

BUSINESS PAPER

EXTRAORDINARY COUNCIL MEETING

Wednesday, 27 January, 2016

Meeting commences at 6:30pm

**Council Chambers
Level 3, 2-14 Fisher Street
Petersham**

MARRICKVILLE COUNCIL

Administrative Centre
PETERSHAM








20 January 2016

Notice is given of the **EXTRAORDINARY COUNCIL MEETING**, to be held in the Council Chambers on Level 3 of the Administrative Centre, 2-14 Fisher Street, Petersham, on Wednesday, 27 January, 2016, commencing at 6:30pm.

Yours faithfully

Brian Barrett
General Manager

COUNCILLORS

	Chairperson Councillor Sam Iskandar (Mayor) Central Ward – Wirraga Ph: 0421 494 515 Fax: 9591 2201		Deputy Chairperson Councillor Rosana Tyler (Deputy Mayor) West Ward – Burraga Ph: 0414 859 630 Fax: 9335 2029
	Councillor Daniel Barbar West Ward – Burraga Ph: 0447 091 979 Fax: 9335 2029		Councillor Melissa Brooks West Ward – Burraga Ph: 0409 235 802 Fax: 9572 7982
	Councillor Sylvie Ellsmore North Ward – Wali Ph: 0403 977 213 Fax: 9519 2973		Councillor Mark Gardiner North Ward – Wali Ph: 0402 424 987 Fax: 9335 2029
	Councillor Morris Hanna OAM South Ward – Magura Ph: 0417 660 997 Fax: 9349 5149		Councillor Jo Haylen North Ward – Wali Ph: 0417 114 404 Fax: 9335 2029
	Councillor David Leary South Ward – Magura Ph: 0409 421 323 Fax: 9519 1425		Councillor Victor Macri Central Ward – Wirraga Ph: 0408 219 260 Fax: 9569 8750
	Councillor Max Phillips Central Ward – Wirraga Ph: 0419 444 916 Fax: 9335 2029		Councillor Chris Woods South Ward – Magura Ph: 0425 363 209 Fax: 9335 2029

Council and Committee Meetings

To enable Council to give consideration to items of business at each Meeting, a Business Paper, like this one, is prepared, containing reports by senior staff in relation to each item listed on the Agenda for the Meeting. The Business Paper for each Meeting is available for perusal by members of the public at Council's Libraries and Community Neighbourhood Centres on the Thursday prior to the Council/Committee Meeting.

Meetings are conducted in accordance with Council's Code of Meeting Practice. The order of business is listed in the Agenda. That order will be followed unless a procedural motion is adopted to change the order of business at the meeting. This sometimes happens when members of the public request to address the Council on an item on the Agenda.

Some items are confidential in accordance with S10A(2) of the Local Government Act. This will be clearly stated in the Business Paper. These items may not be discussed in open Council and observers may be asked to leave the Council Chambers when they are discussed. The grounds on which a meeting is closed to the public must be specified in the decision to close the meeting and recorded in the minutes of the meeting. The number of items that are dealt with as confidential are kept to a minimum.

Each of Council's committees has delegated authority to make decisions subject to a number of limitations. Matters which cannot be decided by the committees are referred to the Ordinary Council Meeting for decision.

More Information

Please visit Marrickville Council's website at www.marrickville.nsw.gov.au for more information on the following:

- Committee Structure and Delegations
- meeting dates for the remainder of the year
- information on attending Council and committee meetings, and on applying to speak at meetings

Marrickville Council is committed to ensuring people with a disability have equal opportunity to take part in Council and Committee Meetings. If you have any access or disability related participation needs and wish to know more ring 9335 2024.

Persons in the public gallery are advised that under the Local Government Act 1993, a person may NOT tape record a Council or Committee meeting without the authority of the Council or Committee.

Council grants authority to an accredited television or radio media representative to record by the use of audio or video recording equipment, the proceedings of a Council or Committee meeting upon production of suitable identification and evidence of employment.

Any persons found tape recording without authority will be expelled from the meeting.

"Tape record" includes the use of any form of audio, video and still camera equipment or mobile phone capable of recording speech.

An audio recording of this meeting will be taken for minute taking purposes and will be destroyed upon confirmation of the minutes.

SUMMARY OF ITEMS

The following provides a summary of the items to be considered at the meeting.

MAYORAL MINUTES

Nil at the time of printing.

STAFF REPORTS

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PRECIS

1	Acknowledgement of Country	
2	Period of Silence for Prayer, Pledge or Contemplation	
3	Present	
4	Apologies	
5	Disclosures of Interest (Section 451 of the Local Government Act and Council's Code of Conduct)	
6	Confirmation of Minutes	Page
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7	Mayoral Minutes	
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C0116 Item 1	COUNCIL AMALGAMATION File Ref: 16/SF16/4622.16	12

At its Extraordinary meeting on 10 November 2015 Council resolved to undertake a range of actions in response to the NSW Premier's last chance to submit an amalgamation proposal(s), following the release of the IPART "Assessment of Council Fit for the Future Proposals" Report. All Councils had 30 days to determine their amalgamation preferences with the deadline being 18 November 2015.

The report outlines the process undertaken since 10 November 2015 and the implications of the Minister for Local Government's recent decision to refer a proposal to amalgamate Ashfield, Leichhardt and Marrickville Councils to the Chief Executive of the Office of Local Government for examination.

RECOMMENDATION

THAT:

1. Council requests the General Manager to prepare a draft submission to the Delegate for the consideration of Council at its meeting in February 2016 based on existing information available, including the results of the recent community engagement process, which responds to the factors in s263(3) of the Local Government Act and sets out the case for Marrickville standing alone;
2. Council acknowledges the distribution of an information flyer to its residents on the merger proposal and the examination process undertaken to date encouraging their full participation in that process and endorses the associated communication plan outlined in this report;

3. Council notes the need for the General Manager to prepare a transition plan should a new council be formed;
4. Council allocates an amount of \$10,000 to facilitate the preparation of a transition plan and undertake associated activities should that be required;
5. Council considers budget adjustments for the Fit for the Future processes undertaken to date and for the preparation of the transition plan at its December budget review; and
6. the report be received and noted.

C0116 Item 2

RESCHEDULING OF INFRASTRUCTURE, PLANNING AND ENVIRONMENTAL SERVICES AND COMMUNITY AND CORPORATE SERVICES COMMITTEE MEETINGS IN FEBRUARY 2016

107

File Ref: 16/4717/7073.16

This report proposes that the February Infrastructure, Planning and Environmental Services Committee and Community and Corporate Services Committee meetings be postponed by one day to afford Councillors a reasonable opportunity to attend a Public Inquiry forum on Tuesday 2 February 2016 concerning the proposed merger of Marrickville, Ashfield and Leichhardt Councils.

RECOMMENDATION

THAT:

1. the Infrastructure, Planning and Environmental Services Committee Meeting due to be held on Tuesday 2 February 2016 be rescheduled to Wednesday 3 February 2016 in light of a scheduling conflict with the Public Inquiry on the proposed merger of Marrickville, Ashfield and Leichhardt Councils;
2. the Community and Corporate Services Committee Meeting due to be held on Tuesday 2 February 2016 be rescheduled to Wednesday 3 February 2016 in light of a scheduling conflict with the Public Inquiry on the proposed merger of Marrickville, Ashfield and Leichhardt Councils; and
3. any alteration to the schedule of Committee meetings for February 2016 be widely publicised via normal communications channels used by Council.

Minutes of Council Meeting held on Tuesday 1 December 2015**Meeting commenced at 9.30pm****ACKNOWLEDGEMENT OF COUNTRY BY CHAIRPERSON**

We meet tonight on the traditional land of the Cadigal people of the Eora nation. I acknowledge the terrible wrongs committed against the Aboriginal peoples of this country and their care of the land over many generations. I celebrate their ongoing survival and achievements in today's society.

COUNCILLORS PRESENTTyler (Deputy Mayor)
Hanna
MacriBarbar
Haylen
WoodsBrooks
GardinerEllsmore
Leary**APOLOGIES:****Motion:** (Tyler/Barbar)

THAT the apologies for Councillors Iskandar and Phillips be noted and leave of absence granted.

Motion Carried**For Motion:** Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen, Leary, Macri, Tyler and Woods**Against Motion:** Nil**DISCLOSURES OF INTERESTS:**

Item 5 - Notice of Motion to Rescind: C1115 Item 27 - Marketing and Upgrade of Town Halls and Community Meeting Room

Councillors Brooks, Ellsmore and Leary declared a less than significant, non-pecuniary conflict of interest in Item 5 as some of the groups they are associated with occasionally hire Council's halls and meeting rooms. They indicated that they would remain in the Chamber during that item of business.

Councillor Leary advised that he did not make this declaration at the Council Meeting on 17 November 2015 as he wasn't aware that the organisations he is associated with were affected.

CONFIRMATION OF MINUTES**Motion:** (Tyler/Gardiner)

THAT the Minutes of the Council Meetings held on Tuesday, 10 and 17 November 2015 be confirmed.

Motion Carried**For Motion:** Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen, Leary, Macri, Tyler and Woods**Against Motion:** Nil

Motion: (Leary/Ellsmore)

THAT Council deals with Items 1, 2, 4, 6, 7, 8 and 9 en bloc.

Motion Carried

For Motion: Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen, Leary, Macri, Tyler and Woods

Against Motion: Nil

C1215 Item 1 CYCLE SHARE SYSTEM FOR MARRICKVILLE**Motion: (Leary/Ellsmore)**

THAT:

1. the report be received and noted;
2. in accordance with Option 4 in this report, Council investigates undertaking a feasibility study into a complete cycle share scheme in partnership with City of Sydney and Leichhardt Council addressing scope, governance and budget implications;
3. subject to the outcomes of item 2 above, a further report be prepared to Council seeking agreement on the approach and a budget allocation; and
4. the agreed approach be included within the scoping of the new Integrated Transport Strategy.

Motion Carried

For Motion: Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen, Leary, Macri, Tyler and Woods

Against Motion: Nil

C1215 Item 2 ANNUAL CODE OF CONDUCT COMPLAINTS REPORT FOR THE PERIOD 1 SEPTEMBER 2014 TO 31 AUGUST 2015**Motion: (Leary/Ellsmore)**

THAT the report be received and noted.

Motion Carried

For Motion: Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen, Leary, Macri, Tyler and Woods

Against Motion: Nil

C1215 Item 3 DRAFT 2015/16 COUNCILLOR EXPENSES AND FACILITIES POLICY FOR ADOPTION BY COUNCIL**Motion: (Ellsmore/Barbar)**

THAT Council adopt the Draft 2015/16 Councillor Expenses and Facilities Policy as publicly exhibited in draft form between 8 October to 5 November 2015.

Motion Carried

For Motion: Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen, Leary, Macri, Tyler and Woods

Against Motion: Nil

C1215 Item 4 STATUS UPDATE - RESOLUTIONS OF COUNCIL**Motion:** (Leary/Ellsmore)

THAT the report be received and noted.

Motion Carried**For Motion:** Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen,
Leary, Macri, Tyler and Woods**Against Motion:** Nil**C1215 Item 5 NOTICE OF MOTION TO RESCIND: C1115 ITEM 27 - MARKETING AND
UPGRADE OF TOWN HALLS AND COMMUNITY MEETING ROOMS****Motion:** (Macri/Hanna)

THAT the resolution made by Council in relation to Item 27 on the agenda of the Council Meeting held on 17 November 2015 be rescinded to enable an alternative Motion to be adopted.

Motion Lost**For Motion:** Councillors Hanna, Macri and Tyler**Against Motion:** Councillors Barbar, Brooks, Ellsmore, Gardiner, Haylen, Leary and
Woods**REPORTS WITH CONFIDENTIAL INFORMATION****C1215 Item 6 GREEN WASTE CONTRACT****Motion:** (Leary/Ellsmore)

THAT:

1. Council resolves that CONFIDENTIAL ATTACHMENTS 1, 2, and 3 to the report be treated as confidential in accordance with Section 10A (4) of the Local Government Act 1993, as they relate to a matter specified in Section 10A(2)(d) of the Local Government Act 1993;
2. the report be received and noted; and
3. Council endorses Marrickville entering into an interim contract with the current provider until 30 June 2017 to allow for the Food and Garden Organics (FOGO) trial to be undertaken which will inform the future tender specifications.

Motion Carried**For Motion:** Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen,
Leary, Macri, Tyler and Woods**Against Motion:** Nil

C1215 Item 7 TENDER 10/15 MINOR CIVIL WORKS**Motion:** (Leary/Ellsmore)

THAT:

1. Council resolves that CONFIDENTIAL ATTACHMENTS 1 and 2 to the report be treated as confidential in accordance with Section 10A (4) of the Local Government Act 1993, as they relate to a matter specified in Section 10A(2) (c) and (d) of the Local Government Act 1993 and as such should be confidential;
2. the report be received and noted; and
3. Council adopts the recommendations contained in CONFIDENTIAL ATTACHMENTS 1 and 2.

Motion Carried**For Motion:** Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen, Leary, Macri, Tyler and Woods**Against Motion:** Nil**C1215 Item 8 TENDER 11/15 HENSON PARK LIGHTING UPGRADE - ASSESSMENT OF TENDERS****Motion:** (Leary/Ellsmore)

THAT Council:

1. resolves that CONFIDENTIAL ATTACHMENT 1 to the report be treated as confidential in accordance with Section 11(3) of the Local Government Act 1993, as they relate to a matter specified in Section 10A(2)(c) and (d) of the Local Government Act 1993; and
2. adopts the recommendation contained in CONFIDENTIAL ATTACHMENT 1.

Motion Carried**For Motion:** Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen, Leary, Macri, Tyler and Woods**Against Motion:** Nil**C1215 Item 9 TENDER 13/15 CAMPERDOWN PARK AMENITIES UPGRADE****Motion:** (Leary/Ellsmore)

THAT:

1. Council resolves that CONFIDENTIAL ATTACHMENT 1 to the report be treated as confidential in accordance with Section 10A (4) of the Local Government Act 1993, as it relates to a matter specified in Section 10A(2)(c) and (d) of the Local Government Act 1993, and as such is to be treated as confidential;
2. Council adopts the recommendation contained in CONFIDENTIAL ATTACHMENT 1.
3. the Director of Infrastructure Services sign the Contract on behalf of Council.

Motion Carried**For Motion:** Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen, Leary, Macri, Tyler and Woods**Against Motion:** Nil

Motion: (Gardiner/Ellsmore)

THAT Items 10 and 12 be heard together.

Motion Carried

For Motion: Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen, Leary, Macri, Tyler and Woods

Against Motion: Nil

C1215 Item 10 TENDER 24/15 DEMOLITION OF FORMER PLACE OF WORSHIP AND INTEGRATION WITH SYDENHAM GREEN - ASSESSMENT OF TENDERS**Motion: (Macri/Gardiner)**

THAT:

1. Council resolves that CONFIDENTIAL ATTACHMENT 1 to the report be treated as confidential in accordance with Section 10A (4) of the Local Government Act 1993, as they relate to a matter specified in Section 10A(2)(c) and (d) of the Local Government Act 1993; and
2. adopts the recommendation contained in CONFIDENTIAL ATTACHMENT 1.

Motion Carried

For Motion: Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen, Macri, Tyler and Woods

Against Motion: Councillor Leary

C1215 Item 11 MAYORAL MINUTE: WESTCONNEX NEW M5 - ENVIRONMENTAL IMPACT STATEMENT EXHIBITION PERIOD

The Mayoral Minute was not put to the meeting and therefore lapsed.

C1215 Item 12 SUPPLEMENTARY REPORT - TENDER 24/15 DEMOLITION OF FORMER PLACE OF WORSHIP AND INTEGRATION WITH SYDENHAM GREEN - ASSESSMENT OF TENDERS**Motion: (Macri/Gardiner)**

THAT Council:

1. resolves that CONFIDENTIAL ATTACHMENTS 1 and 2 to the report be treated as confidential in accordance with Section 10A (4) of the Local Government Act 1993, as they relate to a matter specified in Section 10A(2)(c) and (d) of the Local Government Act 1993; and
2. adopts the recommendations contained in CONFIDENTIAL ATTACHMENTS 1 and 2.

Motion Carried

For Motion: Councillors Barbar, Brooks, Ellsmore, Gardiner, Hanna, Haylen, Macri, Tyler and Woods

Against Motion: Councillor Leary

Meeting closed at 9.46pm.

CHAIRPERSON

Item No: C0116 Item 1

Subject: COUNCIL AMALGAMATION

File Ref: 16/SF16/4622.16

Prepared By: Brian Barrett - General Manager, Prue Foreman - Coordinator, Communication and Engagement and Lawrence Hennessy - Manager, Corporate Strategy and Communications

Authorised By: Brian Barrett - General Manager

SUMMARY

At its Extraordinary meeting on 10 November 2015 Council resolved to undertake a range of actions in response to the NSW Premier's last chance to submit an amalgamation proposal(s), following the release of the IPART "Assessment of Council Fit for the Future Proposals" Report. All Councils had 30 days to determine their amalgamation preferences with the deadline being 18 November 2015.

The report outlines the process undertaken since 10 November 2015 and the implications of the Minister for Local Government's recent decision to refer a proposal to amalgamate Ashfield, Leichhardt and Marrickville Councils to the Chief Executive of the Office of Local Government for examination.

RECOMMENDATION

THAT:

1. Council requests the General Manager to prepare a draft submission to the Delegate for the consideration of Council at its meeting in February 2016 based on existing information available, including the results of the recent community engagement process, which responds to the factors in s263(3) of the Local Government Act and sets out the case for Marrickville standing alone;
2. Council acknowledges the distribution of an information flyer to its residents on the merger proposal and the examination process undertaken to date encouraging their full participation in that process and endorses the associated communication plan outlined in this report;
3. Council notes the need for the General Manager to prepare a transition plan should a new council be formed;
4. Council allocates an amount of \$10,000 to facilitate the preparation of a transition plan and undertake associated activities should that be required;
5. Council considers budget adjustments for the Fit for the Future processes undertaken to date and for the preparation of the transition plan at its December budget review; and
6. the report be received and noted.

Our Place, Our Vision – Marrickville Community Strategic Plan 2023

- | | |
|-----|---|
| 4.1 | The Mayor and Councillors are representative of the community and provide strong and visionary leadership |
| 4.2 | Council has a clear strategic direction which guides its decision making |

BACKGROUND

At its Extraordinary meeting on 10 November 2015 Council resolved as follows:

THAT:

1. Council reinforce to its community, staff and the NSW State Government that its preferred option is to stand alone and is fundamentally opposed to forced amalgamations;
2. given the legal predicament we now find ourselves in and the ultimatum issued by the NSW State Government, submit a first merger preference for Marrickville, Leichhardt and Ashfield Council and a second merger preference for Marrickville and City of Sydney Council by 18 November 2015;
3. Council signal strongly to the State Government that it will:
 - a. immediately withdraw its merger preferences if the State Government does not proceed with forced amalgamations;
 - b. not support an Inner West Council amalgamation proposition comprising Marrickville, Leichhardt, Ashfield, Burwood, Strathfield and Canada Bay Councils under any circumstances;
4. Council urgently undertake a community engagement process to inform residents of the latest developments. The community engagement process must highlight that Marrickville Council's ongoing preferred option is to stand alone, and provide a genuine opportunity for residents to consider and provide feedback on the potential benefits and risks of an amalgamated Marrickville-Leichhardt-Ashfield Council, including through a survey and community information sessions; and
5. a report be provided back to the first Council meeting in 2016.

This report provides feedback on the implementation of Council's decision and considers the implications of the Minister for Local Government's action to refer an amalgamation proposal for Ashfield, Leichhardt and Marrickville Councils to the Chief Executive of the Office of Local Government for examination.

DISCUSSION

What has happened since?

Council provided feedback on the IPART report as requested and nominated Ashfield and Leichhardt as Option 1 and City of Sydney as Option 2 as Council's preferences should amalgamations be forced on councils. Feedback clearly stated *"Council's preference is to stand alone. It is fundamentally opposed to forced amalgamations and rejects the 6 council Inner West merger. Council immediately withdraws its Merger Preferences if the State Government does not proceed with forced amalgamations."*

It also provided the following feedback on the IPART report:

Experience in every jurisdiction in which Council amalgamations have occurred is that service levels rise to the highest level currently on offer. The Ernst & Young/IPART analysis includes gains to the community through improved service levels in its calculation of net benefits. Council's most recent Morrison Low analysis notes the risk that these do not represent cash available to offset the substantial up-front costs to merge. The State Government offer of \$10m represents little more than 25% of the cost to the community of financing a merger. An increase in the subsidy available or access to no interest loan funds will be needed to avoid rate rises to fund those costs should mergers be mandated.

On 6 January 2016 the Minister for Local Government referred a proposal to the Chief Executive of the Office of Local Government (OLG) for examination proposing the amalgamation of Ashfield, Leichhardt and Marrickville Councils. A copy of the proposal is at **ATTACHMENT 1**. The Chief Executive of OLG has subsequently delegated the task of examining the proposal to Ms Cheryl Thomas (the Delegate).

The following extract from the Government's website provides background on the Delegate selected:

Cheryl Thomas

Cheryl has 20 years' experience in the private, public and non-profit sectors. Her most recent role was Executive Director of Capital City Lord Mayors (CCCLM), leading policy development and representing Australia's Lord Mayors at the federal level. Prior to CCCLM Cheryl worked in senior management positions for the Property Council of Australia, liaising directly with government to achieve reduced property taxes and increased investment in public infrastructure.

