



City of Canterbury
City of Cultural Diversity



Fit for the Future


The City of Canterbury

Improvement Proposal
June 2015



City of Canterbury

City of Cultural Diversity

Contents

Executive Summary	5
1 Introduction	7
2 Social and Community Context	8
2.1 City of Canterbury	9
2.2 Canterbury City Council	10
2.3 Our Journey So Far	12
2.4 SWOT	14
3 Merge or Improve?	16
3.1 Community Engagement	17
3.2 Merger Opportunities	20
4 Are We Fit for the Future?	22
4.1 City of Canterbury	23
4.2 Canterbury and St George	42
4.3 Canterbury and Bankstown	51
5 Improvement Plan	52
5.1 Objectives and Strategies	53
5.2 Action Plan	56
5.3 Implementing the Action Plan	57
Attachments	58

We support Local Government
reform, but oppose
'forced amalgamations'.



CITY OF
CANTERBURY

www.canterbury.nsw.gov.au

Executive Summary

The City of Canterbury is committed to local government reform. We have been active participants in the local government reform process which commenced with the Destination 2036 meeting in Dubbo in 2011.

The Independent Local Government Review Panel (ILGRP) provided the following recommendations for the City of Canterbury:

- Amalgamate with Hurstville, Kogarah and Rockdale; or
- Combine as a strong Joint Organisation including Sutherland; or
- An alternative for Canterbury could be to amalgamate with Bankstown.

Council signalled its preferred position by way of a resolution, stating its position is to continue its stand-alone existence and that if an amalgamation is the only available option this should be pursued with one or more of the St George councils, not Bankstown.

In the spirit of the reform agenda, we have consulted extensively with our community on all possible options, and have undertaken detailed assessments of all of the recommendations of the ILGRP, including a stand-alone option.

Our assessment has indicated we are Fit for the Future and will meet all of the criteria by 2021.

We have pursued merger options with all our potential merger partners, and taken a lead role in regional collaboration to explore the potential for Joint Organisations. Despite these efforts, Bankstown, Hurstville, Kogarah and Rockdale councils have all resolved to stand alone, leaving us with no option but to submit an Improvement Proposal for the City of Canterbury to stand alone. Detailed internal analysis, independently verified by consultants Morrison Low, shows that our proposal to stand alone is superior to either of the merger options in meeting the Fit for the Future criteria.

Our proposal to stand alone is consistent with the preference expressed by our community, as outlined in the outcomes from an extensive community consultation process.

Standing alone the City of Canterbury will meet the Fit for the Future criteria. By any measure, a stand-alone option for the City of Canterbury is the preferred option and is demonstrably superior to the other options.

We are in a strong position and ready to take a lead role in any future council merger plans proposed by the NSW Government.

Canterbury: Fit for the Future

We are willing to merge but to date our neighbours have rejected a merger. This meant our only option was to lodge a stand-alone submission.

1. Introduction

Fit for the Future is the NSW Government's response to the recommendations of the Independent Local Government Review Panel (ILGRP). The Fit for the Future program is about enabling each council to create its own roadmap of how it will become sustainable in the context of their local community. A Fit for the Future council is one that is: sustainable; efficient; effectively manages infrastructure and delivers services for communities; has the scale and capacity to engage effectively across community, industry and government.

As a consequence the NSW Government has asked all NSW local councils to prepare a submission outlining how they are or will become Fit for the Future. The submission must be lodged with the Independent Pricing and Regulatory Tribunal (IPART) by 30 June 2015.

A key feature of a Fit for the Future council is scale and capacity. The NSW Government considers this to mean adopting the recommendations for council mergers made by the ILGRP. The preferred option of the ILGRP for the City of Canterbury is to amalgamate with the St George councils (Hurstville, Kogarah and Rockdale), to achieve a projected population by 2031 of 491,500. The ILGRP's rationale for this preference was: the close functional interaction between the councils, existing economic and social links, and the need for unified local government to support community development, planning and management of the major centres, foreshores and the overall development of the area. The ILGRP suggested an alternative for Canterbury could be to amalgamate with Bankstown, but did

not outline a rationale for this. The ILGRP also recommended exploring the potential for a Joint Organisation with the St George Councils.

Our assessment indicates we are Fit for the Future and will meet all of the criteria by 2021. However consistent with our commitment to the local government reform process we explored all the options recommended by the ILGRP. We have pursued merger options with all our potential merger partners, and taken a lead role in regional collaboration to explore the potential for Joint Organisations. Despite these efforts, Bankstown, Hurstville, Kogarah and Rockdale councils have all resolved to stand alone, leaving us with no option but to submit an Improvement Proposal for the City of Canterbury also to stand alone.

This Improvement Proposal outlines how we are Fit for the Future. It describes our efforts and demonstrates our willingness to explore the merger options recommended by the ILGRP, outlines the results of our community engagement, details the analysis we and our consultants Morrison Low have undertaken by our own staff to determine our position in relation to the Fit for the Future criteria, and includes an Improvement Plan to ensure we continue to rise to the challenge to be a fit leader of our community well into the future.

Social and Community Context

2

2.1 City of Canterbury

Located just 17 kilometres south-west of the Sydney CBD, the City of Canterbury is known for its many diverse cultures, friendly people, exotic foods, great restaurants, and unique shopping experiences. There are scenic parks, historical sites, and an extensive range of sporting and recreational facilities - Canterbury Park Racecourse, Belmore Sportsground, and Morris Iemma Indoor Sports Centre just to name a few. With an area of 34 square kilometres, the largely residential City has 17 suburbs including open space corridors surrounding the Cooks River in the north-east, Wolli Creek in the south, and Salt Pan Creek in the west.

Originally inhabited by Aboriginal communities from the Badiagal people of the Dharug nation, the City of Canterbury now has a very culturally diverse population with residents from over 150 different countries. Almost half were born overseas - 45% in countries where English is not the first language, and 64% speak a language other than English at home. The City has a very high population density with almost 152,000 residents living mostly in houses and two- or three-storey units.

There are excellent public transport and road networks throughout the area. Major retail precincts include town centres in Belmore, Campsie, Earlwood, Lakemba and Punchbowl, and Roselands Shopping Centre. There are smaller centres in Belfield, Canterbury, Hurlstone Park, Narwee, and Wiley Park. Major industrial

precincts include Canterbury, Kingsgrove North and Riverwood. Canterbury Hospital is also a focus for associated medical facilities and services. The City is geographically well placed, close to services, and major transport links including the M5 motorway, King Georges and Canterbury Roads, freight rail lines, Port Botany and Sydney airport. The Sydney CBD is just a short drive or train ride away.

The City is growing. After a decline in population in the five years to 2006, the population has grown by almost 10,000 in the five years to 2011, at an average of 1.3% per year. By 2023 the population is forecast to grow to at least 157,000, and to 178,500 by 2031. Higher density now proposed in the Sydenham- Bankstown Rail corridor could result in the population reaching 200,000 by 2031. This will require a significant increase in the number of dwellings and jobs in the City. Canterbury also has the highest population density of any NSW local council over 100,000 residents.

Canterbury's built environment is characterised by a high quantity of residential land, and some industrial areas on the perimeter of the council area. A number of older residential areas have the potential for redevelopment to accommodate population and housing growth. Canterbury Road has also been identified as a Potential Enterprise Corridor, and an important local employment focus.

2.2 Canterbury City Council

Canterbury City Council is responsible to its community through the Community Strategic Plan to achieve real improvements in the quality of life for people living and working here. It is led by a popularly elected mayor supported by 9 councillors elected in three wards. With an annual expenditure of \$110 million, council is responsible for a wide range of services and infrastructure including roads, community facilities, libraries, parks, garbage removal, urban planning, and development.

We maintain 27 sports grounds, 95 play grounds, 217 passive open spaces, 114 drainage reserves and 4 bushland reserves. A highlight is the Riverwood Wetlands, an area which since 2004 has been totally transformed from an old and under-used paddock into a popular recreation site for people of all ages. Works have included construction of wetlands, walkways and cycleways around an ornamental pond, landscaping and gardening, a new car park, additional automatic toilets and community gardens.

We are proud of our waterways, and have a built a cycleway along the Cooks River for people to discover the natural beauty of our City. In addition to having a large range of recreation and leisure facilities, we cater for the diverse range of people and cultures that make up our community, with dedicated services for the aged, children and youth. We also offer a wide range of multicultural services and facilities for

our culturally diverse community. We provide services to children including Family Day Care, four Early Learning Centres and an Occasional Care service. We have a central library in Campsie, and three branch libraries in Earlwood, Lakemba and Riverwood, with 140,000 items available for loan including 26,000 in other languages.

Our waste and recycling system includes collection of rubbish, recycling and garden vegetation, and has been significant in reducing the amount of rubbish sent to landfill. In addition the amount of materials collected in our City for re-use has virtually doubled since 2002. Council, like many of its counterparts, is also investigating Alternative Waste Technologies for the future of waste management in our City.



Punchbowl Community Centre



Campsie Library



Aquatic and Fitness Centre - Tasker Park

Our major facilities include:

- Aquatic and Fitness Centres at Roselands and at Tasker Park, Canterbury
- Belmore Sports Ground, and Morris Iemma Indoor Sports Centre
- Canterbury Golf Course at Kingsgrove (9 hole)
- Wiley Park Amphitheatre
- Belmore Youth Resource Centre
- Early Learning Centres at Earlwood, Hurlstone Park, Lakemba and Punchbowl
- Libraries at Campsie, Earlwood, Lakemba and Riverwood.
- Punchbowl Multipurpose Centre
- Community Centres - Canterbury City Community Centre, Earlwood Caring Community Centre, Riverwood Community Centre, six Senior Citizens Centres and The Carrington Centre.

2.3 Our Journey So Far

We have effectively managed our infrastructure and delivered services in a financially sustainable manner for many years. Our Roads and Footpaths Levy which ran for five years up to 2005 provided additional funds for road and footpath infrastructure renewal. In 2004-05 this was replaced by a 15 year Infrastructure Renewal Levy, also securing additional funding for infrastructure renewal.

Since 2008 we have put a very strong emphasis on strategic financial planning, robust financial management, and efficiency. Through our Service Review Program, which commenced in 2008, we have worked hard to manage our expenses, and maximise revenue in recent years. Reviews of specific services have included childrens' centres; library operations; aquatic centres; workshop operations; parks and property; waste collection; street cleaning; tree maintenance; building cleaning.

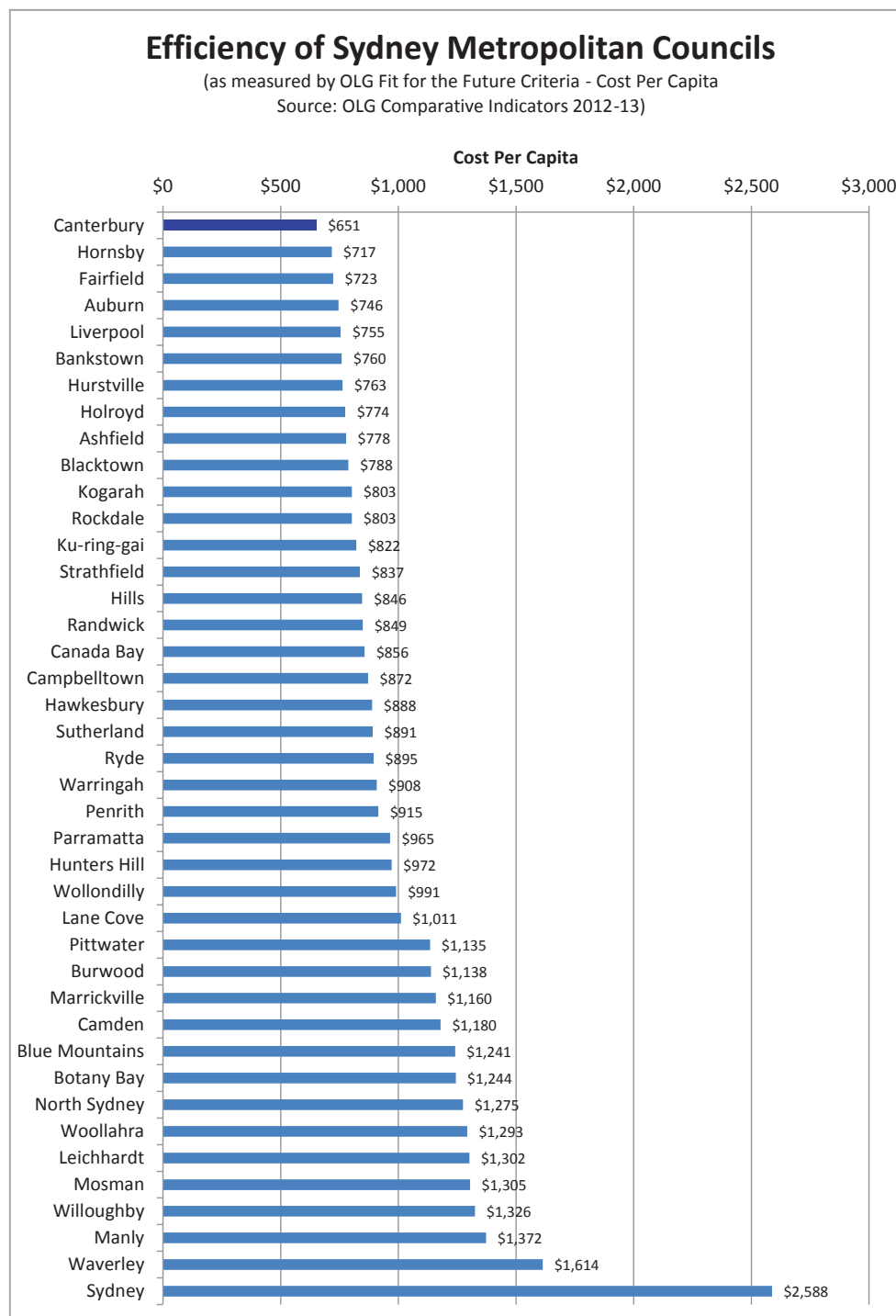
In 2011 we undertook a further financial sustainability review, which resulted in the implementation of additional efficiencies and revenue opportunities totalling more than \$1 million per year. Together the Service Review Program and Financial Sustainability Review have achieved savings in employee costs of more than \$5 million per year alone. Combined with our Integrated Planning and Reporting Framework we have consistently met community expectations for infrastructure provision and services whilst achieving significant efficiencies,

to the point where we now have the lowest cost per capita of any Sydney Metropolitan council

In 2013-14 we applied for and were successful in receiving approval for a Special Rate Variation, which has significantly improved our revenue base. In preparing the application we engaged our community in the 2013 Rates and Services Review, which over a period of 12 months explored options for changes in the range and level of services, and the means to fund these. The Review aimed to determine the appropriate levels of service and infrastructure condition; whether or not some services should continue to be provided, and if not, which ones should be discontinued and when; and the level of a increased revenue through the Special Rate Variation our community would be willing to accept.

