

# Appendix 6.5

## REPORTS AND RESOLUTIONS FROM AUBURN CITY, BURWOOD AND CITY OF CANADA BAY COUNCILS





## AUBURN CITY COUNCIL

May 26, 2015  
To the Extraordinary Meeting of Council

General Manager's Report

## 107/15 Fit for the Future Proposal

C-29-52 MB : MW

### LINK TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

| Operational Plan Code | Relationship to Community Strategic Plan | Relationship to Operational Plan  |
|-----------------------|--|---|
| 4a.1                  | Effective and Accountable Governance     | Represent Council at State, Agency Workshops, Information Sessions and Forums |

### SUMMARY

This report provides an update on the background research and preparation of Council's draft submission for Fit for the Future.

It is acknowledged that Council's preferred position on amalgamation is to stand alone. However, recent advice from IPART indicates that the NSW Government's "scale and capacity" requirement comprises a population threshold of approximately 250,000, and proposals for Councils to stand alone which **do not meet** this population threshold are unlikely to be accepted.

This report outlines the research and analysis undertaken by Council staff (with community input) of a number of possible options, including stand alone, merge with Councils to the west (Review Panel Report recommendation), and an alternative merger proposal with Councils to the east of Auburn City. This research and analysis found that the alternative merger proposal with Councils to the east, to be the most favourable option for the Auburn City community.

Therefore in the context of potentially forced amalgamations, this report recommends Council proceed with the alternative merger option with Councils to the east.

### RECOMMENDATION

1. ***That Council adopt the merger proposal between Burwood Council, City of Canada Bay Council and Auburn City Council, as in the best interest of its residents, given the NSW State Government's intention to compel amalgamations.***
2. ***That Council authorise the General Manager to place the decision on public exhibition for a period of 28 days between 27 May and 24 June 2015.***
3. ***That during the public exhibition period Council will deliver a community engagement program as outlined in this report.***
4. ***That Council delegates the Mayor and General Manager to finalise and lodge the Council submission to the Independent Pricing and Regulatory Tribunal (IPART), as per Template 1 provided by the Office of Local Government, by 30 June 2015.***
5. ***That in the event that either Burwood Council or City of Canada Bay Council decide to not proceed with the agreed merger proposal, Council delegates the General Manager to finalise and lodge a "stand alone" submission to the Independent Pricing and Regulatory Tribunal (IPART), as per Template 2 provided***

Fit for the Future Proposal (cont'd)

***by the Office of Local Government, by 30 June 2015.***

- 6. *That in the event that the NSW State Government opt not to proceed with the implementation of structural reform in the Local Government sector, that Council reverts to a status quo position and proceeds to withdraw from this proposal.***

## REPORT

### 1. BACKGROUND

In 2012, the NSW Government appointed an Independent Local Government Review Panel to investigate the need for changes to ensure Councils are sustainable, efficient and effective. The Review Panel's Report was completed in October 2013. In September 2014, the NSW Government released the 'Fit for the Future' reform program in response to the recommendations of the ILGRP Report (*Revitalising Local Government*, April 2014) and the Local Government Acts Taskforce.

Based on the Review Panel's findings, the NSW Government has recommended changes, including reducing the number of councils in metropolitan Sydney from 41 to approximately 15, via amalgamation. The NSW government's argument for amalgamation is that bigger councils could be more economically efficient in the delivery of services. An argument against amalgamation, however, is that bigger councils could be less responsive to the community's needs and local issues.

The Review Panel's Report proposed mergers for Councils across metropolitan Sydney, including three mergers for the area around and including Auburn City as follows:

- A merger of Parramatta City, Holroyd, and Auburn City Councils, together with part of Ryde City Council and part of the Hills Shire Council, to form a council with an estimated population of 558,000 by 2031, and 7 times larger than the current Auburn City Council area;
- A merger of six Inner West councils (Canada Bay, Strathfield, Burwood, Ashfield, Leichhardt, Marrickville) with an estimated population of 340,000 by 2031; and
- City of Bankstown Council as a stand alone entity with a population of 221,000 by 2031.

Following the Review Panel's initial report, all Councils were requested to undertake a self-assessment and prepare a road map to become 'fit for the future'. This assessment is to be submitted to the NSW Government by 30 June 2015. The NSW government's self-assessment process comprises the following criteria:

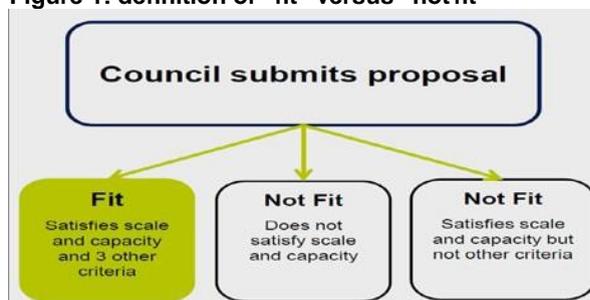
- Scale and capacity to engage effectively across community, industry and government;
- Sustainability (financial);
- Effectively managing infrastructure and delivering services for communities; and
- Efficiency.

Detailed definitions for each of these criteria were provided in the self-assessment package.

On 28 April 2015, the independent panel IPART, was appointed to assess whether Councils were "fit" or "not fit", with "fit" being defined as meeting the scale and capacity criteria (population of 250,000) **plus** 3 of the other criteria, as illustrated in Figure 1 below.

Fit for the Future Proposal (cont'd)

Figure 1: definition of "fit" versus "not fit"



Source: Sydney Forum Public Presentation, Methodology for Assessment of Council Fit for the Future Proposal

In November 2014 at its Ordinary Meeting [Item 329B/14], Council resolved unanimously:

1. That Auburn City Council reaffirm its position of No Forced Amalgamations.
2. That the General Manager commence the preparation of the required submission to the Division of Local Government under the Fit for the Future Program.
3. That a meeting be arranged with the Mayors and General Managers of Parramatta, Holroyd and Ryde Councils to ascertain their positions.
4. That the Mayor and General Manager investigate further possibilities regarding the Reform Program and report back to Council."

## 2. FIT FOR THE FUTURE

Since November 2014, a road map, based on detailed financial analysis, for making Auburn City Council a "fit" Council has been developed. In addition, a thorough investigation and analysis of a number of potential merger options has also been undertaken. A summary of this analysis and research is outlined below:

- Examination of *Council's Community Strategic Plan 2013-2017* and suite of integrated planning documents, as well as other existing specialised plans and reports.
- A review of Council's performance in relation to the Fit for the Future benchmarks set by the NSW Government.
- Council commissioned SGS Economics and Planning to examine scale and capacity considerations of Auburn City, through an analysis of the city's urban geography and functional linkages with surrounding areas. Options analysis was also undertaken.
- Financial modelling using in-house expertise and data from other Council areas to analyse different amalgamation options, potential benefits and impacts. This data was used as a key component in informed discussions with neighbouring Councils, and to thoroughly assess the variety of options before Council.
- Community engagement canvassing local residents' opinions about Council amalgamations being proposed by the NSW Government, including alternative amalgamation options.
- Formal discussions with neighbouring Councils, including those to both the East and West of the Auburn City area to explore feasibility, willingness, synergies, linkages and other weaknesses/strengths that might enable or prevent a merging being pursued.
- Analysis of social, functional, cultural and geographic relationships and interests within our region to identify 'communities of interest, to inform the merger options analysis'.

Fit for the Future Proposal (cont'd)

## **2.1 Merger Options**

Aside from Council's preferred position to stand alone, a number of merger options were considered, in line with Council's resolution of November 2014. Of the options considered, two main options were considered in detail:

**(i) Merger proposed by the Review Panel [Parramatta City, Holroyd, and Auburn City Councils, part of Ryde City Council and part of the Hills Shire Council]**

This option was proposed by the Review Panel. Analysis of this option by Council staff and consultants found it to be less favourable for Auburn City Council. Whilst this option meets the population criteria of 250,000, it would result in a very large Council with a population of approximately 558,000, raising concerns about the ability of a Council of that size to be responsive to local community needs and issues.

