FIT FOR THE FUTURE SUBMISSION · TEMPLATE 1

# Appendix 6.2

FIT FOR THE FUTURE: URBAN STRUCTURE OF AUBURN, MAY 2015– PREPARED FOR AUBURN CITY COUNCIL BY SGS ECONOMICS AND PLANNING



SUBMITTED ON 30 JUNE 2015 BY AUBURN CITY COUNCIL, BURWOOD COUNCIL AND CITY OF CANADA BAY COUNCIL

# Fit for the Future: Urban structure of Auburn



# **Final report**

Auburn City Council May 2015

Independent insight.



This report has been prepared for Auburn City Council. SGS Economics and Planning has taken all due care in the preparation of this report. However, SGS and its associated consultants are not liable to any person or entity for any damage or loss that has occurred, or may occur, in relation to that person or entity taking or not taking action in respect of any representation, statement, opinion or advice referred to herein.

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# EXECUTIVE SUMMARY

# Background

The Independent Local Government Review Panel (ILGRP) released its final report titled "Revitalising Local Government" in October 2013. This report identified a package of local government reforms to reshape metropolitan governance arrangements and consolidate local government in the Sydney metropolitan area.

The objective for local government reform isto:

"Create strategic and Fit for the Future councils – Councils that are financially sustainable, efficient, with the capacity to effectively manage infrastructure and deliver services; the scale, resources and 'strategic capacity' to govern effectively and partner with the State; and has the capacity to reduce red tape and bureaucracy for business and of a scale and structure that is broadly in line with the Panel's recommendations."

According to the NSW State Government program, to become "Fit for the Future", Councilsmust perform a self-assessment of their financial management, service delivery, and scale of operations and submit a proposal on how they plan to become "Fit for the Future" by June 2015.

The four criteria to assess whether a Council is "Fit for the Future" are:

- Financial sustainability
- Effective infrastructure and service management
- Efficiency
- Scale and capacity

SGS Economics and Planning Pty Ltd (SGS) was engaged by Auburn City Council to provide advice on Auburn's urban geography and implications of different local government amalgamation options. This study is purely from a 'scale and capacity' perspective (as outlined in the Independent Local Government Review Panel and *Fit for the Future* documentation). It does not consider financial aspects of merger options.

The ILGRP has suggested that Auburn, Parramatta and Holroyd LGAs could be an amalgamation option for further consideration. Auburn Council is of the view that Auburn, Canada Bay, Strathfield, and Burwood LGAs might also be an option for further consideration. At Council's request the following options are tested from a strategic-capacity perspective, in line with the *Fit for the Future* assessment criteria:

- Base case: Auburn stands alone
- Option 1: Panel's augmented option: Parramatta and Auburn
- Option 2 Alternative option: Auburn, Burwood, Canada Bay and Strathfield

This SGS study examines scale and capacity considerations by:

- examining the urban geography of Auburn in a metropolitan context, and
- analysing the functional links of each merger option.



# **Options**

On Auburn Council's recommendation, this report tests the functional linkages and connections between Auburn and Parramatta (Option 1), or between Auburn and its neighbouring councils to the east (Option 2), as shown in the figure below. These options are tested from strategic perspectives, in line with the *Fit for the Future* assessment criteria. Financial implications of these options are not considered in in this study.

The base case of a stand-alone Auburn Council is also tested.

#### FIGURE 1. OPTIONS FOR AUBURN





Source: SGS, 2015. Options were provided by Auburn Council for testing.



# **Metropolitan Planning**

In the NSW Government's *A Plan for Growing Sydney* (December 2014) the Parramatta CBD is reconceived as 'Greater Parramatta' to include surrounding precincts such as Westmead, Camellia and Rydalmere. This geographic definition of Greater Parramatta is contained within the existing boundaries of the Parramatta local government area, except for 'Auto Alley' (south Church Street) which isin Holroyd LGA.

Planning for this area would ideally include Holroyd, but is not necessarily made any stronger by the inclusion of Auburn. The State could be much more interventionist with economic development initiatives, directed investment and greater thinking around planning controls to achieve the objectives for the region.

The *Plan for Growing Sydney* also highlights the Greater Parramatta to Olympic Park peninsula as a new growth area. This extends from Westmead in the west through to Parramatta, Camellia, Silverwater, Sydney Olympic Park (SOP) and Rhodes in the east. This development corridor covers the three local government areas of Parramatta, Holroyd, Auburn and Canada Bay.

It could be argued that all of this corridor should be in one area which would involve a merger of Auburn at least with Parramatta. However, one council might not plan effectively for this area – it might be that advocacy for Parramatta ends up being greater than SOP for example. A strong planning framework established by the State Government – including, for example, a partnership approach between Councils with a role for land owners, may be more effective.

# Auburn's positioning in the emerging three cities of Sydney

Figure 2 provides a simple characterisation of the emerging economic geography of metropolitan Sydney which is relevant to thinking about directions for local government reform and amalgamations.

In the eastern half of the metropolitan area where the benefits of agglomeration are concentrated, a network of connected centres is emerging, with central Sydney the dominant node (this might be characterised as the first or 'network city'). Immediately to the west, Parramatta and other centres in the central western parts of Sydney are increasingly connected to the eastern metropolitan complex of centres. This will be further enhanced via the upgrade provided by WestConnex (though enhanced public transport connections through the western corridor are also required). This increasingly 'linked' region might be described as the 'second' city. There are areas of disadvantage in this second city but property prices are rising and it is benefitting from its increasing links to job concentrations in the east. The third 'city' or area is outer western Sydney which up to now has been less connected, and has few strong economicconcentrations.





FIGURE 2. SYDNEY' S EMERGING ECONOMIC GEOGRAPHY

Source: SGS Economics and Planning 2015

The proposed second Sydney airport at Badgery's Creek offers the prospect of an economic hub that will begin to address the economic stress and alienation that outer western Sydney or the 'third city', might have been confronting.

For the 'first and second' cities the direction must be about much greater connectivity and 'freeing' up the potential for multiple centres and nodes in the eastern half of the metropolitan area to be better connected. In this schema Auburn, Burwood, SOP/Rhodes and other nodes could all grow to provide access to employment as part of a 'networked' city. No particular priority is given to their relationship to Parramatta or central Sydney or Macquarie Park. They should be highly connected to all in the same way that nodes within metropolitan London or other European cities are highly connected by dense transport connections.

Given this understanding of the emerging economic geography of metropolitan Sydney a different strategic planning perspective is suggested by each of the options.

- Base Case: Auburn stands alone: Focus on growing SOP as major node linked both east and west
- Option 1 Auburn and Parramatta: Focus on growing as part of Greater Parramatta
- Option 2 Auburn, Canada Bay, Strathfield, Burwood: Developing additional strong node at SOP/Rhodes as part of planning for the Greater Parramatta to Olympic Peninsular Corridor and the eastern metropolitan 'network' city.



# **Functional linkages of options**

In response to the ILGRP criteria, a number of spatial linkages are examined (local and metro wide) to assess the three options for Auburn. Flows to and from each LGA are assessed. The spatial analysis of linkages includes - housing sub-markets, journey to work patterns and labour markets, public and private transport accessibility, retail expenditure, and communities of interest (social and education trips).

The analysis of these dimensions is a spatial interpretation of the ILGRP's scale and strategic capacity criterion, and assists in the understanding of how the region functions. This has implications for the Fit for the Future program since the organisation of administrative boundaries along the lines of functional regions is likely to enhance the strategic capacity of a future organisation in the region.

Using the multi-dimensional spatial analysis of linkages (described above), SGS derived a functional region composite index to measure Auburn's *functional connectivity* with other LGAs by exploring its functional links under each option. The composite index examines each LGA's connectivity to other LGAs in the options considered, by taking into account the connectivity of a region not only for economic purposes, but also for social, recreational and civic purposes.

Connectivity is calculated by analysing the origin-destination patterns of applicable functional linkages within a quantitative framework. That is, origin destination data from the spatial analysis is used to generate an index value to represent the extent to which each LGA is connected to Auburn. The composite index –as suggested by the name; is an un-weighted aggregation of the index scores. The aim of this index is to quantitatively measure the *functional connectivity* of each option being considered in this study.