These initiatives, started well before the Fit for the Future program was announced, represent our long standing commitment to responsible financial management and sustainability as an independent sphere of government - delivering quality services in the context of sound financial and asset management. What follows is an evaluation of our performance as we look to build on past successes to continue to be Fit for the Future.

Figure 1: Efficiency of Sydney Metropolitan Councils (OLG Comparative Indicators 2012-13).



2.4 SWOT Analysis

2.4.1 Strengths

- Excellent access to Sydney CBD, variety of transport networks and services; highly desirable location on the edge of Sydney City; high population growth, high level of development.
- Excellent track record in consistently delivering quality services to a highly diverse community with a wide range of services, well established delivery processes, innovative solutions, and credibility with our community.
- Highly effective community engagement processes providing a wide range of opportunities for access and participation for an extremely diverse community.
- Qualified, experienced and skilled workforce with a high level of commitment, particularly in assets and financial management, and an experienced leadership team.
- Leaders in regional cooperation, leading member of SSROC and founding member of Sydney Metropolitan Mayors.
- Commitment to continuous improvement evidenced by Service Review Programs, and Business Improvement Program.
- Strong focus on financial sustainability and sound financial management.
- Proven capability to manage and deliver projects on behalf of other levels of government.

2.4.2 Opportunities

- Capitalise on future expected population growth and higher density; we are reviewing our LEP and DCP to integrate with the Department of Planning's requirements.
- Collaboration regionally for sourcing income, reducing costs and delivering projects.
- Growth in value of property assets, and capacity for rationalisation of property assets to generate income.
- Improving the urban environment through urban planning.
- Further developing community and organisational leadership.
- Investment and commercial activities to generate revenue.
- Partnering with the private sector such as PAYCE Communities to deliver new developments and services for our City.
- Improving community engagement through digital technologies.
- Low debt and ability to capitalise on a low interest environment.

2.4.3 Threats

- Cost shifting from State and Federal Governments.
- Loss of direct funding from State and Federal Government.
- Uncertainty in the economic environment.
- Potential for disharmony in the community.
- Climate change and other environmental impacts.

2.4.4 Weaknesses

- Ageing infrastructure.
- Ability to increase revenue outside property rates is constrained by opportunity and legislation and low income population.
- Dispersed locations of staff.
- Increasing demands and pressure on IT infrastructure.

MERGE OR IMPROVE?

This section outlines what we have done to explore the merger options recommended by the ILGRP, engaging with our community and with potential merger partners Bankstown and Hurstville, Kogarah and Rockdale councils.

3.1 Community Engagement

An important part of the exploration and submission process has been extensive engagement and consultation our local community. A comprehensive community engagement campaign strategy was developed and implemented during February and March 2015, which encompassed a range of traditional and contemporary digital community engagement methodologies to ensure residents were provided with information to make an informed decision about their preferences for the future of our City and opportunities to have their voices heard on this matter.

3.1.1 Engagement Activities

Engagement activities included:

Focus Groups with local residents - were held in December 2014 to explore residents' concerns and preferences relating to possible merger options for Canterbury. Three focus groups were conducted by an independent social researcher – one in each Ward across our City. The objective was to have independent analysis of residents' concerns and preferences, with the results not influenced by preconceived assumptions and the results skewed due to a Council presence. Council officers observed the sessions but did not participate in the research. A research report on the Focus Group Findings is provided as an attachment.

Development of community engagement website

- published information updates; scorecards comparing the City of Canterbury with the City of Bankstown and the St George Group of Councils; key messages in the top five community languages of the City - Chinese, Arabic, Greek, Bengali, and Vietnamese; and a community survey available in six languages. see www.fitforthefuturecanterbury.com.au

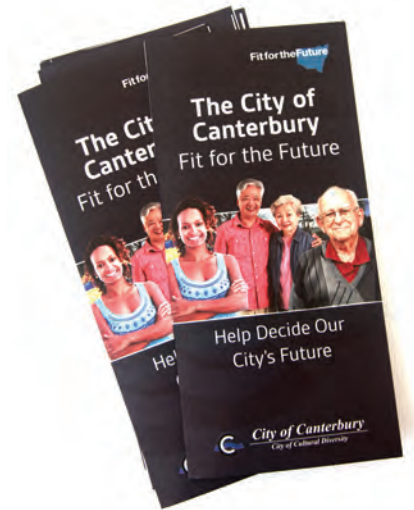


eNewsletters to residents - explaining the “Fit for the Future” program and the options for the City of Canterbury, with prompts to the community survey, were emailed on 10 February 2015, 16 February 2015, 20 February 2015 and 25 February 2015 to 15,000 residents and distributed via our community networks.

Information brochure delivered to all households - in the week commencing 9 February, all households in the City of Canterbury received a brochure in mailboxes explaining the “Fit for the Future” program and the options for the City of Canterbury under the program. The brochure directed residents to the online survey. Key information was provided in the top five community languages (Greek, Vietnamese, Bengali, Chinese and Arabic).

Advertisements in local and ethnic newspapers - appeared throughout January and February 2015 explaining the “Fit for the Future” program and the options for the City of Canterbury, with prompts to the community survey.

Telephone and online survey - A telephone poll and online survey was conducted by an independent researcher Qdos Research to provide the City of Canterbury with information about community attitudes and preferences relating to possible merger options for Canterbury. The survey was conducted by telephone and online with a total sample of 1397 residents across all three Wards. The telephone poll was conducted with 453 local residents between 13 February and 19 February 2014. Participants were chosen from randomly-selected land lines and equally divided among the three wards (i.e. a quota of 150 per ward). The same questionnaire was also made available on Council's website, providing opportunity for all residents to be involved in the survey. A total of 944 surveys were completed online including 11 in a language other than English.



3.1.3 Key findings from the research

Public perceptions of having fewer Councils are split; 37% of respondents think that this is a good idea and 41% say that it is a bad idea. This question was asked both at the beginning and the end of the survey and perceptions changed in between (35% good, 45% bad).

Over half (56%) of those surveyed said that Council mergers were a big issue for them.

Residents said they were more likely to be visiting the St George Council areas for various activities than they were the Bankstown area. They were also more likely to think that the St George areas are similar to where they live (31%) compared to Bankstown (14%).

The highest portion of respondents said that as a consequence of Council mergers:

- services will get worse (45% compared to 21% who say they'll improve);
- rates will go up (43% compared to 12% who say they'll go down); and
- the way Council responds to local residents will get worse (49% compared to 13% who say it will get better).

Over a third of respondents (38%) think that Canterbury would be financially stronger as a consequence of a merge.



Hurstville
City Council



When offered the options of not merging, merging with the St George group of Councils and merging with the City of Bankstown, 60% chose “not merging” as their first preference.

When offered a choice between a merge with the St George group of Councils and the City of Bankstown over two thirds (69%) of respondents would prefer a merge with St George.

3.2 Merger Opportunities

The City of Canterbury has always been strongly committed to the local government reform process. We therefore explored all of the recommendations made by the ILGRP. As part of our efforts to explore these opportunities Council made formal contact with Bankstown and the three St George Councils following the release of the Fit for the Future Package in September 2014.

In addition to the merger opportunities, we also see potential merit in the opportunities for a Joint Organisation either as a merged entity or stand alone.

Through our ongoing SSROC partnership and the involvement in the Sydney Metropolitan Mayors we maintain contact with most Sydney councils and strong connections with our neighbours. Informal discussions indicated to us that most of our neighbouring Councils were preparing to maintain a stand-alone position.

3.2.1 St George

A merger of the three St George and Canterbury Councils was the preferred option of the ILGRP. Canterbury Councillors, supporting this recommendation, expressed a preparedness to pursue a merger with the St George Councils.

Formal correspondence was sent on three occasions to the St George councils: following the release of the Fit for the Future Package; after the completion of our community consultation in February; and following the release of the IPART methodology in late May. Informal meetings and correspondence in reply has confirmed the intention of these councils to standalone. Evidence of this dialogue is provided as an attachment to this Proposal.

The preparation of a merger proposal required the formal resolution of all of the partner councils prior to the preparation of a proposal, and the public exhibition of the merger proposal following this resolution. None of this has been possible and therefore Canterbury has focussed on strengthening our own position through the development of this Improvement Proposal.

3.2.2 Bankstown

As we were prepared to explore all options recommended by the ILGRP, a range of discussions and joint exploratory talks between key staff from Bankstown and Canterbury were held to share information and undertake financial modelling. During community engagement conducted by both councils, however, it became apparent that this merger proposal was not well supported by either community. Bankstown City Council subsequently resolved to adopt the preferred recommendation of the ILGRP which was for Bankstown to stand alone.

ARE WE FIT FOR THE FUTURE?

The City of Canterbury is Fit for the Future. We engaged consultants Morrison Low to undertake a range of modelling tasks to determine both whether we were Fit for the Future as a standalone council and as part of a merged entity. In addition we drew on the expertise of our senior managers to prepare a case demonstrating Council's strategic capacity. This analysis has indicated we can easily meet all of the Fit for the Future criteria.

4.1 City of Canterbury

4.1.1 Scale

The NSW Department of Planning and Environment has indicated that Sydney will need to provide 664,000 new homes to accommodate 1.6 million additional people in the next 20 years. As one of the strongest growth areas in Sydney, the City of Canterbury is well positioned and is already working with the Department to support this growth.

The City of Canterbury currently has a population of 152,000 and this is projected to increase to 178,500 by 2031 based upon current development levels. We are currently working with the Department of Planning and Environment on plans increase housing densities in an urban renewal corridor along the Sydenham to Bankstown Rail Line as part of the Sydney Rapid Transport program.

This project, will impact upon seven railway stations in the Canterbury local government area over the next twenty years. While final numbers are not yet available, it is envisaged the population is likely to reach 200,000 by 2031.

4.1.2 Demonstrating Strategic Capacity

The City of Canterbury demonstrates strategic capacity in all of the elements outlined by IPART's guidelines. We demonstrate industry leadership across all of the elements and can demonstrate our commitment to improving efficiency and effectiveness over a long period of time.

More robust revenue base & increased discretionary spending

Over an extended period of time, we have demonstrated our ability to review our performance and to undertake measures to improve our financial outlook.

Some examples of these initiatives are:

- **Special Rate Variation:** In 2013-14 we applied for and were successful in receiving approval for a Special Rate Variation, which has significantly improved our revenue base.
- **Property Portfolio:** We are also currently developing a portfolio of income producing property. The property fund currently has balance of \$6 million and owns income producing property worth \$1.1 million. Our aim is for the fund to return \$5 million per year by 2020-21 that will be used to fund services and infrastructure. Other properties are also under review in Lakemba, Punchbowl and Campsie.
- **Drainage Reserve sale Program:** This has yielded approximately \$300,000 annually for the past two years, and this program will continue.
- **Procurement Program:** Implementation of our Procurement Roadmap has provided savings of \$1.1million annually. Changes to our Regulatory Services unit to undertake proactive as well as reactive enforcement will from the coming financial year contribute to

a higher number of offences being detected, improving community safety, and providing significant additional revenue.

- **Service Review Program:** We have introduced an ongoing program of service reviews which has yielded annual saving of \$1 million.

