

# FAIRFIELD CITY COUNCIL

## IMPROVEMENT PROPOSAL BUSINESS CASE

**FAIRFIELD CITY COUNCIL IS FIT FOR THE FUTURE**

CHAPTER 1 - Scale and capacity

CHAPTER 2 - Financial criteria and measures

CHAPTER 3 - Social and community context

CHAPTER 4 - Community consultation

CHAPTER 5 - Other options



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## EXECUTIVE SUMMARY

Fairfield City Council (FCC), with a population of 203,109, is already a large financially sustainable Council demonstrating a high level of strategic capacity to deliver agreed community outcomes. FCC effectively delivers quality services and infrastructure, supports economic growth and represents the diverse needs of its community in partnership with State and Federal governments. FCC will meet all Fit for the Future (FFF) criteria and demonstrates that as a standalone council, it will be superior to the Independent Local Government Review Panel's (ILGRP's) preferred option of an amalgamation between Fairfield City and Liverpool City Councils.

Fairfield City is the third largest council in the Sydney Metropolitan area and is similar in scale and capacity to other large metropolitan councils, which are recommended by the ILGRP to standalone such as Bankstown (200,357) and Sutherland (225,070).

The Scale and Capacity key findings demonstrate that the FCC standalone option is as good as, and in several instances, superior to the ILGRP's preferred option. This was concluded after assessing the advantages and disadvantages of the ILGRP's preferred option. Fairfield City Council did not pursue an amalgamation because it currently has sufficient scale and capacity to remain as a standalone council as demonstrated in its Improvement Proposal Business Case (Template 2)

**Fairfield City Council's financial sustainability, as endorsed by TCorp and set out in our Long Term Financial Plan, is sufficient to continue to meet the demands of our community and to enable Council to be a capable partner of the Federal and State governments to achieve state and regional priorities.**

Over the next ten years Fairfield City Council is stronger against the FFF financial criteria as a standalone council than the amalgamated entity. Five out of seven financial criteria achieve a higher performance or are met earlier than the amalgamated entity. Fairfield City Council will meet all FFF financial benchmarks as a standalone council by 2016/17, with the building and infrastructure renewal ratio being met in 2017/18.

The overall results of community consultation indicated that Fairfield City's residents (91%) and businesses (82%) overwhelmingly do not support an amalgamation between Fairfield City and Liverpool City Councils.

The ILGRP's preferred option for an amalgamation between Fairfield City and Liverpool City Council (LCC) was based on the two Local Government Areas (LGAs) having 'Close functional interactions and social/economic links'. However, the National Institute of Economic and Industry Research (NIEIR) 2013<sup>1</sup> (commissioned by the ILGRP) shows that Fairfield and Liverpool cities have different social and community contexts, with only 7/14 areas of similarity.

As the Fairfield and Liverpool communities have different social and community contexts, an amalgamation is likely to have negative impacts on both LGAs due to their very different and competing community priorities.

1. National Institute of Economic and Industry Research March 2013 NSW Local Government Areas: Similarities and Differences: A report for the Independent Local Government Review Panel

**LCC priorities and those of the amalgamated council will be developing Liverpool CBD as a regional centre, urban release areas and significant infrastructure development associated with major projects such as the Western Sydney Airport. FCC is an established area and many of its priorities are designed to service the high levels of disadvantage and a multiculturally diverse community. An amalgamation will put at risk the necessary services to address FCC community priorities.**

The amalgamation process itself will also significantly impact the community priorities of both Fairfield and Liverpool LGAs due to the disruption to service involved in bringing two large and very different cities together.

LCC has also resolved that it supports a standalone position for many of the same reasons as FCC has stated in this Business Case. **It is noted that LCC's preference, if there is to be an amalgamation of its LGA, is to amalgamate with a council in the south west corridor. This is due to greater strategic alignment and population synergies. Fairfield City Council supports the contention of having common urban release areas contained within a single LGA.**

The establishment of a strategic alliance of south west Sydney councils is the ILGRP's alternate option for Fairfield. If established in the way presented in this Business Case, it will achieve the desired benefits whilst maintaining local representation, continuing high levels of service at a local level and will save the significant costs and disruption associated with amalgamation. This will provide members of the alliance with the ability to support regional and State objectives such as the implementation of the Metropolitan Strategy and sub-regional plans.

## CHAPTER SUMMARIES

### Chapter 1 - Scale and Capacity

#### Scale

Fairfield City and Liverpool City Councils already have sufficient scale to be Fit for the Future. Fairfield City has the third (203,109 residents) and Liverpool the fifth (199,928) largest populations of all councils in the Sydney metropolitan area. Fairfield City has the appropriate scale, both in terms of population growth and land size, when compared to other councils such as Bankstown and Sutherland, which the ILGRP has recommended to standalone. Fairfield City will also see greater population growth than four of the councils recommended by the ILGRP to standalone - Bankstown, Sutherland, Hawkesbury and Blue Mountains.

