

CHAPTER 1

FIT FOR THE FUTURE Scale and capacity



CHAPTER 1 - Scale and capacity

CHAPTER 2 - Financial criteria and measures

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EXECUTIVE SUMMARY

Fairfield City Council (FCC) standing alone is superior to the Independent Local Government Review Panel's (ILGRP's) preferred option of amalgamation between Fairfield City and Liverpool City Councils. FCC is already a large high capacity council which has the scale to deliver quality services and infrastructure, prepare soundly-based plans for the future, help to support economic growth and represent the diverse needs of different community groups while keeping rates and charges affordable. The competing strategic priorities of the development of a regional centre, urban release areas, focus on the Western Sydney Airport and service provision to a disadvantaged and multiculturally diverse community will work against the maintenance of a healthy system of Local Government. In an amalgamated Council local representation and local identity will be diluted or lost.


The preferred option put forward by the Independent Local Government Review Panel is an amalgamation between Fairfield and Liverpool City Councils. The IPART methodology requires councils who have not been identified to standalone to submit an Improvement Proposal demonstrating how they have the scale and capacity to deliver outcomes that are as good as the ILGRP's preferred option.

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, which included an assessment of scale and capacity, Financial Criteria and Measures (Chapter 2) and Social and Community Context (Chapter 3). The preliminary assessment undertook comparisons of the two councils, so that assumptions could be made on the amalgamated council to determine if the amalgamated council was better than a standalone position. The ILGRP's preferred option was the starting point with the assumption that the amalgamated entity has scale and capacity.

Resulting from this preliminary investigation, it has been deduced that the amalgamation of two already large and capable councils which have divergent populations and priorities will not provide an overall benefit to Fairfield residents and businesses. It is demonstrated in this proposal that Fairfield City Council has the scale and capacity to standalone and that an amalgamated council is not superior to the standalone option. This is based on the following:

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 with the third largest population of 203,109 in the Sydney Metropolitan area, has the scale to deliver quality services and infrastructure, prepare soundly-based plans for the future, drive economic growth, represent the diverse needs of different groups and be a capable partner with State and Federal agencies. This is reinforced when compared to other metropolitan councils which are recommended by the ILGRP to standalone, such as Bankstown and Sutherland.



FCC has a robust revenue base and the capacity to increase its discretionary spending. The 2014/2015 Capital Works Program was \$65M.

It has the technical expertise to undertake new functions and major projects. It employs a wide range of skilled staff that are capable of delivering community priorities.

Local knowledge in an amalgamated council will be reduced. FCC is able to represent specific local needs through its own advocacy, due to its specialist knowledge and established community networks.

An amalgamated council will have reduced local representation and identity.

FCC is a high capacity council that provides support and services through effective strategic planning and policy development and a long history of successfully partnering with State and Federal agencies.

Regional collaborations are already being achieved and can be improved without creating the disadvantages of amalgamation. Strategic alliances of the south-west Sydney councils could further assist regional collaboration.

Council's capacity to cope with complex and unexpected change has been proven over many years. An amalgamated council of 532,900, would be less agile in responding to complex and unexpected change.

FCC has high quality political and managerial leadership. In the 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.

Through the initiatives that Council undertakes and partnering with neighbouring councils and agencies FCC delivers results that are consistent with the regional and state-wide objectives of the ILGRP's preferred option of amalgamation.

INTRODUCTION

The Independent Local Government Review Panel has proposed an amalgamation between Fairfield and Liverpool City Councils as part of the NSW Government's Local Government reform program.

This Chapter explores the Scale and Strategic Capacity of an amalgamated council in comparison to Fairfield City Council remaining standalone and also addresses Consistency with Regional and State Objectives.

The sections which deal with Scale and the ten elements of Strategic Capacity have been structured as follows:

- Definition - Outlines Fairfield City Council's understanding of the definition of each key element.
- Assumptions - Outlines the assumptions of each element either stated by the ILGRP in their report or by IPART in their assessment criteria or understood by Council officers in their reading of those documents.
- Comments on the Assumptions – Provides comments on the assumptions and the element.
- Key Findings – A summary and evaluation of the issues relevant to the ILGRP's preferred option of an amalgamated council and of Fairfield City Council's proposal to standalone.
- ILGRP's Preferred Option – Amalgamated Council - Explores each key element for the ILGRP's preferred option (an amalgamation of Fairfield City and Liverpool City Councils), to provide a base case for comparison.
- Fairfield City Council's Proposal – Fairfield City Standalone - Presents the analysis which demonstrates that Fairfield City, as a standalone Council, has the strategic capacity which is "superior" or "as good as" the ILGRP's option.
- ILGRP's Alternate Option - Strategic Alliance (where applicable)

SCALE

Definition

Scale is broadly understood to mean size in the context of the Fit for the Future (FFF) reform process. IPART has identified scale and capacity as the threshold criterion¹. The rationale and definition of scale has not been clarified with empirical measures by IPART or as part of the FFF process. As a result the definition of scale is subjective.

Assumptions

- The population sizes of the councils in the metropolitan area, (such as Bankstown and Sutherland) recommended by the ILGRP to standalone are close to, or just over, 200,000 residents. It is assumed that this population size is deemed to be of sufficient scale.
- The ILGRP accepts that there is no simple relationship between council size and efficiency, and hence there is no guarantee amalgamations will produce the benefits sought, especially cost savings².
- Accessibility is generally achieved where it is possible to drive to the boundaries of a local government area (LGA) from a main administration centre within 60-90 minutes in country areas, and within 30 to 45 minutes in metropolitan areas³.
- Economies of scale refer to when average costs of production decrease as output expands⁴.
- Economies of scope refer to the situation in which it is less expensive to produce goods jointly than separately⁵.

Comments on the Assumptions

- These assumptions do not support the ILGRP's preferred option of an amalgamation between Fairfield and Liverpool City Councils. Both are already large councils. Fairfield and Liverpool Councils are the 3rd and 5th largest Councils in Metropolitan Sydney and have sufficient scale to standalone.
- Comparisons are made with Bankstown and Sutherland as they are similar to Fairfield being non-urban release councils in Sydney.
- Both Councils will continue to see growth and development into the future.
- Population size does not result in a systematic relationship to scale economies as it does not take into account demographic characteristics, the nature of service provision, or many other factors which are present in Local Government⁶.

1. IPART, (June 2015) Methodology for Assessment of Council Fit for the Future Proposals, p30

2. IPART, (June 2015) Methodology for Assessment of Council Fit for the Future Proposals, p73

3. IPART, (June 2015) Methodology for Assessment of Council Fit for the Future Proposals, p76

4. IPART, (June 2015) Methodology for Assessment of Council Fit for the Future Proposals, p 20

5. IPART, (June 2015) Methodology for Assessment of Council Fit for the Future Proposals, p20

6. Dollery, Byrnes and Crase, (2008), Australian Local Government Amalgamation: A conceptual analysis population size and scale economies in Municipal service provision, Australasian Journal of Regional Studies, v14, 2

- There is a greater degree of popular discontent towards larger Local Government entities, which is especially evident in some amalgamated Queensland local authorities⁷.
- Economies of scale are most often found where fixed costs constitute a large proportion of the total cost such as in traditional manufacturing, where capital investment into machinery, buildings etc. represents a large proportion of the total costs. Economies of scale are not as readily achieved in functions where the variable costs constitute the major proportion of total costs. This is the case in Local Government, where there is a significant proportion of labour, such as customer service activities, health inspectors, etc.⁸
- PriceWaterhouseCoopers have stated that “‘efficiency, effectiveness and scale’ could be enhanced by means of regional service provision, shared service arrangements, outsourcing, state-wide purchasing initiatives, and similar initiatives, rather than through compulsory council amalgamation”⁹.

Key Findings: Scale

Fairfield City Council standing alone is superior to the ILGRP’s preferred option of amalgamation. Fairfield City and Liverpool City are already large Councils which have the scale and capacity to:

- Deliver quality services and infrastructure.
- Prepare soundly-based plans for the future.
- Drive economic growth.
- Be financially sustainable.
- Represent the diverse needs of different groups.
- Keep rates and charges affordable.

Local representation and local identity will be diluted or lost if the Councils were amalgamated. Competing priorities in the amalgamated Council will work against the maintenance of strong representative Local Government.

7. Brian Dollery, Michael Kortt and Bligh Grant (2011) A Normative Model for Local Government De-Amalgamation in Australia, Australian Journal of Political Science, 46:4, 601-615

8. Dollery, B. E. and Fleming, E. (2006). A Conceptual Note on Scale Economies, Size Economies and Scope Economies in Australian Local Government. Urban Policy and Research, 24(2), pp. 271-282.

9. PriceWaterhouseCoopers, (2006) National Financial Sustainability Study of Local Government PriceWaterhouseCoopers, 2006, p149

Fairfield City and Liverpool City Councils already have sufficient scale to be Fit for the Future. Fairfield has the third (203,109 residents) and Liverpool the fifth (199,928 residents) largest populations of all Councils in the Sydney Metropolitan area.

Fairfield 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 see greater population growth than four of the Councils recommended by the ILGRP to standalone (Bankstown, Hawkesbury, Blue Mountains and Wollondilly).

Both Fairfield City and Liverpool City Councils are among the few Councils that already have full time Mayors, who work in excess of 50 hours per week to meet the needs of existing residents. The capacity for one Mayor to service a population of 532,900 would be near impossible. Many local residents elect to contact Fairfield Councillors in languages other than English, which demonstrates their accessibility to elected officials and the diversity within the community and Council. The role of Councillors in an amalgamated council would be more difficult, complex and resource intensive as the population grows.

National figures across LGAs illustrate that the average number of residents per Councillor is 4,591¹⁰. Fairfield City has 15,624 residents per Councillor and Liverpool City has 18,175 residents per Councillor. If Fairfield City and Liverpool City Councils were to amalgamate, there would be 26,667 residents per Councillor, increasing to approximately 33,533 residents per Councillor at 2031 (based on a maximum of 15 councillors). This has been shown to exceed the optimum for local representation¹¹.

The land area of an amalgamated council would be 408 km². It would be very difficult for many residents to drive to the main administration centre in the 30 to 45 minute timeframe identified as desirable by the ILGRP unless the administration centre was located outside of the Liverpool CBD.

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

10. Local Government Board Tasmania, 2012, Review of Councillor Numbers Report http://www.dpac.tas.gov.au/__data/assets/pdf_file/0015/210903/Review_of_councillor_numbers_2013.pdf

11. LGMA NSW Working Party 1d Final Report, 2013, Identify the barriers to establishing inter-council contractual arrangements for the sharing of staff, including general managers and senior staff, as well as the commercializing services

The ILGRP's Preferred Option – Amalgamated Council

Population Size and Growth

Combining Fairfield City and Liverpool City Councils will create a population of 403,037¹² residents, a Local Government area of 408km² and an estimated future population by 2031 of 532,900 residents. This future population is equivalent to the size of Tasmania* (515,000) and bigger than the Northern Territory (245,000) and the Australian Capital Territory (386,000) and is considered too large in the Local Government context¹³. The projected growth from 2013 to 2031 for a combined Fairfield and Liverpool Council is comparable to the entire future population of Camden¹⁴. (See Figure 1)

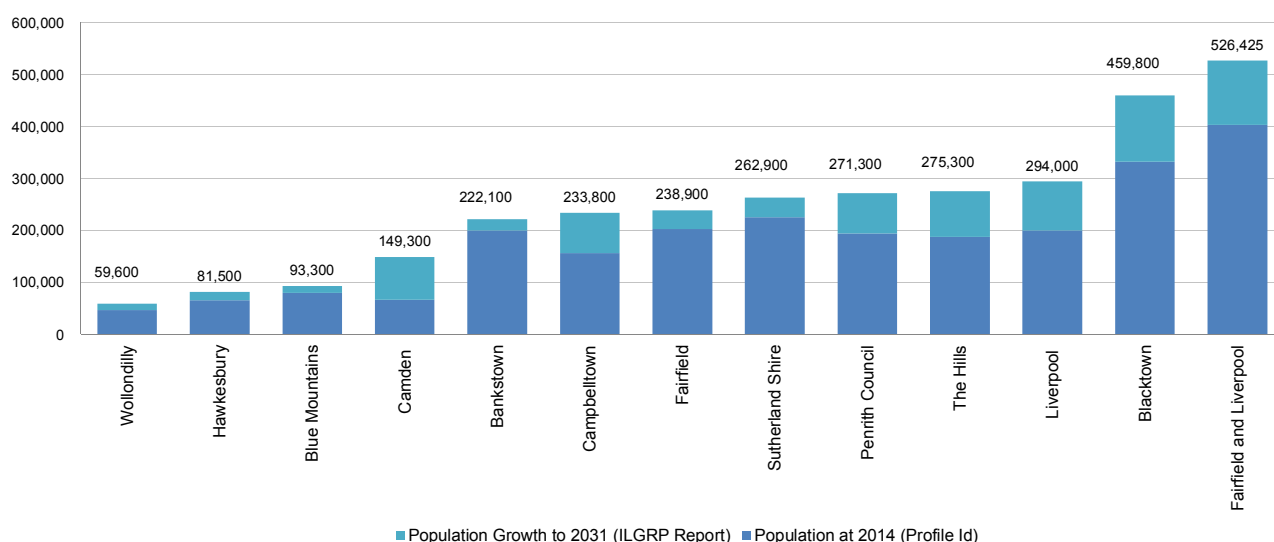


Figure 1: Future estimated resident population (Fairfield City and Liverpool City Compared to Councils recommended by the ILGRP to standalone)

Fairfield will be significantly impacted with an increase of 96% to its population size and a 301% increase in land size if amalgamation with Liverpool occurs. This is a very significant increase to both Fairfield City and Liverpool City Councils which are already very large, especially when compared to Councils such as Bankstown and Sutherland which are recommended by the ILGRP to standalone.

12. <http://profile.id.com.au/fairfield/home> and <http://profile.id.com.au/liverpool/home>

13. 2014 population size has been sourced from <http://profile.id.com.au>.

2031 projected population for 2031 has been sourced from the NSW Independent Local Government Review Panel (2013) Revitalizing Local Government

Fairfield and Liverpool Council's estimated future population has been sourced from Special release of NSW state and local government area population projections, NSW Planning and Infrastructure, 2013.

