Randwick City Council
a sense of community

Randwick City Council
30 Frances Street
Randwick NSW 2031
Phone 1300 722 542
council@randwick.nsw.gov.au
www.randwick.nsw.gov.au

WAVERLEY COUNCIL

Waverley Council
Corner Paul Street & Bondi Road,
Bondi Junction NSW 2022
Phone 9369 8000
info@waverley.nsw.gov.au
www.waverley.nsw.gov.au

29 June 2015

Dr Peter Boxall
Chairman, Independent Pricing & Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Joint merger proposal: Waverley Council and Randwick City Council

Dear Dr Peter Boxall,

We write to lodge a joint submission seeking a merger between Waverley and Randwick Councils as part of the NSW Government's Fit for the Future reform program.

Please find attached our agreed merger proposal which outlines in detail our proposal, financial analysis, costs and benefits and community consultation.

The communities of Randwick and Waverley share strong ties. We are both coastal communities taking in the Sydney Coastal Walkway and iconic Sydney beaches such as Bondi, Coogee, Bronte and Maroubra. Lots of families choose to live in our community and raise their children with access to excellent parks, sporting fields, schools and community facilities.

Randwick and Waverley already work together on a number of environmental initiatives and our staff have been cooperating in the preparation of this proposal.

Our communities have told us that they would prefer to stand alone but if mergers must happen to meet the scale and capacity criteria then they would prefer an eastern suburbs council rather than a global city involving City of Sydney as we have closely aligned communities of interest.

There is significant concern about the loss of local representation and community identity in a Council of over 500,000 residents that would occur if the global city proceeds.

We are confident that our proposal provides a strong, credible alternative while still being broadly consistent with the Independent Local Government Review Panel's global city recommendation.

A Randwick-Waverley merger will result in a population of 216,000 residents, the third largest council in NSW and 11th largest in Australia. With a Gross Regional Product (GRP) of $11.8b – the new council will be the seventh largest council area contributing to the NSW economy.

We have forecast savings of $103M over the next 10 years which can be directly invested in new and expanded services. A Randwick-Waverley merger will result in a council capable of providing quality services and facilities and partnering with the State Government on regional matters.

Kindly note that we have included options to include Woollahra and Botany Councils in an eastern coastal council should those councils choose to join us.

We commend the proposal to you and await the outcome of your independent analysis. Should you wish to clarify any of the details in this proposal please contact either Randwick Council General Manager Ray Brownlee on 9399-0803 or Waverley Council General Manager Arthur Kyron on 9083-8056.

Kind regards,

Councillor Ted Seng
Mayor of Randwick

Councillor Sally Betts
Mayor of Waverley

Fit for the Future

Template 1

Council Merger Proposal

Randwick City Council
a sense of community

WAVERLEY COUNCIL

29 June 2015

NSW GOVERNMENT | Office of Local Government

Contents

1. The proposed merger 3

1.1 Which councils have agreed to merge and form a new council? 3

1.2 Agreed boundary changes 4

1.3 Scale and capacity 5

The ILGRP's preferred option: A merger of Woollahra, Waverley, Randwick, Botany and Sydney Councils – the 'Global City' Council 6

Our proposal: A merger of Randwick and Waverley Councils 13

Alternative options 40

2. The outcome 46

2.1 Delivering key priorities and addressing challenges 46

2.2 Financial and non-financial benefits of the merger 55

2.3 Financial and non-financial costs of the merger 63

3. How has the community been involved? 66

3.1 Discussing the options 66

3.2 Explaining the benefits and costs 71

3.3 Community response 76

4. How will the merger help you achieve the benchmarks? 79

4.1 Expected improvement in performance 79

1. The proposed merger

N.B. This template should be endorsed by all councils within the proposed merger group. The council completing the template on the group's behalf should ensure that endorsements from the other councils are attached to the submission.

1.1 Which councils have agreed to merge and form a new council?

	Council Name	**Date of council resolution to support the merger**
Council A	Randwick City Council	Tue 26 May 2015 (Attachment 1.1)
Council B	Waverley Council	Wed 10 June 2015 (Attachment 1.2)
Council C		
Council D		
Council E		
Council F		

1.2 Agreed boundary changes

If there are any external boundary changes proposed in the merger, please provide details below and attach letters of support from the affected councils.

No external boundary changes are proposed.

See Guidance material Pg. 8 for help completing this section.

1.3 Scale and capacity

Is the proposed merger the same as the Independent Local Government Review Panel recommended for your councils?

NO

(or the same as one option, where more than one was presented)

Preamble

Randwick and Waverley Councils have been active participants in local government reform. Randwick, Waverley and Woollahra Councils have worked together over the past three years to research the impact of reform through: comparing service levels; Waverley and Woollahra sharing their rates' database with Randwick to undertake rates modelling for the group; and jointly funding an economic profile study of the eastern suburbs (Attachment 2.3). Since the NSW State Government announced its 'Fit for the Future' schedule, council officers have also held discussions with officers from City of Sydney and Botany Bay Councils.

Our due diligence and findings are based on: extensive community profiling and engagement; comprehensive staff and union engagement; strategic planning research; financial modelling and analysis. Any assumptions have been comprehensively reviewed and audited. The outcome of this analysis of a number of options has informed the Councils' Fit for the Future proposal.

Both Waverley and Randwick Councils are fit and sustainable for the future and both our communities and Councils would prefer to remain as stand-alone entities. However both Councils note, that based on the criterion of 'scale and capacity', we are unable to demonstrate a case for standing alone that would be "at least as good as or better than" a 'Global City' Council.

Should the Government change the criteria or not continue to pursue the 'Fit for the Future' program, our proposal to merge is withdrawn. Please refer to Randwick and Waverley Councils' resolutions (Attachment 1.1 and Attachment 1.2) and Randwick and Waverley Councils' Merger Business Case (Attachment 2.6).

Our due diligence has found that a merger of Randwick, Waverley, Woollahra and Botany Councils with City of Sydney (as per the ILGRP's preferred option) offers less to our communities, the eastern suburbs as a whole, City of Sydney and greater Sydney than an alternative eastern suburbs council model. This option is also not supported by our residents, businesses and ratepayers. Our examination of the ILGRP's preferred option and our attempts to pursue other alternative merger options are outlined below.

The ILGRP's preferred option: A merger of Woollahra, Waverley, Randwick, Botany and Sydney Councils – the 'Global City' Council

In accordance with IPART's proposed assessment criteria, Randwick and Waverley Councils have explored the ILGRP's preferred option of a 'Global City' amalgamation and can demonstrate a sound assessment of this option based on robust and consistent data (limited by what was made available by neighbouring councils) and financial assumptions validated by an Assurance Report from Randwick's external auditors Hill Rogers Spencer Steer, who also audit Waverley, Woollahra and Botany Councils' annual financial statements. The findings of this analysis are covered extensively in the attached Options Analysis (Attachments 2.5) and Grant Thornton's analysis (Attachment 2.4).

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 and is the headquarters of major international corporations and financial institutions. The City of Sydney is also home to numerous international tourist attractions. Servicing requirements in areas such as street cleaning, transport and events are significantly higher than those of the eastern suburbs councils as the City of Sydney needs to service the provisions of over one million workers, visitors and residents in the city on any one day. This is equivalent to a quarter of the Sydney metropolitan population, every day.

Grant Thornton, in the report 'Waverley Council – Technical Assistance FFTF' (March 2015, Attachment 2.4), stated, in regards to a 'Global City' merger "the increase in Real Operating Expenditure Per Capita indicates **operational inefficiency** and may have **a negative impact on the level of service provided to the community**" (p22) and that this option would "**struggle** with the Buildings and Infrastructure Assets Renewal ratio" (p35). The City of Sydney has warned that "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""[1]

[1] City of Sydney, Future Directions for NSW Local Government – Twenty Essential Steps: Submission to the Independent Local Government Review Panel, July 2013, p.45

In summary, Randwick and Waverley's analysis of this option found that:

Scale	• **517,237** - Population now (**2014** ABS Estimated Resident Population) • **653,250** - Projected by **2031** (Dept of Planning and Environment, 2014)
Key elements of strategic capacity	• Both the IPART and the Office of Local Government have advised the ILGRP's preferred merger option **meets the criterion for scale and capacity**.
Sydney as a 'Global City' and metropolitan planning	• The concept of a global city is tied more closely to a city's **function and influence rather than size**. A **global city refers to a metropolitan area** rather than a central city in isolation. The central city and the surrounding greater Sydney metropolitan area need each other to function as a whole and be considered as a global city. • The Global Economic Corridor identified in 'A Plan for Growing Sydney' links the strategic transport gateways of Sydney Airport and Port Botany, the Green Square urban renewal area, the Randwick Education and Health Strategic Centre, the Bondi Junction Strategic Centre with the CBD, North Sydney, Macquarie Park and through to Castle Hill and Norwest Business Park. The corridor also links through to Parramatta which has been identified as Sydney's second CBD. The growing western Sydney employment area and the future second airport for Sydney at Badgerys Creek are important to the growth and development of Sydney as a global city. The heavy rail links with western Sydney and the network of intermodals both planned and existing are crucial to the success and functioning of the strategic transport gateways. **A Plan for Growing Sydney** focuses on strengthening the global competitiveness of Sydney as it applies to the whole Sydney metropolitan area not just Sydney city and it makes **development of these strategic locations across Sydney a priority**, including the **Sydney CBD, the Global Economic Corridor, Greater Parramatta and Sydney's gateways – the port and airports**. These examples illustrate the interwoven nature of the various elements that comprise the metropolitan nature of the global city. • The structure of government in Australia does not enable the establishment of a 'Global City' council comparable to those around the world as local government does not have the responsibilities that cities like New York, London and Copenhagen have, where **local government responsibilities** often include schools, health, public utilities, housing, police, social welfare, public transport and regional roads. • Local government boundary changes could potentially **impede Sydney's ability to compete as a 'Global City'** as the demand for resources and disruption caused by this process would affect the City of Sydney's capacity

	to deliver major projects planned for the next four years, including a $338m investment in community facilities, open space, streets and drainage in the Green Square urban renewal area. • The **competing requirement** to service significant residential areas with a variety of differing characteristics and needs including socio-economic profiles will **challenge the future growth and management** of the central Sydney area. The IPART has recognised there are "specific objectives for the City of Sydney LGA in meeting the State's objectives for a global city, which are **quite distinct** from the objectives for other suburban areas of Sydney" (IPART, *Methodology for Assessment of Council Fit for the Future Proposals*, June 2015, p33).
Communities of interest	• In a Randwick survey of 6,500 people, more respondents (39%) associate with the 'eastern suburbs' than they do with their suburb (31%), the City of Randwick (26%) or the Global City (3%). There is a concern there would be a **loss of eastern suburbs identity**. • Compared with the communities in the eastern suburbs, a higher proportion of young singles and young couple two person households in the 25-34 year age group reside in the City of Sydney. • The proportion of school aged children in the City of Sydney population is about half that of the eastern suburbs. While a significant proportion of the eastern suburbs population work close to where they live, the City of Sydney is a commuter destination unlike the other LGAs, and this has a major influence on the services required. • Long established relationships between community groups and eastern suburbs councils would be lost. • There is a lack of communities of interest within a proposed Global City council. Demonstrating communities of interest in the region is **critical to ensuring the viability of a successful local government merger**. This was the cause of de-amalgamations in Queensland, with the Queensland Boundaries Commissioner listing communities of interest a key criteria to demonstrate in his assessment of the viability of former shires who wished to de-amalgamate. The ILGRP recognised this as both an '**essential element of an effective system of Local Government**' (Box 7, p31) and a **criterion 'for determining future Local Government boundaries'** (Box 27, p76) in their final report. • Conversely, an eastern suburbs merger offers very strong connectivity between community groups and alignment of aspirations.

Local representation and participation	• There is a risk that a Global City council with a maximum of 15 councillors will be less likely to provide appropriate representation of diverse and complex community and business interests due to the **lack of alignment of communities of interest** across the proposed LGA. • While best practice community consultation techniques and place-based planning and engagement can mitigate the loss of representation through a reduced number of councillors, this will only work where there are underlying communities of interest. • Both Waverley and Randwick Councils operate precinct committees (formal resident groups). Randwick has 11 precincts each representing 13,000 residents while Waverley has 13 precincts representing 5,500 residents each. If Randwick's model was applied to a 'Global City' council 40 precincts would be required across the area. If Waverley's model was applied to a 'Global City' council 90 precincts would be required across the area.
Facilities and services	• With similar demographic characteristics and social and cultural values eastern suburbs councils already pool together resources to jointly run community programs, resulting in improved participation rates in social inclusion activities and events delivered in a cost effective way. • The City of Sydney's costs in areas such as street cleaning, transport and events are **significantly higher** than those of the Eastern Suburbs councils as they provide facilities and services for the **one million** workers, visitors and residents in the city on any one day. • Eastern suburbs councils have more experience managing **similar assets and facilities** such as beaches and harbours than the City of Sydney (the majority of the harbour side land in the City of Sydney LGA is managed by other authorities (refer to Randwick City Council's Options Analysis, Appendix A Community Profile and Strategic Planning, p85 (Attachment 2.5))) and the associated issues from **lifeguards, surf clubs and litter to the sustainable management of the urban coastal environment**.
Community engagement	**Randwick** • A global city council is the community's **least preferred option**. • There is minimal support for this option with 4% of survey respondents choosing it as a first preference and just 3% indicating they are 'supportive' or 'completely supportive'. • If amalgamations must proceed, **5% choose global city** and 90% choose an eastern suburbs council with the remaining 5% undecided. • Feedback from residents via focus groups, information sessions and survey comments is that they are

	concerned about the **size** of this council and that it would result in **less local representation, loss of local identity and reduced services.** **Waverley** • In a Waverley telephone survey of 623 residents and 238 businesses, only **5% of residents and 9% of businesses** supported a 'Global City' merger. • Waverley respondents were also concerned with a loss of **local knowledge, local identity and local representation** (IRIS Research, Waverley Council Amalgamation Options Survey, p15. Attachment 3.10). There was a concern that the council would be "**too big and unworkable** to achieve any outcome of benefit for the amalgamated area" and "bringing together councils of different sizes and **demographics** would present significant challenges and impediments to a successful amalgamation" (p18).
Financial Context and Asset Renewal	• An amalgamation of Randwick with Waverley, Woollahra, Botany and Sydney ("Global City") has **greater risk exposure and greater complexity** than alternative options for Randwick and Waverley. • This option is estimated to result in an increase in services equivalent to **$8m over four years** (**$15 per resident**) and **$146m over 10 years** (**$288 per resident**). This is significantly lower than alternative options modelled. • IPART has acknowledged Sydney's costs are largely driven by their non-resident services (IPART, *Review of Criteria for Fit for the Future*, Sept 2014, p40), with different service requirements to the largely residential eastern suburbs. This may result in **diseconomies of scale** with the new council being so complex that inefficiency begins to exceed any amalgamation savings. • Sydney's largest income source is business rates, representing one third of total income at $190m. In contrast, residential rates are the largest source of income for Randwick, Waverley and Woollahra Councils. To support these businesses, tourism and promote investment in Sydney City, the council's cost structure is very different to traditional councils (like those in the Eastern Suburbs) with particularly high costs in priority areas such as street cleaning, parking, traffic management and events. This will cause a **conflict in priorities** with the largely residential eastern suburbs councils. • This is the **most expensive amalgamation option** considered estimated to cost **$43m over four years, increasing to $107m over 10 years**. • These high costs and relatively smaller savings result in this option not meeting the Fit for the Future benchmarks until 2021, **five years** after the amalgamation and eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in **seven years**. Alternative options meet these

benchmarks sooner.

- With **intensive asset management requirements for the City of Sydney's $3.6b buildings and infrastructure assets** (fair value 30 June 2014), Sydney's current asset expenditure gap is $82m. While this gap is projected to be largely addressed in the Council's latest Resourcing Strategy, additional expenditure is required to meet the asset management benchmarks and eliminate the infrastructure backlog. The majority of the **$92m** from efficiency gains allocated to address the ongoing asset expenditure gap of this group over ten years is for Sydney assets.
- Grant Thornton, in their report 'Waverley Council – Technical Assistance FFTF' (March 2015, Attachment 2.4), stated, in regards to a 'Global City' merger:
    - this option would "**struggle** with the Buildings and Infrastructure Assets Renewal ratio" (p35)
    - "the increase in Real Operating Expenditure Per Capita indicates **operational inefficiency** and may have a **negative impact on the level of service provided to the community**" (p22)

ILGRP'S Key Attributes of a Global City

City of Sydney's proposed Fit for the Future Submission to the IPART states "The ILGRP proposed a number of 'key attributes of a global capital city'—physical size, hierarchy, leadership, strategic capacity, global credibility, governability and partnership with the state (Revitalising Local Government, p. 100). These attributes are generally reasonable and this submission demonstrates that the City of Sydney is performing well against these criteria...

...However, the ILGRP assumes a radical transfer of power and authority from the state government to the City Government that is not being considered by the Fit for the Future program. The proposal for greater physical area assumes 'including iconic locations of global significance', 'major infrastructure and facilities that are at the peak of the hierarchy for that function (government, transport, health, education, business, recreation, culture etc.)', and managing 'major regional facilities'. Including infrastructure and facilities in the City of Sydney without authority or responsibility to strategically plan for them or manage them is pointless." (June 2015, p14-15)

The concept of a global city is tied more closely to a city's **function and influence rather than size**. A **global city refers to a metropolitan area** rather than a central city in isolation. The central city and the surrounding greater Sydney metropolitan area need each other to function as a whole and be considered as a global city.

