

Parramatta City Council
Alternative Proposal -
A new council at the centre of
Global Sydney

In response to the NSW State Government's *Fit for the Future* requirements

A new council at the centre of Global Sydney

The Fit for the Future process is an initiative aimed at creating synergies and savings for the benefit of the community, it provides a generational opportunity to provide a strong foundation to underpin economic growth in Western Sydney and enhance local government's role in delivering great services to our community.

Parramatta as Sydney's second CBD is in a unique position to deliver tangible change that our community will look back on in fifty years' time as being the catalyst for Sydney realising the vision of being a strong global city and a great place to live.

The NSW Government's Metropolitan Strategy – 'A Plan for Growing Sydney', published in November 2014, clearly states that Parramatta and its future development have significance well beyond Parramatta City Council's present Local Government Area boundaries and, in order for Sydney to be truly recognised as a global city, it is essential that Parramatta confirms its role as the second CBD of Sydney.

This places Parramatta City Council in a unique position, to truly deliver this vision there must be a strong council in the centre of Global Sydney able to drive change and facilitate delivery of all that is required of a genuine second CBD. In creating this new stronger council, we understand that we must stay connected with our community at a street by street, suburb by suburb, ward by ward level to ensure that the important role of local government continues to be achieved.

We believe that a larger council will unlock scale and capacity to provide improved services to our community and will provide the potential for our community to access services of a larger council that may not have been able to be provided across smaller council entities. In addition, creating a new council will ensure that the benefits of the growth of Parramatta and surrounds can be to the benefit of the broader regional community.

In order for Sydney to be truly recognised as a global city, the next big step is to develop the economic region surrounding Parramatta comprehensively and well. Parramatta City Council is proud of the integral local leadership role we play in our community, we have a once in a generation opportunity to move the needle from being a large well run suburban council to being a strong regional council with expanded scale and stronger capacity. We believe that this places Council in the best possible position to achieve local government's full potential in serving our community and contributing to the vision for Sydney.

A Vision for Parramatta

["Greater Parramatta is Sydney's Western CBD. Located close to the demographic heart of Sydney Metropolitan Area, its scale and mix of commercial, health and education facilities make it a centre - a CBD - of metropolitan significance."](#)
[NSW Government Planning and Environment 'A Plan for Growing Sydney 2014'](#)

The NSW Government's Metropolitan Strategy – 'A Plan for Growing Sydney', published in November 2014, clearly states that Parramatta and its future development have significance well beyond Parramatta City Council's present local government area boundaries.

In order for Sydney to be truly recognised as a global city, it is essential that Parramatta confirms its role as the second CBD of Sydney. This places Parramatta City Council in a unique position which must be considered in the Fit for the Future local government reform process.

'A Plan for Growing Sydney 2014' paints a vision for Western Sydney to ensure the City's productivity into the future and the development of Parramatta as Sydney's second CBD has been singled out as integral to achieving this vision.

'A Plan for Growing Sydney' highlights:

Grow Greater Parramatta – Sydney's second CBD

- Grow Parramatta as Sydney's second CBD by connecting and integrating Parramatta CBD, Westmead, Parramatta North, Rydalmere and Camellia
- Grow the specialised health and education precincts at Westmead and Rydalmere
- Renew Parramatta North to create a vibrant mixed-use precinct

Establish a new priority growth area – Greater Parramatta to the Olympic Peninsula

- Establish a new partnership to manage renewal of the Greater Parramatta to Olympic Peninsula Priority Growth Area
- Identify and deliver enabling infrastructure to support growth and urban renewal
- Deliver priority revitalisation precincts
- Grow the knowledge economy as part of the extension of the Global Economic Corridor

Tim Williams, Chief Executive of the Committee for Sydney, in the Sydney Morning Herald (25 May 2015) comments:

"Sydney's structure is challenging. We've got this rather constrained CBD on the far east of our city but about two million people live west of Parramatta" he say "The next big step for Sydney's transformation is to do Parramatta comprehensively and well... the city needs Parramatta to be an economic powerhouse, a second economic pole."

It is Parramatta City Council's view that its current scale and capacity will not place it in the best possible position to achieve its full potential in serving our community and in the task of creating Global Sydney's Second CBD. Parramatta City Council believes that a larger council area reflective of the broader responsibilities implied by that task must be created. An expanded Parramatta City Council must have the capacity to influence Western Sydney's economic development, drive planning outcomes at the sub-regional level and provide services and build infrastructure and assets which have significance to a larger community and economic region. An expanded Council would also be better placed to promote, coordinate and manage cultural, recreational, tourist and entertainment activities and ensure the protection of the important natural and heritage assets in the region, creating a truly liveable City in the West.

Whilst Parramatta City Council already provides significant leadership and influence in its region, as demonstrated for example by the role Parramatta City Council played in advocating for Western Sydney Light Rail, if the City and the region are to reach their full potential, Parramatta City Council must be expanded to create an organisation with a stronger revenue base, improved resources and the capacity to become a true partner to State and Federal Government in the ongoing economic, social and infrastructure growth of Greater Western Sydney.

A larger council area that is capable of serving the Parramatta economic region as a single local government entity is critical from an infrastructure management and development perspective, enabling it to undertake the large capital projects and attract the businesses and investment that will be necessary and to provide better services to meet users' needs. However, when considering the formation of a new council, Parramatta City Council firmly believes that the new council should not risk its important local and community presence and

representational obligations. Parramatta City Council is proud of the integral leadership role it holds in the community reflecting a community of interest between people and the long standing values of local government which take in the intrinsic contributions of residents and the volunteer base.

What is Fit for the Future aiming to achieve?

The NSW Government (through the Independent Local Government Review Panel (ILGRP)) is seeking to create councils that are **strategic** and Fit for the Future “councils with demonstrated sufficient scale and capacity, identify strategies and actions to ensure they are Fit for the Future.” *NSW Premier Mike Baird*

Becoming Fit for the Future is a process. . . . The important thing is that your council has a sound and credible plan to improve its situation. This plan could include structural change, such as merging with other councils, or it could include a strategy for consistent performance improvement. It is up to each council to decide the best approach.

Sydney needs a new approach to local government if we are to deliver the housing, jobs and transport people will need in the next 20 years. The Fit for the Future program will help councils and their communities to take advantage of emerging opportunities, to grow outside their existing boundaries and play an active part in shaping Sydney’s future.

Fit for the Future Website

Local Government reform is about better and more efficient delivery of services to the community (residential and business). Parramatta has a once in a generation opportunity to move the needle from being a large well run suburban city to being the centre of the commercial sector of the largest growth corridor in Sydney. The size, scale, functions performed and strategic capacity of the council must increase proportionately with community and infrastructure demands.

To meet these objectives, the ILGRP recommended merging Parramatta, Auburn, Holroyd, the western part of Ryde and the North Parramatta area of The Hills to form a new council however we were unable to secure support from neighbouring councils for the joint work required to analyse this ILGRP’s proposed merger or any other regional options.

Parramatta City Council has however undertaken a strategic review based on publicly available information and this analysis indicates that a larger council serving the Parramatta economic region has a sound strategic logic and that this new council can meet the Fit for the Future benchmarks.

It is clear that we are at an important time in determining the future of Local Government. As growth in NSW continues, demands for the services provided by local government increase and councils are stretched to meet increasing demands with limited resources, it is vital that any changes to the sector are thoroughly explored and well-grounded in detailed analysis. For this reason, Parramatta City Council is proposing that a detailed review be conducted to determine the appropriate scale and scope of a new council to support Parramatta’s role in global Sydney, along with detailed consideration of how strong local representation can be maintained.

What would the proposed new council look like?

The Fit for the Future reform process provides a generational opportunity to effectively implement local government reform. According to the Committee for Sydney, the future of Sydney as global city is based on the proposition that “dual CBD’s” - Sydney CBD and Parramatta’s growing CBD are required with “the two economic hubs...more closely linked.”

It is Parramatta City Council’s view that when considering the boundaries for reform of Sydney metropolitan councils, it makes sense to define the boundaries for the new council first.

When considering proposed new boundaries, Parramatta City Council proposes that boundaries should be logical and wherever possible based on major roads, railways, suburb boundaries and the natural landscape, eg waterways. This ensures that LGA boundaries are clear and transparent to the community and provide a logical foundation for planning and providing services to the local region.

The footprint for a new local council must also take into account critical elements such as:

- Natural community hubs and communities of interest (including suburb boundaries);
- Urban activation precincts around “neighbourhood” centres;
- Commercial and industrial linkages;
- Transport links and hubs;
- Scale required to underpin planning processes, decision making and infrastructure projects; and
- Organisational capability required to deliver to the objectives outlined in the ‘A Plan for Growing Sydney’.

It is proposed that the newly created council would have the following primary characteristics:

- Expanded geographical boundaries to include a significantly increased residential, commercial and industrial rate base capable of generating at least \$500M in annual rates revenue;
- A sub-regional planning responsibility supporting the implementation of the Metropolitan Strategy, including the planning of major centres, urban activation precincts, transport routes and nodes and the creation of regional level infrastructure and assets; and
- Substantially increased resourcing and skills base, leveraging cost synergies to build a highly efficient and effective organisation with an expanded capacity to serve both existing local and an increasingly regional community.

Whilst it is proposed a detailed review is required to determine the exact boundaries of this new proposed council that would serve greater Parramatta, “A Plan for Growing Sydney” does enunciate a number of concepts such as “global economic corridors”, “extending Parramatta’s catchment”, “establishing a new priority growth area – Parramatta to the Olympic Peninsula” and establishing a “knowledge economy as part of the extension of the global economic corridor “ that a potential footprint of a new council could be considered against.

The following table summarises the geographic region that is relevant to Parramatta and its surrounds as expressed in “A Plan for Growing Sydney”. It is Parramatta City Council’s view that these areas should be considered when determining potential boundaries for the new council, we also note that the Fit for the Future process has already identified Blacktown and Bankstown LGA’s regions of scale that would continue to standalone and the following table should be considered in that context.