The proposal draws on work undertaken on behalf of the Minister by KPMG which is included in summarised form in the proposal. The report from KPMG on the assumptions that underpin the financial elements of the Minister's proposal has now been released and is included as **ATTACHMENT 4**.

How will the Minister's proposal be assessed?

The Delegate is required to examine the proposal submitted by the Minister against the factors contained in s263 (3) of the Local Government Act 1993. These are as follows:

- the financial advantages or disadvantages of the proposal to the residents and ratepayers of the areas concerned;
- the community of interest and geographic cohesion in the existing areas and in any proposed new area;
- the existing historical and traditional values in the existing areas and the impact of change on them;
- the attitude of the residents and ratepayers of the areas concerned;
- the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as considered relevant in relation to the past and future patterns of elected representation for that area;
- the impact of the proposal on the ability of the council to provide adequate, equitable and appropriate services and facilities;
- the impact of the proposal on the employment of the staff by the council;
- the impact of the proposal on any rural communities in the resulting area;
- the desirability (or otherwise) of dividing the resulting area or areas into wards
- the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented; and
- any other factors relevant to the provision of efficient and effective local government in the existing and proposed new areas.

What happens from here?

From 6 January to 28 February 2016 the Delegate will undertake their examination of the proposal against the factors above. The Delegate invited Councillors to a meeting on 19 January 2016, to get their direct feedback against the above factors.

A number of public meetings will be held on 2 February 2016 as follows:

West's Ashfield Leagues Club
115 Liverpool Rd
ASHFIELD NSW 2131
1pm to 5pm

West's Ashfield Leagues Club
115 Liverpool Rd
ASHFIELD NSW 2131
7pm to 10pm

Anyone can attend and speak at the meeting but they must first register on the website below. Registrations close at midday on Friday, 29 January 2016. People will not be able to speak unless they have registered to both attend and speak.

Councillors will be able to speak at public meetings but must also register. Given that the date for the public meetings is the date for the February Community and Corporate Services Committee and the Infrastructure, Planning and Environmental Services Committee meetings, a report on this Agenda recommends those meetings be moved.

Registrations to speak and written submissions can be lodged at the following website:

<https://www.councilboundaryreview.nsw.gov.au/proposals/ashfield-leichhardt-municipal-and-marrickville-councils/>

Written submissions can be lodged by up until 5pm on Sunday, 28 February 2016.

Council can lodge a written submission.

Given the timing of the public meetings an information flyer has already been prepared and distributed to residents on the merger proposal and the examination process encouraging their full participation in that process.

Further details of a public engagement process aimed at encouraging residents to express their views to the Delegate are provided later in this report.

It is expected that by the end of March or April 2016 the Delegate will report to the Minister with a recommendation and will provide a copy of their report to the Boundaries Commission.

By the end of April or May 2016 the Boundaries Commission can be expected to have completed their review and made comments on the proposal to the Minister. Note, the Boundaries Commission does not independently conduct its own enquiry into the proposal.

It is expected that the Minister would be in a position in June 2016 to either choose not to proceed with the amalgamation or could seek a Proclamation from the Governor which would put the new Council in place. If the latter decision was taken current Councils would cease to exist at that point.

Neither Councillors nor staff will know what option the Minister intends to take until the Proclamation is actually made.

The Proclamation will, among other things, transfer staff to the new Council and the three (3) year protection against forced redundancy would commence. OLG is yet to clarify whether senior staff (GM and Directors) contracts will terminate with the existing councils or will be transferred to the new Council.

For new councils, the former council rate structures will be preserved for four (4) years i.e. the rate yields and structures for Ashfield, Leichhardt and Marrickville will remain separate for 4 years after which they can be harmonized. Applications for Special Rate Variations and changes in minimum rates will not be available to the new Council for 4 years.

S23A guidelines issued

The Office of Local Government has issued guidelines under s23A of the Local Government Act 1993 which Council is required to consider when making decisions during the period up until the Minister makes a decision to either proceed with or abandon the amalgamation proposal (the Proposal Period). A copy of those guidelines forms **ATTACHMENT 2**.

Councils should avoid decisions that:

- Prevent or disrupt the merger proposal review without legitimate reason;
- Use Council resources to support a personal or political position on the merger proposal;
- Seek to impede the operational effectiveness of a new council.

Councils should:

- Continue business as usual – collecting rates, providing community services, undertaking regulatory roles;
- Continue to exercise their statutory planning powers – ensuring strict compliance with the legislation, regulations and standards. Voluntary Planning Agreements can proceed, as long as they comply with the EP&A Act;
- Continue with the Integrated Planning and Reporting (IP&R) cycle – an Operational Plan should be prepared for 2016/17, based on the approved Delivery Program and Resourcing Strategy;
- Continue with the reporting cycle;
- Carefully consider major decisions and their potential impacts on a new council;
- Where possible, defer major strategic decisions until the merger proposal review is completed;
- Provide balanced and objective information to their community regarding the merger proposal.

Councils should **avoid**:

- Spending council resources to oppose or support a merger proposal for personal or political reasons – any information campaigns should be approved at an open council meeting, be transparent and objective;
- Entering into major contracts, unless they:
 - Relate to written undertakings made before the proposal period;
 - Are necessary to maintain essential service delivery to the community;
 - Have already been approved in council's 2015/16 Operational Plan or 2013-17 Delivery Program.
- Undertake major borrowings, unless approved or flagged in the Long Term Financial Plan;
- Spending council resources on major plant, equipment, assets or infrastructure that is not already approved in the Operational Plan;
- Appointing Senior Staff (other than on an acting or temporary basis);
- Undertaking organisational restructures or forced redundancies of staff.

During the Proposal Period staff are protected from forced redundancies. This is in addition to the three (3) year protection from forced redundancy following transfer to a new council.

Would funding still follow a decision by the Minister to amalgamate Ashfield, Leichhardt and Marrickville Councils?

Yes.

The NSW State Government has confirmed that \$10 million funding is available for Councils who amalgamate (known as the Merger Implementation Grant).

In addition, the NSW State Government is offering \$15 million as part of its Stronger Communities Fund toward capital projects such as parks, libraries and sports fields should the merger of Ashfield, Leichhardt and Marrickville Councils proceed.

What must Council now do?

Council can continue its opposition to forced amalgamations. In taking decisions it needs to be mindful of the s23A guidelines.

It is recommended that Council prepare a submission to the Delegate covering the matters which the Delegate is to report to the Minister on i.e. those contained in s263(3) above.

Council should also ensure the community is fully aware of the examination process and has a role in encouraging the public, whether they are in favour or against amalgamations, to express a view at the public meeting and to lodge a submission. Steps have been taken to this end by the distribution of an information flyer to all residents. Further engagement is outlined later in this report.

While Council may wish to lodge a submission opposing the forced amalgamation of Marrickville, Leichhardt and Ashfield Councils, it should be careful to ensure it considers those parts of s263(3) to do with representation should the Minister proceed with an amalgamation.

If Council fails to express a view on those parts, there will be no other opportunity to make further representations should the Minister proceed with amalgamations.

Council will need to provide guidance to staff for inclusion in Council's submission on the following in particular:

- the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as considered relevant in relation to the past and future patterns of elected representation for that area;
- the desirability (or otherwise) of dividing the resulting area or areas into wards; and
- the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented.

This could be provided when Council considers a draft submission to the Delegate at its normal Council meeting in February 2016.

What other activities need to take place?

A decision by the Minister on whether to form a new council could take place as early as 1 July 2016.

If a Proclamation to that effect is signed, the existing councils cease to exist and the Proclamation will set out interim administrative arrangements (e.g. appoint an acting General Manager and either an Administrator or potentially a group of existing Councillors as an interim 'council'). As stated earlier, it is unclear whether senior staff contracts will terminate with the existing councils or will be transferred to the new council.

Regardless of Council's views on forced amalgamations a General Manager is responsible for the efficient and effective operation of council. In order to discharge that obligation on behalf of the Marrickville community, planning needs to be well advanced on how to seamlessly transition existing operations to a new council should that occur. There is a considerable amount of work required to enable that to happen including the preparation and execution of a detailed transition plan. This work will inevitably require considerable collaboration between the General Managers, leadership teams and staff of each of the councils.

Detailed planning in areas such as the following will be needed:

- Communication – Internal & External;
- Customer Experience;
- Strategic Planning;
- Legal;
- Policy;
- Services;
- Technology;
- People & Culture;
- Finance;
- Governance & Risk Management;
- Accommodation.

It would be preferable for this work to be largely undertaken by existing staff across the councils to ensure ownership of the plans. Strong facilitation and training (where required) could usefully be provided by external consultants. A notional allocation of \$10,000 is suggested to enable these processes to commence.

The General Manager of each council is responsible to ensure this work is sufficiently well advanced to enable a smooth transition to a new council should that occur.

FINANCIAL IMPLICATIONS

An amount of \$10,000 is proposed to be allocated for consultants to facilitate the planning for transition to a new council should that occur.

PUBLIC PARTICIPATION

Engagement Campaign

Marrickville Council engaged with residents, business owners and ratepayers from November 2015 to gather feedback on the potential benefits and risks of an amalgamated Marrickville-Leichhardt-Ashfield Council and levels of support for the merger.

The objectives of the campaign were to inform the community of the latest developments, highlight that Marrickville's ongoing option is to stand alone, and provide an opportunity for residents, businesses and ratepayers to consider and provide feedback on the potential benefits and risks of an amalgamated Marrickville-Leichhardt-Ashfield Council.

The program consisted of a promotional campaign, a self-selecting survey and an independently conducted, demographically representative telephone survey. The closing date for surveys was set for 5 February 2016 however this may be brought forward given the State Government released its merger proposal for Marrickville on 7 January. The results outlined in the report are current at 14 January 2016.

Telephone Poll

Council commissioned independent research company Micromex to undertake a statistically valid telephone survey stratified to be demographically representative of the Marrickville community, by age, gender and rate payer versus non-rate payer. The purpose of the survey was to:

- Highlight the perceived benefits and risks associated with a merger
- Measure support for standing alone or merging with Leichhardt and Ashfield Councils
- Measure community preference for standing alone or merging with Leichhardt and Ashfield Councils

Between 30 November – 5 December 2015 605 interviews were conducted which provide a maximum sampling error of plus or minus 4.0% at 95% confidence. This means that if the survey was replicated with a new universe of N=605 residents, that 19 times out of 20 we would expect to see the same results, i.e. +/- 4.0%. Therefore, the research findings documented in the Micromex report can be extrapolated as an accurate and reflective measure of the broader community's attitudes.

Residents were recruited through the electronic white pages and an innovative technique called number harvesting to increase the number of under-35-year-olds, who are traditionally hard to reach in standard phone surveys. Number harvesting involves recruiting individuals in public places who are contacted and surveyed later.

The telephone poll replicated the questions asked in the self-selecting survey outlined below, but questions were rotated to remove response bias.

The telephone poll results are summarised below and the full report is included at **ATTACHMENT 3** to this report. The key results of the telephone survey are that:

- The majority of residents (82%) were aware of the State Government's plan to reduce the number of councils in NSW. Younger residents and non-ratepayers had lower awareness levels.
- Financial efficiencies are perceived to be the key benefits of a merger with Leichhardt and Ashfield
- A quarter of residents mentioned 'cost savings' as the major benefit
- Over a third of residents require more information or do not believe there will be benefits of a merger
- Service levels (31%), local identity (25%) and responsiveness to local needs (18%) were identified as the main risk areas of a merger with Leichhardt and Ashfield

- When comparing the levels of ‘support’ in the two questions– ‘How supportive are you of Marrickville Council merging with Ashfield and Leichhardt?’ versus ‘How supportive are you of Marrickville Council standing alone?’ – there is significantly more support for Marrickville standing alone (91% of residents were at least ‘somewhat supportive’ with 50% being ‘completely supportive’) than for a merger between the three councils (60% of residents indicating they were at least ‘somewhat supportive’ and only 7% ‘completely supportive’ of this option). However, when asked which option they preferred, 3 out of 4 respondents had a strong preference for Marrickville Council to stand alone (75%)

Self Selecting Survey

Promotion

Information was promoted to residents, business owners and rate payers through:

- A dedicated *Your Say Marrickville* online engagement hub project page that included a survey form for responses
- Council’s website
- A four-page brochure distributed to all 35,000 residences and businesses in Marrickville local government area
- An article in the summer edition of Marrickville Matters
- Mail-out of brochure to all non-occupier rate-payers
- Media releases
- Social media including Facebook and Twitter
- Council’s e-newsletters
- Advertising in local newspapers

Submission methods

Submissions could be made by:

- Completing an online survey at *Your Say Marrickville*
- Completing a paper survey detached from the brochure
- Writing to Council
- In person to Council’s Customer Service team

Submission Results

Council received 900 survey responses, of which 656 were by post and 244 were online submissions. Not all people answered every question. The results for paper and online submissions are combined below for each question.

Q1: What do you think are the possible BENEFITS of a merger of Marrickville, Ashfield and Leichhardt?	
Better local services	118
Better local infrastructure	116
More efficiencies and productivity gains	244
Cost savings	271
Culturally and socially similar communities	163
Better opportunities to influence State Government	185
Lower rates	123
More State Government funding	104
Best option if Marrickville is forced to merge	353
Other	200

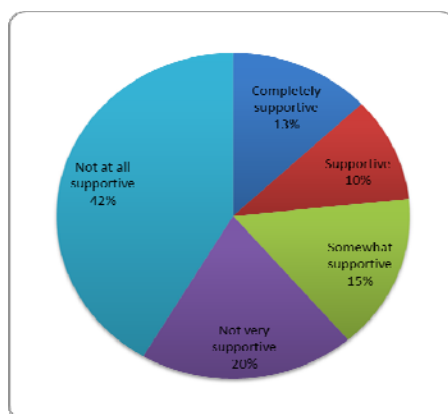
Respondents could choose multiple options when answering this question. Results show that many people see that a merger between Marrickville, Ashfield and Leichhardt is beneficial if amalgamations are forced. For those who answered 'Other' the most common response was that there would be no benefits from the merger.

Q2: What do you think are the possible RISKS of a merger of Marrickville, Ashfield and Leichhardt?	
Less representative	438
Area will be too large	395
Communities are different have different values	252
Taking on other councils debt	449
No evidence of benefits from amalgamations	465
Higher rates	460
Reduction in local services	481
Less responsive to local needs	544
Not as beneficial as another merger option	111
Other	127

Respondents could choose multiple options when answering this question. Given that almost all the potential risks scored much higher than the potential benefits shows respondents believe there is more to be lost than gained from a merger. For those who answered 'Other' there were a range of responses including loss of employment, loss of identity and an increase in medium and high density developments.

Q3: How supportive are you of Marrickville Council merging with Ashfield and Leichhardt?

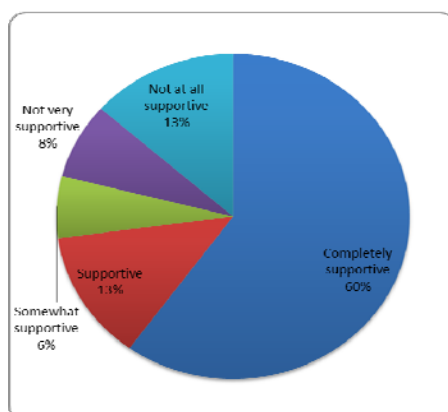
Completely supportive	112
Supportive	90
Somewhat supportive	133
Not very supportive	171
Not at all supportive	359



The results show that the majority of respondents are against Marrickville merging with Ashfield and Leichhardt.

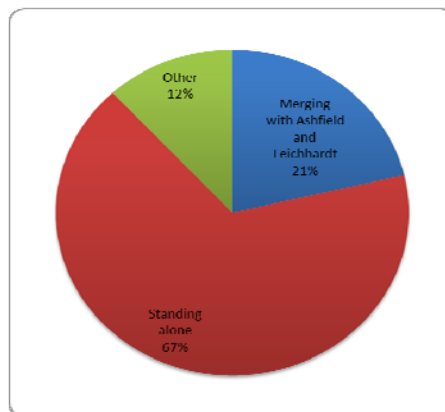
Q4: How supportive are you of Marrickville Council standing alone?

Completely supportive	517
Supportive	111
Somewhat supportive	53
Not very supportive	65
Not at all supportive	116



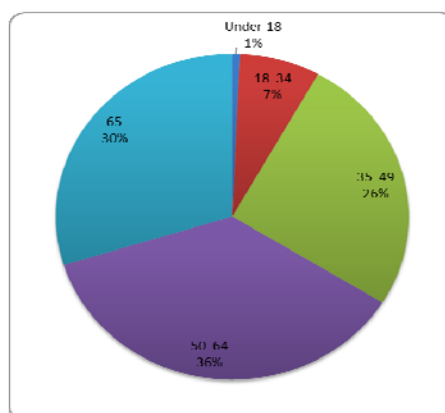
Nearly three quarters of respondents are 'completely supportive' or 'supportive' of Marrickville standing alone.

Q5: Which is your preferred option for Marrickville Council?	
Merging with Ashfield and Leichhardt	185
Standing alone	580
Other	103



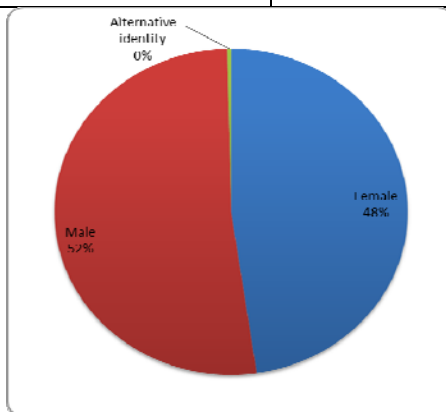
The majority of respondents are in favour of Marrickville standing alone. The most common response for those who chose 'Other' was to merge with the City of Sydney.

Q6: What is your age group?	
Under 18	6
18 - 34	64
35 - 49	223
50 - 64	315
65	258



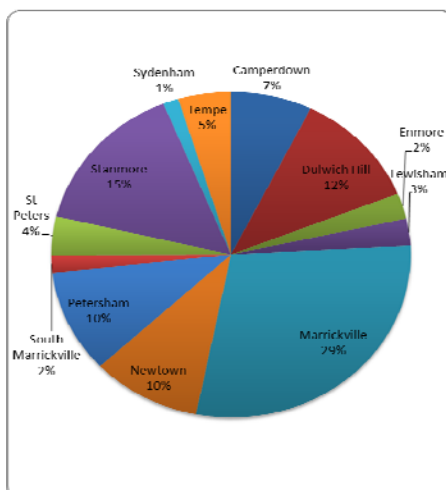
Q7: What is your gender?

Female	412
Male	449
Alternative identity	3

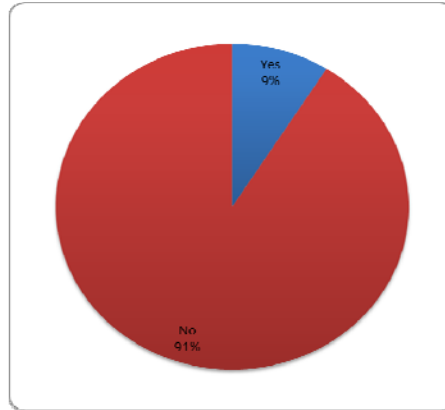


Q8: In which suburb do you live?

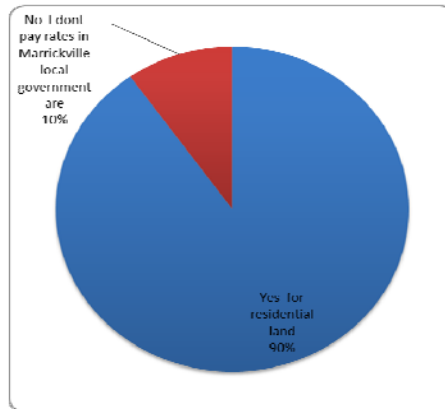
Camperdown	63
Dulwich Hill	100
Enmore	22
Lewisham	23
Marrickville	250
Newtown	85
Petersham	88
South Marrickville	15
St Peters	33
Stanmore	130
Sydenham	12
Tempe	41



Q9: Do you own or operate a business in Marrickville local government area?	
Yes	77
No	783



Q10: Do you pay rates for land in the Marrickville local government area?	
Yes for residential land	772
No I don't pay rates in Marrickville local government are	84



Your Say Marrickville project page

Your Say Marrickville

A diverse, vibrant and innovative community

MARRICKVILLE council

Your Say Marrickville Home Council Website Cate-Community Engagement Team

Have your say on Marrickville's merger preference!

Have your say on Marrickville's merger preference!

18 DEC - NSW Premier Mike Baird announced this morning that Marrickville Council will be forced to merge with Ashfield and Leichhardt councils. [Read more](#)

Ashfield, Leichhardt and Marrickville Councils have submitted a joint merger preference in response to the State Government's proposal for forced amalgamations.

Marrickville Council told the State Government our first preference is to stand alone and we remain implacably opposed to forced amalgamations. However if the State Government forces amalgamations, our preference is to merge with Leichhardt and Ashfield councils.

Updated modelling by independent consultants found that a merger of the three councils could save \$75 million over ten years. This includes \$25 million funding currently on offer from the State Government for councils that voluntarily merge. The research also showed that there are similarities in the communities and the visions of the three councils.

Now we want to know what you think might be the potential benefits and risks of an amalgamated Marrickville-Leichhardt-Ashfield Council. [Click on the survey to participate.](#)

More info

Get more information in the 'read more' section, view the FAQs and check out the council comparison table below.