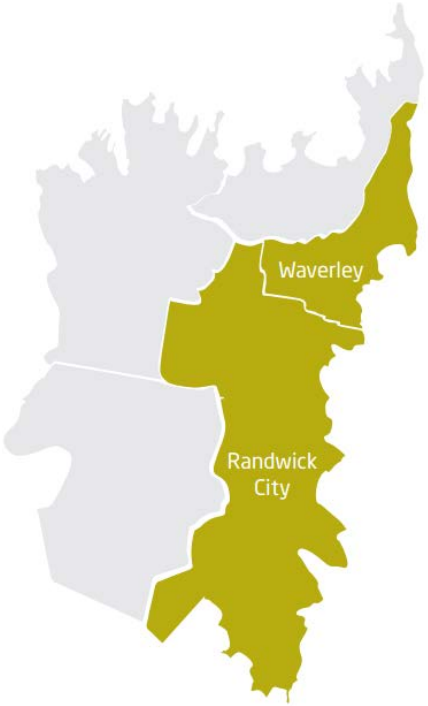
A Plan for Growing Sydney focuses on strengthening the global competitiveness of Sydney as it applies to the whole Sydney metropolitan area

not just Sydney city and it makes **development of all strategic locations across Sydney a priority**, including the **Sydney CBD, the Global Economic Corridor, Greater Parramatta and Sydney's gateways – the port and airports**. These examples illustrate the interwoven nature of the various elements that comprise the metropolitan nature of the global city.

The Global Economic Corridor identified in 'A Plan for Growing Sydney' links the strategic transport gateways of Sydney Airport and Port Botany, the Green Square urban renewal area, the Randwick Education and Health Strategic Centre, the Bondi Junction Strategic Centre with the CBD, North Sydney, Macquarie Park and through to Castle Hill and Norwest Business Park. The corridor also links through to Parramatta which has been identified as Sydney's second CBD. The growing western Sydney employment area and the future second airport for Sydney at Badgerys Creek are important to the growth and development of Sydney as a global city. The heavy rail links with western Sydney and the network of intermodals both planned and existing are crucial to the success and functioning of the strategic transport gateways.

The **competing requirement** to service significant residential areas with a variety of differing characteristics and needs including socio-economic profiles will **challenge the future growth and management** of the central Sydney area. The IPART have recognised there are "specific objectives for the City of Sydney LGA in meeting the State's objectives for a global city, which are **quite distinct** from the objectives for other suburban areas of Sydney" (IPART, *Methodology for Assessment of Council Fit for the Future Proposals*, June 2015, p33).

Our proposal: A merger of Randwick and Waverley Councils



Randwick and Waverley Councils have agreed to support a merger of these two councils. The following details how this merger proposal is broadly consistent with the Independent Local Government Review Panel's (ILGRP) preferred option in terms of scale; the key elements of strategic capacity; and broader regional and state-wide objectives, including addressing the 'Key Attributes of a Global City'.

A larger eastern suburbs council will create an organisation with a **stronger financial position**, more capable of delivering the expected level of **capital, infrastructure and maintenance investment** across the eastern suburbs in the long term. The merged council will provide the community with a **strong voice** in shaping the future of development, transport and other key infrastructure in the region with a greater capability to provide **new and enhanced services**.

Broadly consistent with the ILGRP's objectives

The IPART have advised, within the Fit for the Future Assessment Guidelines, an alternative merger option will meet the 'scale and capacity' criterion if it is "**broadly consistent"** with:

- "the **objectives** of the ILGRP for the **region"** (p10);
- **"**the **objectives** of the ILGRP **preferred option**" (p37); and
- "ILGRP **objectives** for **scale** and the **features of strategic capacity**" (p32)

Broadly consistent is defined as:

> "*Something that is... similar in the **most important ways**"... "**accepted by most people** in a general way, even if they do not agree about all the details*" Macmillan dictionary

A merger of Waverley and Randwick Councils is not only broadly consistent in the most important ways, it is supported by more of our community than the ILGRP's preferred 'Global City' merger. This merger is comparable with the six Sydney metropolitan councils considered by the ILGRP to already have scale and capacity, out-ranking most of these councils in terms of population, dwellings, jobs, businesses and Gross Regional Product. This merger also meets the ten key elements of strategic capacity and will be a strong partner for the NSW State Government in delivering their plans for the future of Sydney.

Most importantly, this merger aligns similar communities of interest. A **community of interest** is a common bond with people who share a common interest or passion. The Queensland State Government identified the need to locate common communities of interest into a single local government area as the reason behind the de-amalgamation of several former councils.

A report commissioned by Local Government Managers South Australia found "there is, in theory, no practical limit to the size of Local Government administrative regions, but there is a **tension** between maximising size in order to **generate efficiencies** and limiting enlargement in order to **secure a real and meaningful sense of community of interest**."[2]. A merger of Randwick and Waverley Councils offers the right balance between ensuring the efficient provision of services while sustaining the engagement of residents as outlined in the attached Business Case.

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 and is the headquarters of major international corporations and financial institutions. The City of Sydney is also home to numerous international tourist attractions. Servicing requirements in areas such as street cleaning, transport and events are significantly higher than those of the eastern suburbs councils as the City of Sydney needs to service the provisions of over one million workers, visitors and residents in the city on any one day. This is equivalent to a quarter of the Sydney metropolitan population, every day.

Whilst a number of tourist attractions are located across the proposed 'Global City' council area, there are three important issues that set the eastern suburbs apart from the City of Sydney:

- The tourism attractions within the Randwick and Waverley areas are predominantly coastal activities. As these **coastal attractions are located in primarily residential areas**, **councils with common "communities of interest"** are best placed to manage these attractions with a **sensitive balance of the needs of visitors, businesses and residents**.
- The management of coastal attractions is distinct from the attractions within other inner city and city areas. **Specialised services** are required including lifeguards, beach cleaning machinery, management of the natural and built environment, coastal risk management and storm response management.
- The City of Sydney Council has very little control and management responsibility for the harbour foreshore, with the majority of the land under State and Federal control (refer to the map on p85 of Randwick's Options Analysis, Appendix A - Link 5). So there is **no opportunity for any economies of scale in the joint management of the harbour and coastline**.

[2] Jaensch, Macintyre and Williams, Reinforcing Local Government, 2008, pp10-11.

Grant Thornton, in the report 'Waverley Council – Technical Assistance FFTF' (March 2015, Attachment 2.4), stated, in regards to a 'Global City' merger "the increase in Real Operating Expenditure Per Capita indicates operational inefficiency and may have a negative impact on the level of service provided to the community" (p22) and that this option would "struggle with the Buildings and Infrastructure Assets Renewal ratio" (p35). The City of Sydney has warned that "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""[3]

In contrast to these issues, a merger of Randwick and Waverley Councils also offers:

- closer **alignment of services** to enable **opportunities to enhance and expand service delivery** with an additional **$103m in savings** projected over 10 years (equivalent to $485 per resident), compared to $146m ($288 per resident) under a Global City merger;
- **greater local representation** than a Global City council could offer;
- a **less complex and costly merger** transition process; and
- demonstrated **collaboration and willingness to partner** (a study of Tasmanian local government mergers in the early 1990s concluded "that 'the success of amalgamation and reform in local government [was] … strongly influenced by the degree of local government involvement and support in the reform process, [these are] lessons that have wider application'[4]).

The following sections measure the strength of the new council against the criteria of scale; the ILGRP's 'Key Elements of Strategic Capacity'; and broader regional and state-wide objectives.

Scale

A merger of Randwick and Waverley Councils would provide the scale required to govern effectively and to provide a strong voice for our communities.

Scale is about more than population size, as affirmed and supported by the IPART, the ILGRP and both Professor Sansom and the Australian Centre of Excellence for Local Government in their submissions to the IPART on the Fit for the Future Assessment Methodology. Several councils in their submission to the IPART on the proposed Fit for the Future Assessment Methodology requested a target population size for councils in the Sydney metropolitan area. In the IPART's media release, dated 5 June 2015 regarding the release of the Fit for the Future Assessment Methodology, Dr Boxall stated "there is no one-size-fits-all measure or universal minimum population size in assessing a council's

[3] City of Sydney, Future Directions for NSW Local Government – Twenty Essential Steps: Submission to the Independent Local Government Review Panel, July 2013, p.45

[4] Haward, Marcus and Zwart, Ivan, 'Local Government in Tasmania: Reform and Restructuring', Australian Journal of Public Administration, September2000, Vol. 59 No. 3, p 34.

scale, beyond the options provided by the Independent Local Government Review Panel (ILGRP) in 2013…Scale and capacity are about more than population."

In Randwick Council's submission to the IPART in May 2015 it was recommended "the IPART consider the future targets for the three drivers of sub-regional planning in their assessment of scale: **jobs, dwellings and population**. These targets drive planning in areas such as open space and infrastructure requirements and land use planning. The scale of a council needs to be appropriate to manage and deliver these plans."

The proposed council has a population of **215,545,** the **3rd largest in NSW** and **11th largest council in Australia**[5], growing to **256,450 in 2031**[6]. The new council area encompasses **97,450 dwellings**, growing to **113,600 by 2031**[7]. The NSW State Government noted in the metropolitan plan for Sydney, 'A Plan for Growing Sydney', the Anzac Parade corridor is an area with "**local renewal opportunities yet to be identified**", indicating there is potential for additional future growth and population increase. Furthermore, in May 2015 the Corrective Services Minister, David Elliott requested briefings on a possible sale of land at the Long Bay Correctional Complex. The Long Bay site is larger than the nearby former Prince Henry Hospital redevelopment site which is now home to more than 1,800 people in more than 1,000 dwellings. The Bondi Junction and Randwick Education and Health Strategic Centres are also capable of providing further employment and residential growth.

With a combined **Gross Regional Product (GRP) of $11.8b**, the Randwick/Waverley LGA will be the **7th largest** council area contributing to the NSW economy[8]. The proposed council area will encompass **20,637 businesses** (**9th highest in Australia**)[9] and **80,483 workers (8th highest LGA in NSW)**[10]. In 2013-14 the value of **building approvals** within the Randwick and Waverley area was a combined **$1b**. As a combined LGA this is the **3rd largest area of investment in NSW** and **14th in Australia**[11].

[5] Estimated Resident Population, Australian Bureau of Statistics, Regional Population Growth, Australia, 2013/14.
[6] NSW Planning and Environment - New South Wales State and Local Government Area Population Projections: 2014 Final.
[7] NSW Planning and Environment - New South Wales State and Local Government Area Household and Implied Dwelling Projections, 2016 and 2031 forecasts.
[8] National Institute of Economic and Industry Research (NIEIR), 2013/14.
[9] Australian Bureau of Statistics, Counts of Australian Businesses, including Entries and Exits, June 2010 to June 2014.
[10] National Institute of Economic and Industry Research (NIEIR), 2013/14.
[11] Australian Bureau of Statistics, Building Approvals, 2013/14.

10 Measures of Scale				Randwick + Waverley Rank Against Other Councils			Sydney Metro Councils considered by ILGRP to already have 'Scale and Capacity'*					
	Randwick	Waverley	Randwick + Waverley	ILGRP's 'Scale and Capacity' Councils x/7	NSW x/152	Australia ** x/563	Bankstown	Blacktown	Campbelltown	Penrith	Sutherland	The Hills
Population	143,776	71,769	**215,545**	**3rd**	**3rd**	11th	200,357	332,424	156,572	194,134	225,070	187,703
2031 forecast population	174,300	82,150	**256,450**	5th	7th		240,800	473,300	215,750	261,450	267,750	280,900
2016 forecast dwellings	63,300	34,150	**97,450**	**2nd**	**3rd**		70,900	121,050	60,700	75,750	90,250	68,800
2031 forecast dwellings	74,600	39,000	**113,600**	**2nd**	**3rd**		86,200	168,350	79,550	99,850	106,950	97,450
Gross Regional Product	$7.8b	$4.0b	**$11.8b**	**2nd**	7th	19th	$8.9b	$13.6b	$5.3b	$7.6b	$8.4b	$9.1b
Local jobs	54,593	25,890	**80,483**	**2nd**	8th	26th	76,057	110,471	45,245	70,443	70,039	74,944
Number of Businesses	11,500	9,137	**20,637**	**2nd**	**3rd**	9th	15,144	17,670	8,124	12,423	20,650	19,860
2013-14 building approvals	$548m	$456m	**$1,005m**	**2nd**	**3rd**	14th	$444m	$1,236m	$415m	$713m	$492m	$689m
Value of roads, footpaths, drainage and buildings	$971m	$463m	**$1,434m**	**3rd**	7th		$1,637m	$1,831m	$935m	$952m	$929m	$945m
2013/14 Revenue	$135m	$123m	**$258m**	**2nd**	4th		$150m	$359m	$139m	$215m	$243m	$258m

*In the Sydney region there are only six councils the ILGRP recommended no merge or boundary adjustment would be required (excluding the Sydney fringe councils: Camden, Wollondilly, Hawkesbury) - These areas have populations close to or over 200,000.

** Excludes the Australian Capital Territory - in the ACT the responsibilities usually handled by local government are administered by a department of the territory government.

Sources: ABS, Regional Population Growth, Australia, 2013/14; NSW Planning and Environment - NSW State and Local Government Area Population Projections: 2014 Final; NSW Planning and Environment - NSW State and Local Government Area Household and Implied Dwelling Projections: 2014 Final; National Institute of Economic and Industry Research (NIEIR), 2013/14; ABS, Counts of Australian Businesses, including Entries and Exits, June 2010 to June 2014.; ABS, Building Approvals, 2013/14.; Office of Local Government, 2013-14 Comparative Data and 2013-14 Financial Statements.

Population

The ILGRP did not recommend a merger or boundary change for six existing Sydney metropolitan councils. The population of these six councils is close to or over 200,000 (2014), suggesting the threshold for a merged council should exceed this figure. Several independent reports have come to the same conclusion (please refer to Randwick City Council, *Options Analysis*, April 2015, p16, Attachment 2.5).

The merged council has a population of **215,545**[12] (2014 ABS Estimated Resident Population), growing to **256,450** in 2031[13]. It will be **Australia's 11th largest council** and the **3rd largest in NSW** behind Blacktown and Sutherland Shire Councils. The council will have a population larger than Wollongong Council and the **9th highest population density in Australia**.

Dwellings

The number of dwellings in the Randwick and Waverley area is forecast to be **97,450 by 2016**, rising to **113,600 by 2031** (Department of Planning and Environment). As a combined council, the area would represent the **3rd highest concentration of dwellings in NSW within a council area.**

Jobs and Businesses

With a combined **Gross Regional Product (GRP) of $11.8b**, the Randwick/Waverley LGA will be the **7th largest** council area contributing to the NSW economy. The proposed council area will encompass **20,637 businesses** (**9th highest in Australia**) and **80,483 workers (8th highest LGA in NSW)**. Westfield Bondi Junction is one of the strongest performing centres in Australia, attracting over 60,000 customers each day with annual retail sales of $1b (Scentre Group, June 2015). The Randwick Education and Health Strategic Centre, with a strong cluster of specialised health, education and research activities, plays a vital economic and employment role within the Sydney region and beyond.

In 2013-14 the value of **building approvals** within the Randwick and Waverley area was a combined **$1b**, as one LGA this will be the **3rd largest area of investment in NSW** and **14th in Australia**. In March 2015 the NSW State Government announced a $500m major redevelopment of Prince of Wales Hospital to foster further growth and innovation. This will further strengthen the role and function of the Randwick Education and Health Strategic Centre.

[12] Estimated Resident Population, Australian Bureau of Statistics, Regional Population Growth, Australia, 2013/14.
[13] NSW Planning and Environment - New South Wales State and Local Government Area Population Projections: 2014 Final

Recreational Visitors

The Waverley and Randwick coastline is an area of natural beauty. Randwick's 10 beaches attract **9.7 million visits a year** from residents, local visitors and tourists while Waverley's Bondi Beach alone **attracts 2.2 million tourists per year**. Waverley is the most densely populated area in Australia with 78 people per hectare,[14] and this can often more than double with up to 50,000 people per day visiting the world famous Bondi Beach alone. Both councils run and sponsor a number of significant events along the coast including the well-established, and very successful 'Sculpture by the Sea' event, which attracts a further 500,000 visitors to the area over three weekends every October.

The tourism attractions within the Randwick and Waverley areas are predominantly coastal activities. The management of coastal attractions is distinct from the attractions within other inner city and city areas. Specialised services are required including lifeguards, beach cleaning machinery, management of the natural and built environment, coastal risk management and storm response management. As these coastal attractions are located in predominantly residential areas, councils with common "communities of interest" are best placed to manage these attractions with a sensitive balance of the needs of visitors, businesses and residents.

Visitors to Strategic Centres

Randwick Health and Education: In addition to more than 6,000 staff, the University of NSW has 53,481 students with a daily attendance rate of 43,500 people. The Randwick Hospitals Campus employs 6,300 staff with an estimated daily attendance of 6,000 people plus hospital visitors. Together, the Randwick Education and Health Strategic Centre attract over **50,000 people per day**. However, these are self-contained campuses with lower demand on council services than equivalent major sources of a daily influx of people like areas within the Sydney CBD.