A Plan for Growing Sydney direction	Proposed geographic interpretation for the formation of a new greater Parramatta Council
Global economic corridors	Parramatta to Macquarie Park Macquarie Park Sydney Olympic Park (As relevant to Parramatta)
Extending Parramatta's catchment	Parramatta to Sydney Olympic Park Parramatta to Macquarie Park Parramatta to Castle Hill Parramatta to Bankstown
Establishing a new priority growth area – Parramatta to the Olympic Peninsula	Westmead, North Parramatta, Parramatta CBD, Rydalmere education precinct, Camellia, Silverwater, Sydney Olympic Park, Wentworth Point, Rhodes
Grow the knowledge economy as part of the extension of the global economic corridor	Parramatta CBD, Sydney Olympic Park, Silverwater, Rydalmere

Parramatta City Council seeks to work with the NSW Government to define the new council boundaries, to commence this process we describe below the regional area that we believe should be assessed in further detail following a detailed review and further dialogue with the NSW Government and other stakeholders as potential new boundaries.

Utilising infrastructure and the natural landscape wherever possible to form the new boundaries, the following new LGA is proposed to be considered:

- The proposed north boundary would be primarily defined by the M2 motorway, starting at Abbott Road to the west and travelling to Lane Cove Road to the east.
- The proposed eastern boundary would be primarily defined by the intersection of the M2 Motorway and Lane Cove Road to the north and would follow this arterial road southwards (where it changes names along the way) through to Homebush Bay Drive until it connects to the Western Railway line.
- The proposed southern boundary is not so easily defined by major infrastructure or natural elements along the boundary length so this boundary needs to be considered in a number of elements. The Western Railway line to the existing Parramatta LGA boundary and then we propose to consider the existing Parramatta and Holroyd Council southern boundary lines. We note that these boundaries do already utilise natural landscapes elements such as Prospect Creek.
- The western boundary would then seek to connect back to the M2 Motorway using existing infrastructure such as Abbott Road.

This would result in the whole of the current Parramatta and Holroyd LGAs, a significant component of the Auburn LGA, around half of Ryde LGA and some areas of The Hills and

Hornsby being incorporated into the proposed new council area. Such an area would have similar scale to that defined as appropriate for the area by the ILGRP.

We note that a detailed analysis of exact boundaries would form part of the detailed review and as such the description of boundaries should be seen as indicative only.

Staying connected with our local community

Parramatta City Council acknowledges that it is critical to ensure that our focus on delivering services to our community at the local level is not negatively impacted by the creation of a new larger council. We understand that the ability to stay connected with our community at a street by street, suburb by suburb, ward by ward level is essential to ensuring that the important role of local government continues to be achieved.

Parramatta City Council as a large suburban council has demonstrated the ability to deliver services across our diverse local government area. For example our Place Management model provides a multidisciplinary approach to the planning, design and management of public spaces. The aim of place management is to achieve a higher level of social, economic and environmental outcomes throughout a city and surrounding suburbs. It usually involves stepping back and looking at what is currently there, asking questions and listening to the needs and wants of the community. By using all the information obtained in determining what would be the best approach in making a particular space more utilised by the community and its visitors, place management can create a better space which you can live, work and play in.

The Place Services team plays a major role in achieving Parramatta City Council's vision and strategic outcomes. It currently comprises five paired Place Manager and Operational Liaison Officer's each servicing a Ward within the Parramatta Local Government Area. It is proposed that the Place Management model and Place Services team resources would be expanded across the new council area to ensure the larger council stay truly local and connected with our community.

In addition Parramatta City Council already focuses on precinct planning to ensure that a focused approach taking into the account the particular needs of precinct underpin our long term development plans. In developing precinct plans, Council works with precinct stakeholders to develop a long term vision for the precinct that enables renewal and redevelopment to be undertaken in a consultative and collaborative manner. We propose that the precinct planning approach would be extended across the new council area as another mechanism of ensuring local community issues remain a key focus in the larger council region.

Parramatta City Council also argues the establishment of a new council will unlock scale and capacity to provide improved services to our community and provides the potential for our community to access services of a larger council that may not have been able to be provided across smaller council entities.

New Legislation

In establishing the new council, Parramatta City Council argues that in order to deliver the full potential of Parramatta as Sydney's western CBD, that a separate Act for the new council along the same construct as the City of Sydney Act is required. This is to recognise the administrative and economic importance of the Parramatta region and its unique position

in situating facilities and holding events of local, regional, national and international significance. It is noted that as per the arrangements currently in place for the City of Sydney, the new council would also be subject to the provisions of the Local Government Act.

This new legislation would also facilitate a centralised and coordinated approach to planning, transport and traffic management which are integral to ensuring that the proposed development of the region is conducted in an integrated manner and is able to effectively manage the increasingly complex infrastructure and transport challenges of a growing city.

Effective transport infrastructure is vital to economic development and accessibility to the City by workers, residents and visitors. Parramatta, like the City of Sydney, has specific issues and considerations that set us apart from other local government areas thus supporting standalone legislation.

In considering the new proposed legislation we have reviewed the City of Sydney Act and conclude that the construct of this Act serves the needs of the region and should be used as the basis to ensure consistency across the two major cities in Sydney. It may also be useful in any legislation to consider inclusion of a section clearly setting out the functions and purpose of the new council.

The City of Sydney Act provides insight into matters which should be addressed through legislation, if Parramatta is to progress as a successful city of the 21st century. We note that the opportunities and challenges that the City of Parramatta currently faces are similar to those facing Sydney at the time the Act came into force.

Matters which should be addressed along similar lines include:

- **Elections and voting eligibility** – a major concern over the years for Sydney Council has been the eligibility of electors. It is recommended that this issue be addressed for Parramatta in a similar way to Sydney Council. It would be appropriate to legislate for the enrolment of electors for voting, such as: owner of rateable land; a rate paying lessee or occupier of rateable land; and, a resident of the City.
- **Planning** – the value and complexity of development in Parramatta and its surrounding region is increasing. A reputable and balanced planning committee for major development should be established. Rather than the current system of a Joint Regional Planning Panel, legislation for the new council would enable the establishment of an experienced committee with its sole focus on high quality design and for development in the region. A coordinated approach with expertise of planning committee members will ensure a highly desirable outcome for the City.
- **Traffic** – it is necessary to have a coordinated approach to traffic network. An appropriately resourced traffic and transport committee will provide an opportunity for there to be a whole of City coordination of the traffic network throughout the City, including allowance for the traffic generated by new development.

Parramatta City Council notes that the reasons for implementing these provisions for Sydney Council in 1988, are appropriate now considering the role Parramatta has been identified to play as Sydney's second CBD.

Scale and Capacity

Scale

Parramatta City Council agrees that scale is an important consideration when considering local government reform. Scale must also be assessed in the context of the Parramatta region's role in global Sydney and delivering 'A Plan for Growing Sydney 2014'.

Scale however, is more than just a population consideration. A broader set of indicators are required to be considered when assessing scale, Parramatta City Council argues that scale should be assessed from three perspectives:

- Population size
- Industrial and commercial base
- Population of workers that come to the LGA on a daily basis.

It is Parramatta City Council's view that it is the combination of all of the above that provides the most comprehensive and accurate view of scale. The proposal for a stronger economic region satisfies scale on all three indicators:

Population size

The ILGRP's proposed merger resulted in a proposed population of 558,500. It is proposed that a new council that would serve the greater Parramatta economic region would represent ~450,000 residents in the near term and that this would grow to ~ 600,000 by 2031.

Industrial & Commercial base

A global city must have size and scale, this is not only measured by the number of residents in the region but the industrial and commercial base that underpins the city in terms of economic contribution and employment prospects for workers. The proposed new council needs to encompass a geographic region that integrates industrial and commercial activity in the Parramatta region this enables efficient utilisation of infrastructure by businesses in the region.

In addition, the proposed new council is expected to have a revenue base of approximately \$500m per annum. In order to achieve this solid ongoing revenue base, there needs to be the right mix of residential, industrial and commercial customers. Approximately 50% of the \$500m annual revenues from continuing operations (excluding capital grants) need to be derived from rates (residential and business). This requires a much larger industrial and commercial footprint for the new council.

Analysis has been undertaken of key commercial areas that would provide the right synergies and scale for the larger economic region council. The following areas have been identified:

Macquarie Park, Shopping Centre and University

Currently part of the western ward of Ryde.

Macquarie Park is developing as the IT and telecommunications business precinct of Sydney and including this area, along with the nearby Macquarie Park Shopping Centre and the Macquarie University would significantly enhance the business, education and retail offering of the wider economic region council and ensure optimisation of transport and infrastructure development.

It is estimated that Macquarie Park and the adjoining Macquarie Centre would generate rate and special levy income of circa \$7M - \$9M pa.

Macquarie Park forms part of the economic corridor between Parramatta and Sydney Olympic Park therefore including these three economic centres in one regional council will ensure an integrated approach to regional economic development and jobs growth in the region.

It is also noted that including Macquarie Park in the new council area would further support the educational corridor, providing stronger linkages between Macquarie University, UWS and the major health education precinct of Westmead and surrounds.

Sydney Olympic Park

Currently, the Sydney Olympic Park Authority (SOPA) charges businesses within Sydney Olympic Park a “user levy” similar to strata levies for provision of services which generates annual revenue of circa \$4.5M pa. Auburn and Strathfield council ceased to receive business rates revenue from the time SOPA was established (2001) but Auburn Council continues to receive residential rate revenue.

There is potential that the creation of the new legislation with similar powers and functions to the Sydney City Act which could replace the existing SOPA Act, by also incorporating the objectives of the SOPA Act for the region. This would enable the transfer of existing responsibilities to the newly defined council as it would have the appropriate scale to take on the current activities of SOPA.

Epping

Recent development of the Epping Town Centre has required the intervention of the NSW Department of Planning as it straddles several LGA’s. To ensure efficient and effective planning and development of infrastructure and transport in the future, the Epping Town Centre should fall under the newly defined economic region council.