14. <http://profile.id.com.au>

15. Independent Local Government Review Panel, (2013), Revitalising Local Government, p76

Accessibility

In comparison to other metropolitan councils, Fairfield City and Liverpool City already cover large areas as illustrated in Figure 2. Amalgamation of Fairfield City and Liverpool City Councils would create a geographical area of 408km². The ILGRP identified that residents should be able to drive to the boundaries of an LGA from a main administration centre within 30 to 45 minutes in metropolitan areas¹⁵. This would be very difficult in a combined amalgamated Council with an area of 408km² especially as the population increases through urban growth. It would also necessitate the administration centre to be located outside of the Liverpool CBD which would be undesirable given its Regional Centre status. The ILGRP concludes that amalgamations are not possible where physical distances between communities and service centres are simply too great¹⁶.

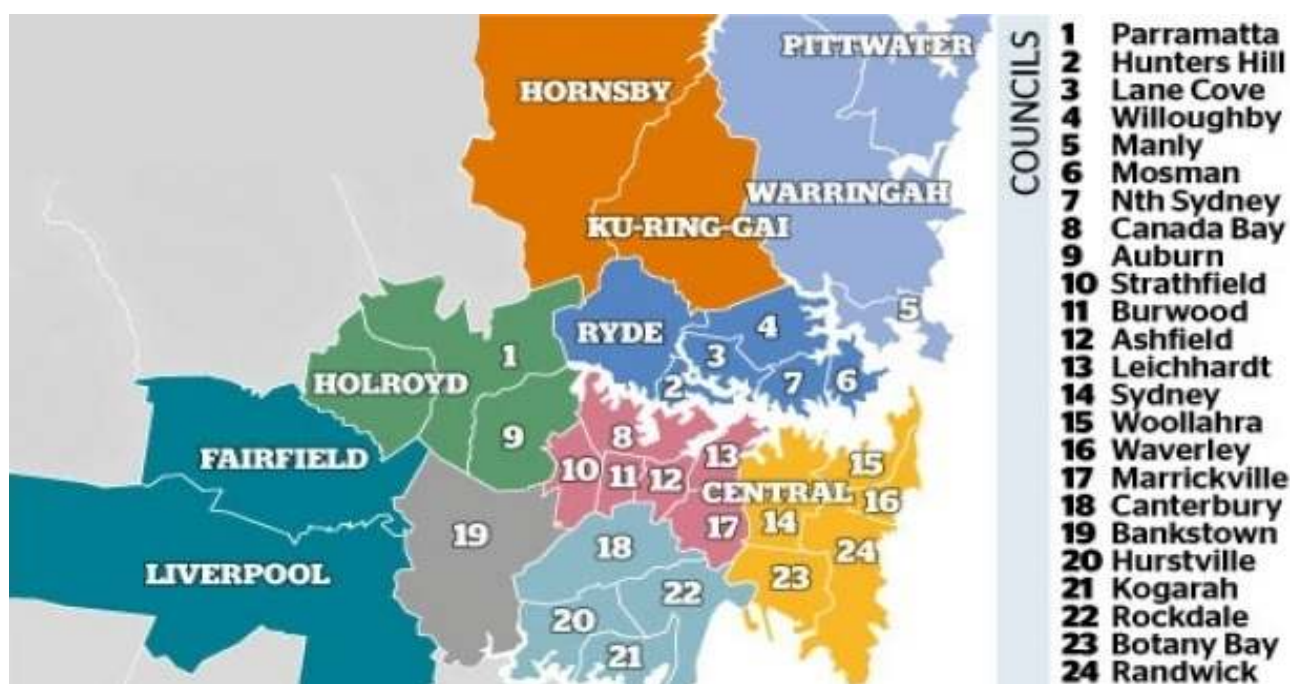


Figure 2: Proposed Council Amalgamations¹⁷

Local Representation

Fairfield City and Liverpool City are among the few Councils that already have full time Mayors working over 50 hours per week (Monday to Sunday) to meet residents' needs. The role of elected officials in an amalgamated council would be more difficult, complex and resource intensive as the population grows. For example, councillors are required to represent the interests of the residents and ratepayers, provide leadership and guidance to the community and facilitate communication between the community and the council¹⁸.

16. IPART, (June 2015), Methodology for Assessment of Council Fit for the Future Proposals, p73

17. Source for Image - <http://www.smh.com.au/content/dam/images/1/m/7/l/b/8/image.related.articleLeadwide.620x349.1maeu2.png/1432638959242.jpg>

18. Local Government Act (1993), Section 232

19. 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

Community Profile

The National Institute of Economics and Industry Research (NIEIR) report¹⁹, commissioned by the ILGRP in 2013, was the basis for the preferred option of an amalgamation between Fairfield City and Liverpool City Councils due to 'Close functional interactions and social/economic links'. Following an examination of the report, Council disputes those findings as it can be seen that:

- Fairfield only has a 50% (7/14) similarity with Liverpool.
- Liverpool has more similarities with Campbelltown at 86% (12/14).
- Fairfield is unique to other LGAs and unlike any other Metropolitan Sydney Council.

Fairfield and Liverpool LGAs have very different Social and Community Contexts.

Hence, the Panel's own research does not support its preferred option. An amalgamation of two such large and disparate communities would have negative community outcomes (see Chapter 3 – Social and Community Context).

Fairfield City Council's Proposal – Fairfield City Standalone

Population Size and Growth

Fairfield City is a large council that demonstrates scale and capacity through its operations in planning, infrastructure, diverse service provision etc. It is able to demonstrate this scale and capacity without losing its focus on the community's local identity or local representation. It has 203,109 residents,²⁰ diverse business sectors, thriving town centres and strong communities of interest. It provides high quality services to these interests whilst remaining focussed on its local identity. With amalgamation and the creation of a Council of over 530,000 residents, the Council created will no longer be 'local' and local representation will be reduced.

Fairfield's population will grow through infill development, redevelopment of the older suburbs in the eastern part of the City and high density development in the town centres of Fairfield and Prairiewood. It will have greater population growth than four of the Councils recommended to standalone (Bankstown, Wollondilly, Hawkesbury and the Blue Mountains) (see Figure 3). Strong population growth will also be seen in Liverpool which is consistent with the development of its CBD into a Regional Centre and its urban release areas.

Councils recommended to standalone have considerably smaller populations at 2031 than those recommended to amalgamate²¹. At 2031, Fairfield has a greater population than six councils proposed to standalone and will have an equivalent population size to the remaining three councils recommended to standalone. Liverpool will independently have a larger population than all the Councils recommended to standalone, except for Blacktown (see Figure 4).

20. <http://profile.id.com.au/fairfield/home>

21. Independent Local Government Review Panel, (2013), Revitalising Local Government

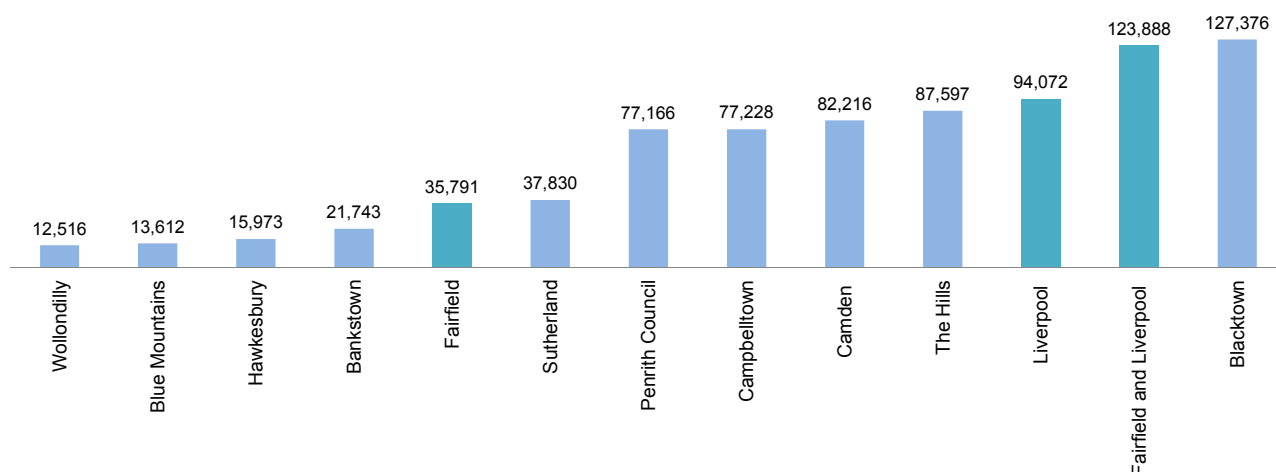


Figure 3: Projected Population Growth from 2014 to 2031 (Fairfield City and Liverpool City Compared to Councils recommended by the ILGRP to standalone)

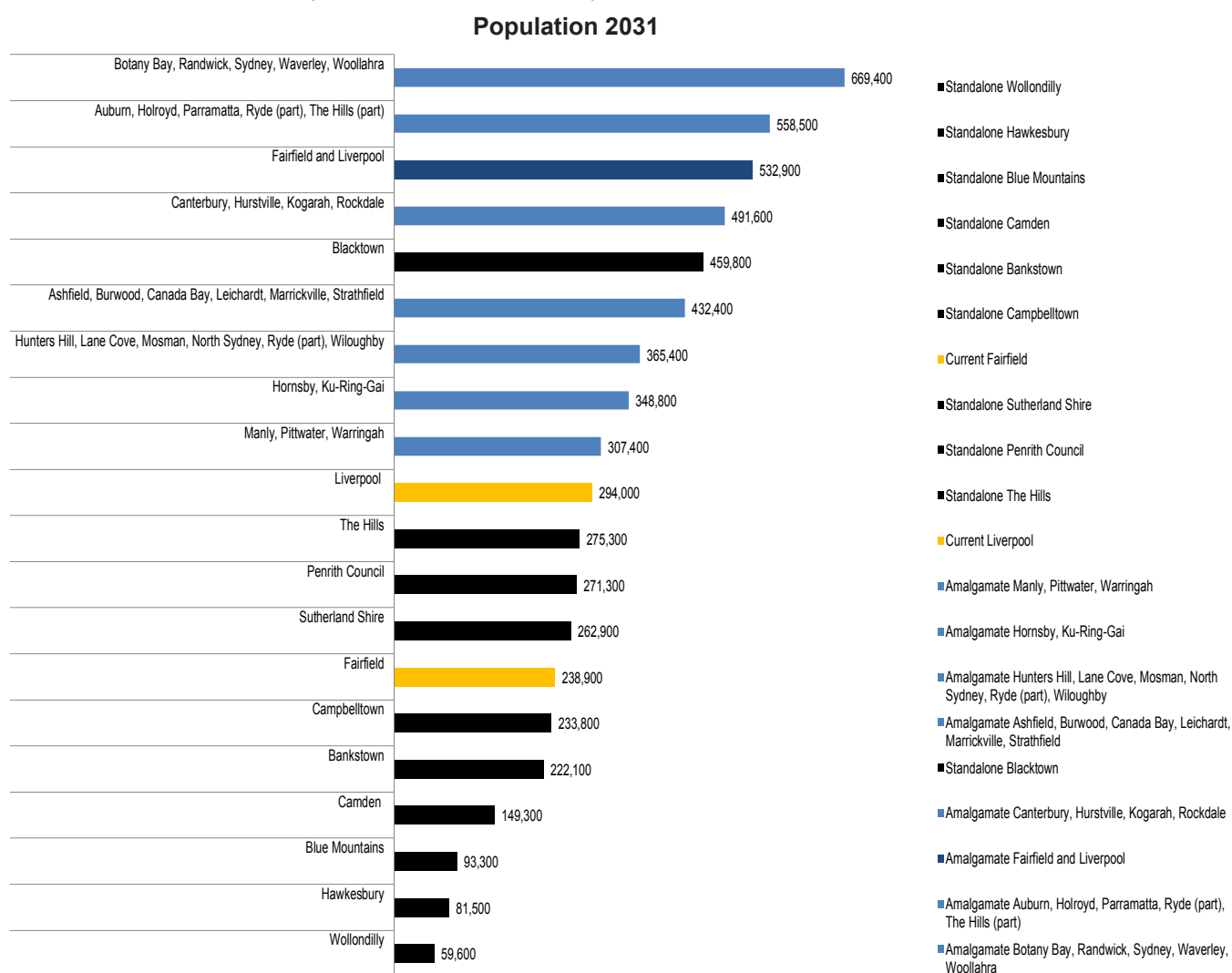


Figure 4: Population sizes for the ILGRP's preferred options compared to Fairfield City and Liverpool City Standalone

Appropriate Scale – How Big is Too Big?

Fairfield City and Liverpool City Councils already use initiatives such as the Western Sydney Regional Organisation of Councils (WSROC) to create economies of scale. Financial savings from various procurement issues have accrued over many years of WSROC membership.

However, there have been some examples where a less positive joint procurement result has occurred because the tenders of WSROC were of such a large scale that suppliers could not service the required specifications. In these instances Fairfield City Council was itself large enough to achieve more positive results on its own and still be fully serviced by the providers.

Example: Appropriate Scale

- A recent roads tender was more competitive for Fairfield City Council in a standalone setting compared to the WSROC tender.
- Fairfield City Council undertook a tender for asphalt works because the WSROC pricing was not as competitive as seeking quotes as a standalone Council.
- The enormity of the tender created difficulties for the supplier to meet the tender specifications for all of the members involved and additionally resulted in a more costly service.

This shows that Fairfield City Council is already a large Council and has the appropriate scale.

The demonstrated risks associated with the scale of tenders, such as with WSROC, may be applicable to the amalgamated Council.

Local Representation

Fairfield City currently has 13 Elected Members (popularly elected full time Mayor plus 12 Councillors) and Liverpool City has 11 Elected Members (popularly elected full time Mayor plus 10 Councillors). Many local residents contact Fairfield's Councillors in languages other than English, which demonstrates the diverse demands put on its elected officials.

National figures across LGAs illustrate that the average number of residents per Councillor is 4,591²². Fairfield City has 15,624 residents per Councillor and Liverpool City has 18,175 residents per Councillor. If Fairfield and Liverpool City Councils were to amalgamate, there would be 26,667 residents per Councillor upon amalgamation and approximately 35,527 residents per Councillor at 2031 (based on a maximum of 15 elected officials and a population of 532,900).

