

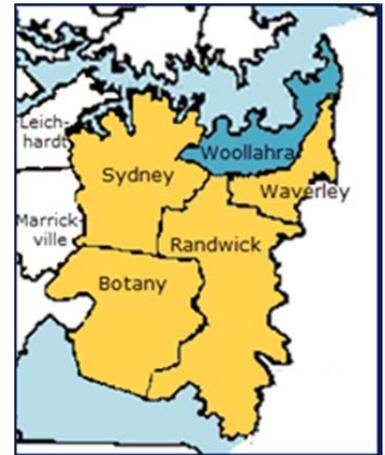
WOOLLAHRA MUNICIPAL COUNCIL – CIP

NOT FIT

Area (km ²)	12	Population 2011	56,300
OLG Group	2	(2031)	67,250
ILGRP Group	Sydney Metro	Merger 2011	487,600
		(2031)	653,250
Operating revenue (2013-14)	\$72.7m	TCorp assessment (Revised)	Moderate FSR Positive Outlook

ILGRP options (preference in bold) **Merge with Randwick, Waverley, Botany and Sydney** (yellow) or form strong JO with Randwick, Waverley, Botany and Sydney (shaded area).

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 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 option. 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 67,250 by 2031 compared with the forecast merger population of 653,250. Our analysis indicates the council does not have sufficient scale and capacity to effectively partner with governments compared with the merger option.
- The council did not submit a full merger business case. Instead it undertook its own assessment of the options.
- Randwick City Council submitted a business case which showed a merger with Woollahra Council, Waverley Council, Council of the City of Botany Bay and Council of the City of Sydney produces net benefits. Based on this model, our analysis suggests the merger could produce net benefits of \$416 million over 20 years (including the government grant).
- In addition, our independent economic consultants Ernst and Young estimated net benefits from the merger of \$283m over 20 years using public data.
- These 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's preferred option for Woollahra 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.

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, asset maintenance and debt service ratios by 2019-20.

Efficiency - satisfies

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

Other relevant factors

Social and community context	The council is located in Sydney's eastern suburbs and has its population are amongst the most socio-economically advantaged in NSW. The council borders Bondi Junction, a key strategic centre in the eastern suburbs. The council is home to key tourist destinations including Watsons Bay, Vaucluse and key beaches.
Community consultation	The council informed their communities of the FFTF process through focus groups, surveys, their websites, briefings and mailed information packs. Feedback from an online survey and a Micromex telephone survey indicated the majority of respondents opposed a merger. We consider the council did not provide a balanced assessment of the proposed FTFF reforms.
Water and/or sewer	The council does not have a water/sewer business.
Submissions	We received 27 submissions in relation to Woollahra Municipal Council. These are predominantly concerned with the loss of local focus and identity. The submissions also consider the council to be performing well and that there is no evidence to suggest residents will be better off under a merger. Three submissions support the merger. We also received two late submissions.
