24 months and that residents strongly oppose forced merger or the proposal to split the LGA. According to the council, the community supports the need for local representation, decision makers' knowledge of local needs and council being accessible and accountable. The council states that 80% of its residents support the JRA proposal. Recent surveys show 83% of respondents oppose splitting the council into two new councils.
Water and/or sewer	The council does not have a water/sewer business.
Submissions	We received five submissions in relation to Ryde's proposal. Two oppose merging because of the council's good performance, the absence of a mandate for merging, the lack of evidence that a merger would produce benefits, concern about the effect on land values if Ryde merges with Parramatta and because the FTFF process did not prioritise ecological sustainability. One supports a merger and one questions the performance of the council. We also received one confidential submission. One late submission was received stating mergers overseas have been disastrous.