The figure below is a visual representation of the composite index scores calculated across the region treating Auburn as the centre of the region (Figure 33). The numerical representation of these composite index scores are shown for each option in Table 1.







#### FIGURE 3. AUBURN' S FUNCTIONAL REGION INDEX (COMPOSITE)

Source: SGS Economics and Planning 2015

A rank-index score of one represents highest functional connectivity amongst all options, and scores less than one represent decaying connectivity relative to the best performing option. Given the nature of the index, the scores captures absolute connectivity, but relative to the best performing option. As such, these are rank-index scores. The composite total index is un-weighted, which implies that the six spatial factors are treated equally.

#### TABLE 1. COMPOSITE RANK- INDEX SCORES (UNWEIGHTED)

_	Auburn	Auburn + Parramatta	Auburn + Burwood + <u>Canada Bay + Strathfield</u>	
	Base case	Option 1	Option 2	
Resident journey to work	0.71	0.85	1.00	
Housing sub markets	1.00	0.83	0.91	
Shopping trips	0.85	1.00	0.71	
Travel time by car	1.00	0.62	0.66	
Travel time by public transport	1.00	0.86	0.95	
Trips by communities of interest	0.73	0.88	1.00	
Composite total index score	5.29	5.03	5.22	

Source: SGS Economics and Planning, 2015

Notes: the base case is based on intra-LGA flows using SA2 data, while the Options are based on inter-LGA flows.



Overall, the **base case scenario** has the highest composite index of the three options. This is because the flows (or connectivity) to and from SA2s (ABS spatial units smaller than the LGA) in Auburn LGA are already high. In other words, the majority of the activity originating from the LGA, is contained within the LGA, and the accessibility within the LGA (public and private transport travel times in the context of the GMA) is strong. This supports anecdotal evidence that Auburn residents carry out their daily activities within the LGA and stems from the fact that key areas such as Auburn town centre, Lidcombe town centre and Sydney Olympic Park are all well serviced by public transport and support infrastructure. In other words, the rank-order index score for the base case captures the fact that the Auburn LGA as a local centre of activity is performing well, and this results in a significant share of activity occurring within the LGA.

In terms of merger options, **Option 2** shows better functional connectivity than **Option 1**. The larger merger option (Option 2) represents a larger and more diverse range of populations interacting with each other. This also translates to a greater jobs and dwellings offer within the region resulting in stronger employment and housing functional linkages. This is evident in the strong scores for labour markets (journey to work) and communities of interest. Strathfield in particular has strong linkages to Auburn due to proximity and accessibility and there are a large number of social and education trips between the two LGAs. The results suggests that Auburn's connectivity is slightly more east than it is west, though its geographical positioning implies that it sits at the threshold of where east meets west.





# **Comparison of options**

Based on the urban geography analysis, and analysis of functional linkages, this section concludes the study by identifying high-level pros and cons of each merger option. Note that this analysis is purely from a strategic capacity and scale point of view only. Financial considerations, and community issues are not discussed.

Base Case: Auburn stands alone	
Advantages	Disadvantages
Recognises and maintains strong existing internal functional linkages.	'Misses' the opportunity to develop a linked centre with Rhodes and develop evenstronger hub in complex of centres.
SOP and surrounding precinct to grow stronglyas a major node 'in its own right' – which will be a major management and infrastructure servicing task in any case.	
Outing 1 Auburg and Demonster	
Option 1 Auburn and Parramatta	Disaduantasas
Advantages	Disadvantages
Strong retail linkages to Parramatta.	industry and economic links which Auburn LGA
Reinforces the idea of a Greater Parramatta with a large hinterland which includes Auburn.	has to the north and east.
-	Splits prospect of integrated SOP/Rhodes and raises possibility that SOP/Rhodes won't get sufficient attention because of the inevitable focus on Parramatta; difficult to serve multiple <u>major hubs.</u>
Option 2 Auburn, Canada Bay, Strathfield, Burwood	
Advantages	Disadvantages
Builds on strong journey to work and	May dilute prospects for truly integrated

metropolitan strategic planning focus. Provides for maximum focus on growing SOP/Rhodes as a major economic node within the networked eastern metropolitan area.

Builds on strengthening existing industry and economic connections between Auburn LGA and locations to the east.

social/educational triprelationships

planning for Greater Parramatta which is a key



# 1 INTRODUCTION

# 1.1 Fit for the Future reform package

The Independent Local Government Review Panel (ILGRP) released its final report titled "Revitalising Local Government" in October 2013. This report identified a package of local government reforms to reshape metropolitan governance arrangements and consolidate local government in the Sydney metropolitan area.

The objective for local government reform isto:

"Create strategic and Fit for the Future councils – Councils that are financially sustainable, efficient, with the capacity to effectively manage infrastructure and deliver services; the scale, resources and 'strategic capacity' to govern effectively and partner with the State; and has the capacity to reduce red tape and bureaucracy for business and of a scale and structure that is broadly in line with the Panel's recommendations."

Then in September 2014, the State Government announced a "Fit for the Future" package of local government reforms, responding to the recommendations of the ILGRP.

The NSW Government is "committed to rebuilding NSW" and the package states that the ILGRP final report shows that "the system of local government is not working as well as it should be". Therefore, the package incentivises local governments to develop the scale and capacity necessary to provide quality services and infrastructure.

The State Government provided a blueprint to assist in the reform of local government. Key elements are:

- \$258m to help councils who have decided to merge make the transition and provide services and facilities communities need
- \$13m to support local transition committees and ensure elected representatives are involved in the merger process
- \$5.3m to get new regional Joint Organisations up and running, and
- Up to \$600m potential savings from cheaper finance for *Fit for the Future* councils to invest in local infrastructure.

In addition access to expert assistance, access to the Office of Local Government (OLG) One Stop Shop for local government reform, facilitators and technical support are offered.



The OLG prepared a set of criteria and benchmarks as a guideline for assessing mergeroptions.

#### FIGURE 4. FIT FOR FUTURE - CRITERIA AND BENCHMARKS

	Fit f	or the Future	
	Definition:	Criteria/Benchmarks:	
UTIN SUSTAINABLITY	Generate sufficient funds over the long term to provide the agreed level and scope of services and infrastructure for communities as identified through the Integrated Planning & Reporting process.	Operating Performance Ratio (> or equal to break-even over 3 years) Own Source Revenue Ratio (>60% over 3 years) Building and Infrastructure Asset Renewal Ratio (>1 over 3 years)	Strategic capacity
EFFECTIVE INFRASTRUCTURE AND SERVICE MAN AGEMENT	Maximise return on resources and minimise unnecessary burden on the community and business, while working strategically to leverage economies of scale and meet the needs of communities as identified in the Integrated Planning & Reporting process.	Infrastructure Backlog Ratio (<2%) Asset Maintenance Ratio (>1) Debt Service Ratio (>0 and less than 0.2)	Sustained improvement against each of the criteria to underpin the strategic capacity of Councils over the long term.
	Efficient service and infrastructure delivery, achieving value for money for current and future ratepayers	Real Operating Expenditure per capita over time	This capacity, along with willingness and commitment to collaborate in good faith with government, communities and industry stakeholders will
SCALE AND CAPACITY	Demonstrate strong organisational and regional capacity to mobilise resources to engage effectively across community, industry and government	Has the scale and capacity consistent with the recommendations of the Independent Panel	councils

Source: NSW Government, p.8.



## **1.2** Scope of works and structure of report

SGS Economics and Planning Pty Ltd (SGS) was engaged by Auburn City Council to provide advice on Auburn's urban geography and implications of different local government amalgamation options. This study is purely from a 'scale and capacity' perspective (as outlined in the Independent Local Government Review Panel and *Fit for the Future* documentation). It does not consider financial aspects of merger options.

The ILGRP has suggested that Auburn, Parramatta and Holroyd LGAs could be an amalgamation option for further consideration. Auburn Council are of the view that Auburn, Canada Bay, Strathfield, and Burwood LGAs might also be an option for further consideration.

