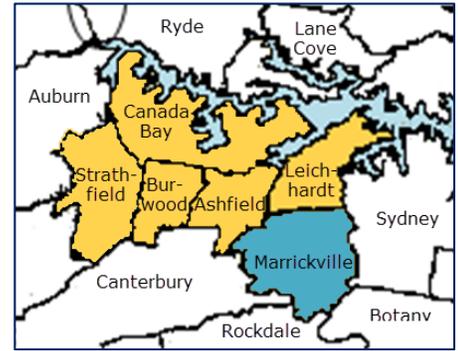


MARRICKVILLE COUNCIL - CIP

NOT FIT

| | | | |
|-----------------------------|--------------|------------------|-------------------------------|
| Area (km ²) | 16 | Population 2011 | 81,100 |
| OLG Group | 3 | (2031) | 102,300 |
| ILGRP Group | Sydney Metro | Merger 2011 | 331,800 |
| | | (2031) | 433,000 |
| Operating revenue (2013-14) | \$92.5m | TCorp assessment | Moderate FSR, Neutral Outlook |

ILGRP options (preference in bold) **Merge with Ashfield, Burwood, Canada Bay, Leichhardt and Strathfield** (yellow) or combine as strong Joint Organisation.



| | | |
|--------------------|---|-------------------------|
| Assessment summary | Scale and capacity | Does not satisfy |
| | Financial criteria overall: | Satisfies |
| | • Sustainability | Satisfies |
| | • Infrastructure and service management | Satisfies |
| | • Efficiency | Satisfies |

Fit for the Future – NOT FIT

- The council does not satisfy the scale and capacity criterion.
- The council satisfies the financial criteria overall. It satisfies the sustainability, infrastructure and service management and efficiency criteria.
- Scale and capacity is a threshold criterion which councils must satisfy to be Fit for the Future (FFTF), therefore the council is not fit.

Scale and capacity – does not satisfy

- The council did not demonstrate its proposal to stand alone would be as good as or better than the merger. The efficiency improvements in the council's proposal can be realised under the merger option. In addition the merger option would provide significant further benefits.
- The council's population is forecast to be 102,300 by 2031 compared to the forecast merger population of 433,000. Our analysis indicates the council does not have sufficient scale and capacity to effectively partner with governments compared to the merger.
- The council submitted a business case which showed a merger of Strathfield, Ashfield, Burwood, Canada Bay, Leichardt and Marrickville produces net benefits. Based on this model, our analysis suggests the merger could produce net benefits of \$396m over 20 years (including the full Government grant).
- In addition, our independent economic consultants Ernst & Young estimated gains to the local communities from the merger of \$194m over 20 years using publically available data (not including the Government grant).
- The council submitted another business case which showed a merger of Marrickville, Botany Bay and Rockdale produces net benefits. Based on this model, our analysis suggests a merger between Marrickville, Botany Bay and Rockdale could produce net benefits of \$251m over 20 years. However, the council did not wish to pursue this option and it was not an option identified by the ILGRP. We did not investigate the further regional impacts of this proposed merger.
- All analyses showed large gains to the local community from a merger. Variances in calculations result from different inputs and underlying methodologies.
- Our analysis is consistent with the ILGRP's preferred option for Marrickville to merge with neighbouring councils.

Sustainability – satisfies

- The council satisfies the sustainability criterion. It is forecast to meet the benchmarks for the operating performance ratio, the own source revenue ratio and the building and infrastructure asset renewal ratio by 2019-20.

Infrastructure and service management – satisfies

- The council satisfies the infrastructure and service management criterion as it meets the infrastructure backlog, asset maintenance and debt service benchmarks by 2019-20.

Efficiency – satisfies

- The council meets the efficiency criterion based on a decline in real operating expenditure over the period to 2019-20.

Other relevant factors

| | |
|------------------------------|---|
| Social and community context | Marrickville Council states that loss of identity is a risk in a merger with councils that do not share a similar sense of community, eg, it has a high percentage of artists, cultural workers, arts industries and same-sex couples. |
| Community consultation | Marrickville Council consulted the community on two options (stand alone or Inner West merger). It received 3,685 survey responses as a result of an information brochure provided to all rate payers with 72% of respondents opposed to the Inner West merger and 78% supporting Marrickville as a stand-alone council. We consider its information pack presents an incomplete assessment of costs and benefits. |
| Water and/or sewer | The council does not have a water/sewer business. |
| Submissions | We received 40 submissions relating to Marrickville's proposal. Among these submissions, 35 rejected the merger. The main reasons for opposition included satisfaction with council's performance, loss of local identity and focus, reduced representation and services, and that there is no evidence residents will be better off under a merger. One submission was in support of merging based on operational improvements. Three submissions were in support of alternative mergers, eg, with the City of Sydney. We also received one confidential submission. |