Bondi Junction: Bondi Junction is a key strategic centre within the eastern suburbs with a mix of residential, retail, hospitality, business, commercial, professional services and entertainment activities which attract both local and outside visitors to the centre. Westfield Bondi Junction attracts **60,000 people per day** while the busy bus/rail interchange caters for almost **40,000 commuters per day**.

[14] Estimated Resident Population, Australian Bureau of Statistics, Regional Population Growth, Australia, 2013/14.

The ILGRP's Factors in Defining Regions

When considering Joint Organisations and regional boundaries the ILGRP listed factors for consideration when defining regions (Box 29, page 81). A merger of Randwick and Waverley meets these factors, including:

ILGRP Factors in Defining Regions	A merger of Randwick and Waverley Councils
• **Manageable geographic area** and **suitable scale for strategic planning**	A merger of Randwick and Waverley covers an area of approximately 46 square kilometres, including 37 kilometres of natural coastline that includes the Bronte–Coogee and Cape Banks Aquatic Reserves. With 47 people per hectare, a merged council is the **ninth largest in Australia in terms of density**. The density, high numbers of visitors, students and workers and potential employment and residential growth in the Bondi Junction and Randwick Education and Health Strategic Centres, make this merger a manageable geographic area to deliver best practice local government services. Randwick and Waverley Councils are both within the same sub-regional planning area, and the merger brings together key elements of the sub-region including two strategic centres and key recreational areas and facilities.
• Regional or sub-regional **communities of interest** reflected in current arrangements, including existing ROCs and County Councils	Waverley and Randwick work in partnership with a number of community and regional groups. There is a strong **alignment in communities of interest** across the two council areas with more residents associating with the eastern beaches than their local council, suburb or a 'Global City' council. Strategic issues facing Randwick and Waverley are similar in terms of **planning, community, economic and infrastructure** requirements. An amalgamated council will enhance regional collaboration. Both councils work in partnership with each other, neighbouring councils, coastal councils, regional organisations and other community groups including: • **Southern Sydney Regional Organisation of Councils (SSROC):** both Randwick and Waverley are active members. • **Sydney Coastal Councils Group:** Randwick and Waverley work closely as member councils, promoting coordination on environmental issues and sustainable management of our urban coastal environment. • **Surf Life Saving Australia:** both councils work in partnership with a combined eight local Surf Life Saving Clubs to hold events and provide facilities and operational support.

- **Design Review Panel:** the two councils have shared the same Design Review Panel since 2003 and have similar initiatives in promoting design excellence.
- **Environmental Sustainability Programs:** the two councils have worked in partnership on a number of environmental sustainability programs including the $1.8m ecological footprint grant which was awarded jointly to Randwick, Waverley and Woollahra Councils by the **NSW Environmental Trust** through its Urban Sustainability Program.
- **Chambers of Commerce and Randwick City Tourism:** both councils work in partnership with these groups on a number of initiatives such as the Kingsford Night Noodle Markets and the Bondi Junction Global Table event.
- **Local Precincts:** Both Waverley and Randwick Councils have precinct committees (formal resident groups).
- **Sydney Roosters and South Sydney Rabbitohs:** Randwick Council partners with local professional rugby league football clubs to deliver a number of programs to encourage children to engage with different learning styles while rewarding their achievements with NRL tickets and merchandise. The partnerships also include support for volunteer and indigenous programs in the community.
- **Affordable housing organisations:** Both councils work with housing organisations including St George Community Housing, Community Housing Ltd and Bridge Housing.
- **Regional inter-agency community service networks:** Waverley and Randwick Councils participate in a number of regional inter-agency networks which bring together different levels of government to coordinate the provision of community services in the local region. Examples include the Eastern Sydney Aged and Disability Interagency Network (coordinated jointly by Randwick and Waverley), Homelessness Interagency Network (coordinated by Waverley), and the Headspace regional youth mental health service which is supported by both Waverley and Randwick Councils.
- Other **community organisations**: Waverley Council partners with 17 **community organisations** in providing key services to the Waverley area and regionally, through providing funding and/or subsidised accommodation. These include children's services, youth services, outreach and homelessness services, housing support, drug and alcohol services and domestic violence support. Randwick also supports a number of community organisations. In addition, both councils provide small grants programs which encourage a broad range of community organisations, schools and residents to implement initiatives

	which benefit the community, such as environmental programs, community gardens, cultural events and other community projects.
• **Alignment** as far as possible with **key State and Federal agencies** for **strategic planning purposes** • In the Sydney region, **alignment** with **sub-regional boundaries proposed for the metropolitan strategy**	Both Waverley and Randwick Councils are within the Central region for sub-regional planning purposes as defined by NSW Department of Planning and Environment, and were placed within the same merger group by the ILGRP. **Objectives for the region** The merged council is a **strong partner** for the State and Federal Governments in the delivery of their objectives for this region including: • Coordinated planning for two key **strategic centres** - the strategic centres of Bondi Junction and Randwick Education and Health adjoin and form part of the southern portion of the global economic corridor. • Potential to extend and connect **transport networks** to the strategic centres - linking the key travel demand corridor between Randwick and Bondi Junction. • Planning and management of similar **housing growth** patterns – eg: infill, densification around centres/ corridors with housing growth focussed in and around strategic centres and transport corridors. • Enhanced management of **key recreational destinations** and attractions that generate a large amount of cross-border overflow, such as the Coastal Walkway which extends along the foreshore of the two LGAs. **Demonstrated partnerships and projects with State and Federal agencies** The merged council would work in partnership with other levels of government and neighbouring councils on significant projects with the stature, resources and skills to be a respected and capable partner. Both councils already liaise with the same officers from State agencies such as the Department of Education and Communities, Transport for NSW and Department of Planning and Environment. Example of projects and partnerships with State and Federal agencies include: • **Commonwealth Departments of Environment and Finance:** The Randwick and Waverley area

have existing interests in aligning with the Commonwealth Departments of Environment and Finance in planning and delivering the Western Walking Track across the Malabar Headland National Park. This is currently a "missing link" in the iconic Eastern Beaches Coastal Walkway which extends the whole length of the Randwick and Waverley coastline. When access to Commonwealth land is allowed it will provide to the public not only a much needed walking route between Maroubra and Malabar beaches but also a long-awaited complete walkway from Bondi Beach to Malabar Beach. Given the strong community of interest that the coastal walkway offers for both Randwick and Waverley, both Councils will work together to gain the Commonwealth's commitment to allow access to survey, design and construct the walkway.

- **NSW Office of Local Government:** Both councils work closely with the OLG to strengthen local government, including participation in working groups to discuss and explore reform issues and solutions.
- **Sydney Water:** Innovative partnership with Randwick Council to undertake a feasibility study on kitchen food scraps recycling to produce electricity and joint works at Malabar to reduce stormwater run-off to the beach at Long Bay.
- **NSW Marine Estate Management Authority:** A combined Randwick and Waverley Council would result in strong cooperation in managing and protecting the rich and diverse marine estate along the Waverley and Randwick coastline. This combined coastline **contains 2 of only 12 declared aquatic reserves in NSW**: the **Cape Banks Aquatic Reserve and the Bronte-Coogee Aquatic Reserve**, the latter of which straddles the Randwick and Waverley coastline extending from Bronte Beach to Coogee Beach. Randwick and Waverley's regional collaboration in this marine estate will align with the goals and objectives of the **NSW Marine Estate Management Authority** to primarily identity issues affecting the health of marine estates and identify the most cost effective strategies to avoid or manage these risks. While this alignment with state agency exists, Randwick and Waverley already have a strong common interest in managing the Bronte-Coogee Aquatic Reserve because of not only its common location but, more specifically, its extensive rocky shores and nearshore reefs that are iconic of Sydney's eastern suburbs. It should be noted that the NSW Marine Estate Management Authority makes a **clear distinction between the marine estate needs and priorities for Sydney Harbour and those of the eastern suburbs aquatic reserves** which form part of a distinct grouping called the Hawkesbury Shelf Marine Bioregion. **This distinction** supports the view that a **merged council is best suited** to provide a **local specialised approach to marine estate management** of the

eastern suburbs coastline including **balancing community activity needs** with the **long term protection of habitats**.

- **Transport for NSW:** Partnership to investigate the feasibility of providing a light rail service from the Sydney CBD to Kingsford and Randwick as well as from Bondi Junction to Bondi Beach.
- **Department of Planning and Environment:** Joint planning for the Bondi Junction and Randwick Education and Health Strategic Centres and broader sub-regional planning.
- **Housing NSW:** Both councils collaborate with the Department of Family and Community Services for enhanced services for our residents residing in housing managed by the NSW State Government.
- **Police**: Both councils work closely with their Local Area Commands on issues such as anti-social behaviour and traffic issues.
- **Federal Department of Social Services and the NSW Department of Family and Community Services**: Waverley Council partners with both federal and state government agencies to support capacity building and best practice for the aged and disability sector in the South East Sydney region. Waverley is also funded by the state and federal governments to provide direct service delivery to older people in the South East Sydney Region through the Waverley Community & Seniors Centre, as is the aged component of Randwick's Home Maintenance and Modification Service.
- **NSW Department of Family and Community Services:** Waverley also partners with this department to provide its innovative independent living program for people with intellectual disability, servicing a regional client group. This program receives grants of over $400,000 p.a. The disability component of Randwick's Home Maintenance and Modification Service is also funded by the NSW State Government.
- **NSW Department of the Environment:** Waverley was recently awarded a $1 million federal grant from the Protecting National Historic Sites program to carry out important design and conservation work on Bondi Pavilion that will enhance visitor understanding of and access to Bondi Beach.
- **Crown Lands:** Both councils manage cemeteries and work closely with Crown Lands on the management of these areas.
- **Roads and Maritime Services:** Both councils work closely with RMS officers on traffic management and road safety initiatives.

- **Coastal Tourism and Destination NSW -** both Randwick and Waverley have potential synergies for bringing together major tourist icons, including beaches and associated coastal features, as well as cultural events and tourism activities in our combined region. The tourism attractions within the Randwick and Waverley areas are predominantly coastal activities. The management of coastal attractions is distinct from the attractions within other inner city and city areas. Specialised services are required including lifeguards, beach cleaning machinery, management of the natural and built environment, coastal risk management and storm response management.

  "Coastal tourism communities are sites where frequent land and recreational use conflicts occur"[15]. The coastal attractions within Randwick and Waverley are located in predominantly residential areas. Councils with common "communities of interest" are best placed to manage these attractions with a sensitive balance of the needs of visitors, businesses and residents.

  A merged council creates one strategic approach to tourism along the eastern Sydney coastline recognising the significant contribution tourism can make to employment and the ongoing prosperity of Randwick and Waverley, while being sensitive to environmental and social issues. In doing so, Randwick and Waverley will align with the vision of a key state agency, Destination NSW, to grow visitor and tourism economy to maximise the benefits of the visitor economy for NSW, and to make Sydney and NSW one of the world's most successful tourism and events destinations.

A Pattern for Sydney

This merger proposal is **broadly consistent with the objectives of the ILGRP for the region**. A merger of Randwick and Waverley Councils is within the ILGRP's preferred merger pattern, with both Councils within the 'Global City' merger option. A further two alternatives, unsupported by our neighbours, have been suggested within this proposal. Both of these alternatives also sit within the ILGRP's pattern of a 'Global City' merger option.

The IPART's methodology states it will consider the ILGRP's objective to "establish a more equitable pattern of local government across the metropolitan region, taking into account planned development" (p23). We understand the IPART will look at the merits of each council's or grouping of councils' proposal and advise the Government whether the proposal is fit. We recognise it is then a matter for the NSW State Government to establish the appropriate pattern of local government across Sydney.

[15] United Nations Environment Program, Disaster Risk Management for Coastal Tourism Destinations Responding to Climate Change, 2008, p82.

Strategic Capacity

ILGRP Key Elements of Strategic Capacity	The new council
1. More robust revenue base and increased discretionary spending	• Financial modelling indicates an amalgamation of Randwick and Waverley is forecast to **increase services** over four years by **$15m ($73 per resident)** after funding amalgamation costs. This increases to **$103m ($485 per resident)** over 10 years, while **meeting the seven 'Fit for the Future' ratio benchmarks** in three years, **eliminating the backlog** of works required on roads, footpaths, drains, buildings and in parks and beaches in five years and **repaying debt**. • This is estimated to be the **least costly amalgamation** of the six options analysed at **$12m over four years** (net cost after the NSW State Government merger grant of $10.5m). • The 2013-14 combined revenue of the two councils is **$258m**. As a merged council this represents the **4th largest revenue base of all NSW councils**[16]. • In 2016-17 the merged council would have an Own Source Revenue ratio of 91%. • In a report commissioned by Waverley Council, Grant Thornton advised Waverley Council that merging with Randwick Council "is the **strongest option** for Waverley" with Randwick "a strongly attractive option as part of any combination, but more so when it is not diluted by any other council." (March 2015, p28, Attachment 2.4). For more information refer to: Randwick City Council's Options Analysis – Appendix C Financial Context (Attachment 2.5) Grant Thornton, Waverley Council Technical Assistance FFTF, March 2015 (Attachment 2.4)
2. Scope to undertake new functions and major projects	• This merger is projected to result in cost savings and hence increased services over ten years of **$103m ($485 per resident),** providing scope to undertake new functions and major projects. • Financial modelling indicates there would be no need for this council to take out borrowings to fund projects and services. However, the new council would have the future capacity to borrow **$278m** based on

[16] Office of Local Government, 2013-14 Comparative Data Report, June 2015.

TCorp's Debt Service Coverage Ratio benchmark. Assessed against the IPART's Fit for the Future Debt Service Ratio, borrowings of up to **$467m** could be made and still fall within the 20% benchmark[17].

- The pooling together of **skilled staff and a significant asset base** also provides greater opportunity to take on major projects and new functions.
- A merger may present an opportunity to undertake large scale projects that would otherwise not be considered feasible by the two councils, for example the opportunity to explore and invest in **alternative waste technology and facilities** given the increase in the quantity of waste by combining the two councils. This may be in partnership with State Government agencies such as Sydney Water through initiating projects such a diversion of food waste from landfill. Significant environmental projects such as investigating tri-generation technology for council buildings and future developments could also be investigated.
- A merger will enhance the Councils' existing capacity to undertake new functions and major projects, delivering these outcomes in a faster timeframe to the community. Randwick and Waverley have demonstrated they have the ability to undertake major projects. Recent examples include:
    - Randwick's $68m investment in light rail;
    - Significant planning and investment in regional recreational facilities at Heffron Park;
    - Masterplan for Bondi Junction;
    - $36m Complete Streets program - capital improvements to the streets and public spaces of the Junction;
    - Waverley's Green Infrastructure Masterplan - looking at innovative ways of creating energy, recycling water and recycling and disposing of waste;
    - $60m Bondi Junction Civic Heart project which proposes to better utilise Council's property assets in the Junction; and
    - $26m allocation over the next seven years for Bondi Park, Beach and Pavilion Plan of Management, including the Bondi Pavilion Upgrade and Conservation project.

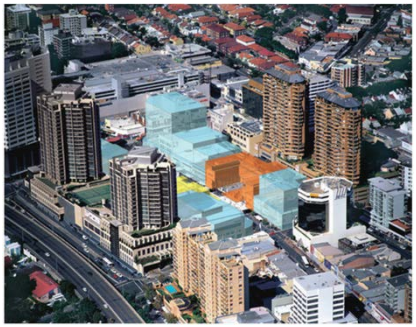
[17] Based on a 10 year loan at 5% and 2019-20 projected financial results (2019-20 is the final year of financial results requested by the IPART). Based on both Councils 2013-14 financial results, the councils could currently borrow a combined $171m to $373m.

Projects such as these examples would benefit from the councils' increased strategic capacity.

- Waverley and Randwick Councils generally provide **similar services and functions** due to their **shared communities of interest** – such as the provision of beach related facilities and services. The councils collaborate to deliver a number of community-focussed programs including domestic violence and mental health projects, volunteering, environmental sustainability activities and more specifically a Home Maintenance and Modification Service to Home and Community Care clients residing in the Waverley and Randwick Local Government Areas. The collaborative social welfare and environmental sustainability projects that are jointly delivered to the residents of Waverley and Randwick City highlight the **communities of interest** that exist across the two areas. Additionally, the **similar demographic characteristics and cultural values** that have underpinned the successful collaborations to date provide a **strong foundation** for the merger of Waverley and Randwick.

Light Rail, Anzac Parade

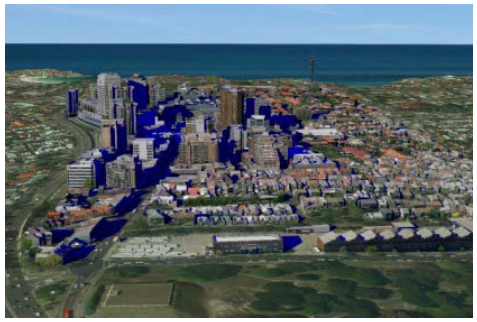
Heffron Park Plan of Management

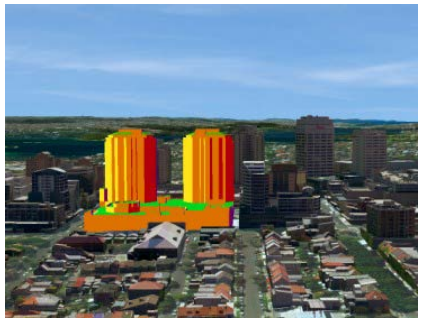

Bondi Junction Town Centre Masterplan

3. Ability to employ a wider range of skilled staff

- Building on the workforce strategies of both councils, the new organisation's ability to attract and retain talented people from a more diverse pool, reduce turnover costs, enhance performance and build a robust leadership pipeline for the future will be enhanced through a merger.
- A larger council will offer more **diverse, strategic and specialised roles**, horizontal and vertical **career progression** steps, reinforcing our comprehensive **training and development** opportunities with continued focus on **leadership** development, high performance culture and being an **employer of choice**.
- Broadening the talent pool will introduce greater **diversity** in the workplace providing opportunities for strengthening **succession planning** and **leadership** development.