This SGS study examines scale and capacity considerations by:

- examining the urban geography of Auburn in a metropolitan context, and
- analysing the functional links of each merger option.

The report is set out as follows:

**Chapter 1: Introduction** – this provides an overview of this study, its aims, structure, and objectives. Options being tested are also discussed.

**Chapter 2: Auburn in Fit for the Future context** – this provides an overview of the Fit for the Future program, its relevance to Auburn.

**Chapter 3: Options** – this provides a high level discussion of each option, including population and employment estimates.

**Chapter 4: Urban structure and economic geography** – this provides a strategic analysis of patterns and trends and changes in economic geography and approaches to economic development in the region.

**Chapter 5: Functional regions analysis** – this chapter considers the strategic importance and functional linkages of each option, and the latter models potential financial savings under each option. These aspects address scale and capacity criteria in the *Fit for the Future* program.

**Chapter 6: Comparison of options**– this concludes the study by noting the pros and cons of each merger option from a scale and strategic capacity point of view.



## 1.3 **Options**

The ILGRP put forward a merger option of Parramatta, Holroyd and Auburn LGAs. It is the view of Council that this does not reflect the economic and social linkages that Auburn share with its neighbouring LGAs.

Instead, Auburn Council wished to test the functional linkages and connections between Auburn and Parramatta (Option 1), and between Auburn and its neighbouring councils to the east (Option 2), as shown in the figure below.

These options are tested from strategic perspectives, in line with the *Fit for the Future* assessment criteria. Financial implications of these options are not considered in in this study.



#### FIGURE 5. OPTIONS FOR AUBURN



Source: SGS, 2015.



# 2 AUBURN IN FIT FOR FUTURE CONTEXT

This section examines the policy context of the *Fit for the Future* program, as outlined by the State Government. Policy directions and aspects relating to Auburn are drawn out and discussed.

## 2.1 Overall rationale of agenda

In September 2014, the Office of Local Government (OLG) released the *Fit for the Future* package for local government reform in NSW. The *Fit for the Future* package highlights the incentives for voluntary mergers or the establishment of Regional Joint Organisations (refer to Figure below). The main rationale identified is that a stronger and more connected local government system is needed to cope with managing the growth of Sydney and NSW.

A *Fit for the Future* council is considered to be one that is sustainable, efficient, effectively manages infrastructure and delivers services for communities and has the scale and capacity to engage effectively across community, industry and government. The Panel recommends that scale and capacity should be resolved before assessing other *Fit for the Future* criteria.

#### FIGURE 6. INCENTIVES FOR REFOR M



## **\$258m**

To help councils who have decided to merge to make the transition and provide services and facilities communities need.

#### \$13m To support local transition

committees and ensure elected representatives are involved in the merger process.

# \$5.3m

To get new regional Joint Organisations up and running.

# **\$4**m

To help small councils (<10,000 population) develop innovative ways of working.

# Up to \$600m

Potential savings from cheaper finance for Fit for the Future councils to invest in local infrastructure.

Source: Office of Local Government, 2014



#### **Expert** assistance

Funding for experts to help merging councils explore the options and prepare a sound business case.

#### One stop shop

Access to the Office of Local Government's One Stop Shop for local government reform, including a regional relationship manager who understands your area.

#### **Facilitators**

Access to fully-funded professional facilitators who can help councils begin discussions about how to merge and the benefits for their community.

#### **Technical support**

Access to a team of technical experts to help prepare your Fit for the Future proposal.

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The *Fit for the Future* package highlights that the OLG endorses the recommendations of the ILGRP stating that they welcome proposals for reform from councils which are in line with the recommendations of the ILGRP.

The ILGRP's final report *Revitalising Local Government* (2013) identified the following recommendations for metropolitan Sydney:

- Strengthen arrangements within state government for coordinated metropolitan planning and governance, and to ensure more effective collaboration with local government.
- Seek evidence-based responses from metropolitan councils to the Panel's proposals for mergers and major boundary changes, and refer both the proposals and responses to the proposed Ministerial Advisory Group for review, with the possibility of subsequent referrals to the Boundaries Commission.
- Prioritise assessments of potential changes to the boundary of the cities of Sydney and Parramatta and retain a separate City of Sydney Act to recognises its capital city role
- Establish state-local city partnership committees for Sydney and Parramatta along the lines of Adelaide's capital city committee.
- Pending any future action on mergers, establish Joint organisations of councils for the purposes of strategic sub-regional planning.
- Maximise utilisation of the available local government revenue base in order to free-up State resources for support to councils in less advantaged areas.
- Continue to monitor the sustainability and appropriateness in their current form of the Hawkesbury, Blue Mountains and Wollondilly local government areas.
- Promote the establishment of a metropolitan Council of Mayors.

## 2.2 Relevance to Auburn City Council

In terms of the Auburn LGA, the ILGRP proposed the following merger and boundary change options for Auburn, Parramatta, Holroyd, Ryde (part), The Hills (part).

- Amalgamate (eastern two-thirds of Ryde to be included with North Shore group), and
- Move northern boundary of Parramatta to the M2 (balance of The Hills to remain an individual council), or
- Adjust Parramatta's boundaries to include parts of Ryde and The Hills and combine Auburn, Holroyd and Parramatta as a strong Joint Organisation

The preferred option of the ILGRP is that Auburn amalgamate with the above councils and move Parramatta's northern boundary to the M2.

The rationale in the report for these recommendations include:

- projected 2031 population approximately 558,500, including about one-third population of Ryde and without other boundary adjustments
- close functional interaction and economic/social links between these councils
- need for stronger unified local government to develop Parramatta as second CBD
- Parramatta's northern boundary is very close to its CBD; relocation to M2 would facilitate planning and improve socio-economic mix and community linkages, and;
- incorporation of part of Ryde would strengthen link between Parramatta and 'Global Sydney Corridor' and improve scope for integrated planning around Epping station.





The ILGRP further highlighted the importance of Parramatta as a regional city and the need to promote and strengthen its capacity through better leadership and governance; "Looking ahead, it will be important to ensure that the centres of both Parramatta and Liverpool are governed by councils with considerably greater capacity and strength in sub-regional leadership than has been the case" (ILGRP 2013, p.99).

In terms of adjacent councils, the ILGRP provided a range of recommendations. The ILGRP recommended that Bankstown remain as is because the proposed sub-regional boundaries effectively rules out an amalgamation of Bankstown.

Canada Bay and Strathfield were recommended to amalgamate with Ashfield, Burwood, Leichhardt, and Marrickville or combine as a strong Joint Organisation. The eastern two-thirds of Ryde was recommended to amalgamate with Hunters Hill, Lane Cove, Willoughby, North Sydney and Mosmanor combine as a strong Joint Organisation.

An overview of the proposed boundary adjustments is provided in Figure 7.

#### FIGURE 7. PROPOSED BOUNDARY ADJUSTMENTS



Source: Independent Local Government Review Panel, 2013



The ILGRP provided an overview of all Sydney metropolitan councils (and regional NSW councils) in terms of their TCorp Financial Sustainability Rating (FSR) and outlook. The FSR ranges from very strong to distressed, with a moderate rating indicating that a Council has an adequate capacity to meet its financial obligations in the short to medium term (being the next five years), and to manage risks to its business. The Outlook rating for each Council is based on the perception of the likely future movement in the FSR rating of each Council over the next three years.

Auburn is highlighted as a sound-negative (refer to Figure 8) which means it is currently sustainable but this is likely to decrease over the next three years. Councils adjacent to Auburn generally had moderate results.