Scope to undertake new functions and major projects

Council has significant internal capacity and expertise to undertake new projects and has the capacity to undertake new functions through partnering. Examples of this are:

- **Belmore Sportsground:** Council has worked with state and federal governments to bring the Bulldogs NRL Team back to Belmore Sportsground, completing \$9 million facility upgrade. The Bulldogs are now a long-term lessee of the complex in return for a rental payment and the Club assuming responsibility for grounds maintenance, utilities and outgoings. We are now working on a project to further develop the facility as a Multicultural Arts and Sports precinct.
- **Morris lemma Indoor Sports Centre:** Working with the state government and our operator YMCA we completed a brand new \$7 million Indoor Sports Centre in 2010 to redress the under-supply of indoor sporting and recreational space available in Riverwood, a suburb with some of the highest levels of social and economic disadvantage in Canterbury.

- **Riverwood Housing Project:** In the past two years we have also worked collaboratively with Payce Communities and Housing NSW to revitalise of community housing stock in Riverwood North, and in an innovative approach are using a Voluntary Planning Agreement to deliver a new library and community meeting facility to replace the existing but ageing Riverwood Library and Riverwood Community Hub.

An efficient and responsive workforce

We have a Workforce Management Strategy which outlines our commitment to developing a highly skilled workforce in a competitive business environment.

- **Obtaining specialist skills and resources:** Following six years of detailed service review programs, we have reduced staff numbers across the organisation from 730 to 540 FTE, providing efficiencies and additional capacity to expand services in new, high need emerging areas. This has allowed us the flexibility to recruit specialist staff in a range of areas including Development Assessment, Recreation Planning, and Project Management, Business Improvement Program, Finance and Information Technology and Communications. We share Internal Audit and Strategic Procurement resources through the Southern Sydney Regional Organisation of Councils (SSROC).
- **Salary System Cost Savings:** In 2012 we revised our Salary and Performance Management System to deliver employment cost savings of \$1.65 million over a number of



Figure 2: Korean Line Dancers at a Celebrating Cultures event

years through the introduction of a significantly reduced salary spread (~ 33%) for people joining the organisation. In order to better attract and retain the right staff this system was structured to allow market loadings for critical roles and provides clear linkages to our Learning and Development Strategy and Community Strategic Plan to promote personal development and career opportunities.

Knowledge, Innovation, Creativity

Through the utilisation of technology and through partnering with other agencies we can demonstrate a broad range of examples where we encourage organisational knowledge, innovation and creativity:

- **Canterbury Connects:** Our Canterbury Connects community engagement strategy uses new digital technologies and engagement platforms to facilitate effective online engagement with our residents and ratepayers.
- **Child Friendly Canterbury:** Council has also committed to implement UNICEF's Child Friendly Cities Initiative. An important step
- **Youth@Lakemba:** In response to emerging demand Council has established partnerships with seven other youth services operating across the area including Barnardos Australia, Break Thru, Canterbury Bankstown Youth Service, Lebanese Muslim Association, Metro Assist, Fusion and Youth Block to provide resources for the Youth at Lakemba after school drop-in program which is now operating four days per week, attracting up to 50 young people every day.
- **Mental Health:** We plan and manage a two month annual campaign "Canterbury Cares" bringing together over 25 organisations to provide information, education and activities via 40 events to more than 1,300 residents to support good mental health and well-being.

has been the preparation of a State of the Children Report, the result of extensive research of available published information as well as consultation with children, families and service providers in the City, online surveys and face to face focus groups. Both a detailed report and a child friendly version have been widely distributed across our community.

Figure 3: Canterbury
Town Centre exhibition
panel.



- **Digital Canterbury:** Our creative library programs for culturally and linguistically diverse (CALD) community are the best in NSW. More than 2,400 people visit our libraries each day, and in 2013-14 7,800 people attended 459 events and activities specifically targeting people from a CALD background. Digital Canterbury is an exciting, innovative, community capacity building project providing our library members access to a wide range of emerging technologies and eContent, and valuable skills with which to use them.

Advanced skills in strategic planning and policy development

- **Integrated Planning and Reporting Framework (IPR):** Our Integrated Planning and Reporting Framework has ensured we have consistently met community expectations for infrastructure and services whilst achieving significant efficiencies.

- **Local Environment Plan & Development Control Plan:** Our new Local Environmental Plan and Development Control Plan, completed in 2012 have resulted in a significant increase in the level of development allowed, in particular in our town centres and along our major road corridors, such as Canterbury Road. We are currently undertaking a comprehensive review of both the LEP and DCP to ensure they continue to respond to the existing and future needs of our community. Current levels of development activity have Council well placed to meet dwelling targets previously identified under the Metropolitan Strategy. A key centre identified for urban renewal is Canterbury Town Centre. Construction has commenced on many sites and public domain works worth \$10 million are planned as part of the redevelopment. This has required liaison with a range of government agencies to ensure the infrastructure is delivered, including the negotiation of Voluntary Planning Agreements, working with Roads and



Figure 4: Our Solar Future Logo

Maritime Services for road and intersection works, Sydney Water for sewer and water supply amplification, and Ausgrid and Telstra.

Effective regional collaboration

The City of Canterbury has taken a leadership role in a range of regional collaborative efforts.

- Cooks River Alliance:** We are a major financial contributor to the Alliance and have staff, executive, elected representatives and the community participating at all levels. The Alliance has received a number of awards, most recently in 2013-14 an Excellence in Environment award. Since 2012 we have also taken a lead role with eight councils from SSROC to develop Our Energy Future, a master plan for moving our community from fossil fuels to renewable energy sources. A significant new collaborative initiative to emerge from Our Energy Future is Our Solar Future, aiming to make accessing solar systems easier and more cost effective.
- Street Lighting Program:** We were leaders in establishing SSROC's Street Lighting Improvement Program in 2003 which now represents some 35 councils encompassing over 95% of the street lighting assets in Ausgrid's region and about 40% of street lighting in NSW. The program has assisted member councils in a range of matters and has negotiated the most energy efficient replacement lighting portfolio in Australia.
- SSROC Collaborative Procurement:** In 2009 we achieved significant financial savings and service improvements by securing the best prices for library resources; reducing the cost of cataloguing and end processing through adoption of a standard specification and shared costs; and adopting a best practice approach to processing library materials. A group of seven SSROC libraries now participate actively in the project.

- **Illegal Dumping:** Through our collaboration with Bankstown, Canada Bay, Strathfield, Auburn and Ashfield Councils and the EPA we collectively investigated, developed, funded and introduced a new regional illegal dumping squad within a twelve month period. The program has already show significant results in reducing illegal dumping of waste and the costs to manage this issue.
- **National Local Government Customer Service Network (NLGCSN):** We collaborated with a number of councils to contribute to the programs conducted by the National Local Government Customer Service Network (NLGCSN) since becoming a member in 1999. The NLGCSN has 148 members from 130 councils from both urban and regional areas throughout Australia. The NLGCSN shares ideas and provides support for customer service staff nationally, organising appropriate training for customer service staff, and more recently conducting Benchmarking and Mystery Shopper programs.
- **Corporate Leadership Cup:** In 2009 we partnered with SSROC councils Randwick City and Sutherland Shire, and Cobar, Temora and Harden Shires in regional NSW to establish the Corporate Leadership Cup, a two day event where participants work in teams to complete a range of 'real world' local government and business challenges.

- **Cobar Shire Council Partnership:** We have also maintained an active partnership with Cobar Shire Council since 2007, which provides significant benefits in both completing important council projects, and in staff professional development.

Credibility for more effective advocacy

- **Healthy Communities Project:** In 2012 the City of Canterbury received a \$565,000 grant to facilitate the delivery of comprehensive program of activities aimed at improving the physical health outcomes of our communities. We worked with a range of partners – up to twenty organisations over a two year period. The project now has a legacy of established programs, infrastructure and community knowledge of and drive to increase health outcomes.
- **Salvos Legal Project:** Recognising the need for the additional provision of pro bono legal services for the residents of our City, in 2012 we established a partnership with Salvos Legal Humanitarian to provide the equivalent of three days of legal advice appointments for less than \$40,000 per year. The service has been operating from an office provided by Council in the Lakemba Senior Citizens Centre since October 2011 and in that time, the service has seen 1,388 new matters, and 342 matters have been referred for additional support and/or full legal representation.

- **Emerging Communities Hub:** In 2011 we established of a community hub for our emerging communities in an under-used space at Lakemba Library to assist some of the most disadvantaged groups in our City with free office, meeting and training space, for community building activities. This has enabled 14 unfunded emerging community groups to develop their own activities and programs and receive support from Council and other service providers.

Capable partner for State and Federal agencies

We are a capable partner for both State and Federal Governments.

- **Access to other government services via our Libraries:** People are now regularly referred from Centrelink and Service NSW to use our public computers for the purpose of eGovernment transactions and are provided assistance by skilled customer focused staff.
- **Partnering with State Government for Community Health and Safety:** We have also developed effective partnerships with our Local Area Police commands to address issues relating to public safety, crime and perception. Through proactively negotiated protocols, our Environment Health staff are assisting local Police to ensure legislative requirements are met during drug disposal burns, working together with them in dealing with abandoned vehicles, and assisting Police in relation to commercial premises, events| and traffic planning. We have also continued

to work with Housing NSW to holistically resolve matters relating to animal nuisances, illegally dumped waste, vermin, and hoarding. We are also strong partners with State Government in the delivery of food safety regulation and services, through the distribution of relevant information, individual consultation and the provision of in house training seminars.

• **Partnering with State Government in**

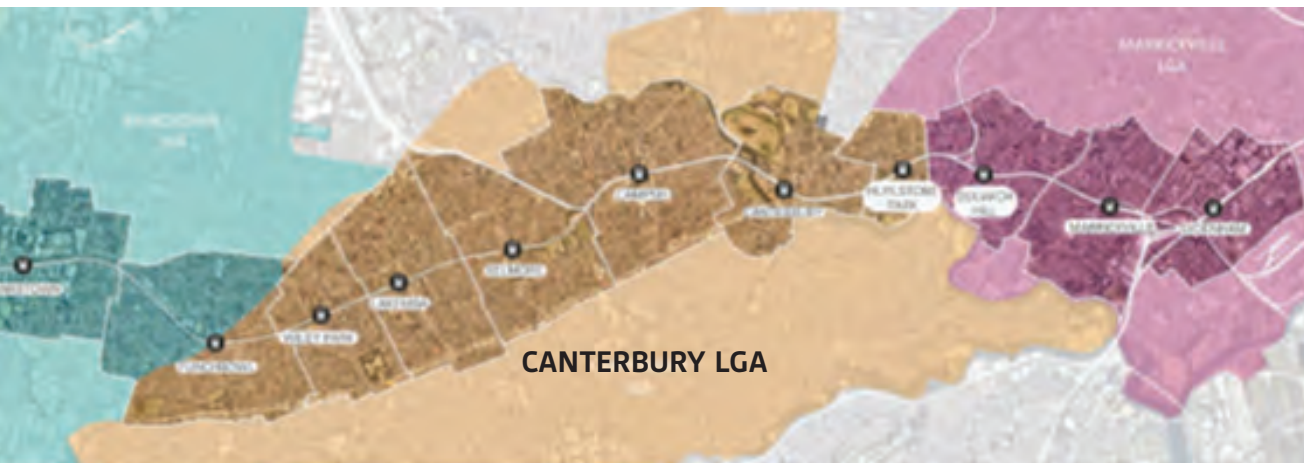
Education: Since 2013 Council has worked to build a strong relationship with South West Sydney Institute of TAFE in order to improve access to TAFE for residents across the City of Canterbury and was formalised in a Memorandum of Understanding that has provided a strong foundation for engagement between Council and TAFE, as well as with a number of our partner organisations.

Resources to cope with complex and unexpected change

We have the resources and expertise to cope with unexpected change both internal and external.

- **Cash Reserves:** We have sufficient cash reserves to fund current operations and liabilities such as employee leave entitlements, a high level of working funds, and a significant capacity to borrow at low interest rates. We have used this financial capacity to advantage to hold to maturity investments following the Global Financial Crisis, thereby securing 100% of

Figure 5: The urban renewal corridor from Sydenham to Bankstown.



capital invested. We were also able to benefit from the Local Infrastructure Renewal Scheme.

- **Population Growth:** We have been working closely with Department of Planning & Environment in undertaking detailed structure planning for improvements to the Bankstown Rail Line as part of Sydney Rapid Transit Program. Seven of the eleven nominated stations in the corridor are within the City, and it is likely the City's population will approach 200,000 by 2031 as a result of these changes. Once planning and community consultation is complete, we will identify how to best facilitate well designed and vibrant development.
 - **Urban Renewal:** In the next six months we will commence a further review of the recently adopted Canterbury Development Contributions Plan 2013 and the Canterbury Town Centre and Riverfront Precinct Development Contributions Plan to ensure that they can fund the growing demand for infrastructure and facilities from the increased development being experienced in the City.
- an innovative solution developed through the engagement of all stakeholders, we set aside funds to support the service over three years while gradually increasing charges to families and educators in order to return the service back to cost effective position. In comparison several other councils have simply decided to cease this service.
- High quality political and managerial leadership**
- Our city benefits from a stable political environment with a directly elected Mayor and a high representation of councillors from a broad range of ages and backgrounds, reflecting our diverse community.
- **Sydney Metropolitan Mayors:** Our political leadership is demonstrated in our establishment in 2013 of the Sydney Metropolitan Mayors to represent the interests of metropolitan councils and their communities through the local government reform process. The SMM established an

High quality political and managerial leadership

Our city benefits from a stable political environment with a directly elected Mayor and a high representation of councillors from a broad range of ages and backgrounds, reflecting our diverse community.