[Council comparison table](#)

Council	Population	Average Residential Rates (\$)	Number of Councilors / Population	Full Time Equivalent Staff	Population Density per capita / km ²	Number of Public Swimming Pools	Number of Public Libraries	Open public space (ha)	Population change over 5 years (%)	Language other than English %
Ashfield	44,175	1044.18	3,681	180	5334.4	1	2	51.0	4.7	44.4
Leichhardt	57,266	1146.24	4,772	434	5428.2	2	2	83.0	7.8	15.1
Marrickville	82,523	820.40	6,877	536	4995.5	2	4	116.8	5.8	30.7
City of Sydney	191,918	616.17	19,192	1,773	7181.1	5	12	232.6	10.9	29.9

Source: Office of Local Government 2013/14

Have your say!

[Take the survey now.](#)

Got more to say?

Log in or register (using the button on the top right of this page) to [join the conversation](#). You'll need an email address and a screen name. Please take the survey as well (you don't need to be logged in to take the survey).

What happens next?

Marrickville Council will now wait for the State Government to respond. They have indicated that will be some time in December. We do not know what or how they will respond but will update our community as soon as news comes through.

Marrickville's Councillors will consider a report of the community's views at Council's meeting in February 2016. The report will also be posted on this page.

REGISTER to get involved!

Key Dates

Last day for community feedback
05 February 2016

State government announces that Marrickville Council will be forced to merge with Ashfield and Leichhardt councils.
December 2015

Read more

- View the joint media release with Leichhardt and Ashfield councils
- Download the Morrison Low research
- View the previous community engagement about amalgamations and Marrickville
- Read the Council business paper and resolution from the Extraordinary General Meeting on 10 Nov 2015

FAQ

- Why has the State Government decided that Marrickville is not 'fit' to stand alone?
- Why did Marrickville submit a merger proposal?
- What's the position of our neighbouring councils?
- How are we seeking the community's opinion?

Marrickville's merger preference – brochure and survey



MARRICKVILLE council

**HAVE YOUR SAY
ON MARRICKVILLE'S
MERGER PREFERENCE**

Marrickville, Ashfield and Leichhardt Councils have submitted a joint merger preference to the State Government.
All three councils believe that standing alone is the best option but if the State Government forces amalgamations, then this merger is in the best interest of our communities.

Ashfield
Leichhardt
Marrickville

MESSAGE FROM **THE MAYOR OF MARRICKVILLE, SAM ISKANDAR**



Please know that Marrickville, Ashfield, and Leichhardt Councils still very much believe that we are better off as stand-alone entities, and that is our first preference.

On Tuesday 10 November, I joined the Mayors of Ashfield and Leichhardt Councils at a meeting with Minister for Local Government Paul Toole. We did this because in late October, Premier Mike Baird gave his clearest indication yet that his government was considering forced amalgamations. We felt we had no option but to approach Mr Toole and find out not only what was the best way forward for our communities, but also how to best protect our residents.

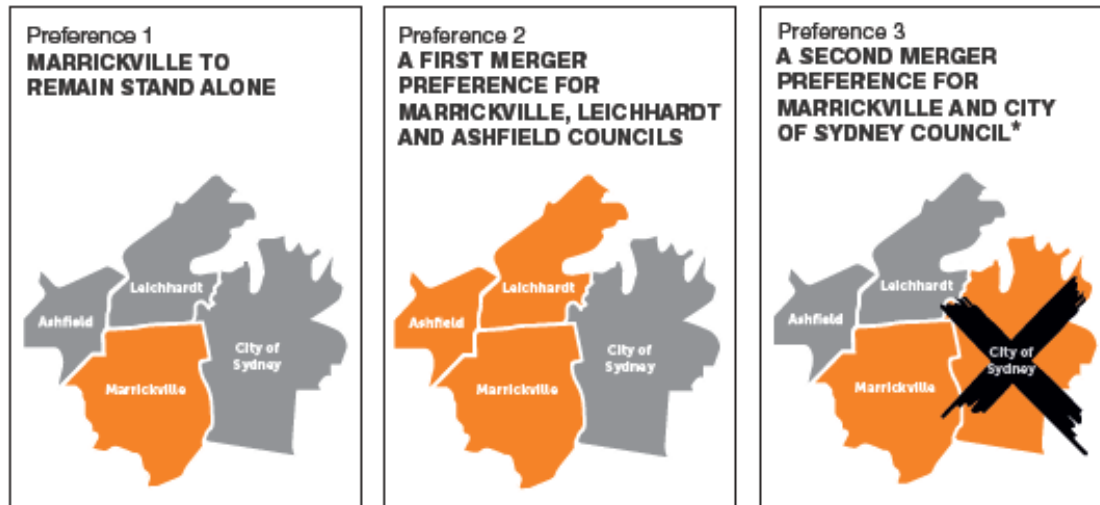
The three Mayors came away from the meeting knowing that, should forced amalgamations happen, we will be merged with two neighbouring councils that share many political and social commonalities. We also elicited a promise from Mr Toole that our three councils would not be sacked or placed under administration.

Please know that Marrickville, Ashfield, and Leichhardt Councils still very much believe that we are better off as stand-alone entities, and that is our first preference.

Now we are asking you what you think the possible benefits and risks might be if we were to merge with Ashfield and Leichhardt. Please take the time to fill in the survey. Council will consider our community's view at our meeting in February, and you are welcome to attend.

MARRICKVILLE COUNCIL'S POSITION

Marrickville Council told the State Government that our preferences, in order of importance, are:



*City of Sydney Council does not want to pursue an amalgamation with any other council

Council	Population	Average Residential Rates (\$)	Number of Councillors	Population / Population	Full Time Equivalent Staff	Population Density per capita / km ²	Number of Public Swimming Pools	Number of Public Libraries	Open public space (ha)	Population change over 5 years (%)	Language other than English %
Ashfield	44,175	1044.18	3,681	180	5334.4	1	2	51.0	4.7	44.4	
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Marrickville	82,523	820.40	6,877	536	4995.5	2	4	116.8	5.8	30.7	
City of Sydney	191,918	616.17	19,192	1,773	7181.1	5	12	232.6	10.9	29.9	

Source: Office of Local Government <https://www.olg.nsw.gov.au/public/my-local-council/yourcouncil-website> (2013/14)

HAVE YOUR SAY

Marrickville Council invites you to provide feedback on the potential benefits and risks of an amalgamated Marrickville, Ashfield and Leichhardt Council.

- Online at www.yoursaymarrickville.com.au
- In this brochure and post to Council

WHAT HAPPENS NEXT?

The State Government has indicated it will respond some time in December. Marrickville Council will consider a report of the community's views at its meeting in February 2016.



Visit yoursaymarrickville.com.au



Fill in the attached survey



Twitter: @MarrickvilleNSW #NoForcedMergers



Facebook: [facebook.com/marrickvillecouncil](https://www.facebook.com/marrickvillecouncil)

MARRICKVILLE'S MERGER PREFERENCE COMMUNITY SURVEY

1. What do you think are the possible BENEFITS of a merger of Marrickville, Ashfield and Leichhardt?

- ☐ Better local services
- ☐ Better local infrastructure
- ☐ More efficiencies/productivity gains
- ☐ Cost savings
- ☐ Culturally and socially similar communities
- ☐ Better opportunities to influence State Government
- ☐ Lower rates
- ☐ More State Government funding
- ☐ Best option if Marrickville is forced to merge
- ☐ Other (Please specify)

2. What do you think are the possible RISKS of a merger of Marrickville, Ashfield and Leichhardt?

- ☐ Less representative
- ☐ Area will be too large
- ☐ Communities are different/ have different values
- ☐ Taking on other councils' debt
- ☐ No evidence of benefits from amalgamations
- ☐ Higher rates
- ☐ Reduction in local services
- ☐ Less responsive to local needs
- ☐ Not as beneficial as another merger option
- ☐ Other (Please specify)

3. How supportive are you of Marrickville Council merging with Ashfield and Leichhardt?

- ☐ Completely supportive
- ☐ Supportive
- ☐ Somewhat supportive
- ☐ Not very supportive
- ☐ Not at all supportive

4. How supportive are you of Marrickville Council standing alone?

- ☐ Completely supportive
- ☐ Supportive
- ☐ Somewhat supportive
- ☐ Not very supportive
- ☐ Not at all supportive

5. Which is your preferred option for Marrickville Council?

- ☐ Merging with Ashfield and Leichhardt
- ☐ Standing alone
- ☐ Other (Please specify)

6. Demographic questions

Please tell us a little about yourself so we know if the responses we receive match our community profile. You do not have to answer these questions if you do not wish to, but your answers will help us to better understand our community's opinions.

What is your age group?

- ☐ Under 18
- ☐ 18 – 34
- ☐ 35 – 49
- ☐ 50 – 64
- ☐ 65+

b. What is your gender?

- ☐ Female
- ☐ Male
- ☐ Alternative identity

c. In which suburb do you live?

- ☐ Camperdown
- ☐ Dulwich Hill
- ☐ Enmore
- ☐ Lewisham
- ☐ Marrickville
- ☐ Newtown
- ☐ Petersham
- ☐ South Marrickville
- ☐ St Peters
- ☐ Stanmore
- ☐ Sydenham
- ☐ Tempe
- ☐ Other

d. Do you own or operate a business in Marrickville local government area?

- ☐ Yes
- ☐ No

e. Do you pay rates for land in the Marrickville local government area?

- ☐ Yes - for residential land
- ☐ Yes - for commercial or industrial land
- ☐ No - I don't pay rates in Marrickville local government area



Please complete survey, fold, seal with sticky tape and mail. No stamp is required. Or complete online at www.yoursaymarrickville.com.au The last day to have your say is **Friday 5 February 2016**.

INFORMATION CAMPAIGN JANUARY 2016

Responding to the announcement that the Minister for Local Government had referred his proposal for a forced amalgamation of Marrickville, Ashfield and Leichhardt Councils, and the tight timeframes given for community input, communications materials/messaging has been produced.


The call to action for the community is:

1. register for the Public Inquiry – to attend and/or to speak
2. make a submission

The following has been developed:

- 1 x A5 double sided flyer to be distributed to 34,000 residents commencing 21 January
- 1 x ¼ page ad in Inner West Courier for 26/1/16
- Home page of corporate website – link to Council Boundary Review website
- Redirection on the ‘Your say Marrickville’ site to Council Boundary Review website
- Extensive social media messaging
- Dedicated E-newsletter on amalgamation
- Media releases as needed
- Public Notice Board Posters
- Libraries and Administration Building Material displayed
- Distribution of Flyer to partners and agencies

Last Chance to have your say - flyer

LAST CHANCE TO HAVE YOUR SAY
on the forced amalgamation of Marrickville,
Ashfield and Leichhardt councils.

The Minister for Local Government has commenced the process of a forced amalgamation of Marrickville, Ashfield and Leichhardt councils, and is ONCE AGAIN calling on the community to express their views on this issue.

Marrickville Council has stated a clear preference to remain stand-alone, and 75% of Marrickville residents also say they do not want to merge*.

*Representative Phone Survey conducted by Micromex Research, November 2015

There are two ways to tell the Minister what you think.

Make a written submission to the State Government's Council Boundary Review by 5pm on Sunday 28 February

Mail to:
GPO Box 5341,
Sydney NSW 2001
or submit online:
www.councilboundaryreview.nsw.gov.au


Register to attend or speak at the Public Inquiry by 12 noon on Friday 29 January

Held on Tuesday 2 February
Wests Ashfield Leagues Club
1pm – 5pm and 7pm – 10pm

Register at www.councilboundaryreview.nsw.gov.au
or call 1300 813 020

You will not be admitted or be able to speak if you don't register.

The Minister for Local Government, Paul Toole, has referred his proposal for a FORCED AMALGAMATION OF MARRICKVILLE, ASHFIELD AND LEICHHARDT COUNCILS to the Chief Executive of the Office of Local Government for examination and report under the Local Government Act (the Act).



In turn, the Chief Executive has appointed a Delegate who will examine his amalgamation proposal, conduct a public inquiry, call for written submissions, and then report back to the Minister.

The Minister has indicated that new council entities can be expected to be proclaimed in mid-2016.

This will be your last chance to have your say.

Make sure to have your say by making a **written submission** by post or online, or **register to attend or speak** at the State Government's Public Inquiry to be held on Tuesday 2 February.
See overleaf for details.

Or go to www.councilboundaryreview.nsw.gov.au

For more information on the forced amalgamation of Marrickville, Ashfield and Leichhardt councils, go to Marrickville Council's website www.marrickville.nsw.gov.au

INTERNAL COMMUNICATION

Hard copies of the flyer will be distributed to staff who are not on email.
Dedicated site on SPOT (council Intranet) for detailed information, timely messaging from the GM with opportunity for posting questions
Posters in admin and depot buildings for call to action

CONCLUSION

This report provides the information necessary for Council to determine what response it wishes to make to the Minister for Local Government's decision to refer an amalgamation proposal for Ashfield, Leichhardt and Marrickville Councils to the Chief Executive of the Office of Local Government for examination. That includes the report on the results of the community engagement process requested by Council at its Extraordinary meeting on 10 November 2015. Information has already been distributed to residents to encourage them to fully participate in the Delegate's examination process and further actions are outlined above under the heading 'Information Campaign January 2016'. Finally, the report notes the need to undertake planning should a decision be taken to proceed with the merger proposal and proposes a modest allocation of \$10,000 to enable that work to proceed.

ATTACHMENTS

1. Merger Proposal: Ashfield Leichhardt and Marrickville
2. Guidelines on Council Decision-Making during Merger Proposal Periods
3. Micromex Report on Community Engagement on Amalgamations
4. KPMG Report - Financial Evaluation Assumptions

Merger Proposal:

Ashfield Council Leichhardt Municipal Council Marrickville Council

JANUARY 2016

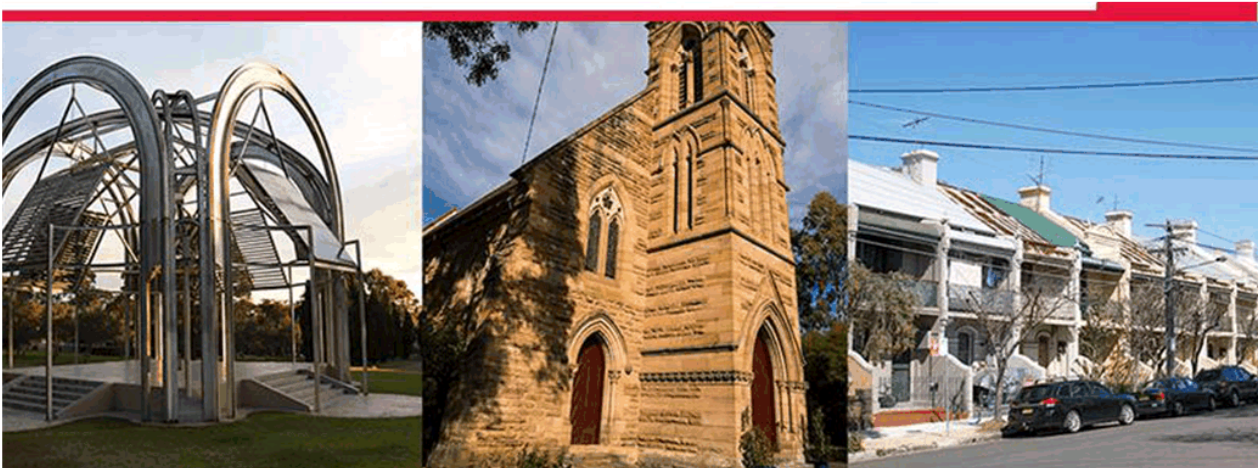
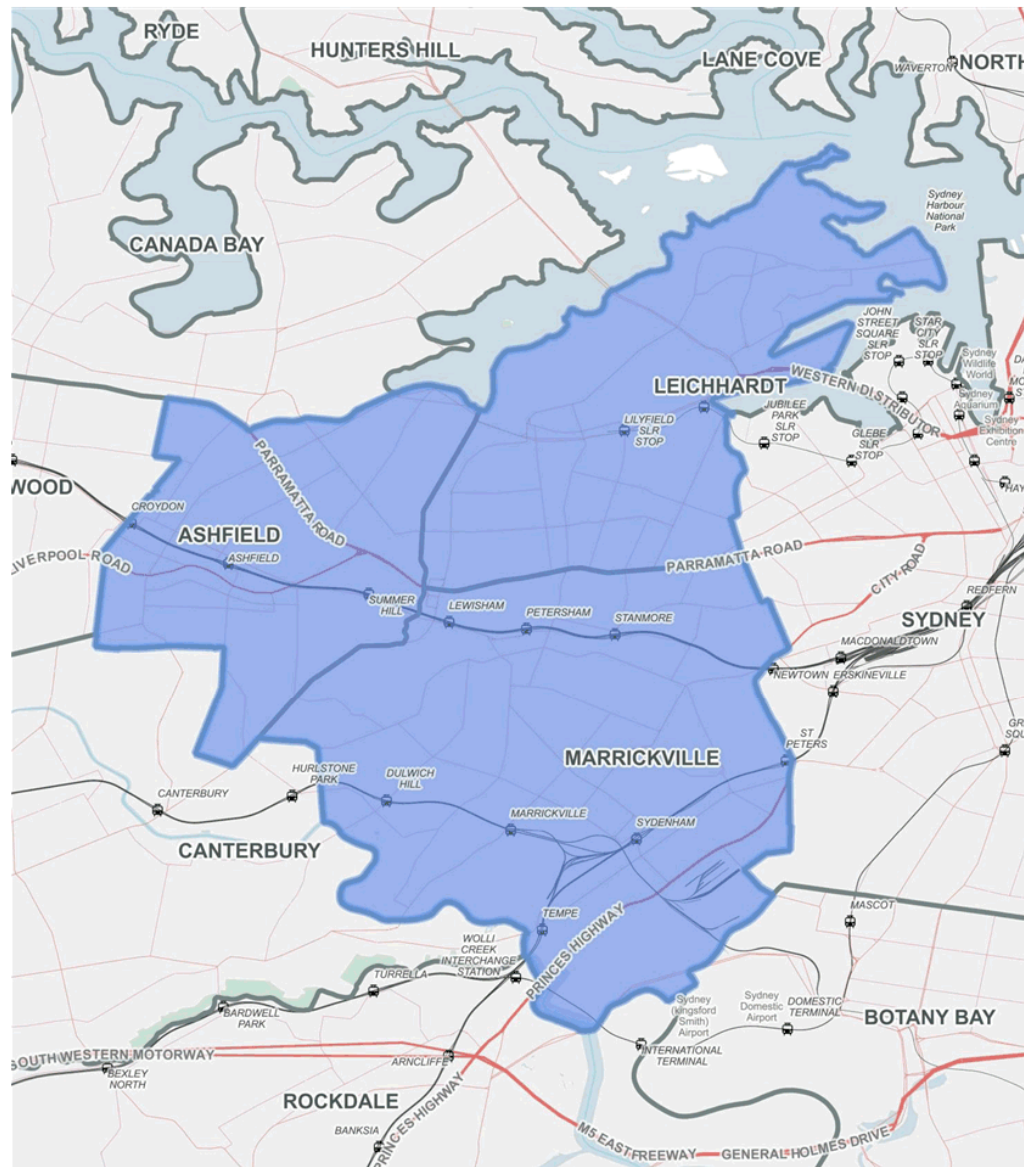


Figure 1: Proposed new local government area



Proposed merger: Ashfield, Leichhardt and Marrickville

Data sources: Land and Property Information
Datum and Projection: GDA94



- Proposal Area
- Current LGA Boundaries
- Suburbs
- Waterbodies
- Open space
- Roads
- Rivers
- Rail

MINISTER'S FOREWORD

Four years of extensive consultation, research and analysis have demonstrated that change is needed in local government to strengthen local communities.

Independent experts have concluded that NSW cannot sustain 152 councils – twice as many as Queensland and Victoria.

After considering the clear need for change, the Independent Local Government Review Panel (ILGRP) research and recommendations, the assessment of councils by the Independent Pricing and Regulatory Tribunal (IPART), council merger preferences, community views and the unique needs and characteristics of each area, I am putting forward the proposal to merge the local government areas of Ashfield, Leichhardt and Marrickville.

The proposed merger will create a council better able to meet the needs of the community into the future and will provide significant benefits for the community.

This document details the benefits the merger will provide to communities, including:

- a total financial benefit of \$113 million over a 20 year period that can be reinvested in better services and more infrastructure;
- a projected 61 per cent improvement in annual operating results;
- potentially reducing the reliance on rate increases through Special Rate Variations (SRVs) to fund local infrastructure;
- reducing the reliance on rate increases through Special Rate Variations to fund local infrastructure;
- greater capacity to effectively manage and reduce the infrastructure backlog across the three councils;
- improved strategic planning and economic development to better respond to the changing needs of the community;
- effective representation by a council with the required scale and capacity to meet the future needs of the community; and
- providing a more effective voice for the area's interests and better able to deliver on priorities in partnership with the NSW and Australian governments.

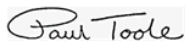
With the merger savings, the NSW Government funding of \$25 million – and a stronger voice – the new council will be better able to provide the services and infrastructure that matter to the community, projects like:

- improving local roads;
- investing and maintaining parks and open spaces to meet the recreation needs of residents; and
- completing the missing links in the area's bike network with the aim of creating direct and safe pedestrian and cycling environment with improved signage.

The savings, combined with the NSW Government's policy to freeze existing rate paths for four years, will ensure that ratepayers get a better deal.

A suitably qualified delegate of the Chief Executive of the Office of Local Government will consider this proposal against criteria set out in the *Local Government Act (1993)*, and undertake public consultation to seek community views.