Council	TCorp FSR and Outlook	Population 2011	Projected 2031 Population	Council	TCorp FSR ar	nd Outlook
hfield	Sound-Neutral	43,683	53,900	Liverpool	Sound-Negative	9
urn	Sound-Negative	78,286	121,700	Manly	Sound-Neutral	
town	Moderate-Negative	190.637	222,100	Marrickville	Moderate-Neutral	
own	Moderate-Neutral	312,479	459,800	Mosman	Weak-Positive	
Mountains	Weak-Neutral	78,391	93,300	North Sydney	Moderate-Neutral	
y Bay	Weak-Neutral	41,674	59,700	Parramatta	Moderate-Neutral	
d	Weak-Positive	34,305	50,800	Penrith	Weak-Neutral	
n	Moderate-Neutral	58,376	149,300	Pittwater	Sound-Neutral	
oelltown	Moderate-Negative	15,221	233,800	Randwick	Sound-Neutral	
da Bay	Moderate-Neutral	79,905	108,100	Rockdale	Moderate-Neutral	
bury	Moderate-Negative	144,751	178,500	Ryde	Sound-Negative	
ł	Sound-Neutral	196,622	238,900	Strathfield	Moderate-Negative	
bury	Moderate-Negative	64,234	81,500	Sutherland	Moderate-Neutral	
d	Weak-Neutral	103,869	131,400	Sydney	Strong-Positive	
y	Moderate-Neutral	163,865	201,100	The Hills	Sound-Positive	
s Hill	Moderate-Neutral	13,880	17,400	Warringah	Sound-Positive	
ille	Moderate-Neutral	82,569	105,700	Waverley	Moderate-Neutral	
1	Moderate-Neutral	58,938	73,000	Willoughby	Moderate-Neutral	
-gai	Sound-Neutral	114,704	147,700	Wollondilly	Weak-Neutral	
Cove	Sound-Negative	33,197	42,700	Woollahra	Moderate-Neutral	
hardt	Sound-Neutral	55,651	65,500			

#### FIGURE 8. CHARACTERISTICS OF SYDNEY METROPOLITAN COUNCILS

Source: Independent Local Government Review Panel, 2013





Key milestones for local government reform are shown in Figure 9, highlighting that councils are required to submit proposals by June 2015 with implementation beginning in October in the lead up to 2016 local government elections.



#### FIGURE 9. KEY MILESTONES FOR LOCAL GOVERNMENT REFORM

Source: NSW OLG, 2014.



## 2.3 Fit for the Future assessment criteria

According to the NSW State Government program, to become "Fit for the Future", Councilsmust perform a self-assessment of their financial management, service delivery, and scale of operations and submit a proposal on how they plan to become "Fit for the Future" by June 2015.

The four draft criteria to assess whether a Council is "Fit for the Future" are:

- Financial sustainability
- Effective infrastructure and service management
- Efficiency
- Scale and capacity

NSW OLG has provided definitions and benchmarks for each criterion (refer to Table 1). These are described further below. The assessment is intended to help council identify what they need to do to improve. The Panel recommends that scale and capacity issues be resolved first.

This study examines issues of scale and strategic capacity only.

#### TABLE 2. FIT FOR THE FUTURE CRITERIA

Criteria	Definition	Benchmarks
Sustainability	Generate sufficient funds over the longer term to provide the agreed level and scope of services and infrastructure for communities as identified through the Integrated Planning and Reporting process	<ul> <li>Operating performance ratio</li> <li>(Greater than or equal to break-even over 3 years)</li> <li>Own Source Revenue Ratio</li> <li>(Greater than 60% over 3 years)</li> <li>Building and Infrastructure Asset Renewal Ratio</li> <li>(Greater than 1 over 3 years)</li> </ul>
Effective infrastructure and service management	Maximise return on resources and minimise unnecessary burden on the community and business, while working strategically to leverage economies of scale and meet the needs of communities as identified in the integrated Planning and Reporting process	<ul> <li>Infrastructure Backlog Ratio         <ul> <li>(Less than 2%)</li> <li>Asset Maintenance Ratio                 (Greater than 1)</li> <li>Debt Service Ratio                 (Greater than 0 and less than 0.2)</li> </ul> </li> </ul>
Efficiency	Efficient service and infrastructure delivery, achieving value for money for current and future ratepayers	<ul> <li>Real Operating Expenditure per capita over time</li> </ul>
Scale and capacity	Demonstrate strong organisational and regional capacity to mobilise resources to engage effectively across community, industry and government	<ul> <li>Has the scale and capacity consistent with the recommendations of the Independent Panel</li> </ul>

Source: Office of Local Government, 2014



# **3** OPTIONS

The following chapter provides detail on the options assessed in this report.

Council advised SGS that they wished to explore an augmented version of the ILGRP recommendation of Auburn, Parramatta, and Holroyd.

It is the view of Council that the options tested in this study better reflect the economic and social linkages that Auburn share with its neighbouring LGAs. This report provides an opportunity to test the socio-economic links of these options and ascertain the value of a merger between either Parramatta and Auburn or Auburn and its neighbouring councils to the east.

# 3.1 **Options in detail**

The following options are tested from a strategic-capacity perspective, in line with the *Fit for the Future* assessment criteria:

- Base case: Auburn stands alone
- Option 1 Panel's augmented option: Parramatta and Auburn
- Option 2 Alternative option: Auburn, Burwood, Canada Bay and Strathfield

The projected population and employment estimates for each merger option is discussed below.

Though there is no explicit reference to an optimal population size in the ILGRP report (2013), of the recommended amalgamation options, the maximum population is 558,000 at 2031 (Parramatta option). Though a special case, it is worth noting that the Sydney LGA option has a forecast population of 669,000 at 2031<sup>1</sup>.





#### Base case: Auburn stand-alone

Strong population and employment growth is projected for the current Auburn LGA (Figure 7). This option has the highest rate of population growth and an equal rate of employment growth with Option 1 (Table 2).



FIGURE 10. BASE CASE

Source: SGS, 2014

TABLE	2	BASE CASE -			EMDLOVMENT
TABLE	3.	BASE CASE -	POPULATION	AND	EIVIPLOTIVIENT

Base case	2011	2031	Growth	AAGR
Population	77,800	130,600	52,800	2.62%
Employment	58,157	77,513	19,356	1.45%

Source: DP&E and BTS, 2014



#### **Option 1: Panel's augmented option: Parramatta and Auburn**

The majority of the population and employment growth in this option is expected in the current Parramatta LGA. The population forecast at 2031 is expected to reach nearly 385,000 (Table 4). This is less than the average of the population scale in the ILGRP (2013) report's recommended amalgamation options.



FIGURE 11. OPTION 1

Source: SGS, 2014

#### TABLE 4. OPTION 1 - POPULATION AND EMPLOYMENT

Option 1	2011	2031	Growth	AAGR
Population	252,600	384,500	131,900	2.12%
Employment	172,493	230,019	57,526	1.45%
Source: DP&E and BTS, 2014				



#### Option 2: Alternative option: Auburn, Burwood, Canada Bay and Strathfield

This option (Figure 12) is positioned as a regional council with opportunities to continue and strengthen current economic and social links. This option has the lowest rate of growth in population and employment (Table 5). The projected population at 2031 is around 340,000. This is less than Option 1 and, for reference purposes, is around the size of the proposed merger between Hornsby and Ku-ring-gai.





Source: SGS, 2014

#### TABLE 5. OPTION 2 - POPULATION AND EMPLOYMENT

Option 2	2011	2031	Growth	AAGR
Population	229,300	340,350	111,050	1.99%
Employment	135,092	173,906	38,814	1.27%

Source: DP&E and BTS, 2014



# 4 URBAN STRUCTURE AND ECONOMIC GEOGRAPHY

This chapter provides a strategic analysis of Sydney's changing economic geography and urban planning trends at a metropolitan context, and relates these trends to Auburn.

The OLG argues that **scale** is a key component of **strategic capacity** – both in creating individual councils with the resources and skills to provide leadership on regional planning issues and, to advocate on behalf of communities by creating a system of local government where State and Local Government partner effectively. They also suggest that scale and capacity issues be resolved first, before the other criteria are addressed.

According to the OLG, a council with appropriate scale and capacity can:

- save money on bureaucracy and administration, freeing up funds for front line services and community facilities
- contribute to projects and tackle issues that impact on its residents and extend beyond the council boundary, and
- have credibility and influence across different levels of government, and industry.

Though there is no explicit reference to an optimal population size in the ILGRP report (2013), of the recommended amalgamation options, the maximum population is 558,000 at 2031 (Parramatta option). Though a special case, it is worth noting that the Sydney LGA option has a forecast population of 669,000 at 2031<sup>2</sup>.