Population of workers that come to the LGA on a daily basis

Scale should also be defined by the number of workers that come to the LGA on a daily basis. These workers depend on the infrastructure and services provided. Their interaction as local region employees drives the local economy. As a global city, Parramatta has the responsibility to deliver infrastructure and services not only to its residents but workers in the region – this is the true population that needs to be considered when assessing scale. In proposing a new council serving a larger and stronger region it is Council’s view that the true opportunities for unlocking the benefits of scale can be delivered.

Parramatta Park Trust

Parramatta Park Trust is a statutory body established under the *Parramatta Park Trust Act 2001*. The Minister for the Environment has administrative responsibility for the Act. As indicated in the Parramatta Park Trust Annual Report 2013-14 “The Trust works to conserve and enhance the cultural heritage of the park; to raise awareness of the heritage values of the park; to improve the visitor experience and to manage the parklands estate for leisure, education, recreation and sporting activities.

Parramatta Park is directly adjacent to Parramatta CBD, and Parramatta City Council considers that the newly formed council is well placed to continue the management of Parramatta Park as part of council operations as it has in the past. This will ensure an integrated approach to managing leisure, education, recreation and sporting activities across all parks in the region.

Parramatta City Council already enjoys a strong working relationship with the Parramatta Park Trust and management team, with many high profile events including Australia Day celebrations already being held in the Park.

As indicated in the Parramatta Park Trust Annual Report 2013-14, Parramatta Park operates on an ongoing breakeven basis. We also note that the NSW Government has announced \$35.4M will be allocated to the Park over a four year period, commencing 2014/15 to invest in new facilities and park amenities. This investment should be managed in the context of the broader investment in growing Parramatta as Sydney's second CBD.

If required the creation of new legislation could incorporate any specific obligations currently included in the Parramatta Trust Act.

Indicative scale of the new council

The new proposed council (subject to further detailed analysis) would potentially represent the following scale.

Indicative scale analysis of proposed council

Based on current data	Existing Parramatta City Council	Proposed new council
2013 population	184,600	460,000
2031 population (projected)	236,900	600,000
Operating Revenue (including Operational grants)	\$181.5m	\$483.0m
Capital Grants	\$20.1m	\$52.0m
Operating Expenses	\$151.0m*	\$438.0m*
Rates (incl. spec rates)	\$99.1m	\$200.0m

Figures have been rounded

*This excludes depreciation

Parramatta City Council financials from 2014 annual accounts.

The high level indicative analysis that has been conducted by our external advisor, PPB Advisory indicates that under the proposed new council, all seven benchmarks can be achieved. Further detailed analysis, particularly regarding Sydney Olympic Park is required to confirm financial and operational detail.

Strategic Capacity

In proposing a new council serving a larger and stronger economic region, we argue that all ten elements of strategic capacity can not only be met but fully realised to maximum potential.

Demonstrated Strategic Capacity

More robust revenue base and increased discretionary spending

- Indicative analysis shows a potential revenue base of around \$500m This would create significant underlying capacity to underpin discretionary spending and or increased capability to service debt
- Increased growth and development within the region will provide increased capital revenue through development contributions for provision of assets to meet the communities' needs
- Increasing population base will provide ability to offer new programs and services which will allow us to grow and diversify the revenue base

Scope to undertake new functions and major projects

- Capacity and geographic footprint would facilitate an integrated approach to major infrastructure projects such as:
 - Light Rail
 - Parramatta Road development
- New council would have enhanced capacity to better facilitate and / or deliver regional facilities
- Regional planning role to foster high quality integrated development outcomes.
- New council would facilitate the effective value capture of s94 contributions and other appropriate value capture mechanisms for local, regional and state infrastructure to better serve the region
- Ability to deliver regional solutions to provide improved economic, social, cultural and sporting outcomes

Ability to employ a wider range of skilled staff

- Larger council will have the financial capacity and diversity of roles to enable it to attract quality candidates and effectively compete in the employment market across government and private sectors
- Scale of operations and accountability will make the new council an employer of choice, with a clear value proposition for high quality and skilled employees

Knowledge, creativity and innovation

- A stronger council will enable will have improved capability and skills to develop and facilitate the delivery of a smart city strategy for the Parramatta CDB and surrounding region

Advanced skills in strategic planning and policy development

- Capacity to undertake planning on a subregional basis which is likely to deliver better
-

planning outcomes providing benefits for the region in a more efficient and timely manner

- Broader responsibilities for planning and policy development will improve councils ability to attract and retain high quality skilled staff
- Expanding the council to cover the true economic region will provide better decision making in terms of future infrastructure and planning. Areas will be able to be developed as specialisations i.e. industrial precincts, business parks and specific infrastructure developed to meet the needs of end users
- A strong regional council will enable better utilisation and planning of property assets and services including hospitals, aged care, social housing, community facilities, libraries across a larger geographic area

Effective regional collaboration

- The formation of the larger council will create a strong leader for western Sydney
- A single decision making body to provide for improved regional outcomes
- New council will be able to play a stronger leadership role to underpin WSROC and Metropolitan Mayors
- Capability strengthened to continue to foster Memorandum of Understandings (MOUs) with the public and private sector to facilitate regional growth and development
- With the development of Badgery's Creek as Sydney's second airport, Parramatta's geographic location makes it the perfect hub for transport connections, business facilities, retail (including accommodation and restaurants), cultural attractions (ie museums) and services. Parramatta as a strong regional council will be more able to facilitate effective regional collaboration to fully optimise Sydney's proposed second airport

Credibility for more effective advocacy

- A stronger larger council will be better placed to be a more effective advocate for the regional interests of the community

Capable partner for State and Federal Agencies

- A stronger balance sheet to give Council the potential to contribute to State and Federal Projects eg Parramatta Stadium, Arts & Cultural facilities or Light Rail
- Parramatta in its current form has demonstrated capability to be a capable partner. For example the Camellia Growth Committee has been established, in conjunction with the State Government, to guide the preparation of a Land Use and Infrastructure Strategy

Resources to cope with complex and unexpected change

- Stronger balance sheet provides improved financial capacity to manage complexity and deal with unexpected financial issues
- As per above the capacity to attract highly skilled resources will ensure that the council has the additional resource flexibility and capability to respond to change

High quality political and managerial leadership

- Larger council has the potential to attract managerial leaders than may not have been traditionally attracted to local government
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The Representation Model

A key factor in ensuring ongoing effectiveness of local government is to ensure that the community is appropriately represented. It is Parramatta City Council's view that effective community representation and local leaderships is a critical strategic capability. It is noted that the Fit for the Future process has been silent to date regarding the potential impact of the ILGRP recommendations would have on the community representation model.

This issue is of key interest to our community and needs to be addressed when considering increasing the scale of Parramatta City Council.

It is Parramatta City Council's view that effective local government is underpinned by Councillors being able to represent their local community. This requires elected representatives to have a detailed level of local knowledge around a broad variety of issues including planning and development matters, community service needs and the provision and management local facilities. Parramatta City Council believes that the most effective way to meet local community needs is via the ward structure. This ensures council can effectively balance local matters and regional matters effectively. Parramatta City Council proposes that the ward structure is the most effective way to continue to represent the community in the new proposed council. Council also notes that having an odd number of wards is most effective.

We recommend that an appropriate representation model and governance framework be investigated as part of the proposed detailed review as this, along with the financial and operational frameworks of a new council, needs to be analysed in detail prior to forming a final view on the proposed new model for greater Parramatta.

Shared Services model

Parramatta City Council has investigated a number of options regarding its future model. This includes a shared service organisation/joint organisation structure. This option is explored in further detail as part of Template 2 – Council Improvement proposal, however it is also Parramatta City Council's view that a shared service organisation could also be applicable for the proposed new council. Whilst economies of scale will be achieved by the creation of the new council, further benefits could also be achieved by the new council establishing a shared services organisation with other councils.

As a case study, our independent financial consultant PPB Advisory has evaluated potential economies of scale and savings that could be achieved through the adoption of shared services arrangements. This case study is based on the assumption that at least two councils of the size and scale of the current Parramatta City Council commit to the formation of a shared services organisation, and concludes that significant synergies can be provided with estimated ongoing savings in the order of \$10M per annum (excluding integration costs). In addition, a shared service organisation would have increased bargaining power and scale, which would also deliver further savings in procurement activities of up to 10%. Further detailed analysis would need to be undertaken regarding shared services options for the new proposed council however Parramatta City Council is of the view that this option should continue to be considered.

Rates Reform

Local Government revenue is currently constrained by the principle of rate pegging. A significant number of papers have been written on the efficacy of rate pegging and whilst there are many conflicting views IPART itself recognised that rate pegging had constrained the growth of NSW councils' taxation revenue which we can logically conclude has led to a reduction in services and investment in infrastructure.

It could be argued that Councils' under the current system able to apply to IPART for consideration of a special rating variation application, we don't believe this is a viable system. Council should be able seek direct support/approval from its community through consultation for any special purpose or general rating change and not via the current approval system.

Rate pegging limits the extent to which rates revenue can grow, notwithstanding increased demand for services from growing local communities, the reduction in grant funding and impact of cost shifting. In areas such as Parramatta, where increasing residential density is occurring, continuing with rate pegging will severely limit Parramatta City Council's future ability to provide quality services as the increasing demand for services will be disproportionate to revenue growth.

In addition to the removal of rate pegging we believe consideration should be given to moving away from unimproved land values to the use of capital improved land values for levying of rates as is the current process in Victoria, Queensland, South Australia and Tasmania. This would allow us to address the current inequities including minimum rates levied on multi-property developments.

Whilst strictly outside the ambit of the Fit for the Future process, Parramatta City Council strongly contends that sensible reform of Local Government demands that this issue be reviewed, so as to allow reasonable revenue growth in response to an expanding population base and increased demand for services.

Parramatta City Council also notes that a process would need to be put in place to ensure a managed approach to harmonising rates and charges in the new council area. We also note that the proposed larger council will create opportunities to achieve economies of scale across the new entity and improve efficiencies and it is our view that this will have a positive impact on value for money for ratepayers across the new council region.

Procurement Policy & Procedures

The current Local Government procurement policies and procedures play an important role in ensuring Councils' apply sound governance when purchasing goods and services. We believe however, they also limit the effectiveness of the procurement process and ultimately may limit our ability to secure the best value for Council.