A number of meetings involving Mayors and General Managers of these Councils were held. Agreement about this proposed merger was not able to be reached amongst these councils.

**(ii) Alternative merger – group East [Auburn City, Burwood, City of Canada Bay and Strathfield Councils]**

Of the alternative options considered by Council staff, this option was considered as the preferred alternative to the Review Panel's proposal (Merger option (i) above). This option also meets the population threshold, resulting in a Council with a current population of approximately 250,000, and a population of 291,000 by 2021. This alternate option is 3 times larger than the current Auburn City Council area, still enabling the council to remain responsive to the community's needs and local issues and taking advantage of the similarities and links between these areas.

Detailed financial analysis found this option to be significantly more favourable for all Councils in the group. The advantages and strengths of this option are discussed in more detail in Section 3 of this report.

It should be noted that Strathfield Council have been approached on numerous occasions to participate in discussions for the possible merger, but to date continue to work towards a stand alone option.

## **3. PREFERRED/RECOMMENDED MERGER PROPOSAL**

The strengths and advantages of the alternative merger proposal of Auburn City, Burwood, City of Canada Bay, and Strathfield Councils include:

- **Scale** - Based on current ABS data, the merger of the 4 councils would have a population of 250,000 today, and an estimated population of 291,000 by 2021, meeting the NSW government's requirement for population threshold. Importantly, it is noted that a merger of Parramatta City and Holroyd Councils (to the west) have an existing population of approximately 300,000, which would more than meet the population threshold requirement.

Fit for the Future Proposal (cont'd)

- **Cultural synergy** - The four Councils have similar ethnic cultural mix, with between 40-60% of each Council being overseas born, and China being the top country of birth (for overseas born) in all four Councils.
- **Combined financial strength** - Each of the Councils in the alternative merger proposal brings a relatively strong financial position to the proposed new entity, in terms of building and infrastructure renewal, infrastructure backlog, and debt service ratios.
- **Strong connections** - Parramatta Road and the extensive river frontage (Parramatta and Duck Rivers), are two strong unifying elements which link the alternative merger Councils. These Councils are also linked via strong road, bus, rail, ferry connections. The Federal electorate of Reid also sits within the proposed new entity.
- **Strong growth and strong local economy** - This proposed alternative merger would build on existing industry and economic connections, and would bring a diversity of employment lands to the new entity, creating a strong local economy.
- **Strong strategic centres** - A key strength of the preferred merger option is that the new Council would have 3 Strategic Centres, as defined by the Department of Planning's centres hierarchy: Burwood, Rhodes, and Olympic Park. Further, this option would see both Rhodes and Olympic Park grouped together under a single entity, whereas the Review Panel's proposal (i) would see these two centres split between 2 Council areas.
- **Investment in community facilities and town centres** - All four Councils have undertaken recent investment in community facilities, including libraries, pools and community centres, as well as having a strong focus on their town centres. This investment strengthens an already even distribution of community facilities across the four Councils.
- **No one dominant Council** - The alternative merger proposes the amalgamation of 4 Councils of relatively equal footing and broadly similar size, without one dominant party. This is considered to be advantageous in promoting successful collaboration and creation of a cohesive new entity.

This position is supported by the work undertaken by SGS Economics on behalf of Council. SGS Economics undertook an independent strategic analysis of the merger options outlined above, as well as Auburn City as a standalone entity. This analysis found that Auburn City as a standalone entity is the highest ranked option, closely followed by the "Alternative Merger proposal – group East".

The Review Panel's merger proposal (merge to the west) rated significantly lower than the other two options, revealing a relatively low level of correlation with Auburn City from a local government perspective.

#### 4. COMMUNITY ENGAGEMENT

Community involvement has played an integral role in the development of Auburn City Council's position. Council has undertaken significant community engagement to date, including engagement of *Micromex Research* to seek community input and feedback via telephone interview. This method was selected as it provides an accurate and robust indicator of the community's attitudes via engagement of an 'effective sample size.'

Fit for the Future Proposal (cont'd)

The following table outlines Council's community engagement program which has informed the development of the Council Merger Proposal:

| STAGE   | DESCRIPTION   | PURPOSE   | TIMEFRAME              |
|---------|---|---|------------------------|
| Stage 1 | Report to Council   | To seek Council's position regarding 'Fit for the Future'.  | November 2014          |
| Stage 2 | Biannual Community Priorities Survey<br><br>Sample Size= 1000                       | To understand the community's priorities in relation to Council activities, services and facilities and identify the overall level of satisfaction with Council's performance as well as areas for improvement.   | January 2015           |
| Stage 3 | Fit for the Future Survey: 'Awareness & Support'<br><br>Sample Size= 500            | To understand the community's awareness and support of the amalgamation of Councils proposed by the NSW Government following provision of an amalgamation information pack.   | March 2015             |
| Stage 4 | Fit for the Future Survey: 'Preferred Amalgamation Options'<br><br>Sample Size= 500 | To ask local residents their opinions about Council amalgamations being proposed by the NSW Government and further understand the community's preferred amalgamation option, particularly in light of the NSW Government's 'scale and capacity' requirements. | May 2015               |
| Stage 5 | Public Exhibition of Draft Merger Proposal  | To communicate to the community about the Draft Merger Proposal and its contents, including explaining the benefits and costs of the proposal throughout the public exhibition period.  | 27 May to 24 June 2015 |

Overall 2000 residents have participated in the community engagement process to date with further community awareness and involvement anticipated throughout the public exhibition phase, which is detailed in section 5 of this report.

Key findings of the *Fit for the Future Survey: 'Awareness & Support'* completed in March 2015 with 500 residents highlighted:

- Satisfaction with Council's performance is significantly higher than the average NSW score.
- Awareness of the proposed Parramatta/Holroyd amalgamation was low.
- Support for the proposed Parramatta/Holroyd amalgamation was also low with 47% indicating that they were 'not at all supportive'.

The results of the consultation with the Auburn community indicated a strong community preference for opposing a Council merger as per the recommendation of the ILGRP Report (Auburn amalgamating with Parramatta, Holroyd, and parts of Ryde and The Hills Councils), with 64% of residents opposing any amalgamation, and only 15% indicating support for the proposal.

Following this outcome, Council engaged *Micromex Research* to undertake a further telephone survey with a new sample of 500 residents to further explore the community's preferred amalgamation option, particularly in light of the NSW Government's 'scale and

### Fit for the Future Proposal (cont'd)

capacity' requirements. Key findings of the *Fit for the Future Survey: 'Preferred Amalgamation Options'* completed in May 2015 with 500 residents highlighted:

- A greater proportion (46%) of residents were now aware of the NSW Government's recommendation that neighbouring councils should merge to create larger, but fewer, local government areas.
- The option to merge with Parramatta, Holroyd, and parts of Ryde and The Hills Councils was not very popular with residents, with less than half of the population prepared to indicate any level of support for this option (46%).
- The option to merge with Strathfield, Canada Bay, and Burwood Councils was more palatable to residents, with 71% indicating support.
- When given the choice between the 2 different merger options, residents strongly elected to merge with 'Burwood, Canada Bay and Strathfield Councils' as their preference.

Further information on community engagement results and outcomes is attached in the *Fit for the Future Survey: 'Awareness and Support' Report* (Attachment 2) and the *Fit for the Future Survey: 'Preferred Amalgamation Option' Report* (Attachment 3).

## 5. PUBLIC EXHIBITION

The Merger Proposal will be placed on public exhibition for 28 days from 27 May to 24 June 2015 as per the requirements of the NSW Government guidelines for completing Template 1.

The overall aim of the public exhibition will be to communicate to the community about the Merger Proposal and its contents, including explaining the benefits and costs of the proposal.

During the public exhibition period, Council will implement the following community engagement program to ensure the community is well informed.