The assessment of strategic 'choices' in this chapter relates to the scale and capacity criteria in the *Fit for the Future* program and show the considerations that may be relevant to the merger options. The strategic analysis uses economic geography to assess strong organisational and regional capacity. The functional relationships underlying the economic geography of Auburn and its surrounds are discussed in the next chapter.



# 4.1 The metropolitan planning and growth context

#### Strategy context

The 2005 Metropolitan Strategy subtitled 'A City of Cities', was based on the promotion of a polycentric or multi-centred city. The idea was that each major subregion in the metropolitan area would achieve greater self-containment – with more jobs, retail, leisure and daily activities being satisfied locally or within the subregion - meaning reduced travel costs and less stress from travel. A broad aim was to increase the share of the population able to get access to services and jobs within a drive of 30 minutes to one hour per day.

There was an emphasis on three strong regional cities in western Sydney 'serving' their own subregions – with Liverpool in the south west, Penrith in the outer west and linking to the north west and Parramatta at the heart of a west central subregion but also taking a pre-eminent role in western Sydney as a whole. Figure 13 is the map from the 2005 Strategy which illustrates this concept.



#### FIGURE 13. CITY OF CITIES CONCE PT, 2005 METROPOLITAN STRATEGY

Source: Department of Planning 2005



The new 2014 metropolitan plan for Sydney ('A Plan for Growing Sydney') adds Campbelltown-Macarthur as a 'regional city centre', along with Penrith and Liverpool (which carry over from the previous strategies) but gives greater prominence to Parramatta as metropolitan Sydney's 'second CBD'. One of the key maps is shown in Figure 14.

While the conception of the metropolitan region as a City of Cities is no longer explicit the strategy map certainly indicates a 'bi-centred' city at the very least with central Sydney and Parramatta at the heart of their regions. Outer western Sydney's future status and role is less clear in this particular graphic though the three regional city centres, 2<sup>nd</sup> Sydney airport, Broader Western Sydney Employment Area and proposed transport corridors at least provide a framework for future growth.

The continued designation of Sydney Olympic Park and Rhodes as strategic centres in the corridor between Parramatta and Sydney should also be noted. Burwood is also a strategic centre in this corridor.



#### FIGURE 14. A PLAN FOR GROWING SYDNEY - CONNECTING JOBS AND HOMES, MAP

Source: Department of Planning and Infrastructure 2014



The second CBD is reconceived as 'Greater Parramatta' to include surrounding precincts such as Westmead, Camellia and Rydalmere (Figure 15). This geographic definition of Greater Parramatta is contained within the existing boundaries of the Parramatta local government area, except for 'Auto Alley' (south Church Street) which is in Holroyd LGA.

Planning for this area would ideally include Holroyd but is not necessarily made any stronger by the inclusion of Auburn. The state could be much more interventionist with economic development initiatives, directed investment and greater thinking around planning controls to achieve the objectives.



#### FIGURE 15. GREATER PARRAMATTA

Source: Department of Planning and Infrastructure 2014



The Plan for Growing Sydney also highlights the Greater Parramatta to Olympic Park peninsula as a new growth area (Figure 16). This extends from Westmead in the west through Parramatta, Camellia, Silverwater, Sydney Olympic Park and Rhodes in the east.

This development corridor covers the three local government areas of Parramatta, Holroyd, Auburn and Canada Bay.



FIGURE 16. GREATER PARRAMATTA TO OLYMPIC PENINSULA GROWTH AREA

Source: Department of Planning and Infrastructure 2014

It could be argued that all of this corridor should be in one area which would involve a merger of Auburn at least with Parramatta. However, one council might not plan effectively for this area – it might be that advocacy for Parramatta ends up being greater than SOP for example. A strong planning framework established by the State Government – including, for example, a partnership approach between Councils with a role for land owners, may be more effective.



The new metropolitan strategy includes six subregions proposed as the focus for subregional planning, as shown in Figure 17. Auburn LGA is included in the West Central subregion with Parramatta, Holroyd, Blacktown, Bankstown and the Hills. Of note here is the long western limb of the Central subregion containing Burwood, Strathfield and Canada Bay.



#### FIGURE 17. SYDNEY' SSUBREGIONS

Source: Department of Planning and Infrastructure 2014



#### **Growth prospects**

The new *Plan for Growing Sydney* does not identify employment targets for strategic centres. However, the 2013 Draft Strategy identified targets for the strategic centres of Parramatta and SOP/Rhodes (Table 6). This shows a 70,000 employment target for Parramatta and a 35,000 target for the combined SOP/Rhodes (which, to provide an indication, is similar to the current size of St Leonards and Crows Nest including the RNS hospital).

TABLE 6. EMPLOYMENT TARGETS FOR SELECTED STRATEGIC CENTRES FROM DRAFT METROPOLITAN STRATEGY TO 2031

	Parramatta	Sydney Olympic Park	Rhodes	TOTAL SOP/Rhodes	TOTAL Parra/SOP/ Rhodes
2011	49,000	7,000	12,000	19,000	68,000
2031	70,000	21,000	14,000	35,000	105,000
Change 11-31	21,000	14,000	2,000	16,000	37,000

Source: Department of Planning and Infrastructure, 2013 Draft Metropolitan Strategy

Given the potential of the Parramatta to Rhodes corridor, and the designation of it as a growth area in the new Plan, these figures appear conservative, and also don't provide an indication of the extent of growth in the wider corridor. Using the Bureau of Transport Statistics forecasts as a base (Table 7) shows a possible alternative forecast which puts the Sydney Olympic Park centre and immediate precinct in the growth context of the corridor as a whole. SGS's estimate is that in the immediate SOP precinct employment could increase by 22,000 to about 37,000 while population could grow by an additional 26,500 to about 35,000 by 2031. In the wider corridor between Westmead and Rhodes there is potential for more than 150,000 additional people and almost 80,000 jobs by 2031. By 2031 a 'city' the same size as Canberra, but with many more jobs, could be achieved in this corridor.

#### TABLE 7. ALTERNATIVE PROJECTIONS FOR SOP PRECINCT AND GREATER PARRAMATTA TO OLYMPIC PENINSULA CORRIDOR 2011 - 2031

	SOP precinct		Corridor	
Year	2011	2031	2011	2031
Population	9,190	35,638	263,658	418,743
Employment	14,739	37,138	217,140	294,989

Source: SGS Economics and Planning

The respective roles of Parramatta as a major hub for western Sydney and of SOP and Rhodes for the west central area need to be thought through, including appropriate governance arrangements. While there is an argument for a single local authority to ensure effective integrated governance in the dual centred corridor, an alternative view is that the prospects of both centres will be enhanced if they are administered by separate local governments. This latter perspective implies that it will be too difficult for a single authority to effectively promote the interests of both centres, nor service both effectively.



## 4.2 Auburn's economic profile in context

Australia's economy has transitioned from one built on manufacturing to one predominately supplying services. Economic advantage is now generally achieved through demonstrating a genuine comparative advantage, and specialising in activities higher up the value chain, such as in advanced business services in the finance and insurance, as well as professional, scientific and technical service industries, though also in advanced manufacturing. The growing significance of these service industries and the relative decline of traditional manufacturing in Sydney as a whole is evident in Figure 18.





Source: SGS Economics & Planning

Auburn LGA is in some ways an archetypal area where these forces are playing out. The old industrial base of the area focussed on Silverwater and industrial areas along Parramatta Road, and formerly at Homebush prior to its redevelopment for the Olympic Games, is transitioning to a service focussed economy. This is strongly represented by new higher order office development at Sydney Olympic Park but also evident in the changing nature of economic activity in the older industrial areas and in strong population related jobs growth in bulky goods retailing, health and services in the lively town centres of Lidcombe and Auburn.

Figure 19 shows this quite starkly. In 2001 well over 20 percent of the Auburn LGA's employment was in manufacturing and the employment profile overall in key sectors was highly divergent from the immediate 'region' (defined by Auburn, Parramatta, Canada Bay, Burwood and Strathfield). For example only two percent of Auburn LGA's employment was in financial and insurance services compared to about seven percent in the 'region'. By 2011 manufacturing had shrunk to just over 15 percent of Auburn's employment but other service sectors had grown strongly and the employment profile of the LGA, though still dominated by manufacturing, was much closer to that of the 'region' as a whole with a 'balance' of employment across keysectors.