If Fairfield City and Liverpool City Councils were to amalgamate, the amalgamated council would have a population of 532,900 by 2031 with a land area of 408km<sup>2</sup>, which would be bigger than the populations of Tasmania, Northern Territory and the Australian Capital Territory. The amalgamated council would have about 35,527 residents per Councillor by 2031, resulting in a significant decrease of 45% in local representation for Fairfield residents. Fairfield City and Liverpool City Councils are among the few councils that already have full time Mayors who work at capacity, and more than doubling their population would result in a loss of local representation.

**Local representation and local identity would be diluted if the councils were amalgamated. Competing priorities in the amalgamated Council will work against the maintenance of strong representative Local Government. Fairfield City Council standing alone is superior to the ILGRP's preferred option of amalgamation.**

As one resident said: "We need local, not regional councils".

#### Strategic Capacity Element 1 - Robust revenue base and increased discretionary spending

Fairfield City Council's Long Term Financial Plan (LTFP) shows a strong and sustainable revenue base with a continued focus on efficiencies and the development of alternative commercial development that reduces the burden on rates and grants. Given their dissimilar priorities and needs, there are no significant efficiencies in amalgamating the two councils. The risk with amalgamation is that the current discretionary spending on Fairfield City's residents will be diverted to fund investment within the Liverpool CBD and the urban release areas.

**The Fairfield standalone option is superior to the ILGRP's preferred option, as both councils are able to fully focus on the priorities that deliver maximum benefits for their individual communities. An amalgamated council provides no benefit compared to a standalone option.**

## Strategic Capacity Element 2 - Scope to undertake new functions and major projects

Both councils already have the demonstrated capacity to undertake new functions and initiatives. An amalgamated council will have the same capacity to undertake these functions, however due to the different communities and priorities, there is no advantage or increased capacity. Fairfield City Council already possesses the skilled staff, systems, processes and controls that enable the undertaking of new functions and major projects. The establishment of the major projects team and projects like the construction of the \$16M Dutton Lane Development and the \$8M Youth and Community Centre are all recent examples demonstrating capacity to respond to new delivery needs and major projects.

**Fairfield City Council has the scale and capacity to undertake new functions and major projects. The Fairfield standalone option is at least as good as the ILGRP's preferred option.**

## Strategic Capacity Element 3 - Ability to employ a wider range of skilled staff

Fairfield City (749 staff<sup>2</sup>) and Liverpool City (643 staff<sup>3</sup>) currently have the ability to employ a wide range of skilled staff. Fairfield City supports the local economy with 37% of its employees living within the Fairfield LGA. It is also able to attract skilled staff from across the Sydney metropolitan area with 25% coming from the five neighbouring council areas and 38% commuting from locations such as Wollondilly, the Blue Mountains, Wyong and Sydney City. Fairfield City Council employs in-house staff with specialist skills and experience in a range of areas including Economic Development, Social Planning, Engineering and Project Management. Fairfield City Council staff are reflective of its multicultural community, with 45% of staff speaking a language other than English.

**The Fairfield standalone option is superior to the ILGRP's preferred option of amalgamation due to the Fairfield City Council's ability to employ a wide range of staff that are skilled and experienced in delivering the priorities of the local community.**

## Strategic Capacity Element 4 - Knowledge, creativity and innovation

Fairfield City Council already has a knowledgeable and highly skilled workforce. A recent staff survey (528 respondents out of 749 staff), revealed that 43% of staff have attained a university qualification, 15% of which have a post graduate degree or higher. Fairfield City Council already has the necessary knowledge, creativity and innovation to meet this criterion. Staff are knowledgeable about their technical specialties, the local area and are supported by a culture that encourages innovation.

**Creativity and innovation can be nurtured in an amalgamated council, however local knowledge will be significantly reduced. The Fairfield standalone option is superior to the ILGRP's preferred option of amalgamation.**

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2. Staff Establishment Numbers for 2014

3. Comparative Information on NSW Local Government, Office of Local Government 2012-2013

## Strategic Capacity Element 5- Advanced skills in strategic planning and policy development

Fairfield and Liverpool City Councils are already large councils which have the skills and capabilities to develop plans and policies for their different communities and respond to local and regional priorities. Considering the differing strategic visions of Fairfield City and Liverpool City councils, an amalgamated council would need to make compromises that will potentially result in many of the local priorities being lost. There is a real risk that the ability to implement projects and programs will not be feasible due to competing strategic directions for the two LGAs.

**As standalone councils, both Fairfield City and Liverpool City will continue to be high capacity councils that can provide the support and services through strategic planning and policy development for their respective communities. The Fairfield standalone option is at least as good as the ILGRP's preferred option for amalgamation.**

## Strategic Capacity Element 6 - Effective regional collaboration

An amalgamated council has the same opportunity that currently exists for large councils such as Fairfield City and Liverpool City to undertake effective regional collaboration. Examples of existing partnerships include WestPool, United Independent Pools (UIP) and Western Sydney Regional Organisation of Councils (WSROC) covering insurance, risk management, procurement, environmental management and transport issues.

