

Attachment 2.6

Randwick and Waverley Councils' Merger Business Case

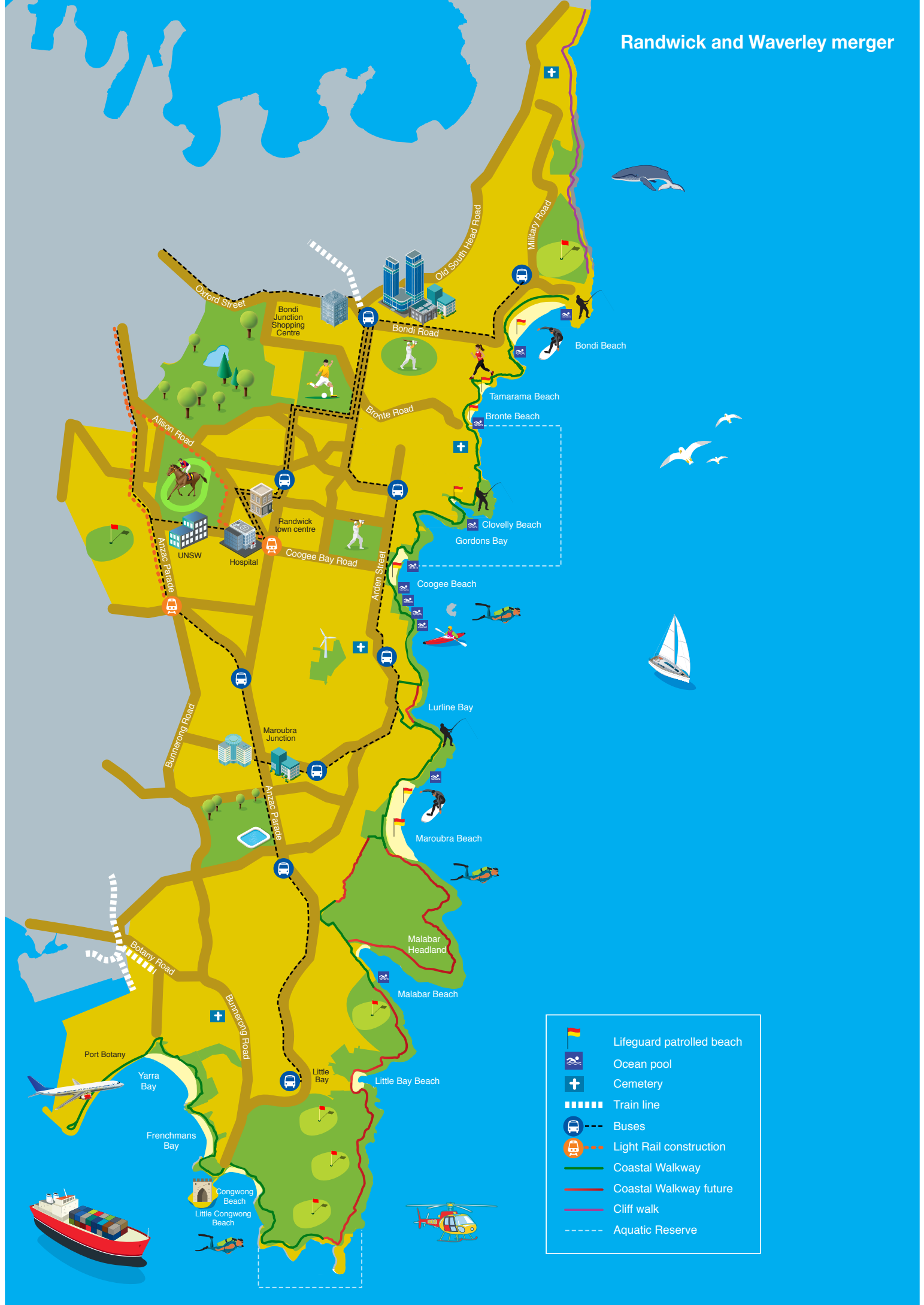


BUSINESS CASE

Randwick and Waverley Council merger



Randwick and Waverley merger



business case

A Merger of Randwick City Council and Waverley Council

Based on the due diligence findings of Randwick City Council and Waverley Council
To be read in conjunction with the reports listed in **Attachment A**