FIGURE 19. EMPLOYMENT SHARE IN SELECTED AREAS AND SECTORS, 2001 & 2011

Source: SGS Economics & Planning

A recent draft Employment Lands Study for Auburn Council<sup>3</sup> makes the following points about economic prospects for the LGA.

The central position of Auburn within metropolitan Sydney makes it an excellent proposition from a service perspective, this and good quality stock of employment floorspace provides it with a strong foundation for renewal to accommodate future employment growth.

...Auburn LGA has an existing specialisation across a range of sectors including manufacturing, wholesale trade and transport postal and warehousing as well as more business and service based industries such as finance and insurance, electricity, gas, water and waste services and information media and telecommunications.

...The diversity of the local manufacturing sector and the high-value add nature of these industries suggest that manufacturing is beneficial to the local LGA.

...while manufacturing is a low growth area, it is nevertheless an opportunity for Auburn given that it is already highly represented by this industry. This sector is further supported by the wholesale trade and transport, postal and warehousing sectors.

...more knowledge-based, high technology and specialised industries will seek to leverage knowledge and labour by locating in a central metropolitan location.

In recent years there has been an acceleration of the centralisation of professional and business services jobs in metropolitan Sydney, where 'agglomeration' economies are in evidence. Highly connected inner Sydney areas have benefitted but areas such as the Auburn LGA which are geographically central to the metropolitan area are also benefitting. Connections to growing employment centres such as Parramatta, Macquarie Park, Sydney Olympic Park (in the Auburn LGA) and inner Sydney are increasing, as the resident professional workforce increases. In fact as Figure 20 shows, for Auburn's resident

<sup>3</sup> AEC Group/AECOM (2014), Auburn Employment Lands Strategy Draft, Auburn City Council, October



workforce job destinations within Auburn, Canada Bay (principally Rhodes), Ryde (principally Macquarie Park) and the so-called 'Global Economic Corridor' (including Chatswood, St Leonards, North Sydney, the City of Sydney, UNSW and the airport and port), are becoming increasingly important. Connections east and north have grown at a much faster rate than connections to Parramatta or to the rest of Sydney (even though these remain important destinations).



FIGURE 20. JOB DESTINATIONS FOR AUBURN RESIDENT WORKERS, 2001, 2006 & 2011

Source: SGS Economics & Planning, using ABS data (2001 – 2011)



# 4.3 Sydney's emerging economic geography

#### The geography of disadvantage

The index of socio-economic advantage, mapped for Sydney based on the 2011 census, highlights the geographic socio-economic divide in Sydney, with higher relative advantage in harbour-side, beachside and north shore areas and relative disadvantage concentrated in south west Sydney around Fairfield and Liverpool and in the western corridor from Blacktown to Penrith (see Figure 21). Auburn sits on the edge of these two distinctive areas.



FIGURE 21. SEIFA INDEX 2011

Source: SGS Economics & Planning, original data from ABS Census 2011.

Urban structure of Auburn 34

#### Accessibility to jobs and agglomeration economies

The density and accessibility of jobs in central Sydney feeds 'agglomeration economies' and is at the heart of patterns and trends related to socio-economic advantage and disadvantage.

Agglomeration is a term used in spatial economics to describe the benefits which flow to firms from locating in areas which have a higher density of economic activity. These benefits, while experienced by all firms and residents, are particularly beneficial to knowledge intensive service based sectors (i.e. those higher up the global value chain). Knowledge intensive jobs have, and are projected to represent an increasing share of the economy in the future. Furthermore, these knowledge intensive service sectors are leading productivity gains in the Australian economy.

Agglomeration benefits can be measured by reference to differences in 'effective job density' (EJD). The EJD score of a locality is given by the number of jobs in that location plus all the jobs that can be reached from that location divided by the travel time involved, weighted by mode split. Here, jobs are a proxy for economic or business mass. EJD across the Sydney metropolitan area is shown in Figure 22.



#### FIGURE 22. SYDNEY EFFECTIVE JOB DENSITY

Source: SGS Economics and Planning, 2014

SGS estimates that across all industries in Sydney, a doubling of EJD will generate a seven percent uplift in Gross Value Added per hour worked, other things being equal. Knowledge intensive industries such as 'Professional Services' gain a stronger productivity boost through agglomeration, while manufacturing and transport and logistics and similar 'traditional' employers tend to show a negative productivity relationship with agglomeration, signifying that these industries work better in less congested and connected locations.

The map shows a deeper area of effective job density around Parramatta and to the east stretching to SOP and around Auburn and Liverpool. Access to jobs in this west central area is very good in relative terms. The western corridor is emerging as a key link area, with relatively high effective job density, between central Sydney and Parramatta. This area is increasingly 'hooked in' and reaping the benefits of agglomeration, with growth in financial services jobs in SOP for example.

Urban structure of Auburn 35



#### Auburn's positioning in the emerging three cities of Sydney

Figure 23 provides a simple characterisation of the emerging economic geography of metropolitan Sydney which is relevant to thinking about directions for local government reform and amalgamations.

In the eastern half of the metropolitan area where the benefits of agglomeration are concentrated a network of connected centres is emerging, with central Sydney the dominant node (this mightbe characterised as the first or 'network city'). Immediately to the west Parramatta and other centres in the central western parts of Sydney are increasingly connected to the eastern metropolitan complex of centres. This will be further enhanced via the upgrade provided by WestConnex (though enhanced public transport connections through the western corridor are also required). This increasingly 'linked' region might be described as the 'second' city. There are areas of disadvantage in this second city (as shown in the earlier figures) but property prices are rising and it is benefitting from its increasing links to job concentrations in the east. The third 'city' or area is outer western Sydney which up to now has been less connected, and has few strong economic concentrations.

#### FIGURE 23. SYDNEY' S EMERGING ECONOMIC GEOGRAPHY



Source: SGS Economics and Planning 2015

The proposed second Sydney airport at Badgery's Creek offers the prospect of an economic hub that will begin to address the economic stress and alienation that outer western Sydney or the 'third city' might have been confronting.

For the 'first and second' cities the direction must be about much greater connectivity and 'freeing' up the potential for multiple centres and nodes in the eastern half of the metropolitan area to be better connected. Figure 24 is from the 2010 *Metropolitan Plan for Sydney to 2036* and highlights the potential evolution of the structure of the metropolitan area. In this schema Auburn, Burwood, SOP/Rhodes and other nodes could all grow to provide access to employment as part of a 'networked' city. No particular priority is given to their relationship to Parramatta or central Sydney or Macquarie Park. They should be highly connected to all in the same way that nodes within metropolitan London or other European cities are highly connected by dense transport connections.





Source: NSW Government 2010 Metropolitan Strategy for Sydney to 2036



# 4.4 Summary and implications for local government boundary reform

Given the above analysis Figure 25 shows the strategic 'choices' that might be relevant to decisions about local government boundary reform for Auburn given the options being assessed.

# 

FIGURE 25 . POTENTIAL STRATEGIC CHOICES





Source: SGS Economics and Planning 2015

#### Base Case: Auburn stands alone

# Focus on growing SOP as major node linked both east and west

Builds on strong role at the 'crossroads' of metropolitan Sydney.

SOP and surrounding precinct to grow strongly as a major node 'in its own right' – which will be a major management and infrastructure servicing task in any case. But 'misses' the opportunity to develop a linked centre with Rhodes.

#### **Option 1 Auburn and Parramatta**

#### Focus on growing as part of Greater Parramatta Reinforces the idea of a Greater Parramatta with a large hinterland which includes Auburn. Doesn't sufficiently recognise the rapidly growing links which Auburn LGA has to the north and east.

Splits prospect of integrated SOP/Rhodes and raises possibility that SOP/Rhodes won't get sufficient attention because of the inevitable focus on Parramatta.