- **Sydney Metropolitan Mayors:** Our political leadership is demonstrated in our establishment in 2013 of the Sydney Metropolitan Mayors to represent the interests of metropolitan councils and their communities through the local government reform process. The SMM established an

Executive, with the Mayor of Canterbury as the inaugural Chair and the City of Canterbury providing Secretariat services. The group prepared detailed submissions to the Independent Local Government Review Panel and met directly with the Minister for Local Government, and President of LG NSW to discuss issues and proposals.

- **Experienced Management Team:** We have a stable and experienced management team, with the General Manager serving 32 years and the team providing over ninety years collective experience in local government.
- **Governance Improvement Program:** We have a comprehensive Governance Health Check and Governance Improvement Plan in place which has been a key driver of subsequent projects including the Policy Review Program, Integrated Planning and Reporting, Statement of Business Ethics, Organisational Values, Risk Management, Complaints Handling, Fraud and Corruption Prevention, Community Engagement, Internal Audit, Legislative Compliance, and Performance Management.

Our Health Check scores have continuously improved, up from 62% in 2007 to 94% in 2012. The Governance Improvement Plan has won a Silver Award Governance Excellence from the Local Government Managers of Australia (NSW).

- **Integrated Risk Management System:** Flowing directly from the Governance improvement Program, our Integrated Risk Management System (IRMS) was introduced in 2008 and has reduced the total number of risks by 63.9% since then. We now have no extreme risks has been recorded, and high level risks have reduced from 54.5% to 7.7%. We have received a Silver Award for Governance Excellence from Local Government Managers of Australia (NSW) for the IRMS.
- **Internal Audit:** in further developing our IRMS In 2010 we established an Internal Audit function, including an independent audit committee. Resourcing for the function is shared with Bankstown City Council. Since 2011, 21 internal audits have been completed and 304 recommendations made for improved processes, procedures and internal

4.1.3 Improving Strategic Capacity

During the analysis, we identified a range of initiatives currently underway, or that can be easily implemented to improve our strategic capacity.

Scope to undertake new functions and major projects

We intend to achieve productivity gains in infrastructure planning and delivery improving the project selection process, streamlining project delivery, making the most of existing assets, optimising maintenance planning, and better using demand management. As part of changes to the our City Works Division we will be strengthening the asset management and forward planning function, creating a new Infrastructure delivery coordination role, and providing opportunities for skill development for existing staff. We also have staff in various roles across the organisation who have experience and expertise in Project Management but need an organisation-wide framework for the development of projects, grant seeking and management, project design and construction. This will enable us to save both time and resources.

High Quality Political and Managerial Leadership

We intend to enhance development of strong, resilient, adaptable leadership for the sustainable future of the City of Canterbury through a series leadership forums with presentations on key projects, external presentations exploring innovations, new ideas, and best practices. We have also identified a crucial need to establish

a succession planning program. This will identify and develop potential successors in key leadership roles which will become vacant in the coming years.

Resources to cope with complex and unexpected change

Building on the achievements of our Service Review Program (2008 to present) and Financial Sustainability Review (2011 to present) our Business Improvement Program will take us to the next level of efficiency by using Lean Thinking to map and improve priority service delivery processes across the organisation

4.1.4 Sustainability, Infrastructure, Services and Efficiency

Morrison Low have modelled our performance against the criteria for sustainability, infrastructure, services and efficiency, based on our published Long Term Financial Plan that includes the Special Rate Variation (SRV) approved by IPART in 2014. The primary purpose of the Special Rate Variation was to provide adequate funds for infrastructure renewal. In order to minimise the impact of the SRV on our community it has been implemented over a period of three years from 2014-15 to 2016-17.

Table 1 shows that based on our current LTFP the City of Canterbury will meet all of the required criteria except the Asset Maintenance Ratio. Our Improvement Plan addresses the need for further increases in revenue and reductions in expenditure to generate an operating surplus sufficient for adequate renewal, elimination of the infrastructure backlog, and adequate maintenance. Table 2 shows our performance based on our Improvement Plan.

Criteria	IPART Standard	2014-15	2019-20	Criteria Met
Operating Performance Ratio (greater or equal to break-even average over 3 years)	Meet by 2019-20	-1.6%	3.0%	✓ YES
Own Source Revenue Ratio (greater than 60% average over 3 years)	Meet by 2019-20	81.7%	84.6%	✓ YES
Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)	Meet by 2019-20	74.9%	116.6%	✓ YES
Infrastructure Backlog Ratio (less than 2%)	Show improvement	3.4%	3.2%	✓ YES ¹
Asset Maintenance Ratio (greater than 100% average over 3 years)	Show improvement	32%	37%	✗ NO ²
Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)	Show improvement	1.3%	0.2%	✓ YES
A decrease in Real Operating Expenditure per capita over time	Show improvement	\$700	\$670	✓ YES

Table 1: City of Canterbury Performance against the Fit for the Future criteria based on current LTFP.

Notes:

1. Improvement is shown in this benchmark and it is reached in 2021-22
2. Improvement is shown in this benchmark over the first five years, but it then stabilises and does not reach the required level of 100% after that. This is the focus of our Improvement Plan. It will be achieved in 2021.

Criteria	IPART Standard	2014-15	2019-20	Criteria Met
Operating Performance Ratio (greater or equal to break-even average over 3 years)	Meet by 2019-20	-1.6%	5.1%	✓ YES
Own Source Revenue Ratio (greater than 60% average over 3 years)	Meet by 2019-20	81.7%	84.8%	✓ YES
Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)	Meet by 2019-20	74.9%	133.3%	✓ YES
Infrastructure Backlog Ratio (less than 2%)	Show improvement	3.4%	1.8%	✓ YES
Asset Maintenance Ratio (greater than 100% average over 3 years)	Show improvement	32%	85%	✓ YES ¹
Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)	Show improvement	1.3%	0.2%	✓ YES
A decrease in Real Operating Expenditure per capita over time	Show improvement	\$700	\$681	✓ YES

Notes:

1. Improvement is shown in this benchmark and it is reached in 2021-22.

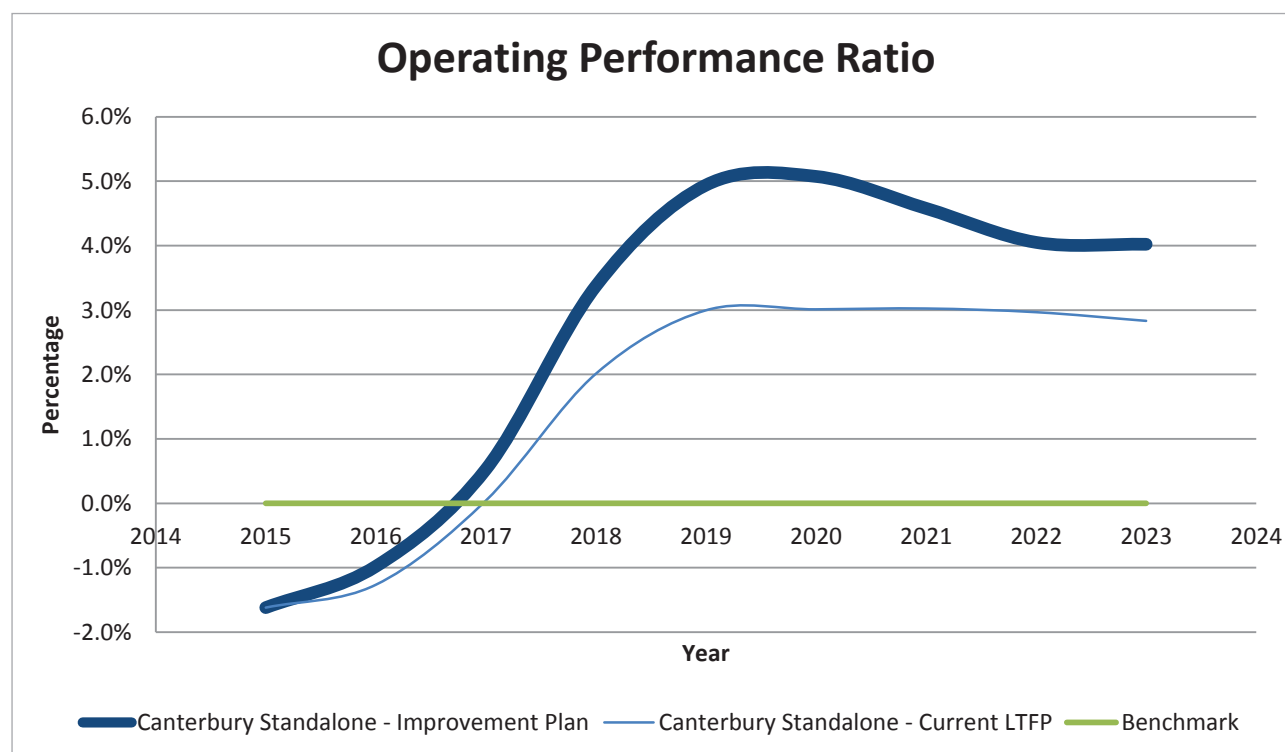
Table 2: City of Canterbury Performance against the Fit for the Future criteria based on Improvement Plan.

Securing Our Future

A range of initiatives have been considered, and the following have been adopted by council to achieve the required operating surplus.

Initiatives	Expected Benefit in 2019-20
Increase income: <ul style="list-style-type: none"> • Develop Income producing property portfolio • New management agreement for Riverwood Community Hub • Improve returns from private hire of community facilities • Obtain market rents for leases of community buildings • Develop an Affordable Housing Strategy and obtain increased income from council-owned sites 	\$1,585,000
Achieve efficiencies: <ul style="list-style-type: none"> • Improve parks and property operations • New service delivery model for Lakemba OOSH • Rationalise plant and vehicle fleet 	\$600,000
Total	\$2,185,000

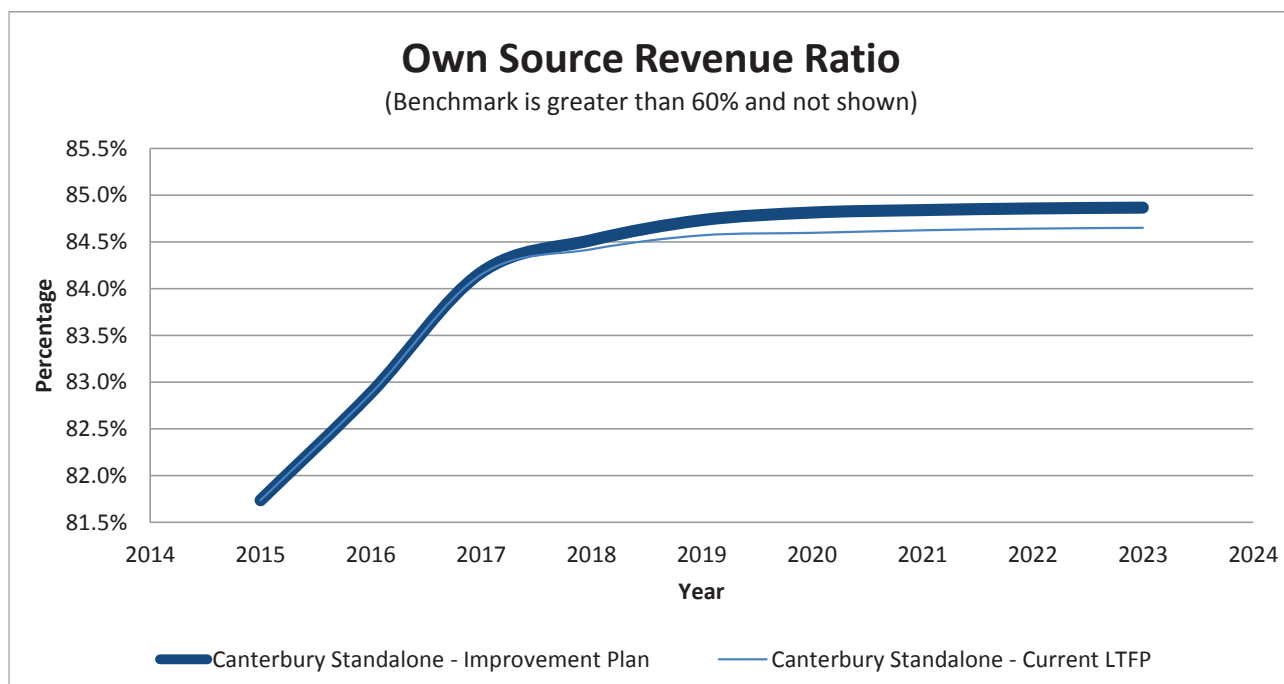
The following graphs show the City of Canterbury's performance against the Fit for the Future criteria for sustainability, infrastructure and service delivery, and efficiency up to and including 2022-23 (the life of the current LTFP) for both the current LTFP and the Improvement Plan.



Achieving the FFTF **Operating Performance Ratio** benchmark is demonstrated by obtaining a ratio greater or equal to zero. "Zero" represents the break-even point where operating revenue equals operating expenses.

