

STRATHFIELD MUNICIPAL COUNCIL – CIP

NOT FIT

Area (km ²)	14	Population 2011	37,250
OLG Group	2	(2031)	50,900
IGLRP	Metro	Merger 2011	331,800
		(2031)	433,000
Operating revenue (2013-14)	\$30.9m	TCorp assessment	Moderate FSR Negative Outlook

ILGRP options (preference in bold) **Merge with Ashfield, Burwood, Canada Bay, Leichhardt and Marrickville** (yellow) or combine as strong Joint Organisation (JO).



Assessment summary	Scale and capacity	Does not satisfy
	Financial criteria overall:	Satisfies
	• 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. Although it does not meet the efficiency criterion, the council satisfies the sustainability and infrastructure and service management 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 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 50,900 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 other Inner West councils 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 around \$194m over 20 years using publically available data.
- All analyses showed large gains to the local community from a merger. Variances in calculations result from different inputs and underlying methodologies.
- The council is subject to an OLG performance improvement order due to evidence of serious deficiencies in its procurement and purchasing systems.
- Our analysis is consistent with the ILGRP's preferred option for Strathfield 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.
- The council's forecasts rely on a number of assumptions, including the successful application for and adoption of a special variation in 2017-18 of 10.0% cumulative (7.5% above the rate peg).

Infrastructure and service management – satisfies

- The council satisfies the infrastructure and service management criterion as it meets the infrastructure backlog and asset maintenance benchmarks by 2019-20.
- The council does not meet the debt service ratio benchmark. The council has a "no debt" policy.

Efficiency – satisfies

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

Other relevant factors

Social and community context	Strathfield notes there is a perception in the local community there would be significant loss of identity in the case of a merger. Strathfield notes a merger would involve a significant reduction in representation of its area in a larger merged council and make it much harder to effectively engage with councillors.
Community consultation	<p>'Local identity' was identified as being important by over 70% of respondents to a telephone and online survey. Strathfield Municipal Council conducted a number of surveys on two options (stand-alone or Inner West merger). 81.4% (164) of respondents supported Strathfield as a stand-alone council in a telephone survey and 85.4% (687) in an online survey.</p> <p>Flyers were sent to residents regarding the outcomes of Morrison Low's analysis. This drew 701 responses with over 95% opposing an Inner West merger. The information pack and flyers focused more on the negative impacts of the merger and this is reflected in the higher level of opposition to the Inner West merger than the previous two surveys.</p>
Water and/or sewer	The council does not have a water/sewer business.
Submissions	<p>We received 204 submissions in relation to Strathfield's proposal. Of these submissions, 60 rejected the merger. The main reasons for opposition included satisfaction with council's performance, loss of local identity and focus, reduced representation and services, increased rates and that there is no evidence residents will be better off under a merger. Two submissions were in support of merging based on Strathfield Council's merger campaign being self-serving and the need for new councillors and council staff. One late submission was received which did not support the merger.</p> <p>The majority of submissions were from letters submitted by Strathfield residents opposed to Bankstown's proposal of a boundary adjustment to take over the southern portion of Strathfield Council. The form letter (and variations of the form letter) raised issues including:</p> <ul style="list-style-type: none">• lack of consultation on the boundary change• satisfaction with Strathfield Council's performance• do not identify with Bankstown• reduced representation, and• rate increases and declines in services/facilities. <p>Strathfield Council made a submission regarding the boundary change raising issues including no justification to alter boundaries, no benefit for residents and businesses, loss of representation for residents, not supported by the community, different demographics and rate increases.</p>