**Regional collaboration is already successfully being achieved and can be sustained without creating the disadvantages of amalgamation. A strategic alliance of the south west Sydney councils could further assist regional collaboration. The Fairfield standalone option is at least as good as the ILGRP's preferred option of amalgamation.**

## Strategic Capacity Element 7 - Credibility for more effective advocacy

Both councils are already large and have experience advocating for their respective communities. Both have developed credibility with State and Federal agencies through a wide range of advocacy programs. Although an amalgamated council will support a larger population, it is questionable if effective advocacy of such a diverse population will be more effective than the two individual councils. The amalgamated council is likely to focus advocacy on regional centre and urban release area priorities at the expense of local issues.

**Fairfield City is more able to represent specific local needs through its own advocacy than an amalgamated council would, due to its specialist knowledge and established community networks and contacts. The Fairfield standalone option is superior to the ILGRP's preferred option of amalgamation.**

## Strategic Capacity Element 8 - Capable partner for State and Federal agencies

Both councils, due to their current size, already partner with State and Federal agencies to service the needs of their differing communities. Given the individual successes of the partnerships of both councils it is difficult to envisage what additional benefits will accrue as a result of an amalgamated council. There is a risk that existing partnerships around specific local priorities will be lost in an amalgamated council which has



significantly altered priorities. A strategic alliance of south western Sydney councils could provide any benefits that are assumed to accrue from an amalgamation, without the negative impacts likely to be associated with an amalgamated council.

**The capacity to partner with State and Federal agencies is already present and proven within both organisations. The Fairfield standalone option is at least as good as the ILGRP's preferred option of amalgamation.**

### **Strategic Capacity Element 9 - Resources to cope with complex and unexpected change**

As two large councils, Fairfield City and Liverpool City already have sufficient and demonstrated capacity to respond to complex and unexpected change. Fairfield City Council already employs a wide range of skilled and qualified staff who possess advanced skills in dealing with such change. A council with a population of 532,900 such as the amalgamated council is likely to be less agile in this regard.

**Fairfield City Council's capacity to cope with complex and unexpected change has been proven over many years. The Fairfield standalone option is at least as good as the ILGRP's preferred option of amalgamation.**

### **Strategic Capacity Element 10 - High quality political and managerial leadership**

Fairfield City Council has demonstrated high quality managerial and political leadership over many years. Its range of experience, level of qualifications and breadth of skills across many disciplines are supported by a constructive organisational culture. This has resulted in positive community satisfaction results, many industry commendations, many approaches from other organisations for advice and support and government recognition through partnerships and grants. Fairfield City Council has a history of stable and effective leadership. The councillors and senior staff work collaboratively with other business and community leaders as well as State and Federal local members and agencies. Effective working relationships are supported through Fairfield City Council's workplace culture.

**In a larger amalgamated council, competing priorities, an uncertain organisational culture and loss of local representation and connection to local issues may be a deterrent to high quality political and managerial leadership. The Fairfield standalone option is at least as good as the ILGRP's preferred option of amalgamation.**

### **Consistency with regional and state-wide objectives**

An additional Scale and Capacity consideration, identified by IPART is the ability for councils to be consistent with broader regional and state-wide objectives.

Fairfield City Council is a large and high capacity council which has successfully demonstrated its ability to represent the local community and be a capable partner for State and Federal agencies. Council's partnership with State and Federal agencies includes a range of activities such as joint programs of works, submissions



on policy and advocacy on local priorities. Further examples have been provided throughout the Fit for the Future Improvement Proposal and Business Case.

A Plan for Growing Sydney (2014) incorporates the ideas from the Metropolitan Plan for Sydney (2036)<sup>4</sup>. In this plan, Fairfield is identified with the south west subregion of Camden, Campbelltown, Liverpool and Wollondilly. Fairfield City Council has actively participated in south west subregional planning workshops and its strategic plans are consistent with regional and State objectives.

The strategic alliance, as proposed in this Business Case, provides an additional opportunity for regional and State collaboration.

## Chapter 2 Financial criteria and measures

**Fairfield City Council will meet all of the FFF financial criteria and measures. FCC is stronger in the FFF financial criteria and benchmarks when compared to the amalgamated entity over the next ten years.**

Fairfield's Long Term Financial Plan demonstrates that Fairfield City Council is in a strong financial position over the next 10 years and this supports the conclusions of the New South Wales Treasury Corporation (TCorp) assessment of financial sustainability and the NSW Government Office of Local Government Infrastructure Audit. Council's LTFP demonstrates that Fairfield City Council can:

- Deliver operating surpluses each year.
- Meet all Fit for the Future benchmarks as set by the State Government.
- Achieve its financial sustainability benchmarks.

