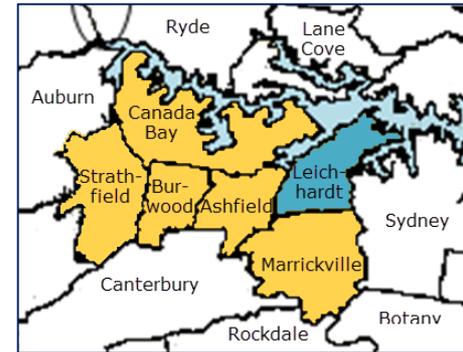


## LEICHHARDT MUNICIPAL COUNCIL – CIP

<b>NOT FIT</b>			
Area (km <sup>2</sup> )	10	Population 2011	55,650
OLG Group	2	(2031)	67,550
ILGRP Group	Sydney Metro	Merger 2011	331,800
		(2031)	433,000
Operating revenue (2013-14)	\$78.8m	TCorp assessment	Sound FSR, Neutral Outlook
ILGRP options (preference in bold)	<b>Merge with Ashfield, Burwood, Canada Bay, Marrickville and Strathfield</b> (yellow) or combine as strong Joint Organisation.		



Assessment summary	Scale and capacity	<b>Does not satisfy</b>
	Financial criteria overall:	<b>Satisfies</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 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 that 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 the merger option. In addition the merger option would provide significant further benefits.
- The council's population is forecast to be 67,550 by 2031 compared with the forecast merger population of 433,000. Our analysis suggests the council does not have sufficient scale to partner effectively with governments compared to the merger.
- The council submitted a business case which showed a merger of Strathfield, Ashfield, Burwood, Canada Bay, Leichhardt and Marrickville produces net benefits. Based on this model, our analysis suggests the merger could produce net benefits of \$396m over 20 years (including the full Government grant).
- In addition, our independent economic consultants have estimated net benefits from the merger of \$194m over 20 years using public data (not including the Government grant).
- The council resolved its preferred amalgamation would be between Leichhardt, Ashfield and Canada Bay Councils in the event of an amalgamation. It carried out internal modelling of this option, which showed this merger would be the best option for its residents.
- All analyses showed large gains to the local community from a merger. Variances in calculations result from different inputs and underlying methodologies.
- Our analysis is consistent with the ILGRP preferred option for Leichhardt to merge with neighbouring councils.

### Sustainability – satisfies

- The council satisfies the sustainability criterion. It is 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 meets the efficiency criterion based on a decline in real opex per capita over the period to 2019-20.

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## Other relevant factors

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Social and community context	<p>Leichhardt Municipal Council indicates the merged council will lead to a loss of:</p> <ul style="list-style-type: none"><li>• representation with 2.5 councillors representing the LGA, rather than 12</li><li>• sense of identity and place, since there is no shared community of interest particularly with respect to Leichhardt's built form and open space heritage, and</li><li>• local culture, local values and prioritisation of local issues.</li></ul>
Community consultation	<p>Leichhardt Municipal Council consulted on two options (stand-alone or Inner West council). Every household and business was hand delivered information. 1,378 survey responses were received with 76% of respondents not supportive of an amalgamated council. The advice in the information pack promotes the stand-alone case.</p> <p>In addition, a random phone survey had 304 respondents with 61% of respondents not supportive of an amalgamated council. According to Leichhardt Municipal Council the structure of the random phone survey meets industry requirements put forward by Piazza Research to avoid any perception or accusation of "push polling".</p>
Water and/or sewer Submissions	<p>The council does not have a water/sewer business.</p> <p>We received 191 submissions (including one early submission) relating to Leichhardt's proposal of which 178 rejected the merger. The main reasons for opposition included satisfaction with council's performance, loss of local identity and focus, reduced representation and services, and the absence of evidence that residents will be better off under a merger. The remainder supported the merger for reasons including the council was not meeting the needs of residents and a merged council would provide economies of scale and consistency of policies across wider areas.</p>

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