The current prescriptive procurement requirements, including the threshold for requiring a tender, are inefficient, are leading to poor use of council resources and are not resulting in the best value outcomes. We would encourage the government to consider the recommendations of the Local Government Acts Taskforce with respect to procurement, which we support, as a matter of priority.

Fit for the Future Funding

As stated on the Fit for the Future website *“The NSW Government wants communities to have confidence that their council is financially sound, operating efficiently and in a strong position to guide community growth and deliver quality services. That’s why it is funding the State’s largest investment in local government reform (up to \$1 billion) to help councils achieve these important outcomes through the Fit for the Future process.”*

Parramatta City Council argues that the implementation of the model proposed in this alternative submission is as good as or better than the ILGRP merger proposal and as such the funding options should be made available to support further analysis and implementation of this proposal.

Parramatta City Council
Template 2 –
Council Improvement Proposal
(existing structure)

In response to the NSW State Government's *Fit for the Future* requirements

Council name: Parramatta City Council

**Date of Council resolution endorsing this submission:
22 June 2015**

1.1 Executive Summary

Parramatta City Council is supportive of Local Government reform and in its previous submission was primarily supportive of the recommendations of the Independent Local Government Review (ILGRP) panel. We note that this submission must be considered in the context of the broad spectrum of the ILGRP recommendations and Parramatta's 2013 submission is attached at Appendix A.

As required by the NSW Government Parramatta City Council has attempted to consider the proposed merger of Parramatta, Auburn, Holroyd, the Western part of Ryde and the North Parramatta area of The Hills to form a new council.

However there has been no support from neighbouring councils to consider this proposed merger and as such Parramatta has not been able to undertake a detailed analysis on this potential option. Further, the Fit for the Future submission process has limited Parramatta City Council to consider only the standalone option for its primary submission. The analysis contained in this submission indicates that Parramatta City Council can continue to standalone and meet the seven Fit for the Future benchmarks and has demonstrated strategic capability to meet the needs of our community.

A number of actions have already been identified in our corporate plan to further improve Council's sustainability and performance and in addition this submission proposes a number of additional areas of focus particularly around potential shared services delivery models across council areas that should be explored to drive further efficiency and effectiveness of service delivery.

Parramatta City Council has also conducted an unbiased community engagement process that is outlined in detail in this submission. This has involved information regarding the Fit for the Future process and potential options being delivered to residents, provided on our website and social media, and in local newspapers. We have also provided an opportunity for our residents and stakeholders to provide feedback to us via mail and website and have conducted a detailed telephone survey of over 600 residents to seek their feedback. Our community has broad ranging views about local government reform and this will be described in further detail in Section 3.4 of this submission.

In addition, we have also attached to this submission an alternative proposal for the NSW Government to consider, this proposal would require further comprehensive feasibility assessments to be conducted and would rely on the ability to access detailed information from neighbouring councils that was not able to be secured by Parramatta City Council in this process.

1.2 Scale and Capacity

Parramatta City Council has attempted to engage with its neighbours and work together to undertake a shared review and analysis of the ILGRP's proposed merger. Parramatta City

Council was unable to obtain support from these councils to conduct a proper review of the proposed option and has also been informed by writing or by council resolutions that there is no support from the proposed councils for a merger (please refer to Appendix B). As such Parramatta City Council has not been able to undertake the necessary analysis to properly consider the merits of the proposed merger and without the formal agreement from our neighbours regarding voluntary mergers is left in a position where it can only consider a standalone option in order to conform to the Fit for the Future process requirements.

In this proposal, Parramatta City Council is therefore presenting what a standalone option would deliver in relation to scale and capacity. However, we have also included an Alternative Submission outlining what we believe could be a superior option warranting a detailed feasibility study to ensure the required scale and capacity and will deliver the strategic capabilities required to meet not only the objectives of the Fit for the Future process but also the role Parramatta will play as Global Sydney's Second CBD, as identified in the NSW Government's Metropolitan Strategy – 'A Plan for Growing Sydney'.

Scale and Capacity

Parramatta City Council has noted that the starting point for analysis on scale and capacity is the ILGRP merger option. This indicates a proposed population for the newly merged council of approximately 558,000 residents. Parramatta City Council as a standalone council currently has a population of 174,500 (2011 Census) and this will grow to 236,864 by 2036. This makes Parramatta City Council, by population, one of the larger councils in NSW.

Scale however is more than just a residential population consideration. It is Parramatta City Council's view that a broader set of indicators are required to be considered when assessing scale, we argue that scale should be assessed from three perspectives –

- Population size
- Industrial and commercial base
- Population of workers that come to the LGA on a daily basis.

Parramatta, as a growing city, has an industrial and commercial presence in the order of 16,692 (Business Register 2014) businesses, with 120,133 (NIEIR 2014) workers coming to the LGA on a daily basis. This, along with our growing population, indicates that Parramatta City Council has a good basis as a standalone entity. As detailed in our proposal to form a new council to better serve the region we note that whilst our current scale and capacity is adequate to meet current and historical requirements, we argue that our current scale and capacity is inadequate when measured against the task of creating Global Sydney's Second CBD. Therefore as detailed below Parramatta City Council when compared to other councils can demonstrate satisfactory scale and capacity however, we believe that a larger council area reflective of the broader responsibilities required of Parramatta City Council in 'A Plan for Growing Sydney' must be created to unlock a greater potential scale and capacity for local government in the region.

In accordance with the Fit for the Future Template two submission requirements, Parramatta City Council's standalone submission is based on current LGA boundaries and all of the analysis in this Standalone submission is based on operational and financial data of the current LGA with no changes to boundaries.

We note that Hornsby Shire Council on 10 June 2015 resolved to expand its boundaries in Epping and Carlingford to incorporate existing Parramatta City Council areas. Parramatta City Council notes that no analysis or justification was provided to underpin these proposed boundary changes and Parramatta City Council rejects this proposition.

Strategic Capacity Elements

Parramatta City Council is a capable professionally run Council, this is demonstrated in the following table, whereby real case examples of Council performance are provided.

Demonstrated Strategic Capacity

More robust revenue base and increased discretionary spending

- Existing high percentage of own source revenue with less reliance on external funding sources and a current operating surplus
- Increased growth and development within the area will provide increased capital revenue through development contributions for the provision of assets to meet the communities' needs
- Increasing population base will provide the ability to offer new programs and services which can complement the current revenue base
- The ability to provide services for the wider region (such as Riverside Theatres) to increase revenue base

Scope to undertake new functions and major projects

- Undertook the first stage of the Western Sydney Light Rail feasibility study
- Undertaking the Parramatta Square development
- Currently offer a diverse range of services and functions
- Capacity to undertake new initiatives such as City Branding - 'We're Building Australia's Next Great City' campaign
- Held two Economic Development Forums
- Currently deliver significant regional events such as Australia Day, Sydney Festival, Loy Krathong and New Year's Eve
- Capacity to deliver major projects such as the development and construction of the Rydalmere Operations Centre

Ability to employ a wider range of skilled staff

- Diversity of services currently offered means that Council currently has a wide range of skilled staff especially compared to other councils
- Financial capacity and diversity of roles to attract quality candidates from a variety of backgrounds and sectors
- The CBD and increasing development offers broad employment prospects

Knowledge, creativity and innovation

- Inclusion of a Central Energy Plant within the future Parramatta Square Development
 - Establishment of a City Branding campaign
 - 'Activate Parramatta' initiative - delivering high quality shops to the city centre, with the opening of Jamie Oliver Trattoria in late May adjacent to Centenary Square
 - Attraction of high quality, well known brands such as Bourke Street Bakery
 - Environmental Upgrade Agreement Program - Building Upgrade Finance is an initiative of
-

Parramatta City Council offered through the NSW Government's Environmental Upgrade Agreement (EUA) Scheme. In December 2012 Parramatta City Council made history by signing the first Environmental Upgrade Agreement in NSW

- Smart City Strategy
- 2010 winner of the Local Government Management Association NSW Management Excellence Award in Leadership and Innovation
- Memorandum Of Understanding (MOU) with Microsoft – the first council in Australia to roll out Windows 8.1
- Implementation of the Green Grid – a pilot project to connect open spaces, parks, pedestrians and bike paths (identified in the NSW Government's Metropolitan Strategy – 'A Plan for Growing Sydney')
- Introduction of a free City Loop bus service - now operated by the State Government

Advanced skills in strategic planning and policy development

- Dedicated strategy unit means staff are specifically employed for skills in strategic planning
- Specialised team to oversee increasingly complex developments occurring within the area -
- Development of the Draft Parramatta River City Strategy which sets out plans to revitalise the foreshore between Gasworks Bridge and Rings Bridge, O'Connell Street. New and improved spaces will be created for walking, cycling, picnicking, outdoor dining and hosting major events
- Strategic review of the Parramatta CBD planning framework to determine whether there are changes that could be made to help create more opportunities for investment, jobs, better built form outcomes and also design excellence
- Precinct Planning for Westmead, Camellia, Auto Alley and Rydalmere
- Parramatta Square development and development of a specific public domain strategy
Property Development Group to investigate opportunities throughout the local government area (LGA)

Effective regional collaboration

- MOU with the University of Western Sydney
- Effective participation in and leadership of WSROC and Metropolitan Mayors
- MOUs with Department of Housing and Department of Health
- MOU with Urban Growth for Parramatta Road Urban Renewal Project
- MOU with Sydney Water

Credibility for more effective advocacy

- Western Sydney Light rail - State Government in its 2014/15 budget approved \$10m for a detailed feasibility study and setting aside a further \$400m to initially kick start the construction of this process
- Demonstrated advocacy - effectiveness in influencing major projects including Westconnex, Parramatta Road and the Parramatta River
- Camellia - Parramatta City Council and the Department of Planning & Environment are working together to prepare and implement a Land Use and Infrastructure Strategy for the Camellia Precinct

-
- Strong collaborative relationship with State Government entities
 - Active participant in the Westmead Alliance
-