- Opportunities to work with other levels of government and future neighbouring councils on significant major infrastructure and community strengthening projects and to provide new services may develop **new skill sets**, as will the opportunity to investigate and introduce new technology, plant and equipment.
- A merger would enable the councils to **bring forward projects** already underway at Randwick and Waverley Councils such as further development of the 3D modelling system to help guide strategic planning decisions and development assessment. This system creates an interactive model for strategic planning and development application analysis as well as an informative tool for the community, neighbours, applicants and officers to understand and see the impact of proposals (through functions such as accurate shadow casting, view analysis and urban design investigations).


3D Modelling– Bondi Junction Shadow Casting


3D Modelling – Bondi Junction

3D Modelling – Randwick Town Hall

4. Knowledge, creativity and innovation

- Leverage from existing capabilities and build on the knowledge, creativity and innovation of staff that has enabled the two Councils to **manage** complex change and major projects as well as implement award winning **learning and development** programs and embrace **technology** (e.g. MyRandwick app, mobility system for operational staff (Integrated Management of Works System (IMOWS)), 3-D modelling for planning, electronic lodgement of development applications and public Wifi). These initiatives result in improved and efficient services, increased customer satisfaction and better outcomes for our community.
- A larger organisation will provide staff with an opportunity to stretch and grow within their existing role or to step out into new roles, as roles will naturally broaden because of the larger size of the organisation. Providing more **opportunities** and more often will enhance expertise, creativity and innovation across the new council. As will the ability to **pool resources** to invest further in technology.
- A more **diverse workforce** will introduce more perspectives and therefore more innovative solutions in addition to reducing the 'key person' risk, where only one person may have the knowledge and skills to

manage specialised equipment or systems.

- Foster a **culture of continuous improvement**, underpinned by the Business Excellence Framework where leadership, innovation, excellence, accountability, integrity, respect and customer focus are valued, encouraged and rewarded.

MyRandwick App

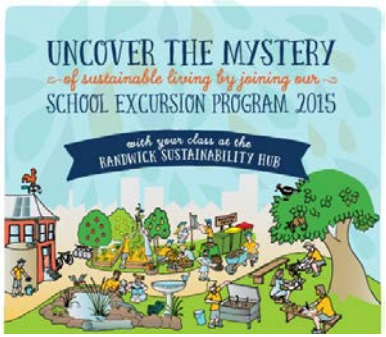
Integrated Management of Works System (IMOWS)

Bondi Beach was the first in Australia to offer free wi-fi

5. Advanced skills in strategic planning and policy development	The merged council will have high capacity to support the implementation of metropolitan strategy and sub – regional delivery plans and reinforcement of strategic capacity of the major centres identified for the area: • Both councils are "renowned for their efficiency and focus on outcomes, based on the Integrated Planning and Reporting framework." (ILGRP Essential Element for an Effective System of Local Government). A merger would present an opportunity to utilise the capabilities of Randwick and Waverley, recognised **industry leaders** in integrated planning, to develop a new comprehensive and integrated plan for the new council area. • Build on the partnerships the two councils have developed over many years in joint **environmental sustainability** programs (including the $1.8m ecological footprint grant awarded jointly to Randwick, Waverley and Woollahra Councils, joint beach litter and food waste campaigns and grant funding for energy audits of residential households). • The OLG has advised 'Fit for the Future' councils will be eligible for **additional planning powers**, including more local plan making and development assessment, providing staff with greater **exposure** and **career**

development opportunities and giving the Council and community **more input in the way the area develops**.

- The LEP and comprehensive DCP of both Waverley and Randwick are recently adopted. Integration of the **planning controls** between the two councils would likely be a relatively smooth transition process. The two councils have shared the same **Design Review Panel** since 2003 and have similar initiatives in promoting design excellence.
- Build on expertise and experience in **urban design** through broadening the existing joint Randwick/Waverley Urban Design Review Panel. Both Councils are currently working together to jointly tender to establish a new Urban Design Panel to serve both LGAs in a broader capacity. (Options Analysis Appendix A, p90-91 (Attachment 2.5)). Both councils run urban design awards with guest speakers promoting good design.
- Waverley's Development Assessment Panel (WDAP), which determines development applications on behalf of the Council, is well regarded. Due to its success, Waverley has requested that the state government delegate the functions currently carried out by the Joint Regional Planning panel to the WDAP.
- Both councils have strong strategic planning functions, with key priorities to plan for the Bondi Junction and Randwick Education and Health **Strategic Centres**.
- Both councils have similar approaches to **e-planning** and similar capacity levels in terms of staff skills (3D modelling as a planning tool, digitised planning instruments, etc.). A merger will further enhance these innovations in e-planning. (Options Analysis Appendix A, p92-93 (Attachment 2.5)).



'Reduce Your Footprint' – award-winning collaboration between Randwick, Waverley and Woollahra Councils and their communities, to work together to help reduce the community-wide Ecological Footprint of residents living in Sydney's Eastern Suburbs

6. Effective regional collaboration	Strategic issues facing Randwick and Waverley are similar in terms of **planning, community, economic and infrastructure** requirements. The proposed merger creates a high capacity council that enhances partnerships with both State and Federal Governments and provides a high level of representation and service to the community on all these strategic issues. An amalgamated council will enhance regional collaboration with future neighbouring councils and the State Government agencies, for example: • Coordinated planning for two key **strategic centres** is enhanced by this merger – the Bondi Junction and Randwick Education and Health Strategic Centres adjoin and form part of the southern portion of the global economic corridor. • Potential to extend and connect **transport networks** to the strategic centres - linking the key travel demand corridor between Randwick and Bondi Junction. • Planning and management of similar **housing growth** patterns – eg: infill, densification around centres/ corridors with housing growth focussed in and around strategic centres and transport corridors. • Common **affordable housing** issues - joint affordable housing strategy to facilitate the supply of affordable housing and housing choice for the community. Waverley provides an affordable housing program and a social housing program. • Waverley manages and supports a number of regional community services including Waverley Community Living Program – an innovative program to support independent living for people with an intellectual disability and Waverley Family Day Care program. • Waverley and Randwick participate in a number of regional inter-agency community service networks which coordinate services in areas of common community need. • The combined economic value to the NSW economy of Randwick and Waverley is **$11.8b GRP** (2.5% of NSW GRP).[18] A merger will enhance the ability of the councils to support and manage long term **economic growth** across the eastern suburbs through a single Economic Development Strategy. • Enhanced management of **key recreational destinations** and attractions that generate a large amount of cross-border overflow, such as the Coastal Walkway which extends along the foreshore of the two LGAs.

[18] National Institute of Economy and Industry Research (NIEIR), 2014

	• Potential for continuous **green links** both north-south and east-west across the City - experience of Waverley Council's Green Links Project can be applied to Randwick, to achieve improved connectivity of its open space network. • Opportunity to work in **partnership** with other levels of government and neighbouring councils on significant projects with the stature, resources and skills to be a respected and capable partner. Both councils already liaise with the same officers from State agencies such as the Department of Education and Communities, Transport for NSW and Department of Planning and Environment. Green Links Project Coastal Walkway Waverley Cemetery
7. Credibility for more effective advocacy	• Representing a population of 215,545, the new council will have strong capacity to advocate and negotiate on behalf of the community. It would be an equal partner for neighbouring large councils like City of Sydney with a strong focus on **strategy**; **well informed and resourced**; a **leader in reform**; an ability to provide **solutions for complex issues**; and to play a **strong role** in the wider system of government.
8. Capable partner for State and Federal agencies	• Both councils individually and together have had major roles in working with State Government on the delivery and implementation of **major projects** (e.g. subregional planning, light rail, water and sewage projects to improve water quality and jointly seeking grants from State and Commonwealth Governments to improve the environmental quality of the region). • With greater **stature**, **integrated strategies,** a larger **revenue base** and **skilled staff**, the new council will be

	a valuable partner for State and Federal agencies. • Waverley provides a number of high quality, state funded community services including the Seniors Centre and Waverley Community Living Program. • Randwick has collaborated with the NSW State Government in the planning of the CBD and South East Light Rail (CSELR) including allocating $68m towards Light Rail infrastructure support works. • Sydney Water and Randwick Council partnered to conduct an innovative feasibility study to see if kitchen food scraps could be processed at a sewage treatment plant to produce electricity and to reduce waste going to landfill. Paul Freeman, Acting Managing Director of Sydney Water, stated "This process would be an Australian first and a wonderful example of Sydney Water and Randwick Council working together on innovative solutions to enhance the quality of life for residents in Randwick City. It follows the good work we've done together at Malabar to reduce stormwater run-off to the beach at Long Bay."[19]
9. Resources to cope with complex and unexpected change	• The new council will have the **requisite knowledge, creativity** and **innovation** to enable it to manage complex change. The larger structure of the council will enable it to **respond** to the diverse needs of the community and manage and **plan for growth** within the eastern suburbs region. It will be of a sufficient size to generate **cost efficient and effective services** and provide **quality facilities** to the community, as identified through **integrated planning**. • This merger is projected to result in cost savings and hence increased services over ten years of **$103m ($485 per resident),** providing resources to manage complex and unexpected change. Furthermore, once the backlog of works on infrastructure and building assets is complete (2019-20), the new council's expenditure on the renewal and maintenance of assets is expected to exceed the required minimum level by an average **$6m per year**. These funds could also be diverted to address unexpected and complex change. • The new council will have the future capacity to borrow **$278m** based on TCorp's Debt Service Coverage Ratio benchmark. Assessed against the IPART's Fit for the Future Debt Service Ratio, borrowings of up to **$467m** could be made and still fall within the 20% benchmark[20].

[19] http://www.randwick.nsw.gov.au/about-council/news/news-items/2014/june/sydney-water-and-randwick-city-council-look-to-recycle-food-scraps-into-electricity

[20] Based on a 10 year loan at 5% and 2019-20 projected financial results (2019-20 is the final year of financial results requested by the IPART). Based on both councils 2013-14 financial results, the councils could currently borrow a combined $171m to $373m.

- Both Waverley and Randwick Councils demonstrated strong capacity and resilience in responding to a recent 'super-storm' along the coast which left tonnes of sand across beachside promenades and parks. The capacity of the councils to prepare and respond to unexpected events like this storm will be strengthened through a merger.

Bondi Beach storm clean up - April 2015
Source: Daily Telegraph, 23 April 2015 Photo: Mark Evans

Coogee Beach storm clean up - April 2015
Source: SMH, 24 April 2015 Photo: Steven Siewert

10. High quality political and managerial leadership

- Both Councils "have highly skilled mayors[21], councillors and executive teams; and are respected by the State government and community alike" ILGRP '*Essential Elements of an Effective System of Local Government*'.
- In **recognition of their skills and capacity**, staff from both Waverley and Randwick are among few councils that are called upon on a regular basis to participate in forums with the State Government agencies on various reform matters including planning reform, infrastructure contributions and the revenue framework of local government. As industry leaders, council staff participate and contribute to a number of industry boards, panels and State Government established working groups including the NSW Local Government Finance Professionals and working groups on remediation/contamination issues such as mercury contamination in the Randwick/Botany area.
- Both councils have received numerous **awards** as independent recognition of innovative and outstanding performance across a range of areas including innovative planning, high quality and diverse community services, communication and community engagement, outstanding environmental leadership, excellent

[21] Waverley Mayor Sally Betts won Highly Commended in 2013 NSW Ministers' Award for Women in Local Government

recreational facilities and strategic asset management.

- Demonstrating high managerial leadership, Randwick Council facilitated and worked closely with every council in Sydney to develop the Sydney Water Road Reserve Restoration Memorandum of Understanding, the first time this many councils have worked together to address a significant issue for our communities.
- Both Councils provide extensive **professional development programs and support to their Mayor and Councillors** and this will be further enhanced for the new council. Existing initiatives for Councillors include the opportunity to undertake the Australian Institute of Company Directors Course, Randwick's award-winning Online Councillors' Guide (for both candidates and councillors) and a training program for newly elected councillors (Randwick, Waverley and Woollahra Councils have previously conducted a combined briefing session for newly elected Councillors). Both Councils have "Mayors who are recognised leaders both within the council and throughout the local community, and enjoy a positive reputation for that leadership" ILGRP '*Essential Elements of an Effective System of Local Government*'.

Broader regional and state-wide objectives

Key subregional and state-wide objectives	How the merger will help deliver these objectives
• **Economic growth** to be **concentrated in the economic nodes** of global Sydney, the global economic corridor, southern Sydney employment lands, strategic centres, and transport gateways of Port Botany and Sydney Airport	• A merger will enable coordinated planning for the diverse Bondi Junction (Waverley LGA) and Randwick Education and Health Strategic Centres (Randwick LGA). These strategic centres adjoin and form part of the eastern and southern portion of the global economic corridor. • A Global City merger is likely to focus economic growth in the existing City of Sydney area, resulting in less focus on the growth of employment in strategic centres like Bondi Junction. • NSW Ports, in their letter dated 24 June 2015, support an amalgamation that responds to and assists with the delivery of their objectives. A merger of Randwick and Waverley Councils creates beneficial synergies, strong strategic planning capabilities and enhanced advocacy to respond to and assist in the delivery of the NSW State Government's objectives for Australia's second largest container port.
• **Increase housing choice** around centres through urban renewal in established areas • **Future housing growth to be focused in strategic centres, government (surplus) land, transport corridors and areas identified for urban renewal** • Increase the percentage of the **population living within 30 minutes by**	• Both councils currently provide for diverse housing types with housing density in and around town centres such as Bondi Junction, Maroubra Junction, Kingsford and Kensington town centres with good access to employment, public transport, facilities and public space while also providing for lower scale housing forms in less accessible and environmentally sensitive areas. • State Government planning direction through the 'A Plan for Growing Sydney' focuses housing supply and diversity to be in and around strategic centres, transport corridors and areas undergoing urban renewal. A merger of the two councils will contain key strategic centres: Bondi Junction and Randwick Education and Health, the transport corridors of the rail line from Kings Cross to Bondi Junction, the CBD and South East Light Rail and the Bondi Road corridor linking Bondi Junction to Bondi Beach, the location of "one of the busiest bus routes in the southern hemisphere"[22] and the corridor generating an estimated 56% of all the retail turnover in the eastern suburbs (SGS Eastern Suburbs Economic Profile Report December 2013, Attachment 2.3). • The State Government have advised a 'Fit for the Future' council will have more planning powers, including local area planning. A merger of Randwick and Waverley Councils will give the community a

[22] State Transit Authority of NSW, *Improving Efficiency: An Evaluation of Sydney Buses "Bondi Bendy" Prepay Service*, 2007, p3.

public transport of a city or major centre	**greater say** in the way the area develops. • Importantly, the merger would assist in the **coordinated planning** of these areas to focus housing growth and diversity in and around **strategic centres, transport corridors and areas identified for urban renewal** providing homes closer to jobs, while also providing for lower scale housing types in appropriate areas. • A merger would also provide for a coordinated approach to the delivery of **affordable housing** in the community. Both councils have identified the importance of providing affordable housing with dedicated affordable housing strategies and policies in place to facilitate the retention and supply of affordable housing in their communities. A joint affordable housing strategy would strengthen the facilitation of the supply of affordable housing and housing choice for the community. (Refer to Randwick City Council's Options Analysis, Appendix A, p75-77 (Attachment 2.5))
• **Connecting centres with a networked transport system**	• Waverley and Randwick share similar transport and resident travel characteristics, with **59,495 trips** made between the two LGAs on an **average weekday.**[23] • The councils share common **bus services** and this may be amplified with the reallocation of bus services arising from the implementation from the new light rail service to Randwick. • The experience of Randwick Council in working closely with Transport for NSW on the light rail project would be beneficial in exploring opportunities to further expand the light rail service across the eastern suburbs. This could include the opportunity to investigate and advocate for **extension of the light rail** from Randwick to Bondi Junction to connect these two strategic centres as well as building on the existing feasibility study undertaken by Waverley Council for light rail along the very popular Bondi Road corridor linking Bondi Beach to Bondi Junction. • Improved coordination of implementation of **strategic cycle routes** and increased opportunities to seek substantial funding from RMS for these routes.
• Improve access to **recreational opportunities** and linkages between	• Both councils contain key recreational destinations and attractions that generate a large amount of cross-border overflow with similar foreshore open space typology and usage: beaches, foreshore reserves etc. including the Coastal Walkway which extends along the foreshore of the two LGAs and has been rated TripAdvisor's number one Sydney attraction. A merger presents an opportunity to **enhance and align the**

[23] Bureau of Transport Statistics, Transport for NSW, Household Travel Survey, 2011-12

regional open spaces to form a **green space network**	**management of these recreational attractions and facilities,** including developing the **first combined Recreation Needs Study** for the eastern beaches region. • Opportunity to extend Waverley Council's **Green Links** Project to Randwick, to **achieve improved connectivity with Randwick's large open space network** and create continuous green links both north-south and east-west across the eastern beaches.