The Program for informing the community will include:

| Method of Engagement                                     | Total Reach  | Timeframe/Key Dates   |
|--|--|---|
| Advertisements in Local Paper (Auburn Review)            | Circulation of 25,000  | 26 May, 2 June, 9 June, 16 June and 23 June.                                      |
| Media releases   | Sydney Metropolitan electronic and print media   | From 27 May (ongoing and as required throughout public exhibition period)         |
| Website  | On average 85,000 hits per month   | From 27 May (ongoing throughout public exhibition period)                         |
| Social Media Campaign (including Facebook and Twitter)   | Total monthly reach over 40,000  | From 27 May (ongoing throughout public exhibition period)                         |
| Weekly Council E-News                                    | As per website; subscribers  | From 27 May (weekly throughout public exhibition period)                          |
| Quarterly Newsletter                                     | 28,000 copies delivered to all households in Auburn City with additional copies provided via Council venues and online (includes translations in top 4 languages). | Distributed to all households in Auburn City from 8 June 2015.                    |
| Advertisements in Mayoral Columns (including 4 community | Circulation of 100,000   | 2 June, 9 June, 16 June and 23 June (Auburn Review) and weekly in Zaman Australia |

May 26, 2015  
To the Extraordinary Meeting of Council

General Manager's Report

Fit for the Future Proposal (cont'd)

| Method of Engagement   | Total Reach   | Timeframe/Key Dates  |
|--|---|--|
| language papers)   |   | (Turkish), Korean Herald, Australian Chinese Daily and An-Nahar (Arabic) papers over the public exhibition period. |
| Email alerts to Council's community groups e-networks  | Targeted Council e-groups include 397 community groups and community services agencies, including community leaders of 'hard to reach' communities.   | From 27 May (twice over the exhibition period).  |
| Provision of copies of Council's proposal and further information at Council Libraries, Community Centres and at Council's Customer Service Centre (including digital information screens across all venues) | On average 49,000 community members access these venues per month.  | From 27 May (ongoing throughout public exhibition period)  |
| Delivery of information to Council partners and community groups via Council interagency networks and committees   | The following networks are scheduled to meet in the public exhibition period and will be informed about Council's proposal: Auburn Community Sector Networking Forum (27 May), Auburn Youth Interagency (28 May), Auburn Employment Working Group (2 Jun), Auburn Artists Network (13 Jun), Auburn Youth Advisory Collective (23 June). | From 27 May (ongoing throughout public exhibition period).   |

The Program for involving the community will also include delivery of the following 'Fit for the Future' information stalls:

| Date and Time                        | Activity  | Location   |
|--------------------------------------|---|--|
| Sunday 31 May 2015, 11am-3pm         | Autumn Colours Festival (Auburn City wide event based in Auburn)                  | Auburn Botanic Gardens, Cnr of Chiswick & Chisholm Rds, Auburn   |
| Tuesday 2 June 2015, 10am-11am       | Involving the Berala Community  | Berala Town Centre (in front of Woolworths) Woodburn Rd, Berala  |
| Thursday 4 June 2015, 10am-11am      | Involving the Lidcombe Community  | Lidcombe Town Centre (South) Cnr of Joseph & Bridge Streets, Lidcombe  |
| Saturday 6 June 2015, 9.30am-10.30am | Involving the Wentworth Point Community   | Wentworth Point Piazza (in front of the Pulse Club)<br>The Crescent, Wentworth Point   |
| Saturday 6 June 2015, 11am-12pm      | Involving the Newington Community   | Newington Marketplace<br>1 Avenue Of The Americas, Newington   |
| Friday 12 June 2015, 3pm-5pm         | Regents Park Reach Program (Scheduled quarterly engagement event in Regents Park) | Guilfoyle Park (located behind the Regents Park Library and Community Centre)<br>Entry via Regent Street or Amy Street, Regents Park |

Fit for the Future Proposal (cont'd)

Council's 'Fit for the Future' information stalls will enable Council to reach and communicate to a broad cross-section of community members over the public exhibition phase, and discuss, explain and answer any questions about the proposal that the community may have.

Council will review any submissions received by the close of the public exhibition period, and consider adjustments, as appropriate, under the delegated authority of the Mayor and General Manager in order to meet the NSW Government deadline of 30 June 2015.

## **6. FINANCIAL IMPLICATIONS**

The majority of the research and analysis in preparing Council's Fit for the Future submission has been undertaken in-house by Council staff. This work has been supplemented by independent analysis and telephone survey work.

Amalgamation will involve significant costs during the implementation phase. However background research indicates that there are some similarities in business application systems used internally within the group, which will help with the cost of integration.

The NSW State Government, as part of their 'Fit for the Future' package, has indicated that funding is available to support Councils undertaking voluntary mergers.

One of the strongest advantages of the alternative merger proposal (East group) is that each of the Councils brings a relatively strong financial position to the new entity. In addition, analysis of key community facilities (such as libraries, aquatic centres, major open spaces) across the 4 Councils indicates a relatively equal geographic distribution of these facilities.

Recent investment by the Councils in the proposed alternative merger option in infrastructure and assets further supports this position, meaning an amalgamated entity would be in a strong position to continue to deliver services to the community from day one.

## **7. CONCLUSION/SUMMARY**

The NSW Government's recent clarification of the scale and capacity requirement of a population threshold of at least 250,000 means that despite Auburn City Council's excellent financial and asset management position, the option to stand alone does not meet the requirements of its Fit for the Future program.

The Review Panel's recommendation that Auburn City Council merge with a number of large Councils to the west, is not considered a desirable outcome for the Auburn City community.

Detailed research and analysis has found the proposed alternative option to merge with Burwood, City of Canada Bay and Strathfield Councils, to be a significantly preferable option for Auburn City. Reasons for this include the existence of strong cultural synergies and communities of interest, and the strong financial position of each Council involved and thus of the potential new entity overall.

A key strength of the alternative merger proposal is the absence of a single dominant entity, and the resultant amalgamation of four relatively equal entities would be conducive to the creation of a strong, cohesive new Council, which was still able to be responsive to local needs and issues. This position is supported by statistically robust community feedback.

May 26, 2015  
To the Extraordinary Meeting of Council

General Manager's Report

Fit for the Future Proposal (cont'd)

Although Strathfield Council at this stage is not willing to participate in a voluntary merger, it should be noted that it would be possible to include them in the submission if their current situation were to change.

**ATTACHMENTS**

1. Draft Template 1 Submission ***(to be circulated to all Councillors at the Council Meeting)***
2. Fit for the Future Survey – 'Awareness & Support' Report, March 2015 - Prepared for Auburn City Council by Micromex Research – T051760/2015
3. Fit for the Future Survey – 'Preferred Amalgamation Option' Report, May 2015 - Prepared for Auburn City Council by Micromex Research – T051763/2015
4. Fit for the Future: Urban Structure of Auburn, April 2015 - Prepared for Auburn City Council by SGS Economics & Planning – T051765/2015
5. IPART Methodology for Assessment of Council Fit for the Future Proposals – T052124/2015

**Please place your initials in the box once you have signed off on the report**

|                 |                 |                        |
|-----------------|-----------------|------------------------|
| <b>Author</b>   | <b>Manager</b>  | <b>General Manager</b> |
| <b>BE/MC/RS</b> | <b>BE/MC/RS</b> | <b>MB</b>              |

# FOR ACTION

COUNCIL MEETING

26/05/2015

TO: Brooke Endycott

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Item No. 107/15  
Subject: Fit for the Future Proposal  
File No. T052100/2015  
Notes:

**MINUTE BELOW (Resolution in Bold Italics)**

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**RESOLVED unanimously on the motion of Clr Simms, seconded Clr Zraika:**

- 1. That Council adopt the merger proposal between Burwood Council, City of Canada Bay Council and Auburn City Council, as in the best interest of its residents, given the NSW State Government's intention to compel amalgamations.***
- 2. That Council authorise the General Manager to place the decision on public exhibition for a period of 28 days between 27 May and 24 June 2015.***
- 3. That during the public exhibition period Council will deliver a community engagement program as outlined in this report.***
- 4. That Council delegates the Mayor and General Manager to finalise and lodge the Council submission to the Independent Pricing and Regulatory Tribunal (IPART), as per Template 1 provided by the Office of Local Government, by 30 June 2015.***
- 5. That in the event that either Burwood Council or City of Canada Bay Council decide to not proceed with the agreed merger proposal, Council delegates the General Manager to finalise and lodge a "stand alone" submission to the Independent Pricing and Regulatory Tribunal (IPART), as per Template 2 provided by the Office of Local Government, by 30 June 2015.***
- 6. That in the event that the NSW State Government opt not to proceed with the implementation of structural reform in the Local Government sector, that Council reverts to a status quo position and proceeds to withdraw from this proposal.***

[Open Item in Minutes](#)

This action sheet has been automatically produced by the Administration Team using **InfoCouncil**, the agenda and minutes database.