Financial and efficiency improvements were initiated as part of Fairfield's LTFP. Planning for the initiatives commenced before the current Local Government reform process and was identified as part of an ongoing performance, audit and improvement process. The initiatives include:

- The development of new revenue centres in order to reduce the reliance on rates.
- New processes and formulas to improve asset renewal and classification.
- The application for and approval of a Special Rate Variation (SRV).
- Improved efficiency measures to improve service delivery.

An amalgamated entity is estimated to have additional costs of \$27 M over the 10 year LTFP period. This is approximately 8.7% of the current combined operating expenditure, and equates to a \$2.7 M loss per annum over the 10 year LTFP period. However, there may be potential savings beyond the 10 year projection of this analysis that would be dependent on the strategic decisions and structure of the new amalgamated entity. Fairfield City Council believes that the concept of projected cost savings being generated by amalgamations are not efficiencies, but are largely the result of reductions to service levels.

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4. Metropolitan Plan for Sydney, 2036, 2010

## Sustainability

**Operating Performance Ratio:** Greater or equal to break even average over 3 years

**Fairfield City Council is expected to meet this 3 year average benchmark in the 2016/17 year and then continue to meet it throughout the remainder of the LTFP period.**

Continued actions to further improve productivity, generate additional revenue and contain costs, is expected to result in operating surpluses for the foreseeable future. The Special Rate variation which took effect from 1 July 2014 will return Fairfield City Council to surplus in 2015/16. These operating surpluses will be improved by the revised depreciation accounting treatment endorsed by our external auditors for application in 2014/15.

	Financial Year										
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fairfield	-2.19%	-1.43%	0.87%	2.09%	1.91%	1.58%	1.45%	1.62%	1.89%	2.03%	1.92%
Amalgamated	-2.68%	-2.03%	0.06%	0.93%	0.97%	0.92%	0.89%	1.08%	1.39%	1.59%	1.49%

Note- The table above shows the result for the 3 year averages.

It is projected that the amalgamated entity will meet the benchmark in 2016/17. Fairfield as a standalone council will also meet the criteria in the 2016/17 year and then continue to have a higher operating performance ratio over the following years, indicating a sounder financial position than the amalgamated entity going forward.

**Own Source Revenue:** Greater than 60% average over 3 years

**Fairfield City Council is currently significantly exceeding this benchmark with a 3 year average of 81.81% and is anticipated to continue to exceed this benchmark in the future.**

Continuation of strategies such as the commercial Property Development Fund (PDF) will ensure continued achievement of this benchmark.

	Financial Year										
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fairfield	82.13%	80.73%	81.02%	82.54%	85.13%	85.12%	85.15%	85.19%	85.24%	85.25%	85.26%
Amalgamated	75.72%	75.91%	76.11%	76.48%	78.10%	78.71%	79.86%	81.01%	82.55%	83.92%	84.47%

Note- The table above shows the result for the 3 year averages.

Both the amalgamated entity and Fairfield as a standalone council meet the benchmark from 2014/15. However, It is worth noting that Fairfield's own source revenue ratio is higher than the amalgamated entity by an average of 4.5% over the next 10 years.

**Building and Infrastructure Asset Renewal Ratio:** Greater than 100% average over 3 years

**Fairfield City Council's renewal ratio is expected to achieve greater than 100% from 2015/16 and meet the 3 year average in 2017/18.**

Fairfield City Council commenced working on financial improvements before the Local Government reform process and this is resulting in improvements to a number of indicators including this ratio. This benchmark has been achieved due to:

- Improved project identification between new and renewal components.
- The application of the new SRV expenditure from 2014/15 commits \$42.41M for infrastructure renewals over 10 years, of which \$1.7M p.a. (\$15.3M for 10 years) is for buildings.
- A change in the depreciation measurement to better recognise the deterioration of assets will further improve the ratio. Council's methodology will be introduced and audited as part of the 2014/15 financial year, for application from 2015/2016 and subsequent years which will result in a significant impact (reduction) on depreciation expense.

	Financial Year										
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fairfield	73.47%	80.94%	94.16%	102.55%	103.13%	102.11%	101.76%	101.42%	101.09%	100.77%	100.45%
Amalgamated	77.32%	89.39%	97.62%	105.73%	101.74%	105.56%	105.11%	102.92%	102.87%	103.12%	103.05%

Note- The table above shows the result for the 3 year averages.

The amalgamated entity will meet the benchmark in 2017/18. This is also the case with Fairfield standing alone. It should be noted that Fairfield City Council currently has a more conservative average depreciation rate of 1.72% or 58.3 years average asset life compared to Liverpool's of 1.15% or 86.6 years. This means the improved amalgamated entity result is generated from combining methodologies rather than improved results.

## Infrastructure and Service Management

**Infrastructure Backlog Ratio:** Less than 2%

**Fairfield City Council's infrastructure backlog ratio will achieve the benchmark of less than 2% from 2014/15.**

Fairfield City Council's expenditure on infrastructure renewal has been significant for many years and further improvements will occur due to:

- A change in the measurement of the asset backlog to condition 2 (good condition) as prescribed by the Office of Local Government, as opposed to the previous position of condition 1 (new).
- The Special Rate Variation included an additional \$42.41M to be spent on asset upgrades and this will also reduce the asset backlog.
- The recommendation to consult with the community to determine the asset condition that is considered acceptable to deliver the required level of service.