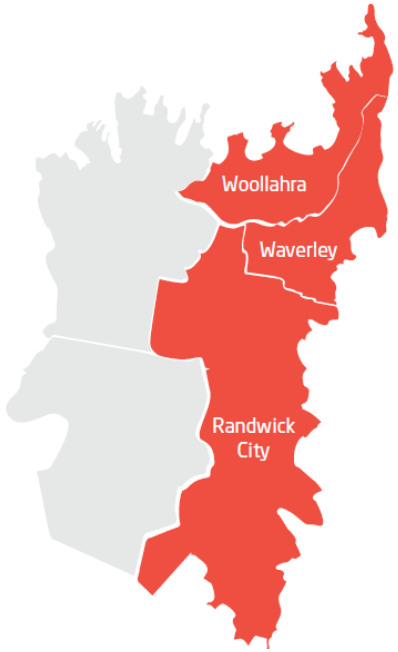
Alternative options

The ILGRP's alternative option for the City of Sydney suggested "relatively minor adjustments to the city's current boundaries to enhance the potential for improved urban management (e.g. at Newtown, Paddington and south into Botany) and to include regional facilities such as Centennial Park." (Revitalising Local Government, Oct 2013, p100). It is assumed this alternative would, by default, result in a merger of the remaining areas of Woollahra, Botany and Randwick Councils with Waverley Council to create an eastern suburbs council. Without proposing boundary adjustments, both Randwick and Waverley Councils have investigated options for an eastern suburbs council.

SGS Economics and Planning was engaged by Randwick City Council in late 2012 to provide expert advice on structural reform within eastern Sydney. This report (Attachment 2.1) analysed a number of merger options with reference to the ILGRP's key factors to consider when reviewing local government boundaries and 'essential elements of local government'. Waverley Council recently commissioned Grant Thornton to analyse potential merger options, with consistent conclusions regarding eastern suburbs mergers.

Due diligence has found that the four eastern Sydney councils provide **similar services and functions** and have **similar communities of interest**. This level of **compatibility** is critical to ensuring the viability of a successful local government. The Queensland (de-amalgamation) experience highlights the importance of **aligning communities of interest**, with the Queensland Boundaries Commissioner listing communities of interest a key criteria to demonstrate in his assessment of the viability of former shires who wished to de-amalgamate. The ILGRP also recognise the importance of maintaining "a strong sense of local identity and place" as both an '**essential element of an effective system of Local Government**' (Box 7, p31) and a criterion '**for determining future Local Government boundaries**' (Box 27, p76) in their final report.

Waverley's alternative option – A merger of Woollahra, Waverley and Randwick Councils



Waverley Council's resolution of 10 June 2015 supported a merger of Waverley Council with Woollahra and Randwick Councils as their preferred outcome. A merger of Woollahra, Waverley and Randwick Councils would create a council with a population of **270,693**[24] estimated to grow to **323,700** by 2031[25]

Randwick, Waverley and Woollahra Councils are within the same sub-regional planning area, and were grouped within the same ILGRP preferred merger option. This merger presents a solution for the eastern Sydney region, with the two key **strategic centres**, being Bondi Junction and Randwick Education and Health, located within the proposed LGA, along with key **coastal visitor attractions** such as Watsons Bay, The Gap, Bondi Beach, Coogee Beach and La Perouse. The **connectivity** between these relatively built up areas would be improved through an enhanced regional approach to facilities such as cycleways, green links and walkways.

This merger would bring together three councils that share many **commonalities** in their demographics, shoreline character and usage and would provide an opportunity for further coordination in the planning of **coastal, harbour and recreational activities**. The three councils already **share resources** in researching, developing and implementing sustainability programs. Waverley and Woollahra Councils have recently relocated to a **shared works depot** and are in partnership to construct a new State Emergency Service facility to jointly serve their communities.

Based on financial modelling this merger would result in cost savings and hence an opportunity to increase services by **$235m over ten years** while meeting the seven 'Fit for the Future' ratio **benchmarks in two years**, eliminating the **backlog** of works required on roads, footpaths, drains, buildings and in parks and beaches in five years and repaying **debt** (Randwick Options Analysis, May 2015, page 12 (Attachment 2.5)).

The three councils undertook a service level review and it was determined that all three councils provide the same or similar services and service levels. Refer to attachment 2.7. Waverley has the one of the highest spends per resident on community services in NSW. As outlined above, an additional $235m would be available to spend on expanding services.

[24] 2014 ABS Estimated Resident Population
[25] Department of Planning and Environment, 2014

All three councils have high community satisfaction levels within the Local Government Industry. Randwick recently achieved an overall community satisfaction rating of 95%[26] and almost 90% of the Waverley community state they believe they are moving closer to their vision.[27] 85% of the Waverley community are satisfied or very satisfied with the overall level of service provided.[28] It is anticipated this high level of satisfaction will increase with the increased capacity of a merged council.

This option was supported by both Waverley and Randwick communities.

After redistributing preferences for those who chose to stand alone or merge with Woollahra only (on the basis of not meeting the scale requirement), **32% of Waverley residents'** first preference was for a merger of Waverley, Woollahra and Randwick equally with a Waverley and Randwick merger. A poll of Waverley **businesses** indicated **23%** would prefer a Waverley, Woollahra and Randwick merger while 35% preferred a merger of Waverley and Randwick only. A merger of Waverley and Woollahra was the first preference of the Waverley community when the option to stand alone was redistributed, with 29% of residents and 32% of the businesses preferring this option in the telephone survey. Concerns about the size of alternative merger options appear to be a factor, as this was the smallest merger option presented.

49% of respondents to Randwick's telephone and community survey ranked this merger within their top three preferences, ranking this option the second most chosen first preference behind 'no change'. After eliminating options not likely to meet the scale requirement, **20% of the Randwick community** preferred a merger of Randwick, Waverley and Woollahra (second behind a merger of Randwick and Waverley at 46%).

However Woollahra Council has written to both Randwick and Waverley Councils (Attachment 4.1) advising they do not want to be part of any merger proposal that Randwick or Waverley Council may be considering.

[26] Micromex, Randwick City Council Community Satisfaction Survey, 2014
[27] Hunter Valley Research Foundation, Waverley Council End of Term Report, 2012
[28] Micromex, Woollahra Municipal Council Community Research, 2013

Randwick's alternative option – A merger of Waverley, Randwick and Botany Councils

Randwick City Council's resolution of 26 May 2015 states a merger of Randwick City with Waverley and Botany Councils is considered the preferred outcome. A merger of Randwick, Waverley and Botany councils would result in a council with a population of **260,287** (2014 ABS Estimated Resident Population) estimated to grow to **312,500** by 2031 (Department of Planning and Environment, 2014).

Randwick, Waverley and Botany Councils are within the same sub-regional planning area, and were grouped within the same ILGRP preferred merger option. This merger presents a solution for the eastern Sydney region, with the **two key strategic centres**, being Bondi Junction and Randwick Education and Health, located within the proposed LGA. The **transport gateway of the Port Botany Precinct** would no longer be split between two LGAs. There are **subregional planning benefits** from having the strategic centres and the transport gateway located in one LGA.

NSW State Government's metropolitan strategy 'A Plan for Growing Sydney' identified, as a priority, the need to protect strategically important industrial land in and near the Port Botany Precinct. However, the SGS report (2013, Attachment 2.1) noted that this **split between the two councils is hampering effective planning as an integrated area** (p16).

A previous NSW Government Commission of Inquiry into local government boundaries in 2001 noted a desire by the then Port operator to be situated within a single local government area, with a preference for Randwick City. A recommendation of the Inquiry was that "the boundaries between Randwick and Botany Bay Councils should be adjusted such that all of Port Botany would be within Randwick City Council."(NSW Government, Commission of Inquiry into the Structure of Local Government in 8 Council Areas in the Inner City and Eastern Suburbs, 2001, Pg.9).

Randwick Council has again engaged with NSW Ports on proposed local government reform, with the CEO stating, in his letter dated 24 June 2015, that NSW Ports support an amalgamation that responds to and assists with the delivery of their objectives and welcomes the opportunity to work with Randwick Council to achieve these outcomes. Refer to Attachment 2.5, Randwick City Council Options Analysis, Appendix A Community Profile and Strategic Planning, p27-29, 32-33, 36 and 63 for further information.

This merger option would bring together commercial **communities of interest** around the Port Botany precinct and complements the existing

diversity across the Randwick LGA. The northern area of Randwick shares **similar characteristics** to Waverley, with high density housing, a large number of renters, young singles and childless young couples. While the southern suburbs of Randwick share similar characteristics to Botany with greater ethnic diversity, indigenous persons, similar age profiles, social housing and low density housing.

Including Botany within the group allows for continuous management of the Botany Bay **coastline** to the airport and extension of the many **environmental initiatives** undertaken by Randwick and Waverley councils to the Botany area. Soil and groundwater contamination resulting from the legacy of former industries is an important challenge for the Botany Bay area, along with protecting its internationally significant wetlands and nature reserves. Management of these areas would benefit from the experience, resources and more effective advocacy of a greater eastern suburbs council.

Based on financial modelling this merger creates an opportunity to deliver extra services to the value of **$143m over ten years** while meeting the seven 'Fit for the Future' **benchmarks in three years**, eliminating the **backlog** of works required on roads, footpaths, drains, buildings and in parks and beaches in seven years and repaying **debt** (Randwick City Council Options Analysis, May 2015, page 11 (Attachment 2.5)).

42% of respondents to Randwick's telephone and community survey ranked this merger within their **top three preferences**, with 5 per cent of community survey responses favouring this option and 10 per cent of telephone survey responses in favour of this combination. Waverley did not consult their community on this option, however in a telephone survey of 623 Waverley residents the first merger preference of 5% of respondents was a merger of Randwick, Waverley, Woollahra and Botany Councils.[29] Waverley residents' concerns may relate to the size of a four council merger rather than the addition of Botany, as Randwick residents were also less supportive of that option (just 21% of Randwick telephone survey respondents are 'supportive' or 'completely supportive' of a merger of Randwick, Waverley, Woollahra and Botany Councils).

However, Botany Council has expressed opposition to a merger proposal and has not participated in any of the joint analysis undertaken by the other eastern Sydney councils. Botany confirmed their position in a resolution dated 22 April 2015, opposing a merger of Randwick, Waverley and Botany Councils (Attachment 4.2).

[29] Whilst Waverley Council did not present a Waverley, Randwick and Botany Bay Council merger option to its community, it did present a four council merger of Waverley, Woollahra, Randwick and Botany Bay Councils.

In summary, our analysis has found that an eastern suburbs model not only meets the scale and capacity criteria, it also meets the ILGRP's "essential elements of an effective system of local government" which recognises the importance of the "maintenance of a strong sense of local identity and place". This is a more optimal model over a 'Global City' council as there is:

- greater **alignment of services and communities of interest**;
- similar **strategic directions with shared priorities and challenges** (page 99 of Appendix A of Randwick City Council's Options Analysis, Attachment 2.5);
- **community support** (if amalgamations must occur, 89% of Waverley residents and 90% of Randwick residents would prefer an eastern suburbs council model)
- opportunity to meet the Fit for the Future ratio **benchmarks** sooner;
- greater **economies of scale and scope and less complexity**; and
- an opportunity to **increase and enhance services**.

2. The outcome

2.1 Delivering key priorities and addressing challenges

Priorities	How will the merger help you deliver these priorities?
Priorities for the new council, based on regional plans and the priorities of the existing councils, as identified in their CSPs	
1. **Responsible management** with a focus on leadership, best practice, financial sustainability and community engagement	• Continue to support the reform of local government – Randwick and Waverley staff are recognised for their skills, experience and capacity – they are among the few councils that are called upon on a regular basis to participate in forums with the State Government agencies on various reform issues including planning reform, infrastructure contributions and the revenue framework of local government. • Ensure feedback from the community shapes the programs, facilities and services provided by the organisation (as depicted by the very high current stakeholder satisfaction levels) by leveraging from the best practice techniques currently used by both Councils and continuing to invest in the increasing spread of new information and communications technologies to engage with the community . • Maintain a focus on innovation and the existing continuous improvement approach underpinned by the Business Excellence Framework. • Continued focus on asset management and financial sustainability guided by the Integrated Planning and Reporting Framework. • A key priority for the merged council is maintaining current levels of satisfaction in the eastern suburbs communities. Randwick recently achieved an overall community satisfaction rating of 95% (Micromex, Randwick City Council Community Satisfaction Survey, 2014) with almost 90% of the Waverley community stating they believe they are moving closer to their vision (Hunter Valley Research Foundation, Waverley Council End of Term Report, 2012).

Priorities	How will the merger help you deliver these priorities?
	• Continue Employer of Choice focus (one of 12 major initiatives to create strong local government within the Destination 2036 Action Plan). Implementation of award winning learning and development programs, sharing and pooling of expertise and greater opportunities for horizontal and vertical career progression - more opportunities and more often. • Broadening the talent pool will introduce greater diversity in the workplace (culture, age, skillset, etc.) and strengthen succession planning and leadership development. • A larger organisation will provide staff with an opportunity to stretch and grow within their existing role or to step out into new roles, as roles will naturally broaden because of the larger size of the organisation.
2. Building a **sense of community** is fostered by promoting inclusivity and wellbeing within the area	• Build on the existing collaboration across eastern suburbs councils through pooling together of resources to improve participation rates and social inclusion activities/events delivered. Examples of projects that are jointly delivered to eastern suburbs residents are domestic violence prevention projects, mental health awareness raising workshops and environmental sustainability activities. The fact that the eastern suburbs councils share similar demographic characteristics and cultural values is an obvious reason to pool resources together to address identified needs and service gaps in a more strategic manner. • Examples include delivering initiatives to address homelessness in Eastern Sydney and support for an ageing population. For more information refer to page 77-78 of Randwick City Council's Options Analysis, Appendix A (Attachment 2.5)
3. Providing **places for people** where they can socialise and spend their leisure time, in well-built open spaces and facilities	• Deliver enhanced local infrastructure and improve access to recreational opportunities through increased resources. • Working with local police to continue to provide a safe community that is welcoming to residents and visitors including reducing alcohol related violence and antisocial behaviour –

Priorities	How will the merger help you deliver these priorities?
Related NSW State Government priorities: • Increase housing choice around centres through urban renewal in established areas • Future housing growth to be focused in strategic centres, government (surplus) land, transport corridors and areas identified for urban renewal. • Increase the percentage of the population living within 30 minutes by public transport of a city or major centre • Improve access to recreational opportunities and linkages between regional open spaces to form a green space network	examples include greater capacity to review clustering of licensed premises within a geographical area, crime prevention, CCTV and graffiti reduction • Promoting and recognising the area's heritage through a range of programs and planned activities; as well as providing support to the vibrant arts and cultural environment within the LGA. • Both councils contain key recreational destinations and attractions that generate a large amount of cross-border overflow with similar foreshore open space typology and usage: beaches, foreshore reserves etc. including the Coastal Walkway which extends along the foreshore of the two LGAs and has been rated TripAdvisor's number one Sydney attraction. A merger presents an opportunity to enhance and align the management of these recreational attractions and facilities. • Opportunity to extend Waverley Council's Green Links Project to Randwick, to achieve improved connectivity of the open space network and create continuous green links both north-south and east-west across the eastern beaches to Randwick's large open space facilities. • State Government planning direction through the 'A Plan for Growing Sydney' focuses housing supply and diversity to be in and around strategic centres, transport corridors and areas undergoing urban renewal. A merger of the two councils would contain two key strategic centres being Bondi Junction and Randwick Education and Health, the transport corridors of the rail line from Kings Cross to Bondi Junction, the CBD and South East Light Rail and the Bondi Road corridor linking Bondi Junction to Bondi Beach, the location of "one of the busiest bus routes in the southern hemisphere"[30] and the corridor generating an estimated 56% of all the retail turnover in the eastern suburbs (SGS Eastern Suburbs Economic Profile Report December 2013, Attachment 2.3). • The State Government have advised a 'Fit for the Future' council will have more planning powers, including local area planning. A merger of Randwick and Waverley Councils has the

[30] State Transit Authority of NSW, *Improving Efficiency: An Evaluation of Sydney Buses "Bondi Bendy" Prepay Service*, 2007, p3.