Capable partner for State and Federal Agencies

- Proven ability to partner with State and Federal agencies on projects such as;
 - Western Sydney Light Rail
 - Epping Urban Activation Precinct
 - Parramatta Road redevelopment
 - Westconnex
 - North Parramatta Cultural Precinct
 - Camellia Precinct
 - Powerhouse Museum
 - River Cities Renewal project
 - Westmead Alliance
 - Financial contribution towards the Parramatta Stadium Upgrade
 - Working with Roads and Maritime Services for renewal of Parramatta and Rydalmere ferry wharves
-

Resources to cope with complex and unexpected change

- Financial capacity
 - Diversity, depth and number of staff
 - Parramatta Road - proven ability to contribute staff resources to Urban Growth project
 - Ability and capacity to establish new positions and teams to cope with increased development demand with in the City – dedicated team for CBD planning framework review and a City Significant Development Team
-

High quality political and managerial leadership

- Diversity of political leadership to reflect the LGA community
 - Broad range backgrounds in political leadership – small business owners, lawyers
 - Parramatta City Council has a number of Councillors who have been elected to State Government seats
 - Recent managerial appointments have refreshed a highly experienced senior management team with a strong mix of private and public sector backgrounds
 - High level of customer satisfaction 75% in 2014
 - 2013 Local Government Employer of the Year
 - 2010 winner of the Local Government Management Association NSW Management Excellence Award in Leadership and Innovation
-

2. Your council's current position

2.1 About your local government area

Parramatta is situated 24 kilometres west of Global Sydney and six kilometres west of Sydney Olympic Park and is located at the heart of the Sydney Metropolitan Area. The LGA covers an area of 61 square kilometres with a population of nearly 190,000 people (ABS ERP 2014), in addition more than 120,000 jobs are located in the Parramatta Council LGA and it is home to over 16,000 businesses. It encompasses 29 suburbs and has an extremely diverse community with over 140 languages spoken within the LGA. Parramatta is home to Westmead the largest concentration of hospital and health services in Australia's, Camellia which is one of the most important employment land precincts in Metropolitan Sydney and the Rydalmere industrial area. Parramatta has the opportunity to serve as a major economic hub to one of Australia's fastest growing areas and currently generates a GRP of nearly \$17 billion (NIEIR 201). Council recognises the increasing role it has to play the area to cater for increased population and employment growth with the population expected to rise to nearly 240,000 and an anticipated 50,000 extra jobs by 2038.

Council's major priorities are documented in its Corporate Plan 2013/14 – 2016/17. All of these major priorities are important in ensuring the success of the area and in some cases of the broader region (refer to Appendix C).

As part of the Community Strategic Plan, Parramatta 2038, the vision for Parramatta in 2038 is that it will be the driving force and heart of Australia's most significant economic region; a vibrant home for diverse communities and a centre of excellence in research, education and enterprise. This plan recognises the important role that Parramatta has to play in the success of Global Sydney, a fact also recognised in the NSW Government's Metropolitan Strategy – 'A Plan for Growing Sydney'.

Council's response to this template demonstrates how it is striving to deliver a Council that is Fit for the Future and in turn has the ability to provide the necessary services to residents, workers and visitors now and into the future and play a significant role in the success of Global Sydney.

2.2 Key challenges and opportunities

Parramatta City Council has proven capability to meet the challenges and opportunities of the future. These are summarised below:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Sound financial management (TCorp) • Promoting Better Practice Review (PBPR) findings: all indicators deemed satisfactory or greater with most deemed performing well and made no high priority recommendations for improvement • Infrastructure management assessment rated as moderate (NSW Government Local Government Infrastructure Audit 2013) • Maintains systems and processes to a high standard (PBPR) • Progressive approach to IP&R which was commended by the PBPR • High standard of achievements in the community engagement, social planning and recreation areas (PBPR) • Positive organisational culture with a motivated workforce (PBPR) • High customer satisfaction ratings • Major employment centre • Location within metro Sydney • Diversity of services • Organisational size and depth of staff skills • High percentage of own source revenue and less dependence on external funding sources • Proven ability to improve financial position • Low waste and rate charges compared to other councils (Office of Local Government Comparative Information 2012/13 average ordinary rates PCC \$767.84 compared to group average of \$816.11 and average DWM charge PCC \$307.68 compared to group average of \$375.06) • Key employment precincts including – Westmead Medical Research Precinct the largest concentration of health services in Australia with four major hospitals and three research institutes; CBD; Camellia industrial precinct; Rydalmere education precinct • Regional facilities that Council operates such as Riverside Theatres 	<ul style="list-style-type: none"> • Rate pegging constrains Council's ability to continue to deliver high quality services to our communities as our income is not in line with inflation, yet our primary cost base directly impacted by the upwards pressures of inflation • Cost shifting • Parramatta LGA rate payers bearing the cost of regional infrastructure for the wider region • Current constraints may not provide the structure necessary to become the Second CBD in Global Sydney and the commercial centre of Western Sydney

<ul style="list-style-type: none"> Regional facilities within our LGA such as Parramatta Stadium and Parramatta Park Ability to successfully partner with State and Federal Government to deliver assets and services through grants 	
Opportunities	Threats
<ul style="list-style-type: none"> Parramatta Square redevelopment is underway Over \$8 billion being invested in building and construction opportunities Three universities in the LGA Powerhouse Museum relocation Over next 25 years Sydney will require the creation of 380,000 new jobs, with over a quarter located in Parramatta. Riverside Theatre upgrade Shared services with surrounding councils Continuous improvement programs Increased development High level of developer contributions due to development to provide assets for increasing population Young population compared to many areas Key employment precincts including – Westmead Medical Research Precinct the largest concentration of health services in Australia with four major hospitals and three research institutes; CBD; Camellia; Rydalmere The NSW Government's Plan for Growing Sydney recognises that Parramatta is a CBD of metropolitan significance, and describes Parramatta as Sydney's dual CBD, on par with the City of Sydney State Government's desire to grow the specialised health and education precincts at Westmead and Rydalmere Parramatta North renewal Integration of Greater Parramatta into the Global Economic Corridor Desire of State Government to grow the arts and cultural opportunities in Parramatta including State-level facilities Western Sydney Light Rail network 	<ul style="list-style-type: none"> Rate pegging Lack of coordinated development across Local, State and Federal government agencies for key infrastructure and precincts Lack of coordinated development between neighbouring local governments for key Western Sydney precincts Cost shifting from other levels of government Climate change Merger of other council areas surround Parramatta which could marginalise Parramatta

2.3 Performance against the Fit for the Future benchmarks

Sustainability									
Measure/ benchmark	F13/14 3Yr Avg	Achieves Target	Forecast FY 2015 to FY 2020 performance						Achieves Target
			14/15	15/16	16/17	17/18	18/19	19/20	
Operating performance Ratio (Greater than or equal to break-even average over 3 years)	1.5%	Yes	0.1%	0.3%	0.4%	0.2%	0.6%	1.1%	Yes
Own Source Revenue (Greater than 60% average over 3 years)	83%	Yes	81%	83%	83%	80%	82%	83%	Yes
Building and Infrastructure Asset Renewal (Greater than 100% average over 3 years)	75.5%	No	101%	104%	101%	102%	101%	101%	Yes

Comments

Building and Infrastructure Asset Renewal Ratio: The Building and Infrastructure renewal gap estimated for 14/15 is \$0.3m. Additional expenditure of \$0.44m (on average per year) is required to meet the required target. Funding for this expenditure will come from Asset Renewal Reserve.

2.3 Performance against the Fit for the Future benchmarks

Infrastructure and service management									
Measure/ benchmark	F13/14 3Yr Avg	Achieves Target	Forecast FY 2015 to FY 2020 performance						Achieves Target
			14/15	15/16	16/17	17/18	18/19	19/20	
Infrastructure Backlog Ratio (less than 2%)	8.6%	No	4.0%	3.2%	2.5%	1.9%	1.9%	1.9%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	89%	No	141%	141%	141%	140%	138%	137%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	6.8%	Yes	12%	7%	7%	7%	5%	5%	Yes

Comments

Infrastructure Backlog Ratio: The Infrastructure backlog estimate for 14/15 based on latest valuation exercise is estimated at \$40m. Additional expenditure of \$22m over 3 years is required to meet the required target. This could be funded from an interim internal borrowing from reserves to be repaid in future years

Asset Maintenance Ratio: ASPM has completed its revaluation and condition assessment of roads and infrastructure assets. This assessment revealed our actual maintenance exceeds required maintenance of these assets by 41%. Continuing this level of expenditure in the later years will ensure levels are maintained and will incrementally over the years contribute towards reducing the backlog.

2.3 Performance against the Fit for the Future benchmarks

Efficiency									
Measure/ benchmark	F13/14 3Yr Avg	Achieves Target	Forecast FY 2015 to FY 2020 performance						Achieves Target
			14/15	15/16	16/17	17/18	18/19	19/20	
Real Operating Expenditure per capita									
A decrease in Real Operating Expenditure per capita over time	Decreasing	Yes	\$1.05	\$1.03	\$1.01	\$0.99	\$0.98	\$0.97	Yes

Comments

Real Operating Expenditure per capita: Population growth has been estimated at 1.5% per annum with CPI adjustment of 2.5% per annum. To continue to achieve this measure, expenditure growth will need to be capped at less than 3% per annum (2.5% average).