Our current LTFP shows that we meet and exceed this ratio from 2016-17. The FFTF Improvement Plan improves our Operating Performance Ratio even more. This increase allows us to accelerate the renewal work to address our back log which is reflected in the Infrastructure Back Log Ratio. Once the infrastructure back log is addressed the increase is directed towards asset maintenance.

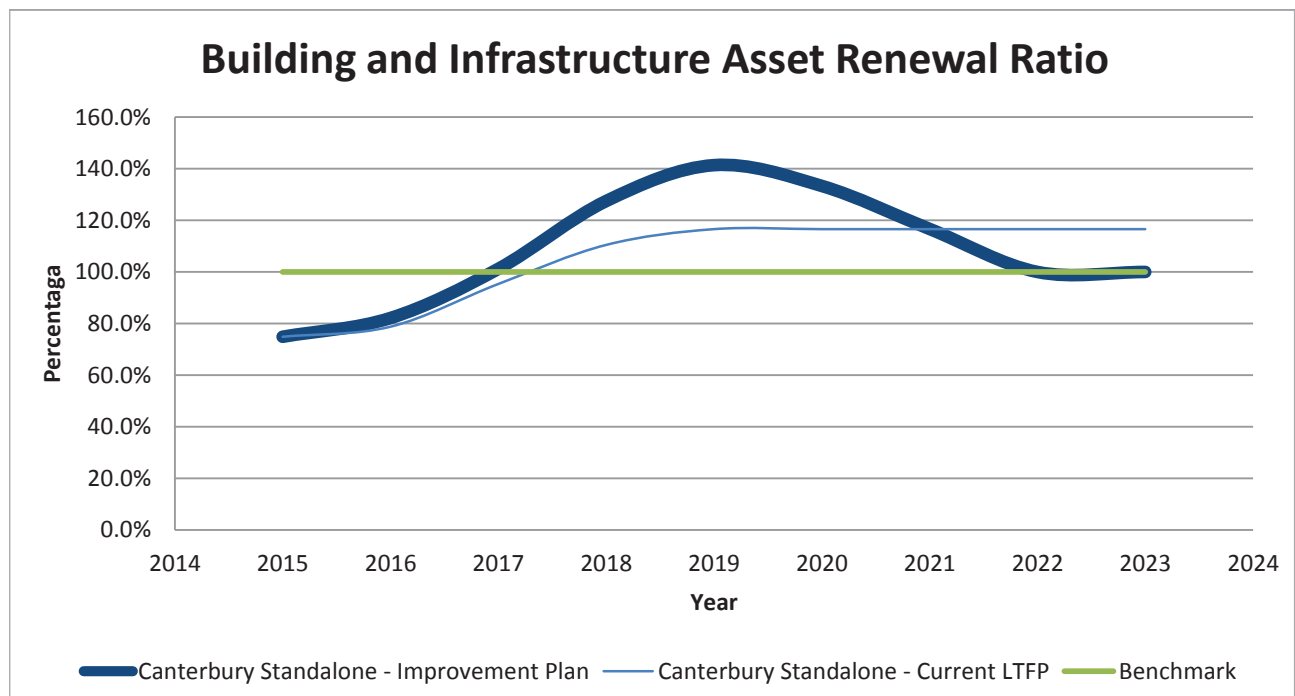
Overall - the FFTF Improvement Plan takes us from a sound financial position to a strong financial position.



To achieve the FFTF **Own Source Revenue Ratio** benchmark, more than 60% of our revenue must be from sources which are not tied to specific purposes such as grants.

Our current LTFP shows that we already exceed this ratio. The additional income generated from the FFTF Improvement Plan increases this ratio slightly.

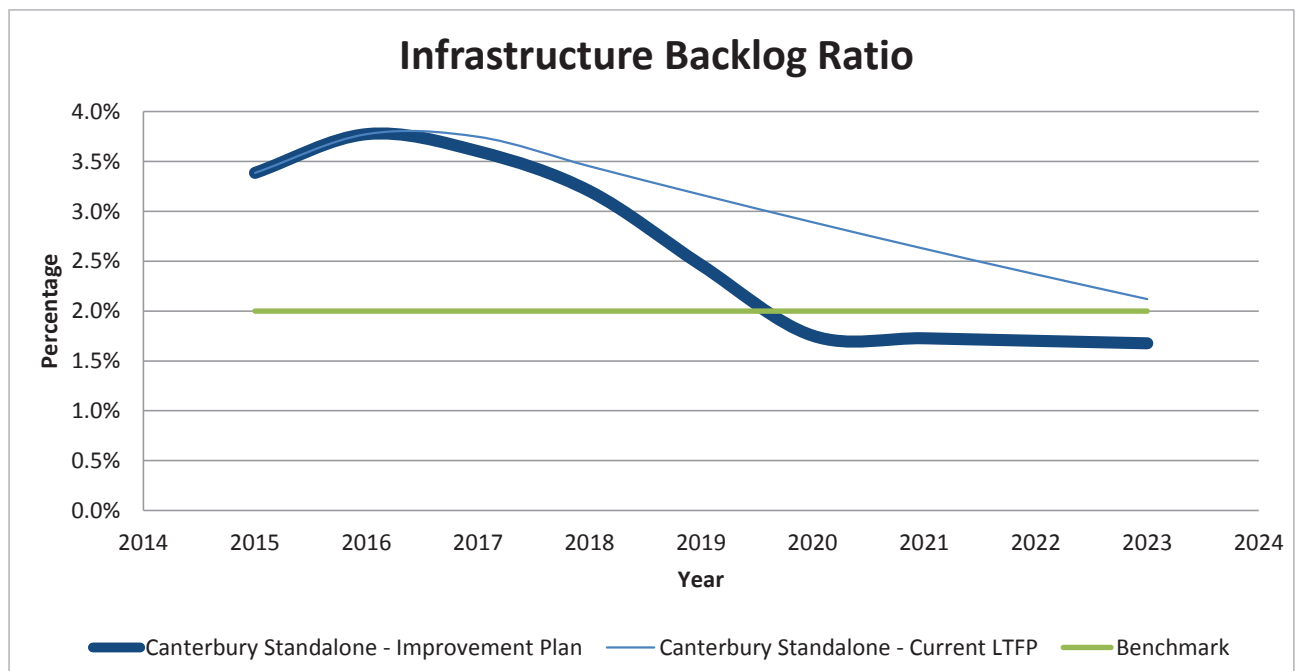
Overall – the FFTF Improvement Plan maintains our strong financial position.



Achieving the FFTF **Building and Infrastructure Asset Renewal Ratio** benchmark requires that 100% or more of the depreciation expense for infrastructure assets is spent on renewal of assets.

Our current LTFP shows that we would be exceeding this benchmark by the third year of our recent Special Rate Variation. The area beneath the model results and the benchmark represents funds being spent on addressing our infrastructure backlog. Note that the FFTF Improvement Plan more aggressively addresses the backlog and has the work completed in 6 years where the LTFP was going to take 15 years.

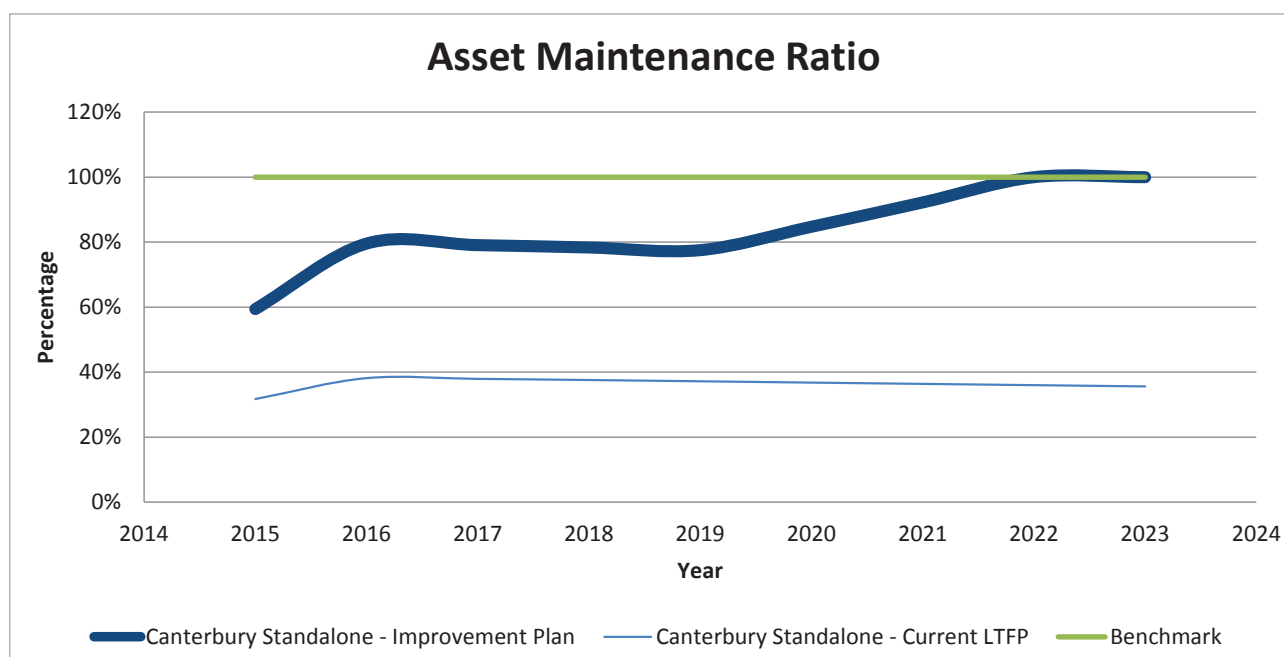
Overall - the FFTF Improvement Plan maintains our sound asset management position.



The **Infrastructure Backlog Ratio** represents the percentage of assets that are below an acceptable standard. To satisfy the FFTF benchmark, we must have less than 2% of our assets in an unsatisfactory condition.

As mentioned earlier, our current LTFP was addressing our backlog over 15 years with us meeting the benchmark in 2023-24. The FFTF Improvement Plan accelerates our progress and we satisfy this benchmark in 2019-20.

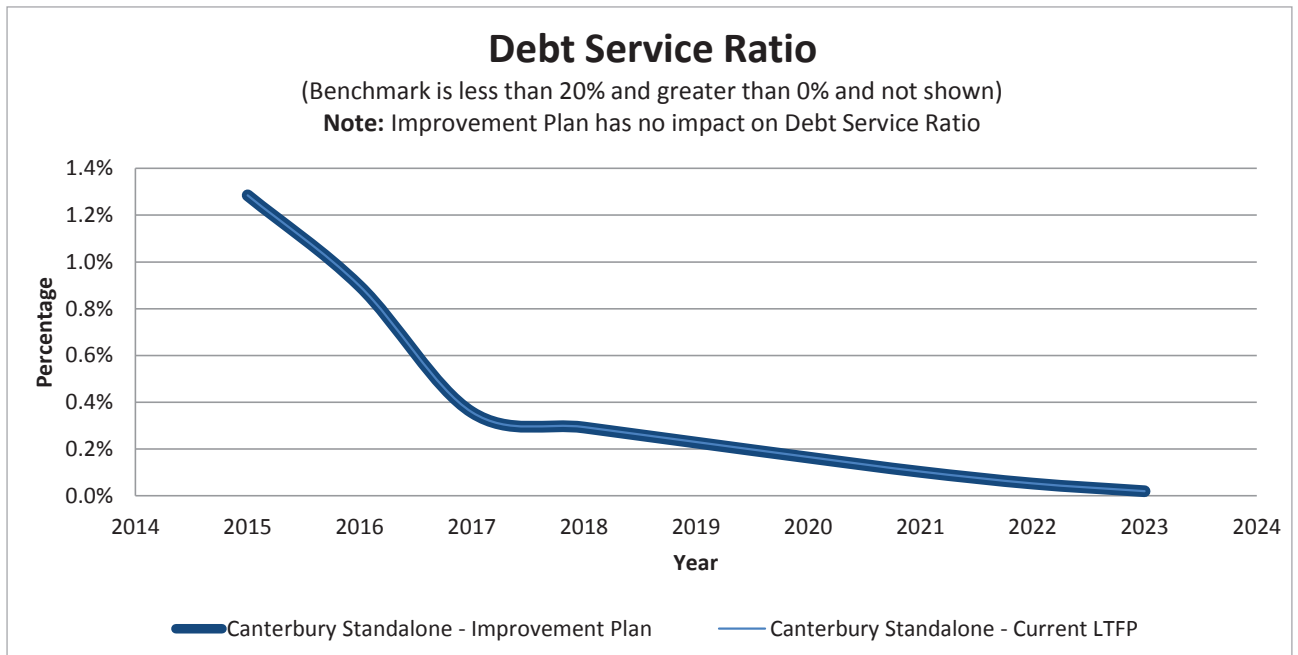
Overall - the FFTF Improvement Plan maintains our sound asset management position.



The **Asset Maintenance Ratio** measures the actual spend on asset maintenance compared to the level of maintenance required to ensure the service levels and service lives are met. Therefore a ratio of 100% or more is required to satisfy this benchmark.