Priorities	How will the merger help you deliver these priorities?
	potential to give the community a **greater say** in the way the area develops. • Importantly, the merger would assist in the **coordinated planning** of these areas to focus housing growth and diversity in and around **strategic centres, transport corridors and areas identified for urban renewal** providing homes closer to jobs, while also providing for lower scale housing types in appropriate areas. • A merger would also provide for a coordinated approach to the delivery of **affordable housing** in the community. Both councils have identified the importance of providing affordable housing and each of the councils have dedicated affordable housing strategies and policies in place to facilitate the retention and supply of affordable housing in their communities. A joint affordable housing strategy would strengthen the facilitation of the supply of affordable housing and housing choice for the community. (Refer to Randwick City Council's Options Analysis, Appendix A, p75-77 (Attachment 2.5)) • Both councils currently provide for diverse housing types with higher density housing forms in and around town centres such as Bondi Junction, Maroubra Junction, Kingsford and Kensington town centres with good access to employment, public transport, facilities and public space while also providing for lower scale housing forms in less accessible and environmentally sensitive areas.
4. Promoting a **prospering economy** with a focus on local businesses, by supporting economic activity in the area. Related NSW State Government priority: • Economic growth to be concentrated in the economic nodes of global Sydney, the global economic corridor, southern Sydney employment lands,	• Address the wider economic and public policy issues impacting economic activity in the eastern suburbs, as raised by SGS Economics and Planning in their report 'Eastern Suburbs Economic Profile' (Dec 2013, Attachment 2.3) jointly funded by Waverley, Woollahra and Randwick Councils. • Continue to support local businesses through a new Economic Development Strategic and merging activities such as Randwick's Business and Economic Leadership Forum with the Waverley Business Forum. • Joint management and promotion of Tripadvisor's number 1 attraction in Sydney, the Eastern Beaches Coastal Walkway.

Priorities	How will the merger help you deliver these priorities?
strategic centres, and transport gateways of Port Botany and Sydney Airport.	• Promoting the area as a commercial and transport hub within close proximity to the Sydney CBD, as well as promoting the many recreation and leisure activities available in the area. • Coordinated planning for the diverse strategic centres of Bondi Junction and Randwick Education and Health.
5. **Transport and accessibility** and how people are moving around the area are also priorities with the planning and implementation of the proposed light rail and traffic management a current focus. Related NSW State Government priority: • Connecting centres with a networked transport system	• Innovative approaches to shared **parking and local traffic management** issues, including exploring the implementation of a Traffic Management Model to inform a high level strategic approach to planning the impact of land use decisions on the transport system. • Opportunity for greater advocacy for improvements to bus services, with both Councils sharing common bus services and this may be amplified with the reallocation of services arising from the implementation from the new light rail service to Randwick. • The experience of Randwick Council in closely working with Transport for NSW on the light rail project would be beneficial in exploring opportunities to further expand the light rail service across the eastern suburbs including the opportunity to investigate and advocate for extension of the light rail from Randwick to Bondi Junction to connect these complimentary strategic centres. • Enhance sustainable transport initiatives such as improved coordination and capacity to deliver strategic cycle routes.
6. **Looking after the environment and sustainability** are significant priorities, as is reducing the demand being placed on the physical and natural environments for current and future generations.	• Randwick, Waverley and Woollahra Councils have already demonstrated their capacity to work together on award winning regional environmental programs through the Ecological Footprint collaboration, including the Little House of Sustainability, Barrett House, which has been converted into a showcase of sustainable living providing residents with the opportunity to see practical sustainability measures at work. A project called the 10% Challenge is currently underway, whereby 500 residents across the three council areas can volunteer to have a free energy audit done of their home in order to receive feedback on how they can reduce bills and their ecological footprint.

Priorities	How will the merger help you deliver these priorities?
	• With increased advocacy and resources, a merger of Randwick and Waverley Councils would provide greater capacity to address waste reduction targets, energy and water conservation issues through environmental education and awareness campaigns and implementation of practical programs to benefit residents, businesses, schools as well as the new council itself.

Challenges	How will the merger help you meet these challenges?
1. To manage the **development pressure** placed on the LGA, Council will ensure development is well designed and is complementary to the area's heritage, culture and local amenity.	• The LEP and comprehensive DCP of both Waverley and Randwick are recently adopted. Integration of the planning controls between the two councils would likely be a relatively smooth transition process. • The two councils have high compatibility as both have been sharing the same Design Review Panel for over a decade and have similar initiatives in promoting design excellence. • Compatibility between the two councils is high as the planning information and business transaction systems of both organisations are generally on par with each other.
2. Provision of **transport and accessibility** within the area, with a focus on how people travel into and around the City	• Increased advocacy, staff expertise and resources to enhance transport and accessibility across the eastern suburbs.
3. Managing the demands of **development and infrastructure pressures**, as a result of population increases and growing visitor numbers	• Greater resources and staff expertise to manage assets and open space across the region and address infrastructure gaps. A merger of Randwick and Waverley is forecast to **increase services** by $15m over four years ($73 per resident) increasing to $103m over 10 years ($485 per resident), while **meeting the 'Fit for the Future' ratio benchmarks** in three years, **eliminating the backlog of works** required on roads, footpaths, drains, buildings and in parks and beaches in five years and **repaying debt**. • Provide a regional response to the NSW State Government's reform on long-term planning for cemeteries and crematoria infrastructure (both Randwick and Waverley manage cemeteries).
4. **Social change, with an evolving mix of people and cultures and social issues** including housing affordability	• Facilitating a range of diverse and affordable housing, to meet the associated needs of the community. • Increased advocacy, staff expertise and resources to address social issues.

Challenges	How will the merger help you meet these challenges?
5. Maintaining the locally and regionally significant **environmental habitats** represents a challenge for council as does the conservation of **natural resources** more broadly and the impact of adverse climate change	• With similar environmental issues, the environmental programs of both councils are complementary and many have been conducted in partnership over several years. • A merger will enable the new council to extend beyond these partnerships with more resources and combined staff expertise to streamline programs and further invest in sustainable initiatives.
6. Preserving **lifestyle** for the residents, whilst maintaining a balance with the people who work and visit the area, through transport and infrastructure planning and management	• Enhanced investment in management and planning of the two strategic centres to ensure ease of accessibility and sustainability and vibrancy of these areas. • Shared resources and greater advocacy to promote the safety, attractiveness and vibrancy of the eastern suburbs through strengthening partnerships to maximise visitation while balancing the needs of visitors, businesses and local residents. • Greater capacity to take an holistic approach facilitating economic development in the eastern suburbs by building on the jointly funded Eastern Suburbs Economic Profile (Attachment 2.3) to create an Eastern Suburbs Economic Strategy with actions for implementation.
7. **Contemporary** and **sustainable** business **management**	• Increased capacity to address human resource planning issues in terms of organisational sustainability and responsible management as the ability to attract and retain talented people from a more diverse pool, reduce turnover costs, enhance performance and build a robust leadership pipeline for the future will be enhanced through a merger. A larger council will offer more **diverse, strategic and specialised roles**, horizontal and vertical **career progression** steps, even more comprehensive **training and development** opportunities and continued focus on **leadership** development. • A larger eastern suburbs council will create an organisation with a stronger financial position, more capable of delivering the expected level of capital, infrastructure and maintenance investment across the eastern suburbs in the long term. It will also provide further capacity to invest in the "increasing spread of new information and communications technologies, with the potential to transform concepts of space and methods of service delivery" ILGRP

Challenges	How will the merger help you meet these challenges?
	'Challenges and Opportunities of Change'.
8. Align the **rating structure** of Randwick and Waverley Councils and address existing inequities in the rating system, especially between apartments and houses	• Stronger advocacy for changes to the rating system to enable councils greater flexibility to design a rating structure that balances the capacity of ratepayers to pay rates with the benefits received while remaining simple and transparent. • The NSW State Government have committed to a review of the rating structure of NSW councils to develop a more equitable and fair system. • Randwick has prepared and analysed over 100 rating model scenarios with the assistance data provided by Waverley and Woollahra Councils. This modelling indicates a base rate of **70%** would provide a fairer model under the current land value based rating system. Please refer to a report by Dr Vince Mangioni which raises a number of issues with rating legislation, in particular the inequity in the rating of apartments versus houses within the Randwick LGA (The Research and Innovation Office, UTS, A Review of Rating Residential Land in Randwick Local Government Area, 2013. Attachment 2.2). • Both councils have a strong record of looking after pensioners and this includes pensioner rebates. • While the total rates income currently collected by the two councils will remain the same, one of the roles of the transition committee will be to investigate the transitioning to a new rating structure. **We advocate for the NSW State Government to permit existing rating structures to be maintained for up to two terms (8 years) while rating reform takes place. Aligning rates structures will then be undertaken over several years.** • For more information refer to Randwick City Council's Options Analysis (p52-54, Attachment 2.5).

See Guidance material Pg. 10 for help completing this section.

2.2 Financial and non-financial benefits of the merger

Summarise the key benefits of the proposal and the risk management strategies and assumptions that support your findings

Councils may wish to attach a supporting business case and any research/analysis undertaken

Benefits				
Benefits	**Impacts**	**Assumptions**	**Risks**	**Mitigation**
• More **robust revenue base** and increased **discretionary spending** • Scope to undertake **new functions** and **major projects** • Resources to cope with **complex** and **unexpected change** • **Current service levels maintained** • Increased **range of services**	• Increased services over four years of $15m ($73 per resident) increasing to $103m over ten years ($485 per resident). • All 'Fit for the Future' financial and asset criteria met in 3 years. • Backlog of works eliminated in 5 years. • The 2013-14 combined revenue of the two councils is **$258m**. As a merged council this represents the **4th largest revenue base of all NSW councils**[31]. • In 2016-17 the merged council would have an Own Source Revenue ratio of 91%. • Waverley's small debt repaid with	Service modelling has been based on the assumptions set out in the SGS report (Attachment 2.1), with some adjustments to ensure no loss or reduction in service levels. Refer to Randwick's Options Analysis, Appendix C p49-54 (Attachment 2.5).	Business Case reliant on assumptions by each council on asset conditions, etc.	• Assurance test of financial analysis by external auditor to ensure it is consistent with public reports and plans issued by each council and that assumptions are reasonable.

[31] Office of Local Government, 2013-14 Comparative Data Report, June 2015.

Benefits				
Benefits	**Impacts**	**Assumptions**	**Risks**	**Mitigation**
	no further need for recurring operational debt. The new council would have the future capacity to borrow **$278m** based on TCorp's Debt Service Coverage Ratio benchmark. Assessed against the IPART's Fit for the Future Debt Service Ratio, borrowings of up to **$467m** could be made and still fall within the 20% benchmark.[32] • No increase in total rates required. • Enhance environmental sustainability (building on the existing collaboration between Randwick, Waverley and Woollahra Councils). • Integrated approach to asset planning and renewal across the eastern beaches. • More capacity through larger pools of assets and skilled staff. • Ability to fund significant regional projects as they become more viable with an estimated.			

[32] Based on a 10 year loan at 5% and 2019-20 projected financial results (2019-20 is the final year of financial results requested by the IPART). Based on both Councils 2013-14 financial results, the councils could currently borrow a combined $171m to $373m.

Benefits				
Benefits	**Impacts**	**Assumptions**	**Risks**	**Mitigation**
	population of 215,545 (2014) that is projected to reach 256,450 by 2031. • More robust and diverse entity with strong financial sustainability and less reliance on income subject to market volatility and community/ political issues (24% ($27m) of Waverley's income comes from parking meters, car parks and fines). • Opportunity to strengthen business units like commercial trade waste. • Strong capacity to service the needs of the growing community including a significant aged population.			
• Ability to employ **wider range of skilled staff** • **Knowledge, creativity and innovation** • Advanced skills in **strategic planning**	• Enhanced ability to attract, retain, manage and developed skilled staff. • Greater opportunities for staff including more specialised roles. A larger council would provide an opportunity to employ experts in these areas due to the increased	Proposed local government reforms proceed, providing greater clarity on the role of Councillors and providing them with greater support.	• Complexity of transition • Reluctance to change • Loss of corporate historical and local knowledge due to staff	• The transition period – time to focus on culture, training, policies and procedures and a strong focus on change management and capabilities. • Randwick and Waverley

Benefits				
Benefits	**Impacts**	**Assumptions**	**Risks**	**Mitigation**
and **policy development** • High quality **political and managerial leadership**	volume of inspections. • Address succession planning and leadership development. • Greater outcomes and benefits for the community from the innovations, creativity and knowledge of council staff. • Enhanced integration of strategic planning across eastern Sydney. • Better regional coordination of environmental issues and coastal management. • Reduce the 'key person' risk, where only one person may have the knowledge and skills to manage specialised equipment or systems. • Continued "constructive relationship between employers, employees and employee organisations, focused on improving **productivity, performance and rewards**." ILGRP '*Essential Element of an Effective System of Local Government*'.		retention challenges during change process. • Increased competition to retain and attract skilled staff as a number of councils may be undergoing major organisational structure reform	staff already work together on many projects and services • Both organisations have similar values

Benefits

Benefits	Impacts	Assumptions	Risks	Mitigation
• Credibility for more **effective advocacy** • Capable **partner** for State and Federal agencies	• As strong, well-informed councils focused on strategy both are recognised as dynamic advocates and leaders in reform. A larger and highly skilled organisation may have more influence at other levels of government and there may be more opportunities to work cooperatively on issues of regional significance. • Greater say in sub-regional planning and in the way the local area develops. • Opportunity to further support local government reform focusing on a "Local Government Act that minimises prescription and provides a range of options for the way councils and regional bodies are structured" ILGRP '*Essential Element of an Effective System of Local Government*'. • "Effective mechanism for State-local consultation, joint planning, policy development and operational partnerships" ILGRP '*Essential Element of an Effective System of Local Government*'.	Randwick and Waverley Councils have a long tradition of regional collaboration. Assume the new entity will build on this throughout the merger process.	Unwillingness of others to partner with the new council	Build on the existing relationships Waverley and Randwick Councils have with these agencies.

Benefits				
Benefits	**Impacts**	**Assumptions**	**Risks**	**Mitigation**
	• More equal population base across Sydney metropolitan councils.			
• "Maintenance of a **strong sense of local identity and place**" ILGRP '*Essential Element of an Effective System of Local Government*'. • Community/social benefits • Eastern suburbs identity retained • Communities of interest	• Demonstrating **communities of interest** in the region is **critical to ensuring the viability of a successful local government merger**. This was the cause of de-amalgamations in Queensland, with the Queensland Boundaries Commissioner listing communities of interest a key criteria to demonstrate in his assessment of the viability of former shires who wished to de-amalgamate. • Randwick and Waverley share a similar history in terms of their development, community needs and social issues. • **Strong relationships with community groups** maintained, with both councils supporting and partnering with similar groups such as surf clubs, sporting groups and other community groups. • Strong community plan due to	Refer to Randwick's Options Analysis, Appendix C (Attachment 2.5)	Inequitable distribution of resources to various interests and target groups.	Extensive partnership with the community to develop a community plan for the new council.

Benefits				
Benefits	**Impacts**	**Assumptions**	**Risks**	**Mitigation**
	community of interest linkages, similar **demographics**, **values** and community **aspirations with greater capacity to address common priorities and challenges.** • More integrated approach sub-regional planning and to the delivery of services and facilities across the area.			
Willingness of councils and community to partner	• Less roadblocks to transition process, staff and community acceptance, strong culture and aligned values of staff from the start of the new entity.	Refer to Randwick's Options Analysis, Appendix B (Attachment 2.5) and Waverley's IRIS Research Report (Attachment 3.10)	Willingness not harnessed through a structured management process.	Surveys were statistically valid. Communication strategy to include both community and staff – enable people to have a say in the changes and be kept up to date with relevant, accurate and timely information.
Consistent with facilitating the objectives of the NSW State Government's **metropolitan plan**	• Provides greater capacity to **plan holistically for the strategic centres** of Randwick and Bondi Junction and the eastern suburbs. • Potential for greater integration of **transport planning.**	Assumptions are based on the aims and objectives of the Sydney metropolitan strategy.	Aims and objectives of the NSW State Government's plan may change.	Strong relationship with State Government agencies.

Benefits

Benefits	Impacts	Assumptions	Risks	Mitigation
Facilitating **economic growth and investment** across the broader area	• Preparation of an economic development strategy, based on the existing joint funded Eastern Suburbs Economic Profile (Dec 2013, Attachment 2.3). • Common focus on small business.	Accuracy of profiling.	Economic growth is imbalanced and not equitably distributed within the new entity.	Clearly defined economic development strategy in consultation with the business community.

See Guidance material Pg. 11 for help completing this section.

2.3 Financial and non-financial costs of the merger

Summarise the anticipated costs of the proposal and the risk management strategies and assumptions that support your findings.

Costs				
Costs	**Impacts**	**Assumptions**	**Risks**	**Mitigation**
Merger financial cost **$12m over four years** (after deducting the NSW State Government's $10.5m contribution)	Delay in realisation of efficiency gains from the amalgamation of the councils.	Refer to Randwick's Options Analysis, Appendix C p58-69 for assumptions (Attachment 2.5)	Data and assumptions used in financial forecasting may be incorrect or differ from the decisions a new council may make	• Offset by projected efficiencies in operation of the new council and the State Government's contribution of $10.5m. • Audit of financial analysis to ensure it is consistent with public reports and plans issued by each council and that assumptions are reasonable.
Fewer councillors for **local representation**	Dilution of community representation from elected councillors.	The current legislated maximum number of councillors will remain 15.	As noted by the ILGRP, this is a "distinct risk, but can be managed"	• Precinct committees (structures already in place in both Randwick and Waverley Councils). • A larger organisation may have greater capacity to engage and communicate with residents. • Technology - Customer service request system, call centre, service levels management, proactive maintenance scheduling, etc. • The merger partners recommend

Costs				
Costs	**Impacts**	**Assumptions**	**Risks**	**Mitigation**
				the **transition committee** determine the **number of councillors** and the **ward structure** of the new council, **permitting more than 15 councillors** and **transitioning to a reduction in councillors over two terms** as per the ILGRP's recommendation. • Randwick City Council resolved on 26 May 2015 (Attachment 1.1) that: "In the event of a merger, Randwick City Council's position is that the **voting system should be proportional representation**"
Short term disruptions / change in **priorities** for council	• Loss of productivity. • Negative impact on service levels. • In the short term there will be a location-specific knowledge gap between Randwick and Waverley staff, with two different sets of policies and procedures to follow. • Randwick and Waverley have similar ICT	Service levels are very similar, so migration will be less complex than larger, less aligned merger options.	• Puts high level of community satisfaction at risk. • Inconsistent application of regulations, policies and procedures.	• State Government's assistance – one-stop shop, etc. • The transition period – time to focus on culture, training, transition planning, aligning ICT systems, policies and procedures. • Service level review undertaken to compare and identify any differences (Attachment 2.7). • Geographical area based teams in the short term until the local knowledge gap is closed.