The Local Government Managers Australia (LGMA) working paper²³ recommended a sliding scale of representation with the maximum number of Councillors, including the Mayor, as 15 for populations over

22. Local Government Board Tasmania, Review of Councillor Numbers Report, 2012 http://www.dpac.tas.gov.au/__data/assets/pdf_file/0015/210903/Review_of_councillor_numbers_2013.pdf

23. LGMA NSW Working Party 1d Final Report, 2013, Identify the barriers to establishing inter-council contractual arrangements for the sharing of staff, including general managers and senior staff, as well as the commercializing services, p13

200,000²⁴. At 200,000 this would equate to an average number of residents per Councillor of 13,333. It is clear that Fairfield City and Liverpool City already have a lower representation than this figure. Therefore, an amalgamation will further diminish representation. Large populations and high representation ratios do not facilitate the healthy system of local government required by the ILGRP²⁵ as they reduce the ability of Councils to govern effectively, provide a strong voice for communities and maintain a strong sense of local identity and place.

In addition to the larger number of residents each Councillor will represent, they will need to deal with the four competing priorities of the amalgamated Council. These priorities are the development of Liverpool's CBD into a Regional Centre, urban release areas, focus on the Western Sydney Airport and provision of services to a disadvantaged and multiculturally diverse community (see Chapter 3 – Social and Community Context).

Community Profile

Based on the comparisons undertaken in Chapter 3 – Social and Community Context an amalgamation would not benefit Fairfield residents as the competing priorities will reduce the focus on the services needed by Fairfield's community.

The ILGRP's Alternate Option – Strategic Alliance

Consideration has been given to the ILGRP's alternate option for Fairfield. The establishment of a South-West Strategic Alliance would:

- Maintain local representation and local identity.
- Continue delivering those services best delivered at a local level.
- Coordinate strategic subregional infrastructure and planning matters for the region.
- Provide a single point of contact for Federal and State Governments on sub-regional matters.
- Achieve the State Government's vision while, not having detrimental outcomes for the community.

This is discussed further in Chapter 5 - Other options.

24. LGMA NSW Working Party 1d Final Report, 2013, Identify the barriers to establishing inter-council contractual arrangements for the sharing of staff, including general managers and senior staff, as well as the commercializing services, p13

25. NSW Independent Local Government Review Panel, (2013), Revitalising Local Government, p31

STRATEGIC CAPACITY – TEN ELEMENTS OF STRATEGIC CAPACITY

Definition

Strategic capacity is defined by the 10 Key Elements outlined in the ILGRP's report, which are:

1. More robust revenue base and increased discretionary spending
2. Scope to undertake new functions and major projects
3. Ability to employ a wider range of skilled staff
4. Knowledge, creativity and innovation
5. Advanced skills in strategic planning and policy development
6. Effective regional collaboration
7. Credibility for more effective advocacy
8. Capable partner for State and Federal agencies
9. Resources to cope with complex and unexpected change
10. High quality political and managerial leadership

Assumptions

- Amalgamation provides opportunities and scope for enhanced strategic capacity.
- That economies of scale (through the requirements for resources, products, and services), economies of scope (through working together to provide a wide range of services), improved service delivery (through greater access and specialisation) and knowledge sharing (through other Council's experiences and skills) will be achieved.

Comments on the Assumptions

- Strategic capacity is a more significant set of issues for smaller, less well-resourced Councils (especially those which struggle to attract and retain skilled staff). As two large metropolitan Councils, the fundamentals of strategic capacity are already present for Fairfield and Liverpool without the need for amalgamation.
- The absence of empirical evidence linking scale and strategic capacity creates a perception that this link is based on conjecture and that assumptions of economies of scale and scope in manufacturing have been generalised to the Local Government context.
- Economies of scale may not be achieved in the short term, or at all, with service industries such as Local Government (see Chapter 2 – Financial Criteria and Measures) as Councils are bound to provide services which have been identified through the Integrated Planning and Reporting process by the community.
- Strategic capacity is not a direct result of amalgamation. Amalgamated councils may have more demands and may not necessarily be more capable or flexible to deliver services.

ELEMENT 1 - ROBUST REVENUE BASE AND INCREASED DISCRETIONARY SPENDING

Definition

An individual council's financial benchmarks and its financial outlooks are a sound measure of its ability to retain a robust revenue base and its capacity for increased discretionary spending, while ensuring that its real operating expenditure over time is reducing. Local Government can achieve a robust revenue base through receipt of rates and annual charges, user fees and charges and income from business and commercial ventures.

Assumptions

- Amalgamations create efficiencies.
- The amalgamated Council has more options to widen the revenue base.
- Existing Councils do not have the robust revenue base to undertake projects and functions.
- Councils deemed Fit for the Future will receive a streamlined IPART process for rate increases and increased access to grants.

Comments on the Assumptions

- Both Councils already have robust revenue bases and have the capacity to increase their discretionary spending. Combining the two Councils would not necessarily have positive financial outcomes.
- The amalgamated Council can be less agile and have more red tape and bureaucracy.
- Efficiencies are not a direct result of amalgamation and inefficiencies will be apparent during the transition period.

Key Findings: Robust Revenue Base and Increased Discretionary Spending

The Fairfield standalone option is superior to the ILGRP's preferred option, for an amalgamation of Fairfield City and Liverpool City Councils.

Both Fairfield City and Liverpool City Councils meet the requirements for "robust revenue base and increased discretionary spending". Both Councils service large populations and large geographical areas and have sound financial positions. In 2013/14, 84.68% of Fairfield City Council's and 70.61% of Liverpool City Council's income is generated from own source revenue. Fairfield City Council has a lower total reliance on income from grants and contributions (15.32%) compared to Liverpool (29.44%)²⁶.

26. Fairfield City Council Financial Statements (2013/14) and Liverpool City Council Financial Statements (2012/14)

An amalgamation will not reduce the overall reliance on grants and contributions for a combined Council. Hence, an amalgamated Council provides no benefit compared to a standalone option.

Fairfield City Council's long term planning has considered its revenue base and has developed commercial activities to ensure that there is sustainable and strong business revenue that reduces the burden on rates. This is evidenced by the 81.81% own source revenue ratio averaged over the last three years, which is well above the TCorp benchmark of 60%. This indicator shows that Council is successfully managing its revenue sources.

FCC's residential rates are amongst the lowest in Western Sydney and 16% lower than Liverpool City Council's rates. An amalgamation would be likely to result in increased rates and increased expectations about services.

An amalgamation may deliver some savings in corporate services by removing duplications in systems, management and software licenses. However, the initial integration project will divert large amounts of resources away from the delivery of community priorities. Also, larger organisations require deeper hierarchies that may absorb some savings by the need to have more middle managers for coordination.

Fairfield City and Liverpool City do not have similar communities and amalgamation will see divergent demands on discretionary spending. Given their dissimilar priorities and needs there are no significant efficiencies in amalgamating the two councils. Liverpool City's priorities are to develop a Regional Centre, urban release areas and focus on the Western Sydney Airport. Fairfield's priorities are to provide services for families, business and a multiculturally diverse and disadvantaged community, which requires a significant level of specialised support, advocacy and services. 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 growth areas. An amalgamation is also likely to stagnate the progress on these priorities as work will be internally focused on the amalgamation process.

Fairfield City Council's Long Term Financial Plan 2015/16 – 2024/25 shows a positive outlook with the continued focus on the efficiencies identified as well as the development of alternative business related funding sources including the Dutton Lane development and Sustainable Resource Centre. Overall both Councils are focused on an efficient delivery of service that best meets the needs of their individual communities.

The ILGRP's Preferred Option – Amalgamated Council

Robust Revenue Base

Income from rates and annual charges, Special Rate Variations and business and commercial ventures contribute to both Fairfield City and Liverpool City Councils' revenue bases. Based on 2013/14 figures, the revenue base for the amalgamated Council would have been in excess of \$338M per year²⁷ and expenditure would have been approximately \$301M per annum²⁸ (see Figure 5). As the populations of Fairfield City and Liverpool City are forecast to grow by 38,473 and 93,595 respectively²⁹ by 2031, this will increase the revenue base for each Council.

2013/14 Financial Statement Figures	Fairfield City	Liverpool City	Fairfield and Liverpool City
Current Assets	\$62,509,000	\$128,125,000	\$190,634,000
Non-Current Assets	\$1,724,706,000	\$1,790,786,000	\$3,515,492,000
Current liabilities	\$25,209,000	\$40,827,000	\$66,036,000
Non-Current Liabilities	\$19,899,000	\$34,274,000	\$54,173,000
Revenue	\$152,564,000	\$185,884,000	\$338,448,000
Expenses	\$149,544,000	\$151,429,000	\$300,973,000
Debt	\$1,697,000	\$39,364,000	\$41,061,000
Cost per Resident	\$742.42	\$774.99	\$758.46

Figure 5: Comparison of Fairfield City and Liverpool City Council from (2013/14) Financial Statements

Special Rate Variations

Both Councils had Special Rate Variations approved from 1 July 2014. IPART approved Fairfield City's SRV application for a one off 10% increase, including a rate peg of 2.3%. The SRV will address infrastructure backlogs along with new infrastructure identified by residents, such as a new library and waterpark. IPART approved Liverpool City's application for a 12% SRV including a rate peg of 2.3%. The extra \$7.5M generated in Liverpool City Council's SRV will be used for infrastructure throughout Liverpool City. Liverpool's higher SRV in addition to its already higher rates will increase rates for Fairfield residents and businesses in an amalgamated entity.

27. Financial Statement, 2013/14 Fairfield City Council and Financial Statement, 2013/14 Liverpool City Council

28. Ibid 8

29. NSW Government Planning and Infrastructure, (2013) NSW in the future: Preliminary 2013 population Projections, p35

Currently, Fairfield's residential rates are one of the lowest in Western Sydney³⁰ (see Figure 6) and are projected to remain this way even with the SRV increase in place in 2014/2015. Comparatively, Liverpool City's ordinary residential rates are 16% higher than Fairfield City's rates.

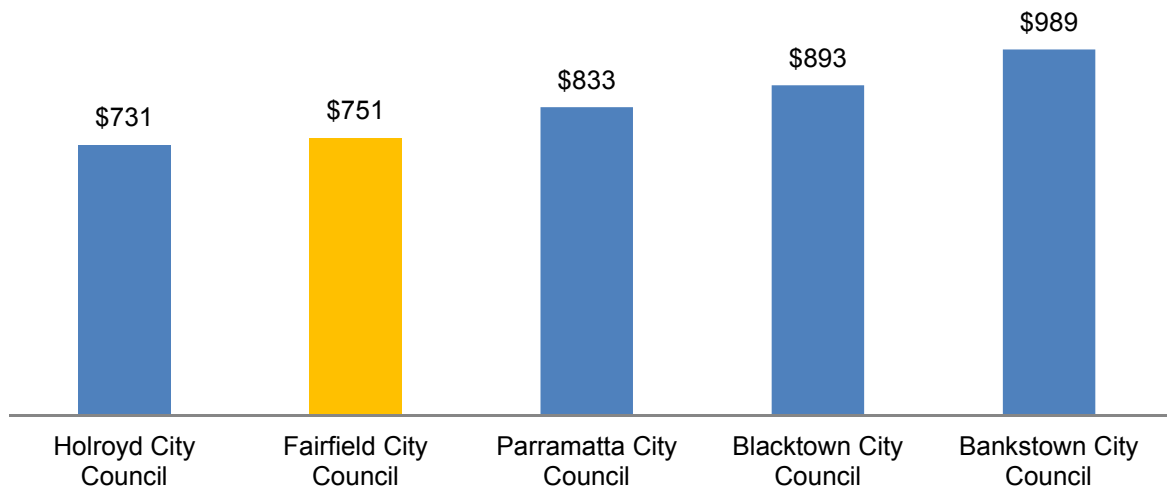


Figure 6: Comparison of Average Residential Rates (2013/14)

Fairfield City Council has ensured rates remain affordable. The residential rates in 2013/14 are less than in 2007/08 (see Figure 7).

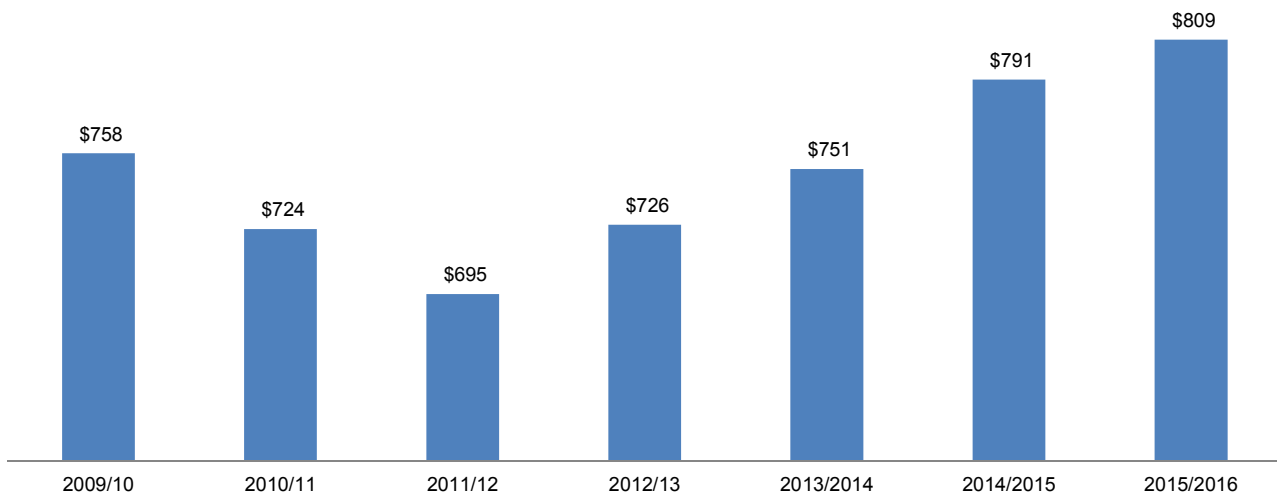


Figure 7: Fairfield Average Residential Rates (2009/10 – 2015/16)

The Community's Capacity to Pay

The limited capacity for Fairfield's residents to pay high rates is why Fairfield has one of the lowest residential rates and annual charges in metropolitan Sydney. Fairfield is the third most disadvantaged community in NSW, ahead of Central Darling and Brewarrina and the most disadvantaged in metropolitan Sydney.