The report for this item is located in the same Container in Trim as this action.

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**Council's Procedure for Actions Arising from Council Decisions can be found in TRIM Document No. T010442/2011**



## **(ITEM 51/15) FIT FOR THE FUTURE - ADOPTION OF SUBMISSION TO IPART**

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File No: 15/21527

REPORT BY GENERAL MANAGER

### **Summary**

Under the State Government's Fit For the Future reform framework, councils are required to lodge a submission to the Independent Pricing and Regulatory Tribunal (IPART) by 30 June 2015, to either stand alone or merge with other councils.

Following extensive research, modelling studies, community surveys and discussion with neighbouring local government areas, Council is now presented with two options: stand-alone or merge with City of Canada Bay Council and Auburn City Council.

### **Background**

#### **Fit for the Future Reform Agenda**

In September 2014, the NSW Government released its response to the final recommendations of the Independent Local Government Review Panel and the Local Government Acts Taskforce, presenting a reform package named "Fit for the Future".

In doing so, the NSW Government also announced funding for local government in NSW to assist councils implement the Government supported recommendations.

The Government's focus is supporting voluntary mergers, including a reduction of Sydney metropolitan councils from 41 to 18.

The Government response signalled strongly that Sydney Metropolitan councils, and in particular the inner and eastern councils, will need to address the Panel recommendations for mergers, citing increased 'scale and capacity' (i.e. size) as key components to ensuring financial sustainability and more effective metropolitan governance.

Apart from the reform funding, the NSW Government announced it will:

- Introduce a new streamlined Local Government Act from 2016/17 that cuts red tape and puts Integrated Planning and Reporting at the centre of council activities
- Provide a State Government borrowing facility for more cost effective council loans
- Introduce a new role for the Auditor General to oversee financial management of councils
- Introduce minimum two-year terms for Mayors
- Introduce greater powers for the community if they want a directly elected Mayor
- Introduce clearer roles for Mayors, Councillors and General Managers
- Provide councils who are deemed 'Fit for the Future' with additional planning powers
- Review the current rating system providing councils who are deemed 'Fit for the Future' with easier access to Special Rate Variations

The Minister for Local Government and the Premier have promoted the reform agenda and consistently stated that "no change is not an option".

#### **The proposal for the Inner West**

The NSW Government proposal is the creation of a new Sydney-Central Metropolitan Council through the merger of Ashfield, Burwood, Canada Bay, Leichhardt, Marrickville and Strathfield Councils.

This would result in a new inner city council of almost 350,000 people, or 430,000 by 2031, that would span from Rhodes to Sydney Airport, and from Chullora to Balmain.

### **Roadmap to Fit for the Future**

All NSW councils (excluding those in the Far West) have been requested to undertake a self-assessment, and prepare a road map to become 'Fit for the Future'.

This then needs to be submitted to the NSW Government by 30 June 2015.

A series of templates were released on 31 October 2014 to assist councils in undertaking the self-assessment. Further, the templates provided two options for councils: a Merger Proposal (Template 1) or an Improvement Proposal (Template 2).

On 28 April 2015 the Minister for Local Government announced that the Independent Pricing and Regulatory Tribunal (IPART) will undertake the role of the Expert Panel in assessing councils' Fit for the Future proposals.

IPART developed a draft Assessment Methodology, and placed it on public exhibition until 25 May 2015, with a view to finalise the methodology by early June 2015.

Given Burwood Council will not have a meeting in June 2015, there will not be an opportunity to wait for the release of the final methodology by IPART. It is expected, however, that the core principles and references to the recommendations by the Independent Review Panel will not change.

### **Response from Inner West Councils to the Fit for the Future reform agenda**

Following the announcement by NSW Government, five of the six Inner West councils proposed for amalgamation (Ashfield, Burwood, Canada Bay, Leichhardt and Marrickville) agreed to open a discussion on responding to the Fit for the Future program. Strathfield Council resolved to not participate in any shared discussion on the reform agenda.

In December 2014, the five councils of Ashfield, Burwood, City of Canada Bay, Marrickville and Leichhardt Councils engaged consultancy firm Morrison Low to undertake a modelling study to identify the likely social, environmental, financial and governance outcomes of the merger options on the respective councils and their communities, thereby enabling each council to prepare their respective business cases and then engage with their communities.

Morrison Low representatives liaised with the General Managers and key staff members of each participating council, to model a number of scenarios and identify the benefits and/or issues of the following merger options:

- Amalgamation of Ashfield, Burwood, Canada Bay, Leichhardt, Marrickville and Strathfield as proposed by the Panel and supported by the State Government
- Alternative amalgamation options eg with reduced number of councils
- The SSROC "Council of Mayors" model previously submitted to the State Government in the 'Efficient Boundaries' report by Gary L. Sturgess

The study revealed that a combined Inner West council would have an immediate funding shortfall of up to \$70 million, take up to 10 years to break even and will cost up to \$96 million in transition costs. Furthermore, the Panel's recommended Inner West council would only meet 3-4 of the 7 benchmarks required to be fit for the future.

In addition, one of the main concerns about the merger of six councils remains the potential loss of political representation.

Under the proposed super-council, each councillor may have to represent in excess of 20,000 residents, a position that was believed to be ineffective by all councils involved in the study.

### **Residents Satisfaction Survey 2014/15**

In November 2014 Council conducted its biennial Residents Satisfaction Survey through independent research company Micromex.

The survey contained a number of questions related to the Fit for the Future reform agenda, and the results could be summarised as follows:

- 55% of residents interviewed had no awareness of the program of Local Government review being implemented by the State Government
- 50% of residents interviewed were against amalgamations, while 29% declared support for a possible merger, with the remaining 22% undecided
- The main argument in support of amalgamations was that it would increase Council's economic efficiency
- The main argument against amalgamations was that it would cause local issues to be neglected
- The main reason for those residents undecided was in relation to concerns that the amalgamated area might be too big to be serviced effectively

The view of the community, combined with the results of the Morrison Low review, provided Council with an indication that the merger of the six Inner West councils would unlikely lead to an entity that could be defined as 'fit for the future'.

### **Consultation with neighbouring councils**

Since December 2014, the Mayor and General Manager promoted and actively participated in a large number of meetings with their counterparts from neighbouring councils, to identify whether an alternative model to the one proposed by the State Government could be explored, if required.

It soon appeared clear that the differences between Burwood and local government areas such as Leichhardt and Marrickville would be insurmountable, in particular in relation to obvious variances in terms of community composition, economic fabric, geographic locations and built environment.

To the east, Ashfield Council indicated that the preference of their elected members and their community would be to stand alone, or to merge with "city-facing" councils, such as Leichhardt and Marrickville. No option was presented to the community that included an opening towards Burwood.

To the west, Strathfield Council opted not to join the shared modelling study with the other five councils, and later in April 2015 restated that they would not be participating in any further discussion with neighbouring local governments.

Burwood continued to communicate with City of Canada Bay Council, and conducted in-house modelling of a potential merger between the two councils.

