



# **ORDINARY COUNCIL MEETING BUSINESS PAPER**

**TUESDAY 26 MAY 2015**

Administrative Centre 30 Frances Street Randwick 2031  
Telephone: 1300 722 542  
Fax: 02 9319 1510  
[council@randwick.nsw.gov.au](mailto:council@randwick.nsw.gov.au)  
[www.randwick.nsw.gov.au](http://www.randwick.nsw.gov.au)





## **ORDINARY COUNCIL MEETING**

Notice is hereby given that an Ordinary Council Meeting of the Council of the City of Randwick will be held in the Council Chamber, First Floor, 90 Avoca Street, Randwick on Tuesday, 26 May 2015 at 6:00pm

### **PRAYER AND ACKNOWLEDGEMENT OF THE LOCAL INDIGENOUS PEOPLE**

#### **Prayer**

*"Almighty God,*

*We humbly beseech you to bestow your blessings upon this Council and to direct and prosper our deliberations to the advancement of your glory and the true welfare of the people of Randwick and Australia.*

*Amen"*

#### **Acknowledgement of the local indigenous people**

*"I would like to acknowledge that we are here today on the land of the Bidjigal people of the Dharwahal Nation. The Bidjigal people are the traditional owners and custodians of this land and form part of the wider aboriginal nations of the Sydney area. On behalf of Randwick City Council I would also like to acknowledge and pay my respects to the Elders both past and present."*

### **Apologies/Granting of Leave of Absences**

#### **Confirmation of the Minutes**

Ordinary Council Meeting - 28 April 2015

### **Declarations of Pecuniary and Non-Pecuniary Interests**

#### **Address of Council by Members of the Public**

*Privacy warning;*

*In respect to Privacy & Personal Information Protection Act, members of the public are advised that the proceedings of this meeting will be recorded for the purposes of clause 69 of Council's Code of Meeting Practice.*

#### **Mayoral Minutes**

Mayoral Minutes, if any, will be distributed on the night of the meeting.

#### **Urgent Business**

#### **Director City Planning Reports**

Nil

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## **General Manager's Reports**

GM10/15 Randwick City Council Fit for the Future - Options Analysis ..... 1

## **Director City Services Reports**

Nil

## **Director Governance & Financial Services Reports**

Nil

## **Petitions**

## **Motion Pursuant to Notice**

NM23/15 Notice of Motion from Cr Stevenson - Preparation of Council  
Improvement Proposal .....53

## **Notice of Rescission Motions**

Nil

.....  
Ray Brownlee  
**GENERAL MANAGER**



**THESE MINUTES ARE DRAFT UNTIL CONFIRMED AT THE NEXT MEETING OF THIS COUNCIL AND/OR COMMITTEE**

**MINUTES OF ORDINARY COUNCIL MEETING OF THE  
COUNCIL OF THE CITY OF RANDWICK HELD ON  
TUESDAY, 28 APRIL 2015 AT 6:05PM**

**Present:**

The Mayor, Councillor T Seng (Chairperson) (Central Ward)

Councillor A Andrews (Deputy Mayor) (Central Ward)

North Ward	- Councillors K Neilson, L Shurey & K Smith
South Ward	- Councillors N D'Souza, R Belleli & P Garcia
East Ward	- Councillors M Matson & B Roberts
West Ward	- Councillors G Moore, S Nash & H Stavrinou
Central Ward	- Councillor G Stevenson (from 6.30pm)

**Officers Present:**

General Manager	Mr R Brownlee
Director City Services	Mr J Frangoules
Director City Planning	Ms S Truvert
Director Governance & Financial Services	Mr J Smith
Manager Administrative Services	Mr D Kelly
Manager Development Assessment	Mr K Kyriacou
Communications Manager	Mr J Hay
Manager Corporate and Financial Planning	Mr M Woods
Senior Corporate Accountant	Mr R Ji

**Prayer & Acknowledgement of Local Indigenous People**

The Council Prayer was read by Cr Smith. The Acknowledgement of Local Indigenous People was read by Cr Neilson.

**Apologies/Granting of Leave of Absences**

An apology was received from Cr Bowen.

**RESOLVED: (Garcia/D'Souza)** that the apology received from Cr Bowen be accepted and leave of absence from the meeting be granted.

## Confirmation of the Minutes

### CONFIRMATION OF THE MINUTES OF THE ORDINARY COUNCIL MEETING HELD ON TUESDAY 24 MARCH 2015

64/15

**RESOLUTION: (Smith/Garcia)** that the Minutes of the Ordinary Council Meeting held on Tuesday 24 March 2015 (copies of which were circulated to all Councillors) be and are hereby confirmed as a correct record of the proceedings of that meeting.

### Declarations of Pecuniary and Non-Pecuniary Interests

- a) Cr Shurey declared a non-significant non pecuniary interest in Item GM9/15 as one of the previous Greens candidates could be affected by the development.
- b) Cr Neilson declared a non-significant non pecuniary interest in Item GM9/15 as she knows some of the objectors.
- c) Cr Neilson declared a non-significant non pecuniary interest in Item CP15/15 as she knows one of the owners through the Labor Party.
- d) Cr Matson declared a significant non pecuniary interest in Item GM9/15 as he knows one of the owners who is a former Greens candidate. Cr Matson will be taking no part in the debate or voting on this matter.
- e) Cr Roberts declared a significant non pecuniary interest in Item GM8/15 as he used one of the subject companies recently. Cr Roberts will be taking no part in the debate or voting on this matter.
- f) All Labor councilors declared a non-significant non pecuniary interest in Item CP16/15 as they know one of the applicants via their association with the ALP.
- g) All councilors declared a non-significant non pecuniary interest in Item GM7/15 as they all live in the City of Randwick.
- h) Cr Shurey declared a non-significant non pecuniary interest in Item GM8/15 as the Greens have used one of the subject companies in a recent campaign.
- i) All Liberal councillors declared a non-significant non pecuniary interest in Item GM8/15 as they have used one of the companies before.
- j) Cr Andrews declared a non-significant non pecuniary interest in Item CP16/15 as he knows the applicant through living in the Randwick City area and through the ALP.
- k) Cr Garcia declared a non-significant non pecuniary interest in Item MM23/15 as he knows the person who made the request.

### Address of Council by Members of the Public

Prior to consideration of the Agenda by the Council, deputations were received in respect of the following matters:

CP15/15 37 PARK STREET, CLOVELLY (DA/819/2014)

**Objector** Deborah Mitchell

**Applicant** Anthony Betros on behalf of applicant

CP16/15 352 CLOVELLY ROAD, CLOVELLY (DA/674/2014)

Note: Cr Garcia left the chamber during the public addresses on this item.

**Objector** Sylvia Skalvounos

**Applicant** George Karavanas - Architect  
GM9/15 58-60 CARR STREET, COOGEE (DA/116/2014)

**For** Rona Wade

The Meeting was adjourned at 6.40pm and was resumed at 6.57pm.

## Mayoral Minutes

### **MM21/15 Mayoral Minute - Council Support of the Urban and Regional Food Declaration (F2004/08357)**

65/15 **RESOLUTION: (Mayor, Cr T Seng)** that Council endorses Randwick becoming a signatory to the attached Urban and Regional Food Declaration prepared and distributed by the non-government Food Systems and Food Alliance organisation based at Deakin University in Melbourne.

**MOTION: (Mayor, Cr T Seng) CARRIED - SEE RESOLUTION.**

### **MM22/15 Mayoral Minute - Maroubra Rotary Pride of Workmanship Awards 2015 (F2006/00596)**

66/15 **RESOLUTION: (Mayor, Cr T Seng)** that council congratulates Ms Robyn Smith and Ms Sharon Stern on their Pride of Workmanship Award.

**MOTION: (Mayor, Cr T Seng) CARRIED - SEE RESOLUTION.**

### **MM23/15 Mayoral Minute - Donation - Maroubra Bay Public School (F2004/07396)**

67/15 **RESOLUTION: (Mayor, Cr T Seng)** that:

- a) Council votes to donate \$3,000.00 for the purchase of bike facilities for the Maroubra Bay Public School; and
- b) the school undertake to appropriately and prominently acknowledge Council's contribution.

**MOTION: (Mayor, Cr T Seng) CARRIED - SEE RESOLUTION.**

### **MM24/15 Mayoral Minute - Financial Assistance for the Victims of Nepal Earthquake (F2004/07396)**

68/15 **RESOLUTION: (Mayor, Cr T Seng)** that Council donates \$2,000.00 to CARE Australia to assist in emergency aid relief for the people of Nepal, who are suffering after the recent earthquake.

**MOTION: (Mayor, Cr T Seng) CARRIED - SEE RESOLUTION.**

### **MM25/15 Mayoral Minute - South Maroubra Surf Club use of Des Renford Leisure Centre for the Annual Nippers Proficiency Test - Waiving of Fees (F2010/00214)**

69/15 **RESOLUTION: (Mayor, Cr T Seng)** that:

- a) Council votes \$1,210.00 from the 2015-16 Contingency Fund to cover the hire fees at Des Renford Leisure Centre; and
- b) the organiser undertakes to appropriately and prominently acknowledge and promote Council's contribution to parents and students.

**MOTION: (Mayor, Cr T Seng) CARRIED - SEE RESOLUTION.**

### **Urgent Business**

#### **UB3/15 Cr Pat Garcia - Chairperson of Planning Committee and Membership of Aboriginal Advisory Committee**

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Councillor Garcia resigned as the Chair of Council's Planning Committee and as a delegate on Council's Aboriginal Advisory Committee.

70/15

**RESOLUTION: (Garcia/Moore)** that Cr Moore replace Cr Garcia as Chair of Council's Planning Committee and as a Council delegate on the Aboriginal Advisory Committee.

### **Director City Planning Reports**

#### **CP15/15 Director City Planning Report - 37 Park Street, Clovelly (DA/819/2014)**

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71/15

**RESOLUTION: (Andrews/Stavrinos)** that Council, as the consent authority, grants development consent under Sections 80 and 80A of the Environmental Planning and Assessment Act 1979, as amended, to Development Application No. DA/819/2014 for demolition of existing structures and erection of a 2 storey dwelling house and pool, at No. 37 Park Street, Clovelly, subject to the following non standard conditions and the standard conditions contained in the development application compliance report attached to this report:

#### **Non standard conditions**

##### **Amendment of Plans & Documentation**

2. The approved plans and documents must be amended in accordance with the following requirements:
  - a. The stairwell windows must contain either translucent, obscured, frosted or sandblasted glazing
  - b. The wall and planter along the northern side of the rear terrace must be deleted and replaced with clear balustrades
  - c. The balustrade to the upper level rear balcony must contain clear glazing
  - d. No consent is granted for fencing to the side or rear boundaries. Any new fencing shall be subject to a separate development application unless the fence design as meets the exempt and complying development criteria specified under the SEPP Exempt and Complying Codes 2008.
  - e. The pool plant and equipment must be located away from the neighbouring properties habitable room windows, housed within a sound absorbing enclosure and comply with the operational conditions of this consent.



- f. The rainwater tank must be located away from habitable room windows of the neighbouring properties, any pump or associated equipment must be located within a sound absorbing enclosure and comply with the operational conditions of this consent.

### **Landscaping**

38. Landscaping shall be provided to the site to enhance its amenity and reduce the impact of the development upon both the streetscape and neighbouring properties, with the PCA to ensure that site landscaping complies with the following requirements:
- a. A high quality selection and arrangement of decorative species are to be installed throughout the front setback so as to assist with presentation of the development to the streetscape;
  - b. A predominance of native coastal species that can withstand poor quality sandy soils, salt laden winds and are not reliant on high quantities of moisture and fertilizer for survival must be used throughout the site;
  - c. At least 1 x 25 litre (pot size at the time of planting) feature tree within the rear yard, selecting a native coastal species which will attain a minimum height of between 4-7 metres at maturity.
  - d. The plant species along the north, south and eastern boundaries shall be selected on the basis of maintaining view lines from the rear yard of the northern neighbour's property and minimising overshadowing to the southern neighbor's property.

**MOTION: (Andrews/Stavrinis) CARRIED - SEE RESOLUTION.**

The **DIVISION** was taken and the names of the Councillors voting FOR and AGAINST were as follows:

<b>FOR</b>	<b>AGAINST</b>
Councillor Andrews	Councillor D'Souza
Councillor Belleli	Councillor Matson
Councillor Garcia	Councillor Neilson
Councillor Moore	Councillor Shurey
Councillor Nash	
Councillor Roberts	
Councillor Seng	
Councillor Smith	
Councillor Stavrinis	
Councillor Stevenson	
<b>Total (10)</b>	<b>Total (4)</b>

**AMENDMENT: (Matson/Shurey)** that this matter be deferred to ask the applicant to submit amended plans seeking to lower the height of the rear section in order to maximise solar access to the neighbouring properties. **LOST.**

The **DIVISION** was taken and the names of the Councillors voting FOR and AGAINST were as follows:

<b>FOR</b>	<b>AGAINST</b>
Councillor D'Souza	Councillor Andrews
Councillor Matson	Councillor Belleli
Councillor Neilson	Councillor Garcia
Councillor Shurey	Councillor Moore
	Councillor Nash

Councillor Roberts  
Councillor Seng  
Councillor Smith  
Councillor Stavrinou  
Councillor Stevenson

**Total (4)**

**Total (10)**

**CP16/15 Director City Planning Report - 352 Clovelly Road, Clovelly  
(DA/674/2014)**

72/15

**RESOLUTION: (Andrews/Stavrinou)** that Council, as the consent authority, grants development consent under Sections 80 and 80A of the Environmental Planning and Assessment Act 1979, as amended, to Development Application No. 674/2014 for demolition of all structures on site and construction of a new 3 storey residential flat building comprising of 3x3 bedroom dwellings, roof terrace, a basement carpark for 6 vehicles, associated site and landscaped works, at No., subject to the following non standard conditions and the standard conditions contained in the development application compliance report attached to this report:

**Non-standard conditions**

**Amendment of Plans & Documentation**

2. The approved plans and documents must be amended in accordance with the following requirements and details are to be included in the *Construction Certificate*:
  - a. The roof terrace and associated structures shall be deleted from the development.  
  