The Current LTFP line refers to our previously published financial information. The modelling by Morrison Low confirms that our Asset Maintenance Ratio is in fact the same as the FFTF Improvement Plan ratio up to 2019-20. From this time on the additional operating surplus is no longer being used funding the renewal of the infrastructure backlog, and is channelled back into maintenance. The FFTF Improvement Plan addresses our shortfall in asset maintenance and shows that we will meet the benchmark in 2022-23.

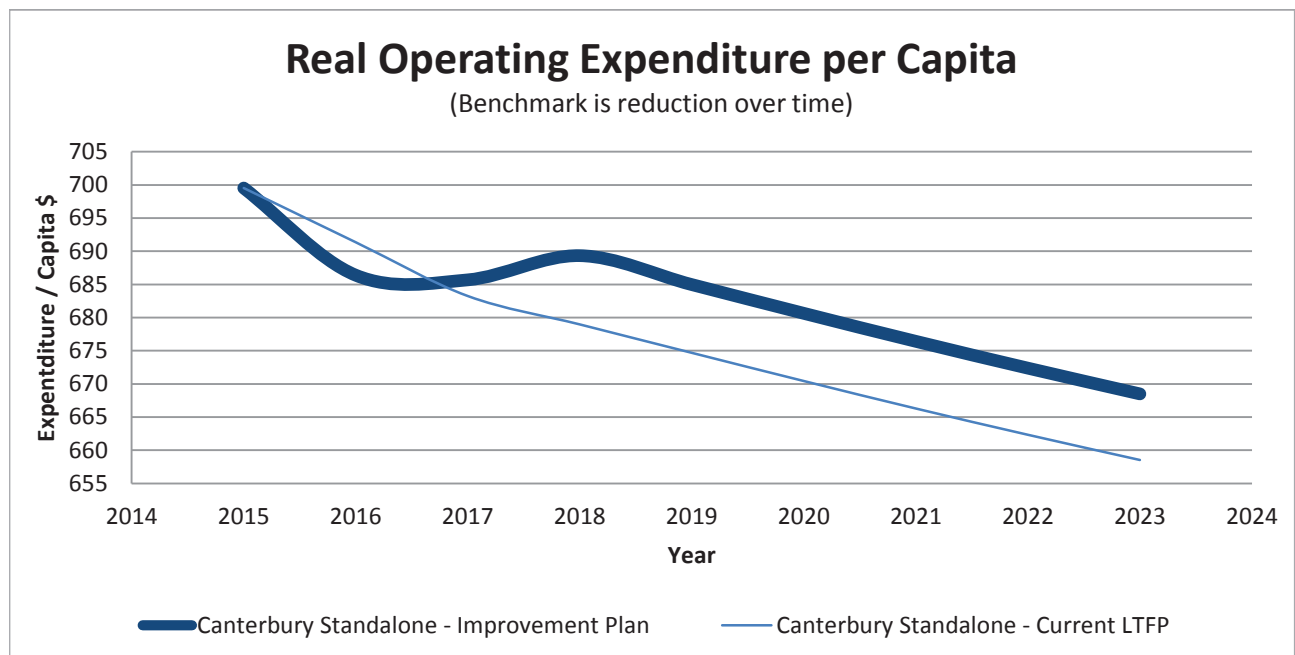
Overall - the FFTF Improvement Plan improves our asset management position from sound to strong.



The FFTF Benchmark in relation to debt servicing is very broad. The **Debt Service Ratio** represents the ratio of loan repayments as a percentage of operating revenue. A satisfactory debt service ratio is as high as 20% and as low as 0%.

As the FFTF Improvement Plan does not include any borrowing initiatives, there is no change to our Debt Service Ratio. Our current low level of debt provides us with a capacity to borrow in the future. This borrowing capacity is an important consideration when assessing our financial capacity.

Overall – the FFTF Improvement Plan maintains our strong financial position.



To satisfy the FFTF **Real Operating Expenditure per Capita** benchmark we need to demonstrate that our Real Operating Expenditure per Capita is reducing.

Our current LTFP clearly demonstrates that our costs per capita are reducing. The FFTF Improvement Plan also shows a similar pattern of decreasing costs. The overall increase in costs in 2017-18 is a reflection of the transfer of funding from Infrastructure Renewal Backlog [capital] to Asset Maintenance [Operating Expense].

Overall – Whilst the cost per capita is higher with the FFTF Improvement Plan, the increase in costs are an enabler for a stronger Asset Management position.

Merger Options

4.2 Canterbury and St George Councils

4.2.1 Scale and Capacity

With a current population of over 400,000, and a projected population in 2031 of almost 500,000, a merger of Canterbury, Hurstville, Kogarah and Rockdale councils would have the scale and capacity envisaged by the ILGRP. It is also consistent with the Panel's recommendations.

4.1.2 Sustainability, Infrastructure, Services and Efficiency

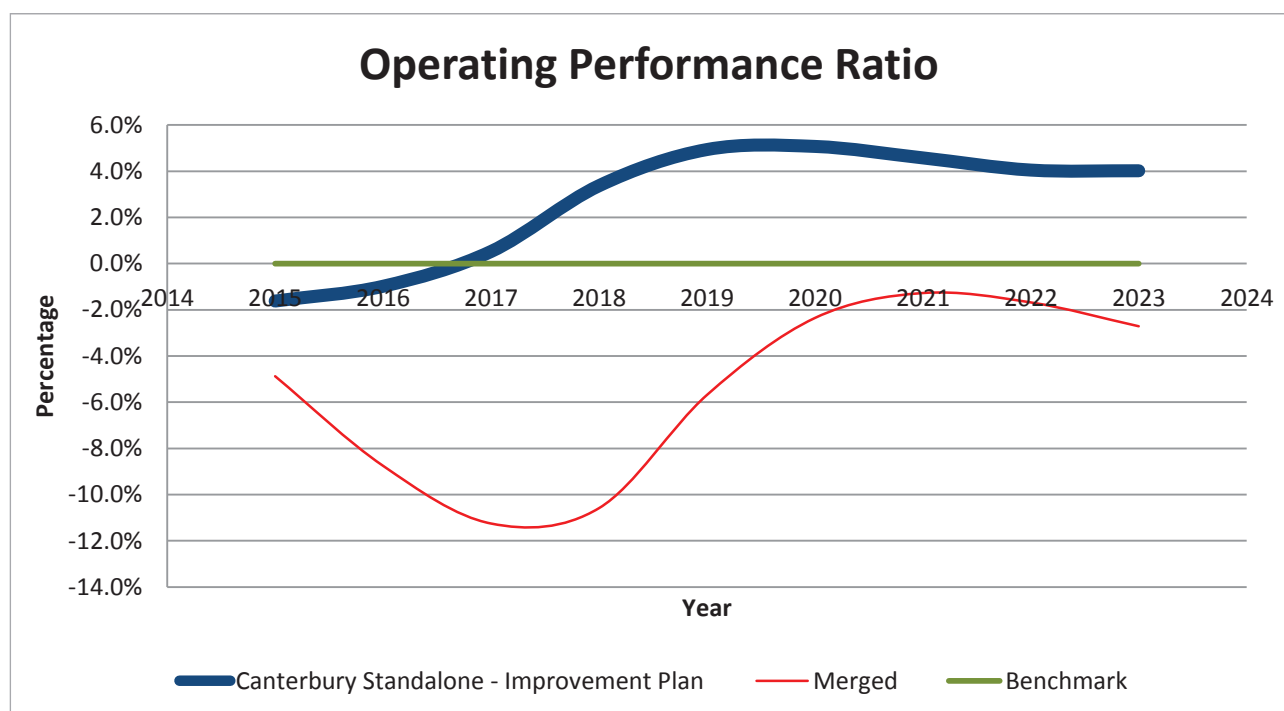
Modelling by Morisson Low using publicly available information, however, shows that such a merged council would not meet all the Fit for the Future criteria for sustainability, infrastructure and service delivery. This is primarily because the current Long Term Financial Plans for the three St George councils do not have strategies to address their infrastructure issues in the medium to long term. Table 3 shows the performance of a merged council against the criteria. It is apparent that the Canterbury stand alone is superior in terms of meeting these criteria than the merged entity.

Criteria	IPART Standard	2014-15	2019-20	Criteria Met
Operating Performance Ratio (greater or equal to break-even average over 3 years)	Meet by 2019-20	-4.9%	-2.4%	✓ NO ¹
Own Source Revenue Ratio (greater than 60% average over 3 years)	Meet by 2019-20	82%	87%	✓ YES
Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)	Meet by 2019-20	80%	91%	✓ NO ²
Infrastructure Backlog Ratio (less than 2%)	Show improvement	2.2%	3.3%	✓ NO ³
Asset Maintenance Ratio (greater than 100% average over 3 years)	Show improvement	71%	82%	✓ NO ⁴
Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)	Show improvement	1.4%	1.3%	✓ YES
A decrease in Real Operating Expenditure per capita over time	Show improvement	\$666	\$578	✓ YES

Notes:

1. The benchmark of breakeven is not met in the forecast period (ie. to 2022-23).
2. After initial improvement, this remains static and the benchmark of greater than 100% is not met in the forecast period.
3. This shows deterioration rather than improvement and the benchmark of less than 2% is not met in the forecast period.
4. After initial improvement, this deteriorates, and the benchmark of greater than 100% is not met in the forecast period.

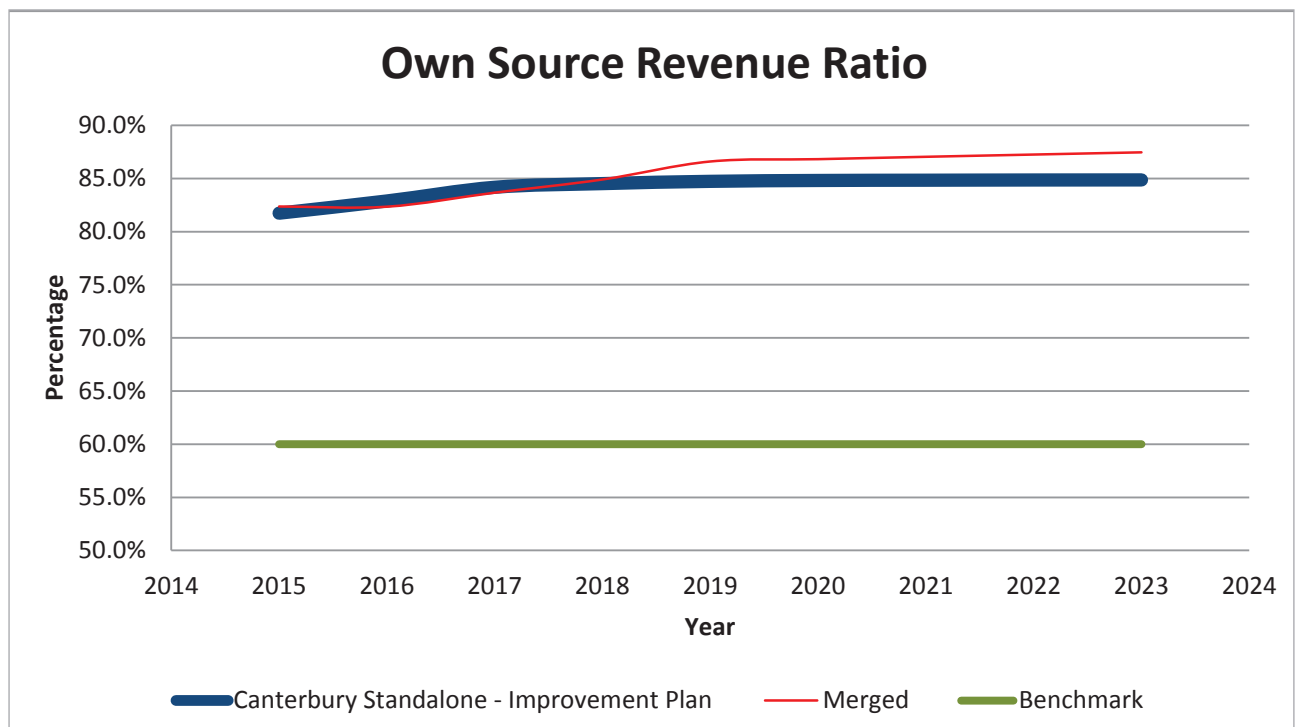
The following graphs show both the City of Canterbury's performance (based on the Improvement Plan), and the performance of the merged entity, against the Fit for the Future criteria for sustainability, infrastructure and service delivery, and efficiency up to and including 2022-23.



Achieving the FFTF Operating Performance Ratio benchmark is demonstrated by obtaining a ratio greater or equal to zero. Zero represents the break-even point where operating revenue equals operating expenses.

As can be seen our FFTF Improvement Plan ensures that we are exceeding the benchmark where as the merged entity never generates an operating surplus. Without this surplus there are no funds available to addresses the infrastructure backlog or to repay debt.