30. Your Guide to Fairfield City Council, 2014-2015, Rates Newsletter, p6 http://www.fairfieldcity.nsw.gov.au/upload/images/Rates_Booklet_2014-15.pdf

Comparative average rates information from 2013/14 Financial Statements	Fairfield City	Liverpool City	Combined
Average Residential Rates and Annual Charges (\$300,000)	\$1,352	\$1,618	Likely to increase
Average Business Rates and Annual Charges (\$500,000)	\$2,571	\$2,893	Likely to increase
Ordinary rates income from residents	\$40 million	\$58 million	-
Ordinary rates income from businesses	\$28 million	\$18 million	-
Annual Charges (and Ordinary Farmland Rates)	\$27 million	\$25 million	-
Total Rates and Annual Charges	\$95 million	\$101 million	-

Figure 8: Comparison of 2013/2014 rates and annual charges for Fairfield City and Liverpool City Councils

Fairfield City Council considered the community's capacity to pay when it reviewed the rates system in 2007 and restructured the split of rates, over a 5 year period, to reduce the income from residents and to increase the income from businesses³¹. Previously, 25% of rates received were from businesses and 75% from residents. Now, this ratio is 40% and 60% respectively.

Own Source Revenue

In the 2013/14 financial year 84.68% of Fairfield's income was generated from own source revenue compared to Liverpool which generated 70.61% of its income from own source revenue.

Fairfield City Council has a lower reliance on income from grants and contributions (15.32%) compared to Liverpool City Council (29.44%)³². An amalgamated Council would receive about 23.1% of its income from grants and contributions. Liverpool City Council as a growth area receives 22.98% of its income from capital grants and contributions to support the development of urban release areas, which is typical of any growth council (see Figure 9).

31. A guide to understanding Your Council Rates, Fairfield City Council, 2013, p1

32. Fairfield City Council Financial Statements (2013/14) and Liverpool City Council Financial Statements (2013/14)

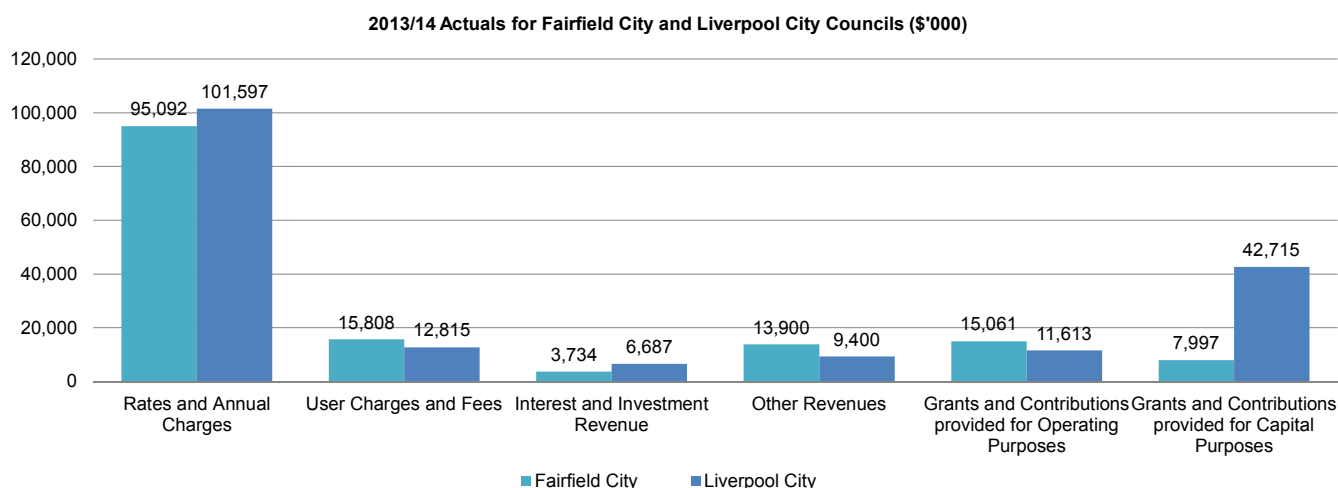


Figure 9: 2014 Actuals for Fairfield City and Liverpool City Councils (\$'000)

Fairfield City Council has low debt servicing ratios, low infrastructure backlog ratios, good asset maintenance and asset renewal ratios. Fairfield City Council has undertaken numerous business ventures to reduce the burden on rates, such as the establishment of the Sustainable Resource Centre (see description on page 45). In 2014/15, Fairfield City Council has undertaken a number of new business initiatives which will further increase Council's own source revenue (see descriptions on page 45). There is the capacity for Liverpool Council to leverage Fairfield Council's experience to boost its own source revenue. However, this can be achieved through a strategic alliance instead of amalgamation.

User Fees and Charges

Both Fairfield and Liverpool City Councils embrace a user pay system while ensuring that services are affordable for residents. Fairfield receives \$15.8 M from user fees and charges and Liverpool receives \$12.8 M. Any decisions made after an amalgamation regarding fees and charges should continue to consider the community's capacity to pay.

Example: Family Day Care

Fairfield City Family Day Care provides care for more than 400 children and supports 55 small businesses (Educators). Liverpool City Council does not provide this service.

In July 2014 the Federal Government announced that funding for Family Day Care would cease on 1 July 2015, resulting in a loss of more than \$370,000 in income, per annum.

Fairfield City Council considered the community's capacity to pay before it resolved to maintain the service.

Use of Loans, Future Programs and Current Works

Liverpool City Council has debts of \$41 M to support the investment needed to develop as a Regional Centre and to support the urban release areas (in part funded by Section 94 developer contributions). As Fairfield City Council has minimal debt, additional borrowing capacity could be leveraged to fund the development in Liverpool. However, Liverpool City Council already has the capacity to borrow more, should it require and sections of the Fairfield community would effectively be servicing the needs of the Regional Centre and urban release area development.

Further to this, the works program for both councils is large with Liverpool expected to spend \$93.94 M and Fairfield City Council expected to spend \$60.98 M in capital expenditure in 2015/16.

Operating Costs

Operating efficiency is critical to protecting a robust revenue base and ensuring that maximum resources are available for discretionary purposes. A low operating expenditure per head demonstrates conservative spending whilst still meeting community needs. IPART's analysis of the operating expenditure per head of NSW Councils (see Figure 10), illustrates that both Fairfield and Liverpool Councils have relatively low operating expenditure per resident (under \$800/ resident at 2012/13).³³ However, as Liverpool is a growth area, it will have a higher demand for services in the future that may lag the revenue generated from the additional rates which will impact on the operating ratio.

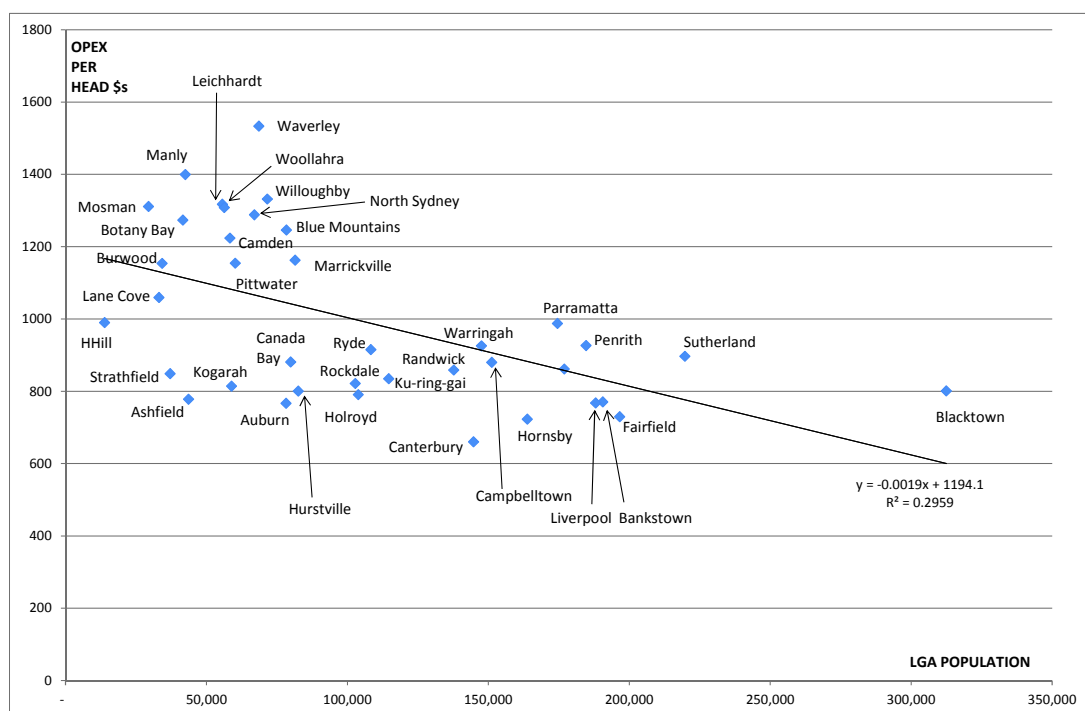


Figure 10: Operating costs per head and population in Sydney LGAs (2012/13)³⁴

33. IPART, (2014), Review of criteria for fit for the future, p40

Exclusion: City of Sydney due to working non-residents inflating the opex per head (\$2,645) and Gosford and Wyong because water and sewerage costs inflate the opex per head.

34. IPART, (2014), Review of criteria for fit for the future, p40

Discretionary Spending

If operational cost reductions result from amalgamation there would be an opportunity for increased discretionary spending.

Fairfield City Council's discretionary spending, on behalf of its community, is vastly different to that of Liverpool City Council and the community strategic plans identify different priorities. Fairfield City priorities include such things as a "clean and tidy City" and "more activities for children and youth" so Fairfield City Council is undertaking a number of innovative projects which include:

- A new Adventure Park.
- A new Water Adventure Park.
- The 24/7 Open Libraries Program.
- Waste Enforcement Group.

In comparison, Liverpool's discretionary spending mostly supports its priority of creating a Regional Centre. Initiatives include:

- Delivering a network of 20 CCTV cameras in Liverpool Town Centre to promote Safety.
- Providing free Wi-Fi in Liverpool Town Centre.
- Upgrades of Liverpool CBD.

Fairfield City Council's Proposal – Fairfield City Standalone

Revenue Base

Fairfield City Council has been able to attain a robust revenue base through strong financial acumen which has enabled Council to be in a strong position whilst still considering the affordability of rates, fees and charges, services and the facilities that it offers. IPART's approval of Fairfield's SRV in 2014 is an acknowledgment that Fairfield will have the robust revenue base to deliver the services that have been sought by the community. If Fairfield City Council required greater robustness of its revenue base, it would have applied for a larger SRV in 2014. In a standalone scenario, Fairfield City Council's financial position is stronger against the FFF benchmarks than in an amalgamated council (see Chapter 2 - Financial criteria and measures).

Business and Commercial Ventures

Alternate income sources have been developed to minimise Fairfield's reliance on rates income from a disadvantaged community.

Diversifying Council's income source is an enterprise risk management strategy³⁵ for ensuring a robust revenue base. Fairfield City Council's business ventures include the commercial Property Development Fund, Dutton Lane Commercial Development and the Sustainable Resource Centre.

35. Fairfield City Council (2014) Enterprise Risk Management Policy

Examples: Robust Revenue Base and Increased Discretionary Spending

Commercial Property Development Fund

Council established the commercial Property Development Fund in the 1980's to diversify Council's revenue base. Income of over \$17M is expected from projects such as :

- 45-49 Diamond Crescent Bonnyrigg into 45 residential properties.
- 117a Wetherill Street, Smithfield into 9 residential properties.
- An additional commercial development in the 2018/19 financial year³⁶.

Dutton Lane Commercial Development

Council is currently undertaking a three-storey commercial development which contains 275 public car parking spaces, community facilities, and retail space. The development will create 263 jobs from the construction process and a total of 127 ongoing jobs created from new business opportunities.

As well as the community outcomes from the infrastructure development, it is estimated that the Dutton Lane Commercial Development will generate on-going revenue from the retail space. It is forecast to return \$2.4M per annum from January 2016, supporting Fairfield City Council's robust revenue base and providing discretionary spending.

Sustainable Resource Centre

The Sustainable Resource Centre (SRC) was established in 1992 as a commercial business. The SRC recycles construction waste to produce marketable construction materials by utilising innovative and cost effective methods. The service also enables Council to divert construction and demolition waste from landfill. The SRC annually returns profits, estimated at \$950,000 in 2015/16 whilst also reducing Council's operating expenses.

Disadvantages of Amalgamation

Despite both Fairfield and Liverpool City Councils meeting the element for robust revenue base and increased discretionary spending the strategic futures for the two Councils are distinctly different. Fairfield's priorities are to provide services for families, business and a multiculturally diverse and disadvantaged community. Liverpool's priorities are to develop a Regional Centre, urban release areas and issues related to the new Western Sydney Airport.

The initial investment needed for development means the rates base is likely be used to develop the Regional Centre and growth areas rather than for the needs of a disadvantaged community. For example, the money generated from own source revenue streams such as the Dutton Lane development in Fairfield has been identified to support services for the Fairfield community. However, this is likely to be redirected to Liverpool's priorities under amalgamation.

36. Fairfield City Council's Long Term Financial Plan (2015/16 to 2024/25)

The priorities of both LGAs are equally important but amalgamation will result in competing priorities. The further risk with amalgamation is that Fairfield businesses and residential rate payers will be subsidising the substantial development focus that is needed within Liverpool City, rather than receiving the benefits of discretionary spending to meet the needs of the most disadvantaged community in Metropolitan Sydney. Not only will Fairfield residents be subsidising Liverpool's priorities, they will be doing so at a level that is beyond their affordability.

Amalgamation Costs Better Redirected

Amalgamation may, in the long term, deliver some savings in the corporate services of Council that result from duplication such as systems, management and software licenses. However, the initial integration project will divert large amounts of resources (financial and human resources) away from the delivery of community priorities.

The funding available through the Fit for the Future funding for Fairfield and Liverpool Councils is up to \$19.5M. Due to the high costs, time and complexity associated with amalgamation (see Chapter 2 – Financial criteria and measures), this money could be better directed towards providing services to the community, whilst continuing to look at cost savings from efficiencies, productivity, alternate business models, strategic alliances and new ways to develop Council's own source revenue etc.

As seen in Figure 11, every core IT system utilised by the two Councils is different. Hence, the costs and time taken to transition across systems or to integrate to a new system will be significant.