I look forward to receiving the report on the proposal and the comments from the independent Boundaries Commission.

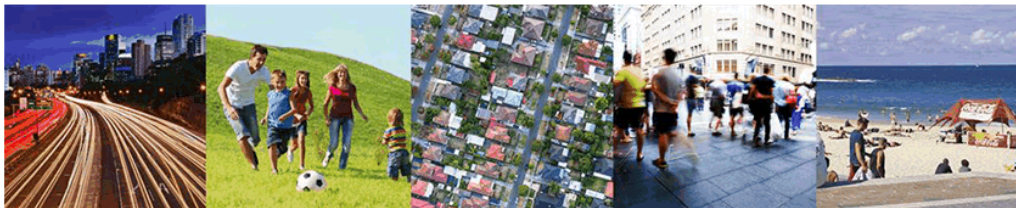


Minister Paul Toole

January 2016

EXECUTIVE SUMMARY

The communities of Ashfield, Leichhardt and Marrickville share many common characteristics and connections, including strong cultural diversity, and will benefit by \$113 million from a merged council with a stronger capability to deliver on community priorities and meet the future needs of its residents.



Introduction

This is a proposal by the Minister for Local Government under section 218E(1) of the *Local Government Act (1993)* for the merger of the Ashfield, Leichhardt Municipal and Marrickville local government areas.¹ This merger proposal sets out the impacts, benefits and opportunities of creating a new council.

The creation of this new council will bring together communities with similar expectations in terms of demands for services, infrastructure and facilities.

The proposal has been informed by four years of extensive council and community consultation and is supported by independent analysis and modelling by KPMG.

In 2015, the Independent Pricing and Regulatory Tribunal (IPART) assessed that each of these three councils is 'not fit' to remain as a standalone entity.

IPART determined that Ashfield, Leichhardt Municipal and Marrickville councils each satisfy key financial performance benchmarks. However, IPART assessed that operating individually, each council has limited scale and capacity to effectively deliver on behalf of residents and meet future community needs.

The new council for the new local government area will not only oversee an economy that shares many similar residential, workforce and industry characteristics, but will have enhanced scale and capacity to help it deliver on local infrastructure priorities such as planning for affordable housing

and seniors housing, and building a sustainable urban region.

Impacts, Benefits and Opportunities

A range of benefits and opportunities have been identified from the proposed merger, including a stronger balance sheet to meet local community needs and priorities.

Analysis by KPMG shows the new council has the potential to generate net savings to council operations. The merger is expected to lead to around \$88 million in net financial savings over 20 years.

Council performance will also be improved with a projected 61 per cent increase in annual operating results achieved within 10 years.² This means that there will be a payback period of three years after which the merger benefits will exceed the expected merger costs.

The analysis also shows the proposed merger is expected to generate, on average, around \$7 million in savings every year from 2020 onwards. Savings will primarily be from the removal of duplicate back office and administrative functions; streamlining of senior management roles; efficiencies from increased purchasing power of materials and contracts; and reduced expenditure on councillor fees.³

The NSW Government has announced a funding package to support merging councils which would

¹ The end result if the proposal is implemented is that a new local government area will be created. For simplicity throughout this document, we have referred to a new council rather than a new local government area.

² Operating results refer to the net financial position after subtracting total expenditure from total revenue in a given financial year.

³ NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

result in \$25 million being made available should the proposed merger proceed.

These savings may enable the new council to reduce its reliance on rate increases to fund new and improved community infrastructure.

Two of the three councils have recently received approval for Special Rate Variations (SRVs) from IPART. For example:

- Marrickville Council has an approved SRV of 3.0 per cent for a one-year period in 2015–16 ; and
- Ashfield Council has an approved cumulative SRV of 26.6 per cent over a four-year period from 2015–16.

The proposed merger is also expected to result in simplified council regulations for residents and businesses in the Ashfield, Leichhardt Municipal and Marrickville council areas given each council is currently responsible for separate and potentially inconsistent regulatory environments. Regulatory benefits include consistency in approaches to development approvals, health and safety, building maintenance, traffic management and waste management.

The proposed merger will provide significant opportunities to strengthen the role and strategic capacity of the new council to partner with the NSW and Australian governments on major infrastructure projects, addressing urban socio-economic challenges, delivery of services and focus on regional priorities.

This could assist in:

- reducing the existing \$65 million infrastructure backlog across the Ashfield, Leichhardt and Marrickville area;
- delivering urban priorities such as transport links across the area;
- stimulating small business start-ups and contributing to lower unemployment; and
- supporting economic growth and urban development while enhancing the standard of living and lifestyle that local residents value.

While a merged council will increase the current ratio of residents to elected councillors, the new ratio is likely to be comparable with levels in other communities across Sydney.

Next Steps

This merger proposal will be referred for examination and report under the *Local Government Act (1993)*.

Local communities have an important role to play in helping ensure the new council meets their current and future needs for services and infrastructure and will have an opportunity to provide input on how the new council should be structured.

Local communities will have an opportunity to attend the public inquiry that will be held for this merger proposal and an opportunity to provide written submissions. For details please visit www.councilboundaryreview.nsw.gov.au

Figure 2 Map showing boundaries for the proposed new council within Greater Sydney with Blacktown City Council highlighted for comparison



INTRODUCTION

This merger proposal has been informed by an extensive four-year consultation and review process.

The NSW Government has been working with local councils and communities since 2011 to strengthen council performance and ensure local government is well placed to meet future community needs.

A first key step in that process was the Independent Local Government Review Panel's (ILGRP) comprehensive review of local government and subsequent recommendations for wide-ranging structural reform and improvements to the system. In response, the NSW Government initiated the *Fit for the Future* reforms that required each local council to self-assess against key performance indicators and submit proposals demonstrating how they would meet future community needs.

The NSW Government appointed IPART in 2015 to assess each council's submission. IPART has now completed its assessment of 139 proposals (received from 144 councils) and concluded 60 per cent of councils are 'not fit' for the future. Many of these councils did not meet the elements of the 'scale and capacity' criterion (refer Box 1 below).

Ashfield, Leichhardt and Marrickville councils each submitted *Fit for the Future* proposals to remain as standalone councils. In assessing each council's submission, IPART determined that all three councils are 'not fit' to stand alone and that a merger is needed to achieve the required scale and capacity to meet the needs of residents now and in the future. This proposal aligns with the merger preferences submitted by all three councils following the IPART assessment process.

Box 1 Overview of scale and capacity

Key elements of 'scale and capacity'

Scale and capacity is a minimum requirement as it is the best indicator of a council's ability to govern effectively and provide a strong voice for its community. At a practical level, this includes being able to:

- undertake regional planning and strategic delivery of projects;
- address challenges and opportunities, particularly infrastructure backlogs and improving financial sustainability;
- be an effective partner for the NSW and Australian governments on delivering infrastructure projects and other cross-government initiatives; and
- function as a modern organisation with:
 - staffing capacity and expertise at a level that is currently not practical or economically possible for small councils;
 - innovative and creative approaches to service delivery; and
 - the resources to deliver better training and attract professionals into leadership and specialist roles.

A NEW COUNCIL FOR THE ASHFIELD, LEICHHARDT AND MARRICKVILLE AREA

The proposed new council will be responsible for infrastructure and service delivery to around 185,000 residents across Ashfield, Leichhardt and Marrickville area of Sydney.

The creation of a new council provides the opportunity to bring together the communities from across the local government areas of Ashfield, Leichhardt and Marrickville. These communities have key similarities in their occupations, lifestyles and socio-economic profiles as residents of the Inner West region of Sydney.

The new council will be responsible for infrastructure and service delivery to more than 223,000 residents by 2031. This reflects the expected population growth across the area of 1.0 per cent per annum.⁴

The proposed merger aligns with the approach of the NSW Government's Sydney Metropolitan Plan (known as *A Plan for Growing Sydney*). The Plan also identifies the importance of adopting a coordinated approach to managing the expected population growth across the Ashfield, Leichhardt and Marrickville area and the need to plan for, and respond to, the changing service and infrastructure needs of these communities. The NSW Government has identified a number of regional priorities that are directly relevant to the proposed new council. For example:

- delivering the Bays Precinct urban renewal program;
- delivering WestConnex, linking Sydney's west and south-west with the CBD, Sydney Airport and Port Botany;
- planning for major urban renewal in communities along the Parramatta Road corridor;
- planning for urban renewal along the length of the Inner West Light Rail extension; and
- protecting the natural environment, the visual amenity of the harbour foreshore, and the health of waterways such as Sydney Harbour and the Cooks River.





A new council with appropriate scale and capacity will be better able to partner with the NSW Government on the implementation of these urban priorities.

The establishment of a new council will also provide an opportunity to generate savings and efficiencies and reduce the current duplication of back-office functions, senior executive positions and potentially the many layers of current regulations. Any savings generated by a merger of these three councils could be redirected to improving local community infrastructure, lowering residential rates and/or enhancing service delivery. An overview of the current performance of the three existing councils and the projected performance of the new proposed entity is provided in Figure 3.

In addition, while IPART found each of the three councils satisfy financial performance criteria, it also found that each council's ability to effectively advocate for community priorities is affected by a lack of scale and capacity. A merged council will improve this, with an enhanced scale and capacity to better plan and coordinate investment in critical infrastructure and services. This should also put the new council in a better position to advocate to the NSW and Australian governments for the regional investments that will be needed for the future.

⁴ NSW Department of Planning & Environment (2014), NSW Projections (Population, Household and Dwellings).

Figure 3: Council profiles

	Ashfield Council	Leichhardt Municipal Council	Marrickville Council	New Council
				
Population (2014)	44,498	58,136	83,356	185,990
Area	8 sq km	11 sq km	17 sq km	35 sq km
IPART Rating	NOT FIT	NOT FIT	NOT FIT	This merger proposal is broadly consistent with the findings of the ILGRP (2013) and IPART's Fit for the Future assessments (2015). The new council will likely have enhanced scale and capacity to better meet the future service and infrastructure needs of the community.
Operating Revenue (2013–14)	\$35.5m	\$83.4m	\$101.6m	\$263.6m (projected 2019–20)
Operating Result (2013–14)	\$0.6m	\$13.0m	\$3.7m	+\$11.1m projected improvement to 2019–20 operating results
Asset Base	\$206.9m	\$486.1m	\$572.1m	\$1.3bn
Infrastructure Backlog	12 per cent	7 per cent	1 per cent	5 per cent

Sources: Australian Bureau of Statistics, Department of Planning and Environment, Office of Local Government, Council Long Term Financial Plans, Fit for the Future submissions to IPART and IPART Assessment of Council Fit for the Future Proposals.

Note: Totals may not sum due to rounding. Estimates of the new council's operating performance and financial position is based on an aggregation of each existing council's projected position as stated in respective Long Term Financial Plans (2013–14). In addition, it is assumed efficiency savings are generated from a merger, and this is reflected in the projected 2019–20 operating result for the new council. Further details are available in NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

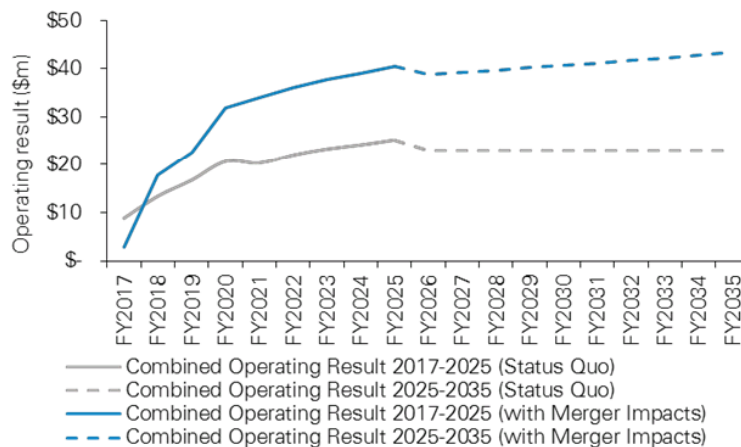
BENEFITS, OPPORTUNITIES AND IMPACTS

The proposed merger has the potential to provide a \$113 million benefit to communities over 20 years which could be support invested in critical local infrastructure and services and/or be utilised to address rate pressures.

Financial Benefits of the Proposed Merger

Analysis by KPMG in 2015 shows the proposed merger has the potential to generate a net financial savings of \$88 million to the new council over 20 years. Council performance will also be improved with a projected 61 per cent increase in annual operating results achieved within 10 years. The proposed merger is also expected to generate, on average, around \$7 million in savings every year from 2020 onwards.⁵ Consequently, the merged council will have a balance sheet that is stronger and in a better position to meet local community needs and priorities. Figure 4 illustrates how the proposed merger will lead to growing improvements in the operating performance of the new council compared to the current projected operating performance of each of the three councils.

Figure 4 Projected operating results of the Ashfield, Leichhardt Municipal and Marrickville councils, with and without a merger



Note: Operating results refers to the net financial position and is calculated as operating revenue less operating costs. It excludes revenue associated with capital grants and expenditure on capital items.

Source: Council Long Term Financial Projections (2013–14).

Gross savings over 20 years are modelled to be due to:

- removal of duplicate back office and administrative functions and streamlining senior management roles (\$84 million);
- efficiencies generated through increased purchasing power of materials and contracts (\$11 million); and
- a reduction in the overall number of elected officials that will in turn reduce expenditure on councillor fees (estimated at \$4 million).⁶

In addition, the NSW Government has announced a funding package to support merging councils which would result in \$25 million being made available should the proposed merger proceed. The implementation costs associated with the proposed merger (for example, information and communication technology, office relocation, workforce training, signage, and legal costs) are expected to be surpassed by the accumulated

⁵ NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

⁶ NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

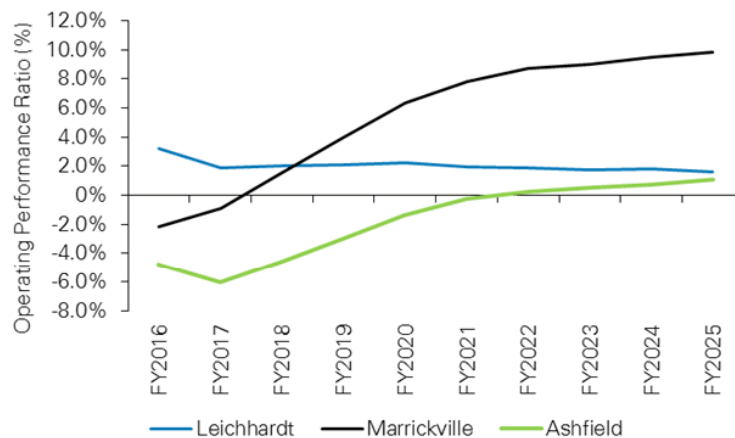
net savings generated by the merger within a three year payback period. The Local Government Act contains protections for three years for all council employees below senior staff level.

Merger benefits could be reinvested to:

- improve infrastructure – annual savings could be redeployed towards infrastructure renewal or capital works, including projects such as improving local roads and cycleways. Redeployment of savings could lead to cumulative additional infrastructure expenditure of almost \$88 million over 20 years;
- enhance service delivery – removal of duplicate back office and administration functions could provide the basis for employing an additional 66 staff for frontline services. This could include services such as library services and waste management services; and/or
- reduce rate pressures – annual savings could be used to reduce the existing dependency on SRVs to fund community infrastructure and/or avoid future rate increases.

The expected operating performance ratio of each council over the next 10 years is illustrated in Figure 5.⁷

Figure 5: Projected operating performance ratio by council (2016–2025)



Note: Operating performance ratio measures a council's ability to contain operating expenditure within operating income.

Source: Council Long Term Financial Plans (2013–14).

Both Marrickville and Ashfield show improving ratios, which is partly driven by increases in rate income as a result of the councils' approved SRVs. This merger proposal will provide the new council with the opportunity to strengthen its balance sheet and provide a more consistent level of financial performance. Overall, the proposed merger is expected to enhance the financial sustainability of the new council through:

- net financial savings of \$88 million to the new council over 20 years;
- a forecast 61 per cent increase in the operating result of the merged entity within 10 years;
- achieving efficiencies across council operations through, for example, the removal of duplicated back office roles and functions and streamlining senior management;
- establishing a larger entity with a broad operating revenue that is expected to exceed \$303 million per year by 2025;
- an asset base of approximately \$1.3 billion to be managed by the merged council; and
- greater capacity to effectively manage and reduce the infrastructure backlog across the area by maintaining and upgrading community assets and improving services.

⁷ Calculation of a council's operating performance ratio excludes any grants received from the council's reported operating revenue. This enables comparison of council operating performance based on own-source revenue.

Opportunities for Improved Services and Infrastructure

The efficiencies and savings generated by the merger will allow the new council to invest in improved service levels and/or a greater range of services and address the current infrastructure backlog across the three councils. Examples of local infrastructure priorities that could be funded by merger-generated savings include projects like:

- improving local roads;
- investing and maintaining parks and open spaces to meet the recreation needs of residents; and
- completing the missing links in the area's bike network with the aim of creating direct and safe pedestrian and cycling environment with improved signage.

The councils are currently focusing their operational budget spend on improvements to recreational facilities and transportation. A merged council could continue this prioritisation and would have greater capacity to better coordinate projects and related community initiatives.

Regulatory Benefits

There are currently 152 separate regulatory and compliance regimes applied across local council boundaries in NSW. These many layers of regulations are making it hard for people to do business, build homes and access services they need. NSW businesses rated local councils as second to only the Australian Tax Office as the most frequently used regulatory body, and highest for complexity in dealings.⁸

It can be expected that the proposed merger will result in simplified council regulations for many Ashfield, Leichhardt and Marrickville residents and businesses. Ashfield, Leichhardt Municipal and Marrickville councils are each responsible for separate and potentially inconsistent regulatory environments. A merged council provides an opportunity to streamline and harmonise regulations.

Adopting best practice regulatory activities will generate efficiencies for a merged council and benefit local residents and businesses. For example:

- a small business owner with outlets across the Ashfield, Leichhardt and Marrickville area will have just a single local council regulatory framework to understand and comply with;
- the compliance burden for a retail outlet owner with multiple outlets across neighbouring suburbs (currently in different local council areas) will be reduced and simplified; and
- residents can have greater confidence that development applications will be subject to a more uniform process than the existing variations in regulations that can add to the cost and complexity of home renovations and building approvals.

Impact on Rates

Two of the three councils have recently received approval for SRVs from IPART to fund community infrastructure:

- Marrickville Council has an approved SRV of 3.0 per cent for a one-year period in 2015–16 ; and
- Ashfield Council has an approved cumulative SRV of 26.6 per cent over a four-year period from 2015–16.

The savings generated by a merger may enable the new council to reduce reliance on rate increases to fund community infrastructure.

In addition, the proposed merger will bring together a range of residential and business premises across the area, providing the new council with a large rate base on which to set ratings policies and improve the sustainability of council revenue. Table 1 outlines the mix of business and residential rating assessments that underpin current rate revenue across the area.

⁸ NSW Business Chamber (2012), Red Tape Survey.

Table 1: Comparison of rateable businesses and residential properties (total and percentage share)

Council	Business rating assessments		Residential rating assessments	
Ashfield Council	834	5%	15,141	95%
Leichhardt Municipal Council	1,833	8%	22,347	92%
Marrickville Council	3,238	10%	30,217	90%
Merged council	5,905	8%	67,705	92%

Source: NSW Office of Local Government, Council Annual Data Returns (2013–14).

Local Representation

The ratio of residents to elected councillors in each of the three councils is markedly different. This reflects the wide variation in resident populations. While the proposed merger will increase the ratio of residents to elected councillors, the ratio, based on councillor numbers in the existing councils, is likely to be similar to those currently experienced in other Sydney councils, including the more populous Blacktown City Council (Table 2). For the purpose of analysis of merger benefits, this proposal has assumed that the new Council will have the same number of councillors as each of the current councils do. The Government welcomes feedback through the consultation process on the appropriate number of councillors for the new council.

Some councils in NSW have wards where each ward electorate elects an equal number of councillors to make up the whole council. Community views on the desirability of wards for a new council will be sought through the consultation process.

Table 2: Changes to local representation in Ashfield, Leichhardt and Marrickville

Council	Number of councillors	Number of residents (2014)	Residents per councillor
Ashfield City Council	12	44,498	3,708
Leichhardt Municipal Council	12	58,136	4,845
Marrickville Council	12	83,356	6,946
Merged council	12*	185,990	15,499
<i>Blacktown City Council</i>	15	325,139	21,676

* Ashfield, Leichhardt and Marrickville communities will have an opportunity to shape how a new merged council will be structured, including the appropriate number of elected councillors. Fifteen elected councillors is the maximum number currently permitted under the NSW Local Government Act (1993).

Source: Australian Bureau of Statistics, Estimated Resident Population 2013; and NSW Office of Local Government, Council Annual Data Returns (2013–14).

The new council will be in a position to use its larger scale and capacity to more effectively advocate for the needs of the Ashfield, Leichhardt and Marrickville communities. As the new council will represent a more significant share of Sydney's population, and have a substantial economic base, it will be able to negotiate more effectively on behalf of its residents. It will also be able to develop improved strategic capacity to partner with the NSW and Australian governments, including on major infrastructure initiatives, community services and urban planning and development.

The many ways communities currently engage with these councils will continue, including through public forums, committees, surveys and strategic planning. Councillors will continue to represent local community interests and will have the opportunity to take a more regional approach to economic development and strategic planning.