Fairfield City Council's assets are considered to be in a comparatively good condition with only 1.2% of all assets falling into the poor (condition 4) and 0% in the very poor (condition 5) categories as a percentage of written down value (per Special Schedule No. 7 2014 Published Financial Statements).



	Financial Year										
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fairfield	1.95%	1.93%	1.92%	1.90%	1.88%	1.87%	1.85%	1.84%	1.80%	1.78%	1.76%
Amalgamated	3.17%	2.55%	2.50%	2.14%	1.87%	1.49%	1.13%	1.11%	1.08%	1.06%	1.07%

Fairfield City Council meets the benchmark in 2014/15 year, which is considerably earlier than the amalgamated entity which would meet this benchmark in the 2018/19 year.

**Asset Maintenance Ratio:** Greater than or equal to 100% average over 3 years

**Fairfield City Council will achieve a 97.9% Asset Maintenance Ratio in the 2014/15 financial year, against a benchmark of 100%. In relation to the rolling 3 year average, Fairfield will meet the benchmark in the 2016/17 year.**

The SRV which commenced in 2014/15 results in an additional \$4.71M per annum being spent on asset maintenance and improves this ratio. Fairfield Council has strong asset management planning practices to determine appropriate intervention strategies and renewal programs and this best practice reduces the burden on maintenance costs.

	Financial Year										
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fairfield	95.87%	97.97%	101.25%	103.09%	103.09%	103.09%	103.09%	103.09%	103.09%	103.09%	103.09%
Amalgamated	95.03%	102.28%	104.94%	106.42%	106.54%	106.81%	107.09%	107.51%	107.68%	107.99%	108.20%

Note- The table above shows the result for the 3 year averages.

The amalgamated entity will achieve the benchmark in the 2015/16 year, Fairfield standalone achieves this in 2016/17.

**Debt Service Ratio:** Greater than zero and less than or equal to 20% average over 3 years

**Fairfield City Council meets this benchmark and will meet this benchmark in the future.**

Fairfield City Council has minimal debt and additional debt will only be taken where the evidence supports its use after considering the whole of life costs of the project and servicing interest. Whilst still remaining at a very low level, the ratio increases in the 2018/19 year, as a new property development initiative has been earmarked with borrowings of \$12M to be sourced to finance a commercial project to generate additional revenue for Council.

	Financial Year										
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fairfield	0.83%	0.52%	0.27%	0.25%	0.43%	0.57%	0.70%	0.65%	0.61%	0.59%	0.58%
Amalgamated	3.47%	3.22%	2.97%	2.81%	2.62%	2.42%	2.26%	2.13%	2.07%	2.01%	1.85%

Note- The table above shows the result for the 3 year averages.

Currently the amalgamated entity will meet the benchmark but have a higher debt level than Fairfield standalone due to Liverpool's higher existing debt levels.

## Efficiency

**Real Operating Expenditure per capita:** A decrease in real operating expenditure per capita over time

**Fairfield City Council is currently meeting the recommended reduction for this benchmark reflecting efficiency improvements. Fairfield's community and their comparative level of disadvantage places more pressure on Council to provide a broader range of services.**

Real operating expenditure per capita increases in the 2014/15 and 2016/17 years as a result of increases in new services to the community, which is tied to the Special Rate Variation from 1 July 2014. The calculation does not remove the impact of these new services, but it still shows a downwards trend. Projections indicate a consistent reduction in real operating expenditure per capita throughout the LTFP period.

Real Operating Expenditure per Capita

	Financial Year										
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fairfield	\$683.45	\$647.44	\$648.21	\$638.54	\$634.46	\$629.21	\$625.56	\$617.02	\$611.04	\$605.12	\$601.43
Amalgamated	\$684.64	\$643.92	\$638.44	\$626.25	\$617.94	\$609.86	\$601.12	\$589.92	\$581.19	\$574.01	\$568.22

Note- The table above shows the result per year.

## Improvement Action Plan

Council's LTFP identifies the work previously undertaken, the work under the Improvement Action Plan 2015/16 and activities planned for beyond 2015/16 (Section 5 of the Improvement Proposal - Template 2). The key Improvement Actions for 2015/16 (Section 3.4 of the Improvement Proposal - Template 2) are:

1. Implement SRV initiatives
2. Implement new depreciation policy – (\$3.6M reduction p.a.)
3. Complete Dutton Lane Commercial and Retail Development
4. Complete Diamond Crescent subdivision and sale (41 lots)
5. Change the condition measurement approach of assets (condition 2)
6. Structural change delivering Salary and Wages improvement – meet 2015/16 budget which includes the 4.5% improvement
7. Changing the waste recycling delivery resourcing model – savings of \$600,000 p.a.
8. Annual Review of Service Levels – SIMALTO grid
9. Annual Review of Fees and Charges
10. New productivity improvements and cost containment initiatives – 7.6% savings identified over 10 years in the LTFP (per the real operating expenditure per capita benchmark) including e-business transactions
11. Asset Maintenance – increased spend from SRV
12. Expand the current procurement sharing arrangement with Liverpool City Council and other councils
13. Explore the creation of a joint organisation for the south west region for shared services and other regional issues