Further, Burwood, City of Canada Bay and Strathfield Councils were approached by Auburn City Council to explore a possible amalgamation. Following an initial meeting between the General Managers of the four councils, Strathfield opted to not participate in further discussions, while Burwood and Canada Bay councils determined to investigate the option further, and commissioned independent consultants Morrison Low to undertake a modelling study.

The study revealed that the merger of the three councils could present a manageable and sustainable model; it would create a very strategic local government area, with good

representation, as well as a strong economic base thanks to future growth areas that will contribute to the infrastructure replacement needs.

In particular, the presence of a large industrial area in the Auburn LGA could mean an opportunity to reduce the reliance on residential rating for the councils involved.

Overall, the Morrison Low study on the potential merger identified the option to be consistent with the aims of the Independent Review Panel and superior in potential to the recommended merger of the six Inner West councils.

### Consultation

Following the initial residents' survey in November 2014, which clearly indicated an objection to the merger of all six Inner West Councils, Burwood Council decided to conduct further consultation in May 2015, to gauge the community's views on the Burwood, Canada Bay and Auburn merger, as well as a 'stand-alone' option.

A summary of findings is provided below:

| <b>Option 1: Stand-alone</b>                 |     |
|--|-----|
| Somewhat supportive to completely supportive | 68% |
| Not very supportive to not at all supportive | 32% |

| <b>Option 2: Merger with Canada Bay and Auburn Councils</b> |     |
|---|-----|
| Somewhat supportive to completely supportive                | 59% |
| Not very supportive to not at all supportive                | 41% |

### Burwood Council's position

Following extensive reviews based on the benchmarks set by the State Government, it is clear Burwood Council can be considered 'fit for the future' in relation to the financial benchmarks, but not in relation to scale.

At present, Council meets the key elements of 'strategic capacity' outlined in the Panel's report. In addition, Council will meet 6 out of the 7 Fit for the Future benchmarks by 2020, as required under the State Government criteria of sustainability. See chart below.

| <b>Benchmark (IPART Methodology)</b>      | <b>Performance by 2020</b> |
|---|----------------------------|
| Operating Performance Ratio               | Yes                        |
| Own Source Revenue Ratio                  | Yes                        |
| Real Operating Expenditure                | Yes                        |
| Infrastructure Backlog                    | No                         |
| Asset Maintenance Ratio                   | Yes                        |
| Debt Service Ratio                        | Yes                        |
| Building and Infrastructure Asset Renewal | Yes                        |

Council's strong financial outlook was recognised in the NSW Treasury Corporation's (TCorp) *Financial Sustainability of the New South Wales Local Government Sector*. In the report, Burwood Council was one of only five councils in NSW identified as having a 'positive' financial outlook.

In addition, Burwood's status as Strategic Centre, recognised in three consecutive Metropolitan Strategies (including the 2014 *A Plan for Growing Sydney*) has contributed to the area developing into the hub of the Inner West.

Burwood is expected to grow as a regional centre over the coming years. Already meeting the NSW Government's population and workforce targets, Council's revenue base will continue to increase with more than 1,000 additional dwellings over the next three years (based on current

major development applications currently being assessed) and an additional 2,000 dwellings in the next five to six years.

Further to this injection in the overall revenue base, Council continues to identify additional methods of revenue and funding in order to maintain financial sustainability and flexibility.

In 2014, Council successfully received a four year special variation in order to address the infrastructure backlog while maintaining current service levels.

Council's measures to ensure a robust revenue base and increased discretionary spending were highlighted in TCorp's report on financial sustainability. In particular, the report stated that approximately 70 per cent of Council's revenue base is derived from own sourced revenue such as annual charges and user charges and fees. This means that Council is able to rely upon these revenue streams on an ongoing basis for financial sustainability.

## **Size**

Burwood remains one of the smallest Local Government Areas in the State, at just over 7 square kilometres and 36,053 residents.

While the NSW Government and IPART have refrained from identifying a minimum area size or minimum number of residents as a criterion for sustainability, they have confirmed that the starting point for assessment on Fit for the Future submissions will be the recommendations made by the Independent Local Government Review Panel, which in Burwood's case is the merger of six Inner West councils.

Further, it is to be highlighted that councils that were recommended as stand-alone, such as Campbelltown and Bankstown, will have populations in excess of 200,000 in the next few years.

It could therefore be assumed that the minimum size standard could be over 200,000.

According to this assumption, alternative options such as a potential merger of Burwood Council with Canada Bay and Strathfield Council, at approximately 150,000 residents, might not be deemed enough to meet the criterion of scale.

Under the methodology developed by IPART, councils who decide to propose alternative solutions to the ones recommended by the Independent Review Panel, will need to show how the alternative option is superior to the original, while remaining broadly consistent with it.

## **State Government's position**

The NSW Government has continued to progress the reform agenda, with no diversion or extensions from the original timeline presented to councils.

The Government expects submissions to be lodged with IPART by 30 June 2015.

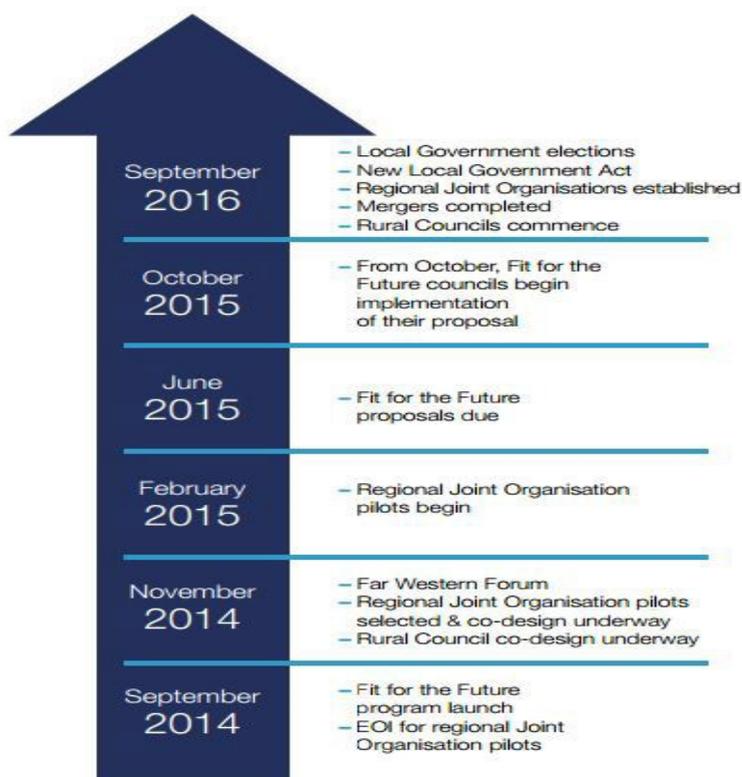
Following a period of public exhibition, IPART will present a final report to the Premier and the Minister of Local Government by 16 October 2015.

From October, the State Government intends to formally commence the process of structural changes, with transitional governance arrangements put in place (i.e. local transition committees comprising the Mayor and 1 councillor from each council plus the General Managers) and mergers completed by September 2016 in time for the next local government elections (see Figure 1, below).

Funding has been made available to facilitate the merger process, with \$153 million allocated for Sydney councils.

The State Government has indicated merging councils could receive up to \$22.5 million to help support the new venture.