Option 2 Auburn, Canada Bay, Strathfield, Burwood

# Develop additional strong node at SOP/Rhodes as part of 'network' city

Provides for maximum focus on growing SOP/Rhodes as a major economic node within the networked eastern metropolitan area. Builds on strengthening connections between Auburn LGA and eastern areas.

May dilute prospects for truly integrated planning for Greater Parramatta to Olympic Peninsula corridor.





# 5 FUNCTIONAL REGIONS ANALYSIS

The Independent Local Government Review Panel (2013) suggested a number of criteria that would allow council boundary changes to be more outcome focused (Figure 26).

#### FIGURE 26. ILGRP CONSIDERATIONS FOR BOUNDARIES 2013

#### **Sustainability and Strategic Capacity**

Councils need a strong base to ensure their long-term sustainability; to achieve economies of scale and scope; to deliver quality services; to provide a pool of talented councillor candidates; to attract skilled staff; and to develop strategic capacity in governance, advocacy, planning, and management.

#### Efficiency and Effectiveness

Councils should be able to operate efficiently and effectively within the limits imposed by their location, geography and the characteristics of the communities they serve. They should be able to provide 'value for money' to their ratepayers and external funding agencies.

#### **Integrated Planning**

LGA boundaries should not unnecessarily divide areas with strong economic and social inter-relationships; they should facilitate integrated planning, coordinated service delivery, and regional development.

#### Local Identity and Sense of Place

Consistent with the need for integrated planning, boundaries should reflect a sense of identity and place, including important historical and traditional values. (However, other mechanisms available to maintain local identity should be taken into account.)

#### **Population Growth**

The boundaries of a local government area (LGA) should be able to accommodate projected population growth generated by the LGA over at least the next 25 years.

#### Accessibility

As a general rule, it should be possible to drive to the boundaries of a LGA from a main administration centre within 60-90 minutes in country areas, and within 30 to 45 minutes in metropolitan areas.

#### **Strong Centre**

Each LGA should have a substantial population centre that can provide higher order commercial, administrative, education, health and other services.

#### **Key Infrastructure**

As far as possible, key transport infrastructure such as airports and ports, and those nearby urban and regional centres that are principal destination points, should be within the same LGA.

#### **Combining Existing Municipalities**

Wherever practicable, amalgamations should combine the whole of two or more existing LGAs without the additional cost and disruption of associated boundary adjustments.

Source: Final Report of the NSW Independent Local Government Review Panel October 2013



# 5.1 Spatial analysis of functional linkages

In response to the ILGRP criteria, a number of spatial linkages are examined (local and metro wide) to assess the three options for Auburn. A summary of the spatial analysis of housing sub-markets, journey to work patterns and labour markets, accessibility, retail expenditure and communities of interest are described and mapped in the following sections.

It should be noted that the analysis of these dimensions is a spatial interpretation of the ILGRP's scale and strategic capacity criterion, and assists in the understanding of how the region functions. This has implications for the *Fit for the Future* program since the organisation of administrative boundaries along the lines of functional regions is likely to enhance the strategic capacity of a future organisation.

#### **Housing sub-markets**

Housing submarkets is one of the keys to good integrated planning. An understanding of spatially clustered housing markets enables government to plan for the needs of residents. This analysis looked at people who moved their place of residence between the 2006 to 2011 Census period and identifies housing sub-markets inherent within the metropolitan region. An algorithm is used (similar to functional labour markets) by incrementally grouping Statistical Area 2 geographies to form the most self-contained market possible.

Auburn's functional linkages with its surrounding LGAs in terms of housing migration (Figure 27) reveals a strong link with Strathfield. There are also strong links to the other two adjacent LGAs of Parramatta and Bankstown.



#### FIGURE 27. AUBURN' S FUNCTIONAL REGION INDEX (HOUSIN G MIGRATION)

Source: SGS Economics and Planning 2015



#### Journey to work travel patterns and functional labour markets

Functional labour markets are defined using an algorithm which incrementally groups together Statistical Area 2 geographies to form the most self-contained labour market possible. The result is not determined by political boundaries but rather functional economies reflecting where people live and work. A merged council encompassing a functional labour market is able to advance as a strong centre for employment and has capacity to provide higher orderservices.

Journey to Work (JTW) data were derived from the five-yearly Census of Population and Housing and shows where people live and work (trip origins and destinations) by BTS travel zone geographies. The findings from this analysis models functional labour markets and are useful to understand communities of interest.

The analysis reveals Auburn's functional linkages with its surrounding LGAs in terms of work trips. Strathfield and Bankstown have the strongest connections to Auburn in journey works trips – both to and from these LGAs, followed by Parramatta and Canada Bay (Figure 28).



FIGURE 28. AUBURN' S FUNCTIONA L REGION INDEX - JOURNEY TO WORK

Source: SGS Economics and Planning 2015

#### Accessibility – travel time by car and publictransport

Travel time mapping was illustrates the relationship between centres and major employment areas and access from the surrounding areas to centres. This was completed for both car and public transport travel times.

Auburn's functional linkages with its surrounding LGAs in terms of car travel show strong links with Parramatta, Bankstown, Strathfield, Burwood and Canada Bay. These LGAs are all well connected to and from Auburn by private transport in relation to its broad accessibility.





#### FIGURE 29. AUBURN' S FUNCTIONAL REGION INDEX (CAR TR AVEL)

Source: SGS Economics and Planning 2015

When accessibility is assessed by public transport, the pattern changes. Holroyd, Strathfield and Burwood reveal strong connections to and from Auburn through public transport access in relation to its broad accessibility. This is largely driven by the accessibility provided by the T2 inner west rail corridor providing Holroyd LGA with greater connectivity to Auburn than Parramatta LGA.



FIGURE 30. AUBURN' S FUNCTIONAL REGION INDEX (PUBLIC TRANSPORT TRAVEL)

Source: SGS Economics and Planning 2015



#### **Retail expenditure patterns**

The current retail environment in Auburn was simulated using a Gravity Model that looks at where people live and what people spend their money on. Using an attracting and detracting force model, the simulated retail environment then specifies the market share of each retail centre (that is, how much of the resident retail expenditure in each BTS Travel Zone is spent at each centre), which is then used to draw the retail catchment of Auburn.

The travel time mapping is an indicator of the potential service catchments and the accessibility of centres, which assists in developing an understanding of functional regions. The ILGRP (2012) suggested that in the metropolitan area a travel time of 30-45 minutes from the administrative centre of an LGA was a suitable scale to consider for 'local' government.

The map below shows Auburn's functional linkages with its surrounding LGAs in terms of shopping trips. Parramatta and Strathfield exhibit strong connections to Auburn for shopping trips – both to and from these LGAs. In particular, this shows that retail expenditure links between Parramatta are Auburn are strong, given the regional role played by Parramatta.



FIGURE 31. AUBURN' S FUNCTIONAL REGION INDEX (SHOPPING TRIPS)

Source: SGS Economics and Planning 2015



#### Household Travel Survey - Communities of Interest

Apart from factors considered in functional regions relating to housing and employment, Councils are responsible for developing a shared vision and plan, understanding the diversity of its community and ensuring equitable distribution of services across the area through the study of communities of interest. This analysis examined the relationship between where people live and do their shopping and other local activities (education and social trips). The data was sourced from Sydney Household Travel survey, conducted by the Bureau of Transport Statistics. This aggregation method was applied to determine the non-work travel patterns of residents living in these LGAs, which are otherwise not indicated in the Journey to Work analysis.

Auburn's functional linkages with its surrounding LGAs in terms of social and educational trips shows Strathfield as having strong connections to Auburn for social and education trips – both to and from these LGAs. This shows strong links directly to the East (Figure 32). The next strongest relationships are south to Bankstown, east to Canada Bay and west to Holroyd.

# FIGURE 32. AUBURN' S FUNCTIONAL REGION INDEX (SOCIAL AND EDUCATION TRIPS)



Source: SGS Economics and Planning 2015



## 5.2 Functional region composite index

Connectivity is calculated by analysing the origin-destination patterns of applicable functional linkages within a quantitative framework. That is, origin destination data from the spatial analysis is used to generate an index value to represent the extent to which each LGA is connected to Auburn. The composite index –as suggested by the name; is an un-weighted aggregation of the index scores. The aim of this index is to quantitatively measure the *functional connectivity* of each merger option being considered in this study.