## Chapter 3 Social and Community Context

Fairfield City and Liverpool City Councils' communities have competing priorities. Liverpool City's priorities and those of the amalgamated council will be developing the regional centre, urban release areas and significant infrastructure development associated with major projects such as the Western Sydney Airport. FCC is an established area and many of its priorities are designed to service the high levels of disadvantage and a multiculturally diverse community. An amalgamation will put at risk the necessary services to address FCC community priorities.

**The ILGRP's preferred option was due to the assumption the two LGAs have 'Close functional interactions and social/economic links'. However, the ILGRP's own research shows that FCC and LCC have different social and community contexts with only 7/14 areas of similarity.**

The ILGRP's preferred option for an amalgamation between Fairfield City and Liverpool City Councils is based on the assumption that the two LGAs have 'Close functional interactions and social/economic links'. However the NIEIR 2013<sup>5</sup> (commissioned by the ILGRP) shows that Fairfield and Liverpool have different social and community contexts. Hence, the Panel's own research report does not support its assumption. Fairfield LGA is unique and has little in common with neighbouring councils and by the NIEIR report there are dissimilarities with most neighbouring LGAs due to Fairfield City's disadvantaged and multiculturally diverse community.

The two LGAs are very different as they do not share similar backgrounds or a common local identity. Fairfield City has a unique community with different needs compared to most of metropolitan Sydney. This requires Fairfield City to stand alone as it has scale, capacity, financial sustainability and experience and expertise in delivering to its disadvantaged and multiculturally diverse community.

Assessment of the probable social and cultural impact of an amalgamation between Fairfield City and Liverpool City Councils shows that Fairfield residents are likely to receive less support, fewer services and experience lower levels of influence. These negative outcomes are primarily the result of the high cost of, and high prioritisation of, the provision of infrastructure, construction of facilities for new release areas and development of Liverpool as a regional centre. An amalgamation would not benefit Fairfield residents as the focus on its disadvantaged and multicultural community is likely to be diluted or lost.

The ILGRP's alternate option for Fairfield was the establishment of a south-west strategic alliance would maintain local representation, local identity and continue delivering those services best delivered at a local level, while coordinating strategic subregional infrastructure and planning matters for the region and providing a single point of contact for Federal and State governments on sub-regional matters. This will achieve the NSW Government's vision without detrimental outcomes for the community.

## Chapter 4 Community Consultation

Extensive community consultation was undertaken prior to Fairfield City Council making its final decision on the option of amalgamating with Liverpool City Council.

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5. National Institute of Economic and Industry Research March 2013 NSW Local Government Areas: Similarities and Differences: A report for the Independent Local Government Review Panel



A total of 2,142 responses were received which included resident surveys (1,413), business surveys (48) and focus groups (76) and an independent telephone survey (605).

**The consultation overwhelmingly indicated that FCC residents (91%) and businesses (82%) do not support an amalgamation with Liverpool City Council.**

The main reasons the community objected to an amalgamation were:

- Satisfaction with current management/service provision - This reflects the importance of local priorities and focus on a disadvantaged and multiculturally diverse community. A focus that is likely to be diluted or lost in an amalgamated council (as outlined in Chapter 1 - Scale and capacity and Chapter 3 - Social and community context).
- Loss of local representation and identity - Residents were concerned that an amalgamated council was 'too big' and would not be focussed on local priorities.
- Concerns about increases in rates – This reflects the sensitivities about affordability and supports the efforts Fairfield City Council has made to keep rates and fees low, while providing quality facilities and services the community can afford.

The findings of Fairfield City Council's assessment substantiated the concerns raised by Fairfield residents that an amalgamation with Liverpool City Council would result in inferior community outcomes.

As one resident said: "Local identity is important, local services important. Easy to get lost in the crowd, if amalgamation occurred. Fairfield will lose its identity."

## Chapter 5 Other Options

### Strategic Alliance

The alternate option put forward by the ILGRP was a Joint Organisation with Liverpool, Bankstown, Camden, Campbelltown and Wollondilly. The alliance could be strengthened even further by the inclusion of State and Federal government agencies where relevant.

Whilst the State Government has made it clear that joint organisations of councils in the metropolitan area will not apply within the Fit for the Future proposals, **Fairfield City Council considers that advantages could be gained from strategic alliances** including reducing duplication of services, cost savings, increased innovation, enhanced skills development and opens the way to share ideas.