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executive summary

Both **Randwick and Waverley Councils are fit and sustainable for the future** and our communities and councils would prefer to remain as stand-alone entities. However, both councils note that based on the NSW State Government's 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. A 'Global City' council, representing a merger of Woollahra, Waverley, Randwick, Botany and City of Sydney Councils, was proposed by the Independent Local Government Review Panel (ILGRP). Should the Government change the criteria or not continue to pursue the 'Fit for the Future' program, our proposal to merge will be withdrawn.

This business case outlines the key findings and recommendations for a merger between Randwick City Council and Waverley Council.

Randwick and Waverley Councils have been active participants in local government reform. The councils' due diligence and findings are based on extensive community profiling and engagement, comprehensive staff and union engagement, strategic planning research and financial modelling and analysis. Any assumptions have been comprehensively reviewed and audited. The outcome of the analysis of a number of options has informed the Councils' Fit for the Future proposal.

This business case shows that a merger of Waverley and Randwick Councils creates 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 provides 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**.

The proposed council will have a population of **215,545**, the **3rd largest in NSW** and **11th largest council in Australia**¹, growing to **256,450** in 2031². The new council area will encompass **97,450 dwellings**³, growing to **113,600** by 2031.

1 2014 ABS Estimated Resident Population

2 NSW Planning and Environment - New South Wales State and Local Government Area Population Projections: 2014 Final

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 economy⁴. The proposed council area will encompass **20,637 businesses** (**9th highest in Australia**)⁵ and **80,483 workers** (**8th highest LGA in NSW**)⁶. 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**⁷.

A Waverley, Woollahra and Randwick funded Eastern Suburbs Economic Profile (Link 1) confirmed that the eastern suburbs should be regarded as a **distinct economic sub-region of Sydney**. A merger of Randwick and Waverley councils presents a sub-regional economic focus for the eastern Sydney region, with the **two key strategic centres**, Bondi Junction and Randwick Education and Health, playing a key economic role within the proposed LGA. The councils also have **key coastal visitor attractions** such as Bondi Beach, Coogee Beach, La Perouse and the Coastal Walkway. The **Coastal Walkway** extends along the foreshore of the two LGAs and has been rated

3 NSW Planning and Environment - New South Wales State and Local Government Area Household and Implied Dwelling Projections, 2016 forecast

4 National Institute of Economic and Industry Research (NIEIR), 2013/14.

5 Australian Bureau of Statistics, Counts of Australian Businesses, including Entries and Exits, June 2010 to June 2014.

6 National Institute of Economic and Industry Research (NIEIR), 2013/14.

7 Australian Bureau of Statistics, Building Approvals, 2013/14.

TripAdvisor's number one NSW attraction and number two attraction in Australia. TripAdvisor is the world's largest tourist review website. An **enhanced regional approach to facilities** such as cycleways, green links and walkways would improve the connectivity between these relatively built up areas.

The alignment of **communities of interest** is essential to the success of the proposed merger. This merger brings together two councils that share many **commonalities in their demographics, economic and social character as well as environmental characteristics**. As an example there will be an opportunity for further coordination in planning of coastal and recreational activities.

The councils already **share resources** in researching, developing and implementing sustainability programs. The two councils have also demonstrated a successful joint partnership in planning and development design advice and guidance in the local area through sharing the same Design Review Panel for over a decade and other similar initiatives in promoting design excellence.

An amalgamation of Randwick and Waverley is forecast to increase services over four years by **\$15m (\$73 per resident)**, increasing to **\$103m (\$485 per resident)** over 10 years. It will **meet the seven 'Fit for the Future' ratio benchmarks in three years** (by 2018-19), **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 merger of all merger options modelled at a cost of **\$12m** over four years. While there is no forecast requirement for this new council to borrow funds, it would have a future borrowing capacity of between **\$278m** (based on TCorp's Debt Service Coverage Ratio benchmark) and **\$467m** (assessed against the IPART's Fit for the Future Debt Service Ratio).