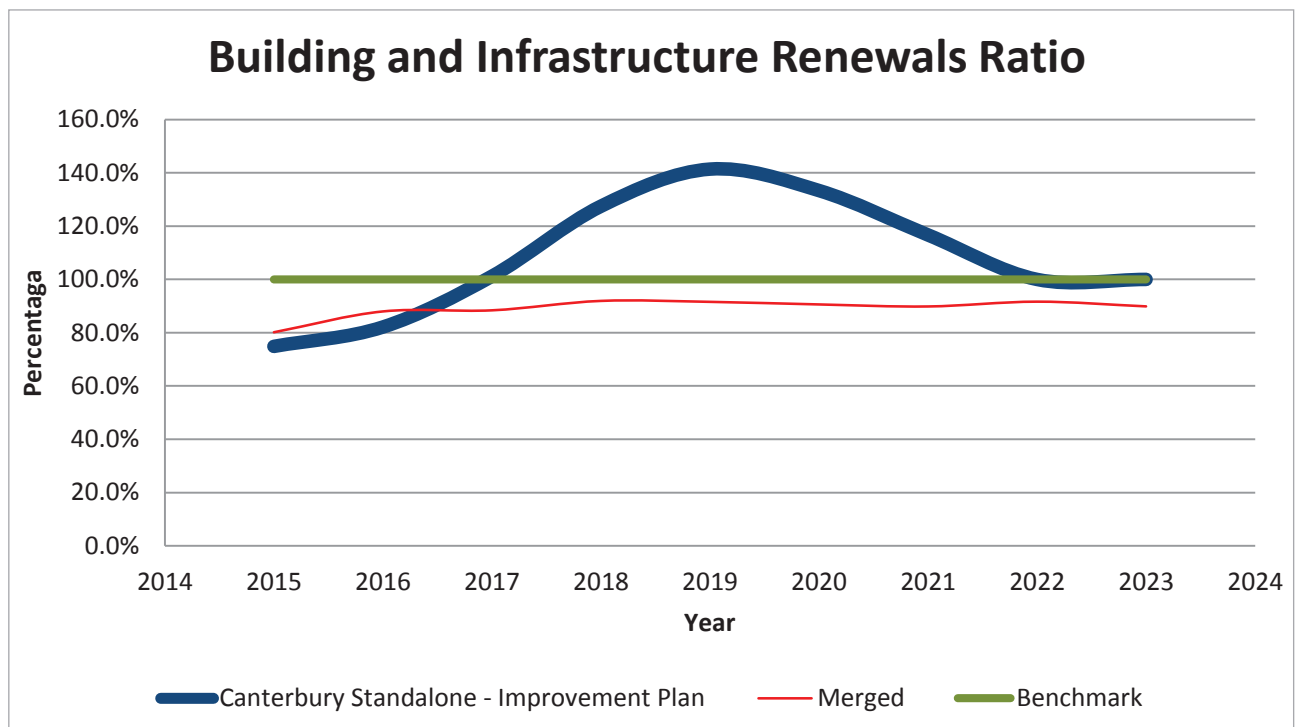
Overall – the merger would take us from a strong financial position to an unsustainable financial position.



To achieve the FFTF **Own Source Revenue Ratio** benchmark, more than 60% of our revenue must be from sources which are not tied to specific purposes such as grants.

The merged entity and our FFTF Improvement Plan both produce very similar Own Source Revenue Ratios.

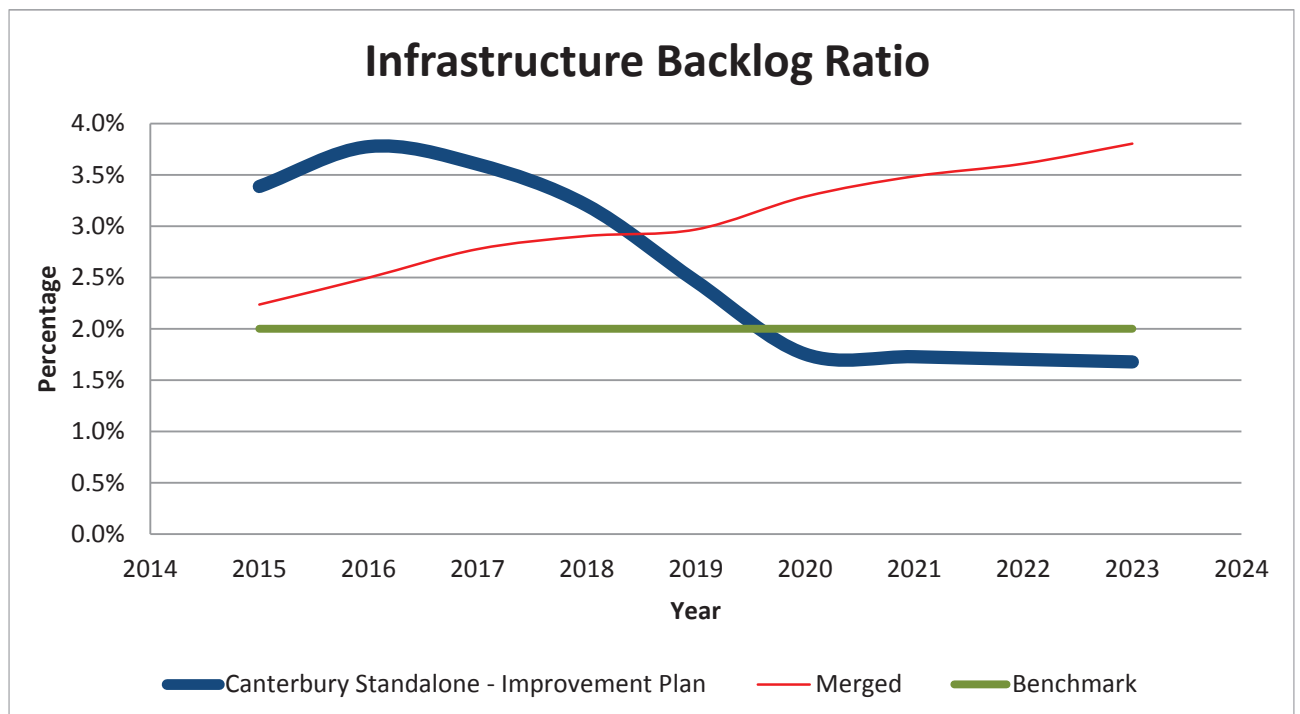
Overall – the merger would not provide us with any greater or restricted financial flexibility and therefore this benchmark would have a neutral impact.



Achieving the FFTF **Building and Infrastructure Asset Renewal Ratio** benchmark requires that 100% or more of the depreciation expense for infrastructure assets is spent on renewal of assets.

Our FFTF Improvement Plan addresses our backlog within a 6 year period where as the merged entity would never generate an operating surplus and therefore would never be able to fund the required expenditure on renewals.

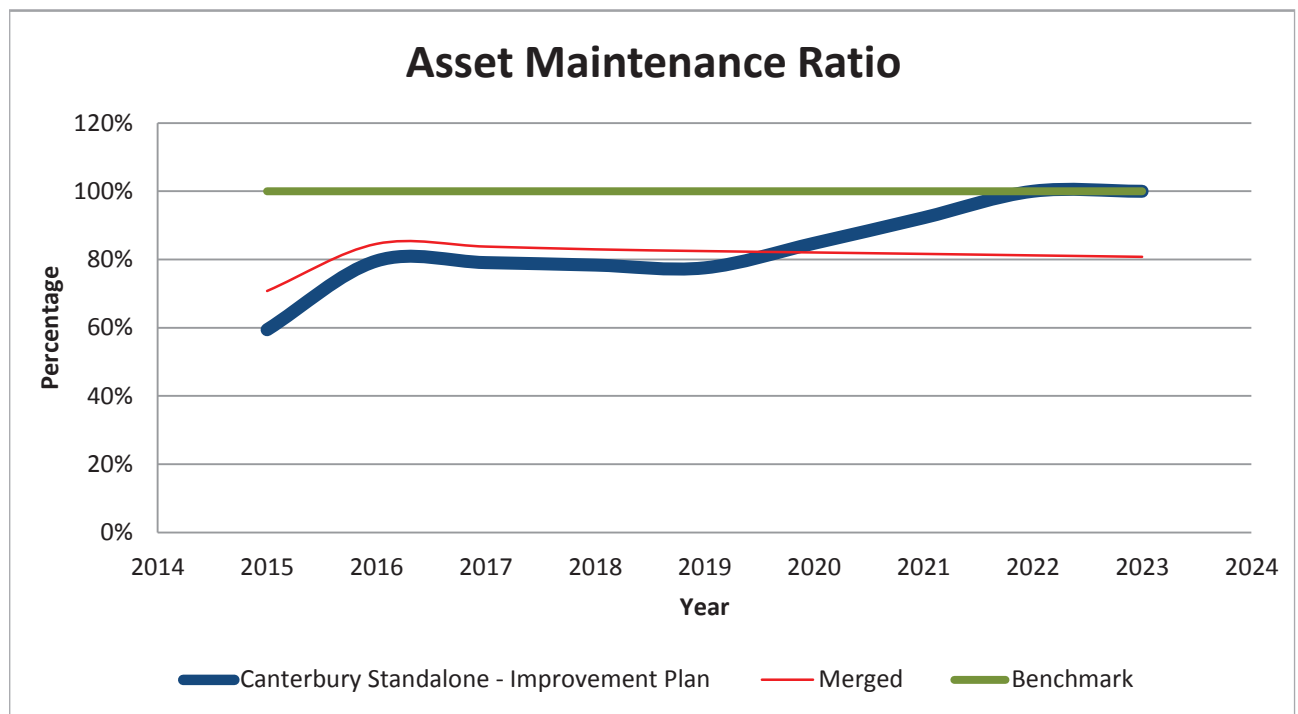
Overall - the merger would take us from a strong asset management position to an unsustainable asset management position.



The **Infrastructure Backlog Ratio** represents the percentage of assets that are below an acceptable standard. To satisfy the FFTF benchmark, we must have less than 2% of our assets in an unsatisfactory condition.

As mentioned earlier, our FFTF Improvement Plan accelerates our progress and we satisfy this benchmark in 2019-20. The merged entity cannot meet the Building and Infrastructure Asset Renewal Ratio and therefore the Infrastructure Backlog continues to grow.

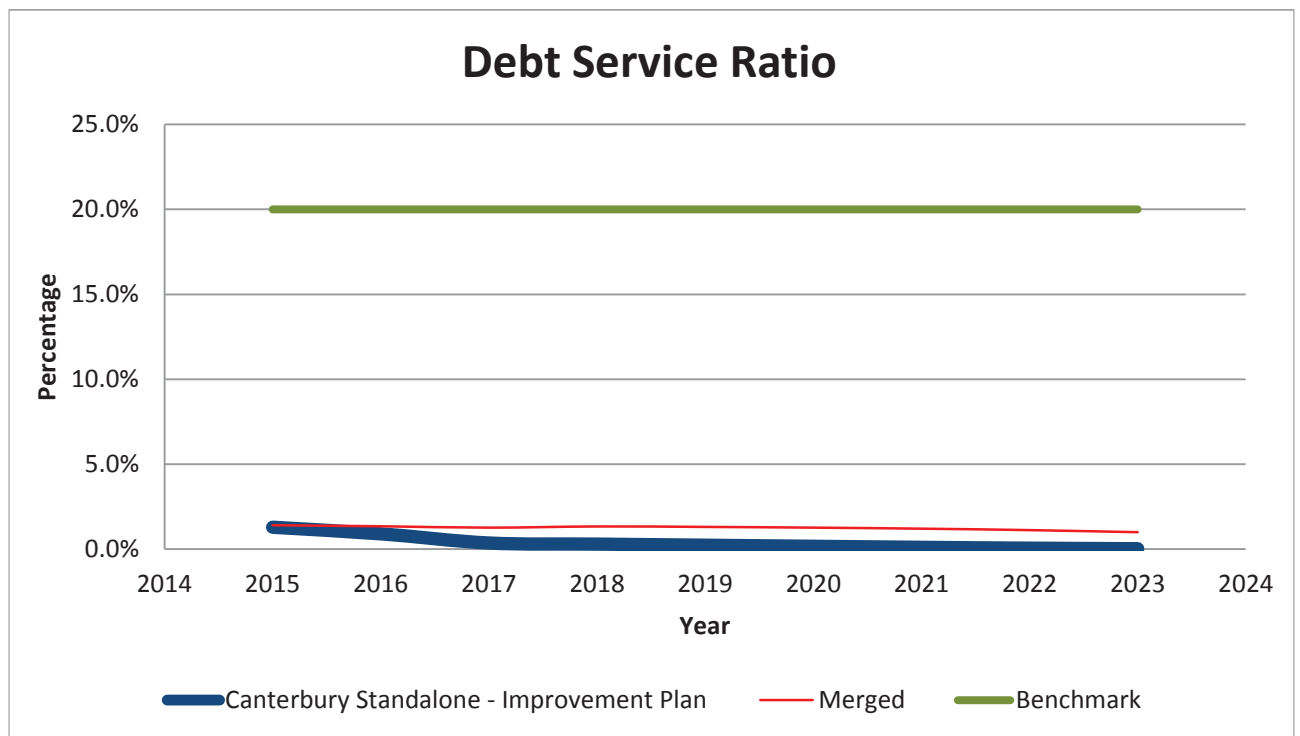
Overall - the merger would take us from a strong asset management position to an unsustainable asset management position.



The **Asset Maintenance Ratio** measures the actual spend on asset maintenance compared to the level of maintenance required to ensure the service levels and service lives are met. Therefore a ratio of 100% or more is required to satisfy this benchmark.