Dutton Lane see reference on page 45



	Fairfield City	Liverpool City
Asset Management System	PeopleSoft/ Conquest	Pathways
Document/Records Management System	Objective	TRIM
Financial System	PeopleSoft	Finance One
Geographical Information System	Enlighten	ArcGIS and CadCorp
Library Management System	Symphony	Spydus and Pharos
Payroll/HR System	Chris21	Aurion
Rates/Property System	Authority	Pathways
Stores/ Stock System	PeopleSoft	TechOne

Figure 11: Comparison of Systems at Fairfield City and Liverpool City Councils

Both Councils are already large and both have robust revenue bases and the capacity to increase their discretionary spending. There are many more advantages of Fairfield standing alone than benefits of an amalgamation. In addition, considering the disadvantages of amalgamation, the option of standing alone is superior to the option of amalgamating.

ELEMENT 2 - SCOPE TO UNDERTAKE NEW FUNCTIONS AND MAJOR PROJECTS

Definition

This element refers to the ability of an organisation to have the structure, skills and flexibility to undertake new functions and major projects.

Assumptions

- The amalgamated Council would have greater capacity to undertake new functions and major projects.

Comments on the Assumptions

- Both Fairfield City and Liverpool City Councils are already large and already demonstrate they have the capacity to undertake new functions and major projects.
- Each Council needs specialised skills (based on their local priorities) and an amalgamated Council may not necessarily bring these together, although the assumption is that consolidation of these skills will bring savings.
- The demands of the amalgamated Council would be focused on development and infrastructure which is different to the current focus of Fairfield which provides services for a disadvantaged and multicultural community.
- The ILGRP identified cost shifting as a major issue for Local Government and this impacts its ability to undertake new functions and major projects.
- “PriceWaterhouseCoopers³⁷ noted that whereas ‘structural reform through amalgamations is necessary in some instances, each potential amalgamation needs to be assessed carefully to avoid the risk of simply creating large inefficient councils’.

Key Findings: Scope to Undertake New Functions and Major Projects

The Fairfield standalone option is at least as good as the ILGRP’s preferred option.

Fairfield City Council has the scale and capacity to undertake new functions and major projects. In 2014/2015 Fairfield City Council’s Capital Works Program was \$65M which was delivered within current resourcing and staffing levels. Fairfield City Council has the technical expertise to take on new functions and major projects.

37. PriceWaterhouseCoopers. (2006) National Financial Sustainability Study of Local Government, Sydney: PriceWaterhouseCoopers pg 72 and 149

The ILGRP's Preferred Option – Amalgamated Council

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.

Fairfield City Council's Proposal – Fairfield City Standalone

Fairfield City Council's Long Term Financial Plan ensures that Council has the financial and managerial capacity to undertake new functions and major projects. Fairfield City Council in 2014/2015 has a \$65 M Capital Works Program. This program is being delivered within current resourcing and staffing levels. Council is currently able to respond to grant opportunities and emergency needs due to the technical and project management skills within the organisation. There are many examples of Fairfield City Council's ability to undertake new functions and major projects as seen below.

Examples: Scope to undertake new functions and major projects

Fairfield Adventure Park

As recognition of the community's capacity to pay for services, a \$1.4 M state of the art Adventure Park was built in Fairfield Park to provide free recreational activities for children and families. The project was funded by Council and the State Government and was opened to the public in 2015.

Fairfield Youth and Community Centre

The Centre is an \$8.5 M project funded by the Australian Government and Fairfield City Council. A range of activities, programs and recreation facilities including: Indoor basketball courts, trampolines, climbing wall, WiFi access and meeting rooms.

Waterpark – Prairiewood Leisure Centre

Construction of a \$7M waterpark, operating as an affordable alternative to Wet' n Wild is planned for Prairiewood Leisure Centre. This Waterpark will incorporate multiple water features for children of various ages and other play facilities for families to enjoy.

Fisher Street Carpark \$6M

Development of a modern multi-level public car park in Cabramatta in 2010 consisting of 172 car spaces along with additional motor cycle and bike parking. This new car park was constructed to meet the increasing needs of the Community for both transport and retail parking within Cabramatta.

Dutton Lane \$16M

Redevelopment of the Car Park at Dutton Lane, Cabramatta Town Centre into a mixed use development, comprising of retail, commercial and additional car parking spaces.

Cabravale Leisure Centre \$13.5M

Construction of a modern Leisure Centre that included an indoor heated program pool, program room, gym, youth/community and office space, and plant room.

City Connect Free Bus Service

Provide a free City Connect bus service for areas that are poorly serviced by existing private bus routes and increase accessibility to other transport, key destinations and community facilities.

Waste Enforcement Group

Provide an enforcement group to investigate and educate on matters relating to illegal dumping and littering throughout the City.

CCTV Cameras

To address safety concerns across the City, Council is rolling out an annual program of new CCTV cameras in key locations.

City Connect Bus see reference on page 50



ELEMENT 3 - ABILITY TO EMPLOY WIDER RANGE OF SKILLED STAFF

Definition

This element refers to the ability of an organisation to be an employer of choice which attracts and retains skilled staff.

Assumptions

- The amalgamated Council would have a greater capacity in its workforce and a greater ability to employ a range of skilled staff.

Comments on the Assumptions

- Both Fairfield City and Liverpool City Councils are already large employers and demonstrate the ability to attract a wide range of skilled staff.
- Each Council needs specialised skills (based on its local priorities) and the amalgamated Council may not necessarily bring these together, although the assumption is that consolidation of these skills will bring savings.
- The demands of the amalgamated Council will be focused on the Regional Centre and urban release area development and infrastructure which is different to Fairfield's priorities which include service provision for a disadvantaged and multiculturally diverse community.

Key Findings: Ability to Employ Wider Range of Skilled Staff

The Fairfield standalone option is superior to the ILGRP's preferred option of amalgamation.

At their current size, both Fairfield City (749 staff³⁸) and Liverpool City (643 staff³⁹) Councils meet this element as they are large Councils delivering a broad range of services which require the employment of a wide range of skilled staff.

Fairfield City and Liverpool City Councils have divergent strategic priorities which are reflected in the respective approaches to workforce and labour management. Liverpool is focused on growth and infrastructure demands and outsources a greater number of services than Fairfield.

38. Staff Establishment Numbers for 2014

39. Office of Local Government (2012-2013) Comparative Information on NSW Local Government

As one of Fairfield's priorities is service provision to a disadvantaged and multiculturally diverse community it employs in-house staff with specialist skills and experience to meet this need. 45% of staff speak a language other than English which assists with Council's language aid program to provide translation services for its community where 133 languages are spoken.

Council is a source of local employment with 37% of employees living within the Fairfield LGA. However, Fairfield is also able to attract skilled staff from across Sydney. 25% of staff live within the neighbouring LGAs of Holroyd (5%), Liverpool (12.4%), Parramatta (3.6%) and Penrith (4.4%) and 38% of staff commute from locations such as Wollondilly, the Blue Mountains, Wyong, the City and surrounding suburbs.

Fairfield has an effective Workforce Management Plan which develops staff to deliver the right skills in the future. This is achieved through a focus on up-skilling, multi-skilling, providing secondment opportunities and leadership initiatives. This boosts Fairfield's organisational capability and the skillset within the LGA. Fairfield's direct employment of staff enables it to specifically apply learning and development programs to staff so that they are appropriately skilled to target the specific needs of the community.

The ILGRP's Preferred Option – Amalgamated Council

Employment of Skilled Staff

Both Fairfield City and Liverpool City Councils employ a wide range of skilled staff to deliver major projects and programs to the community. The latest figures show Fairfield City Council had 749⁴⁰ fulltime staff and Liverpool City Council had 643 fulltime staff⁴¹. Council is a source of local employment with 37% of employees living within the Fairfield LGA. However, Fairfield is also able to attract skilled staff from across Sydney. 25% of staff live within the neighbouring LGAs of Holroyd (5%), Liverpool (12.4%), Parramatta (3.6%) and Penrith (4.4%) and 38% of staff commute from locations such as Wollondilly, the Blue Mountains, Wyong, the City and surrounding suburbs. With amalgamation, the number and makeup of this workforce will depend on workplace reform or changes to any business models such as the outsourcing of functions or the sale/corporatisation of commercial business functions.

Liverpool's Workforce Management Plan (WFMP) is not available for comparisons to Fairfield's Plan. A basic comparison can be ascertained through examining Liverpool's summary WFMP⁴², which references information

40. Staff Establishment Numbers for 2014

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

42. Summary 4 Year Workforce Management Plan: Resourcing Strategy, Liverpool City Council, 2011 http://www.liverpool.nsw.gov.au/__data/assets/pdf_file/0020/4358/Workforce-Management-Plan-Summary-1-July-2011.pdf

from the 2011 Resourcing Strategy. The employee costs in Figure 12 were taken from the respective Council's Long Term Financial Plans⁴³.

	Fairfield City	Liverpool City	Combined
Number of Staff	749* (FT and PT), 254 casual and 60 FT temporary staff	643** FT staff	1392 (FT and PT) plus casuals and temporary staff
Turnover rate (2010)	7%	12%	-
Turnover rate (2011)	11.4%	10%	-
Employee Costs (2013/14)	\$64.3 M	\$54.9 M	\$119.2 M
Employee Costs (2020/21)	\$79.4 M	\$69.6 M	Unknown

Figure 12: Comparison of Workforce Profile (Fairfield City and Liverpool City Councils)

* Using establishment figures for Fairfield City Council at 2014

** As per the OLG's 2012-2013 Comparative Information on NSW Local Government

Based on publically available information, Liverpool has a higher turnover of staff including senior management positions becoming vacant due to restructure or redundancy. Liverpool can expect to see employment costs increase due to significant population growth and a resulting increased demand for services and infrastructure. Alternatively, Fairfield is mitigating its costs and implementing strategies to contain salary and wages to ensure they do not increase at a rate above the CPI.

Workforce Management

Fairfield and Liverpool Councils have different strategic priorities which are reflected in the respective approaches to workforce and labour management. Liverpool is focused on growth and infrastructure demands and outsources a greater number of services than Fairfield. As one of Fairfield's priorities is service provision to a disadvantaged and multiculturally diverse community, it employs in-house staff with specialist skills and experience to meet this need. 45% of staff speak a language other than English which assists with Council's language aid program to provide translation services for its community where 133 languages are spoken.

43. Long Term Financial Plan, Fairfield City Council (2014/15 – 2023/24), p 65 and 10 Year Long Term Financial Plan, Liverpool City Council, p 20

Fairfield City Council's Proposal – Fairfield City Standalone

Employment of Skilled Staff

Fairfield City Council is an employer of choice which employs 749 people who have a range of skills and qualifications. The skills base and qualifications of Fairfield's staff are highlighted by the breadth and depth of tertiary qualifications held across the entire organisation (see Element 4 – Knowledge, Creativity and Innovation). It also demonstrates Fairfield's ability to employ a wide range of skilled staff from across the Sydney metropolitan area and beyond.

Since the early 2000s, Fairfield City Council has had a strong focus on staff and organisational development. Fairfield is also focused on supporting the local community through initiatives such as its Local Employment Policy. The approach to build capacity in Council's employees strengthens Council's ability to access and secure a wide range of skilled staff at the right time. The focus on local employment simultaneously allows Council to invest in the local community.

Fairfield supports the local economy through its Local Employment Policy which encourages residents to gain work experience or employment at Council. 37% of employees live within the Fairfield LGA. However, Fairfield is also able to attract skilled staff from across Sydney. 25% of staff live within the neighbouring LGA's of Holroyd (5%), Liverpool (12.4%), Parramatta (3.6%) and Penrith (4.4%). 38% of staff commute from locations such as Wollondilly, the Blue Mountains, Wyong, the City and surrounding suburbs. 33% of staff who work at Council were born overseas⁴⁴ and 45% speak a language other than English⁴⁵. The diversity and range of skills in Council's workforce complements that within the wider LGA.

Local Government represents a huge investment in social capital as well as being a supplier of local employment. Fairfield has adopted the approach that it is better to employ the core skills needed in-house and to contract staff to supplement the skills that are needed infrequently. Where technical skills are needed on a regular basis, e.g. for flood modelling, economic development, place management, community projects etc. Fairfield has employed these highly specialised and skilled individuals.

Example: Ability to Employ Wider Range of Skilled Staff

Skilled and Qualified Staff

- Fairfield is the only Council in Greater Western Sydney that employs an economist specialised in regional development as its economic development officer.
- Fairfield has A1 Accredited Certifiers within the City and Community Development Group, who audit and provide advice to other Councils on Building Control and Compliance.
- Fairfield has been a leader over the years in the area of Flood Plain Management and was at the forefront of policy development in this area.

44. Fairfield City Council, Workforce Management Plan (2013/14 – 2022/2023)

45. June 2015 Staff Survey

Local Government Elections

FCC was one of 15 councils that ran their own elections in 2012 with the following outstanding results:

- Better – Election Day ran smoothly.
- Cheaper – Council's direct costs were \$172,866.73 less than the estimated and quoted Electoral Commission of NSW cost. This included the employment of 552 people, compared to 416 people in 2008, which greatly improved the voter experience.
- Faster – the accuracy of the results withstood the rigour of quite aggressive scrutineering.

Fairfield City Council staff have been consistently recognised through various awards across the employment spectrum. Some examples are as follows:

Example: Awards

- The Manager, Construction and Maintenance was awarded the Minister's Award for Women in Local Government - 2014.
- Crossing the Waters project won the 2014 Stormwater NSW Award for Excellence in Integrated Stormwater Design.
- Institute of Public Works Engineering Australia (IPWEA) Engineering Excellence Award – 2013.
- Winner of the Design and Construction of a Local Government /Public Works project for Canley Heights Town Square – 2013.
- Winner 2013 Local Government Award for Innovative Community Engagement on Smoke-free Policy Award – 2013.
- Winner three years in a row for National Youth Week 2013 for Best Ongoing Commitment to Local Youth Week Program and Best Local Youth Week Program 2013.
- 2011 Sydney Design Award from Building Designers Australia – Bonnyrigg Park.
- Local Government Managers Australia, NSW, 2011 – Excellence in Leadership and Innovation Metropolitan Councils.
- Human Synergistic Cultural Transformation Achievement Award 2008,
- NSCA Telstra Business Excellence through OHS&E Award 2008.
- United Nations Association Award Best Environmental Initiative 2008.