The **services offered by the two councils are very similar**. To gain an understanding of where and why service levels differ and the potential cost implication of extending all services to all residents, an analysis of the services and service levels of the two councils was undertaken.

79% of 600 Randwick City residents randomly polled in a statistically valid telephone survey were at least 'somewhat supportive' of a Randwick – Waverley merger, with 50% 'supportive' or 'completely supportive'. In a community survey of 6,500 Randwick City residents and ratepayers, 90% of respondents would prefer an eastern suburbs council if mergers must happen. Additionally, a Randwick-Waverley merger is the most supported option if the options to stand alone or merge with only Botany Council (ie options with a population of less than 200,000) are discounted and preferences distributed.

Between 60% and 64% of the **Waverley** community's first preference is for some form of merger. A merger of Waverley and Randwick is the **most supported option** if the options to stand alone or merge with only Woollahra Council (i.e options with a population of less than 200,000) are discounted and preferences distributed. In a telephone survey of 623 Waverley residents, 32% preferred this option (a merger of Waverley, Woollahra and Randwick was equally supported by 32%). A telephone survey of 238 Waverley businesses indicated 35% prefer a Waverley and Randwick option, significantly higher than the Waverley, Woollahra and Randwick option at 23%.

The business case shows that a merger of Randwick and Waverley Councils 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

A merger of Randwick and Waverley Council is broadly consistent with the objectives of the ILGRP's Global City Merger.

The IPART has 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 Randwick and Waverley 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 10 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**."⁸ 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 this report.

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 little opportunity for economies of scale in the joint management of the harbour and coastline.

Grant Thornton, in the report 'Waverley Council – Technical Assistance FFTF' (March 2015, Link 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

⁸ Jaensch, Macintyre and Williams, [Reinforcing Local Government](#), 2008, pp10-11.



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”⁹.

In contrast to these issues, a merger of Randwick and Waverley Councils 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;
- 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”¹⁰).

Sydney: A Global City

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 wide metropolitan scope of the global city, a scope that extends well beyond, and differs in nature from, the specific “Global City” merger option of the “Fit for the Future” program.

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 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). Accordingly, any attempt to merge the needs and objectives of suburban LGAs with those of the City of Sydney LGA would present significant operational and commonality issues.


⁹ City of Sydney, *Future Directions for NSW Local Government – Twenty Essential Steps: Submission to the Independent Local Government Review Panel*, July 2013, p.45

¹⁰ Haward, Marcus and Zwart, Ivan, ‘Local Government in Tasmania: Reform and Restructuring’, *Australian Journal of Public Administration*, September 2000, Vol. 59 No. 3, p 34.

2

introduction





Randwick City Council and Waverley Council have both been active participants in the local government reform process since 2011, having made detailed submissions to each of the ILGRP papers. Randwick Council engaged independent research company SGS Economics and Planning to undertake an Eastern Sydney Local Government Review and the University of Technology Sydney's (UTS) Research and Innovation Office to conduct a review of rating residential land.

The NSW State Government's 'Fit for the Future' program, states that the ILGRP's recommendation for mergers should be the starting point for all proposals. As such the NSW State Government's default position for Randwick and Waverley Councils is the Global City merger proposal consisting of Randwick, Botany Bay, Waverley, Woollahra and City of Sydney Councils. Both Randwick and Waverley have included the consideration of this option in all consultation and analysis undertaken for the development of this business case. Both Councils have overwhelmingly rejected the proposal (as resolved by Randwick City Council on [26 May, 2015](#) and Waverley Council on [10 June, 2015](#)).

Randwick City Council resolved, in part, that:

"Randwick City Council and its community is strongly opposed to the Global City merger proposal and Council understands that the Global City merger proposal is the default position if it does not make an alternate merger submission that is broadly consistent with the recommendations of the Independent Local Government Review Panel"

Waverley Council resolved, in part, that:

"Confirm to the State Government that both the Council and the community strongly oppose the Global City option as it will not deliver a community of interest and could deliver a reduction of services to the residents of Waverley."

A copy of the full resolutions is available on the Councils' websites.