3. How will your council become/remain Fit for the Future?

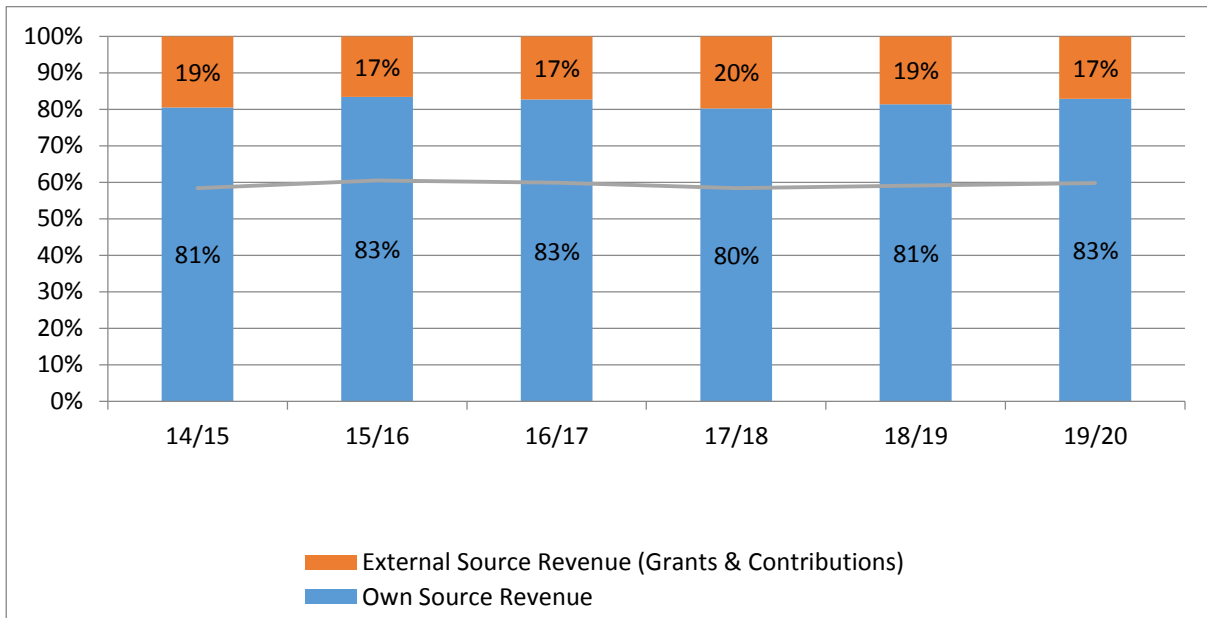
The historical assessment of the financial benchmarks has Council achieving four out of the required seven. The shortfalls are concentrated around infrastructure backlog, asset renewal and maintenance expenditure. Whilst we are not fully supportive of the calculation methodology and the historical lack of consistent measurement amongst all councils, we have prepared estimates of our future performance and outlined improvements required to meet all seven benchmarks.

3.1 Sustainability

The following benchmarks are being used to measure sustainability:

- Operating Performance Ratio $\geq 0\%$
 - Council is in a strong financial position and is capable of delivering a break-even operating result into the future.
 - The position of Council is that whilst the achievement of a surplus is a key target we also believe that growing a significant surplus may not be in the best interest of ratepayers.
 - Conservative revenue growth estimates have been used to de-risk the forecasted result.
 - Assumptions used are consistent with the long term financial plan – see Note 1 below.
 - The negative adjustment of \$0.3m has been taken off 14/15 projections for fair value changes to the capital value of investments.
 - An identified risk to the achievement of this ratio is the projected level of depreciation expense following the 2015/16 revaluation of long life depreciable assets. The precursor of this revaluation is a comprehensive and detailed condition assessment that is indicating the assets are generally in a better condition than previously reported which may alter annual depreciation in future projections; and
 - Capital programs required to meet infrastructure ratios combined with new Council front of house and potentially back of house facilities within the next 3 years will have a negative impact on depreciation.
 - Best estimates have been made for these impacts.
 - Council has a reasonable level of flexibility in its expense base to enable it to react to revenue fluctuations.

- Own Source Revenue > 60%
 - Council has a high percentage of own source revenue and is capable of meeting this measure today and into the future.
 - The current mix of revenue and projections are shown in the chart below.
 - Rates & Charges as a single category account for 60% of Councils total revenue.



- Council continues to focus on the generation of new revenue streams to supplement rates & charges income.
- A significant focus is being placed on property development initiatives and the development of future revenue sources including retail leasing and commercial car parks.
- Assumptions for revenue growth are included in Note 1 below.
- Building and Infrastructure Asset Renewal Ratio > 100%
 - Whilst Council has not met this measure over the last three years a considerable focus has been placed on improving the result.
 - A review of the carrying cost of building and infrastructure assets has been undertaken in the 2014/15 financial year and will be reported in the 2015/16 financial year. This involved a comprehensive and detailed condition assessments which improved Councils asset data accuracy level to 96%. Early analysis reinforces the need to keep this ratio at 1:1 over the LTFP to continuously reduce the backlog and deliver the desired Level of Service required from existing assets.
 - The funding renewal gap estimated for 14/15 is \$0.3m. Additional expenditure of \$0.44m (on average per year) is required to meet the required target.
 - Funding for this expenditure will come from Asset Renewal Reserve.
 - Renewal Expenditure will need to be prioritised towards renewing assets in Condition 4 & 5 to have significant impact on improving ratios.

3.1 Sustainability

Outline your strategies and outcomes in the table below.

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Facilitating processes within Council to achieve and maintain long-term financial sustainability	<p>Deliver break-even or better operating result year on year</p> <p>Conduct detailed analysis of and planning for one-off impacts on Council budget in both the short and long term</p> <p>Conduct comprehensive financial analysis of at least two major Council activities</p>	<p>Annual operating result $\geq 0\%$</p> <p>Monthly updates of estimates and active budget management across all areas of Council</p> <p>Analysis and reporting on one major business activity during every six month period including recommendations for improvement</p>	<p>Maintenance of a strong financial performance of Council</p> <p>Ability to react to and manage one off impacts</p> <p>Ability to put improvement plans in place and ensure issues are managed in a timely and transparent manner</p>	Positive impact on Real Operating Expenditure per Capita

Objective	Strategies	Key milestones	Outcome	Impact on other measures
2. Efficiently levying and efficiently collecting levies to ensure Council's manages its main revenue source	<p>Review of rating structure of Council with recommendations for improvement</p> <p>Ensure rates are levied and collected within satisfactory timeframes and outstanding debt is managed</p>	<p>Rating review recommendations presented to Council for adoption</p> <p>Rates outstanding below 5% benchmark</p>	<p>Own source revenue > 0%</p> <p>Maintain strong own source revenue base</p>	Positive impact on Operating Performance Ratio
3. Continue to explore the generation of new revenue streams to supplement rates and charges income	Undertake property development and other activities to maximise returns on Council-owned assets	Successful staging of Parramatta Square and other developments	<p>Maintain strong financial position of Council</p> <p>Improve financial flexibility of Council</p>	

3.2 Infrastructure and Service Management

The following benchmarks are being used to measure sustainability:

- Infrastructure Backlog Ratio < 2%
 - Consistent with the building & infrastructure renewal ratio Council has not met this measure over the last three years despite the extra investment of LIRS funding which has reduced the overall backlog amount.
 - A review of the carrying cost of building and infrastructure assets has been undertaken in the 2014/15 financial year and will be reported in the 2015/16 financial year. This review involved a comprehensive and detailed condition assessments and early indications that due to better than expected condition of Council's assets will change the written down value of infrastructure and alter the estimated infrastructure backlog.
 - The current backlog estimate for the 2014/15 financial year is \$40m (4.0%) – down \$17m from the \$57m (8.6%) identified in the 2013/14 annual accounts.
 - To achieve the required result of below 2% over three years an additional expenditure of \$22m will be allocated to this program in the 2015/16 (\$8m), 2016/17 (\$7m) & 2017/18 (\$7m) budget specifically to reduce the backlog and deliver the desired Level of Service from these assets.
 - Changes to Council's assets condition data, remaining life of these assets and the more detailed Level of Service are the key drivers for this reduction.
 - There are a number of options available to allow us to fund the increased expenditure including:
 - Reallocation of capital expenditure.
 - Increase in borrowings;
 - Internal borrowings;
 - Use of internally restricted surplus asset sale funds;
 - Introduction of a special rate.
- Asset Maintenance Ratio >100% average over 3 years
 - Consistent with the infrastructure ratios Council has not been able to meet this measure over recent years.
 - Council has invested \$320k to collect comprehensive condition and replacement cost data over the last 12 months which has given a clearer picture of the actual maintenance required for Council's assets.
 - This improvement has given us greater clarity around the area of required asset maintenance with the ultimate aim being the creation of an effective and efficient preventative maintenance program.
 - The estimated asset maintenance for 2015/16 financial year based on the latest data is \$8.7 pa. which is a reduction of \$1m on the last 3 year average.
 - Early analysis indicates that Council's actual maintenance exceeds required maintenance of these assets by 41%. Further analyse will be available in July 2015 however continuing the existing level of maintenance will ensure level of service are maintained and will incrementally over future years contribute towards reducing the backlog.
 - Based on Council's spend remaining at current levels this benchmark will be met.

- The impact of the Local Infrastructure Renewal Scheme (LIRS), which has been targeting Condition 4 & 5 assets that are costly to maintain, have delivered a significant improvement.
- Debt Service Ratio >0% and less than or equal to 20% average over 3 years
 - Council currently meets this benchmark and has forecast this to continue into the future.
 - Past borrowing have been used to fund infrastructure renewals and property development activities.
 - A recent windfall sale of a surplus asset has given Council a significant amount of financial security and flexibility in terms of current and future debt requirements.
 - No additional borrowings have been factored into future projections and current loans have been forecast to run until maturity.

3.2 Infrastructure and Service Management

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Implementing the Asset Management Strategy to provide and maintain infrastructure that services community needs	<p>a) Review Asset Management Policy and Strategy</p> <p>b) Develop and implement asset management plans and programs to maintain current condition of Council assets in consultation with asset managers</p>	Collect comprehensive condition and replacement cost data by 30 June 2015	<p>Reviewed policy and Strategy adopted by Council</p> <p>Renewal programs prepared for all classes of assets consistent with Asset Management Strategy objectives and integrated into Council's Corporate Plan</p>	<p>Reduction in estimated annual asset maintenance charges</p> <p>Estimated that Council's actual maintenance exceeds required maintenance of these assets by 41%</p>

Objective	Strategies	Key milestones	Outcome	Impact on other measures
2. Develop asset management planning and reporting framework including using enterprise software	Further develop integrated asset planning and reporting framework including the enterprise asset management system	System specifications completed. System selected	Improved accuracy and access to asset data for asset owner, managers and community Greater clarity around the area of required asset maintenance with the ultimate aim being the creation of an effective and efficient preventative maintenance program	

3.3 Efficiency

The following benchmarks are being used to measure sustainability:

- Real Operating Expenditure per capita over time (a decrease in real operating expenditure per capita over time)
 - Council currently meets this benchmark and has forecast this to continue into the future.
 - Expenditure has been discounted by a CPI factor of 2.5% which adds conservatism to the projected result.
 - Population growth has been straight lined using the 2031 projections for greater Parramatta.
 - The applied population growth is 1.5% per annum.
- Whilst Council is capable of meeting this benchmark without direct action we continually monitoring and reviewing operating costs. A program of continuous improvement 'The Parramatta Excellence Program (PEP)' is currently being implemented across all areas of Council that will look at ways to improve our services and at the same time reduce expenditure.