Using relevant aspects of the multi-dimension spatial analysis of functional regions, SGS derived a functional region composite index to measure Auburn's *functional connectivity* with other LGAs by exploring its functional links under each option. The composite index examines each LGA's connectivity to other LGAs in the options considered, by taking into account the connectivity of a region not only for economic purposes, but also for social, recreational and civic purposes. The results of these calculations are show in Table 7.

#### **Technical description**

The composite index operates by analysing the origin-destination patterns of six factors: housing markets, labour markets, accessibility (public and private transport), retail expenditure, and communities of interest. These are spatial representations of the ILGRP boundary considerations. The goal of this index is to describe the extent to which one region is connected to another, by analysing people movements (and travel time) between, and within LGAs. The final index score, which incorporates six attributes related to functional regions, can then be used to provide an unbiased ranking of the options, in terms of functionality.

The sections below outline the necessary steps for calculating the composite index:

#### Step 1: Strength of interaction (F) score

The following equation is used to calculate the strength of interaction between two geographic units

$$F = T_{ij} / (O_i \times D_j) + T_{ji} / (O_j \times D_i)$$

Where;

$$\begin{split} T_{ij} &= \text{the interaction between origin location i and destination locationj} \\ O_i &= \Sigma_j \, T_{ij} \, \text{sum of all trips originating from originating location i} \\ D_j &= \Sigma_i \, T_{ij} \, \text{sum of all trips arriving at destination location j} \end{split}$$

The goal is to measure how well two locations interact with one another, in relation to their overall incoming and outgoing flows. A higher strength of interact (F) value indicates stronger interaction between two or more geographic units, and vice versa.

It should be noted that the strength of interaction (F) score accounts for the interaction between a host unit (Auburn as the centre) and its anchored units for each merger option. The intra-zone interactions between non-host units (LGAs that are not Auburn) are not taken into account in this calculation. For options with more than two Councils, LGAs other than Auburn are aggregated and treated as one unit, and their collective interaction with Auburn is assessed.

#### Step 2: Composite index

The derived *F* value for each merger option is then used to produce a score in sequential order. The option with the highest *F* value would be awarded the highest rank-score. This rank-score procedure is applied to the six factors: housing markets, labour markets, accessibility, retail expenditure, and communities of interest, and summed to produce an overall composite index for each option.



#### Results

The figure below is a visual representation of the composite index scores calculated across the region treating Auburn as the centre of the region (Figure 33). The numerical representation of these composite index scores are shown for each option in Table 8.



FIGURE 33. AUBURN' S FUNCTIONAL REGION INDEX (COMPOSITE)

A rank-index score of one represents highest functional connectivity amongst all options, and scores less than one represent a decaying connectivity relative to the best performing option. Given the nature of the index, the scores capture absolute connectivity, but relative to the best performing option. As such, these are rank-index scores. The composite total index is un-weighted, which implies that the six spatial factors are equally important.

#### TABLE 8. COMPOSITE RANK- INDEX SCORES (UNWEIGHTED)

_	Auburn	Auburn + Parramatta	Auburn + Burwood + <u>Canada Bay + Strathfield</u> Option 2	
	Base case	Option 1		
Resident journey to work	0.71	0.85	1.00	
Housing sub markets	1.00	0.83	0.91	
Shopping trips	0.85	1.00	0.71	
Travel time by car	1.00	0.62	0.66	
Travel time by public transport	1.00	0.86	0.95	
Trips by communities of interest	0.73	0.88	1.00	
Composite total index score	5.29	5.03	5.22	

Source: SGS Economics and Planning, 2015

Notes: the base case is based on intra-LGA flows using SA2 data, while the Options are based on inter-LGA flows.

For the base case stand-alone option connectivity is assessed at an SA2 level. This is a smaller ABS geography than the LGA. In contrast, Options 1 and 2 use LGAs. This is a necessary choice since the aim is to assess the strength of the linkages *within* the LGA. Three SA2s are used to analyse the functional links within the LGA: Auburn, Lidcombe Regents Park, and Silverwater-Homebush Bay. To calculate the score for the base case, Silverwater-Homebush bay was used as the centre of activity unit as it captures highest proportion of trips travelled to within Auburn.



Source: SGS Economics and Planning 2015

It should be noted that the scores for the base case of a stand-alone Auburn are comparable to the scores for Options 1 and 2. Even though the base case uses SA2 flows (to understand flows within the LGA), the magnitude of these flows are assessed relative to total flows at the LGA-level. That is, flows *within* the LGA (intra-LGA), are assessed relative to total flows in and out of the LGA. Similarly, for merger Options 1 and 2, flows *between* LGAs (inter-LGA), are assessed relative to total flows in and out of the collective LGAs. Since the base case and options have a comparable denominator, the computed rank-index scores are comparable.

Overall, the **base case scenario has the highest composite index of the three options**. This is because the flows (or connectivity) to and from SA2s in Auburn LGA are already high. In other words, the majority of the activity originating from the LGA, is contained within the LGA, and the accessibility within the LGA (public and private transport travel times in the context of the GMA) is strong. This supports anecdotal evidence that Auburn residents carry out their daily activities within the LGA and stems from the fact that key areas such as Auburn Town Centre, Lidcombe town centre and Sydney Olympic Park are all well serviced by public transport and support infrastructure. In other words, the rank-order index score for the base case captures the fact that the Auburn LGA as a local centre of activity is performing well, and this results in a significant share of activity occurring within the LGA. The source of this activity is from both within and outside the LGA.

In terms of merger options, **Option 2 shows a better functional connectivity than Option 1**. The larger merger option (Option 2) represents a larger and more diverse range of populations interacting with each other. This also translates to a greater jobs and dwellings offer within the region resulting in stronger employment and housing functional linkages. This is evident in the strong scores for labour markets (journey to work) and communities of interest. Strathfield in particular has strong linkages to Auburn due to proximity and accessibility and there are a large number of social and education trips between the two LGAs. The results suggests that Auburn's connectivity is slightly more east than it is west, though its geographical positioning implies that it sits at the threshold of where east meets west.

It is worth noting that, retail expenditure connectivity between Auburn and Parramatta (Option 1), is stronger than the Option 2. This supports Parramatta's role as regional centre which attractshigher commercial activity in the region, including Auburn. Train lines connecting Auburn, Lidcombe and Parramatta CBD and are able to accommodate large number of residents commuting between the two LGAs. This strong transport link is also evident in the strong labour market score, which again reaffirms Parramatta's regional role.



# 6 COMPARISON OF OPTIONS

Based on the urban geography analysis, and analysis of functional linkages, this section concludes the study by identifying high-level pros and cons of each merger option. Note that this analysis is purely from a strategic capacity and scale point of view only. Financial considerations, and community issues are not discussed.

Base Case: Auburn stands alone	
Advantages	Disadvantages
Recognises and maintains strong existing internal functional linkages.	'Misses' the opportunity to develop a linked centre with Rhodes and develop evenstronger hub in complex of centres.
SOP and surrounding precinct to grow stronglyas a major node 'in its own right' – which will be a major management and infrastructure servicing task in any case.	
Option 1 Auburn and Parramatta	
Advantages	Disadvantages
Strong retail linkages to Parramatta.	Doesn't sufficiently recognise the growing industry and economic links which Auburn LGA
Reinforces the idea of a Greater Parramatta with a large hinterland which includes Auburn.	has to the north and east.
	Splits prospect of integrated SOP/Rhodes and raises possibility that SOP/Rhodes won't get sufficient attention because of the inevitable

Option 2 Auburn, Canada Bay, Strathfield, Burwood				
Advantages	Disadvantages			
Builds on strong journey to work and social/educational trip relationships	May dilute prospects for truly integrated planning for Greater Parramatta which is akey metropolitan strategic planningfocus.			
Provides for maximum focus on growing SOP/Rhodes as a major economic node withinthe networked eastern metropolitanarea.				
Builds on strengthening existing industry and economic connections between Auburn LGA and locations to the east.				

major hubs.



focus on Parramatta; difficult to serve multiple





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