Details to be submitted to Council's Manager Development Assessment for approval prior to issuing a construction certificate for the development.
  - b. The maximum height of the proposed building must be reduced by a minimum of 400mm, with the corresponding height reduction occurring at the lift overrun and each roof plane.  
  
Details to be submitted to Council's Manager Development Assessment for approval prior to issuing a construction certificate for the development
  - c. Any air conditioning plant and equipment must be located in the basement and comply with the operational conditions of this consent that limit noise.

**Heritage requirements**

5. An archival recording of the property shall be prepared and submitted to and approved by Council's Director City Planning, in accordance with Section 80A (2) of the Environmental Planning and Assessment Act 1979 prior to a construction certificate being issued for the development. This recording shall be in accordance with the NSW Heritage Office 2006 Guidelines for Photographic Recording of Heritage Items using Film or Digital Capture. Two copies of the endorsed archival recording shall be presented to Council, one of which shall be placed in the Local History Collection of Randwick City Library and forwarded to the Randwick History Society.
6. A salvage plan shall be prepared and submitted to and approved by Council's Director City Planning, in accordance with Section 80A (2) of the Environmental Planning and Assessment Act 1979 prior to a construction

certificate being issued for the development. The salvage plan is required to ensure that materials including fireplaces, architraves, skirtings, windows, doors and remnant components of significant heritage fabric are carefully removed and sold or donated to a heritage salvaging yard to facilitate the conservation of other buildings of a similar period.

**MOTION: (Andrews/Stavrinos) CARRIED – SEE RESOLUTION.**

The **DIVISION** was taken and the names of the Councillors voting FOR and AGAINST were as follows:

<b>FOR</b>	<b>AGAINST</b>
Councillor Andrews	Councillor Matson
Councillor Belleli	Councillor Moore
Councillor D'Souza	Councillor Neilson
Councillor Garcia	Councillor Shurey
Councillor Nash	Councillor Smith
Councillor Roberts	
Councillor Seng	
Councillor Stavrinos	
Councillor Stevenson	
<b>Total (9)</b>	<b>Total (5)</b>

**CP17/15 Director City Planning Report - Report Variation to Development Standard under State Environment Planning Policy No. 1 (SEPP 1) and Clause 4.6 between 1 to 31 March 2015. (F2008/00122)**

73/15

**RESOLUTION: (Smith/Stavrinos)** that the report be received and noted.

**MOTION: (Smith/Stavrinos) CARRIED - SEE RESOLUTION.**

**CP18/15 Director City Planning Report - Affordable Housing Dwelling at Lot 126 SP 90266, 26 Harvey Street Little Bay - Classification of Land under the Local Government Act 1993. (F2004/07991)**

74/15

**RESOLUTION: (Andrews/Matson)** that Council resolve to classify the affordable housing unit Lot 126 in Strata Plan 90266 at 26 Harvey Street Little Bay as 'operational' land in accordance with the provisions of the Local Government Act 1993.

**MOTION: (Andrews/Matson) CARRIED - SEE RESOLUTION.**

**General Manager's Reports**

**GM6/15 General Manager's Report - Continuation of Community Partnership with Randwick District Rugby Football Club in 2015 & Request for Waiving of Banner Fees (F2013/00155)**

75/15

**RESOLUTION: (Neilson/Andrews)** that Council:

- a) continues with the 'community partnership' with the Randwick District Rugby Football Club and the tremendous initiatives with the Club to assist local schools and youth and improve the general health of the Randwick Council area and that the \$10,000.00 be funded from the 2014-15 Contingency Fund;
- b) waive the street banner hiring charges for Randwick Rugby to use 12 street banner poles on Arden Street, Coogee subject to availability;

- c) contribute half the installation and dismantling costs of the street banners with the remaining half to be paid by the Randwick Rugby Club;
- d) authorise the General Manager to negotiate suitable dates for the banners with Randwick Rugby; and
- e) this arrangement apply to future seasons.

**MOTION: (Neilson/Andrews) CARRIED - SEE RESOLUTION.**

**GM7/15 General Manager's Report - Draft Randwick City Council  
Operational Plan and Budget 2015-16 (F2015/03004)**

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76/15

**RESOLUTION: (Andrews/Matson) that:**

- a) the Draft Randwick City Council Operational Plan 2015-16, which includes the 2015-16 Budget and associated Fees and Charges, and attachments as outlined below, be placed on public exhibition for not less than 28 days, from 4 to 31 May, inviting submissions from the public;
- b) at the conclusion of the period of public exhibition a meeting of the Council is held to consider any submissions made concerning the Draft Plan and consider the final Operational Plan;
- c) in accordance with the NSW Office of Local Government Code of Accounting Practice and Financial Reporting (June 2013) Note 2(b), in respect to each broad function of council, expenses that can be reliably attributed have been allocated to that function; and
- d) the General Manager be authorised to make any minor changes if required.

**MOTION: (Andrews/Matson) CARRIED - SEE RESOLUTION.**

**Director City Services Reports**

**CS5/15 Director City Services Report - Randwick City Sporting Walk of  
Fame (F2014/00516)**

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77/15

**RESOLUTION: (Andrews/Stavrinos) that:**

- a) the Mayor and Councillors Andrews, Stavrinos, Matson and D'Souza be on the working group to set up the guidelines for induction; and
- b) Coogee Oval be the site for the Sporting Walk of Fame.

**MOTION: (Andrews/Stavrinos) CARRIED - SEE RESOLUTION.**

**Director Governance & Financial Services Reports**

**GF12/15 Director Governance & Financial Services Report - Access to  
Council Information (under the Government Information (Public  
Access) Act 2009 (F2010/00082)**

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78/15

**RESOLUTION: (Smith/Stavrinos) that the amended Access to Information Policy (April 2015) be adopted.**

**MOTION: (Smith/Stavrinis) CARRIED - SEE RESOLUTION.**

**GF13/15 Director Governance & Financial Services Report - Investment Report - March 2015 (F2015/06527)**

79/15

**RESOLUTION: (Smith/Stavrinis)** that the investment report for March 2015 be received and noted.

**MOTION: (Smith/Stavrinis) CARRIED - SEE RESOLUTION.**

**Petitions**

Nil.

**Motion Pursuant to Notice**

**NM15/15 Motion Pursuant to Notice - Notice of Motion from Cr Shurey - Access to Centennial Park for PSSA (Primary Schools Sports Association) (F2005/00501)**

80/15

**RESOLUTION: (Shurey/Matson)** that this matter be deferred to the next ordinary Council meeting.

**MOTION: (Shurey/Matson) CARRIED - SEE RESOLUTION.**

**NM16/15 Motion Pursuant to Notice - Notice of Motion from Cr Garcia - Proposing a Series of Moonlight Cinema Screenings (F2012/00260)**

81/15

**RESOLUTION: (Garcia/Stavrinis)** that Council consider and report back on the possibility of holding a series of moonlight cinema screenings in suitable outdoor public spaces in the Randwick LGA in Summer 2015-16.

**MOTION: (Garcia/Stavrinis) CARRIED - SEE RESOLUTION.**

**NM17/15 Motion Pursuant to Notice - Notice of Motion from Cr Stavrinis - Parking Demands Generated by Boarding Houses (F2004/07992)**

82/15

**RESOLUTION: (Andrews/Stavrinis)** that Council bring back a report and conduct a survey on all boarding houses approved under the State Affordable Housing Policy that are currently operating, to determine the parking demand generated by these developments.

**MOTION: (Andrews/Stavrinis) CARRIED - SEE RESOLUTION.**

**NM18/15 Motion Pursuant to Notice - Notice of Motion from Cr Stavrinis - Light Rail Businesses - Proposed Concession on Utility Bills. (F2015/00095)**

83/15

**RESOLUTION: (Stavrinis/Matson)** that Council write to the NSW Minister for Transport and Infrastructure, the Hon. Andrew Constance requesting that businesses affected by the light-rail construction in Randwick City, be given concessions or subsidies on their Utility Bills (ie. electricity, gas and water) during the time, when the construction process takes place in proximity to their business.

**MOTION: (Stavrinos/Matson) CARRIED - SEE RESOLUTION.**

**NM19/15 Motion Pursuant to Notice - Notice of Motion from Cr Stavrinos - Kingsford & Kensington Town Centres - Business Survey (F2004/08054)**

84/15

**RESOLUTION: (Stavrinos/Andrews)** that:

- a) Council conduct a survey on all businesses in the Kingsford and Kensington Town Centres, to determine how many people drive and how many people walk to these town centres;
- b) the information collated, be used as part of any parking strategy to alleviate losses of parking caused by the light-rail; and
- c) Council, as part of this survey, consider reintroducing the "Walk it Off" campaign previously introduced by Council.

**MOTION: (Stavrinos/Andrews) CARRIED - SEE RESOLUTION.**

**NM20/15 Motion Pursuant to Notice - Notice of Motion from Cr D'Souza - Council Policy on Drugs in Sport (F2004/07111)**

85/15

**RESOLUTION: (D'Souza/Andrews)** that to assist in the education of sporting clubs and their members about the destructive effect of doping in all sport, Council request a report to look at Council adopting a policy position that all sporting clubs in Randwick LGA that receive support from Randwick City Council agree to a protocol whereby they will inform and educate sporting participants (particularly junior sporting participants) of the dangers associated of using performance enhancing drugs and how such practices are contrary to the important messages of fair play and positive encouragement that are so much a part of sporting participation in Randwick.

**MOTION: (D'Souza/Andrews) CARRIED - SEE RESOLUTION.**

**NM21/15 Motion Pursuant to Notice - Notice of Motion from Cr Matson - Assessing Support for a Resident Preferred Parking Scheme in Nelson Street, Randwick. (F2004/07237)**

86/15

**RESOLUTION: (Matson/Moore)** that Council conducts a survey of residents in both Glenwood Avenue, Coogee and Nelson Street, Randwick to assess support for the implementation or extension of a Resident Preferred Parking Scheme.

**MOTION: (Matson/Moore) CARRIED - SEE RESOLUTION.**

**NM22/15 Motion Pursuant to Notice - Notice of Motion from Cr Matson - Application of Tree Management Process under Sydney Light Rail Project Development Agreement (F2014/00452)**

87/15

**RESOLUTION: (Matson/Shurey)** that, in order to reduce tree losses under the CSELR construction, meetings of the Greening Randwick Committee be held to allow community involvement in Council's application of the 'tree management process' to be developed by TfNSW under clause 1.19.1 of the signed Development Agreement for the Sydney Light Rail Project.

**MOTION: (Matson/Shurey) CARRIED - SEE RESOLUTION.**

## Confidential Reports

The meeting moved into closed session in order to consider confidential items.

### Closed Session

#### **GM8/15 Confidential - Tender T2015-06 Mailbox Distribution Service (F2014/00420)**

*This matter is considered to be confidential under Section 10A(2) (d) Of the Local Government Act, as it deals with commercial information of a confidential nature that would, if disclosed (i) prejudice the commercial position of the person who supplied it; or (ii) confer a commercial advantage on a competitor of the Council; or (iii) reveal a trade secret.*

88/15

**RESOLUTION: (Smith/Stavrinis)** that:

- a) under Regulation 178(1)(a) of the Local Government (General) Regulation 2005, Australia Post and A Family Affaire be accepted as the successful tenderers;
- b) the General Manager, or delegated representative, be authorised to enter into a contract on behalf of Council; or into a preferred supplier agreement with Australia Post and A Family Affaire for a period of 3 years, with two optional 1 year extension(s); and
- c) unsuccessful tenderers are notified.

**MOTION: (Smith/Stavrinis) CARRIED UNANIMOUSLY - SEE RESOLUTION.**

#### **GF14/15 Confidential - Ongoing Engagement of Niche Suppliers (F2013/00200)**

*This matter is considered to be confidential under Section 10A(2) (d) Of the Local Government Act, as it deals with commercial information of a confidential nature that would, if disclosed (i) prejudice the commercial position of the person who supplied it; or (ii) confer a commercial advantage on a competitor of the Council; or (iii) reveal a trade secret.*

89/15

**RESOLUTION: (Stavrinis/Smith)** that Council:

- a) due to extenuating circumstances and the need to ensure that suppliers engaged to provide advice in relation to the Light Rail project have and maintain their understanding of the project, continue to engage Spackman Mossop & Michaels, Corrs Chambers Westgarth Lawyers, Wilkinson Murray Pty Ltd, GTA Traffic Consultants and EMAG Mitchell McClennan Pty Ltd under Council's terms and conditions for light rail related matters for the duration of the project;
- b) due to extenuating circumstances, continue to engage the Randwick Petersham Cricket Club to provide ongoing care and maintenance of the turf wickets at Kensington, Snape and Coogee Ovals in accordance with the terms of the written agreement prepared annually by relevant council staff; and
- c) approves the ongoing purchase of memberships, subscriptions, cabcharge and conference registration and accommodation with the sole providers of these services.