3.3 Efficiency

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Implementing continuous improvement program across Council	<p>a) Ongoing program to implement improvements and quality reviews across Council services</p> <p>b) Undertake Parra Excellence Program targeting improvement in a small number of high impact customer-facing services</p> <p>c) Develop improved measures for change projects to provide better evidence of impact</p>	<p>At least 3 service unit reviews completed per quarter</p> <p>Up to five high impact projects selected in initial phase</p> <p>Anticipated savings identified at the start of each review as part of business case</p>	<p>All service units subject to at least one review per Council term</p> <p>Improved customer outcomes</p> <p>Reduced service operating costs</p>	
2. Explore feasibility of 'shared services' models	a) Undertake detailed feasibility study of possible shared services models for service delivery	Services with good prospects for efficiencies to be achieved under a shared services model identified	Efficiencies identified from shared services model with neighbouring councils	

3.4 Improvement Action Plan

The key improvement actions that will be achieved in the first year of our plan are summarised below. With the key area of deficit being asset maintenance and renewal the plan is focused around asset management.

Action plan

Actions	Milestones
1. Prioritising of Renewal projects targeting those that have greatest impact on condition 4 & 5 assets therefore reducing the backlog quicker.	Prioritisation review completed by 31 December 2015
2. Develop plans and programs to deliver the significant investment in Renewals (\$22m) to deliver the desired reduction in backlog to an acceptable level.	Developed as part of IP&R process and adopted by Council by 30 June 2016
3. Develop maintenance models and strategies that help predict the required maintenance accurately due to the acceleration of renewing condition 4 & 5 assets	30 June 2016
4. Detailed Feasibility of Shared Services/Joint Organisation model	30 June 2016
5. Develop new rating system to ensure the increases in density though high rise developments are fairly rated and Councils revenue base grows accordingly	Internal Parramatta City Council review completed by 30 June 2016. External processes as required to follow

Notes:

Actions 1-3.

Refer to Appendix C - additional information from Parramatta City Council Corporate plan

Action 4. Detailed Feasibility of Shared Services/Joint Organisation model

An assessment regarding the potential opportunities to introduce a Shared Service/ Joint Organisation model has been undertaken. Our analysis conducted by independent financial consultant PPB Advisory, is based on the assumption that at least two councils of the size and scale of Parramatta commit to a binding Shared Service arrangement to drive synergies and cost savings. It is Parramatta Council's view that the Shared Services model would be most effective across multiple councils however for the purpose of initial modelling we have considering two council areas only to illustrate the potential synergies of this arrangement.

The analysis indicates that the majority of services offered across LGA's are generally synergistic and would likely result in meaningful cost savings under a shared services platform. In summary the analysis indicates:

- Economies of scale and efficiency would see potential cost savings in the following areas:
 - corporate services including human resources, finance, governance and risk management and legal;
 - strategic outcomes and development including development assessments, planning and regulatory services;
 - city services and operations, including civil services, waste management, parks management and community services; and
 - property including asset planning, infrastructure management and property management.
 - Council specific functions including Councillor support, Civic events and Council strategy have not been included in the shared services assumed functions. This reflects that the strategy and direction of each LGA is different and that each LGA has a unique local identity and culture and as such should remain separate.
- Increased bargaining power may lead to further procurement savings (estimated to be an additional 10%) on annual outsourced revenue costs (excluding capital works)
- A shared services platform creates an opportunity for councils to work collaboratively and adopt "best practice" platforms across service areas.

Modelling conducted regarding potential savings generated by the establishment of a shared services platform to service two councils of similar scale is estimated to be in the order of \$8-12 million per annum. (This excludes initial establishment costs).

It is recognised that in order to achieve savings from a shared services arrangement, participating councils would need to enter into a binding and ongoing shared services agreement. Initial analysis indicates that a Special Purpose Vehicle is set up, with each participating council being equal shareholders. Given that the entity will not be generating any profits, a special purpose vehicle is a simple structure which could be a \$2 company with each council owning a share (that has equal rights) and address all other issues in terms of cost sharing/contribution, ownership of initial assets transferred from each LGA to the new shared services entity and assets acquired over the time by the new shared services entity in a separate agreement between participating councils and the new shared services entity.

Integration costs/approach

The establishment of a shared services entity represents a major restructure with complex issues that need to be carefully considered prior to implementation. As such it is envisaged 6-12 months from the commencement planning to implementation.

Analysis conducted to date, modelling the establishment of a shared services platform to service two councils of similar scale is estimated to be \$4-7m, with the majority of establishment costs being incurred in the first two years.

It is also noted that legal and other professional advice would need to be obtained in regards to assessing of the available structures to underpin a shared services arrangement. Matters to be considered:

- Regulatory requirements
- Ability of councils to become joint shareholders/partners in an entity
- Employee relations implications including methodology of transferring employees into a new entity tax considerations (if any) such as stamp duty on any assets that might be transferred from councils to the new entity

- Financial management approach, including cost sharing
- Governance of new entity including constitution, board structure to govern new entity

Parramatta City Council strongly contends that this model should be supported with the financial assistance from the NSW State Government's Fit for the Future financial assistance package as it delivers the overarching objectives of the Fit for the Future regarding long term financial sustainability.

Action 5. Rating System

Rates Reform

Local Government revenue is currently constrained by the principle of rate pegging. A significant number of papers have been written on the efficacy of rate pegging and whilst there are many conflicting views IPART itself recognised that rate pegging had constrained the growth of NSW councils' taxation revenue which we can logically conclude has led to a reduction in services and investment in infrastructure.

It could be argued that councils' under the current system able to apply to IPART for consideration of a special rating variation application, we don't believe this is a viable system. Council should be able seek direct support/approval from its community through consultation for any special purpose or general rating change and not via the current approval system.

Rate pegging limits the extent to which rates revenue can grow, notwithstanding increased demand for services from growing local communities, the reduction in grant funding and impact of cost shifting. In areas such as Parramatta, where increasing residential density is occurring, continuing with rate pegging will severely limit Parramatta City Council's future ability to provide quality services as the increasing demand for services will be disproportionate to revenue growth.

In addition to the removal of rate pegging, we believe, consideration should be given to moving away from unimproved land values to the use of capital improved land values for levying of rates as is the current process in Victoria, Queensland, South Australia and Tasmania. This would allow us to address the current inequities including minimum rates levied on multi-property developments.

Whilst strictly outside the ambit of the Fit for the Future process, Parramatta City Council strongly contends that sensible reform of Local Government demands that this issue be reviewed, so as to allow reasonable revenue growth in response to an expanding population base and increased demand for services.

Other Actions

Procurement Policy & Procedures

The current Local Government procurement policies and procedures play an important role in ensuring Councils' apply sound governance when purchasing goods and services. We believe however, they also limit the effectiveness of the procurement process and ultimately may limit our ability to secure the best value for Council.

The current prescriptive procurement requirements, including the threshold for requiring a tender, are inefficient, are leading to poor use of council resources and are not resulting in the best value outcomes. We would encourage the government to consider the recommendations of the Local Government Acts Taskforce with respect to procurement, which we support, as a matter of priority.

The following process has underpinned the development of our Action Plan

External Assistance

Parramatta City Council engaged PPB Advisory to conduct an assessment of future options available for Council. PPB Advisory is a professional advisory firm, specialising in strategic and financial advice, major transactions including mergers and acquisitions, business transformation, company restructuring, forensic investigations and liquidations.

The work undertaken by PPB Advisory includes an assessment of the following scenarios –

- Stand alone with Fit for the Future improvements to deliver long term financial sustainability (including commentary on suggested minor geographic boundary changes to support improved services to local communities and use of a shared services platform with other councils);
- Creation of a new larger council based on “economic region” to reflect Parramatta’s role in Global Sydney (including ability to operate a shared services platform for common service delivery between the new Economic Region Council and the neighbouring council(s));

The PPB Advisory assessment involved the following:

- Meeting with key senior management of Parramatta City Council
- Financial analysis and assessment of current performance of Parramatta City Council against the Fit for the Future Criteria and current strategies to ensure future strategic capability and financial sustainability
- Analysis of the current performance of those councils which would form part of the proposed larger economic region council
- Research on other amalgamation and large council models and likely savings through economies of scale.

Parramatta City Council was unable to achieve open data sharing with its neighbours and as such the work undertaken that relied on assessing and analysing information and data from other council areas was a high level appraisal of future strategic capability and financial sustainability under each of the scenario’s referred to above based on publicly available information.

Community Consultation

Parramatta City Council developed a comprehensive Engagement and Communications Plan to ensure that all stakeholders were considered as part of the processes. This plan is attached in Appendix D.

Below is a table outlining the external communications that were undertaken by Council in relation to Fit for the Future. Documents as identified in the table are provided in Appendix D.