Forming strategic alliances based on common interests would be more beneficial than regional collaborations based solely on geographical area. Fairfield City Council supports strategic alliances on common priorities to provide beneficial outcomes and already participates in a number of such alliances. This includes the Metropolitan Mayors Association, WSROC, WestPool, UIP and a number of specific council to council arrangements as required.

These alliances need not have fixed membership and can be based around specific needs of participating councils, providing the ability for councils to opt in and out according to relevance of the issue.

## Boundary Changes

Fairfield City Council in its submission to the ILGRP commented on boundary adjustments to its borders with Penrith and Holroyd City Councils.

Fairfield City Council wrote to Penrith City and Holroyd City Councils in December 2014 to seek their agreement regarding boundary changes. Responses from these councils did not support the suggested boundary changes. **Fairfield City Council considers such boundary changes to be desirable.**

On 23 June 2015, Council resolved to include in its FFF Improvement Proposal, a further boundary change on its southern boundary with Liverpool City. Fairfield City Council proposes that its boundary with Liverpool be at the southern end of the M7 Motorway with its intersection with Cowpasture Road and that these areas which incorporate the suburbs of Cecil Hills and Elizabeth Hills be included in the Fairfield LGA.

## Liverpool City Council

**Liverpool City Council's preference, if there is to be an amalgamation of its LGA, is to amalgamate with a Council in the south west corridor.** This is due to greater strategic alignment and population synergies. Fairfield City Council supports Liverpool City's position in this regard, as it is desirable that common urban release areas are contained within a single LGA.

## BACKGROUND

Fit for the Future is an initiative of the NSW Government which incorporates the structural reform recommendations from the Independent Local Government Review Panel. The ILGRP's preferred option for Fairfield City Council is an amalgamation with Liverpool City Council. The basis for the amalgamation was stated as

- Projected population of 532,900 by 2031.
- Close functional interactions and social/economic links.
- Need for a higher-capacity council to manage the proposed Liverpool regional centre, which is close to Fairfield's boundary.

FCC's Improvement Proposal Business Case examines Council's position against the criteria and benchmarks stipulated by the NSW State Government's Fit for the Future Roadmap. Council's Business Case was prepared in-house by Council staff. Consultancy services were utilised to assist as follows:

- Peer review - Grant Thornton Australia; Cloonda Pty Ltd and Pitcher Partners (Chartered Accountants and Council's external auditor).
- Editing by Bugseye.

The options examined by Fairfield City Council were:

- Option 1: An amalgamation of Fairfield and Liverpool City Councils.
- Option 2: Fairfield City Council standing alone.
- Option 3: ILGRP other option of a Joint Organisation.

In late 2014 and early 2015 Fairfield City Council undertook a preliminary investigation of the advantages and disadvantages of an amalgamation with Liverpool City Council. It undertook a comparison of the two councils, so that assumptions could be made about the amalgamated council, to determine if an amalgamated council was better than the standalone position. The ILGRP's preferred option was the starting point with the assumption that the amalgamated entity has scale and capacity.

Fairfield City Council's Improvement Proposal including its Business Case consists of a suite of documents which includes:

1. Template 2 - Council Improvement Proposal
2. Improvement Proposal Business Case
  - Executive Summary and Background
  - Chapter 1: Scale and capacity
  - Chapter 2: Financial criteria and measures
  - Chapter 3: Social and community context
  - Chapter 4: Community consultation
  - Chapter 5: Other options



The findings of the preliminary investigation along with the results of community consultation were presented to Council at its meeting on 28 April 2015. Council resolved inter alia:

- Council notes the results of the community consultation undertaken for Fit for the Future, showing that overwhelmingly 91% of the community do not support an amalgamation between Fairfield and Liverpool Councils.
- As a result of Council's preliminary assessment, Community Consultation Results, demonstrated scale and capacity and Council's Financial Status and Future Outlook, that Fairfield remains as a standalone Council and completes Template 2 - Council Improvement Proposal and submits this to the NSW State Government by 30 June 2015.

### **Council Resolution To Submit FFF Improvement Proposal including its Business Case**

Following the release of the IPART methodology in June and consideration of this Improvement Proposal, Council at its meeting of 23 June 2015 resolved:

That Council:

1. Submit a Fit for the Future Improvement Proposal (Template 2) which supports Fairfield as a standalone council.
2. Endorses Fairfield City Council's draft Fit for the Future Improvement Proposal (Template 2) including supporting Business Case.
3. Delegate the City Manager, authority to make minor changes to Fairfield City Council's Fit for the Future Improvement Proposal and Business Case to address any matters that may arise between the date of Council's resolution until 30 June 2015, and advise Councillors of the changes by way of memorandum.
4. Submit its Fit for the Future Improvement Proposal (Template 2), including supporting Business Case to IPART, by 30 June 2015.
5. Continues to pursue a south west Sydney Strategic Alliance.
6. Include in its Fit for the Future Improvement Proposal a further boundary adjustment to adjust the boundary between Fairfield and Liverpool, so that it is at the southern end of the M7 Motorway with its intersection with Cowpasture Road to include that area within the Fairfield local government area, incorporating Cecil Hills and Elizabeth Hills.