**MOTION: (Stavrinis/Smith) CARRIED - SEE RESOLUTION.**

**GF15/15 Confidential - Draft Randwick City Council Operational Plan and Budget 2015-16: Confidential Fees and Charges (F2014/00625)**

*This matter is considered to be confidential under Section 10A(2) (c) Of the Local Government Act, as it deals with information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.*

90/15

**RESOLUTION: (Stavrinos/Smith)** that the Draft Confidential Fees and Charges 2015-16 be noted.

**MOTION: (Stavrinos/Smith) CARRIED - SEE RESOLUTION.**

**GM9/15 Confidential - 58-60 Carr Street, Coogee (DA/116/2014) (DA/116/2014)**

*This matter is considered to be confidential under Section 10A(2) (g) Of the Local Government Act, as it deals with advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege.*

91/15

**RESOLUTION: (Andrews/Stavrinos)** that Council enter into consent orders in relation to the Class 1 appeal against Council's refusal of an application for alterations and additions to an existing residential flat building at 58-60 Carr Street, Coogee, provided conditions of consent are agreed between the parties.

**MOTION: (Andrews/Stavrinos) CARRIED - SEE RESOLUTION.**

**Open Session**

The meeting moved back into open session.

**Notice of Rescission Motions**

Nil.

There being no further business, His Worship the Mayor, Cr T Seng, declared the meeting closed at 8.20pm.

**The minutes of this meeting were confirmed at the Ordinary Meeting of the Council of the City of Randwick held on Tuesday, 26 May 2015.**

.....  
**CHAIRPERSON**



## General Manager's Report No. GM10/15



**Subject:** Randwick City Council Fit for the Future - Options Analysis

**Folder No:** F2014/00635

**Author:** Anne Warner, Manager Corporate Performance

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### Introduction

This report responds to the resolution of Council at its Ordinary Council meeting held 25 November 2014. Council resolved:

*“(Mayor, Cr T Seng) that:*

- 1. Council establishes a working party consisting of the Mayor, a representative of the ALP Councillors, a representative of the Greens Councillors, a representative of the Independent Councillors, and the General Manager, to undertake the necessary due diligence to enable Council to respond in accordance with the ‘Fit for the Future’ templates, due June 2015;*
- 2. Council advises the United Services Union that it is supportive of the Union’s objective of ensuring the protection of Council employees’ conditions and the request for the establishment of a peak committee of representatives from Council’s management and the relevant Unions to consult on the development of Council’s response to the NSW Government’s ‘Fit for the Future’ policy;*
- 3. Outcomes of the working party’s due diligence be reported back to Council; and*
- 4. Council consults with the local community by way of a plebiscite or other means to determine our community’s view on amalgamations.”*

Local government reform in NSW has been at the forefront of the industry since the ‘Destination 2036’ conference held at Dubbo in August 2011. From this conference the Independent Local Government Review Panel (ILGRP) was formed to examine options for local government in NSW.

The ILGRP, chaired by Professor Graham Sansom, finalised its review of local government with its ‘Revitalising Local Government’ report in October 2013. The **recommendation from the Independent Local Government Review Panel for Randwick City Council** is as follows:

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Councils	Options ( <i>preferred option in bold</i> )	Rationale
Botany Bay, Randwick, Sydney, Waverley, Woollahra	<ul style="list-style-type: none"> <li>• <b>Amalgamate or</b></li> <li>• Combine as strong Joint Organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Projected 2031 population 669,400</li> <li>• Close functional interaction and economic/social links between these councils</li> <li>• Need for high-level strategic capacity to promote and support Sydney's ongoing development as Australia's premier global city</li> <li>• Scope to bring together Sydney's international icons and key infrastructure under a single council, and to make better use of the strong rating base of these councils</li> </ul>

Source: Independent Local Government Review Panel, Report, 'Revitalising Local Government', October 2013, p104.

In October 2014 the NSW State Government released their 'Fit for the Future' program, to guide councils in the process of reform and amalgamations and to highlight the relevant support and incentives available. The NSW State Government also advised that the option of combining as a Joint Organisation was no longer available for Metropolitan Councils.

The NSW State Government's 'Fit for the Future' program, states that the ILGRP's recommendation for mergers should be the starting point for all proposals. As such the NSW State Government's default position for Randwick City Council is the Global City merger proposal (Randwick, Botany Bay, Waverley, Woollahra, Sydney).

The NSW Government's 'Fit for the Future' guidelines also state that each council must address the issue of scale as a priority. Scale is broadly understood to be the size of a Local Government Area based on its population. For the purposes of community engagement and analysis, a minimum population of 200,000 is considered as meeting the requirements. The rationale for this number can be found in the following table.

### Scale – NSW State Government 'Fit for the Future' program

The NSW Government's 'Fit for the Future' guidelines state that each council must address the issue of scale as a priority. This is supported by the view of the Independent Pricing and Regulatory Tribunal (IPART) that scale and capacity is a threshold issue.

The 'scale' or minimum population figure has not yet been clearly identified by the NSW State Government.

In its final report '*Revitalising Local Government*', The Independent Local Government Review Panel (ILGRP) did not recommend a merger or boundary change for the following six metropolitan councils: Bankstown, Blacktown, Campbelltown, Penrith, Sutherland and The Hills. These councils all have populations close to or over 200,000 (2014), suggesting the threshold for a merged council's population should exceed this figure.

The minimum figure of 250,000 residents has been referenced by the NSW State Government in their 'Fit for the Future' presentations where 3 million dollars will be allocated to a merged council in addition to the 10.5 million dollars, for every 50,000 residents over a population of 250,000 people.

Population references have been made by independent research companies Grant Thornton, in their report commissioned by Waverley Council and Morrison Low, in their report commissioned into the Inner west councils (that the scale of an amalgamated council should exceed 250,000 residents by 2031). Furthermore, an analysis of the Fit for the Future program by Dollery and Kelly, suggests that a mean population figure for merged councils in the Greater Sydney area would be 260,000 people.

#### Sources:

1. Independent Pricing and Regulatory Tribunal, '*Review of criteria for fit for the future*', Sept 2014, p2.
2. Independent Local Government Review Panel, '*Revitalising Local Government*', Oct 2013, p105-6
3. NSW State Government Fit for the Future Guidelines and Presentations, October/November 2013
4. Grant Thornton, '*Waverley Council Technical Assistance FTF*', March 2015, p7.
5. Morrison Low, Fit for the Future – '*Shared Modelling Report for the Communities of the Inner West*', Feb 2015, p7.
6. Dollery and Kelly, '*Up to the Job? An analysis of the NSW Government's Fit for the Future Local Government Reform Policy Package*', Feb 2015, p20.

As resolved by Council on 25 March, 2014: 'Council is opposed to the amalgamation of Randwick City Council'.

As per Council's subsequent Resolution from 25 November 2014, Randwick City Council has assessed alternative options for amalgamation to ensure it has undertaken its due diligence relative to local government reform.

A status report on the due diligence being undertaken by Council's Fit for the Future Working Party was provided at the Ordinary Council Meeting of 24 February 2015.

A significant recent development in local government reform has been the State Government's appointment of the Independent Pricing and Regulatory Tribunal (IPART) to act as the Expert Advisory Panel to review council Fit for the Future submissions. On 27 April 2015 IPART released their *Methodology for Assessment of Council Fit for the Future Proposals* Consultation Paper, the implications of which are detailed throughout this report.

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## Issues

Randwick City Council is a leader in Local Government, with a strong strategic capacity and a clear vision to build a sense of community. Council is financially strong; has quality political and managerial leadership; an effective asset management program as well as having a dedicated, motivated and engaged workforce. Council has zero debt, has spent a record amount on capital works in recent years, and is a capable partner for both State and Federal Government agencies. The following table provides a snapshot of Randwick Council's performance.

### **Randwick City Council – A high performing organisation**

#### **Financial management**

- Randwick Council meets all the Fit for the Future financial, asset and efficiency benchmarks now and into the future, with the exception of the debt service ratio. However if the Council had just \$1 of debt it would also meet this ratio.
- The Council's financial position has been assessed as "sound" by both NSW TCorp and our independent auditor, with TCorp stating the Council's outlook is "positive".
- This result is supported by the independent audits of Council's annual report on the condition of public buildings and infrastructure assets (Special Schedule 7) and an assurance report on the Long Term Financial Plan (LTFP).

#### **Delivering for the community**

- Council is a leader in community engagement, having undertaken extensive consultations on a variety of issues in the community through a number of methods including social media and focus groups. This level of engagement and provision of quality services to the community is reflected in 95% of residents indicating they are 'somewhat satisfied' to 'very satisfied' with the performance of Council.
- Council has the strategic capacity to be a capable partner for State and Federal agencies as well as regional organisations such as SSROC. An example of this is demonstrated in the collaboration with State Government in the planning of the CBD and South East Light Rail (CSELR) and further demonstrated by Council allocating \$68M for the Light Rail support plan.
- Council has delivered on many of the initiatives in the *Randwick City Plan*, ranging from substantial energy and water savings to the establishment of new community centres. The details of which can be found in the Annual Reports.
- Organisational reviews reflect the knowledge, creativity and innovation within the organisation such as the Integrated Mobility of Works System (IMOWS) and the MyRandwick application which are part of Council's broader online initiative.

#### **Asset management**

- Randwick City Council has an effective asset management program, as custodian of 1.4 billion dollars' worth of assets. In 2013, Council's infrastructure management was assessed as "very strong" by the Office of Local Government, being one of only five councils to receive the highest rating in NSW.

- In the last five years Randwick City Council has spent \$110 million on upgrading roads, footpaths, parks, drains and community buildings across the City. In this period Council has reduced its infrastructure backlog to \$7M. Council has allocated \$370M in the Long Term Financial Plan for community infrastructure works over the next 10 years.
- Randwick City Council was the first council in NSW to have its "Special Schedule 7" – condition of its public buildings and infrastructure assets independently audited.

#### **Workforce capabilities**

- Randwick City Council has a dedicated, motivated and engaged team of staff that drives innovation and moves the organisation forward. Council's workforce provides the highest levels of service to the community in-line with the corporate vision and community strategic plan. The Randwick City Council team is an award winning workforce, recognised by both Government and private industry bodies.
- The Randwick City Councillors are of a high calibre and have a strong commitment to industry participation and professional development.
- Council attracts high performing staff and has an employer of choice focus which is benchmarked against private industry using the Aon Hewitt Best Employer survey. Council scored 76 per cent in the 2014 survey, which was a significant achievement and only just below the best employer's private sector benchmark of 82 per cent.
- Council is at the forefront of learning and development activities, tailoring opportunities to the anticipated needs of the business and resourcing the function through high levels of investment.

#### **Achievements and awards**

- Randwick City Council is an award winning organisation and leader in local government. Over the past 8 years Council has been awarded more than 80 awards for the provision of services, programs and facilities to the community, as well as recognition for the dedication and professional excellence displayed by council staff.
- Council was also the recipient of the AR Bluett Memorial Award for Local Government in 2006, which is considered the highest accolade in the industry for a single council.

***"Grant Thornton advised Waverley Council that in terms of amalgamating with Randwick, this is 'the strongest option for Waverley', with Randwick being a 'strongly attractive option as part of any combination, but more so when it is not diluted by any other council.'"***

*Source: Grant Thornton, Waverley Council – Technical Assistance FFTF, March 2015, p28*

Despite Randwick City Council's strong performance, the State Government has consistently indicated that 'no change is not an option', which has been re-enforced through IPART's proposed Assessment Methodology. Based on IPART's methodology, it would not be possible for Randwick City Council to be able to lodge a stand-alone

submission and be assessed as Fit for the Future. The details of which are outlined in this report.

To ensure that Randwick City Council has undertaken its due diligence relative to local government reform an analysis of options has been undertaken and is underpinned by one of the largest single community consultations in the history of Council.

The options as set out in the following table have been examined through the perspectives of: community profile; strategic planning; facilities and services; Councillor representation; community engagement; financial context; rates; workforce; risk analysis; and social impact.

Merger option	Council/s	Population (ERP 2013)*
Option One	Randwick (no change)	142,310
Option Two	Randwick and Botany	185,602
Option Three	Randwick and Waverley	213,016
Option Four	Randwick, Waverley and Botany	256,308
Option Five	Randwick, Waverley and Woollahra	270,693
Option Six	Randwick, Waverley, Botany and Woollahra	313,985
Option Seven	Randwick, Waverley, Woollahra, Botany and Sydney (Global City)	505,903

Source: \*profile.id.com.au, Estimated Residential Population (ERP), 2013.

The key findings from the analysis of the seven options are outlined in Randwick City Council's Options Analysis (Attachment 1) and Appendices (Attachments 2, 3 and 4). An overview of the contents of the Options Analysis suite is provided in the following table.

### **Randwick City Council – ‘Fit for the Future’ Options Analysis**

Randwick City Council has undertaken a significant amount of research, financial modelling and evaluation to develop its Options Analysis documentation, consisting of the overarching ‘Options Analysis’ Paper and Appendices. The process conducted by Council and the information contained in the documents are industry leading and affirms Council’s position as a leader in local government and the community. The documentation consists of:

#### **The Options Analysis Paper – Overarching document**

- **Executive summary**
- **Introduction and overview of the study area**
- **Key Findings** - *Community profile, Strategic planning, Facilities and Services, Councillor representation, Community engagement, Financial context, Rates, Workforce, Risk Analysis, and Social Impact Statement*

#### **Appendix A – Community profile and Strategic planning**

Appendix A contains strategic observations and analysis on the community and demographic profile of the local government areas of Randwick, Botany Bay, Waverley, Woollahra and City of Sydney. The strategic planning section discusses the Global City concept, the Planning Policy framework and a Merger Options Analysis.