Communication/Consultation tool	Details	Timeframe	Target audience
Online feedback form	Online form available on PCC website to capture feedback throughout consultation period.	Live from 13 April to 30 June 2015	Residents, adjoining Council areas, ratepayers, businesses
Telephone survey	Random sampling of population by telephone to gain specific information for statistical validation. Call advising info pack coming – then call back to complete survey over the phone.	13 – 30 April	Residents and ratepayers, businesses
Website presence	Information on PCC website about the Fit for the Future process. Explain what has been suggested for PCC, and the process we have to follow. Option to include online survey.	Live with basic information from 30 January 2015	Residents, adjoining Council areas, ratepayers, businesses
Social media	Informational posts and call for feedback on Council's social media channels. Posts included reference to website and scenarios using Council's Facebook account and Twitter account.	<i>Facebook</i> Five posts on 15, 22 and 23 April; 10 and 21 May Reach: 11,057; Likes: 64; Comments: 37 Shares: 21 <i>Twitter</i> Three tweets on 15 and 21 April; 10 May Reach: 1,532; Engagement (faves, re-tweets, link clicks etc): 81	General community, local residents.
Digital screens in Customer Contact Centre	Static information on approach, process, and consultation. Refers customers in Customer Contact Centre to the	April/May	Customers visiting Darcy Street Customer Contact Centre. Predominantly

	website for further information.		residents, ratepayers, businesses, general public.
Information Pack and Letter from Lord Mayor	Print of 76,000 packs and distribution of 74,500 including 65,000 residential and 9,500 businesses. Remaining packs sent direct to telephone survey respondents and made available to PCC staff.	Distribution Thursday 16 – Friday 24 April. Delayed in some areas due to storms.	Residents/ratepayers and businesses
DL Flyer inclusion in Rates Notice	Attachment to April Rates Notice. Advises ratepayers that we will be asking for feedback soon and outlined scenarios and timeframes.	Posted mid-April 2015	Ratepayers
Print advertising/advertorial	Print advertisements (standalone and within Council Double Page ad) predominantly within Parramatta Advertiser, Northern District Times and Hills Shire Times. Business focus in Western Sydney Business Access.	<i>Parramatta Advertiser</i> Lord Mayor's Message – 15 April, 6 May, 13 May Council Notice – 20 May Standalone Advert – 13 and 20 May <i>Northern District Times</i> Standalone Advert - 6, 13 and 20 May Lord Mayor's Message – 6 May Council Notice – 20 May <i>Hills Shire Times</i> Standalone Advert – 13 and 19 May <i>Western Sydney Business Access</i> Half-page advertorial – May edition	General community, local residents, ratepayers, local businesses.
Parramatta Pulse	Free community newsletter produced quarterly by Council. Article in April-June 2015 edition. 60,000 copies of Parramatta Pulse is distributed to every resident and is available for pick-up at all Council	April-June 2015 edition. Distributed 1-12 April 2015.	General community, local residents, ratepayers, local businesses.

	community centres including all libraries, Council administration building and all childcare centres.		
Media Release	Media Release distributed to local and metro print, radio and broadcast channels.	Distributed on 14 April 2015. Editorial appeared in Parramatta Advertiser (22 Apr); Parramatta Sun (23 Apr).	General community, local residents.
Internal Communications	Regular updates using a number of channels to help staff understand the process and how Council is consulting.	CEO Forum – 28,29 April CEO Email to staff – 15 May Staff Newsletter article – April edition Staff digital screens – Messaging ran from 27 April to 29 May. Online staff page available on Intranet. Online feedback form included – from 5 May. Briefing notes for customer facing staff – provided on 4 May.	Council staff.

The full research report from our Telephone Survey is included in Appendix D

Council Processes

Council has had in place a Fit for the Future Steering Committee since 13 October 2014, this Committee comprises the Lord Mayor, the Deputy Mayor and two Councillor representatives and Senior Council staff. This Committee provided detailed oversight of the project team preparing the Fit for the Future response and provided direction regarding the scope of the external consultant engagement and approach to community consultation.

The major reason for establishing the Local Government Fit for the Future response Committee is to oversight this detailed work program, to improve efficiencies, governance, communication procedures and the management and the preparation of our submission. The Committee also ensured that relevant staff from across the organisation worked together to undertake the necessary analysis in preparation for our submission.

There have also been a number of Councillor Workshops held on the Fit for the Future process over the past 12 months to seek Councillor input into the scenarios considered, the approach to community engagement, review of external and internal analysis of scenarios and reviewing the Fit for the Future submission.

3.5 Other actions considered

As previously stated Parramatta City Council has attempted to consider the proposed merger of Parramatta, Auburn, Holroyd, the western part of Ryde and the North Parramatta area of The Hills to form a new council as one of its actions. However, there has been no support from neighbouring councils to consider this proposed merger and as such Parramatta has been unable to pursue this option.

In terms of current operating performance one of the options Council could consider is a request for a special rate variance and/or the introduction of a Special Rate to address the identified infrastructure backlog. In addition we could substantially increase selected user fees and charges. We have however discounted the option of a special rate and increasing user fees and charges due to our current and projected operating result but as indicated earlier a special rate is an option in terms of targeting the backlog.

Another option considered was a review our current investment holdings and future borrowing plans. Council currently has the capacity to borrow additional funds for infrastructure projects and still remain within the performance benchmarks however with a significant balance of investment funds additional borrowing have been discounted.

4. How will your plan improve performance?

4.1 Expected improvement in performance

Measure/benchmark	15/16	16/17	17/18	18/19	19/20	Last 3Yr Avg	Achieves FFTF benchmark?
Operating performance Ratio (Greater than or equal to break-even average over 3 years)	0.3%	0.4%	0.2%	0.5%	0.9%	0.5%	Yes
Own Source Revenue (Greater than 60% average over 3 years)	83%	83%	80%	82%	83%	82%	Yes
Building and Infrastructure Asset Renewal (Greater than 100% average over 3 years)	104%	101%	102%	101%	101%	101%	Yes
Infrastructure Backlog Ratio (less than 2%)	3.2%	2.5%	1.9%	1.9%	1.9%	1.9%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	141%	141%	140%	138%	137%	138%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	7.1%	7.1%	6.6%	5.3%	4.8%	5.5%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time (\$000)	\$1.03	\$1.01	\$0.99	\$0.98	\$0.97	Reducing	Yes

Following the implementation of the Fit for the Future plan all of the Fit for the Future Benchmarks will be achieved. It should also be noted that a conservative view has been taken with respect to later years to ensure the financial projections are robust

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

Parramatta City Council's Corporate Plan translates our strategic goals into actions. The Fit for the Future actions will be consolidated into this overarching plan. The Corporate Plan is monitored and progress is reported on a quarterly basis, this includes a workshop with Councillors and a full report to Council each quarter which is publicly available.

Council's Fit for the Future plan is largely reflected in the Corporate Plan already as there has been particular focus by Parramatta City Council to improve the efficiency and financial sustainability of Council as part of integrated planning process. The overarching delivery of the Corporate plan is managed by the Chief Operating Officer and Council's Financial performance is managed the Chief Financial Officer.

This will ensure that the Fit for the Future actions are fully integrated into Council's operations and planning processes rather than being managed as an adjunct to the business. It is Parramatta City Council's view that this is the most effective and transparent way to ensure actions are delivered.

Note 1 – Key Assumptions

Revenue Assumptions

Category	Commentary	Factor 2015/16	Factor 2016/17	Later Years
Rates	Indexed by estimated rate pegging. Included special rates variation application estimates	2.40%	2.80 %	2.80%
Annual Charges and Domestic Waste	To reflect costs of providing service	4.0%	4.0%	3.0%
Rates growth	Supplementary levies	\$400K per annum	\$400K per annum	\$400K per annum
User Charges and Fees	Indexed to CPI	3.5% per annum. Statutory fees per determination. Some fees varied by other than 3.5%	3.5% per annum. Statutory fees per determination. Some fees varied by other than 3.5%	2017/18: 3.50% 2.5% onwards
Interest and Investment Revenue	Not indexed to CPI, based on average real expected return across portfolio as determined by financial advisors on forecast average balances per long term financial model	3.42%	3.20%	2017/18: 4.0%; 4.2% from 2018/19; 4.5% from 20/21
Grants and Contributions – Operating	Indexed to CPI	3% per annum after adjusting for “one off” grants	3% per annum after adjusting for “one off” grants	2% per annum
Financial Assistance Grant (FAG)	The federal Government paused indexation of the Local Government Financial Assistance Grants Program for three years commencing 1 July 2014.	-2.5%	-2.5%	-2.5% from 2017/18; Flat from 2020/21
Grants and Contributions – Capital	Indexed to CPI. Capital grants from State and Federal Agencies. These grants are used in the construction and improvement of roads, cycle-ways and the	Varies due to levels of expenditure and available funding from state and federal government. In general 3% plus specific know	3% plus specific known additional grants	2.0% per annum

Category	Commentary	Factor 2015/16	Factor 2016/17	Later Years
	natural environment.	additional grants		
Other Revenue	Indexed to CPI Incorporates parking fines and property lease rentals	3.0%	3.0%	2.0%

Note: A conservative view has been taken with respect to later years to ensure numbers are robust.

Expense Assumptions

Category	Commentary	Factor 2015/16	Factor 2016/17	Later Years
Employee Expenditure, Benefits and On Costs	Indexed to new salary system and annual award movements. The legislated future changes to the superannuation guarantee levy (to progressively increase from the current level of 9% to 12% by 2019/20 starting with a 0.25% increase in 2013/14) has now been included in the estimates	2.70%	2.70%	2.70%
Materials and Contracts	The plan currently assumes a flat increase across all materials and contract expenditure and has not specifically included the following information that may be available for outer year projections: DWM, Parking Meters, Car parks	2.50%	2.50%	2.50%
Borrowing Costs	Based on current loan portfolio and Council's Borrowing Policy. Principal repayments are re-borrowed each year on regular loans (excludes Big 7 and Parramatta Square). For fixed loans interest expenses and repayments are known. For future loans including Parramatta Square that are on variable terms an estimated market rate is used	Varies – refer to commentary	Varies – refer to commentary,	Varies – refer to commentary,
Depreciation and	Assumes maintenance of existing arrangements for the purchase and sale of assets. Directly impacted by	Per asset register and annual capital	Per asset register and annual capital	Per asset register and annual capital

Category	Commentary	Factor 2015/16	Factor 2016/17	Later Years
Amortisation	the Strategic Asset Management Plan and the impact of any revaluation in asset classes.	expenditure	expenditure	expenditure
Other Expenses	Incorporates Insurance, Telecommunication, Utility charges, etc.	2.50%	2.50%	2.50%
Operating projects	Plan assumes a flat increase	3.0%	3.0%	2.50%