Costs				
Costs	**Impacts**	**Assumptions**	**Risks**	**Mitigation**
	environments, utilising predominantly the same core business applications. So the impact of this merger in terms of training and transition would be less complex than other alternative options.			
Resources to manage and align **planning controls** relevant to each area	The LEP and comprehensive DCP of both Waverley and Randwick are recently adopted. Integration of the planning controls between the two councils would likely be a relatively smooth transition process. The two councils have high compatibility; one example is the joint Design Review Panel, in operation since 2003 and similar initiatives in promoting design excellence.	NSW State Government will support the process.	Ineffective training	• Set aside appropriate resources to effectively train staff across the entity in a timely manner. • It is anticipated integration of planning controls will be staged over 2 to 5 years. During this period various tools will be developed to assist people in identifying the correct controls relevant to their area, including the use of E-planning technology.

See Guidance material Pg. 11 for help completing this section.

3. How has the community been involved?

3.1 Discussing the options

Explain how each council has involved the community in the merger proposal discussions

Both Randwick and Waverley Councils have undertaken extensive community and staff engagement in response to the 'Fit for the Future' program. The following sections outline the engagement methods and results of each council.

Community Engagement - Randwick

Randwick City Council has undertaken its largest single community consultation in the history of the Council in response to the Fit for the Future program. In December 2014 the Council designed a Community Consultation Strategy (Attachment 3.2) to inform its community and build interest, knowledge and understanding of this important and complex issue. The strategy identified three stages of consultation: 1. communicate; 2. involve; 3. exhibit. The first phase was designed to better inform the general public about the reform process and the State Government's requirements.

The community was informed through bus shelter and phone booth advertisements, social media, advertisements in local newspapers, weekly eNews publication, Randwick's website, information pop-up stalls, briefings with local clubs, sporting and community groups and mailing out an information pack to every resident and ratepayer.

The second stage was the key information gathering process where we asked the community to complete surveys and undertake deliberative engagement activities such as focus groups.

Council sought feedback on seven options for its future. This stage was extensive, with more than 8,000 residents, businesses and ratepayers taking part through a reply-paid survey, online survey, statistically valid telephone survey, focus groups, social media and pop-up information stalls at local parks, beaches and shopping centres. For more information on these engagement activities please refer to Randwick Council's Options Analysis (p37-48, Attachment 2.5) and Options Analysis Appendix B Community Engagement (Attachment 2.5).

69% of those surveyed by phone stated they became aware of council amalgamations through the Council's notices and information pack, with

98% of those surveyed stating they found the information pack at least 'somewhat useful' in explaining the Fit for the Future process and the seven options the Council was considering. Randwick Council staff spent 34 hours over 16 separate sessions at local beaches and shopping centres talking with more than 500 local residents about Randwick City's future. Many residents commented at how appreciative they are of receiving the Information Pack and the detailed information contained within.

Key findings from this second stage 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 a Community Survey of 6,500 people, a consistent 49% of respondents indicated they preferred no change while the remaining 51% preferred a merger option.
- 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).

The third stage involved formal exhibition of Council's draft proposal for 28-days from 14 May 2015 to 11 June 2015 as required by the State Government Fit for the Future program. This is in addition to exhibiting six merger options for feedback and comment for four months from February to May 2015.

The third stage was to include a plebiscite, however the NSW Electoral Commission advised they were unable to release the electoral role as Council's planned poll did not meet the purposes under which the Commission can release the roll of voters. Council explored alternative options to the electoral roll, however no viable solutions were found given the tight time constraints of the Fit for the Future process.

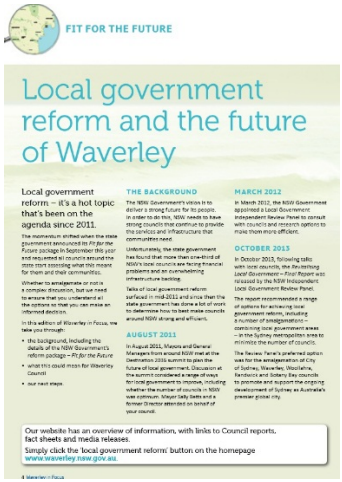
As Randwick City Council was unable to conduct a plebiscite of its residents as previously intended, the Council made the following request to the NSW State Government (as per Council resolution NR2/15 26 May 2015, Attachment 1.1):

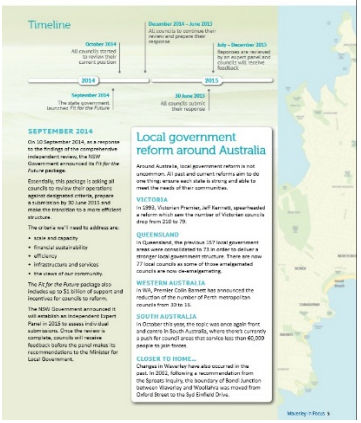
"…Council requests the government permit a binding referendum on this issue prior to any merger being implemented and to request the NSW Electoral Commission to release the electoral rolls to Randwick City, Botany Bay, Waverley, Woollahra and City of Sydney Councils to enable this to occur."

As stated in our submission to the IPART in May 2015, due to the time constraints imposed, it will not be possible to place this Merger Proposal on public exhibition prior to submitting it to the IPART. However we will promote the IPART's exhibition period in July 2015 as another chance for the community to have their say on this proposal.

Community Engagement - Waverley

Waverley Council first started communicating with the community about Fit for the Future in a special edition of Council's resident newsletter, *Waverley in Focus*. Over 30,000 copies were delivered to households in December 2014. This special edition outlined the Fit for the Future package and what it means to Waverley.





In January 2015, Waverley Council engaged an independent research company, IRIS Research, to undertake a phone and online survey. As part of the consultation process, Council staff developed a 12 page information pack outlining the costs and benefits, based on an analysis done by independent financial consultant Grant Thornton, of the six options being explored:

- Waverley Council stand alone
- City of Sydney, Waverley, Randwick, Woollahra and Botany Bay councils merging
- Waverley, Woollahra, Randwick and Botany Bay Councils merging
- Waverley, Woollahra and Randwick councils merging
- Waverley and Randwick councils merging
- Waverley and Woollahra councils merging.

The information pack was sent to over 36,000 residents and ratepayers and 5,000 businesses in early March 2015.

The online survey was open from 7 March to 30 March. During this time, IRIS Research undertook a deliberative phone survey and hosted the online survey on their site, with a link to it from Council's website. A total of 1508 responses were received across a number of platforms including 647 online and hard copy community surveys, 623 community phone survey respondents and 238 business phone survey respondents.

A local paper, the *Wentworth Courier* ran a cover story on the consultation on Wednesday 4 March, urging all residents to have their say. Council also advertised in the Wentworth Courier for the period of the consultation. Advertisements were also placed in a weekly email sent out by the monthly publication *The Beast*, with links directly to the consultation information. Posters were placed in all customer service points and a fitforthefuture@waverley.nsw.gov.au email address was established for residents to send any questions or concerns.

Council used its website, social media, email newsletters and the Mayoral Column in the *Wentworth Courier*, *Bondi View*, *The Beast* and *Horizon* newspapers to call for the community to have their say.

Staff Engagement – Randwick and Waverley

Randwick and Waverley Councils promote an informed and engaged workforce, and as such have been actively engaging with their staff for a number of years on Local Government Reform. A number of updates have been provided to staff via email, intranet, posters and newsletters; face-to-face staff information sessions conducted by the senior management team; team meetings; and more recently staff surveys. Both Councils recognise their high performing culture and are committed to maintaining this throughout the Local Government Reform process.

A recently conducted voluntary Randwick Council staff survey, of which 327 people responded, 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.

Waverley Council has been engaging with staff on Local Government Reform for some time. Staff briefing sessions were held regularly and at key points when new information and reports were released. Staff engagement increased significantly with the announcement of Fit for the Future in September 2014. Since September 2014, Waverley Council established a Fit for the Future working group with senior management and staff from areas across the organisation. The group, meeting weekly, workshopped Fit for the Future issues, reports and internal engagement opportunities.

Waverley's staff engagement included over 40 face-to-face staff briefing sessions in 2015, all staff emails, GM Updates (a weekly newsletter), fact sheets, updates in the monthly staff newsletter Pipeline, distribution of the information pack, and a voluntary staff survey. For an

overview of internal engagement, please see Attachment 3.5. Of 166 staff who participated in a recent voluntary Fit for the Future Waverley Council staff survey, 45% preferred to stand alone; 42% preferred one of the eastern suburbs merger options; and 13% preferred the 'Global City' merger option. Throughout the Fit for the Future process, the General Manager met with Waverley Council's Consultative Committee each month, with representation of staff from every area of the organisation.

A multi-disciplinary leadership development group was tasked to undertake an analysis of the seven options and present their findings to the executive. Using the ILGRP's 'Elements of an effective system of local government' as comparative criteria, the group nominated the Randwick, Waverley and Botany Bay merger option. The group's research indicated this option would provide the best outcomes in terms of strategic capacity, metropolitan planning, asset planning and renewal, local representation and participation, service provision, communities of interest and environmental sustainability. Randwick has also undertaken over 60 staff engagement sessions to keep staff informed on the Fit for the Future process and focus on change management.

Randwick Council established a Fit for the Future working group which consists of representatives from the peak industry unions and senior management. To maintain the strong culture of delivering for the community, the Council has developed a Memorandum of Understanding (MOU) with the three peak industry unions to extend the employment protections available under Section 354F of the Local Government Act 1993 from three years to five years. Waverley Council has negotiated an identical MOU for their staff.

For more information on staff engagement please refer to Randwick City Council's Options Analysis, May 2015, p55-56 (Attachment 2.5), 'Randwick Staff Fit for the Future Consultation Overview' (Attachment 3.3) and 'Waverley Staff Fit for the Future Consultation Overview' (Attachment 3.5).

Randwick and Waverley Merger – Communications Strategy for Transition

Both Councils recognise the importance of placing our staff and community at the centre of the transition process. They need to feel part of the new council and that they have a say in how it is formed and to importantly understand service levels will be maintained and jobs will be protected. In preparation for a potential merger, both Councils have drafted a Communications Strategy for the transition period. Please refer to Attachment 3.1.

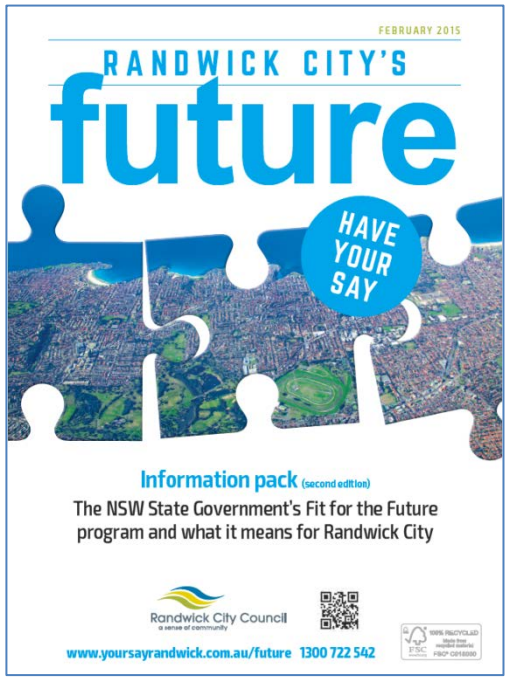
3.2 Explaining the benefits and costs

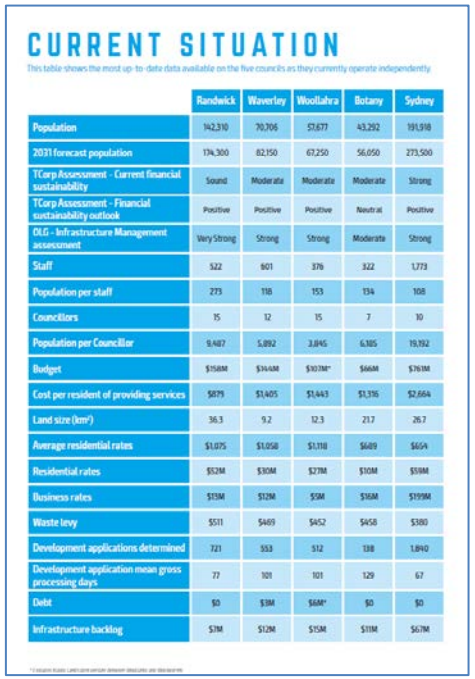
Outline how the benefits and costs of the proposal were explained to your community

Randwick

Randwick mailed two detailed information packs to all 50,000 residential households in the Randwick Local Government Area as well as mailing 15,000 information packs to non-resident ratepayers, thereby covering every residential household and ratepayer. The letters and information packs contained details on the current situation of the five councils within the ILGRP's preferred merger option and the benefits and costs of seven options. The first information pack was issued in the first 'communicate' stage of the consultation.

Extracts from the 'Randwick City's Future Information Pack':

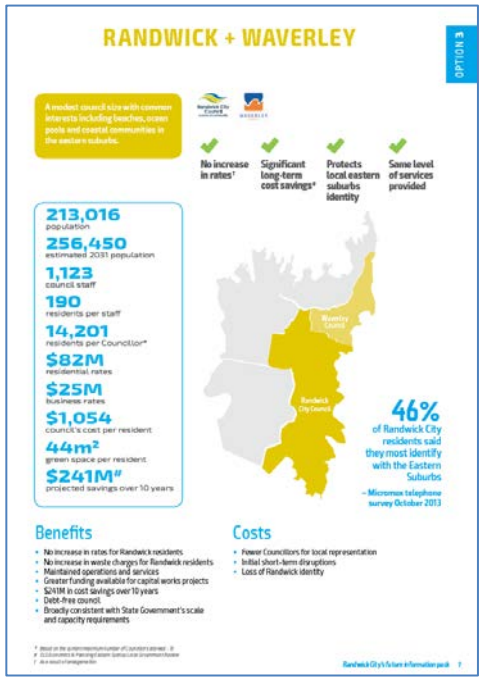




CURRENT SITUATION

This table shows the most up-to-date data available on the five councils as they currently operate independently.

	Randwick	Waverley	Woollahra	Botany	Sydney
Population	142,310	70,706	57,677	43,292	191,918
2031 forecast population	174,300	82,150	67,250	56,050	273,500
TCorp Assessment - Current financial sustainability	Sound	Moderate	Moderate	Moderate	Strong
TCorp Assessment - Financial sustainability outlook	Positive	Positive	Positive	Neutral	Positive
OLG - Infrastructure Management assessment	Very Strong	Strong	Strong	Moderate	Strong
Staff	522	601	376	322	1,773
Population per staff	273	118	153	134	108
Councillors	15	12	15	7	10
Population per Councillor	9,487	5,892	3,845	6,185	19,192
Budget	$158M	$144M	$107M*	$66M	$761M
Cost per resident of providing services	$879	$1,405	$1,443	$1,316	$2,664
Land size (km²)	36.3	9.2	12.3	21.7	26.7
Average residential rates	$1,075	$1,058	$1,118	$689	$654
Residential rates	$52M	$30M	$27M	$10M	$59M
Business rates	$13M	$12M	$9M	$16M	$199M
Waste levy	$511	$469	$452	$458	$380
Development applications determined	721	553	512	138	1,890
Development application mean gross processing days	77	101	101	129	67
Debt	$0	$3M	$6M*	$0	$0
Infrastructure backlog	$7M	$12M	$15M	$11M	$67M



The information was based on a **sound and robust analysis of seven options** sourced from the ILGRP's research and reports, SGS Economics and Planning (Attachment 2.1), Census data, audited financial statements, NSW Treasury Corporation, the Office of Local Government (comparative data, infrastructure audit and better practice reviews) and other reliable sources. The information pack forms part of the broader, best practice, community engagement strategy to empower the community with information about the State Government's Fit for the Future program and the costs and benefits of mergers for Randwick, giving residents an opportunity to have an informed say.

The information packs contain a 'benefits and cost' section for each of the seven options presented for the community to consider. The benefits and costs are considered from the Randwick perspective i.e. - benefit: no increase in rates, cost: loss of Randwick identity (see information pack page 7 (Attachment 3.4)).

Council engaged an independent external research company to conduct a statistically valid, random telephone survey on local residents. This survey was done in three parts. Firstly 1,000 randomly selected and demographically matched residents were contacted and asked to participate. They were then mailed the information pack containing the costs and benefits of the options and then a follow-up phone interview happened in the following days. This deliberative process ensured that those being surveyed had time to properly consider their position based on the costs and benefits of each merger and non-merger option for Randwick.

