

HAWKESBURY CITY COUNCIL – CIP

NOT FIT

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| Area (km ²) | 2,793 | Population 2011 | 64,350 |
| OLG Group | 6 | (2031) | 80,650 |
| ILGRP Group | Sydney Metro | | |
| Operating revenue (2013-14) | \$59m | TCorp assessment | Moderate FSR Negative Outlook |
| ILGRP options (preference in bold) | <p>No change or combine as strong Joint Organisation with Auburn, Holroyd, Parramatta, part Ryde, The Hills, Blacktown, Penrith, Blue Mountains.</p> <p>Possible boundary adjustments with The Hills and Blacktown to facilitate NW Growth Centre.</p> <p>Possible longer term merger with The Hills.</p> | | |



Assessment summary

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

Fit for the Future – NOT FIT

- The council satisfies the scale and capacity criterion.
- The council does not satisfy the financial criteria overall. Although it satisfies the infrastructure and service management and efficiency criteria, it does not satisfy the sustainability criterion.
- The council does not satisfy the sustainability criterion as a result of its forecast for a negative operating performance ratio by 2019-20.
- We consider the operating performance ratio benchmark is a key measure of financial sustainability that all Fit for the Future (FTFF) councils should meet, therefore the council is not fit.

Scale and capacity - satisfies

- The council proposal is consistent with the ILGRP's preferred option to stand alone.
- Given the ILGRP's preferred option, the council was not required to demonstrate how it met each of the elements of scale and capacity.
- However, the council meets some of the elements. In particular, it has a robust revenue base and demonstrated regional collaboration.
- Hawkesbury has entered into an agreement to form a strategic alliance with Blue Mountains and Penrith Councils. The agreement is aimed at sharing expertise in project management and design and improving economies of scale.
- We note the ILGRP report included an alternative for The Hills Shire Council to merge with Hawkesbury Council. Our independent consultants Ernst and Young calculated that a merger between the two councils could produce benefits for local communities of around \$60m over 20 years using public 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 – does not satisfy

- The council does not satisfy the criterion for sustainability based on its forecast for a negative operating performance ratio by 2019-20.
- The council's operating performance ratio was -12.5% in 2013-14 and is forecast to be -1.1% by 2019-20. Its operating performance ratio forecast relies upon the successful application for and adoption of a special variation from 2017-18 of 29.7% cumulative over 5 years (16.0% above the rate peg) as well as service level reductions to fund asset maintenance and renewals.
- The council has forecast it will meet the benchmark for the own source revenue ratio and building and infrastructure asset renewal ratio by 2019-20.

Infrastructure and service management - satisfies

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

Efficiency - satisfies

- The council meets the criteria for efficiency based on declining real opex per capita over the period to 2019-20.

Other relevant factors

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| Social and community context | Hawkesbury is on the north-western periphery of the metropolitan region and the largest local government area in Sydney. While the south east corner of the LGA is predominantly urban, the remainder of LGA forms a much larger rural hinterland. Compared to adjoining metropolitan councils, Hawkesbury has a relatively small population of 65,000 people spread over an area of 2,793 square kilometres. It is therefore required to maintain a large asset holding serving a dispersed population. |
| Community consultation | Hawkesbury's proposal did not discuss community consultation. |
| Water and/or sewer | Hawkesbury currently achieves the NSW Government Best Practice Management of Water Supply and Sewerage Framework requirements. Its water and sewerage infrastructure backlog is \$1.2 million. |
| Submissions | We received one confidential submission. |