THE LOCAL COMMUNITY

The Inner West communities of Ashfield, Leichhardt and Marrickville share common characteristics and connections. The proposed new council will have enhanced scale and capacity and be better placed to shape and deliver the economic development, community services, and infrastructure that underpin the lifestyle of these communities.

Geography and Environment

Located within Sydney's Inner West region, Ashfield, Leichhardt and Marrickville local government areas are all situated within ten kilometres of the centre of Sydney's CBD. These inner-city areas contain important heritage and cultural sites and also feature significant urban development to accommodate high-density populations. Gentrification of some of the areas within the Ashfield, Leichhardt and Marrickville councils, particularly those closer to the city, has seen a shift in the demographic profiles of those areas and highlights the need for effective land use planning.

The proposed council would be able to plan for communities and coordinate growth and the delivery of infrastructure along both sides of the eastern section Parramatta Road (rather than three separate councils). The new council would also be able to plan for and deliver urban renewal and local infrastructure along areas of the Inner West Light Rail Line that were previously planned for three local government areas.

Local Economy

The local government areas of Ashfield, Leichhardt and Marrickville contribute nearly \$10 billion to the NSW economy, equivalent to two per cent of the Gross State Product.⁹ Characteristics of the local economy include:

- an average household income close to or above the metropolitan average of \$89,210: Ashfield (\$88,349), Marrickville (\$96,043), Leichhardt (\$118,669);
- lower rates of unemployment compared to the metropolitan average of 5.4 per cent in Ashfield (4.7 per cent) and Leichhardt (3.5 per cent), but higher in Marrickville (7.4 per cent);
- employment growth which varies in comparison with the metropolitan average of 1.6 per cent: Leichhardt (0.9 per cent), Ashfield (1.5 per cent) and Marrickville (2.0 per cent), and
- educational attainment rates (the proportion of residents holding a post-school qualification) above the metropolitan average of 59 per cent: Marrickville (66 per cent), Ashfield (68 per cent) and Leichhardt (74 per cent).

Table 3 provides a snapshot of the local business profile of each council. More than 18,000 local businesses across the area contribute more than 92,000 jobs to the local economy. The area has strong employment in the Health Care and Social Assistance sector -- the largest sector within the Ashfield local government area. The largest employment sector in the proposed council will be Professional, Scientific and Technical Services, which provides a strong economic foundation for the new council.

The NSW Government's Household Travel Survey highlighted similar travel patterns across the three existing council areas. Approximately 30 per cent of residents across the area travel for social and recreation purposes and 18 per cent for commuting to work.¹⁰ Specifically, around 35 per cent of Leichhardt and Marrickville residents commute to the Sydney CBD for work compared to about 20 percent of Ashfield residents.

While residents typically commute to a workplace outside their council area, the area is relatively self-contained and well-connected in relation to:

⁹ Regional Development Australia, Sydney Metropolitan Region economic Baseline Assessment – Update, August 2015; and Australian Bureau of Statistics (2014), Australian National Accounts: State Accounts 2013–14, Canberra.

¹⁰ Transport for NSW, Bureau of Transport Statistics, Household Travel Survey Data 2012–13, released November 2014.

- health services, especially through the Royal Prince Alfred Hospital, Sydney Private Hospital and the Macquarie University outpatient clinic and research centre in Summer Hill;
- extensive retail services, through the Marrickville Metro Shopping Centre, Norton Plaza and Ashfield Mall; and
- transport infrastructure connecting the three councils to the Sydney CBD.

Table 3: Local business and employment profile

Council	Number of businesses	Local jobs	Largest sector
Ashfield Council	3,736	20,618	Health Care & Social Assistance
Leichhardt Municipal Council	7,112	30,003	Professional, Scientific & Technical Services
Marrickville Council	7,674	41,876	Professional, Scientific & Technical Services
Merged council	18,522	92,497	Professional, Scientific & Technical Services

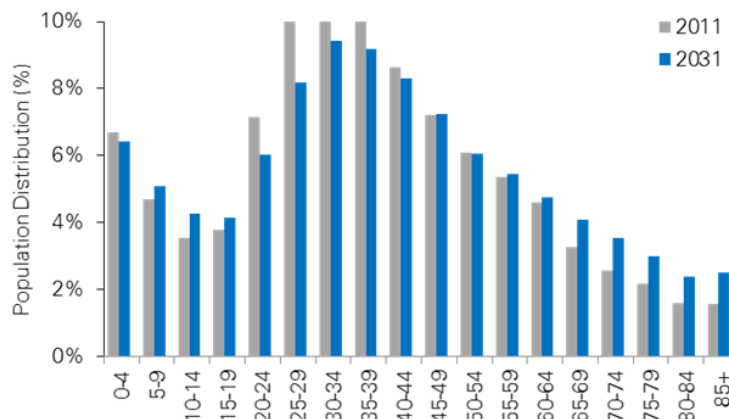
Source: Australian Bureau of Statistics, Business Counts and Employment by Industry (2014).

The business profile across the area and the corresponding workforce will require relatively similar services and infrastructure, particularly in relation to maintaining and upgrading transport links to the Sydney CBD. A merged council will be better placed to deliver these services and infrastructure in a coordinated manner.

Population and Housing

The new council will be responsible for infrastructure and service delivery to more than 223,000 residents by 2031. The Ashfield, Leichhardt and Marrickville area is culturally diverse with a relatively low ratio of children to adults of parenting age, and a low proportion of elderly people, reflecting the areas' proximity to Sydney's CBD (Figure 6). This population distribution is expected to shift over time with an increase in the proportion of the population aged over 65 years.

Figure 6 Change in population distribution, by age cohort (2011 v 2031)



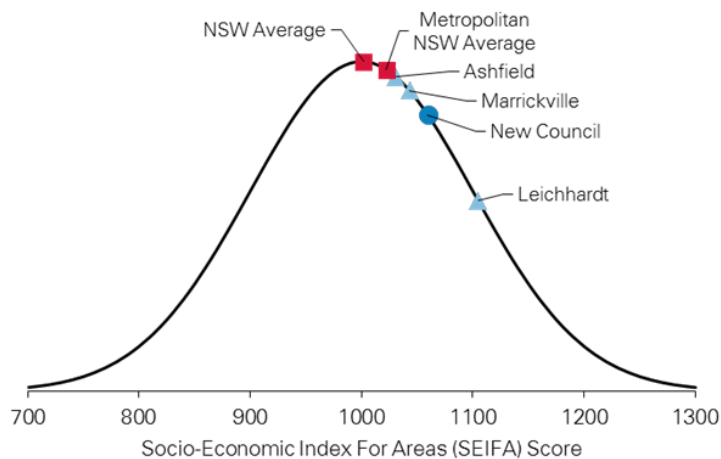
Source: NSW Department of Planning & Environment, 2014 NSW Projections (Population, Household and Dwellings).

A strong council with the appropriate scale and capacity is needed to respond and adapt to the changing service needs of the community. With the high proportion of professionals and managers living in the area, transport links are increasingly important for commuting residents. An ageing population is likely to increase

demand for community health services, creation and maintenance of accessible parks and leisure areas and community outreach services.

In comparison with the rest of Sydney, the Ashfield, Leichhardt and Marrickville communities are relatively advantaged from a socio-economic standpoint. The Socio-Economic Index for Areas (SEIFA), illustrated in Figure 7, measures a range of factors to rate an individual council's relative socio-economic advantage. The Ashfield and Marrickville councils have similar socio-economic profiles with SEIFA scores that are above the NSW and metropolitan averages, while Leichhardt has a socio-economic profile above the NSW and metropolitan averages. This reflects the characteristics across the Ashfield, Leichhardt and Marrickville communities in relation to, for example, household income, education, employment and occupation.

Figure 7: Comparison of councils' socio-economic profile



Source: Australian Bureau of Statistics, SEIFA 2011 by local government area.

Table 4 outlines the current mix of housing types across the area. A merged council provides an opportunity to apply a more regional and strategic focus to planning for the additional 15,800 households and associated amenities that are predicted to be required by 2031. This approach can also help to ensure any pressures and challenges associated with population growth and housing development are not unreasonably concentrated in particular neighbourhoods.

Table 4: Dwelling types in the Ashfield, Leichhardt and Marrickville area (total number and per cent)

Dwelling type	Ashfield Council		Leichhardt Municipal Council		Marrickville Council	
Separate house	6,390	37%	8,403	34%	11,179	32%
Medium density	5,481	32%	10,841	44%	15,283	44%
High density	5,207	30%	5,070	21%	7,441	22%
Other	149	1%	357	1%	588	2%
Total private dwellings	17,227		24,671		34,491	

Source: Australian Bureau of Statistics, Census (2011), Dwelling Structure by local government area.

Shared Community Values and Interests

These communities are bound by their sense of place as part of Sydney's Inner West. Box 2 below provides examples of the sense of place in the form of the community organisations, services and facilities that have a presence across the area, which indicate strong connections between the communities in the existing council areas.

Box 2: Examples of common community services and facilities

Shared regional services and facilities

Examples of community services which operate across the area include:

- the Inner West Courier, a print and online newspaper, is circulated throughout the area;
- the Leichhardt Marrickville Community Transport Group provides transport services for frail aged and younger people with disabilities, and their carers across all the two council areas;
- Ashfield and Leichhardt are part of the Inner West Home and Community Care area, which means that many community care services for the frail aged and respite services for carers are delivered across the council boundaries;
- the Inner West Youth Alliance is a network of youth service providers from across the area; and
- the Child and Family Interagency is a network of agencies that provide services for families and children under the age of eight in the Marrickville and Leichhardt local government areas.

The Ashfield, Leichhardt Municipal and Marrickville councils have already been collaborating in a number of ways:

- all participate in the Southern Sydney Regional Organisation of Councils (SSROC). The role of SSROC is to undertake projects that cross council boundaries, achieving results in procurement of goods and services as well as initiatives that will contribute to the sustainability of the member councils and their communities.¹¹ SSROC undertakes advocacy, training and practical projects;
- SSROC's Street Lighting Improvement Program seeks to address a number of issues such as compliance with the Public Lighting Code, improved pricing and pricing oversight, technology advancements, and securing grants and other funding;
- through SSROC the councils have undertaken shared telecommunications procurement to achieve cost savings, access broadband and to develop a best practice contract for the supply of telecommunications services;
- through SSROC the councils have been implementing shared library services, including standardising practices across the provision of library services, pooling of procurement and utilisation of external service providers;
- the three councils have benefited from SSROC's investigation of waste management practices and the drafting a set of target outcomes for the waste strategy across the region leading to the creation of the 2014-21 regional Waste Avoidance and Resource Recovery Strategy;
- Our Solar Future is a website run by the local councils to provide advisory services for residents regarding the purchase and installation of solar energy systems; and
- Marrickville and Leichhardt Municipal councils have resolved to collaborate to reinvigorate the live music scene, with a particular focus on Parramatta Road, this is part of a larger shared focus on making Parramatta Road more attractive to visitors and business owners.

The connections between the councils and communities are evident in the existing partnerships and collaborations. A new council will be better placed to deliver these services and projects into the future, without relying on voluntary collaboration with neighbouring areas.

¹¹ Southern Sydney Regional Organisation of Councils, <http://ssroc.nsw.gov.au/about-us/>, Accessed November 2015.

CONCLUSION

This proposal to create a merged council has the potential to provide a range of benefits to local communities, including:

- a \$113 million net financial benefit over a 20 year period that may be used to deliver better community services, enhance infrastructure and/or lower rates;
- a projected 61 per cent improvement in annual operating results that will strengthen the council's balance sheet and free up revenue for critical infrastructure;
- NSW Government funding of \$25 million to meet merger costs and provide a head start on investing in services and infrastructure that the savings from mergers will ultimately support;
- greater efficiencies through the removal of back office and administrative functions, increased purchasing power of materials and contracts, and reduced expenditure on councillor fees all of which are expected, on average, to generate savings of around \$7 million every year from 2020 onward;
- greater capacity to effectively manage and reduce the \$65 million infrastructure backlog across the three councils by maintaining and upgrading community assets;
- reducing the reliance on rate increases through SRVs to fund local community infrastructure projects and services;
- better integrating strategic planning and economic development to more efficiently respond to the changing needs of the community;
- building on the shared communities of interest and strong local identity across the area;
- providing effective representation through a council with the required scale and capacity to meet the future needs of the community; and
- being a more effective advocate for the area's interests and better able to deliver on priorities in partnership with the NSW and Australian governments.

NEXT STEPS

Every community will have an opportunity to help shape a new council for their area.

Community Engagement

This merger proposal will be referred to the Chief Executive of the Office of Local Government for examination and report under the *Local Government Act (1993)*. The Chief Executive proposes to delegate this function to a suitably qualified person. The delegate will consider this proposal as required under the Act, including against statutory criteria and hold a public inquiry. The delegate will also undertake public consultation to seek community views. The delegate is also required by the Act to provide the delegate's report to an independent Boundaries Commission for review and comment. The Minister for Local Government under the legislation may decide whether or not to recommend to the Governor that the merger proposal be implemented. For the factors a delegate must consider when examining a merger proposal (under Section 263 of the *Local Government Act (1993)*), please refer to the Appendix to this document.

Through the merger assessment process, there will be opportunities for communities and stakeholders to consider merger proposals and have their say. Each merger proposal will be the subject of a public inquiry where the community can hear about and discuss the proposal. Through the consultation process, the delegate will ensure that the opinions of each of the diverse communities of the resulting area or areas will be effectively represented.

Further information about the process is available on the Local Government Reform website at www.councilboundaryreview.nsw.gov.au, including:

- details about the proposed mergers;
- information about the delegate for your area;
- dates for public meetings; and
- a portal to provide a written submission.

Appendix

The following table outlines the factors that a delegate must consider under section 263 of the *Local Government Act (1993)* when examining a proposal. The section references outline where the criteria have been addressed in this merger proposal.

<i>Legislative criteria</i>	<i>Section reference</i>
(a) the financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned	Benefits, Opportunities and Impacts
(b) the community of interest and geographic cohesion in the existing areas and in any proposed new area	The Local Community
(c) the existing historical and traditional values in the existing areas and the impact of change on them	The Local Community
(d) the attitude of the residents and ratepayers of the areas concerned	There is a public consultation process which includes a public inquiry allowing for the views of residents and ratepayers to be considered.
(e) the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as it considers relevant in relation to the past and future patterns of elected representation for that area	Local Representation
(e1) the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities	Benefits, Opportunities and Impacts
(e2) the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned	Financial Benefits of the Proposed Merger
(e3) the impact of any relevant proposal on rural communities in the areas concerned	The Local Community
(e4) in the case of a proposal for the amalgamation of two or more areas, the desirability (or otherwise) of dividing the resulting area or areas into wards	Local Representation
(e5) in the case of a proposal for the amalgamation of two or more areas, the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented	Next Steps
(f) such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas	Benefits, Opportunities and Impacts

For more information visit:
www.councilboundaryreview.nsw.gov.au

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Office of
Local Government

Office of Local Government

COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS



DECEMBER 2015

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PURPOSE

These Guidelines provide guidance to councils that are the subject of merger proposals on the appropriate exercise of their functions during the period in which a merger proposal is under consideration by the Chief Executive of the Office of Local Government, the Boundaries Commission and the Minister for Local Government under the Act.

It is important during any merger proposal period that councils continue to operate appropriately, effectively and efficiently to meet the needs of their communities. The Office of Local Government recognises that councils, councillors and council staff all share the desire to continue to serve their communities effectively during the merger proposal period and will have many questions about how to do this in a manner that is appropriate and permissible. These Guidelines seek to assist councils to do this and to provide clear guidance on what is and is not appropriate and permissible during the merger proposal period.

These Guidelines are issued under section 23A of the Act meaning that all councils must consider them when exercising their functions.

THE SCOPE OF THESE GUIDELINES

These Guidelines apply to decisions made by councils the subject of a merger proposal during a merger proposal period.

For the purposes of these Guidelines:

“the Act” – means the *Local Government Act 1993* (NSW).

“a decision” - includes the exercise by the council of any function (including the expenditure of monies and the use of resources) and includes functions exercised under delegation by council officials.

“council officials” – includes a councillor (including the Mayor), a member of council staff or a delegate of a council.

“merger proposal” – means a proposal for the amalgamation of two or more local government areas or the alteration of the boundaries of one or more local government areas initiated by the Minister for Local Government, a council affected by the proposal or an appropriate minimum number of electors under section 218E of the Act.

“merger proposal period” – means the period of time during which a council is affected by a merger proposal, commencing on the day a proposal is made with respect to the council’s area under section 218E of the Act and concluding on:

- the day after the Minister decides to decline to recommend to the Governor that a proposal referred to the Boundaries Commission or the Chief Executive be implemented under section 218F(8), or
- the date specified in the proclamation implementing the proposal if the Minister

recommends to the Governor that the proposal be implemented.

“new council” – means a new council created as a result of a merger proposal.

COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS – GENERAL PRINCIPLES

During a merger proposal period, councils and council officials should be mindful of the need to act in the best interests of their community and for the purposes of meeting the needs of that community. Councils should not make decisions that needlessly impose avoidable costs on a new council.

In particular, councils and council officials should not make decisions during a merger proposal period for the following purposes:

- to prevent or disrupt the consideration of merger proposals by the Chief Executive of the Office of Local Government or his delegate, the Boundaries Commission or the Minister for Local Government other than through the legitimate exercise of legal rights of review or appeal
- to exercise their functions or use council resources to oppose or support a merger proposal for personal or political purposes (see below for more information on merger-related information campaigns)
- to seek to damage or impede the operational effectiveness of a new council including by (but not limited to):
 - making significant and/or ongoing financial commitments that will be binding on a new council
 - making other significant undertakings or commitments that will be binding on a new council
 - making decisions that are designed to limit the flexibility or discretion of a new council
 - deliberately and needlessly expending council resources to minimise the resources available to a new council on its commencement.

INTEGRATED PLANNING AND REPORTING

During a merger proposal period, councils should continue to implement and operate in accordance with their adopted Community Strategic Plan, Delivery Program, Operational Plan and Resourcing Strategy.

Annual reporting requirements continue in accordance with the Act, and a report on the progress on implementation of the Community Strategic Plan should be presented at the final meeting of each of the outgoing councils.

Preparation of Operational Plans

Should councils prepare Operational Plans during a merger proposal period, these should be prepared as a sub-plan of the council's adopted Delivery Program and should not depart from the council's adopted Delivery Program.

The Operational Plan should directly address the actions outlined in the council's adopted Delivery Program and identify projects, programs or activities that the council will undertake within the financial year towards addressing these actions.

The Operational Plan should include a detailed budget for the activities to be undertaken in that year.

FINANCIAL MANAGEMENT

Expenditure during merger proposal periods

During a merger proposal period, councils should only expend monies in accordance with the detailed budget adopted for the purposes of implementing their Operational Plans for the relevant year.

There should be clear and compelling grounds for any expenditure outside of a council's adopted budget. Expenditure outside of the adopted budget should be approved by the council at a meeting that is open to the public.

The council's resolution approving the expenditure should disclose the reasons why the expenditure is required and warranted.

Should such expenditure be outside of a council's adopted budget and be of an amount equal to or greater than \$250,000 or 1% of the council's revenue from rates in the preceding financial year (whichever is the larger), then such a variation shall be advertised and public comments invited.

Councils the subject of merger proposals should not make decisions that will impose a significant and/or ongoing financial commitment on a new council.

Entry into contracts and undertakings

Councils the subject of merger proposals should not enter into a contract or undertaking involving the expenditure or receipt by the council of an amount equal to or greater than \$250,000 or 1% of the council's revenue from rates in the preceding financial year (whichever is the larger), unless:

- the contract or undertaking is being entered into as a result of a decision made or procurement process commenced prior to the start of the merger proposal period; or
- entry into the contract or undertaking is reasonably necessary for the purposes of:
 - meeting the council's ongoing service delivery commitments to its community; or

- to implement an action previously approved under a council's Delivery Program or the Operational Plan for the relevant year

WORKFORCE MANAGEMENT

Appointment and termination of employment of general managers and senior staff

A council affected by a merger proposal should not during a merger proposal period appoint or reappoint a person as the council's general manager, other than:

- appointing a person to act as general manager under section 336(1) of the Act, or
- temporarily appointing a person as general manager under section 351(1) of the Act.

Councils affected by merger proposals should also avoid making appointments of senior staff other than temporary or "acting" appointments unless there are compelling operational reasons for doing so. Outside of these circumstances, where possible, councils should make temporary appointments to fill vacancies to senior staff positions during the merger proposal period.

There is no restriction on councils' ability to terminate the employment of general managers and other senior staff during a merger proposal period. However, in doing so, councils must comply with the standard contracts of employment for general managers and senior staff and the 'Guidelines for the Appointment & Oversight of General Manager' (July 2011).

Organisation restructures

Councils affected by merger proposals should not undertake organisation restructures unless there are compelling operational grounds for doing so.

No forced redundancies of non-senior staff

Councils affected by a merger proposal should not during a merger proposal period terminate the employment of non-senior staff on grounds of redundancy without their agreement (see section 354C).

Determination of employment terms and conditions for council staff

Determinations of the terms and conditions of employment of council staff members (including in an industrial agreement, in an employment contract or in an employment policy of the council) made during a merger proposal period will not be binding on a new council unless the determination has been approved by the Minister for Local Government (see section 354E).

The Minister's approval is not required for the following determinations:

- determinations authorised by an industrial instrument, or employment policy of the former council, made or approved before the merger proposal period
- determinations in, or authorised by, an award, enterprise agreement or other

industrial instrument made or approved by the Industrial Relations Commission or Fair Work Australia

- determinations that comprise the renewal of an employment contract (other than for the general manager) entered into before the proposal period.