There is minimal support for the Global City with 4% of 6,500 Randwick community survey respondents choosing it as a first preference and just 3% of 600 randomly chosen telephone respondents indicating they are 'supportive' or 'completely supportive'. If amalgamations must proceed only 5% of the Randwick community would choose a global city merger and 90% would 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 the Global City council and that it would result in less local representation, loss of local identity and reduced services.

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, 2015, p15.). 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).

The NSW Government's 'Fit for the Future' guidelines state that each council must address the issue of scale as a priority. Scale is broadly understood to be the size of a Local Government Area based on its projected 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 (Randwick City Council, Options Analysis, April 2015, p16, Link 5). For the purposes of community engagement and analysis, a minimum population of 200,000 is considered as meeting the requirements as this aligns with the population of the councils considered by the ILGRP to already have scale.

The merged council will have a population of 215,545¹¹, growing to 256,450 in 2031¹².

As stated by IPART Chairman Dr Peter Boxall "scale and capacity are about more than population."¹³ Dwellings and jobs are also important drivers in sub-regional planning. This report outlines the merged council's scale in a broader context than population, in addition to the capability of the council to meet the following criteria:

- the key elements of strategic capacity;
- the ILGRP's objectives for the region and for a 'global city';
- the seven financial, asset and efficiency ratio benchmarks; and
- the alignment of communities of interest and services.

¹¹ *Estimated Resident Population, Australian Bureau of Statistics, Regional Population Growth, Australia, 2013/14.*

¹² *NSW Planning and Environment - New South Wales State and Local Government Area Population Projections: 2014 Final*

¹³ *The IPART, Fit for the Future Assessment Methodology Media Release, 5 June 2015*





overview of council areas

3.1 City of Randwick

Randwick City is located in the eastern suburbs of Sydney, covering an area of approximately 37 square kilometres. It is bounded to the north by Centennial Park and Waverley, to the east by the Pacific Ocean, to the south by Botany Bay and to the west by City of Sydney and Botany Bay Councils.

The area is predominately residential featuring its largest commercial and retail centres at Maroubra, Randwick, Kingsford, Coogee and Kensington town centres, as well as local shopping precincts throughout the City. It is located six kilometres from the Sydney CBD, with around 70 per cent of dwellings being medium or high density. The area has a proud heritage with the First Fleet landing at Frenchmans Bay at La Perouse in 1788 and was proclaimed a Local Government Area (LGA) in February 1859, the second after the City of Sydney in 1840.

Randwick City has 29 kilometres of natural coastline that includes the Bronte-Coogee Aquatic Reserve and the Cape Banks Aquatic Reserve. The coastline stretches from Clovelly in the north to Botany Bay in the south, with 10 beaches including the popular tourist destination of Coogee Beach and the historically significant surfing reserve at Maroubra Beach. The area also features the Des Renford Leisure Centre, as well as eight ocean pools and the Eastern Suburbs Coastal Walkway.

Around 30 per cent of the area is designated as open space, offering more than 70 parks and reserves including regionally significant recreational facilities such as the Royal Randwick Racecourse, five golf courses, Kamay Botany Bay National Park, the Malabar Headland, Centennial Park and Heffron Park. Major regional facilities include the Prince of Wales Hospital Complex, the University of NSW, NIDA and Randwick TAFE. These facilities draw tens of thousands of people to the area daily for employment, health, education and recreation activities.

Randwick City also comprises part of Port Botany as well as adjoining industrial lands with the Botany Bay LGA.

Randwick's population is an estimated 143,776 people¹⁴ who are from a range of nationalities with significant influences from the English, Chinese, Irish, Scottish, Greek and Jewish cultures. Randwick City also has a significant Aboriginal population and heritage. Randwick City is named after the village of Randwick in Gloucestershire, England.