Focus on Leadership Development and Staff Skills

Fairfield City Council's focus for staff is on learning, development, training, multi-skilling and the provision of secondments across the organisation. This means that Fairfield's staff have the technical skills to complete submissions, such as Fit for the Future, in-house and to provide this to the various tiers of government. A further example is the "Emerging Leaders Program" which enhances the leadership capabilities of staff, strengthens the leadership skills within Council and also is of great personal benefit to the individual.

Development of Staff Skills

The education of staff on the importance of safety, and the use of advocates for safety has been an integral capability program which resulted in Fairfield City Council receiving an exceptional WorkCover NSW audit result of 100% compliance in 2014.

Traineeship programs are found across Children and Family Services, Building Control and Development Planning and at the Council's Depot.

Outcomes Focus

Fairfield's organisational structure continues to evolve to meet the priorities of the community and the organisation. Council as a whole has been outcomes focused from the late 1990's and "outcomes" is a term which is broadly found across the organisation. Fairfield Council requires staff to look at the big picture as well as have technical skills. For example, employees at Council's Sustainable Resource Centre are skilled plant operators who also need to have a wider commercial perspective to ensure that revenue is generated for Council.

ELEMENT 4 - KNOWLEDGE, CREATIVITY AND INNOVATION

Definition

The requisite knowledge, creativity and innovation is required within organisations to both deliver services efficiently and plan effectively.

Assumptions

- That the culture of the organisation will continue or improve upon amalgamation.
- There will be a greater breadth of knowledge within the amalgamated Council due to a wider range of staff being employed.

Comments on the Assumptions

- Amalgamation is a significant change and creativity will not be fostered if the culture in the organisation is poor.
- There will be a consolidation of roles and reduction in duplicate positions which will decrease the levels of local knowledge and specialist skills within the organisation.
- Many of the ILGRP's recommendations will result in innovative practices in local government. However, amalgamation recommendations have been cherry picked contrary to the ILGRP's view and councils are only being asked to comment on the recommendation for amalgamations.

Key Findings: Knowledge, Creativity and Innovation

The Fairfield standalone option is superior to the ILGRP's preferred option of amalgamation.

Fairfield City Council already has the requisite knowledge, creativity and innovation. Staff are knowledgeable about their technical specialties, the local area and are supported by a culture that encourages innovative undertakings.

It is difficult to ascertain what knowledge would be held in an amalgamated Council. Roles that directly service important local social priorities will potentially be lost in favour of the priorities of the amalgamated Council. It is likely that specialist skills, such as that pertaining to infrastructure development and the urban release areas would be retained because this is a State Government priority. However, what occurs to roles that require local and specialist knowledge, currently held separately within each organisation, is unknown.

Creativity and innovation is a result of the culture and leadership of the organisation and not its size.

There is a real risk that innovation and creativity will be lost during any transition period associated with amalgamation. There is also a likely loss of productivity associated with staff anxiety during extensive change programs.

Fairfield City Council's Proposal – Fairfield City Standalone

Fairfield City Council already has a knowledgeable and highly skilled workforce. Of the respondents to a recent staff survey (528 respondents out of 749 staff), 43% of staff had a university qualification, 15% of which had a post graduate degree or higher. When asked their highest post school qualification only 11% had no formal qualifications. When looking at degree type, management and commerce (16%), engineering and related technologies (12%) and education (10%) were the most common fields. In addition to formal qualifications, language proficiency is recognised as an important skill. 45% of staff at Fairfield City Council speak a language other than English which assists with Council's language aid program to provide translation services for its community where 133 languages are spoken. While already a large Council, Fairfield City Council retains local knowledge about the community and the local area which will be difficult to retain within an amalgamated Council.

Fairfield encourages creativity and innovation across the organisation and a culture of active risk management. The delegations within Council facilitate the ability of staff to undertake independent decision making which in turn fosters an environment of creativity and innovation. Council supports ideas and programs which will provide benefits to the community.

An example of innovative practices includes commercial decisions to create alternate revenue streams for Council. These ventures include: the Sustainable Resource Centre, the commercial Property Development Fund and the Dutton Lane commercial retail development.

Another example includes Fairfield's service statements which were used in a best practice guide published by the Australian Centre of Excellence for Local Government (ACELG). As an early adopter of service reviews as part of its annual Integrated Planning and Reporting (IPR) regime, Council defined and costed all existing services and specified service levels. These services along with information on costs and service levels were able to be readily reviewed by senior staff and councillors to ensure efficiency of provision and alignment with priorities as set out in the Community Strategic Plan. Service levels can be altered either by phasing up or phasing down to achieve Council priorities and/or quantifiable savings, potentially increasing discretionary spending. This SIMALTO (Simultaneous Multi-Attribute Level Trade-Off) exercise is the result of Council's creative and innovative service level planning.

Example: Knowledge, Creativity and Innovation

WorkCover Audit Tool

Fairfield City Council was invited to participate in the pilot of WorkCover's Case Management Audit process in May 2014. Council identified a number of areas in the audit tool that WorkCover could improve and many of these improvements were incorporated in the final audit tool.

Community Development Team

Fairfield City Council has a technical expertise approach to address specific issues and hard-to-reach groups within its multicultural and disadvantaged community. These workers have an intimate knowledge of the local community, which would be lost in an amalgamated Council.

An amalgamated Council would be unlikely to maintain the level of personal contact with community groups and local concerns and will not be able to hold or transfer this knowledge to other organisations. Issues of concern for small areas or particular groups within the area will be diluted due to the number of competing issues. This dilution is likely to hide real issues faced by marginalised or vulnerable communities.

Work Health and Safety

Creation of a "Safety Leadership Team" promotes WHS knowledge and capability within the organisation. This has reduced the lost time injury rates across the organisation year on year and has contributed to Fairfield receiving a 100% result at its last WorkCover Audit.

Insurance and Risk Management

Foundation membership of WestPool and United Independent Pools risk management and insurance organisations comprising 10 and 20 councils respectively, both metropolitan and non-metropolitan.

They provide centralised risk management functions to:

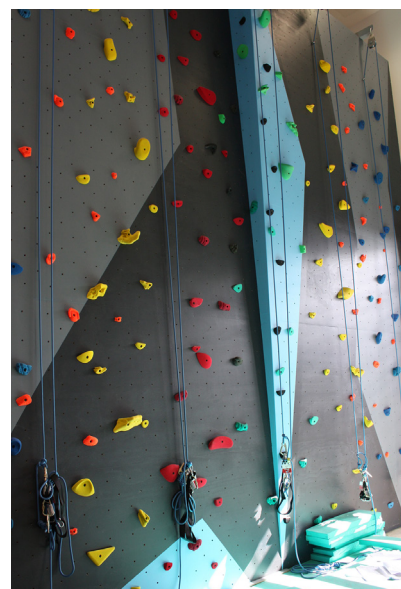
- Reduce insurance costs through bulk purchase of insurance.
- Centralise duplicated functions and obtain economies of scale and improved efficiency.
- Provide a focal point for the promotion and marketing of pools.
- Provide a forum for exchange of information, ideas and resources for the benefit of members.

Fairfield City Council is a self insured organisation for workers compensation

Mentoring of Youth

Council's mentoring of local youth to deliver local youth programs including the Bring It On! Festival which promotes youth engagement and activity in the area.

Fairfield Youth and Community Centre see reference on page 49



ELEMENT 5 - ADVANCED SKILLS IN STRATEGIC PLANNING AND POLICY DEVELOPMENT

Definition

Strategic planning in the context of IPR community strategic planning is the process by which a council with its community establishes a vision for the future of the local government area and develops goals, objectives, strategies and actions to achieve that future.

Assumptions

- An amalgamated Council will have greater access to skills in strategic planning and policy development.

Comments on the Assumptions

- The skills and capabilities to develop these plans have already been acquired or developed by councils in order to produce IPR and other strategic planning documents.
- Amalgamation will potentially alter the strategic direction under which current programs are in place and are yielding positive results for the community.
- Greater access to skills in strategic planning and policy development can be achieved through current and future strategic alliances.

Key Findings: Advanced Skills in Strategic Planning and Policy Development

The Fairfield standalone option is at least as good as the ILGRP's preferred option for amalgamation.

Fairfield City and Liverpool City Councils are already large Councils which have a wide range of issues within their communities that require staff to have advanced skills in strategic planning and policy development. The skills and capabilities to develop plans and policies for these different communities have already been acquired or developed to produce documents and plans which respond to local and regional priorities.

The involvement of the Councils in Western Sydney Regional Organisation of Councils (WSROC), WestPool, United Independent Pools and partnerships with other councils already provides significant sharing of skills in strategic planning and policy development.

The ILGRP's Preferred Option – Amalgamated Council

Both Fairfield City and Liverpool City are large councils with distinct strategic futures that already have skills in strategic planning and policy development. Both Fairfield City and Liverpool City Councils draw reference to the wider strategic framework that is planned for each LGA by the NSW and Federal governments within their respective strategic documents⁴⁶.

An amalgamated Council considering the differing strategic visions of Fairfield City and Liverpool City Councils will need to make compromises that will potentially result in many of the individual Council priorities being lost. There is a real risk that the necessary ability to implement the practices, projects and programs will not be feasible due to such different strategic directions for the two LGAs.

An amalgamated council with multiple and equally important priorities can either spread its time and resources or focus solely on one strategic priority. Focusing on multiple competing strategic priorities will likely negatively affect their implementation as the time and resources spend would be diluted. If the amalgamated council chose to focus solely on one strategic future, it is highly likely that this would be on growth and development. This attention on growth and development would result in detrimental outcomes for Fairfield residents.

Fairfield City Council's Proposal – Fairfield City Standalone

Fairfield City Council already has advanced skills in strategic planning and policy development in-house. Council's program of financial planning is a solid example of strategic planning to ensure that the needs of the community are met now and into the future.

Council was an innovator of Place Management as an approach to strategic planning and implementation. Council's implementation of the Integrated Planning and Reporting Framework saw that many aspects of the service review process was used in a best practice guide published by the Australian Centre of Excellence for Local Government (ACELG). Fairfield is unique in the way that it integrates cultural priorities within its strategic planning and also imports cultural issues into its policies.

As a pioneer in the outcomes approach to strategic planning and policy development since the 1990s, Fairfield has taken steps to ensure it provides an effective system of local government. The outcomes model has evolved and combined with the Place Management approach to develop anticipative capacity which is critical to strategic planning and policy development.

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 that is deserving of their respective communities. It is for these reasons that the standalone option is superior to the ILGRP's preferred option.

46. Fit for the Future – Stage 1 – Assessment – FCC Comprehensive Report – February 2015

Example: Advanced Skills in Strategic Planning and Policy Development

Place Management

Council was an innovator in undertaking Place Management as an approach to strategic planning and critically, the strategy and implementation nexus. It is for this reason that on a number of occasions, Council has been referenced by one of the most respected figures in Local Government, John Mant.

Gambling Legislation

Fairfield Council staff are acknowledged by the State Government as having expertise in the fields of gambling and alcohol legislation. The NSW government has sought out Fairfield Council staff for consultation and engagement in these fields. In addition, work by Fairfield Council on the application for additional Electronic Gaming Machines assisted in the clarification of gambling legislation in the decision on this application by the Chairperson of the Independent Liquor and Gaming Authority.

In 2014, The NSW Legislative Council established a Select Committee to inquire into and report on the Impact of Gambling on Individuals and Families in New South Wales. Fairfield City Council staff were invited to provide evidence at a public hearing conducted as part of this Inquiry.

Fairfield City Council staff were subsequently invited to provide evidence by the Office of Liquor, Gaming and Racing on the NSW parliamentary reforms arising from the Government's response to the 2013 Liquor Act review.

ILGRP's Alternate Option – Strategic Alliance

The involvement of the Councils in Western Sydney Regional Organisation of Councils (WSROC), WestPool, United Independent Pools and partnerships with other councils already provides significant sharing of skills in strategic planning and policy development.

A strategic alliance of south western Sydney councils would provide an additional forum for strategic planning and policy development particularly in relation to regional and subregional priorities (see Chapter 5 – Other options).

ELEMENT 6 - EFFECTIVE REGIONAL COLLABORATION

Definition

Regional collaboration can be defined as “an intentional, collective approach to address public problems or issues through building shared knowledge, designing innovative solutions, and forging consequential change”⁴⁷.

Assumptions

- An amalgamated Council will have better skills in regional collaboration leading to improved regional collaboration.

Comments on the Assumptions

- The size of the organisation is not related to the level of collaboration achieved.
- A focus on the process of amalgamation takes away the capacity to undertake regional collaboration.

Key Findings: Effective Regional Collaboration

The Fairfield standalone option is at least as good as the ILGRP's preferred option of amalgamation.

An amalgamated council has the same opportunity that currently exists with large councils such as Fairfield City and Liverpool City, to work effectively through regional collaboration. Joint partnerships and strategic alliances are initiatives that are currently utilised by Fairfield City Council to achieve positive outcomes.

Fairfield City Council currently undertakes effective joint regional collaboration and partnerships including WestPool, United Independent Pools and Western Sydney Regional Organisation of Councils (WSROC) covering insurance, risk management, procurement, environmental management and transport issues.

Regional collaboration is already successfully achieved and can be sustained without creating the disadvantages of amalgamation. Strategic alliances of the south west Sydney councils could further assist regional collaboration.

47. Norris-Tirrell and Clay, (2010), Strategic Collaboration in local government, A review of international examples of strategic collaboration in local government, Local Government Research Series, p2

The ILGRP's Preferred Option – Amalgamated Council

Both Councils are large and already collaborate with State and Federal bodies. An amalgamated Council may create additional opportunities for effective regional collaboration and be a single point of contact for State and Federal agencies. However, this can be achieved through the existing opportunities for collaboration or through the formation of strategic alliances (see Chapter 5 – Other Options).

The opportunity to undertake regional collaboration already exists for both Councils. An amalgamated Council is likely to be inwardly focused on the amalgamation process at the expense of regional collaboration on the wider regional issues.

Fairfield City Council's Proposal – Fairfield City Standalone

As a standalone council, Fairfield undertakes effective regional collaboration and participates widely in regional collaborative groups to focus on positive outcomes with the objective that council can achieve broader goals with effective partnerships.