#### **Appendix B – Community engagement**

This appendix outlines the relevant community engagement activities and context and outlines the results of the: *Community Survey; Telephone Survey, Community Information Stalls; and Community Focus Groups.*

#### **Appendix C – Financial context**

This appendix analyses the financial position of Randwick City Council along with Botany Bay, Waverley, Woollahra and the City of Sydney Councils. It also includes financial modelling of the six merger options as well as the forecast cost of the various mergers.

### **Community views**

In response to the State Government’s Fit for the Future program released in late 2014 Randwick City Council has undertaken one of its largest single community consultations in the history of the Council.

As per previous resolutions of Council (on 25 November 2014 and 9 December 2014), the possibility of holding a plebiscite was also pursued.

Randwick Council’s plan to hold a plebiscite on the issue of council amalgamations hit a roadblock with the NSW Electoral Commission’s refusal to release the electoral role.

Whilst Council staff have been investigating the running of a plebiscite since late 2014, they were advised by the Electoral Commission recently that Council’s planned poll does not meet the purposes under which the Commission can release the roll of voters.

Council explored alternative options to the electoral roll, and this was discussed with Councillors at two Councillor Briefing sessions, however no viable solutions were found given the tight time constraints of the Fit for the Future process as well as the potential data integrity issues with other sources of data.

Whilst it has not been possible to hold a plebiscite, Council has attained substantial and statistically valid feedback from residents, ratepayers and local businesses in response to the NSW State Government’s Fit for the Future program.

The following infographic illustrates the various ways Randwick Council sought the views of residents, ratepayers and local businesses. The community engagement program has been extensive and as shown below, more than 8,000 residents and ratepayers have so far taken part through a reply-paid survey, online survey, telephone surveys, focus groups and pop-up information stalls at local parks, beaches and shopping centres.

## How we sought your views

Council's extensive community consultation program included:



**6,500**  
responses to  
our letterbox  
and online  
survey



**16** pop-up  
info stores  
resulting  
in **508**  
conversations



**10** feature  
stories and  
links in  
Randwick  
eNews



Telephone  
survey  
with **643**  
residents



**12** print  
advertisements  
(Southern  
Courier, The  
Beast)



**69** outdoor  
advertisements  
across the City



**4** focus  
groups held  
for under-  
represented  
sectors of the  
community



**50,000**  
views or  
interactions  
on social  
media



**1,288**  
downloads  
of information  
pack

The Community Survey and Information Pack presented the benefits and costs of seven options. We received 6,446 valid survey responses.

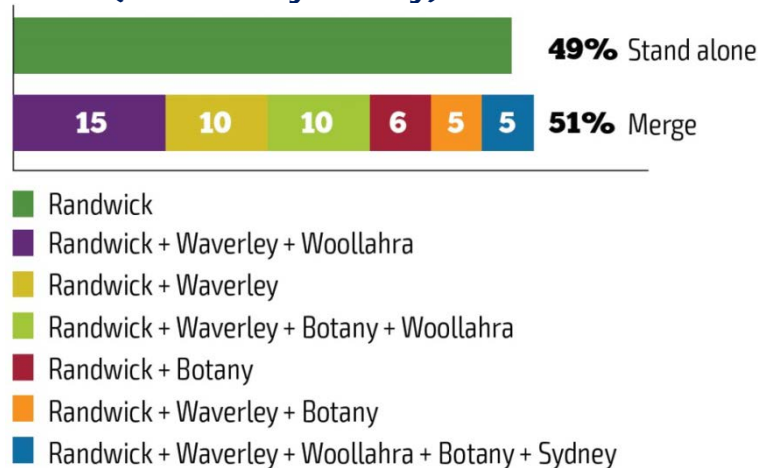
Key findings include:

- There is a high level of satisfaction with services and facilities provided by Randwick City Council and a concern that a global city council will result in a loss of local identity and less say in the area.
- More people associate with the eastern suburbs (39%) than their suburb (31%) or the City of Randwick (26%).

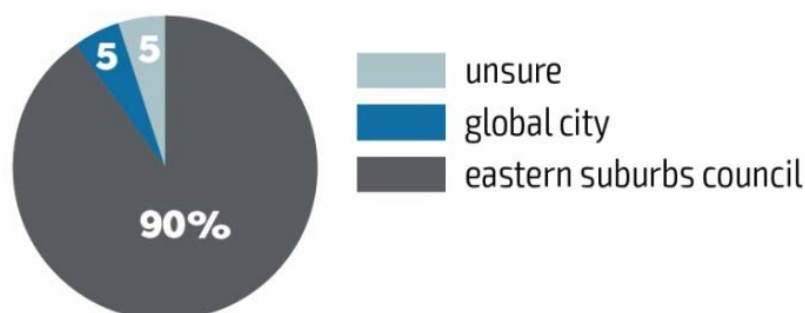


- There is an outright rejection of the global city concept. This is significantly the least preferred outcome.
- In three separate questions in the survey, a consistent 49% of respondents indicated they preferred no change while the remaining 51% preferred a level of merger.
- If amalgamations must occur, 90% would prefer an eastern suburbs council model and only 5% would prefer the larger global city council model (5% are unsure).

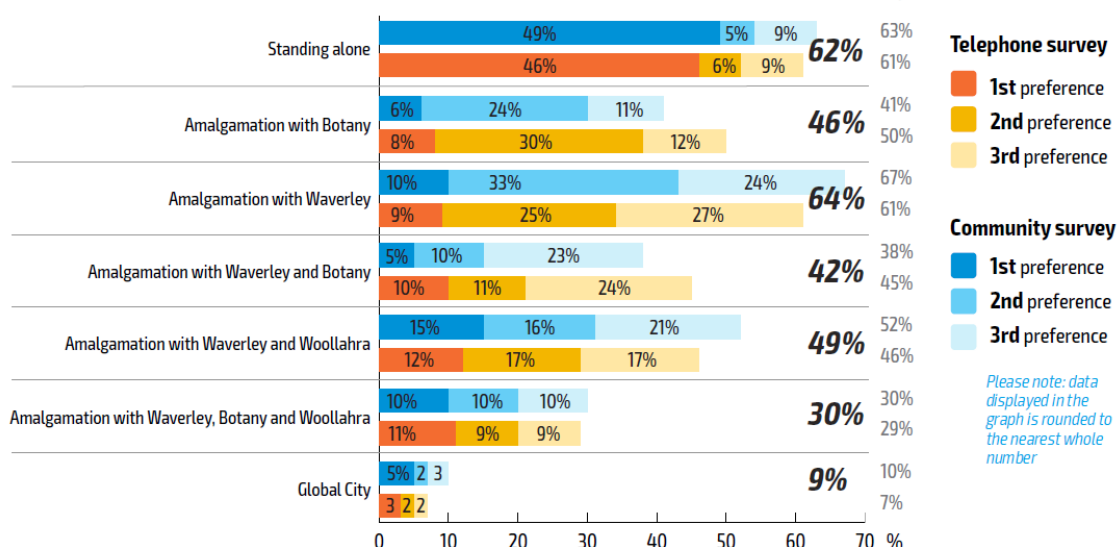
### Your 1<sup>st</sup> preference (community survey)



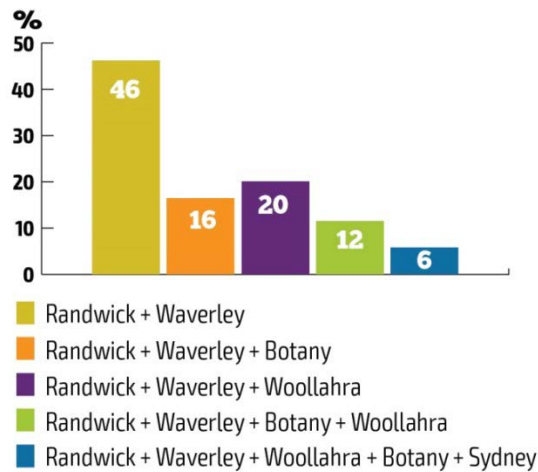
### If amalgamations must occur, which would you prefer? (community survey)



### 1st, 2nd & 3rd preferences - telephone and community survey



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<sup>†</sup> Community Survey question 10 'Please rank your preferences.' The Randwick (stand alone) and Randwick + Botany options have been removed and preferences distributed. The removed options are likely not to meet 'scale and capacity' as defined in the Government's Fit for the Future program and in the draft IPART requirements as they result in populations of less than 200,000 people. See the section on 'scale' in Council's Options Analysis for further information.

Refer to Randwick Council's Options Analysis for a detailed outline of all the relevant community engagement activities undertaken and the corresponding results.

### Options Analysis snapshot

The following table provides a snapshot of the 7 options, examined through a number of different perspectives, such as the cost of amalgamation alongside the value of increased/new services over 10 years.

	Randwick	Randwick + Botany	Randwick + Waverley	Randwick + Waverley + Botany	Randwick + Waverley + Woollahra	Randwick + Waverley + Botany + Woollahra	Randwick + Waverley + Botany + Woollahra + Sydney (Global city)
<b>Population</b>	142,310	185,602	213,016	256,308	270,693	313,985	505,903
<b>Value of increased/new services over 10 years*</b>	\$0	\$28M	\$103m	\$143M	\$235M	\$278M	\$146M
<b>Cost of amalgamation<sup>#</sup></b>	\$0	\$16M	\$13M	\$25M	\$26M	\$36M	\$107M
<b>No increase in total rates collected**</b>	✓	✓	✓	✓	✓	✓	✓
<b>No reduction in services</b>	✓	✓	✓	✓	✓	✓	✓
<b>Fit for the Future criteria met</b>	6/7 <sup>†</sup>	6/7 <sup>†</sup>	6/7 <sup>†</sup>	6/7 <sup>†</sup>	7/7	7/7	7/7
<b>Infrastructure backlog (after 10 years)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Community support</b>	strong	limited	some	limited	some	limited	unsupported

The IPART require the Council to consider the ILGRP's Global City recommendation first and provide a "sound argument supported by robust information" to demonstrate this (IPART, *Methodology for Assessment of Council Fit for the Future Proposals*, April 2015, p22). Council has carefully considered the Global City option and has found greater risk and complexity due to different service requirements when compared to eastern suburbs councils. This may result in such diseconomies of scale (with the new council being so large, complex and delivering different levels of service) that inefficiency begins to exceed any merger savings and increases costs.

### Workforce

Council promotes an informed and engaged workforce, and as such has been proactively engaging with staff for a number of years on Local Government Reform.

A recently conducted voluntary staff survey, of which 327 people responded, has assisted Council to identify the views of staff in relation to the NSW State Government's 'Fit for the Future' program. Key findings from the survey showed that in terms of first preferences: 67% of the staff respondents said their first preference was no change (i.e. for Randwick to stand alone); 28% said their first preference was one of the eastern suburbs options; and only 5% said their first preference was the global city option. In terms of second preference, 95% of staff respondents chose one of the eastern suburbs options, with the Randwick and Waverley combination being the highest (40%).

Randwick Council established a Fit for the Future working group which consists of representatives from the peak industry unions and senior management. Council has also developed a Memorandum of Understanding (MOU) with the three peak industry unions to provide employment protections for the workforce that exceed those currently available under section 354F of the NSW Local Government Act 1993. The MOU extends the employment protections available under the Act from three years to five years.

It is proposed that a pre-condition of any merger is that the merger partners agree to accept the enhanced employment protections of 5 years contained within the Memorandum of Understanding (MOU) between Randwick City Council and the Unions. (see Attachment 6).

### Next steps

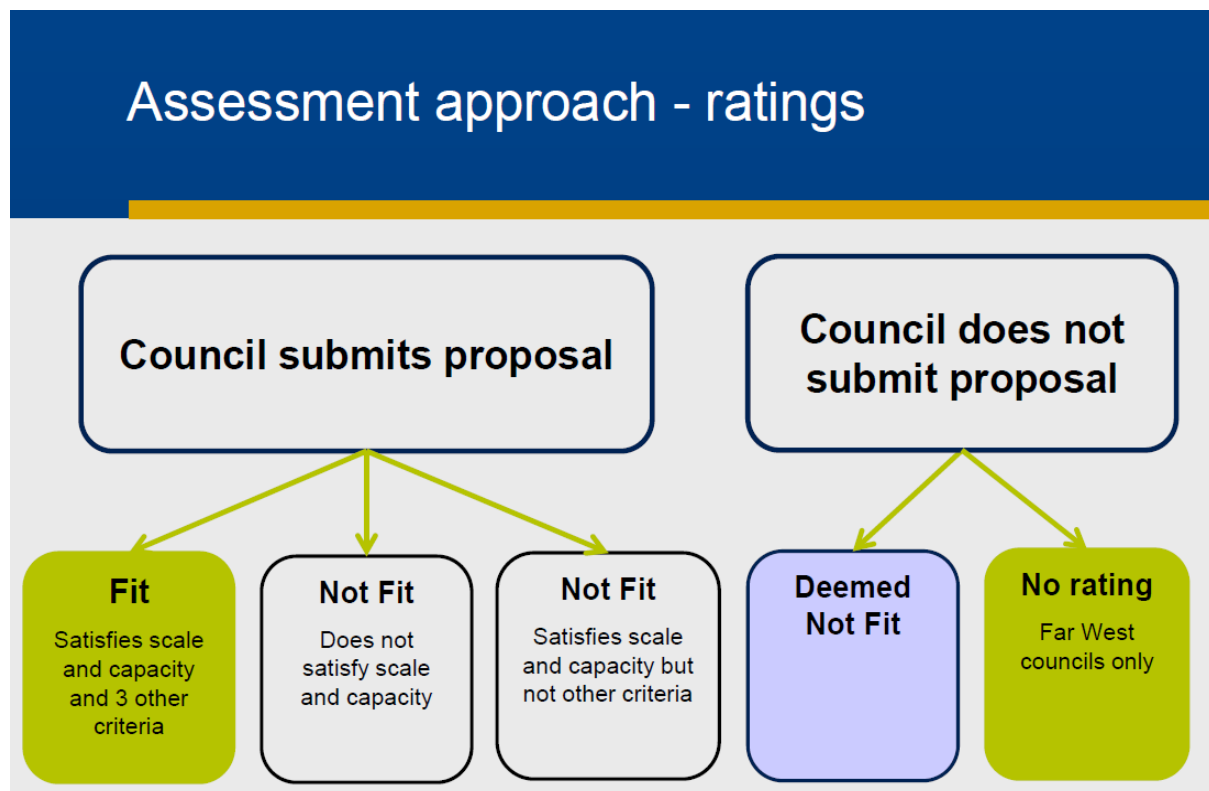
The Premier, Mike Baird MP, appointed IPART to assess the Fit for the Future proposals of NSW councils, and to prepare a report to the Minister for Local Government by mid-October with a recommendation on whether each council is Fit for the Future.