**Figure 1: State Government timeline for FFF**



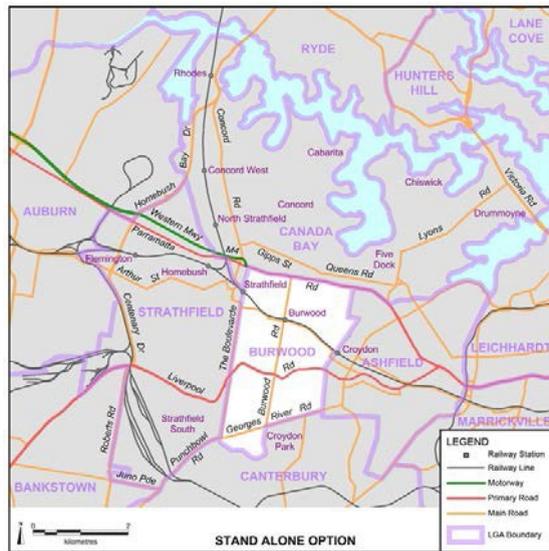
A recent motion by a State MP opposing forced amalgamations was rejected by Parliament, with the Minister for Local Government reiterating that “no change is not an option” for the Local Government sector.

## Options

Following extensive reviews of Burwood Council's financial sustainability and the State Government's Fit for the Future framework, the following two options are proposed:

### Option 1

Burwood Council could lodge a 'stand-alone' submission to IPART, as per Template 2 provided by the Office of Local Government.

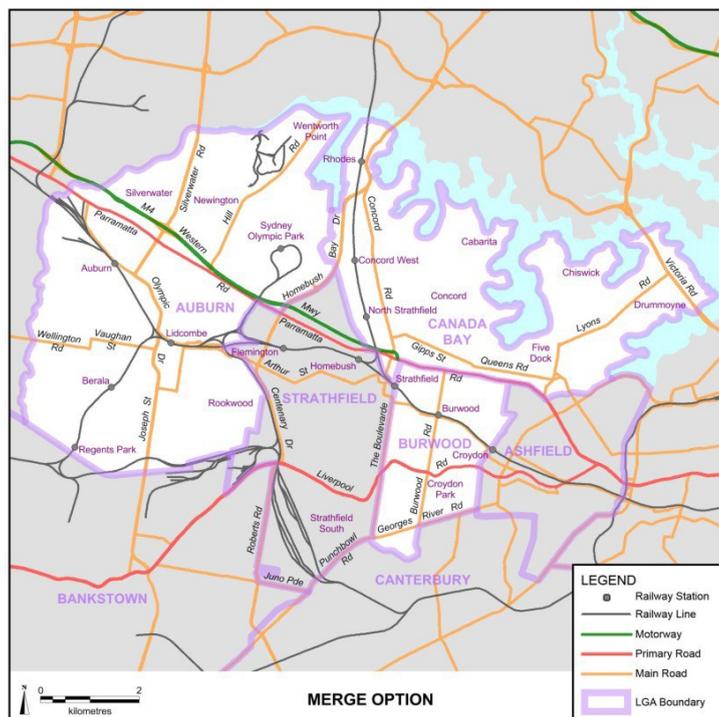


The submission centres on Burwood’s status as Strategic Centre in the Sydney Metropolitan Strategy, the positive financial ranking granted by the NSW Treasury Corporation, the forecast growth in population and revenue, as well as the efficient management of the organisation and innovative solutions to increase own source revenue for the future.

Risks involved in submitting this position might be that the NSW Government could deem Burwood Council not to have enough scale and capacity, and it could promote a forced amalgamation with the six councils in the group identified by the Independent Review Panel, an option that was clearly objected and considered ineffective by the communities and Council.

Option 2

Burwood Council could lodge a merger proposal between Burwood Council, City of Canada Bay Council and Auburn City Council, as per Template 1 provided by the Office of Local Government.



The merger option could be seen as a preferred solution for Council and its residents in order to avoid a forced amalgamation between the six Inner West councils. It also offers the opportunity for

some of the respective elected members and the General Managers to be involved in the transition committees, therefore having a chance to advocate for the needs of their communities.

The merger model between the three councils has been extensively analysed and it appears to be financially sound, with growth potential, strong similarities between communities of interest, and an opportunity to retain good political representation.

Overall, the Morrison Low study on the potential merger identified the option to be consistent with the aims of the Independent Review Panel and superior in potential to the recommended merger of the six Inner West councils.

It is expected that the merged Council could establish a shared administration centre in a strategic location such as Homebush-Olympic Park, with peripheral customer service offices in each area.

Risks involved in submitting this position might be that the State Government could consider it not a viable option in light of Auburn being 'earmarked' to merge with Parramatta to create a bigger business and population centre.

Also, the NSW Government could remain firm on the position that the six Inner West councils should merge, and therefore reject a smaller alternative.

### **Proposal**

That Council consider the information provided in this report, review the options proposed and the draft proposals developed by Council officers, and make a determination on the official position of Burwood Council in relation to the Fit for the Future reform agenda.

### **Public Exhibition**

Should Council decide to opt for a 'stand-alone' proposal, there would be no specific formal requirements for further public exhibition.

Nevertheless, Council's position would be shared with the community through a dedicated page on the website, social media, residents' newsletter, mayoral column and media releases.

On the other hand, should Council decide to opt for a merger proposal, it is a requirement that the decision be placed on public exhibition for 28 days, between 26 May and 22 June 2015.

Below is a proposed range of information activities to promote the public exhibition of the decision.

| <b>Timeframe</b> | <b>Method of Engagement</b>     | <b>Target Audience</b> | <b>Action</b>  |
|------------------|---------------------------------|------------------------|--|
| 26 May (ongoing) | Website                         | Online users           | Dedicated section on the website including feedback mechanism and outlining costs/benefits including financial and demographical |
| 26 May (ongoing) | Social media campaign           | Online users           | Targeted social media campaign across various channels including Facebook, Twitter and Instagram                                 |
| 26 May (ongoing) | Councillors and staff briefings | Internal stakeholders  | Information given to Councillors and frontline staff such as Customer Service  |

| Timeframe         | Method of Engagement              | Target Audience  | Action   |
|-------------------|-----------------------------------|--|--|
| 1 June            | Newsletter to residents           | 16,000+ residents and businesses   | 1 page newsletter delivered across the LGA including translations in community languages                                 |
| 2, 9, 16, 23 June | Advertisements in Mayoral Columns | Inner West residents   | Information in mayoral columns of both Burwood Scene and Inner West Courier (papers circulated across Inner West region) |
| 2, 16 June        | Advertisements in CALD papers     | Arabic, Chinese, Italian and Korean speaking residents across Inner West | Targeted advertisements to CALD communities  |
| 28 May (ongoing)  | Online advertising                | Burwood Scene online   | Series of advertisements on Burwood Scene online with links back to dedicated page                                       |
| 9 June            | Advertisement in local papers     | Inner west residents   | Advertisements in Inner West Courier and Burwood Scene   |
| Ongoing           | Online feedback                   | Online users   | Link to survey included on website/social media/newsletters  |

### **Planning or Policy Implications**

The decision by Council will be submitted to IPART by 30 June 2015.

IPART will then place the proposals on public exhibition for a month, inviting comments from the public.

It will then review the proposals and assess council as either “fit” or “unfit” for the future.

IPART’s assessment report will be submitted to the Premier and the Minister for Local Government by 16 October 2015. The report will not be made public by IPART.

It is expected the Minister for Local Government will review the report and subsequently make a final determination on the proposals.

### **Financial Implications**

Should Council opt for the ‘stand-alone’ proposal, there would be no cost related to the submission.

Should Council opt for the merger proposal, it is estimated the costs of promoting the public exhibition as per above program would be in the order of \$6,000.

Subsequently, should the merger proposal be approved, the new Council could have access to funding support made available by the State Government to facilitate the transition to a new entity.

### **Options**

Option 1 – Stand-alone (Template 2)

Option 2 – Merger with City of Canada Bay Council and Auburn City Council

### **Conclusion**

The process of reforming Local Government has been strongly promoted by the State Government, and to date no movement has occurred in relation to the strict timeline agreed for the “Fit for the Future” framework.

The Premier and the Minister for Local Government continue to reiterate that “status quo is not an option” and particular attention has been focussed on the Sydney metropolitan councils.

It is to be noted that, following extensive research and analysis, Burwood Council achieves all benchmarks set by the State Government to be declared “Fit for the Future”.