As a general rule, the Minister will approve determinations unless he is satisfied that the determination arises from or is in anticipation of a merger proposal and would result in an unjustifiable increase or decrease in the obligations of the new council in relation to transferred staff members (see section 354E(3)).

REGULATORY FUNCTIONS

Councils and council officials should exercise their regulatory functions strictly in accordance with statutory requirements and the requirements of the *Model Code of Conduct for Local Councils in NSW* and solely on the basis of relevant considerations.

Councils should not exercise their regulatory functions (including in relation to development applications or strategic land use planning) for the purposes of campaigning for or against a merger proposal.

Councils should not make decisions that would not otherwise withstand legal challenge on the basis that the new council and not the outgoing one would need to defend any such challenge.

MERGER-RELATED INFORMATION CAMPAIGNS

Any public information campaigns conducted by councils with respect to merger proposals:

- should be conducted for the purposes of informing the local community about the merger proposal and should be proportionate to this purpose
- should not involve disproportionate or excessive expenditure or use of council resources
- should be conducted in an objective, accurate and honest manner and should not be deliberately misleading
- should not be used to endorse, support or promote councillors, individually or collectively, political parties, community groups or candidates or prospective candidates at any election, Local, State or Federal.

Merger-related information campaigns should be approved by councils at an open council meeting. Councils should also publicly approve a budget for the campaign at an open council meeting before incurring any expenditure on the campaign.

Any variations to the budget should also be publicly approved by the council at an open meeting.

Councils should account fully and publicly for the costs of merger-related information campaigns, including staff and contractor costs. This information should be accessible to the community on councils' websites.

ENFORCEMENT OF THESE GUIDELINES

These Guidelines are issued under section 23A of Act. Councils are required to consider the Guidelines in exercising their functions. The Office of Local Government will be monitoring compliance with these Guidelines.

Failure to comply with the Guidelines may result in the Minister for Local Government issuing a performance improvement order under section 438A of the Act against a council to compel them to comply with the Guidelines or to correct any non-compliance.

The Chief Executive of the Office of Local Government may also surcharge a council official under section 435 the amount of any deficiency or loss incurred by the council as a consequence of the negligence or misconduct of the council official.





Background and Objectives

Background

Fit for the Future is the name given to the review of Local Government that was carried out by IPART on behalf of the NSW State Government. The purpose of the review is to reduce the number of councils in NSW, and to make local government sustainable, efficient, and effective for future generations.

Marrickville Council met all seven measures of financial sustainability and efficiency, but the State Government found that Marrickville Council is not fit to stand alone, failing the arbitrary 'scale and capacity' measure.

The State Government then issued an ultimatum to councils to propose an amalgamation option. Marrickville Council's first preference is to stand alone however if a merge is forced, Marrickville's second preference is to amalgamate with Leichhardt and Ashfield Councils.

Research Objectives

- Highlight the perceived benefits and risks associated with a merge
- Measure support for standing alone or merging with Leichhardt and Ashfield Councils
- Measure community preference for standing alone or merging with Leichhardt and Ashfield Councils



Methodology & Sample

Data collection

Micromex Research, together with Marrickville Council, developed the questionnaire. The support, and risk and benefit questions were randomly rotated to minimise order effect.

Data collection period

Telephone interviewing (CATI) was conducted during the period 30th November – 5th December 2015.

Sample

605 resident interviews were conducted. Residents were recruited via the electronic white pages (N=421) and number harvesting (N=184).

A sample size of 605 provides a maximum sampling error of plus or minus 4.0% at 95% confidence. This means that if the survey was replicated with a new universe of N=605 residents, that 19 times out of 20 we would expect to see the same results, i.e. +/- 4.0%.

For the survey under discussion the greatest margin of error is 4.0%. This means for example, that an answer 'yes' (82%) to a question could vary from 78% to 86%. As the raw data has been weighted to reflect the real community profile of Marrickville Council, the outcomes reported here reflect an 'effective sample size'; that is, the weighted data provides outcomes with the same level of confidence as unweighted data of a different sample size. In some cases this effective sample size may be smaller than the true number of surveys conducted.

Interviewing

Interviewing was conducted in accordance with the AMSRS Code of Professional Conduct.

Percentages

All percentages are calculated to the nearest whole number and therefore the total may not exactly equal 100%.

Word Frequency Tagging

Verbatim responses for open questions were collated and entered into analytical software. This analysis 'counts' the number of times a particular word or phrase appears and, based on the frequency of that word or phrase, a font size is generated. The larger the font, the more frequently the word or sentiment is mentioned.



What is Number Harvesting?

Number Harvesting

Number harvesting maximises the effective sample by reducing the amount of weighting required.

For this project, Micromex Interviewers spent 20 hours in field between 28th November – 1st December 2015 in the following locations:

- Addison Road Markets
- Sydenham Train Station
- Marrickville Train Station
- Enmore Road

The recruitment criteria specified that the potential interviewee must meet the following requirements:

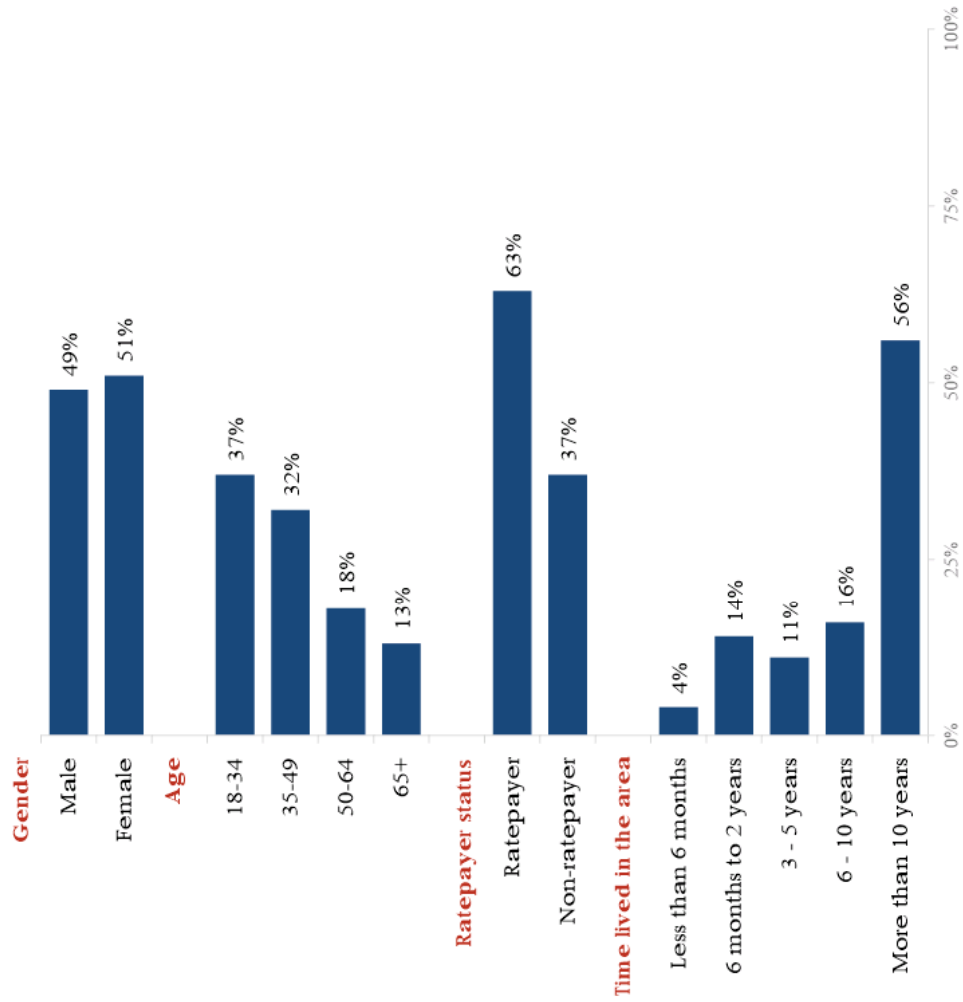
- Reside in the Marrickville LGA
- Between the ages of 18–34 or 35–49
- If between the ages of 18–34 must have a listed fixed-line telephone at home or a mobile/unlisted landline telephone
- If between the ages of 35–49 must have a mobile/unlisted landline number, not a listed fixed-line telephone at home

Of the 279 numbers collected during this time, 184 were successfully recontacted for participation in this research.





Sample Profile



Base: N = 605

The sample was weighted by age and gender to reflect the 2011 ABS community profile of Marrickville Council



Concept Statement

Residents were read this statement before being asked the relevant questions

The State Government wants to reduce the number of councils across NSW through a program called Fit for the Future. Most NSW councils had to show the State Government they were 'fit for the future' against eight criteria. Marrickville met all seven measures of financial sustainability and efficiency, but the State Government found that Marrickville Council is not fit to stand alone. Like most Sydney councils, Marrickville failed the arbitrary 'scale and capacity' measure. The State Government has not told councils exactly what scale and capacity means but it appears to mean population size – Marrickville is simply not big enough.

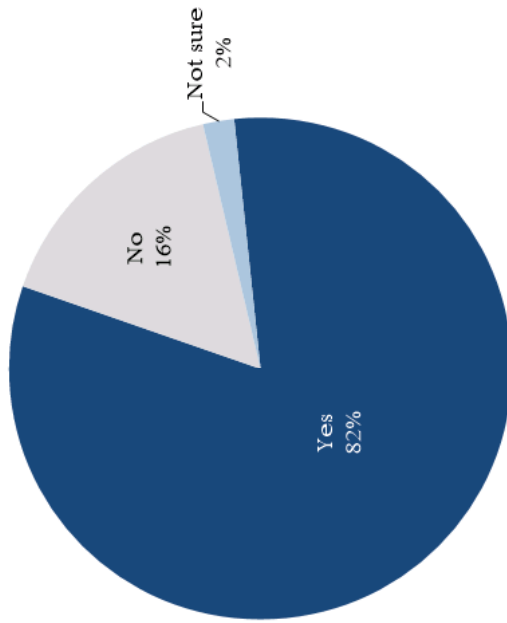
The State Government then issued an ultimatum to councils to propose an amalgamation option. Marrickville Council's first preference is still to stand alone. However, if the State Government forces amalgamations, Marrickville's second preference is to amalgamate with Leichhardt and Ashfield Councils. Research found that a merger of these three councils could save \$75 million over ten years. This includes \$25 million funding currently on offer from the State Government for councils that voluntarily merge. The research also showed that there are some similarities in the communities and the visions of the three councils.

Now Marrickville Council wants to know what its community thinks of the proposal to merge with Leichhardt and Ashfield.



Awareness of the State Government's Plan to Reduce the Number of Councils in NSW

Q1. Before this call, were you aware of the State Government's plan to reduce the number of councils in NSW?



	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Yes	82%	83%	81%	62%▼	92%▲	96%▲	96%▲	93%▲	64%▼
No	16%	15%	18%	34%	8%	4%	4%	6%	6%
Not sure	2%	2%	2%	4%	0%	1%	1%	1%	1%

Base: N = 605

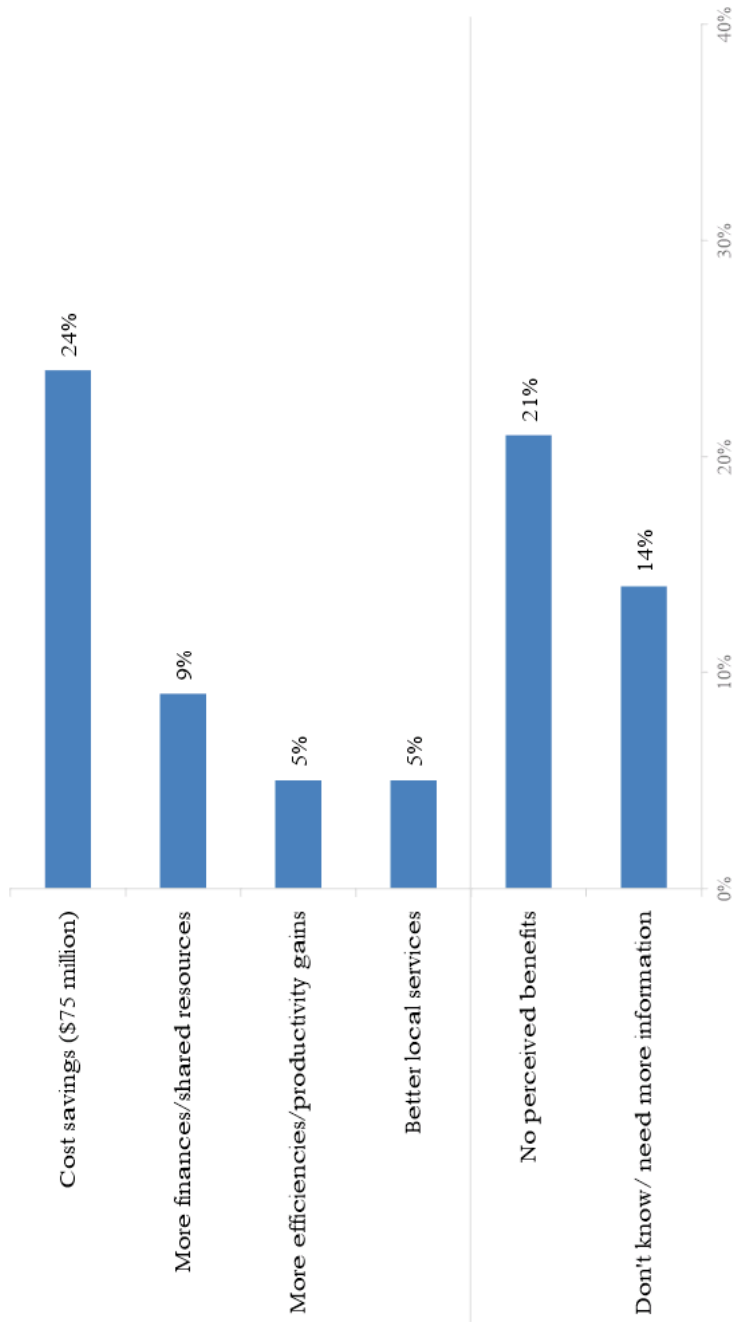
▲ ▼ = significantly higher/lower (by group)

The majority of residents (82%) were aware of the State Government's plan to reduce the number of councils in NSW.

Younger residents and non-ratepayers had lower awareness levels

Major Benefits – Merging with Leichhardt and Ashfield

Q2a. If Marrickville merges with Leichhardt and Ashfield, what do you think would be the major benefit?



Base: N = 605

Note: Only the top 6 major benefits were reported, see Appendix A for the complete list

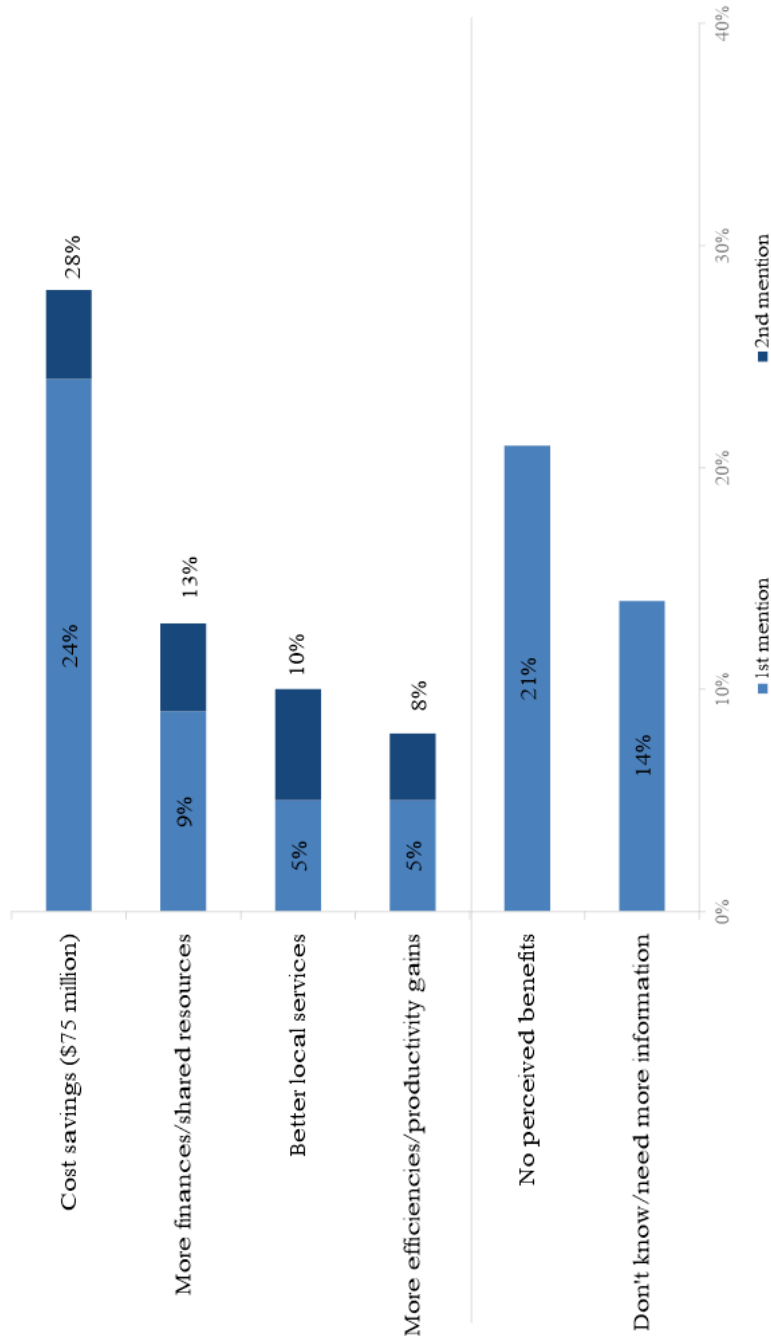


The most frequently mentioned benefit of merging with Leichhardt and Ashfield was 'cost savings' (24%) although a similar number of residents couldn't see any benefit in such a merger

Total Benefits – Merging with Leichhardt and Ashfield

Q2a. If Marrickville merges with Leichhardt and Ashfield, what do you think would be the major benefit?

Q2b. What other benefits might there be?



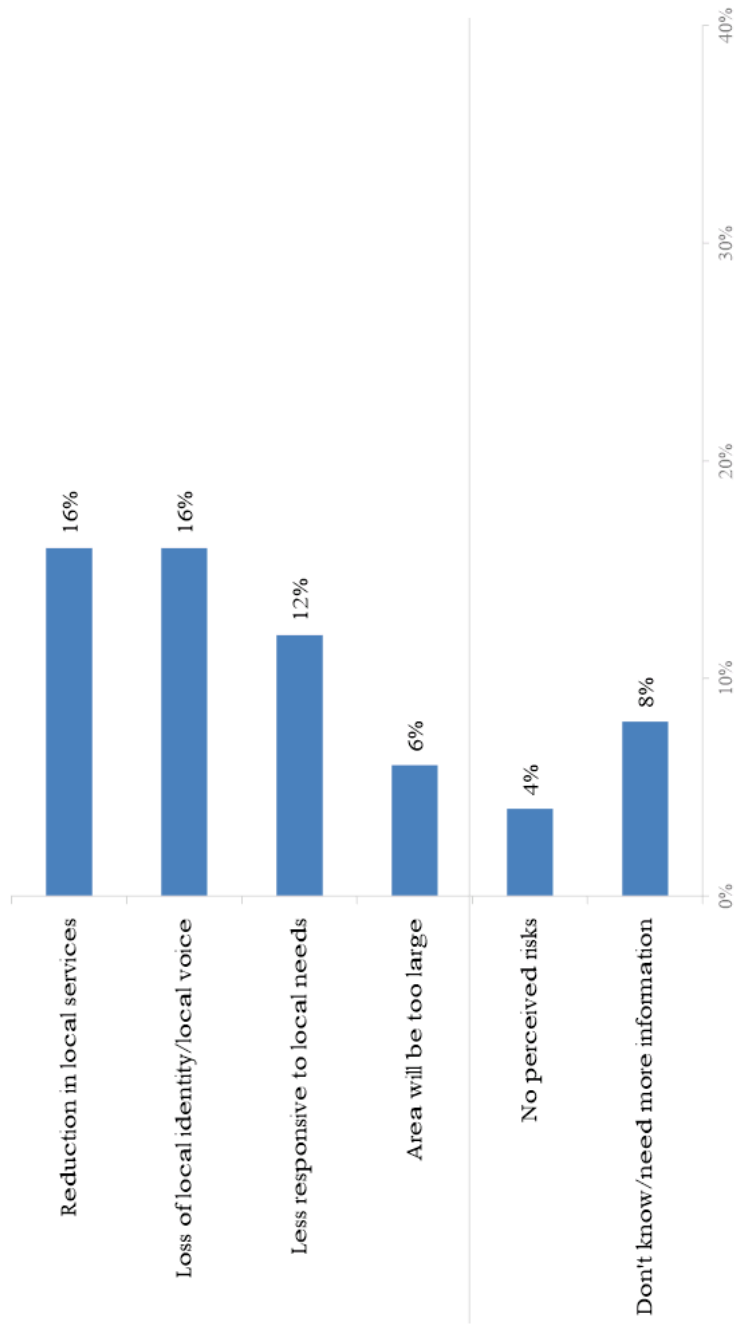
Base: N = 605

Note: Only the top 6 total benefits were reported, see Appendix A for the complete list

Financial efficiencies are perceived to be the key benefits of merging, however, over a third of residents require more information or do not believe there will be benefits to a merger

Major Risks – Merging with Leichhardt and Ashfield

Q3a. If Marrickville merges with Leichhardt and Ashfield, what do you think would be the major risk?