The IPART's proposed *Methodology for Assessment of Council Fit for the Future Proposals* states that only one type of proposal (i.e. Merger or Improvement) can be submitted. The due date for submissions is 30 June 2015. In accordance with IPART's proposed methodology, if a council does not submit a proposal it is deemed 'not fit'.

The three submission pathways for metropolitan councils, where the ILGRP recommended a change, will be examined in-turn and include:

1. A proposal consistent with the ILGRP's preferred option (Global City);
2. No structural change (i.e. stand-alone); and,
3. A merger option broadly consistent with the objectives of the ILGRP preferred option.

The following diagram highlights IPART's assessment approach and the basis on which it will determine the rating for Randwick and all other councils.



Source: IPART, *Methodology for Assessment of Council Fit for the Future Proposals - Public Forum Presentation*, Sydney, 11 May 2015, Page 6

### **1. A proposal consistent with the ILGRP's preferred option**

The Global City option (Randwick, Waverley, Woollahra, Botany, Sydney) is the ILGRP's preferred option for Randwick City Council. This option is unsupported by our community and our research and is in-consistent with the formal position of Council.

In accordance with IPART's proposed assessment criteria, the Council has explored the Panel's recommended 'Global City' amalgamation and can demonstrate a sound assessment of this option based on robust and consistent data (limited by what was made available to us by the four councils) and financial assumptions validated by an Assurance Report from our external auditor. The findings of this analysis are covered extensively in the attached Options Analysis.

There is a clear distinction between the City of Sydney and the Eastern Suburbs councils. The City of Sydney is a major metropolitan employment centre and is recognised as a significant stakeholder in Australia's economy. The City of Sydney has a strong level of investment in regional and state projects. Costs in areas such as street cleaning, transport and events are significantly higher than those of the Eastern Suburbs councils as they provide services for the one million workers, visitors and residents in the city on any one day.

One of the most significant distinctions is that the Eastern Suburbs community do not identify themselves as part of the City of Sydney. The level of acceptance that they are part of the Eastern Suburbs with its way of life of beaches, parklands etc. is particularly strong.

In addition, The City of Sydney has raised concerns that a Global City amalgamation “could potentially have significant financial ramifications” for the major projects planned over the next decade (City of Sydney, Resourcing Strategy 2014, p4). In their submission to the ILGRP the council stated:

- “We have a publicly endorsed strategic plan with a funded 10-year infrastructure program to implement it. We provide leadership at the metropolitan, national and international levels. Our major events and festivals are open for visitors Sydney wide and draw tourists internationally. We invest in regional and state projects such as light rail, urban renewal and cycleways.” (p5)
- ...“Faced with the demands of amalgamation, the City of Sydney would not be able to deliver on commitments in our publicly endorsed Sustainable Sydney 2030 program. Future projects for the global city would be risked by an amalgamation aimed at “sharing the revenue base of the Sydney CBD across a much wider area”” (p45)
- [City of Sydney, Future Directions for NSW Local Government – Twenty Essential Steps: Submission to the Independent Local Government Review Panel, July 2013.](#)

## 2. No structural change (i.e. stand-alone)

According to IPART’s proposed criteria, this pathway is only viable when it can be clearly demonstrated that the option is **superior** to the (ILGRP’s) merger option in terms of strategic capacity. Key elements of strategic capacity, as defined by the ILGRP and referenced by IPART, include:

### Box 3.1 Key elements of Strategic Capacity

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

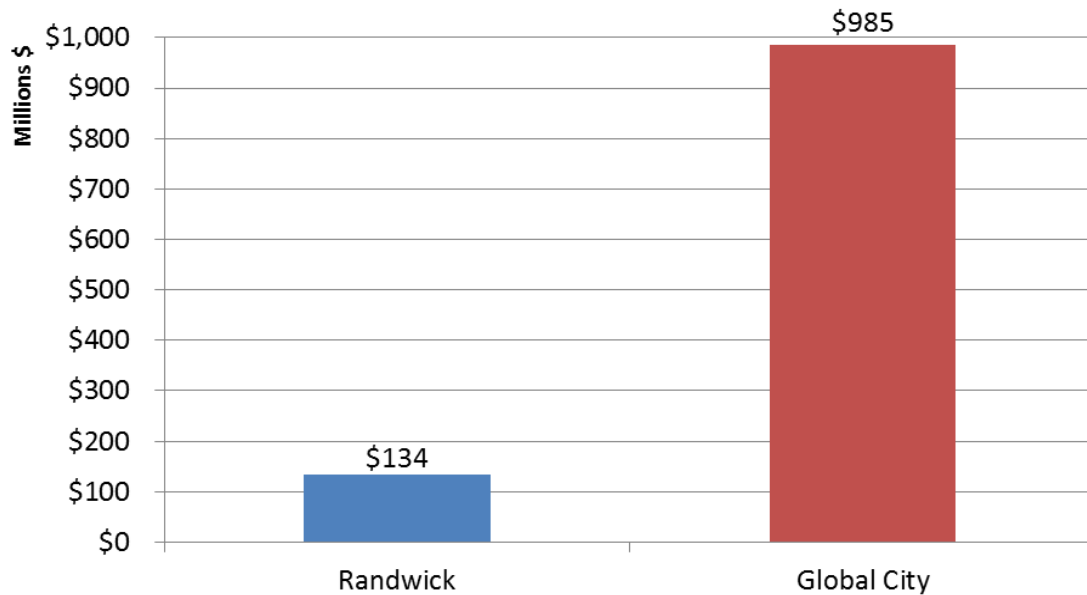
**Source:** ILGRP, *Revitalising Local Government – Final Report of the NSW Independent Local Government Review Panel*, October 2013, p 32.

As already identified in this report, Randwick Council is a high performing organisation with significant strategic capacity. Despite our financial and strategic capacity, Randwick could not be considered to be deemed superior to the Global City option when using the ILGRP’s Key elements of Strategic Capacity. This can be demonstrated through the following three examples.

### Key Element of Strategic Capacity: More robust revenue base and increased discretionary spending

- The 'Global City' council would generate **\$985m** in revenue, compared to **\$134m** currently raised by Randwick.

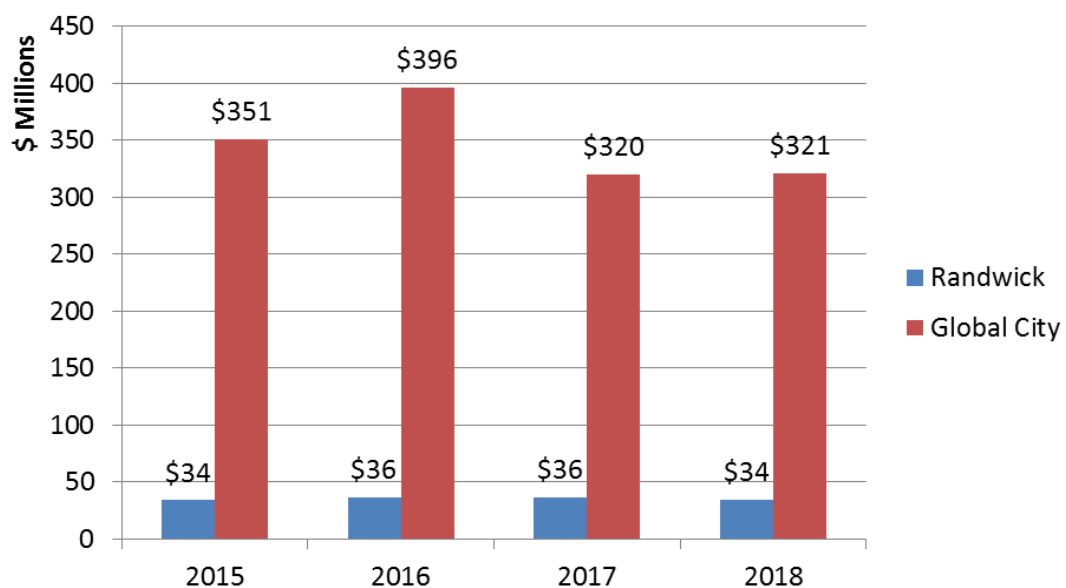
#### 2013-14 Income (\$ millions)



### Key Element of Strategic Capacity: Scope to undertake new functions and major projects

- Randwick is projected to spend **\$141m** over the next four years on capital works (2015 to 2018).
- Based on the sum of each council's projections, a Global City council would spend **\$1.4 billion** on capital expenditure over the next four years.

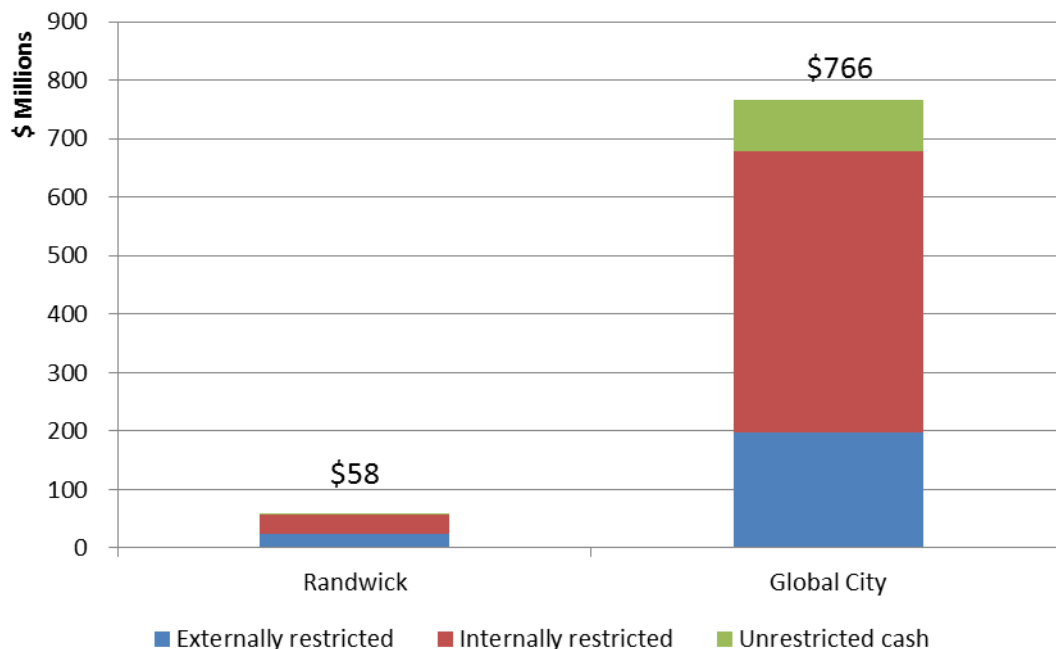
#### Capital expenditure – 2014-15 to 2017-18 projections (\$ millions)



### Key Element of Strategic Capacity: Resources to cope with complex and unexpected change

- Based on the sum of each council's cash on 30 June 2014, the Global City Council would have **\$766m** in the bank whilst Randwick would have **\$58m**.

#### Cash held on 30 June 2014 (\$millions)



As per IPART's criteria, the option for no structural change (i.e. stand-alone) is not a viable pathway for Randwick, even though it is strongly supported by our community and is in-line with the formal position of Council.

### 3. A merger option broadly consistent with the objectives of the ILGRP preferred option

According to IPART's criteria a council may be assessed as 'Fit for the Future' if it presents a merger option broadly consistent with the ILGRP recommendation to merge councils (i.e. with two or three rather than four councils), supported by a sound argument. Importantly, IPART have determined that under this pathway the proposal does NOT have to be demonstrated as **superior** to the (ILGRP's) merger option in terms of strategic capacity.

In determining what options may be broadly consistent, Option One is excluded as it is the no structural change pathway and Option Seven is excluded, as it is the ILGRP's preferred option.

Merger option	Council/s	Population (ERP 2013)*
Option One	Randwick (no change)	142,310
Option Two	Randwick and Botany	185,602
Option Three	Randwick and Waverley	213,016
Option Four	Randwick, Waverley and Botany	256,308



Merger option	Council/s	Population (ERP 2013) *
Option Five	Randwick, Waverley and Woollahra	270,693
Option Six	Randwick, Waverley, Botany and Woollahra	313,985
Option Seven	Randwick, Waverley, Woollahra, Botany and Sydney (Global City)	505,903

Source: \*profile.id.com.au, Estimated Residential Population (ERP), 2013.