In addition, Burwood’s key strategic role in the Sydney Metropolitan Strategy and the forecast growth are expected to further boost the long-term sustainability of the organisation. However, Burwood remains one of the smallest Local Government Areas in the State. Size could be taken into account by the State Government when assessing whether Sydney councils are efficient and capable partners for major infrastructure projects and social plans.

In the absence of a viable alternative model, the State Government could therefore opt to implement the recommendations by the Independent Local Government Review Panel, merging Burwood with the other five Inner West councils (Strathfield, Ashfield, Canada Bay, Marrickville and Leichhardt), an option not supported by Council or the community.

While a number of alternative models have been investigated, the only option that has progressed to a feasibility study is the one involving the merger of Burwood with Canada Bay and Auburn, with the view that Strathfield would be welcomed to consider joining the group at a later stage.

The study conducted by independent consultants Morrison Low identifies the group as a strong, viable and superior alternative to the proposal by the State Government.

The merger model is considered financially sound, with growth potential, strong similarities between communities of interest, and an opportunity to retain good political representation.

### ***Recommendation(s)***

#### **Option 1**

1. That Council adopt a “stand alone” position in relation to the Fit for the Future reform agenda.
2. That Council delegates the General Manager to finalise and lodge the Council submission to the Independent Pricing and Regulatory Tribunal (IPART), as per Template 2 provided by the Office of Local Government, by 30 June 2015.

**OR**

#### **Option 2**

1. That Council adopt the merger proposal between Burwood Council, City of Canada Bay Council and Auburn City Council, as in the best interest of its residents, given the NSW State Government’s intention to compel amalgamations.
2. That Council authorise the General Manager to place the decision on public exhibition for a

period of 28 days between 26 May and 22 June 2015.

3. That the Notice of public exhibition be published in relevant local newspapers and ethnic papers, as well as on Council's website and social media, with hard copy notices made available at Council's Customer Service Centre, Burwood Library and Community Hub.
4. That during the public exhibition period Council delivers an information sheet (inclusive of information in multiple community languages) to all households, containing a summary of the decision and a list of estimated costs and benefits, and that the same information be provided through Council's website and social media platforms, as well as being made available in hard copy at Council's Customer Service Centre, Burwood Library and Community Hub.
5. That Council delegates the Mayor, Deputy Mayor and General Manager to finalise and lodge the Council submission to the Independent Pricing and Regulatory Tribunal (IPART), as per Template 1 provided by the Office of Local Government, by 30 June 2015.
6. That in the event that either City of Canada Bay Council or Auburn City Council decide to not proceed with the agreed merger proposal, Council delegates the General Manager to finalise and lodge a "stand alone" submission to the Independent Pricing and Regulatory Tribunal (IPART), as per Template 2 provided by the Office of Local Government, by 30 June 2015.
7. That in the event that the NSW State Government opt not to proceed with the implementation of structural reform in the Local Government sector, that Council reverts to a status quo position and proceeds to withdraw from this proposal.

#### **Attachments**

- |   |                                      |          |
|---|--------------------------------------|----------|
| 1 | Template 1 - Council Merger Proposal | 21 Pages |
| 2 | Template 2 - Existing Proposal       | 27 Pages |



**ITEM                    MOTION OF URGENCY - CR KENZLER - FIT FOR THE FUTURE**

Councillor Kenzler sought permission to move a Motion of Urgency regarding the Fit for the Future Program. The Mayor agreed that the matter was urgent.

**RESOLVED**

(Crs Kenzler/O'Connell)

THAT a Motion of Urgency be considered regarding the Fit for the Future Program.

**RESOLVED**

(Crs Kenzler/O'Connell)

1. THAT Council's present position is to inform the State Government that Canada Bay Council's preference is for the status quo however, Council notes that State Government Policy and a clear direction to IPART from the Premier has shown Council that the status quo will not be acceptable in the terms of State Government Policy.

Council notes its achievements:

- the progress Council has made towards achieving the Fit for the Future performance measures but also it recognises that a single council cannot have the same scale and capacity as a number of amalgamated councils.
- Council has a sound and stable Treasury Corporation assessment of its financial outlook. This is a result of both the Council and its management focusing on improvement of our financial position.
- Canada Bay Council has received many awards from independent organisations for outstanding performance in the planning, environmental and community services areas. Council possesses modern recreational facilities and above the Sydney average for both passive and active recreation.

Council's community panel is an example of its leadership in consultation with Council's ratepayers and residents.

2. At Council's Extraordinary Meeting last week the effect of the resolution carried by Council was that it would stand alone. The effect of this resolution would require Council to submit Template 2 proposal and Council would therefore automatically be assessed as "**unfit for the future**".

Council's community engagement has shown that our residents prefer the stand alone option, i.e. for Canada Bay to remain as it is now. This position if submitted to the State Government would find Council "**unfit for the future**".

The community survey showed a level of support toward some form of merger with adjoining councils, however our research shows that a merger option with Auburn Council is economically a better choice for our community.

- Therefore the most acceptable merger option that would meet **Fit for the Future Scale and Capacity** requirements of the State Government is Canada Bay + Burwood + Auburn + Strathfield.
  - Two of the three potential partners being Burwood and Auburn have resolved to join with Canada Bay and advice is that Strathfield do not intend to make any determination.
  - A separate Morrison Low report commissioned by the councils that were recommended for amalgamation by the independent panel clearly shows it would not be in Canada Bay's interest to amalgamate with those councils.
  - On the contrary, a further report by Morrison Low finds a proposal to amalgamate with Canada Bay, Burwood, Auburn and Strathfield would show that not one council would dominate such a proposal and that all parties would jointly benefit and be more efficient and able to improve services to our communities.
  - An alternate amended proposal has been put forward to amalgamate Canada Bay and Burwood and also **INCLUDE PARTS OF ASHFIELD COUNCIL, NAMELY HABERFIELD AND PARTS OF AUBURN CITY COUNCIL NAMELY WENTWORTH POINT, SYDNEY OLYMPIC PARK, NEWINGTON AND PARTS OF THE SILVERWATER INDUSTRIAL AREA.**
  - This proposal is impossible as the "IPART" and "Fit for the Future" requirements will not allow any claims on part of another municipal area without the specific written approval and resolution of the affected council. Whilst this is attractive, it is clearly not possible as Auburn have indicated it will never agree to annexation of any of its area and Ashfield have not been canvassed.
  - The Fit for the Future guidance material states that Councils' merger proposals must be endorsed by all councils in the proposed group. Councils are advised however to submit a case for inclusion of additional non-agreeing or silent proposed partners if it is both a physical fit and improves scale and capacity.
  - A grouping of Canada Bay, Burwood, Auburn and Strathfield would see a population of around 250,000 people increasing to 300,000 by 2021. Independent analysis shows that a population around these numbers would show a scale and capacity for greater efficiency and increased public benefit as well as satisfying Fit for the Future requirements.
3. It should be noted that most if not all of the Councillors of Canada Bay Council believe that the current size of the Council is adequate and the services provided to our residents and ratepayers are outstanding. However, whilst the State Government continues with policies that require an increase in both scale and capacity, as well as other heads of consideration, it would not be in Council's best interest to adopt a singular proposal that would automatically determine that Council was "**unfit for the future**".

Whilst at all times we could agree to a policy position that says we should stand alone in our City's best interest, we should adopt a fall-back position which allows us to have scale and capacity that would permit Council to choose adjoining merger partners and not to go by default to the proposed amalgamation recommended by the independent panel.

The current resolution from last week's Extraordinary Meeting would ensure a merger with Leichhardt, Marrickville and Ashfield.

