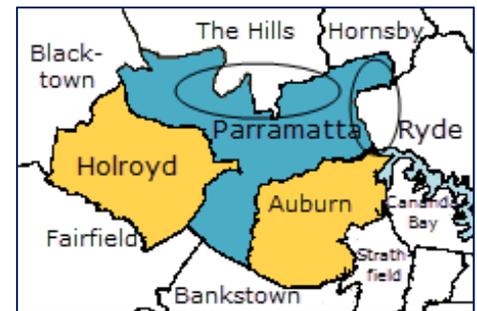


PARRAMATTA CITY COUNCIL – CIP

NOT FIT

Area (km ²)	61	Population 2011	174,800
OLG Group	3	(2031)	253,900
ILGRP Group	Metro Sydney	Merger 2011	356,700
		(2031)	520,500
Operating revenue (2013-14)	\$181.5m	TCorp assessment	Moderate FSR Neutral Outlook

ILGRP option (preference in bold) **Merge with Auburn (yellow), Holroyd (yellow), Ryde (part) and The Hills (part) and move northern boundary of Parramatta to M2 (balance 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 Joint Organisation.**



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 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 that 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.
- Holroyd City 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 & Young estimated net benefits from the merger of around \$150m over 20 years using public data (not including the Government grant).
- All 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's preferred option for Parramatta 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.
- We estimate that adjusting the operating performance ratio by removing interest income on section 94 reserves would reduce the ratio by approximately 0.8 percentage points to 0.3% in 2019-20, which is still above the benchmark.

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 ratio by 2019-20.

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 did not address this issue in its proposal.
Community consultation	Parramatta City Council undertook community consultation, including a phone survey in relation to the ILGRP proposed merger. Survey results indicate that respondents are satisfied with the performance of the council in its current form. A majority of respondents are somewhat supportive (27%), supportive (23%) or completely supportive (12%) of the merger proposal.
Water and/or sewer	The council does not have a water/sewer business.
Submissions	We received four submissions relating to Parramatta's proposal. Three submissions were against council's alternative proposal to create a new 'global' city including areas such as Macquarie Park Shopping Centre, Macquarie University, Sydney Olympic Park and Epping and one supported mergers within the metropolitan area. In addition we received one late submission that did not support the merger.