## DESCRIPTION OF FAIRFIELD CITY

Fairfield City has a population of 203,109 (ERP, 2014) and also provides services for almost 50,000 workers each day. Fairfield LGA covers a land area of 102km<sup>2</sup>. Fairfield City is an established area with an estimated growth in population of approximately 36,791 residents by 2031. Fairfield City has 14,610 businesses and has a Gross Regional Product of \$7.5M.

Fairfield LGA is home to a large and culturally diverse population. In Fairfield City, 70% of the population speaks a language other than English at home (primarily Vietnamese, Assyrian and Arabic). Approximately 20% of Fairfield residents do not speak English very well or at all<sup>6</sup>. During period 1 October 2009 to 30 September 2014 Fairfield City received 14,170 migrants with over one third being humanitarian entrants, while only 8% were skilled migrants.

Fairfield LGA is the most disadvantaged area of Sydney and the third most disadvantaged area of NSW following Brewarrina and Central Darling with a SEIFA ranking of 854. Only two metropolitan councils feature in the 20 most disadvantaged LGAs being Fairfield (3rd) and Auburn (17th), the rest were rural and remote areas of NSW.

Fairfield LGA has high unemployment (11.6 %), low incomes and a high dependency on income support payments. In 2013, Fairfield had 7.3% of residents aged between 16 and 64 years received Disability Support Pensions, 83.6% of people aged 65 years and over received Aged Pensions.

The ILGRP's preferred option for an amalgamation between Fairfield City and Liverpool City Council was based on the two LGAs having 'Close functional interactions and social/economic links'. However the NIEIR 2013<sup>7</sup>, (commissioned by the ILGRP) shows that Fairfield and Liverpool Cities have different social and community contexts with only 7/14 areas of similarity.

Fairfield LGA has many unique features that distinguish it from our immediate neighbours and the rest of metropolitan Sydney. Differences include age structure, knowledge economy, multicultural diversity, income levels and overall disadvantage. These unique features create many opportunities and challenges for Council to achieve its community's goals. A review of the Community Strategic Plans for Fairfield City and Liverpool City Councils reinforces the findings that the communities are very different and have different priorities.

Fairfield City has an extensive network of non-government organisations that builds the capacity of residents. Fairfield City Council works in partnership with Federal, State and community organisations to meet the needs of its changing multicultural community. Fairfield City plays a critical role in the settlement and migration for both businesses and residents.

The table below shows a summary of the key similarities and differences between two LGAs, further showing the difference of the two areas.

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6. Australian Bureau of Statistics, Census of Population and Housing 2011

7. National Institute of Economic and Industry Research March 2013 NSW Local Government Areas: Similarities and Differences: A report for the Independent Local Government Review Panel

LGA Comparisons	Fairfield	Liverpool	Combined
<b>Population</b>			
Population (ERP 2014)	203,109	199,928	403,037
2031 Forecast Population	239,900	288,950	500,000+
Land Area	102km <sup>2</sup>	306km <sup>2</sup>	408km <sup>2</sup>
Population Density (persons per hectare)	19.83	6.39	9.75
Growth Status	Stable	Growth	Growth
<b>Finances and Assets</b>			
Current Financial Position (Tcorp Assessment)	Sound	Sound	Sound
Financial Outlook (Tcorp Assessment)	Neutral	Negative	N/A
Total Expenditure (2013-14)	\$150 million	\$151 million	\$301 million
Average Residential Rates and Annual Charges (\$300K)	\$1,352	\$1,618	Likely to increase
Average Business Rates and Annual Charges (\$500K)	\$2,571	\$2,893	Likely to increase
Debt (Loans)	\$1.7 million	\$41 million	\$42.7 million
Current assets	\$62.5 million	\$128 million	\$190.5 million
Non-current assets	\$1.7 billion	\$1.8 billion	\$3.5 billion
Asset backlog (Condition 3-5)	10.5%	26.3%	18.4%
<b>Local Representation</b>			
Number of Wards	3	2	Unknown
Number of residents per Councillor	15,624	18,175	26,667
Number of Councillors	12	10	15 (assumed)
Mayor	Popularly Elected	Popularly Elected	Popularly Elected (assumed)



LGA Comparisons	Fairfield	Liverpool	Combined
<b>People</b>			
Level of disadvantage	3rd most (854)	51st most (951)	Unknown
% people born overseas	52.5%	39.8%	46.2%
% people who speak a language other than English at home	69.9%	49.8%	59.9%
% people who speak English poorly or not at all	20.4%	8.9%	14.7%
<b>Business (2013-14)</b>			
Gross Regional Product	\$7.5 billion	\$7.9 billion	\$15.4 billion
Number of Businesses	14,610	13,680	28,290
Number of Jobs	46,823	53,805	100,628
Number of Development Applications	772	1,204	1,924
Unemployment rate	11.60%	7.5%	No change

Further detail is available in Chapter 3 - Social and community context.