Both Fairfield City and Liverpool City Councils are active members of WSROC which provides for effective regional collaboration and joint procurement. Examples of joint procurement include line marking and road signage, hardware, asphalt, bitumen and other road laying materials and services, electricity, street lighting, stationery, etc. Both Councils undertake collaboration and partnerships with NGOs and State and Federal bodies in the areas of transport, procurement, infrastructure, environmental issues, Aboriginal and Torres Strait Islander people, aged and disability, community safety and crime prevention, cultural development, grants and capacity building and youth.

Examples: Fairfield City, Liverpool City Council and others engaging together in joint regional collaboration

- Western Sydney Regional Organisation of Council (WSROC) and United Independent Pool and Westpool.
- Snowy Mountain Engineering Corporation (SMEC) for pavement management.
- Regional Illegal Dumping (RID) squad membership (a joint service for 7 Councils).
- Georges River Combined Councils Committee (GRCCC) with all councils along the Georges River.
- Joint tender for Receipt and Processing Household Clean Up Waste with Bankstown, Parramatta and Liverpool in 2014.
- Cabramatta Creek Wetland Plan of Management – Fairfield and Liverpool.
- WSROC projects
 - Western Sydney - Light Years Ahead project which is a joint grant funded project to replace 13,000 low energy efficient street lights with high energy efficient LED lights. There are nine Councils participating in the project including Blacktown, Fairfield, Parramatta, Liverpool, Penrith, Blue Mountains, Hawkesbury, Holroyd and the Hills.

- Western Sydney Residential Asbestos Disposal Scheme (2014), a joint project with Blacktown, Fairfield, Hawkesbury, The Hills, Liverpool, Parramatta and Penrith.
- Western Sydney Wood Smoke Reduction Program, a joint project with Auburn, Bankstown, Blacktown, Blue Mountains, Fairfield, Hawkesbury, Holroyd, Liverpool, Parramatta and Penrith.
- Review of the Western Sydney Airport EIS with most of the Western Sydney and Macarthur Regional Organisations of Councils.

Fairfield Adventure Park see reference on page 49



ELEMENT 7 - CREDIBILITY FOR MORE EFFECTIVE ADVOCACY

Definition

Recognition that Local Government is focused on representing its community's priorities, is well-informed and is a dynamic advocate for its Local Government Area.

Assumptions

- There will be a greater ability for effective advocacy through the creation of a larger council.
- Credibility is increased due to being seen as representing a larger population.
- An amalgamated Council is more likely to have "a seat at the table" and more influence on major issues.

Comments on the Assumptions

- Both Councils are already large (with populations nearing or over 200,000 residents) and have experience advocating for their respective communities.
- Fairfield City Council possesses a high level of credibility with State and Federal agencies.
- The amalgamated Council is likely to focus advocacy on Regional Centre and urban release area priorities at the expense of local issues.

Key Findings: Credibility For More Effective Advocacy

The Fairfield standalone option is superior to the ILGRP's preferred option of amalgamation.

Both Councils are already large and have experience advocating for their respective communities. Both Fairfield and Liverpool Councils have developed credibility with State and Federal agencies through the wide range of advocacy programs due to specialist knowledge and established community networks and contacts.

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.

The ILGRP's Preferred Option – Amalgamated Council

As large organisations, there is a high level of advocacy that both Councils already undertake in their current capacity. For this reason, both Councils have already attained credibility within State and Federal agencies.

The diversity and increased size of the LGA that comes with an amalgamation of Fairfield City and Liverpool City may enhance the credibility of the advocacy when it is being presented to other levels of government. However, with a larger population, the intimate understanding of each local community is likely to be reduced and there is a risk that the voice of disadvantaged minority groups will be lost.

Fairfield, has for many years, viewed its role as an advocate for its communities and has acted accordingly. It has undertaken advocacy for its disadvantaged community and the results have enhanced the credibility of the organisation. Liverpool's community has different priorities and for this reason, the advocacy and credibility achieved varies between the Councils. This is explored further in Chapter 4 – Social and Community Context.

Fairfield City Council's Proposal – Fairfield City Standalone

Fairfield City Council has established effective relationships with its community and high levels of trust, developed over many years of work with a reputation for being a strong and effective advocate (see examples below). Fairfield has advocated directly for its community and has advocated collaboratively with and through private, community and public sector partners to meet the needs of the LGA. While an amalgamated council may be able to ultimately advocate well, the risk of not succeeding in re-establishing community and multi-sector relationships and trust, which will take time, represents a cost that is not justified. For a large council such as Fairfield, the benefits of amalgamation do not outweigh the costs.

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.

For these reasons, the standalone option is superior.

Examples: Credibility For More Effective Advocacy

Southern Link Road

The Southern Link Road extends the State Governments Erskine Park Road Network through Fairfield City's Horsley Park. This road will service future employment lands in the surrounding Western Sydney Employment Area. Fairfield City Council participated in a working party established by the Department of Planning and Environment that included representatives from surrounding Councils and utility providers. Council successfully negotiated realigning the proposed route through Horsley Park so that the impact on the community and environment was significantly reduced. This was achieved with the support of surrounding Councils, State agencies and utility providers through the working party process.

Submissions

Examples of advocacy include the numerous submissions that Council has made to State and Federal Government inquiries e.g. on Community Relations, Ageing Reform, Affordable Housing, Bus Transport Routes, Employment Services Consultations and to the NSW Innovation and Productivity Council.

Representation

Representation on the Planning Ministers Local Government Regional Planning Directors Group.

Bonnyrigg Living Communities

Fairfield City Council worked in partnership with Housing NSW to prepare for the \$400 M redevelopment of the Bonnyrigg Estate. The revitalisation project was a new approach to public housing and was the first public private partnership aiming to improve housing and services while supporting the diversity, engagement and social cohesion of the area's community. Over 3,000 residents and 900 households were affected.

Housing NSW and Council worked together in a formal partnership from 2004 to achieve the objectives set by the NSW State Government. Council staff worked alongside staff from Housing NSW in the Bonnyrigg Living Communities Project Team to undertake extensive community consultation and capacity building to develop the revitalisation program in preparation for the redevelopment phase. The Project Team handed over the work to Bonnyrigg Partnership once this organisation was selected as the successful partner by the State Government and revitalisation of the area commenced.

Council's contribution to community consultation and commitment to community advocacy resulted in an invitation for Fairfield to be a member of the NSW Living Communities Consultative Committee. This Committee comprises peak housing agencies, academic experts on city development and tenants to provide advice to the Land & Housing Corporation on revitalisation projects and community consultation processes in redevelopment projects.

Review of Airport Environmental Impact Statement (EIS)

Fairfield City Council, in partnership with most of the Western Sydney and Macarthur Regional Organisations of Councils, is undertaking a review of the Western Sydney Airport EIS using independent consultants. This resulted in considerable savings to all involved as it is one cost shared across a number of councils.

ELEMENT 8 - CAPABLE PARTNER FOR STATE AND FEDERAL AGENCIES

Definition

Demonstrated capacity that a council can participate in State-Local consultation and operational partnerships.

Assumptions

- An amalgamated Council will have a “seat at the table” on major issues and more capacity to partner with State and Federal agencies.

Comments on the Assumptions

- As existing large Councils, both Fairfield City and Liverpool City are already capable partners with State and Federal agencies. This is evidenced through a long history of programs that both Councils implement in collaboration with these agencies.

Key Findings: Capable Partner for State and Federal Agencies

The Fairfield standalone option is at least as good as the ILGRP's preferred option of amalgamation.

As large and highly capable Councils, Fairfield City and Liverpool City are accomplished and successful partners of many State and Federal agencies. This capacity has been repeatedly demonstrated over time through the actions undertaken in partnership.

The capacity to partner with these agencies is already present and proven within both organisations and is unlikely to be enhanced with amalgamation.

The ILGRP's Preferred Option – Amalgamated Council

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.

The amalgamated Council's partnerships are likely to be focused on State and Federal government regional priorities. There is a risk that existing partnerships around specific local priorities will be lost in an amalgamated Council which has significantly altered priorities.

A good example of a partnership that will be at risk is Fairfield City Council's Health Partnership with NSW Health which specifically addresses the health issues associated with the disadvantaged community and social determinants of health (see example below).

Fairfield City Council's Proposal – Fairfield City Standalone

As a large Council, of 203,109 residents and a land size of 102km², Fairfield already effectively and successfully partners with many State and Federal agencies to service significant local and regional needs. This capacity has been repeatedly demonstrated over time through the actions undertaken in partnership.

Over many years, Fairfield City Council has received numerous grants from Federal and State Governments to implement projects due to its reputation for and experience in actual delivery of programs and achievement of results.

As this capacity to partner with these agencies is proven over many years the standalone option is at least as good as the ILGRP's preferred option. This is demonstrated by the following examples:

Examples: Capable Partner for State and Federal Agencies

Healthy Communities Initiative (HCI)

Council received a grant of \$975,000 over 3 years from the then Federal Department of Health and Ageing to run Health Promotion programs to address nutrition and physical activity as part of the Healthy Communities Initiative. This grant application was developed in consultation with the South West Sydney Local Health District and demonstrated the benefit of working collaboratively with NSW Government agencies to address common issues and attract Commonwealth funding. Fairfield City Council has assisted the Local Health District in the implementation of Commonwealth health funding for children and workers. This demonstrates Council's high capacity to engage effectively with State, and other agencies.

Health Partnership with NSW Health

The Fairfield Health Partnership was established over 20 years ago in response to the need for improved health facilities to address the very poor health outcomes experienced by the residents of Fairfield. This Health Partnership has been recognised as a finalist in the Patient Safety Awards held within the South West Sydney Local Health District. The Fairfield Health Partnership is one of the most successful partnerships between Health and Local Government in NSW and reflects the ability of Fairfield local government to work effectively with the State government. Fairfield residents have some of the poorest health outcomes of any area in NSW primarily caused due to the high level of disadvantage in the area.

Bonnyrigg Living Communities

Council's contribution to community consultation and commitment to community advocacy resulted in an invitation for Fairfield to be a member of the NSW Living Communities Consultative Committee. This Committee comprises peak housing agencies, academic experts on city development and tenants to provide advice to the Land and Housing Corporation on revitalisation projects and community consultation processes in redevelopment projects. The Committee has provided confidential and expert advice and acknowledges Fairfield City Council's ability to engage and work with State Government and peak industry organisations on high level and 'big picture' issues.

Housing NSW Partnership

Fairfield City Council and the then Department of Housing established a partnership to promote healthy communities. The Strategic Partnership commenced in 2004 to harmonise the strategic direction of policy development in each organisation, identification of priority projects and to support the strategic outcomes of each organisation. This Strategic Partnership engaged with the Director General of Housing, indicating the ability of Council to work in cooperation with the State Government at a high level to provide improved outcomes to benefit to the residents of Fairfield.

Flood Management

'Restoring the Waters' was an innovative project removing over 2 kms of concrete drainage channel and restoring the natural water course. The project has received significant accolades and awards as follows:

- Awarded the International Erosion Control Association's Environmental Achievement Award of Distinction 2001.
- Awarded the Outstanding Achievement in Landscape Architecture from the NSW & ACT Australian Institute of Landscape Architects Project Awards for Excellence 1997.
- Shortlisted as one of three finalists in the 2001 Eureka Prize for Engineering Innovation by the Institution of Engineers Australia; and
- Received High Commendation Award by the Stormwater Industry Association 2001.

Cabramatta Project

This was one of the first significant collaborations between Local Government and State agencies on a large scale, beginning in the late 1990's. Fairfield City Council partnered Premier's Department, the Police Department, the Department of Community Services and a number of local and regional agencies specialising in crime, drug use and other social issues to address significant community problems. At that time, there were significant crime problems associated with the use of illicit drugs. Cabramatta was considered an unsafe and undesirable place and it suffered from a very negative public image. The Cabramatta Project was instrumental in ensuring innovative strategies could be devised and actions could be put in place to remedy the problems. This included one of the first major CCTV installations with live monitoring in the country. In the years since,

Cabramatta and surrounds have returned to safe, vibrant places where multicultural communities thrive and co-exist in harmony.

Intergovernmental Sub-Committee on Drugs

In the early 2000s, Fairfield City Council was invited to participate in the Intergovernmental Sub-Committee on Drugs which was a Federal sub-committee reporting to the Ministerial Council on Drugs (MCD). The MCD was the body responsible for making recommendations to the Federal Government on the National Drug Strategy. Fairfield City Council participated on this Sub-Committee for a number of years through the 2000s.

Roads and Maritime Services (RMS)

Council regularly receives grant funding from the RMS to undertake roads projects with short timeframes due to the recognition that Fairfield has demonstrated the capacity to undertake this work with in-house resources. For example:

- In May 2011, Council was offered \$600,000 to construct a Shared Use Pathway (cycleway/walkway) on Elizabeth Drive with the condition that the works be completed by 30 June 2011. Council was assured of a further \$400,000 if it met this condition, which it did.
- In 2014/15 Council project managed the design of a cycleway on The Horsley Drive on behalf of the RMS.
- In mid-June 2014/15, Council was offered \$70,000 to construct a Shared Use Path on Cowpasture Road and a further \$47,500 to provide a footpath on Fairfield Street with both projects to be completed by the end of the financial year.
- In 2014/15 Council was requested by the RMS to prepare and submit project proposals to the Federal Government for funding under the Western Sydney Infrastructure Plan, under its Local Roads Package associated with the Western Sydney Airport. Council successfully undertook this task, within a record three month period. Council was successful in obtaining grants amounting to \$5.4 M for the Cumberland Highway Upgrades and \$7.8 M for the Wetherill Street upgrade.
- Council also operates a separate consulting division, Fairfield Consulting Services, which has undertaken numerous projects on behalf of the RMS and other local Councils such as Liverpool, Strathfield and Ryde.

The ILGRP's Alternate Option – Strategic Alliance

Fairfield standing alone successfully achieves the objectives of this key element. 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 (see Chapter 5 – Other Options).

Gyms in Parks (Healthy Communities Initiative) see reference on page 71



ELEMENT 9 - RESOURCES TO COPE WITH COMPLEX AND UNEXPECTED CHANGE

Definition

Resources to cope with complex and unexpected change involves councillors, staff, finances and other assets. A dynamic organisation with resilience, a positive culture, effective policies and partnerships is also necessary to cope with change.

Assumptions

- An amalgamated Council will have greater access to and a higher level of resources.

Comments on the Assumptions

- This falsely assumes that large Councils such as Fairfield City and Liverpool City do not already possess sufficient resources to effectively respond to new demands and emergencies.