Under this pathway, the risk of being assessed as not broadly consistent as per IPART's criterion and therefore not fit for the future; increases as the population number decreases.

In terms of assessing this pathway, IPART has stated in its proposed methodology that it will examine whether the council first considered the ILGRP's preferred option for scale and capacity; and that it intends to examine any proposal's consistency with the broader regional and state-wide objectives of the ILGRP's preferred option, including economic, transport, regional planning and equity objectives. For Metropolitan areas, IPART considers this to be:

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

Given IPART's statement, it is of significance that in their final report the ILGRP stated that "The Panel's view is that on balance, looking ahead to the mid-21st Century when Sydney's population will reach about 7 million, having about **15-18 councils** is appropriate."

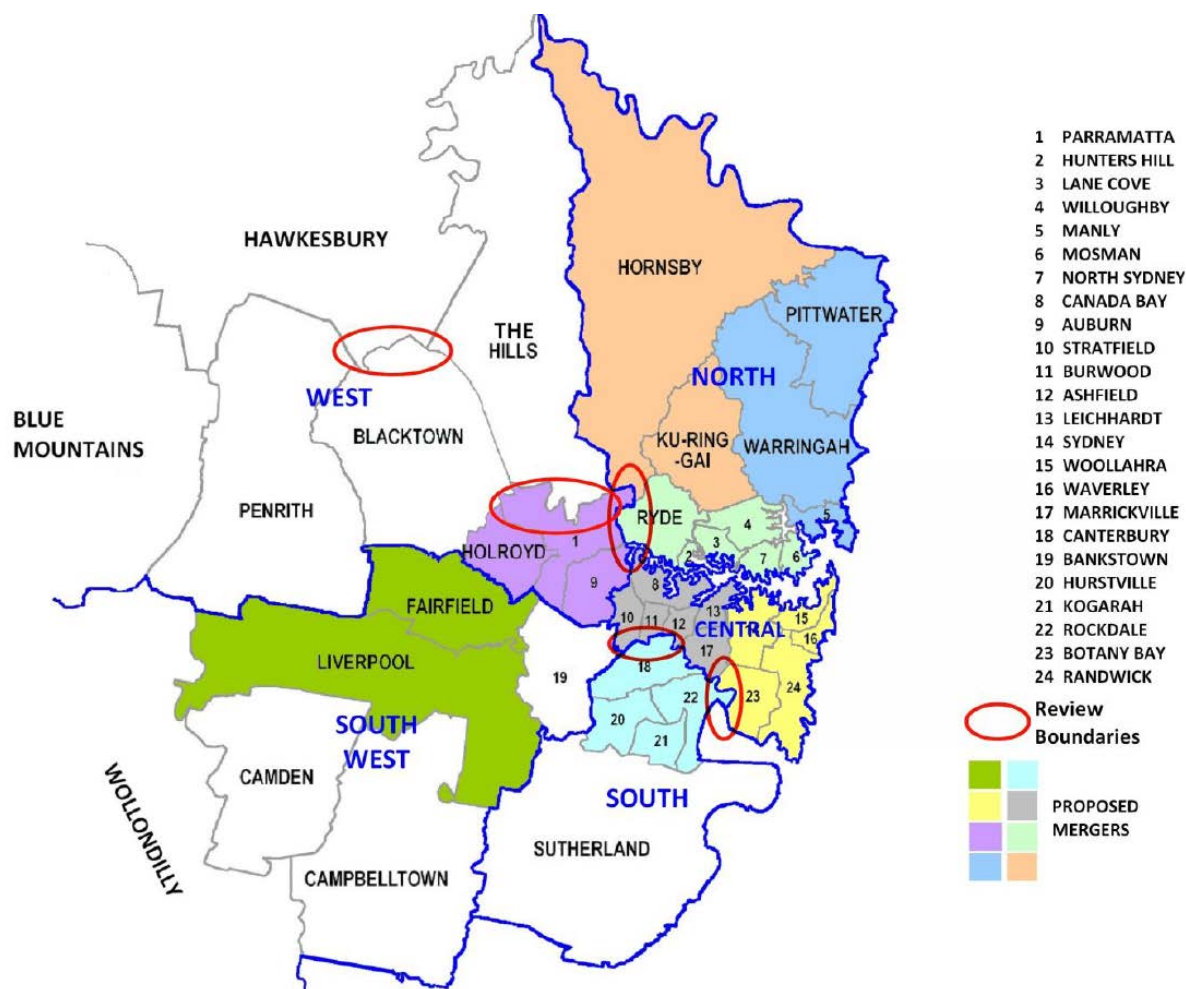
In considering its recommendations for the Sydney metropolitan area, the ILGRP was particularly concerned about the councils in the eastern half of Sydney, stating:

- "local government is **fragmented** (especially in the **eastern half of the region**) and lacks credibility as a significant player and partner in metropolitan planning and management. There are simply too many voices striving to be heard, and there also tends to be a 'lowest common denominator' effect that undermines the efforts and standing of those councils that do have the resources and initiative to play a strategic role..."
- "Without changes to council boundaries there will be an increasingly **severe imbalance** in the structures of local government **between eastern and western Sydney**: by 2031 the 28 councils east of Parramatta will have average populations of 108,800, whilst the 13 to the west will average 212,900." (ILGRP, *Revitalising Local Government*, Oct 2013, p98)



The ILGRP's recommendations for the Sydney Metropolitan area proposed a number of amalgamations and boundary adjustments. These are illustrated in the following map.

### Preferred merger options for Sydney Metropolitan Councils



Source: ILGRP, *Revitalising Local Government*, Oct 2013, p107

The population of Greater Sydney is currently 4.8 million people (ABS Estimated resident population as at 30 June 2014) with council populations ranging from 14,689 (Hunters Hill) to 332,424 (Blacktown). The amalgamations proposed by the ILGRP would result in a reduction in the number of councils in Sydney from 41 to 18 councils with an average population of 267,000 people.

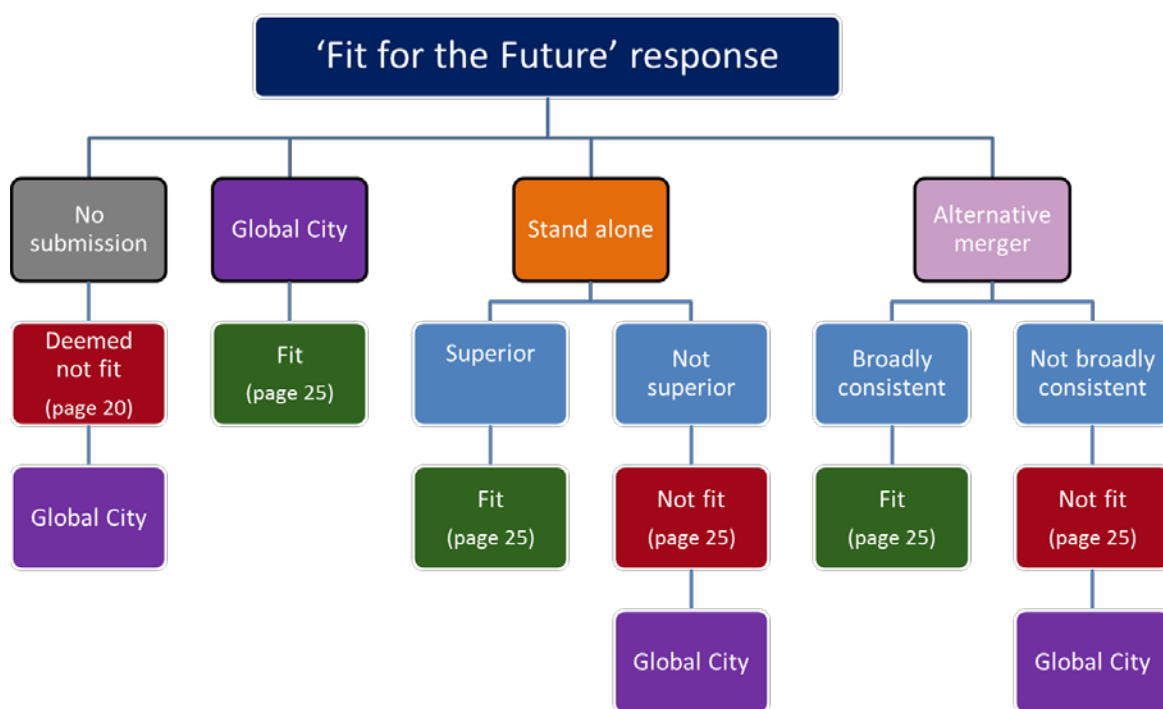
Furthermore, IPART considers that a demonstration of sufficient scale may include: an appropriate minimum population size (a specific number is not stated); or, a target number of councils in the metropolitan area; or a future plan of the council to achieve scale in the medium to longer term (i.e. Sydney fringe councils).

The IPART considers scale and capacity to be the threshold criterion for all proposal types and only if these criterion are satisfied should the other criteria (sustainability; effective infrastructure and service management; efficiency) be addressed.

The following decision-tree summarises the potential 'Fit for the Future' response pathways for Randwick City Council and the likely outcomes. The NSW State Government's default position for Randwick is the Global City, as recommended by the ILGRP, hence why it follows on from a not fit result in the decision-tree.

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The page numbers in the decision-tree refer to *IPART's Methodology for Assessment of Council Fit for the Future Proposals Consultation Paper*, which is publicly available on their website.

As per the decision-tree, a significant risk for Council is that if we are determined as 'not fit' (either by not submitting a proposal or by in-adequately addressing the criterion) then the current default position for Randwick City is the Global City (Randwick, Waverley, Woollahra, Botany, Sydney).

The IPART has indicated in their proposed methodology for assessment, that if they determine a rating of 'not fit' for a council, this would be accompanied by an explanation and potentially a recommendation.

In determining the Fit for the Future position of Council all the relevant risks must be weighed-up, including those associated with the different merger options. A broad assessment of these risks is detailed in Council's Options Analysis.

The IPART has indicated that when assessing council proposals they will examine what alternative mechanisms have been considered by a council before developing proposals premised on the social and community context being an argument against the ILGRP's preferred option. The ILGRP identified that maintaining local representation and identity is possible within larger council areas through the use of mechanisms such as Community Boards and new approaches to place management, community engagement and customer service.

The State Government has advised it will provide a total of "\$13 million to support Councillors that **lead the transition** to a new council" (Minister for Local Government, The Hon Paul Toole MP, *Ministerial Circular 15-03 - Delivering Local Government Reform*, 20 April 2015, <https://www.olg.nsw.gov.au/sites/default/files/M15-03.pdf>). It is expected the role of the Local Transition Committee will include establishing the new council's governance structure (number of wards, number of councillors, election of mayor, etc.). Being part of a Local Transition Committee provides the greatest opportunity to have a say in shaping future governance arrangements.

## Timeline

The IPART is inviting submissions in response to its Consultation Paper until 25 May 2015, with a view to releasing its final Assessment Methodology in early June.

Although Council will be lodging a submission in response to the Consultation Paper, a decision on the Fit for the Future position of Council is required in the meantime. A direction is required from Council in order to prepare a proposal for submission by 30 June. Should IPART's final Paper materially differ to its Consultation Paper, regarding the option to stand-alone, an urgent report could be put to Council for deliberation.

### THE URGENCY OF A DIRECTION FROM COUNCIL

This report to Council was originally scheduled for April, however it was postponed until May to accommodate relevant information becoming available to the industry and subsequent key briefings for our Councillors.

It is not possible however to wait until IPART have released their final Assessment Methodology prior to Council making their decision on the Fit for the Future direction for Randwick City Council.

The IPART propose to release their Final Assessment Methodology by the end of the first week of June (by 5 June). In the event that Council was to wait for 5 June, it would take several days to analyse the content and prepare a Report to Council. It is estimated that the earliest that an Extra-Ordinary meeting of Council could be held, with the three working days' notice required, would be Friday 12 June.

Assuming Council made a decision on Friday 12 June, it is not a realistic expectation that a sound business case could be prepared in time to lodge a submission by 30 June. Especially when comparing to the substantially longer time it took to prepare the Options Analysis Paper. In addition, should Council decide to pursue a merger option it must be considered that Randwick Council will not just be relying on our own processes and data validation, but will need to rely on other councils. A merger proposal will therefore take substantially more time to prepare than a stand-alone proposal.

Should IPART release a Final Assessment Methodology that is so materially different and contrary to their current position, that Randwick could mount a case to stand-alone and be assessed as Fit for the Future, then an urgent report could be put to Council for deliberation. The key difference being that Council would be able to prepare a 'no structural change' submission more efficiently than a merger proposal. This is driven by the availability and familiarity of Randwick data and information to Randwick staff, as opposed to the data and information of any other council as previously stated.

In the event that Council does not provide direction to staff at this time, then it is unlikely that anything other than a stand-alone submission could be prepared within the required timeframe.

The IPART intends to publicly exhibit council submissions during July and make its recommendations to State Government by mid-October, 2015.

The NSW State Government has indicated in its timeline that the September 2016 local government elections will be based on new council boundaries.

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## Relationship to City Plan

The relationship with the City Plan is as follows:

Outcome: 1a: Council has a long term vision based on sustainability.

Direction: 1a.2 Ensure sound long term financial strategies underpin the Council's asset management policies and strategic vision.