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

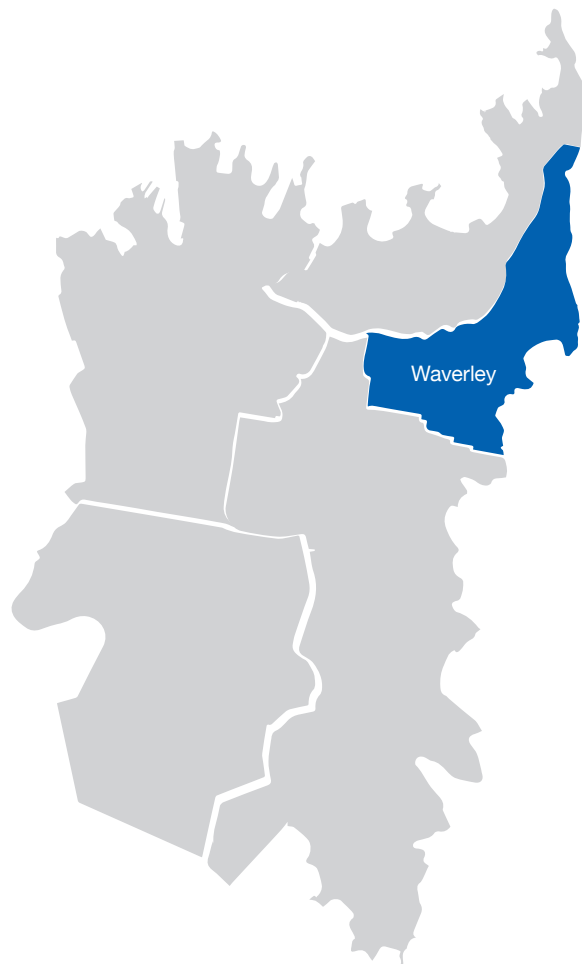
3.2 Waverley

Waverley is located in the eastern suburbs of Sydney, covering an area of approximately nine square kilometres. It is bounded to the north by the Municipality of Woollahra, to the east by the Pacific Ocean and to the south and west by Randwick City.

The area has a mix of residential and commercial centres, and features a major retail centre and transport interchange at Bondi Junction. It is located seven kilometres from the Sydney CBD, with around 80 per cent of dwellings being medium or high density. It was proclaimed a Local Government Area in June 1859 – just four months after Randwick.

The area is home to the world famous Bondi Beach and Pavilion, and also features ocean beaches at Bronte and Tamarama which are part of the Bronte – Coogee Aquatic Reserve and are connected by the Eastern Suburbs Coastal Walkway. The area has many parklands and reserves with Queens Park being a significant recreation facility. Tens of thousands of people visit the area daily for employment and recreational activities.

Waverley's population is an estimated 71,769 people¹⁵. The LGA is predominately influenced by English, Irish, Scottish, and Jewish cultures. The Waverley LGA takes its name from the house built in the district by Barnett Levey, who named the house after his favourite book 'Waverley', and features a number of place names derived from the Aboriginal culture such as 'Bondi'.



¹⁵ 2014 Estimated Resident Population, Australian Bureau of Statistics, Regional Population Growth, Australia, 2013/14.

scale of the merged council

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

Scale is about more than population size, as affirmed and supported by IPART, the ILGRP and both Professor Sansom and the Australian Centre of Excellence for Local Government in their submissions to 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 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 City 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**¹⁶, growing to **256,450 in 2031**¹⁷.

¹⁶ Estimated Resident Population, Australian Bureau of Statistics, Regional Population Growth, Australia, 2013/14.

The new council area encompasses **97,450 dwellings** (NSW Planning and Environment - New South Wales State and Local Government Area Household and Implied Dwelling Projections, 2016 forecast), growing to **113,600 by 2031**.

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.

The proposed council area will encompass **20,637 businesses (9th highest in Australia)** and **80,483 workers (8th highest LGA in NSW)**. In 2013-14 the value of **building approvals** within the Randwick and Waverley area was a combined **\$1b**, as a combined LGA this will be the **3rd largest area of investment in NSW** and **14th in Australia**.

¹⁷ NSW Planning and Environment - New South Wales State and Local Government Area Population Projections: 2014 Final

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, Link 5).

The merged council has a population of **215,545¹⁸** (2014 ABS Estimated Resident Population), growing to **256,450** in 2031¹⁹. 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.

¹⁸ Estimated Resident Population, