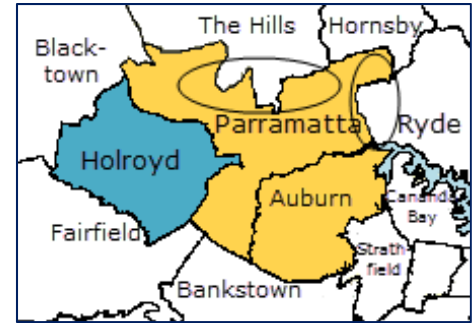


# HOLROYD CITY COUNCIL – CIP

## NOT FIT

Area (km <sup>2</sup> )	40.2	Population 2011	104,100
OLG Group	3	(2031)	136,000
ILGRP Group	Sydney Metro	Merger 2011	356,700
		(2031)	520,500
Operating revenue (2013-14)	\$83m	TCorp assessment	Weak FSR
			Neutral Outlook
		TCorp assessment (2015)	Moderate FSR
			Positive Outlook



ILGRP options (preference in bold) **Merge with Auburn, Parramatta, Ryde (part) and The Hills (part)** and move northern boundary of Parramatta to M2 (balance of The Hills to remain an individual council) **or** adjust Parramatta's boundaries to include parts of Ryde and The Hills and combine Auburn, Holroyd and Parramatta as a strong JO.

Assessment summary	Scale and capacity	<b>Does not satisfy</b>
	Financial criteria:	<b>Satisfies overall</b>
	• 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 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 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 136,000 by 2031 compared with the forecast merger population of 356,700. 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 by Morrison Low which showed a merger of Parramatta, Holroyd, Auburn, part of Ryde and part of The Hills produces net benefits. Based on this model, our analysis suggests the merger could produce net benefits of \$254m over 20 years (including the Government grant).
- In addition, our independent consultants Ernst and Young estimated net benefits from the merger of \$150m over 20 years using public data (not including the Government grant).
- These analyses showed large gains to the local community from the merger. Variances in calculations result from different inputs and underlying methodologies.
- Our analysis is consistent with the ILGRP preferred option for Holroyd 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 had a special variation approved from 2013-14 adding an additional 44.2% (29.1% above the rate peg) to rates revenue over a five year period. This is the primary reason for the improvement in the council's financial performance over time.

**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 infrastructure backlog and the asset maintenance ratios by 2019-20.
- The council has forecast a debt service ratio of zero by 2019-20, which does not meet the benchmark.

**Efficiency - satisfies**

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

**Other relevant factors**

Social and community context

The council states it is concerned about a merger with Parramatta for the following reasons:

- the focus and funding would shift to developing Parramatta and away from Holroyd's existing LGA
- issues of importance to the Holroyd community may not receive sufficient focus
- as Holroyd and Parramatta have different demographic characteristics, some areas would be prioritised for development service over others, and
- there would be a risk of reduced representation and responsiveness.

Community consultation

In the recent survey by council (April-June 2015), 84% of respondents opposed the proposed merger. The council notes there were over 500 attendees at two public meetings (in February and March) that overwhelmingly opposed this proposal.

Water and/or sewer

The council does not have a water/sewer business.

Submissions

We received six submissions for Holroyd supporting the council's proposal to stand alone. Two of the local MP also supported Holroyd's proposal. One late submission was received.