Outcome: 1b: Council is a leader in the delivery of social, financial and operational activities.

Direction: 1b.1 Demonstrate best practice and leadership in local government.

## Financial impact statement

The financial impact of the various merger options has been detailed in the attached Options Analysis and also in the attached Appendix C: Financial context.

## Conclusion

Randwick City Council is a high performing organisation as is evident through the results of external reviews such as a 95% community satisfaction rating, as well as high level ratings in terms of our financial position, asset management and employee engagement. Our strong performance is also reflected in the attainment of over 80 awards, public and private sector, over the last eight years.

It is critical to understand however, that the drivers for local government reform in NSW extend beyond our individual council and are relative to the performance of the industry as a whole as well as the future planning for broad geographic areas such as Metropolitan Sydney.

The NSW State Government's 'Fit for the Future' program, states that the Independent Local Government Review Panel's (ILGRP) recommendation for mergers should be the starting point for all proposals. As such the NSW State Government's default position for Randwick City Council is the Global City merger proposal (Randwick, Botany Bay, Waverley, Woollahra, Sydney).

The State Government has appointed the Independent Pricing and Regulatory Tribunal (IPART) to act as the Expert Advisory Panel to review council Fit for the Future submissions, which are due by June 30, 2015.

The IPART have indicated that they will examine whether the council first considered the ILGRP's preferred option for scale and capacity; and that they intend to examine any proposal's consistency with the broader objectives of the ILGRP's preferred option. In their final report the ILGRP stated that "The Panel's view is that on balance, looking ahead to the mid-21st Century when Sydney's population will reach about 7 million, having about 15-18 councils is appropriate."

The IPART considers scale and capacity to be the threshold criterion for all proposal types and only if these criterion are satisfied should the other criteria (sustainability; effective infrastructure and service management; efficiency) be addressed.

Randwick City Council has assessed alternative options for amalgamation to ensure it has undertaken its due diligence relative to local government reform, in accordance with the Council resolution from the 25th November 2014.

The analysis was structured through a range of perspectives including financial context and community sentiment. The key findings from the assessment are outlined in the attached Randwick City Council Fit for the Future – Options Analysis.

The three submission pathways for metropolitan councils, where the ILGRP recommended a change, include: A proposal consistent with the ILGRP's preferred option; No structural change (i.e. stand-alone); and, A merger option broadly consistent with the objectives of the ILGRP preferred option.

The first pathway, the ILGRP's Global City recommendation for Randwick City is unsupported by our community and Council. Randwick Council has explored the Panel's recommended 'Global City' amalgamation and can demonstrate a sound assessment of this option based on robust analysis. The findings of this analysis are covered extensively in the attached Options Analysis and do not support the ILGRP's recommendation.

The second pathway of standing-alone, whilst strongly supported by our community and Council, is not a viable pathway in terms of being assessed as Fit for the Future as per IPART's criteria. It is not possible for Randwick Council to be deemed *superior* to the Global City option when using the ILGRP's Key elements of Strategic Capacity (such as a more robust revenue base and increased discretionary spending). Pursuing either of these options exposes a significant risk for Council in that if we are determined as 'not fit' then the current default position is the Global City.

The third submission pathway is a merger option broadly consistent with the ILGRP recommendation to merge councils (i.e. with two or three rather than four councils), supported by a sound argument. Under this pathway, the risk of being assessed as not fit for the future increases as the population number decreases.

Direction from the Council is required in order to prepare a proposal within the required timeframe (due 30 June, 2015). The IPART will in-turn publicly exhibit council submissions during July and make its recommendations to State Government by mid-November.

### **Recommendation**

That:

1. Council considers the attached Randwick City Council Fit for the Future Options Analysis and determines the Fit for the Future position of Council.
2. In the event of Council resolving to progress a merger, a pre-condition of any merger is that the merger partners agree to accept the enhanced employment protections of 5 years contained within the Memorandum of Understanding (MOU) between Randwick City Council and the Unions.
3. The General Manager be given delegated authority to sign the MOU with the Unions.

### **Attachments:**

Use this [link](#) to view the attachments below on Randwick City's Future page

1. Randwick City Council Fit for the Future – Options Analysis
2. APPENDIX A: Community profile and Strategic planning
3. APPENDIX B: Community engagement
4. APPENDIX C: Financial context
5. Memorandum of Understanding
6. Methodology for Assessment of Council Fit for the Future Proposals, Public Forum Presentation, IPART, 11 May 2015

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**MEMORANDUM OF**  
**UNDERSTANDING**

**BETWEEN** New South Wales Local Government,  
Clerical, Administrative, Energy, Airlines  
and Utilities Union (USU), the Local  
Government Engineers' Association of  
NSW (LGEA) and the Development and  
Environmental Professionals'  
Association (depa)

**AND** Randwick City Council

**DATED** This 9<sup>th</sup> day of April 2015

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### **Memorandum of Understanding**

**DATED** This                      day of                      2015

**BETWEEN** New South Wales Local Government, Clerical, Administrative, Energy, Airlines and Utilities Union (USU), the Local Government Engineers' Association of NSW (LGEA) and the Development and Environmental Professionals' Association (depa)                      **(Unions)**

**AND** Randwick City Council, 30 Frances Street, Randwick NSW 2031 **(Council)**

#### **Definitions**

**Act**                      NSW Local Government Act 1993

**Award**                      Local Government (State) Award 2014 or its successor

#### **Recitals**

- A. Mar 2012 Independent Local Government Review Panel appointed
- B. Oct 2013 Panel recommends Randwick merge with Woollahra, Waverley, Botany and Sydney City – 'global city'
- C. Sept 2014 Government response released – 'Fit for the Future'
- D. Oct 2014 'Fit for the Future' Merger and Improvement Proposal Templates released – due 30 June 2015

### **THIS MEMORANDUM OF UNDERSTANDING WITNESSES**

#### **1. Statement of Intent**

- 1.1 Council recognises the concerns of some staff regarding the potential employment impacts of the State Government's Fit for the Future strategy, particularly in the event of Council amalgamations.
- 1.2 Council also recognises the high performance culture that has developed at Randwick City Council and is committed to ensuring this high performance culture is maintained in the event of Council amalgamations.
- 1.3 To this end, it is Council's intent to provide employment protections for its workforce in excess of those currently available under the NSW Local Government Act 1993.



## 2. Proposed Employment Protections

2.1 Section 354F of the NSW Local Government Act 1993 currently states:

**354F No forced redundancy of non-senior staff members for 3 years after transfer**

If a staff transfer occurs, the employment of:

- (a) a transferred staff member, and
- (b) in the case of a boundary alteration:
  - (i) a remaining staff member of the transferor council, and
  - (ii) an existing staff member of the transferee council,

other than a senior staff member, must not be terminated, without the staff member's agreement, within 3 years after the transfer day on the ground of redundancy arising from the staff transfer.

2.2 The above employment protection of three (3) years under Section 354F of the Act is extended by two (2) years to a total of five (5) years by this Agreement.

2.3 This Agreement does not alter any other employment conditions contained within the Act or the Award.

## 3. Severability

3.1 If a provision of this Memorandum of Understanding is invalid, illegal or unenforceable it must, to the extent that it is invalid or unenforceable, be treated as severed from this Memorandum of Understanding. Severance of the provision will not affect the validity and enforceability of the remaining provisions.

## 4. Term of Agreement

4.1 This agreement shall commence when approved by the parties and will remain in force for three (3) years unless amended or terminated by agreement between all parties.

4.2 After the period referred to in 4.1 any party can terminate this agreement by giving three (3) months' notice in writing otherwise this agreement will remain in operation until replaced by another agreement.

4.3 For the avoidance of any doubt, it is the intention of the parties that the proposed employment protections outlined in clause 2.1 and 2.2, will apply and will run their full course in case of an amalgamation and/or boundary change commenced, even if not completed,

- a. during the nominal life of this MOU; and
- b. after this MOU has nominally expired but has not been formally terminated by any party.

4.4 It is the intention of the parties that if this MOU is terminated by any party following the expiration of its nominal term, the proposed employment protections outlined in clause 2.1 and 2.2 will continue to apply provided that the employees were affected by an amalgamation and/or boundary change which commenced before this MOU was formally terminated by any party.

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**EXECUTED** on this 9th day of April 2015 by the parties.

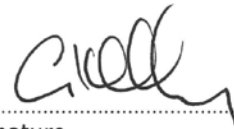
**SIGNED by**

CRAEME KELLY  
Name

GENERAL SECRETARY  
Title

**ON BEHALF OF**

New South Wales Local Government,  
Clerical, Administrative, Energy, Airlines and  
Utilities Union



Signature

**IN THE PRESENCE OF**

[Handwritten Signature]  
Witness Signature

Maria Nordenswan  
Witness Name

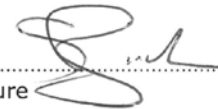
**SIGNED by**

GORDON BROCK  
Name

DIRECTOR  
Title

**ON BEHALF OF**

the Local Government Engineers'  
Association of NSW



Signature

**IN THE PRESENCE OF**

[Handwritten Signature]  
Witness Signature

VICKY PALMER  
Witness Name

**SIGNED** by

Ian Robertson  
Name

Secretary  
Title

**ON BEHALF OF**

the Development and Environmental  
Professionals' Association

[Signature]  
Signature

**IN THE PRESENCE OF**

[Signature]  
Witness Signature

MARGARET BAYLISS  
Witness Name

**SIGNED** by

.....  
Name

.....  
Title

**ON BEHALF OF**

Randwick City Council

**IN THE PRESENCE OF**

.....  
Signature

.....  
Witness Signature

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Witness Name

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Independent Pricing and Regulatory Tribunal

# Methodology for Assessment of Council Fit for the Future Proposals

## Public Forum Presentation

IPART

11 May 2015

## Session 1 – Assessment methodology

# **Assessment timeframe and Scale and Capacity criterion**

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# Timeframe

## **FFTF reforms announced**

- Sept 2014 to early 2015 – development of FFTF framework

## **Establishment of assessment methodology**

- 27 April 2015 – Release of assessment methodology
- May 2015 - Consultation on IPART proposed methodology for assessment
- June 2015 – Release of final assessment methodology

## Timeframe contd....

### **Assessment Phase**

- 30 June 2015 – Proposals due
- 31 July 2015 – Close of public submissions on council proposals
- October 2015 – Release decisions to Minister



# Consultation on IPART proposed methodology for assessment

## Scale and capacity established as threshold

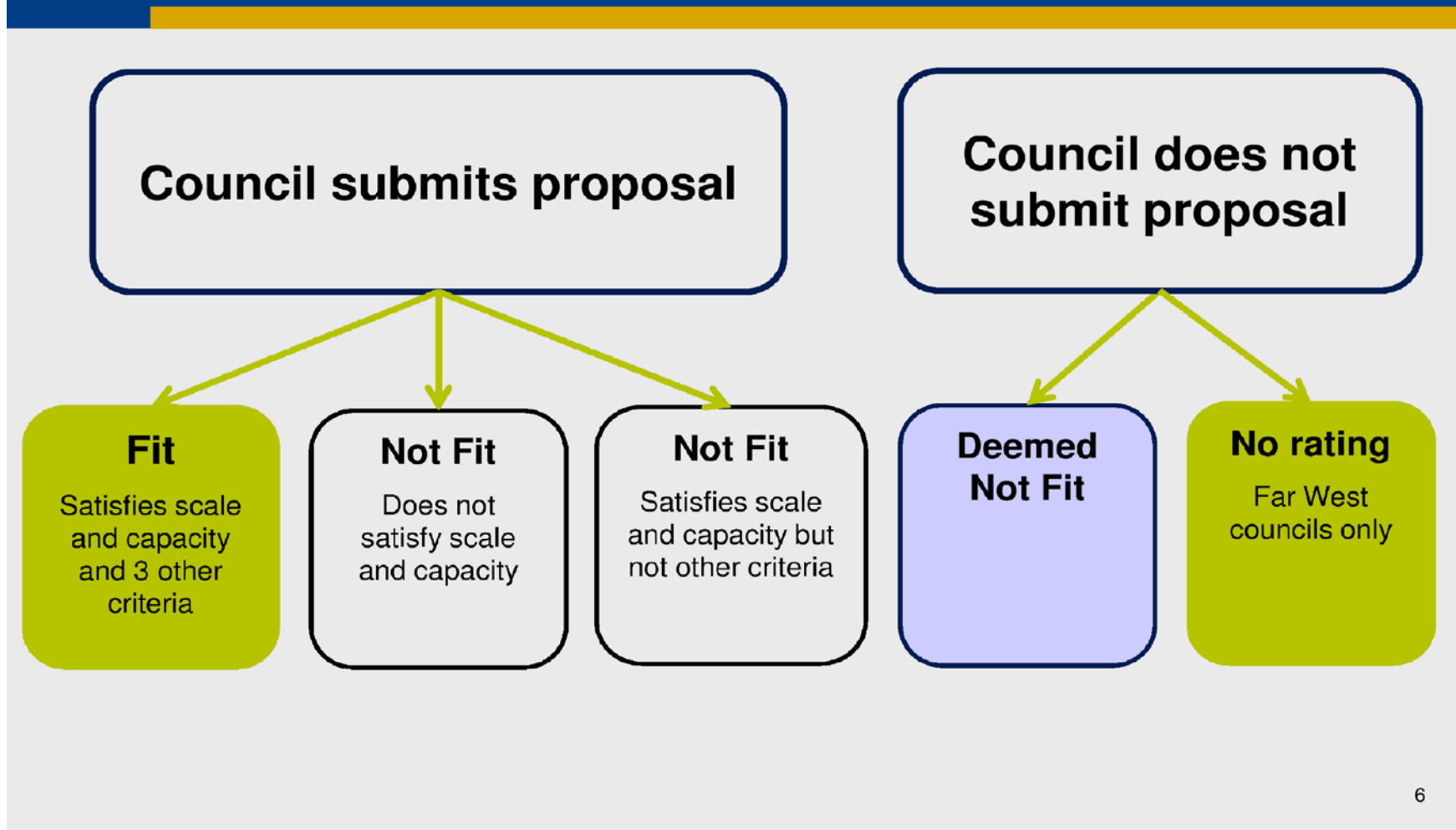
- ▼ Council first assesses scale and capacity against ILGRP recommendation
- ▼ Proposal based on whether it currently has or will have sufficient scale and capacity with proposed approach
- ▼ 3 types of proposals
  - No change – council improvement proposal
  - Structural change – merger proposal **OR**
  - Rural characteristics – rural council proposal