Our FFTF Improvement Plan addresses our shortfall in asset maintenance and shows that we will meet the benchmark in 2022-23. Again, as the merged entity cannot generate an operating surplus, it cannot spend any more on Asset Maintenance. Therefore the merged entity cannot demonstrate that it is even trending towards the benchmark.

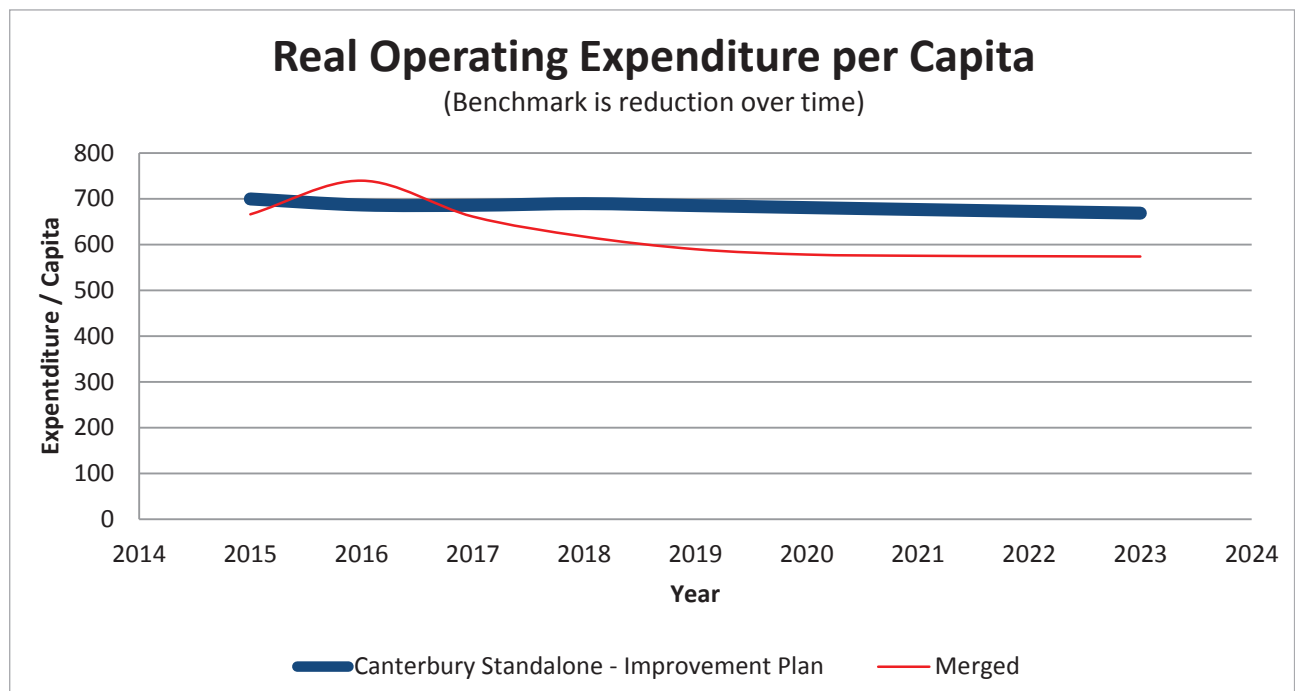
Overall - the merger would take us from a strong asset management position to an unsustainable asset management position.



The FFTF Benchmark in relation to debt servicing is very broad. The **Debt Service Ratio** represents the ratio of loan repayments as a percentage of operating revenue. A satisfactory debt service ratio is as high as 20% and as low as 0%.

Our current low level of debt provides us with a capacity to borrow in the future. This borrowing capacity is an important consideration when assessing our financial flexibility. Modelling the merged entity indicates that the same Debt Service Ratios will be achieved.

Overall - the merger would not provide us with any greater or more restricted financial flexibility and therefore this benchmark would have a neutral impact.



To satisfy the FFTF benchmark we need to demonstrate that our **Real Operating Expenditure** per Capita is reducing.

Our FFTF Improvement Program clearly demonstrates that our costs per capita are reducing. Whilst the modelling of the merged entity shows lower costs per capita this is not sustainable. As mentioned previously our FFTF Improvement Program maintains our strong financial position and strengthens our Asset Management position. The merged entity is not sustainable as evidenced by its inability to generate an operating surplus sufficient to fund its infrastructure renewal, backlog and maintenance.

Overall - Whilst the cost per capita is lower with the merged entity, the decrease in costs are detrimental to our ability to maintain our assets. Therefore the merger would place us in an unsustainable Asset Management Position.

Rating Impacts

In addition to the modelling undertaken by Morrison Low around these criteria, we have undertaken our own modelling, again based on publicly available information.

Because of the higher land value per assessment in the Hurstville, Kogarah and Rockdale council areas, were the infrastructure issues in these councils to remain, in a merged entity the average rate in Canterbury would go down.

If rates were increased, however, to provide sufficient funds for the infrastructure renewal and maintenance required by the St George councils, in a merged entity the average rate for Canterbury ratepayers would remain the same. This means that in a merged entity the burden of providing for infrastructure renewal and maintenance for the St George councils would fall where it belongs - on their ratepayers. There are no benefits for our ratepayers from a rates perspective.

4.3 Canterbury and Bankstown

4.3.1 Scale and Capacity

With a current population of just under 350,000, and a projected population in 2031 of almost 425,000, a merger of Canterbury and Bankstown councils would have the scale and capacity envisaged by the ILGRP. It is also consistent with the Panel's recommendations.

4.3.2 Sustainability, Infrastructure, Services and Efficiency

Modelling we have undertaken using publicly available information, however, shows that such a merged council would not meet the Fit for the Future criteria for sustainability, infrastructure and service delivery, and efficiency. This is primarily because Bankstown City Council's current Long Term Financial Plan does not have strategies to address their infrastructure issues in the medium to long term. Bankstown has estimated their annual shortfall to be in the order of \$17 million. A merger of the two councils would accrue savings of approximately \$4 million per year, leaving a shortfall of \$13 million.

Rating Impacts

Due to the difference in the value of rateable properties between Canterbury and Bankstown, Canterbury ratepayers would be required to pay \$8 million of this shortfall, and Bankstown ratepayers \$5 million. This is clearly an inequitable situation where Canterbury residents bear a burden of funding a greater portion of Bankstown's infrastructure shortfall as well as paying for their own infrastructure renewal through the Special Rate Variation introduced in 2014-15.

IMPROVEMENT PLAN

Where we have identified gaps in meeting the Fit for the Future criteria, our Improvement Plan outlines what we plan to do to close these gaps.

5.1 Objectives and Strategies

5.1.1 Scale and Capacity

We have identified gaps that can be filled in relation to strategic capacity. Our objectives and strategies to achieve this are outlined below.

Objective	Strategies	Milestones	Outcomes & Impacts
Increase scope to undertake new functions and projects	Implement an organisation-wide project management methodology	Adopt project management methodology - June 2015 Publish methodology - June 2015 Train Staff - December 2015 Review performance - June 2016	Methodology improves timeliness and quality of project delivery.
	Achieve productivity in infrastructure planning and delivery	Appoint Infrastructure Delivery Coordinator - June 2015 Implement changes to City Works Structure - September 2015 Review performance - September 2016	Structure and resourcing changes improve timeliness, quality and costs in infrastructure provision.
Further develop high quality political and managerial leadership	Develop Leaders	Implement Leadership Forum program - September 2015 Review performance - September 2016	Leaders in the organisation are provided with greater opportunities to collaborate.
	Succession Planning	Prepare Succession Plan - December 2015 Implementation - June 2016 Review performance - December 2016	Development opportunities are implemented to provide internal staff with experience to replace retiring leaders.
Further develop resources to cope with complex and unexpected change	Business Improvement Program	Organisation wide training - June 2015 Priority process improvement - December 2015 Review performance - March 2016	Process mapping and improvements provide customer value and reduced expenditure.

5.1.2 Effective Infrastructure and Service Management

We have identified the need to generate an operating surplus in the future to enable adequate funds to be allocated to Asset Maintenance. Initiatives to increase revenue and achieve further efficiencies will generate this surplus which will first be applied to infrastructure renewal, then to the infrastructure backlog, and then to asset maintenance. Our objectives and strategies to achieve this are outlined below.

Objective	Strategies	Milestones	Accountable
Increase income	Continue development of income producing property portfolio		Portfolio generates income of > \$1,000,000 per year by 2017
	New management agreement for Riverwood Community Hub	Negotiate management agreement - June 2017	New agreement increases income to Council.
	Improve returns from private hire of community facilities	Adopt new fees and charges - June 2016 Implement new fees and charges - July 2016	Full implementation of fees and charges increases income to council.
	Obtain market rents for leases of community buildings	Review and amend lease agreements - June each year	New lease agreements increase income to council.
	Develop an Affordable Housing Strategy and obtain increased income from council-owned sites	Develop Affordable Housing Strategy - September 2015 Establish partnership with appropriate community housing provider - June 2016 Review performance - June 2017	Affordable housing stock managed by partner(s) provides significant ongoing source of income

Objective	Strategies	Milestones	Accountable
Achieve further efficiencies	Improve parks and property operations	Complete review of operations - December 2015 Negotiate new arrangements - June 2016 Implement new arrangements - December 2016 Review performance - December 2017	New working arrangements rationalise service levels and reduce expenditure.
	New service delivery model for Lakemba Out Of School Hours (OOSH) Service	Undertake feasibility assessment - September 2015 Adopt new model - December 2015 Implement new model - June 2016	New service delivery model improves service delivery and reduces expenditure.
	Rationalise plant and vehicle fleet	Negotiate new arrangements for vehicle use - September 2015 Dispose of surplus vehicles - March 2016	Reduced expenditure on vehicles.

5.2 Action Plan

Our action plan below outlines strategies, accountabilities, actions and milestones.

Strategy	Actions	Milestones	Accountable
Implement an organisation-wide project management methodology	Adopt project management methodology Publish methodology Train Staff Review performance	June 2015 June 2015 December 2015 June 2015	Director Corporate Services (Group Manager Governance)
Achieve productivity in infrastructure planning and delivery	Appoint Infrastructure Delivery Coordinator Implement changes to City Works Structure Review performance	June 2015 September 2015 September 2016	Director City Works (Manager Assets and Planning)
Develop Leaders	Implement leadership forum program Review performance	September 2015 September 2016	Office of the General Manager (Manager Corporate Communications)
Succession Planning	Prepare succession plan Implementation Review performance	December 2015 June 2016 December 2016	Office of the General Manager
Business Improvement Program	Organisation wide training Priority process improvement Review performance	June 2015 December 2015 March 2016	Director Corporate Services (Group Manager Corporate and Economic Development)
Continue development of income producing property portfolio	Property sales and purchases	December 2015 June 2016 June each year	Director Corporate Services (Group Manager Governance)
New management agreement for Riverwood Community Hub	Negotiate management agreement	June 2017	Director Corporate Services (Group Manager Governance)
Improve returns from private hire of community facilities	Adopt new fees and charges Implement new fees and charges	June 2016 July 2016	Director Corporate Services (Group Manager Governance)
Obtain market rents for leases of community buildings	Review and amend lease agreements	June each year	Director Corporate Services (Group Manager Governance)

Strategy	Actions	Milestones	Accountable
Improve parks and property operations	Complete review of operations	June 2015	Director City Works (Manager Operations)
	Negotiate new arrangements	December 2015	
	Implement new arrangements	June 2016	
	Review performance	December 2016	
New service delivery model for Lakemba OOSH	Undertake feasibility assessment	September 2015	Director Corporate Services (Manager Children's Services)
	Adopt new model	December 2015	
	Implement new model	January 2016	
Rationalise plant and vehicle fleet	Negotiate new arrangements for vehicle use	June 2015	Director City Works (Manager Operations)
	Dispose of surplus vehicles	December 2015	

5.3 Implementing Action Plan

We have a well-established monitoring and reporting process as part of our Integrated Planning and Reporting system. Actions are listed in our Delivery Program, which is arranged by theme, long term goal, community outcome, and strategies. The Division of council responsible for completing the action is also specified. The same actions are listed in each Annual Operational Plan, which is arranged by council Divisions and strategies, and the relevant community outcome to which the strategies are linked are also specified. All council actions are therefore collated in one place – the Annual Operational Plan – for the purpose of monitoring and reporting on progress. Each quarter reports on the progress of all actions in the Annual Operational Plan are prepared and reviewed by the Divisional Directors. A summary report on performance, together with details of progress in relation to priority actions, is reported to council each quarter. Progress in relation to actions in the Annual Operational Plan is also reported in each Annual Report.

The actions in the Action Plan above will be added to Annual Operational Plans commencing in 2015-16 (in fact some of these actions have already been added to the Annual Operational Plan for 2014-15, such as the strategic property portfolio program). Quarterly reports on progress in relation to the Action Plan will be prepared, and reported to council as priority actions. In this way progress can be monitored, and implementation ensured. Performance against the benchmarks will also be reported in each Annual Report.

Attachments

Long Term Financial Plan

Community Engagement – Report on Focus Groups

Community Engagement – Report on Survey

Morrison Low Modelling – Canterbury and St George

Morrison Low – Improvement Plan