Base: N = 605

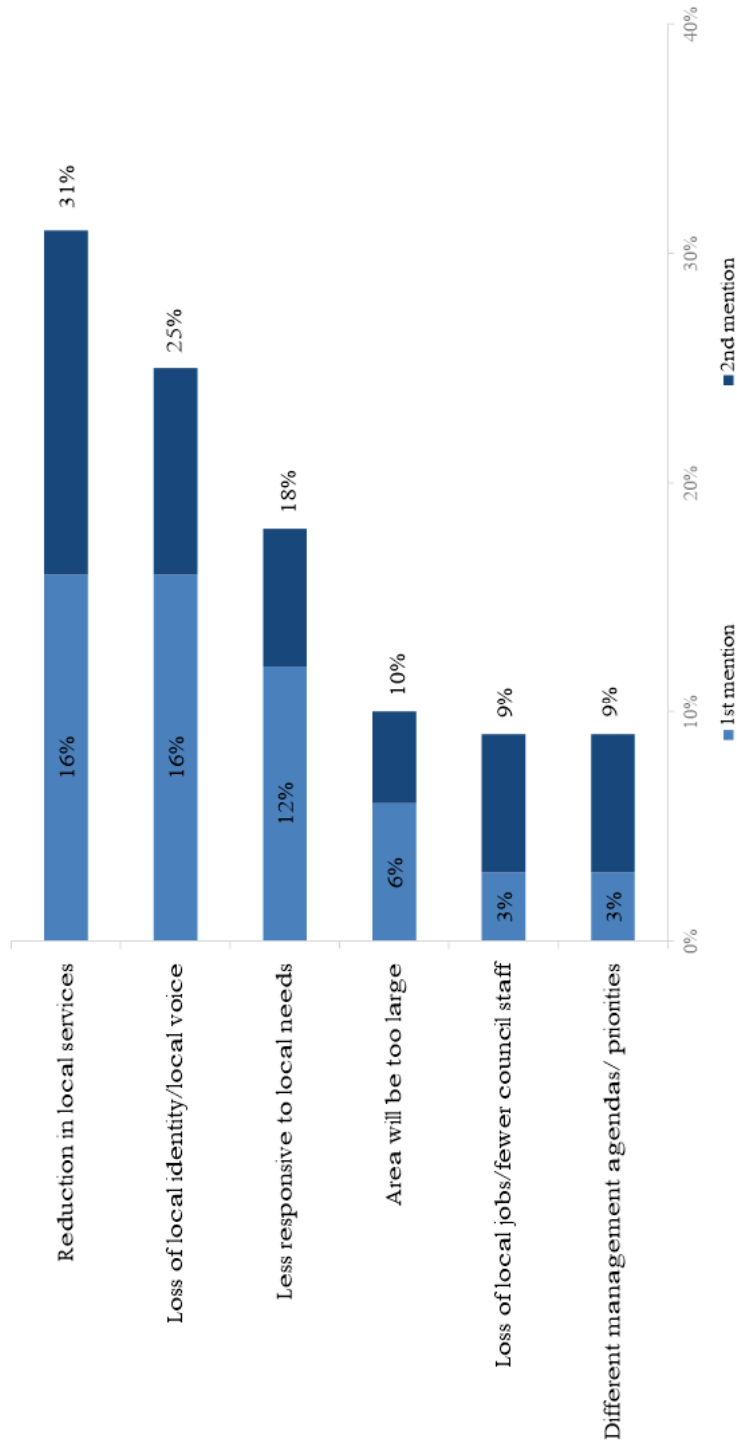
Note: Only the top 6 major risks were reported, see Appendix A for the complete list

The most frequently mentioned risks of a merger were 'reduction in local services' (16%) and 'loss of local identity/local voice' (16%)

Total Risks – Merging with Leichhardt and Ashfield

Q3a. If Marrickville merges with Leichhardt and Ashfield, what do you think would be the major risk?

Q3b. What other risks might there be?



Base: N = 605

Note: Only the top 6 total risks were reported, see Appendix A for the complete list



Service levels, local identity, and responsiveness to local needs are the main risk areas

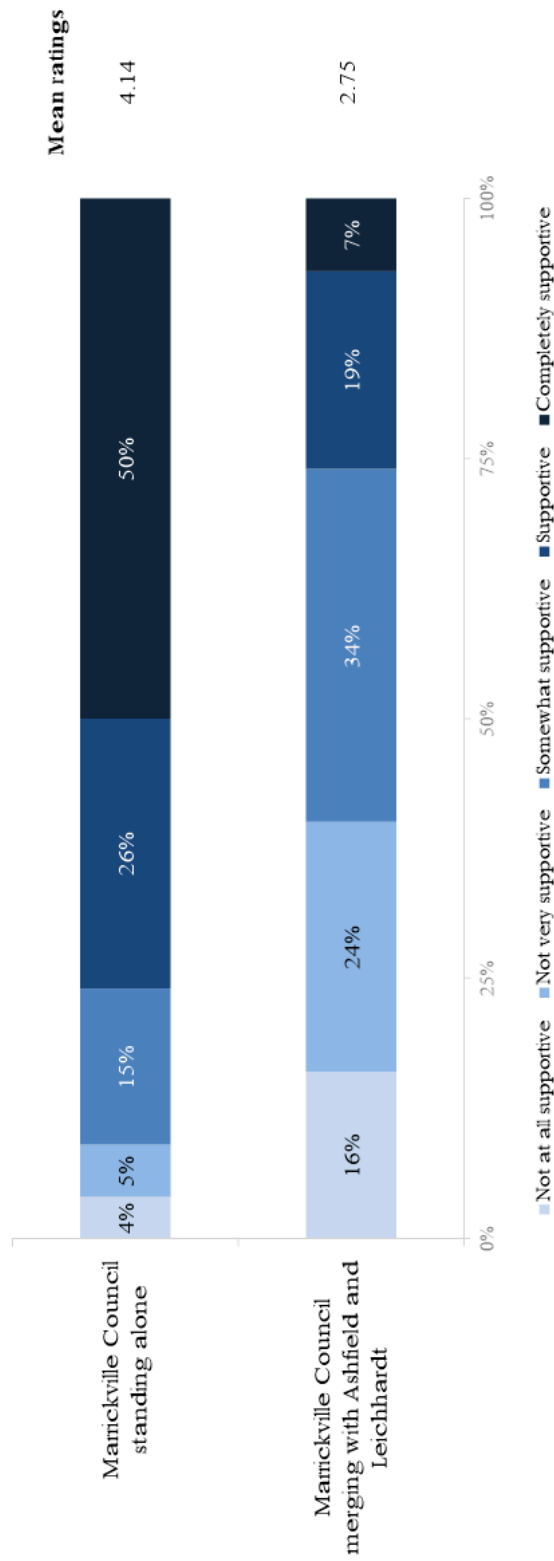


Summary of Support for Prompted Options

Q4. How supportive are you of Marrickville Council merging with Ashfield and Leichhardt?

Q5. How supportive are you of Marrickville Council standing alone?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Marrickville Council standing alone	4.14	3.96	4.31▲	4.14	4.12	4.05	4.30	4.15	4.11
Marrickville Council merging with Ashfield and Leichhardt	2.75	2.79	2.71	2.80	2.85	2.63	2.53	2.71	2.81



Base: N = 605

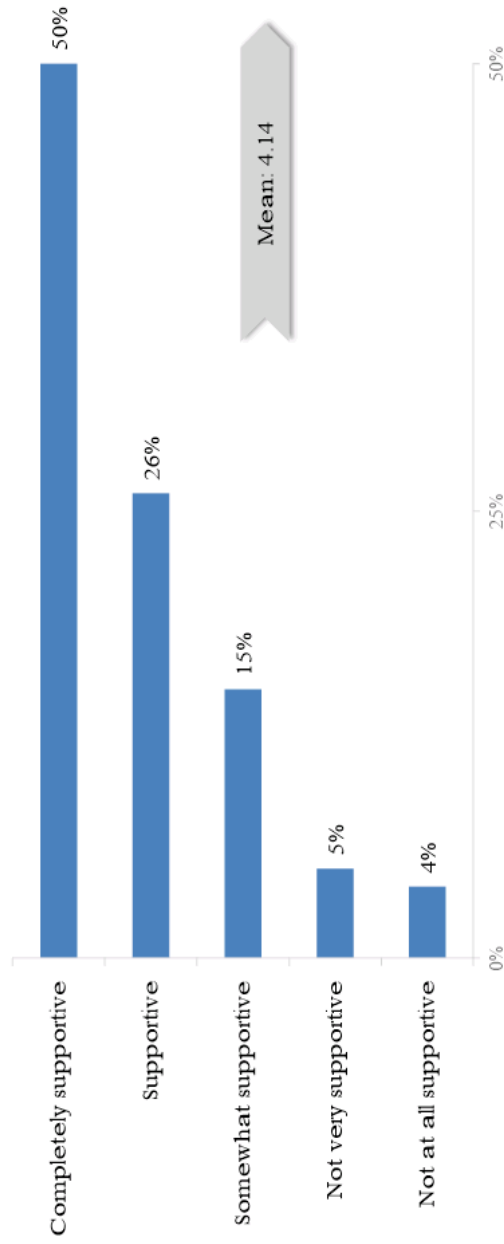


Residents are more supportive of Marrickville Council standing alone

Support for Marrickville Council Standing Alone

Q5: How supportive are you of Marrickville Council standing alone?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	4.14	3.96	4.31▲	4.14	4.12	4.05	4.30	4.15	4.11



Base: N = 605

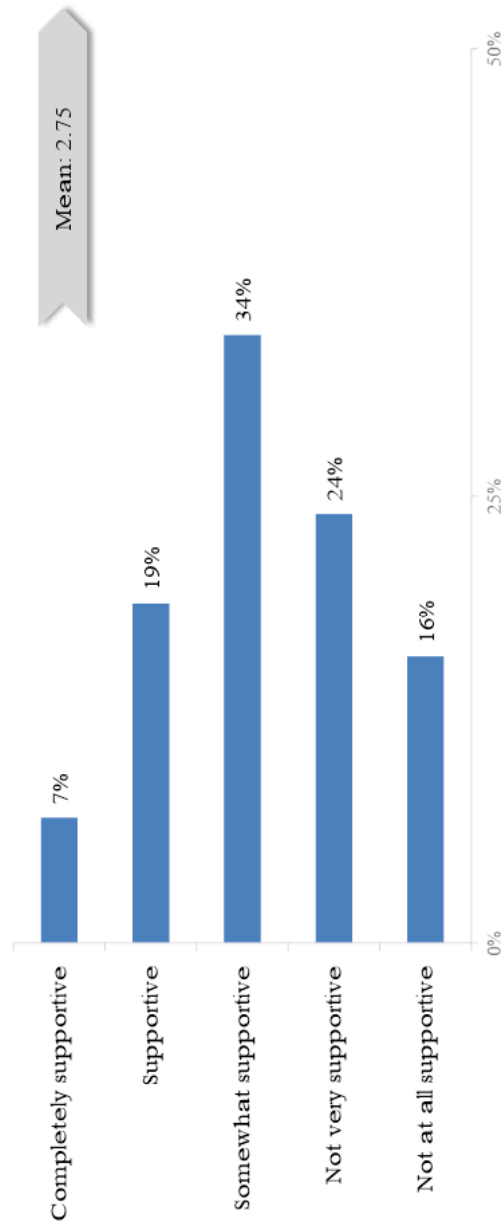
▲ = A significantly higher/lower (by group)
Scale: 1 = not at all supportive, 5 = completely supportive

The vast majority (91%) of residents were at least 'somewhat supportive' of Marrickville Council standing alone, with 50% being 'completely supportive'.
Females were significantly more likely to support this option

Marrickville Council Merging with Ashfield and Leichhardt

Q4. How supportive are you of Marrickville Council merging with Ashfield and Leichhardt?

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Mean ratings	2.75	2.79	2.71	2.80	2.85	2.63	2.53	2.71	2.81



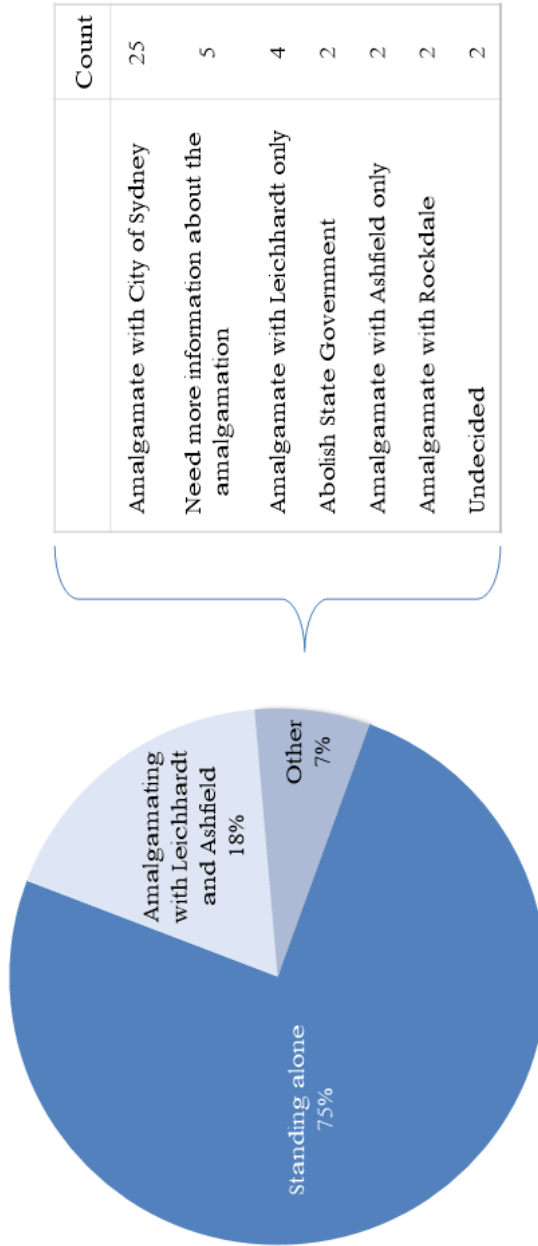
Base: N = 605

Scale: 1 = not at all supportive, 5 = completely supportive

**There was far less support for Marrickville Council merging with Ashfield and Leichhardt
with 60% of residents indicating they were at least 'somewhat supportive'**

Preferred Outcome

Q6. Thinking about the options we have just discussed, which is your preferred option for Marrickville Council?



	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Amalgamating with Leichhardt and Ashfield	18%	23%▲	13%	17%	19%	16%	20%	19%	16%
Standing alone	76%	71%	80%	81%	72%	71%	75%	73%	80%
Other	7%	6%	7%	2%	9%	13%▲	5%	8%	4%

Base: N = 605

▲ ▼ = A significantly higher/lower (by group)
Note: Only counts >1 were reported for 'other', see Appendix A for the complete list

The community has a strong preference for Marrickville Council standing alone (75%).

Females were significantly more likely to prefer the status quo



Conclusion

Awareness of the State Government Review

- The majority of residents (82%) were aware of the State Government's plan to reduce the number of councils in NSW
- Younger residents and non-ratepayers had lower awareness levels

Perceived Benefits of a Merge with Leichhardt and Ashfield

- Financial efficiencies are perceived to be the key benefits of a merger with Leichhardt and Ashfield
- A quarter of residents mentioned 'cost savings' as the major benefit
- Over a third of residents require more information or do not believe there will be benefits of a merger

Perceived Risks of a Merge with Leichhardt and Ashfield

- Service levels (31%), local identity (25%) and responsiveness to local needs (18%) were identified as the main risk areas of a merger with Leichhardt and Ashfield

Community responses to options

- The vast majority (91%) of residents were at least 'somewhat supportive' of Marrickville Council standing alone, with 50% being 'completely supportive'
- Females were significantly more likely to support this option
- There was far less support for Marrickville Council merging with Ashfield and Leichhardt with 60% of residents indicating they were at least 'somewhat supportive'



The community has a strong preference for Marrickville Council standing alone (75%).
Females were significantly more likely to prefer the status quo





Q53. Which suburb do you live?

Demographics

	%
Marrickville	45%
Enmore	11%
Stanmore	11%
Newtown	9%
Dulwich Hill	7%
Petersham	6%
St Peters	5%
Sydenham	2%
Tempe	2%
Camperdown	1%
Lewisham	1%
South Marrickville	<1%

Base: N = 605





Respondent Breakdown by Subcell

	Overall	Male	Female	18-34	35-49	50-64	65+	Ratepayer	Non-ratepayer
Base	605	296	309	224	194	109	79	380	225



Preferred Option – Other Specified

Q6. Thinking about the options we have just discussed, which is your preferred option for Marrickville Council?

Other specified	Count	Other specified	Count
Amalgamate with City of Sydney	25	Allow council's to make their own informed decision	1
Need more information about the amalgamation	5	Amalgamate with City of Sydney and Leichhardt	1
Amalgamate with Leichhardt only	4	Amalgamate with City of Sydney, Ashfield and Leichhardt	1
Abolish State Government	2	Amalgamate with Leichhardt and Canterbury	1
Amalgamate with Ashfield only	2	Amalgamate with South Sydney or Leichhardt, not Ashfield	1
Amalgamate with Rockdale	2	Newtown and Enmore amalgamate with City of Sydney, the rest of the council amalgamate with Ashfield, Leichhardt, and Canterbury	1
Undecided	2	No preference	1
		Whole suburbs to be placed in one council area rather than being divided in half	1

Base: N = 605



Major Benefits – Other

Q2a. If Marrickville merges with Leichhardt and Ashfield, what do you think would be the major benefit?

	Count	%		Count	%
Cost savings (\$75 million)	145	24%	Better local infrastructure	5	1%
More finances/shared resources	54	9%	Better unity across suburbs	4	1%
More efficiencies/productivity gains	33	5%	More accountability/less corruption	4	1%
Better local services	29	5%	More consistent policies/standards	4	1%
Culturally and socially similar communities	21	3%	Other	3	<1%
Staffing/leadership improvements	17	3%	Improvements to the appearance of the Council area	2	<1%
Commonalities between Councils	13	2%	More centralised governance	2	<1%
More influence as a larger council	12	2%	Will benefit all areas	1	<1%
Diversity of views & expertise/new ideas for decision making	10	2%	Best option if Marrickville is forced to merge	1	<1%
Lower rates	9	1%	More employment opportunities	1	<1%
More State Government funding	9	1%			
Better management of issues and requests	6	1%	No perceived benefits	128	21%
More efficient planning	6	1%	Don't know/ need more information	86	14%

Base: N = 605



Total Benefits – Other

Q2a. If Marrickville merges with Leichhardt and Ashfield, what do you think would be the major benefit?

Q2b. What other benefits might there be?

	Count	%		Count	%
Cost savings (\$75 million)	167	28%	More efficient planning	8	1%
More finances/shared resources	79	13%	More consistent policies/standards	7	1%
Better local services	62	10%	Benefit all areas	6	1%
More efficiencies/productivity gains	46	8%	More employment opportunities	5	1%
More influence as a larger Council	26	4%	Other	4	1%
Culturally and socially similar communities	24	4%	Council area becoming more diverse/multicultural	3	<1%
Staffing/leadership improvements	24	4%	Improvements to the appearance of the Council area	3	<1%
Diversity of views & expertise/new ideas for decision making	20	3%	More centralised governance	2	<1%
Lower rates	19	3%	Amalgamation not determined by the State Government	1	<1%
Commonalities between Councils	16	3%	Best option if Marrickville is forced to merge	1	<1%
More State Government funding	15	2%	Giving NSW Government more control	1	<1%
Better unity across suburbs	13	2%	Larger projects	1	<1%
Better local infrastructure	12	2%	No other benefits/need more information	438	72%
Better management of issues and requests	11	2%	No perceived benefits	128	21%
More accountability/less corruption	8	1%	Don't know/need more information	86	14%

Base: N = 605



Q3a. If Marrickville merges with Leichhardt and Ashfield, what do you think would be the major risk?

Major Risks – Other

	Count	%		Count	%
Reduction in local services	99	16%	No evidence of benefits from amalgamations	6	1%
Loss of local identity/local voice	97	16%	High costs to merge/sustain a larger council area	5	1%
Less responsive to local needs	73	12%	Issues with the location of council offices	5	1%
Area will be too large	38	6%	Increase in bureaucracy	4	1%
Different management agendas/priorities	20	3%	Less accountability to local residents/more corruption	4	1%
Higher rates	19	3%	Loss of local knowledge/sharing of information	4	1%
Slower response time in dealing with local issues/applications	19	3%	Other	4	1%
Loss of local jobs/fewer council staff	18	3%	Taking on other councils' debts	4	1%
Competition for resources/funding between the three council areas	17	3%	Leichhardt dominating planning and development decisions	3	<1%
Communities are different/have different values	16	3%	Loss of Local Government power/democracy	3	<1%
Loss of personalised contact with Council/councillors	15	2%	Increase in property prices	1	<1%
Risk of overdevelopment	13	2%	Increase of traffic flow	1	<1%
Inheriting problems from other councils (eg. excess of parking meters/crime)	11	2%	Negative environmental effects	1	<1%
Less representative	10	2%	Too many Council staff	1	<1%
Decline in efficiencies/productivity	8	1%	Don't know/ need more information	51	8%
Loss of local autonomy/independence	8	1%	No perceived risks	27	4%

Base: N = 605



Total Risks – Other

Q3a. If Marrickville merges with Leichhardt and Ashfield, what do you think would be the major risk?