Council also engaged a specialised community consultation firm Straight Talk to undertake focus groups with hard to reach sections of the community – Indigenous community, young people, multicultural community and people with a disability. This approach was proactive and reached out to sections of the community that are traditionally underrepresented in surveys and online consultation. The consultants approach was focussed on ensuring they adequately explained the costs and benefits of each merger option to the group participants. This ensured Council was informed about a wide scope of views and could make a considered decision.

Council staff conducted 16 public information stalls over 34 hours in parks, beaches, community centres and shopping centres with high foot-traffic across the City. More than 500 conversations were had with local residents about the Fit for the Future program, the options available for Randwick to consider and the costs and benefits of each option. Staff explained how the estimated cost savings could be achieved, what potential service models the merged council might operate under and how any changes would or would not directly impact residents and ratepayers. This process helped facilitate open and two-way communication with both the very engaged members of the community who actively sought out the stalls and also casual passers-by.

Council took out two full page and two half-page advertisements in The Southern Courier to inform people about the six merger options and one stand-alone option that specifically detailed the costs and benefits of each proposal.

In addition, Council ran a substantial outdoor advertising campaign over a six week period featuring 53 bus shelter advertisements and 16

phone booth advertisements strategically placed at busy town centres across Randwick City. This component helped ensure a wide section of the community were aware of the consultation and reaffirmed Council's online, mailout and print advertising material.

Council also used free and paid advertising via Facebook and Twitter to inform local residents about the community consultation program and to encourage them to have a say.

Regular updates were provided to the community through Randwick's Fit for the Future consultation web page.

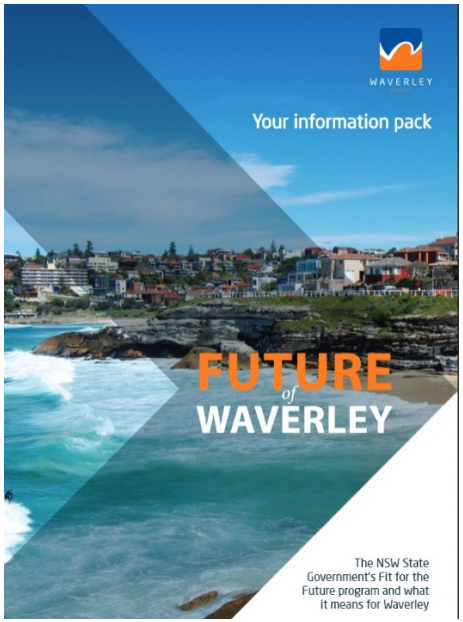
For more information on these engagement activities please refer to Randwick Council's Options Analysis (p37-48) and Options Analysis Appendix B Community Engagement (Attachment 2.5).

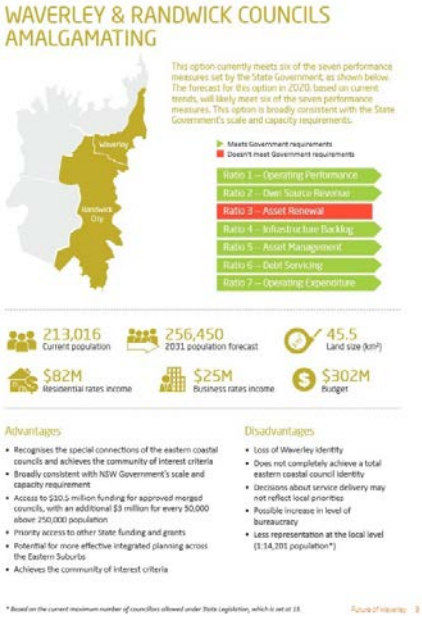
Waverley

Waverley Council mailed an eight-page detailed information pack to over 36,000 residential households and non-resident ratepayers, thereby covering every residential household and ratepayer. The same information pack was also sent to 5,000 businesses in the Waverley Local Government Area.

The information pack outlined the background on Fit for the Future, the six options Waverley was exploring and the current and future financial analysis of each option based on the independent analysis provided in the Grant Thornton Report (Attachment 2.4). Each option included information on perceived costs and benefits, including communities of interest, Councillor representation and strategic capacity.

Extracts from the 'Future of Waverley Information Pack':





This information pack aimed to provide the community with the information they needed to make an informed decision about the future of Waverley. Each option was presented with relevant information about how that option fairs against the Fit for the Future criteria. Projected rates were not outlined in the information pack as any new rates structure would be decided by a new Council in conjunction with the rates

review the NSW Government has committed to undertake.

NEWS LOCAL

Wentworth Courier

INSIDE: TV CHEF'S EX PARTNER LINKED TO SCHOOL FOOD POISONING • REPORT PAGE 5

BRING HISTORY TO LIFE

The GREAT WAR & ME

OPEN TO STUDENTS IN YEARS 7 - 10

MORE THAN $20,000 IN CASH PRIZES

Story • Video • Artwork

Waverley Council to survey every household on whether to amalgamate

TELL US THE FUTURE

RESIDENTS of 36,000 homes and 5000 businesses will be asked their preference on the future of Waverley Council in a survey to decide whether the council should amalgamate with others or stand alone. Full report Page 4

A Simply Creative Home

CREATIVE BY DESIGN

Kitchens, Wardrobes & Offices

4/3 Rhodes Street, West Ryde

1300 366 222

creativebydesign.com.au

Council engaged IRIS Research to undertake the community consultation. IRIS undertook a statistically valid phone survey and hosted the online survey on their site, with a link to it from Council's website. A total of 1508 responses were received across a number of platforms including 647 online and hard copy community surveys, 623 community phone survey respondents and 238 business phone survey respondents.

Part of the media strategy for the consultation included inviting the Wentworth Courier for a detailed briefing of the information pack, which resulted in a front cover article being published on Wednesday 4 March.

To ensure the community were aware of the consultation and of the importance of Fit for the Future, Council placed advertisements in the Wentworth Courier and ran online advertisements in the Beast's weekly email newsletter. In conjunction with paid advertising, Council used its website, email newsletters and quarterly resident newsletter Waverley in Focus.

Council also used free and paid advertising via Facebook and Twitter to inform local residents about the community consultation program and to encourage them to have a say.

See Guidance material Pg. 12 for help completing this section.

3.3 Community response

Benefits
What were the main benefits identified with the proposal? *Eg. Savings, improved services, lower rates etc.*
Residents, businesses and ratepayers in the Waverley and Randwick communities, through various forms of engagement and participation, expressed their views on the Fit for the Future program and what it means for their council. Some of the benefits they highlighted are indicated below. Feedback from the **Randwick** community is sourced directly from the Straight Talk, Fit for the Future Focus Groups Report, Micromex Randwick City's Future report, Randwick City's Future community survey (within Randwick Fit for the Future Options Analysis, Appendix B Community Engagement, Attachment 2.5). Feedback from the **Waverley** community is directly from the IRIS Research report – refer to Attachment 3.12. • Waverley has similar values, connections with the coast and a similar demographic to Randwick • A merger with Waverley would retain an eastern suburbs identity with beaches, parks and families • There appears to be cost effective / more efficient service delivery • Prefer amalgamation on a smaller scale (than Global City) • There appears to be economies of scale / financially better • Just makes sense • Would be beneficial for all areas with better quality services and facilities, access to a bigger budget and stronger together • More unified policies, planning, rates and charges and greater transparency • Greater pool of expertise • Enhance local suburbs • Smaller option to Global City is better • Small option to the global city is easier to manage • Similar, family-friendly areas • Links Australia's most famous beaches and Lifeguards • Connects the Coastal Walkway under one council

- Protects the valued eastern beaches identity
- Mergers need to happen
- Create ‘bigger picture’ thinking
- Economies of scale
- Smallest and most efficient option that meets economy of scale
- Needs of communities well suited

Concerns

What were the main areas of concern?
Eg. Local identity, taking on debt etc.

Residents, businesses and ratepayers in the Waverley and Randwick communities, through various forms of engagement and participation, expressed their views on the Fit for the Future program and what it means for their council. Some of the concerns they highlighted are indicated below.

Feedback from the **Randwick** community is sourced directly from the Straight Talk, Fit for the Future Focus Groups Report, Micromex Randwick City's Future report, Randwick City's Future community survey (within Randwick Fit for the Future Options Analysis, Appendix B Community Engagement, Attachment 2.5). Feedback from the **Waverley** community is directly from the IRIS Research report – refer to Attachment 3.12.

- Loss of local representation / local voice / local knowledge / local identity
- Concerned rates would increase or there would be inequities in level of rates paid across the new council area
- Current service standards may decline / services may diminish
- Concern about forced amalgamation
- Concern for well-being and employment of Council staff
- Concern about taking on management and operational activities of a Council (e.g. approach to parking meters and parking fines)
- Concern about some suburbs being forgotten
- Less say in how the area develops
- The majority of Randwick precinct committees were concerned with a loss of local identity and representation particularly in regards to development issues and services standards.

See Guidance material Pg. 13 for help completing this section.

4. How will the merger help you achieve the benchmarks?

Please provide some estimates to show the new organisation's anticipated performance

The new council – a merger of Randwick City and Waverley Councils

4.1 Expected improvement in performance

Measure / benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	1.7%	2.0%	3.7%	5.0%	10.3%	11.4%
Own Source Revenue Ratio (Greater than 60% average over 3 years)	89.8%	90.7%	90.9%	91.0%	91.7%	93.0%
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	93.3%	94.7%	97.9%	102.7%	106.7%	108.6%
Infrastructure Backlog Ratio (Less than 2%)	1.0%	0.7%	0.6%	0.4%	0.2%	0.0%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	111.5%	102.1%	94.7%	98.4%	102.2%	110.6%
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0.7%	0.7%	0.7%	0.7%	0.6%	1.3%
Real Operating Expenditure per capita (A decrease in real operating expenditure per capita over time)	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease

Randwick City Council – stand alone

4.1 Expected improvement in performance

Measure / benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	● 3.7%	● 3.1%	● 3.2%	● 3.1%	● 3.4%	● 3.3%
Own Source Revenue Ratio (Greater than 60% average over 3 years)	● 90.7%	● 91.5%	● 92.1%	● 92.0%	● 92.1%	● 92.3%
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	● 116.9%	● 118.8%	● 117.2%	● 118.0%	● 117.5%	● 117.6%
Infrastructure Backlog Ratio (Less than 2%)	● 0.5%	● 0.3%	● 0.2%	● 0.2%	● 0.1%	● 0.0%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	● 122.9%	● 112.1%	● 110.3%	● 117.4%	● 121.2%	● 119.0%
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	n/a* 0.0%	n/a* 0.0%	n/a* 0.0%	n/a* 0.0%	n/a* 0.0%	n/a* 0.0%
Real Operating Expenditure per capita (A decrease in real operating expenditure per capita over time)	● Decrease	● Decrease	● Decrease	● Decrease	● Decrease	● Decrease

* The Debt Service Ratio is not applicable as Randwick City Council has no need to borrow funds as demonstrated by Randwick's Asset Management Plans and Long Term Financial Plan.

Waverley Council – stand alone

4.1 Expected improvement in performance

Measure / benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	🔴 -0.6%	🟢 0.7%	🟢 1.1%	🟢 2.2%	🟢 2.4%	🟢 3.0%
Own Source Revenue Ratio (Greater than 60% average over 3 years)	🟢 88.8%	🟢 89.8%	🟢 92.1%	🟢 92.3%	🟢 92.8%	🟢 93.0%
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	🔴 63.1%	🔴 63.1%	🔴 63.0%	🔴 63.0%	🔴 63.0%	🔴 63.0%
Infrastructure Backlog Ratio (Less than 2%)	🔴 2.0%	🟢 1.6%	🟢 1.3%	🟢 0.9%	🟢 0.4%	🟢 0.0%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	🟢 101.9%	🔴 93.9%	🔴 80.9%	🔴 82.3%	🔴 86.2%	🟢 103.0%
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	🟢 1.5%	🟢 1.5%	🟢 1.6%	🟢 1.4%	🟢 1.3%	🟢 1.2%
Real Operating Expenditure per capita (A decrease in real operating expenditure per capita over time)	🟢 Decrease	🔴 Increase	🟢 Decrease	🟢 Decrease	🟢 Decrease	🟢 Decrease

Performance Benchmarks Comments:

Randwick

Randwick meets six of the seven benchmarks now and this position is forecasted to be sustained, only failing the debt service ratio as the Council is debt free. With just $1 of debt the council would also meet this ratio. However, as supported by NSW Treasury Corporation in their Fit for the Future Assessment Methodology submission to the IPART, the Debt Service Ratio is not applicable to Randwick City Council as the Council has no need to borrow funds as demonstrated by our Asset Management Plans and Long Term Financial Plan.

Waverley

Waverley currently meets 2 of the 7 'Fit for the Future' ratio benchmarks, due to increasing costs, a deficit in 2013-14 and an asset expenditure gap. During 2010, Waverley Council undertook a comprehensive process of consultation with the community around the financial difficulties facing the Council over the period to 2022. This process lead to a very detailed update of the council's Long Term Financial Plan (LTFP) and a successful application to the IPART for a Special Rate Variation (SRV) that placed it on the path to a more sustainable future.

As per Grant Thornton's analysis (p32, Attachment 2.4), Waverley's projections indicate their Asset Maintenance ratio will fall over the next five years, but will meet the benchmark from 2019-20. While Waverley's position is forecasted to improve to meet five benchmarks in 2015 and six benchmarks by 2020, an amalgamation with Randwick will strengthen their position in addition to raising service levels through amalgamation efficiencies and repaying Waverley's debt (currently $3m).

A merger of Randwick and Waverley

While the new council would initially fail the Building and Infrastructure Renewal ratio and the Asset Maintenance ratio with an asset expenditure gap of $0.5m due to Waverley's projected shortfall in expenditure, by the third year of operation (2018-19) the new council meets all seven benchmarks.

These benchmarks are achieved and sustained for the remaining years of the ten year forecast modelled in Randwick City Council's Options Analysis (Appendix C Financial Context (Attachment 2.5)) and the infrastructure backlog of works eliminated through the allocation of an additional $10m from efficiency gains towards the maintenance and renewal of buildings and infrastructure on top of the funding already provided by the Councils in their existing Long Term Financial Plans (p94 of Attachment 2.5).

Detailed information, modelling and analysis is available within the attachments:

Grant Thornton, Waverley Council Technical Assistance FFTF, March 2015 (Attachment 2.4)

Randwick City Council's Options Analysis – Appendix C Financial Context (Attachment 2.5)

Merger Proposal - Randwick and Waverley Councils

Index of Attachments

*Where documents are also available online, hyperlinks have been provided.

1. Waverley and Randwick Council resolutions

Attachment 1.1 **Randwick City Council Resolution to Merge**, 26 May 2015.

Attachment 1.2 **Waverley Council Resolution to Merge**, 10 June 2015.

2. Research and analysis

Attachment 2.1 SGS Economics and Planning, **Eastern Sydney Local Government Review**, February 2013.

Attachment 2.2 Mangioni, V, University of Technology, The Research and Innovation Office, A **Review of Rating Residential Land in Randwick Local Government Area**, 2013.

Attachment 2.3 SGS Economics and Planning, **Eastern Suburbs Economic Profile**, Dec 2013.

Attachment 2.4 Grant Thornton, **Waverley Council – Technical Assistance FFTF,** Mar 2015.

Attachment 2.5 **Randwick City Council Options Analysis, May 2015** – consists of:

- Overarching Options Analysis paper
- Appendix A – Community profile and Strategic planning
- Appendix B – Community engagement
- Appendix C – Financial Context

Attachment 2.6 **Randwick and Waverley Councils Merger Business Case,** June 2015

Attachment 2.7 **Service Levels Analysis - Randwick, Waverley and Woollahra Councils**, 2013

3. Community consultation

Attachment 3.1 **Randwick and Waverley Merger – Draft Communications Strategy for Transition Period**, June 2015

Randwick

Attachment 3.2 **Randwick City's Future – Community Consultation Strategy**, December 2014

Attachment 3.3 **Randwick Staff Fit for the Future Consultation Overview**

Attachment 3.4 **Randwick City's Future Information Pack,** February 2015

Attachment 3.5 (online only) **Randwick Council website, Local Government Reform,** http://www.randwick.nsw.gov.au/about-council/council-and-councillors/local-government-reform

Attachment 3.6 (online only) **Randwick Council website, Fit for the Future Consultation Page,** http://yoursayrandwick.com.au/future

* Please also refer to Attachment 2.5 Randwick City Council Options Analysis Appendix B Community Engagement

Waverley

Attachment 3.7 **Waverley Staff Fit for the Future Consultation Overview**

Attachment 3.8 **Waverley in Focus on Local Government Reform**, December 2014.

Attachment 3.9 **Future of Waverley Community Information Pack**, February 2015.

Attachment 3.10 **Future of Waverley Fact Sheet**, February 2015.

Attachment 3.11 **Future of Waverley Community Survey**, February 2015.

Attachment 3.12 IRIS Research, **Waverley Amalgamation Options Survey of residents and business**, April 2015.

Attachment 3.13 (online only) **Waverley Council website, Local Government Reform,** http://www.waverley.nsw.gov.au/council/local_government_reform

4. Correspondence/resolutions with neighbouring councils and industry

Attachment 4.1 **Woollahra Council** – letter to Waverley Council advising they do not support a merger proposal.

Attachment 4.2 **Botany Council** – Resolution advising they do not support a merger proposal.

Attachment 4.3 **City of Sydney** - Resolution advising they do not support a merger proposal.