4. Therefore we formally move that Council should resolve in the following terms:
  - A. To continue with its recognition of the status quo.
  - B. Endorse a proposal for a merger with Canada Bay, Burwood, Auburn and Strathfield Councils.
  - C. Council should become an equal partner in the proposed merged identity and participation in the preparation of Template 1 proposal with the adjoining three Councils namely Burwood, Strathfield and Auburn as this would allow us to meet the **Scale and Capacity** and other requirements of IPART's Fit for the Future review.
  - D. None of the other proposals would lead to any other determination other than **"unfit for the future"**.
  - E. Council notes that the New South Wales Legislative Council proposes to conduct an Inquiry into the Fit for the Future council mergers and should any outcome of that Inquiry or any change to the State Government's support for the current Fit for the Future requirements, then Canada Bay Council retains the right to review this resolution. This right to review is also conditional upon the State Government implementing its Fit for the Future program in an equitable fair and consistent manner across the Sydney Metropolitan Councils.
  - F. That Canada Bay Council write to Burwood, Auburn and Strathfield Council indicating Council's decision and its resolution.
  - G. The General Manager be authorised to take whatever action necessary to ensure that a submission is jointly prepared with the other participating councils and is available for lodgement by the 30<sup>th</sup> June 2015 deadline as well as providing any further information that IPART may require.

This matter was then raised for reconsideration.

**MOTION** (Crs Kenzler/Fasanella)

THAT the following resolution of Council be rescinded:

1. THAT Council's present position is to inform the State Government that Canada Bay Council's preference is for the status quo however, Council notes that State Government Policy and a clear direction to IPART from the Premier has shown

Council that the status quo will not be acceptable in the terms of State Government Policy.

Council notes its achievements:

- the progress Council has made towards achieving the Fit for the Future performance measures but also it recognises that a single council cannot have the same scale and capacity as a number of amalgamated councils.
- Council has a sound and stable Treasury Corporation assessment of its financial outlook. This is a result of both the Council and its management focusing on improvement of our financial position.
- Canada Bay Council has received many awards from independent organisations for outstanding performance in the planning, environmental and community services areas. Council possesses modern recreational facilities and above the Sydney average for both passive and active recreation.

Council's community panel is an example of its leadership in consultation with Council's ratepayers and residents.

2. At Council's Extraordinary Meeting last week the effect of the resolution carried by Council was that it would stand alone. The effect of this resolution would require Council to submit Template 2 proposal and Council would therefore automatically be assessed as "**unfit for the future**".

Council's community engagement has shown that our residents prefer the stand alone option, i.e. for Canada Bay to remain as it is now. This position if submitted to the State Government would find Council "**unfit for the future**".

The community survey showed a level of support toward some form of merger with adjoining councils, however our research shows that a merger option with Auburn Council is economically a better choice for our community.

- Therefore the most acceptable merger option that would meet **Fit for the Future Scale and Capacity** requirements of the State Government is Canada Bay + Burwood + Auburn + Strathfield.
- Two of the three potential partners being Burwood and Auburn have resolved to join with Canada Bay and advice is that Strathfield do not intend to make any determination.
- A separate Morrison Low report commissioned by the councils that were recommended for amalgamation by the independent panel clearly shows it would not be in Canada Bay's interest to amalgamate with those councils.
- On the contrary, a further report by Morrison Low finds a proposal to amalgamate with Canada Bay, Burwood, Auburn and Strathfield would show that not one council would dominate such a proposal and that all parties would jointly benefit and be more efficient and able to improve services to our communities.

- An alternate amended proposal has been put forward to amalgamate Canada Bay and Burwood and also **INCLUDE PARTS OF ASHFIELD COUNCIL, NAMELY HABERFIELD AND PARTS OF AUBURN CITY COUNCIL NAMELY WENTWORTH POINT, SYDNEY OLYMPIC PARK, NEWINGTON AND PARTS OF THE SILVERWATER INDUSTRIAL AREA.**
  - This proposal is impossible as the “IPART” and “Fit for the Future” requirements will not allow any claims on part of another municipal area without the specific written approval and resolution of the affected council. Whilst this is attractive, it is clearly not possible as Auburn have indicated it will never agree to annexation of any of its area and Ashfield have not been canvassed.
  - The Fit for the Future guidance material states that Councils’ merger proposals must be endorsed by all councils in the proposed group. Councils are advised however to submit a case for inclusion of additional non-agreeing or silent proposed partners if it is both a physical fit and improves scale and capacity.
  - A grouping of Canada Bay, Burwood, Auburn and Strathfield would see a population of around 250,000 people increasing to 300,000 by 2021. Independent analysis shows that a population around these numbers would show a scale and capacity for greater efficiency and increased public benefit as well as satisfying Fit for the Future requirements.
3. It should be noted that most if not all of the Councillors of Canada Bay Council believe that the current size of the Council is adequate and the services provided to our residents and ratepayers are outstanding. However, whilst the State Government continues with policies that require an increase in both scale and capacity, as well as other heads of consideration, it would not be in Council’s best interest to adopt a singular proposal that would automatically determine that Council was “**unfit for the future**”.

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- G. The General Manager be authorised to take whatever action necessary to ensure that a submission is jointly prepared with the other participating councils and is available for lodgement by the 30<sup>th</sup> June 2015 deadline as well as providing any further information that IPART may require.

THE MOTION WAS PUT AND LOST.

This matter was again raised for reconsideration.

**MOTION** (Crs Kenzler/Fasanella)

THAT the following resolution of Council be rescinded:

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- The Fit for the Future guidance material states that Councils' merger proposals must be endorsed by all councils in the proposed group. Councils are advised however to submit a case for inclusion of additional non-agreeing or silent proposed partners if it is both a physical fit and improves scale and capacity.
  - A grouping of Canada Bay, Burwood, Auburn and Strathfield would see a population of around 250,000 people increasing to 300,000 by 2021. Independent analysis shows that a population around these numbers would show a scale and capacity for greater efficiency and increased public benefit as well as satisfying Fit for the Future requirements.
3. It should be noted that most if not all of the Councillors of Canada Bay Council believe that the current size of the Council is adequate and the services provided to our residents and ratepayers are outstanding. However, whilst the State Government continues with policies that require an increase in both scale and capacity, as well as other heads of consideration, it would not be in Council's best interest to adopt a singular proposal that would automatically determine that Council was "**unfit for the future**".

Whilst at all times we could agree to a policy position that says we should stand alone in our City's best interest, we should adopt a fall-back position which allows us to have scale and capacity that would permit Council to choose adjoining merger partners and not to go by default to the proposed amalgamation recommended by the independent panel.

The current resolution from last week's Extraordinary Meeting would ensure a merger with Leichhardt, Marrickville and Ashfield.

4. Therefore we formally move that Council should resolve in the following terms:
- A. To continue with its recognition of the status quo.
  - B. Endorse a proposal for a merger with Canada Bay, Burwood, Auburn and Strathfield Councils.
  - C. Council should become an equal partner in the proposed merged identity and participation in the preparation of Template 1 proposal with the adjoining three Councils namely Burwood, Strathfield and Auburn as this would allow us to meet the **Scale and Capacity** and other requirements of IPART's Fit for the Future review.
  - D. None of the other proposals would lead to any other determination other than "**unfit for the future**".
  - E. Council notes that the New South Wales Legislative Council proposes to conduct an Inquiry into the Fit for the Future council mergers and should any outcome of that Inquiry or any change to the State Government's support for the current Fit for the Future requirements, then Canada Bay Council retains the right to review this resolution. This right to review is also conditional upon the State

Government implementing its Fit for the Future program in an equitable fair and consistent manner across the Sydney Metropolitan Councils.

- F. That Canada Bay Council write to Burwood, Auburn and Strathfield Council indicating Council's decision and its resolution.
- G. The General Manager be authorised to take whatever action necessary to ensure that a submission is jointly prepared with the other participating councils and is available for lodgement by the 30<sup>th</sup> June 2015 deadline as well as providing any further information that IPART may require.

THE MOTION WAS PUT AND LOST.

Councillors Tyrrell and McCaffrey called for a Division.

(FOR: Crs Ahmed, McCaffrey, Megna, and Tyrrell)  
(AGAINST: Crs Fasanella, Kenzler, O'Connell and Tsirekas)