Q3b. What other risks might there be?

	Count	%
Reduction in local services	188	31%
Loss of local identity/local voice	150	25%
Less responsive to local needs	111	18%
Area will be too large	60	10%
Loss of local jobs/fewer Council staff	56	9%
Different management agendas/priorities	54	9%
Competition for resources/funding between the three council areas	45	7%
Higher rates	45	7%
Slower response time in dealing with local issues/applications	45	7%
Communities are different/have different values	31	5%
Loss of personalised contact with council/councillors	29	5%
Less representative	24	4%
Risk of overdevelopment	24	4%
Decline in efficiencies/productivity	19	3%
Deterioration of local infrastructure	18	3%
High costs to merge/sustain a larger council area	16	3%
Inheriting problems from other councils (eg. excess of parking meters/crime)	16	3%
Less accountability to local residents/ more corruption	15	2%

Base: N = 605

	Count	%
Issues with the location of council offices	14	2%
Loss of local autonomy/independence	11	2%
Loss of Local Government power/democracy	9	1%
Loss of local knowledge/sharing of information	8	1%
Other	8	1%
No evidence of benefits from amalgamations	8	1%
Taking on other councils' debts	8	1%
Increase in bureaucracy	7	1%
Negative political effects	5	1%
Loss of activities/events run by Marrickville Council	4	1%
Leichhardt dominating planning and development decisions	3	<1%
Negative environmental effects	3	<1%
Increase in property prices	2	<1%
Increase of traffic flow	1	<1%
Too many Council staff	1	<1%
No other risks/need more information	250	41%
Don't know/need more information	51	8%
No perceived risks	27	4%





Marrickville Council
Fit for the Future
November 2015

Good evening, my name is and I am calling on behalf of Marrickville Council, from a company called Micromex. Council is conducting a survey with residents about the future of your Local Government area, would you have a moment to assist us please?

QS1. Before we start I would like to check whether you or an immediate family member work for Marrickville Council?

- ☐ Yes
☐ No
 (If yes, terminate survey)

QS2. Which of these age groups do you fit into?

- ☐ Under 18
☐ 18 – 34
☐ 35 – 49
☐ 50 – 64
☐ 65+
 (If under 18, terminate survey)

QS3. Which suburb do you live in?

- | | |
|------------------------------------|--|
| <input type="radio"/> Camperdown | <input type="radio"/> Petersham |
| <input type="radio"/> Dulwich Hill | <input type="radio"/> South Marrickville |
| <input type="radio"/> Enmore | <input type="radio"/> St Peters |
| <input type="radio"/> Lewisham | <input type="radio"/> Stanmore |
| <input type="radio"/> Marrickville | <input type="radio"/> Sydenham |
| <input type="radio"/> Newtown | <input type="radio"/> Tempe |



Q2b.

What other benefits might there be? Do not prompt (MR)

RECORD VERBATIM.....

CODE FRAME FOR REPORTING

- ☐ Better local services
- ☐ Better local infrastructure
- ☐ More efficiencies/productivity gains
- ☐ Cost savings
- ☐ Culturally and socially similar communities
- ☐ Better opportunities to influence State Government
- ☐ Lower rates
- ☐ More State Government funding
- ☐ Best option if Marrickville is forced to merge
- ☐ Other codes designed by analyst

Q3a.

If Marrickville merges with Leichhardt and Ashfield, what do you think would be the major risk?
Do not prompt (SR)

RECORD VERBATIM.....

CODE FRAME FOR REPORTING

- ☐ Less representative
- ☐ Area will be too large
- ☐ Communities are different/have different values
- ☐ Taking on other councils' debts
- ☐ No evidence of benefits from amalgamations
- ☐ Higher rates
- ☐ Reduction in local services
- ☐ Less responsive to local needs
- ☐ Not as beneficial as another merger option
- ☐ Other codes designed by analyst



Q3b. What other risks might there be? Do not prompt (MR)

RECORD VERBATIM.....

CODE FRAME FOR REPORTING

- ☐ Less representative
- ☐ Area will be too large
- ☐ Communities are different/have different values
- ☐ Taking on other councils' debts
- ☐ No evidence of benefits from amalgamations
- ☐ Higher rates
- ☐ Reduction in local services
- ☐ Less responsive to local needs
- ☐ Not as beneficial as another merger option
- ☐ Other codes designed by analyst

[Note: Rotate order of Q4 and Q5]

Q4. How supportive are you of Marrickville Council merging with Ashfield and Leichhardt? Prompt

- ☐ Completely supportive
- ☐ Supportive
- ☐ Somewhat supportive
- ☐ Not very supportive
- ☐ Not at all supportive

Q5. How supportive are you of Marrickville Council standing alone? Prompt

- ☐ Completely supportive
- ☐ Supportive
- ☐ Somewhat supportive
- ☐ Not very supportive
- ☐ Not at all supportive



Q6. Thinking about the options we have just discussed, which is your preferred option for Marrickville Council? Prompt

- ☐ Amalgamating with Leichhardt and Ashfield
- ☐ Standing alone
- ☐ Other (please specify)

Q7. How many years have you lived in the Marrickville Council Local Government Area? Prompt

- ☐ Less than 6 months
- ☐ 6 months to 2 years
- ☐ 3 – 5 years
- ☐ 6 – 10 years
- ☐ More than 10 years

Q8. Do you own or rent the property you are living in?

- ☐ I/We own/are currently buying this property
- ☐ I/We currently rent this property

That completes our interview. Thank you very much for your time.

Q9. Gender (determine by voice):

- ☐ Male
- ☐ Female



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cutting through complexity

Outline of Financial Modelling Assumptions for Local Government Merger Proposals

TECHNICAL PAPER

Prepared for the
NSW Department of Premier and Cabinet

19 January 2016

Item 1

Attachment 4

This report is delivered subject to the agreed written terms of KPMG's engagement.

This report provides an outline of KPMG's financial modelling assumptions during the course of the work undertaken for the Department of Premier and Cabinet under the terms of the engagement contract dated 24 November 2015. The contents of this report do not represent our conclusive findings.

This report is provided solely for the benefit of the parties identified in the engagement contract and is not to be copied, quoted or referred to in whole or in part without KPMG's prior written consent. KPMG accepts no responsibility to anyone other than the parties identified in the engagement contract for the information contained in this report.



Financial modelling assumptions

KPMG was engaged by the NSW Department of Premier and Cabinet to prepare independent modelling of the potential financial impacts of selected council mergers. The financial modelling undertaken relied on publically available council data and a financial model developed by KPMG. The financial model drew on a series of assumptions to estimate the potential savings, costs and overall financial impacts of council mergers.

This paper provides an outline of the assumptions underpinning KPMG's financial model. The components of the benefits and costs included in the financial analysis are provided in the following tables, including the key data sources used in this analysis. Other parameters, such as the applied discount rate and time period of net financial impacts are also provided in this paper.

Table 1 Outline of merger benefit streams

	Approach	Data source(s)
1. Merger benefit components		
Savings from materials and contracts expenditure	<p>Description:</p> <p>Starting in the first year of a merger, and growing gradually over three years, an annual cost saving is applied to a council's budgeted materials and contracts expenditure.</p> <p>Assumptions</p> <ul style="list-style-type: none"> The assumed value of efficiency savings was up to 3 per cent of a council's expenditure on materials and contracts as reported in long term financial plans. This assumption was capped at 2 per cent for regional councils – reflecting the wider geographic dispersion and smaller scale may mean procurement and consolidation of contracts may be more difficult to achieve in some areas. For all councils, it was assumed that only 80 per cent of items reported under 'materials and contracts' are subject to scale efficiencies. These efficiency savings are achieved on a scaled basis. For example, it is assumed that the efficiencies achieved in Year 1 of the merger are one-third of total possible efficiencies (i.e. one-third of the 3 per cent savings potential for metropolitan councils). This assumption remains the same in Year Two, increasing to two-thirds of total possible efficiencies in Year Three and then fully realised by Year Four. 	Council long term financial plans (from 2013-14; general fund where available).
Savings from councillor expenditure	<p>Description:</p> <p>Councillor fees are reduced as a result of the mergers (fewer councillors will exist following merger implementation). This will be, in part, offset by potential increases in annual fees paid to councillors.</p> <p>Assumptions</p> <ul style="list-style-type: none"> The number of councillors for a new merged entity will mirror the highest number of councillors that currently 	OLG Annual Data Return (2013-14).

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	<p>exist in any one of the councils participating in the merger.</p> <ul style="list-style-type: none"> The dollar value of savings is sourced from actual 2013-14 reported data on councillor fees by council. This figure is grown at a standard wage growth rate of 2.3 per cent over the period. This savings are offset by the assumption that all newly elected councillors (metro and regional) will receive a fee of \$30,000 per annum. This fee is greater than the top remuneration level currently received by councillors (with the exception of the City of Sydney). 	
Savings from reduced salary and wage expenditure	<p>Description</p> <p>Staffing reductions are assumed to occur gradually with a modest level of voluntary attrition in the first three years of amalgamation.</p> <p>After the three year employment protection period, savings are generated by reducing duplication of back office, administration and corporate support staff functions. This approach assumed council mergers would not directly impact staffing allocations for council frontline service delivery roles.</p> <p>Assumptions – Metropolitan Councils</p> <ul style="list-style-type: none"> Overall staffing efficiencies were estimated at 7.4 per cent for metropolitan mergers. Reductions in the cost of Tier 4 (General Manager (GM)) salaries (due to the reduced number of GMs in a post-merger environment) using historical salary data reported to the Office of Local Government. Reductions in the costs of Tier 3 (Directors) salaries are also assumed on the basis that Tier 3 salaries are equivalent to approximately 75 per cent of the Tier 4 (GM) reported salary. For metropolitan councils it is assumed that a merger leads to a loss of four (4) Tier 3 positions per council. It is assumed that 1 General Manager and 4 Directors continue to operate post-merger. <p>Assumptions – Regional Councils</p> <ul style="list-style-type: none"> No net staffing reductions were assumed for regional councils. However, efficiencies are generated by a merger that allows a regional council to re-allocate duplicated back-office, administration and corporate support roles to frontline service positions. These efficiencies are assumed to be equivalent to between 3.7 to 5 per cent of a council's employee salary and wage costs (with larger regional councils having a 	<p>Council long term financial plans (from 2013-14; general fund where available).</p> <p>OLG Annual Data Return (2013-14)</p> <p>Comparator and jurisdictional analysis / merger business cases</p>



	<p>greater capacity to achieve a higher staffing efficiency).</p> <ul style="list-style-type: none"> • Reductions in Tier 4 (GM) salaries (due to the reduced number of GMs in a post-merger environment) uses historical salary data reported to the Office of Local Government. • Reductions in Tier 3 (Directors) salaries are also assumed on the basis that Tier 3 employee salaries are equivalent to approximately to 75 per cent of the General Manager's reported salary. • For regional councils it is assumed that a merger leads to a loss of two (2) Tier 3 positions per council. • It is assumed that 1 GM and 2 Directors continue to operate post-merger. 	
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Source: KPMG

Table 2 Outline of merger costs streams

	Approach	Data source(s)
2. Merger cost components		
ICT Costs	<p>Description</p> <p>To ensure a merged entity can be operational and functional from launch, a number of minimum information and communications technology (ICT) investments and common applications are required:</p> <ul style="list-style-type: none"> • email systems so that each employer of the merged entity has access to, and uses, a single common email address and server; • business applications to enable basic reporting requirements; • website overlay to create a single online portal for the merged entity; and • limited data migration so that, for example, current financial year data for the merged entity can be accessed from a single ICT system. <p>The immediate ICT requirements will therefore be focused on enhancing existing ICT systems that will continue to operate in the background. The following tables provide a summary of the expected costs from establishing this 'veneer' solution for each merged entity.</p> <p>Assumptions</p> <p>Introduce ICT 'veneer' solution, based on:</p> <ul style="list-style-type: none"> • Small Regional Cluster = \$2.26m • Medium Regional Cluster = \$2.80m • Metropolitan Cluster = \$3.35m <p>In addition, a +30 per cent contingency component is added to the above costs as appropriate in early planning of ICT projects.</p> <p>These assumptions have been based on input from:</p> <ul style="list-style-type: none"> • a selected number of industry representatives consulted by DPC drawing on recent experience in planning and implementing ICT solutions for council entities; and • analysis undertaken by KPMG based on advisory services to Queensland local councils involved in de-amalgamations. 	<p>Selected industry consultations undertaken by DPC.</p> <p>Previous KPMG analysis undertaken for Queensland councils involved in de-amalgamations.</p>



Costs from transition	<p>Description</p> <p>Additional one-off costs, including office relocation, staff training and general transition-related expenditures are calculated as a percentage of operating expenditure based on case study examples from regional and metropolitan amalgamations.</p> <p>Assumption</p> <p>Transition costs are estimated to be 2 per cent of a merged entity operating expenditure in the first year of operation.</p>	Council long term financial plans (from 2013-14; general fund where available).
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Costs from redundancies	<p>Description</p> <p>Each council's costs to make an employee redundant are a function of each council's average salary, paid out for a standard number of weeks, and accumulated leave (average per employee) paid out in full.</p> <p>Assumptions</p> <p><u>General staff</u></p> <p>The calculation of redundancy payments for general staff is based upon:</p> <ul style="list-style-type: none"> • Average salary and average employee entitlements per council (as calculated in 2013-14); and • Average tenure of employees (based on median turnover results for the sector). This is equivalent to a median turnover rate of approximately 10 per cent per year in the local government sector. <p>Based on established practices and the average tenure for the sector, the redundancy payment would be provided for sixteen (16) weeks.</p> <p><u>Tier 3 / 4 Redundancy Payments</u></p> <p>The first year of redundancies is assumed to comprise the council's General Manager (Tier 4) and other Tier 3 equivalent employees (Directors).</p> <p>The calculation of redundancy payments for Tier 3 / 4 staff is based upon:</p> <ul style="list-style-type: none"> • Council-reported General Manager salaries and an assumption of four (4) Tier 3 equivalent employees being made redundant at 75 per cent of the General Manager wage (metro councils only); • Council-reported General Manager salaries and an assumption of two (2) Tier 3 equivalent employees being made redundant at 75 per cent of the General Manager wage (regional councils only); • Redundancy packages entitling these employees to 38 weeks salary and the average employee leave entitlement per the respective council. 	<p>OLG Annual Data Return 2013-14</p> <p>Fair Work Ombudsman (2014), Redundancy pay and entitlements schedule</p>
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Source: KPMG

Table 3 Outline of treatment of merging councils that are split

	Approach	Data source(s)
3. Treatment of councils that are split in a merger		
	<p>Description</p> <p>A council that is split has its financial statements (operating revenue / expenditure) split on a per capita basis and apportioned accordingly to each new council.*</p> <p>*Note that Jerilderie Shire Council had its financial statements split on a 50:50 basis rather than a per capita basis.</p> <p>Treatment of merger benefits (for split councils).</p> <p>For metropolitan councils the assumptions for savings from staff reductions are half (or 3.7 per cent) of those savings achieved in a normal 'whole' merger scenario. This reflects the reduced levels of duplication from merging only part of a council and, consequently, more limited scope for staffing reductions.</p> <p>The treatment of other merger savings (such as materials and contracts) are the same as those outlined in Section 1.</p> <p>Treatment of merger costs (for split councils)</p> <p>The same merger costs outlined in Section 2 above are also applied to mergers involving split councils.</p> <p>Other notes</p> <p>Councils that are part of a merger but lose a portion of its area to another merger cluster (e.g. Hornsby or The Hills), will have its financial statement adjusted to reflect the reduced revenue / expenditure profile. These adjustments are generally made on a per capita basis.</p> <p>The asset base and infrastructure backlog of split councils has been apportioned by land area (sq km) rather than a per capita basis. This reflects the fixed and built nature of these assets (such as roads and footpaths).</p>	ABS Statistical Area 1 (SA1) population data

Source: KPMG

Table 4 Outline of other key financial modelling assumptions

	Approach	Data source(s)
4. Other		
Financial Year Data	<p>To provide a consistent basis for collating and comparing council financial statements, individual council income statements and long term financial plans for the 2013-14 financial year were used for input to the financial analysis.</p> <p>It is important to note:</p> <ul style="list-style-type: none"> • These financial statements were accessed from publically available sources. • Where available, income statements for a council's 'general fund' were the preferred data source. • While some councils have since updated financial statements – to ensure consistency of approach financial statements released by councils have not been relied upon. • Some councils' financial statements were either incomplete (did not provide full 10 year projections), or included errors in calculations. Where appropriate, trend data has been used to estimate missing / incorrect data. 	
Asset Base estimation	The asset base referred to in council merger proposals is related to the written down value (WDV) of <i>infrastructure assets</i> only, e.g. buildings and other structures, roads, bridges, water, sewerage and recreational facilities. It is subject to data reported in OLG annual data returns and, in some cases, may differ slightly from other measures of asset bases reported by councils.	OLG Annual Data Return 2013-14
Infrastructure Backlog estimation	The infrastructure backlog is based on each council's <i>estimated cost to bring to a satisfactory standard</i> reported in 2013-14 financial statements. The infrastructure backlog ratio is calculated by dividing the backlog figure by the infrastructure asset base (WDV) noted above. The ratio may differ slightly from council-reported ratios due to the inclusion of depreciable land and other specialised asset classes that may not have been captured in the OLG data return template.	OLG Annual Data Return 2013-14
Other assumptions	<p><u>Inflation</u></p> <p>A simple rate of 2.5 per cent was used over the time period to be consistent with the RBA target band of between 2 and 3 per cent.</p> <p><u>Discount rate and time period</u></p> <p>A 9.5 per cent nominal discount rate was used to maintain consistency with the NSW Treasury Guidelines for Government Business Cases. Present value figures are represented in 1 July 2015 dollars. The financial analysis is conducted over a twenty (20) year time period from 2015-16.</p>	<p>RBA (2014), Inflation Target</p> <p>NSW Treasury (2007), <i>NSW Government Guidelines for Economic Appraisal</i></p>

Source: KPMG

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Item No: C0116 Item 2
Subject: RESCHEDULING OF INFRASTRUCTURE, PLANNING AND ENVIRONMENTAL SERVICES AND COMMUNITY AND CORPORATE SERVICES COMMITTEE MEETINGS IN FEBRUARY 2016

File Ref: 16/4717/7073.16

Prepared By: Tanya Whitmarsh - Manager, Governance and Risk

Authorised By: Steve Kludass - Director, Corporate Services

SUMMARY

This report proposes that the February Infrastructure, Planning and Environmental Services Committee and Community and Corporate Services Committee meetings be postponed by one day to afford Councillors a reasonable opportunity to attend a Public Inquiry forum on Tuesday 2 February 2016 concerning the proposed merger of Marrickville, Ashfield and Leichhardt Councils.

RECOMMENDATION

THAT:

1. the Infrastructure, Planning and Environmental Services Committee Meeting due to be held on Tuesday 2 February 2016 be rescheduled to Wednesday 3 February 2016 in light of a scheduling conflict with the Public Inquiry on the proposed merger of Marrickville, Ashfield and Leichhardt Councils;
2. the Community and Corporate Services Committee Meeting due to be held on Tuesday 2 February 2016 be rescheduled to Wednesday 3 February 2016 in light of a scheduling conflict with the Public Inquiry on the proposed merger of Marrickville, Ashfield and Leichhardt Councils; and
3. any alteration to the schedule of Committee meetings for February 2016 be widely publicised via normal communications channels used by Council.

Our Place, Our Vision – Marrickville Community Strategic Plan 2023	
4.1	The Mayor and Councillors are representative of the community and provide strong and visionary leadership

DISCUSSION

A significant scheduling conflict has arisen between Council business meetings and a Public Inquiry into the proposed merger of Marrickville, Ashfield and Leichhardt Councils.

On 6 January 2016, the NSW Minister for Local Government formally referred several local government merger proposals for review by the NSW Boundaries Commission. They were referred for action to the A/Chief Executive of the Office of Local Government who subsequently appointed Delegates to handle review and reporting to both the Minister and the Boundaries Commission. Each Delegate is working to a tight timetable which features Public Inquiry forums that are to be staged well before the 28 February closing date for public submissions on each of the merger proposals.

Item 2

Public Inquiry forums dealing with the proposed merger of Marrickville, Ashfield and Leichhardt Councils have been set down for 2 February 2016 at Wests Ashfield Leagues Club in Ashfield. These sessions are to be held between 1pm and 5pm then 7pm and 10pm respectively. Meetings of the Infrastructure, Planning and Environmental Services (IPES) and Community and Corporate Services (CCS) Committees of Marrickville Council are normally convened on the first Tuesday of each month except for January. The first of these for 2016 are also currently set down for 2 February.

Many Councillors are likely to want to attend the Public Inquiry sessions on the merger proposal affecting Marrickville Council, and not have to worry about missing IPES or CCS meetings in February. Therefore, it seems prudent to defer those Committee meetings by one day.

Deferral of the February IPES and CCS Committee meetings to coincide with the date of one or more other Council / Committee meetings set down for February might be an alternative worthy of consideration too. However, given the considerable volume of agenda items already flagged for those other meetings the workload concentration associated with this option seems very onerous. Deferral of February meetings of IPES and CCS for only a day has the advantage of keeping the work load for Councillors spread relatively evenly throughout February.

FINANCIAL IMPLICATIONS

Nil.

ATTACHMENTS

Nil.