Key Findings: Resources To Cope with Complex and Unexpected Change

The Fairfield standalone option is at least as good as the ILGRP's preferred option of amalgamation.

As two large Councils both Fairfield City and Liverpool City already have sufficient and demonstrated capacity to respond to complex and unexpected change.

A council with a population of 532,900 such as the amalgamated Council, is likely to be less agile in responding to complex and unexpected change.

Fairfield City Council's capacity to cope with complex and unexpected change has been proven over many years.

The ILGRP's Preferred Option – Amalgamated Council

An amalgamated Council would have greater resources to apply to complex and unexpected change. However, there would also be greater demands to draw on those resources thereby reducing capacity.

Additionally, a council with a population of 532,900 such as the amalgamated Council, is likely to be less agile in responding to complex and unexpected change⁴⁸.

Fairfield City Council's Proposal – Fairfield City Standalone

Fairfield City Council has demonstrated capacity to cope with complex and unexpected change. This has been achieved through many years of experience, a sound financial position, a large workforce, significant assets and ability to draw on their reserves or take out loans for unexpected projects.

There is also a focus on capability building through multi skilling, training and opportunities for secondments. Cross-organisational communication is supported as a way of scanning for emerging issues and maintaining the organisation's anticipative capacity.

Council has shown its ability to respond to complex and unexpected change in a number of different ways.

Examples: Resources To Cope with Complex and Unexpected Change

- Responsiveness to changing community needs by introducing new services or altering its levels of service
 - City Connect Bus – Council introduced a free bus service across the City in response to community concerns about poor public transport.
 - Waste Enforcement Group – Council dedicated staff resources to address illegal dumping problems in the City.
 - Significant community projects - in response to the community's priority for more activities for children and youth, Council is constructing a \$7.5M Waterpark, \$8M Youth Centre, \$1.5M Adventure Park (see page 49) and is extending the opening hours of its libraries with the possibility of a 24/7 operation.
 - Council adapts its services to new waves of migration to ensure relevant culturally appropriate services are provided.
- As an area subject to significant flood risk, Council has often responded effectively to natural disasters.
 - Council maintains trained personnel and other resources which are provided to the appropriate lead agencies in an emergency situation.
- Council has responded to changes in legislation and funding levels.
 - Swimming pools inspections program – new State government legislation requires councils to undertake an extensive program of inspections. Through a restructure Fairfield was able to respond

48. PriceWaterhouseCoopers, (2006) National Financial Sustainability Study of Local Government PriceWaterhouseCoopers, 2006, p149

to these changes within existing staff resources.

- Council has met its new legislative requirements for example GIPPA and IPR.
- Grant opportunities - Council has taken advantage of significant grant opportunities to introduce new services and projects for the community such as \$8 M from the Federal government for the Fairfield Youth and Community Centre and \$975,000 for the Healthy Communities Initiative to improve the health of disadvantaged communities.
- Grant reductions – A recent example are the decisions by the Federal and State governments to reduce the 2014/15 Federal Assistance Grant to Fairfield City Council by around \$800,000 which required changes in a number of services which were already identified in Council's adopted Operational Plan.
- Council constantly reviews and evolves its organisational structure to meet the demands of its community.
 - Council's organisational structure has been streamlined for more effective service delivery, efficiencies and cost containment.
- Development of an organisational culture program based upon constructive behaviour and a strong learning and development framework.
 - Part of Council's culture is a focus on community outcomes. This supports a flexible approach that responds to complex and unexpected change.

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

ELEMENT 10 - HIGH QUALITY POLITICAL AND MANAGERIAL LEADERSHIP

Definition

Highly skilled mayors, councillors and executive teams, work together to take initiative and ownership of issues required to service the needs of the local community.

Assumptions

- An amalgamated Council will have more capacity to attract higher quality elected members and staff due to a greater level of resources and a higher profile.

Comments on the Assumptions

- Quality of elected members and staff is not solely determined by the size of a council.
- Fairfield City and Liverpool City as large Councils already have capacity to attract quality elected members and staff.
- In an amalgamated Council local representation will be reduced potentially resulting in a loss of quality political and managerial leadership.

Key Findings: High Quality Political and Managerial Leadership

The Fairfield standalone option is at least as good as the ILGRP's preferred option of amalgamation.

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.

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 council's workplace culture.

There is a strong understanding of the distinction between roles and responsibilities of managers and elected officials. This means that councillors perform their roles as elected members and collaboratively work with managers to achieve outcomes for their constituents. This partnership between management and councillors ensures that the organisation runs effectively.

The ILGRP's Preferred Option – Amalgamated Council

An amalgamated Council will have more resources and possibly a higher profile, which may or may not result in a greater capacity to attract higher quality elected members and staff. Size alone will not guarantee any particular result in this regard.

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. Fairfield City and Liverpool City are already at a size where they are large enough to ensure high quality political and managerial leadership whilst still maintaining strong local representation and connection to local issues.

Fairfield City Council's Proposal – Fairfield City Standalone

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. Organisation surveys show that Council has attracted and retained staff from across Sydney and surrounds. 63% of staff commute from outside the Fairfield LGA from locations including Wollondilly, the Blue Mountains, Wyong, the City and surrounding suburbs.

Fairfield City Council continually conducts learning and development programs to maintain high quality political and managerial leadership. This includes regular councillor briefings, reports to formal Committees and Council meetings and an extensive organisation learning and development program. Areas of learning and development incorporate community leadership, emerging leadership and executive leadership.

Elected members and staff have experience within Local and State government, the private sector and in NGOs. This demonstrates the diversity in experience and the quality of managerial leadership within Fairfield City Council. Fairfield City's Councillors continually demonstrate they are attuned to the needs of the local community and combined with their community leadership this results in high quality outcomes for the community.

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 Council's workplace culture.

There is a strong understanding of the distinction between roles and responsibilities of managers and elected officials. This means that councillors perform their roles as elected members and collaboratively work with managers to achieve outcomes for their constituents. This partnership between management and councillors ensures that the organisation runs effectively.

Example: Political and Managerial Leadership

Board Positions

Elected members have held various executive board positions in leading industry organisations over many years, such as Local Government NSW (formerly the Local Government Association of NSW), Sydney Metropolitan Mayors, Western Sydney Regional Organisation of Councils (WSROC), WestPool and the former Prospect County Council.

Best Practice

Best practice in leadership development was examined by the Australian Centre of Excellence for Local Government (ACELG) in April 2015, with Fairfield City Council selected as one of the 8 councils across Australia to participate⁴⁹. Good practice was identified as having a values based leadership ethos, a support structure and measuring progress of individuals. This is evident in Fairfield's continued focus on quality leadership development.

IHAP and Audit Committee

Fairfield City Council was one of the first councils to form and utilise an Independent Hearing and Assessment Panel (1999) for the independent assessment of development applications and an Audit Committee (2005) prior to the requirement being placed on councils.

Quality Management

Fairfield City Council has adopted a Quality Management System ISO 9001:2008. This commitment to Quality Management includes external auditing by BSI and certification.

49. Council approaches to leadership: Research into good practice, Australian Centre of Local Government and UTS: Centre for Local Government, 2015. The other councils selected to participate: Knox City Council (Vic), Logan City Council (QLD), Maroondah City Council (Vic), City of Marion (SA), City of Melville (WA), Randwick City Council (NSW) and City of Salisbury (SA)

CONSISTENCY WITH REGIONAL AND STATE-WIDE OBJECTIVES

In its final methodology, IPART stated it will examine the proposal's "consistency with the broader regional and state-wide objectives of the ILGRP's preferred option"⁵⁰.

ILGRP's objectives, for Metropolitan areas are⁵¹

1. Create high capacity councils that can better represent and serve their local communities on metropolitan issues, and be true partners of State and Federal agencies.
2. Establish a more equitable pattern of local government across the metropolitan area, taking into account planned development.
3. Underpin Sydney's status as a global city.
4. Support implementation of the Metropolitan Strategy, especially the planning and development of major centres and the preparation and implementation of sub-regional Delivery Plans.

Through the initiatives that Council undertakes and partnering with neighbouring councils and agencies Fairfield City Council delivers results that are consistent with the regional and state-wide objectives of the ILGRP's preferred option of amalgamation.

1. Create high capacity councils that can better represent and serve their local communities on metropolitan issues, and be true partners of State and Federal agencies.

Fairfield City Council is a large high capacity Council which has successfully demonstrated its ability to be financially sustainable, represent the local community and be a capable partner for State and Federal agencies. Examples of Council's high capacity have been provided throughout its Fit for the Future Improvement Proposal and Business Case.

Satisfaction with Fairfield City Council's services was a determining factor in 91% of residents and 82% of businesses supporting the Fairfield standalone option during the Fit for the Future consultation process. This shows that Council already successfully represents and serves the community on important issues.

Fairfield City Council's IPR documents have integrated long term strategic initiatives of the State and Federal governments. These initiatives are delivered for the community and their progress is regularly reported to the community.

2. Establish a more equitable pattern of local government across the metropolitan area, taking into account planned development.

In its final report, the ILGRP noted that "without changes to council boundaries there will be an increasingly severe imbalance in the structures of local government between eastern and western Sydney: by 2031 the 28 councils east of Parramatta will have average populations of 108,800, whilst the 13 to the west will average 212,900."⁵²

50. Methodology for Assessment of Council Fit for the Future Proposals, IPART, June 2015, p33

51. Methodology for Assessment of Council Fit for the Future Proposals, IPART, June 2015, p33

52. Independent Local Government Review Panel, (2013) Revitalising Local Government, p98

Fairfield City and Liverpool City are already large Councils with existing scale and capacity. If the aim of the State government is to establish a more equitable pattern of Local Government across the metropolitan area there may be merit in considering amalgamation of smaller LGAs.

3. Underpin Sydney's status as a global city.

The initiatives from A Plan for Growing Sydney will enhance Sydney's status as a global city. Sydney's status as a global city will be further supported through the development of Parramatta into the second CBD, the development of three regional centres (Penrith, Liverpool and Campbelltown - Macarthur) and other strategic centres for growth and employment (see Figure 13).

Fairfield City Council's role in this process is to partner with surrounding councils on regional and sub-regional issues through strategic alliances.



Figure 13 Plans for Greater Sydney: CBD, Strategic Centres and Regional Cities⁵³

4. Support implementation of the Metropolitan Strategy, especially the planning and development of major centres and the preparation and implementation of sub-regional Delivery Plans.

'A Plan for Growing Sydney' incorporates the strategies from the Metropolitan Plan for Sydney (2036)⁵⁴. In this plan, Fairfield City is identified with the south west subregion of Camden, Campbelltown, Liverpool and Wollondilly. The priorities for this subregion include:

53. Source for this figure is a Sydney Morning Herald Article <http://www.smh.com.au/content/dam/images/1/2/7/0/o/8/image.related.articleLeadwide.620x349.126umi.png/1418641859085.jpg>

54. Metropolitan Plan for Sydney, 2036, 2010

1. A competitive economy;

Recognise and strengthen the subregion's role in Sydney's manufacturing, construction and wholesale/logistics industries by maximising existing employment lands particularly in Fairfield and Liverpool.

2. Accelerate housing supply, choice and affordability and build great places to live; and

3. Protect the natural environment and promote its sustainability and resilience.

A competitive economy

Fairfield City has an important role in supporting its key centres:

- Fairfield – a major retail and commercial centre.
- Cabramatta – a major tourist and food and restaurant centre.
- Prairiewood – a future major centre with existing retail, hospital and significant State government landholdings.
- Smithfield-Wetherill Park Industrial Area – one of the largest industrial and employment estates in the southern hemisphere.

Fairfield City's business community comprises 13,840 local businesses which generate \$7.5B to the GRP and provides the majority of jobs for residents and the wider commuting population⁵⁵. The City enjoys a relatively broad economic structure and diversification with a specialisation in manufacturing.

The City continues to provide a start-up base for small businesses through access to the industrial areas in Smithfield and Wetherill Park, as well as in the town centres, and lower rates compared to adjoining LGAs. These local businesses are supported by Fairfield City Council's Place Management and Economic Development Team.

Accelerate housing supply, choice and affordability and build great places to live

Through the implementation of the community priorities in the Fairfield City Plan (Community Strategic Plan) Fairfield City Council continues to make the LGA a great place to live.

The number of residential building approvals in the LGA increased from 474 in 2012/13 to 729 in 2013/14⁵⁶ which shows that there is a fair level of activity and investment in the area. The continued review of Council's planning framework is seeking to assist to increase housing supply according to targets set by the State Government.

The Fairfield LGA is a developed area with a high level of diversity in housing choice compared to the Sydney south west area. In the Fairfield LGA, 73% of dwellings are separate houses, 18.3% are medium density dwellings and 7.7% are high density dwellings. High density is particularly evident in the Fairfield CBD and Prairiewood.

55. <http://economy.id.com.au/> (2014)

56. <http://profile.id.com.au/>

Housing in the Fairfield LGA is relatively more affordable than other areas in metropolitan Sydney. However, housing affordability is still a relevant issue as 67% of Fairfield residents are in the “lowest” or “medium lowest” income group compared to 47% in greater Sydney⁵⁷.

Protect the natural environment and promote its sustainability and resilience

A key theme that the community has identified in the Fairfield City Plan (Community Strategic Plan) is environmental sustainability. Fairfield City Council is committed to delivering many environmental strategies to protect the natural environment and promote sustainability and resilience⁵⁸.

Fairfield City Council has undertaken many environmental projects to improve the natural environment. Examples of these include⁵⁹:

- Purchasing portable CCTV cameras and hand-held tracking devices were to combat illegal dumping and littering in Fairfield City.
- Planting 6,000 native plants to offset greenhouse gas emissions for various events and new developments.
- Reducing Council’s electricity consumption by 10%, compared to the same period the previous year, through the installation of solar panels on various Council buildings.
- Undertaking works on 60 sites across the City to reduce weeds, increase biodiversity, creek and bush regeneration and provide cleaner waterways.
- Removing over 145 tonnes of rubbish from local creeks and gross pollutant traps.
- Providing education to the community on waste and sustainability issues. This resulted in 3,862 residents participating in 133 waste and sustainability educational activities.

57. <http://profile.id.com.au/>

58. Fairfield City Plan (2012-2022), p30 - 33

59. Fairfield City Council Annual Report 2013-2014, p30