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## Assessment approach - ratings



# Key elements of strategic capacity - ILGRP definition

## Key elements of strategic capacity

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

## Proposal satisfies scale and capacity if....

- Adopts ILGRP preferred option for scale and capacity
- Alternatively, ***broadly consistent*** with objectives, eg,

No change	Merger	Rural
Presents sound argument why no structural change is superior to ILGRP merger	Proposes merger with fewer/ different councils to ILGRP (eg 2, 3 not 4)	Satisfies Rural Council characteristics (OLG)
Proposal is indicative of features of strategic capacity	Sound argument how proposal consistent with ILGRP objectives for merger	Proposal demonstrates merger option considered but found not feasible
		Demonstrates strategies planned for real change indicative of strategic capacity

## How should the key elements of strategic capacity influence the assessment ?

We will consider if **council improvement** and **merger proposals** demonstrate key elements, eg:

- ▼ Appropriate minimum population size
- ▼ Target number of councils in metropolitan/regional areas
- ▼ **Plan** to achieve other key elements, eg,:
  - effective regional collaboration
  - employ wider range of skilled staff
  - credibility for more effective advocacy.



## Does the proposal address regional/state-wide objectives?

**For example, for metropolitan councils, ILGRP identified the following types of objectives:**

- ▼ More capacity to better represent and serve local communities on metropolitan issues - true partners of State and Federal agencies
- ▼ More equitable pattern of local government across the area, accounting for planned development
- ▼ LGAs underpin Sydney's status as a global city
- ▼ Support implementation of Metropolitan Strategy eg, planning/development of major centres and preparation and implementation of sub-regional Delivery Plans.

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## Does the proposal address regional/state-wide objectives?

### **Examples of objectives ILGRP identified for regional and rural councils:**

- ▼ Ensure local government remains in place, is 'fit for purpose', maintains maximum possible community life and identity
- ▼ Where possible, create regional centre with scale and capacity to anchor a Joint Organisation
- ▼ Ensure close functional inter-relationships between regional centre and adjoining council areas
- ▼ Address 'councils at risk' through mergers with adjoining areas.

# Rural council characteristics – which are most relevant?

## Rural council characteristics

1. Small and static or declining population spread over a large area
2. Local economies that are based on agricultural or resource industries
3. High operating costs, dispersed population, limited opportunities for ROI
4. High importance local identity, social capital, capacity for service delivery
5. Low rate base and high grant reliance
6. Difficulty attracting/retaining skilled, experienced staff
7. Challenges in financial sustainability, provision of services/infrastructure
8. Long distance to major (or sub) regional centre
9. Limited options for mergers

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## Assessing rural council proposals

- ▼ Must satisfy main rural council characteristics
- ▼ Alternative to merger, only if merger not feasible
- ▼ Lower cost (reduced regulatory/compliance burden) with regional Joint Organisation undertaking selected regional functions
- ▼ Eg Group C councils – if merger ruled out  
or Group B councils – if merger ruled out
- ▼ Demonstrates plan to enhance capacity and performance to more sustainable level.



## Discussion points

- ▼ How should the key elements of strategic capacity influence assessment of scale and capacity?
- ▼ Which of the Rural Council Characteristics are the most relevant, considering a council must satisfy a majority of the characteristics to be considered a rural council?

## Session 2: Assessment methodology

### **Other criteria**

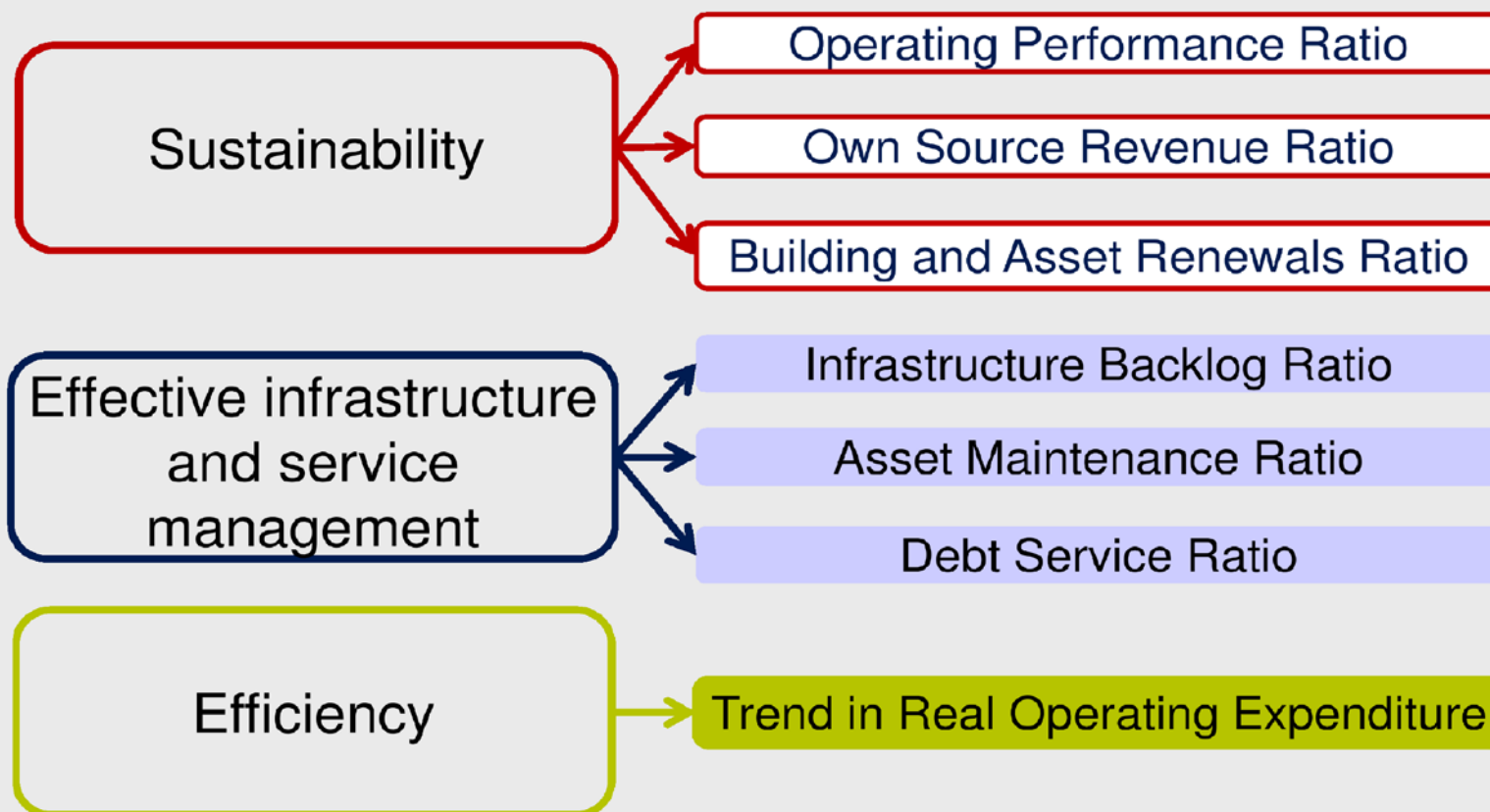
**Sustainability**

**Effective infrastructure and service management**

**Efficiency**

**and other considerations in the  
assessment**

## 4. What are the other criteria?



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# How will we assess sustainability?

**Operating performance:** meeting ongoing operating expenditure requirements

$$\frac{\text{Net continuing operating result (excl capital grants and contributions)}}{\text{Total continuing operating revenue (excl capital grants and contributions)}}$$

**Own source revenue:** controlling own operating performance and sustainability

$$\frac{\text{Total continuing operating revenue (excl all grants and contributions)}}{\text{Total continuing operating revenue (incl capital grants and contributions)}}$$

**Building and asset renewals:** preventing asset deterioration and controlling asset backlog

$$\frac{\text{Asset renewals (building and infrastructure)}}{\text{Depreciation, amortisation and impairment (building and infrastructure)}}$$

# How will we assess sustainability?

Performance measure	Benchmark	All councils (except rural councils)	Rural council (option)	Merger case
Operating Performance Ratio	$\geq$ break even average over 3 years	Must meet within 5 years	Plan to meet within 10 years	Must meet within 5 years for non-rural councils Plan to meet within 10 years for rural councils
Own Source Revenue Ratio	$> 60\%$ average over 3 years	Must meet within 5 years	Plan to improve within 5 years & consideration of FAGs	Must meet within 5 years for non-rural councils Plan to improve within 5 years & consideration of FAGs for rural councils
Building & Infrastructure Asset Renewal Ratio	$> 100\%$ average over 3 years	Meet or improve within 5 years	Meet or improve within 5 years	Meet or improve within 5 years

# How will we assess effective infrastructure and service management?

**Infrastructure backlog:** managing backlogs and providing sustainable levels of service

$$\frac{\text{Estimated cost to bring assets to satisfactory condition}}{\text{Total write-down value of infrastructure, buildings, other structures, depreciable land and improvement assets}}$$

**Asset maintenance:** spending enough to avoid increasing backlog

$$\frac{\text{Actual asset maintenance}}{\text{Required asset maintenance}}$$

**Debt service:** using debt wisely to spread costs across time

$$\frac{\text{Cost of debt service (interest expense and principal repayments)}}{\text{Total continuing operating revenue (excl capital grants and contributions)}}$$

## How will we assess effective infrastructure and service management?

Performance measure	Benchmark	All councils (except rural councils)	Rural council (option)	Merger case
Infrastructure Backlog Ratio	< 2%	Meet or improve/ inform within 5 years	Meet or improve/ inform within 5 years	Meet or improve/ inform within 5 years
Asset Maintenance Ratio	> 100% average over 3 years	Meet or improve/ inform within 5 years	Meet or improve/ inform within 5 years	Meet or improve/ inform within 5 years
Debt Service Ratio	0 to 20% average over 3 years	Meet within 5 years	Meet within 5 years	Meet within 5 years

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# How will we assess efficiency?

**Real operating expenditure:** utilising economies of scale and managing service levels to achieve efficiencies

$$\frac{\text{Real operating expenditure}}{\text{Population}}$$

Benchmark	All councils (except rural councils)	Rural council (option)	Merger case
A decrease in Real Operating Expenditure per capita over time	Must demonstrate operational savings (net of IPR supported service improvements) over 5 years	Must demonstrate operational savings (net of IPR supported service improvements) over 5 years	Demonstrate operational savings (net of IPR supported service improvements) over 5 years but may not be practical in short term



# What sort of information do we require for our assessment?

## ▼ **Examples of supporting information**

- ▼ Council proposals based on OLG templates
- ▼ NSW TCorp's Financial Sustainability assessments
- ▼ Aspects of Integrated Planning & Reporting framework plans
- ▼ IPART's Special Rate Variation assessments
- ▼ Any other information we gather and consider relevant.

## ▼ **Robustness of supporting information**

- ▼ Past data and forecast data
- ▼ Assumptions should be robust and consistent
- ▼ Analysis of ILGRP *preferred option* should be rigorous
- ▼ Explanation of one-off performance issues.

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## Other considerations and reporting requirements

### ▼ Other considerations

- ▼ **Social and community context** - eg, impact of its proposal on its residents' communities and local representation?
- ▼ **Council consultation on FFTF proposals** - met the OLG requirements in making the proposal? Proposed option presented in a balanced manner and adequately captured community feedback?
- ▼ **Water utility performance** - is the General Fund affected by the water utility business?

### ▼ Reporting requirements

- ▼ We propose councils would report their performance in their Annual Reports, which will be assessed by the Audit Office.

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## Discussion Points

- ▼ Any improvements to how we propose to assess sustainability, infrastructure/service management and efficiency, consistent with OLG guidance?
- ▼ Any issues we need to consider when using the measures and benchmarks for these criteria?
- ▼ How should councils engage with their communities when preparing FFTF proposals?
- ▼ Any other factors to consider to inform our assessment of council consultation?
- ▼ Should council performance against FFTF proposals be monitored?
  - If so, any improvements we can make about how councils can monitor and report progress?

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## Motion Pursuant to Notice No. NM23/15



**Subject:** Notice of Motion from Cr Stevenson -  
Preparation of Council Improvement  
Proposal

**Folder No:** F2014/00288

**Submitted by:** Councillor Stevenson, Central Ward

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That Council engage Independent Consultants to prepare a Council Improvement proposal (T2) to satisfy the IPART assessment criteria as an stand alone Council for consideration by residents and Council prior to considering any merger proposals.

NM23/15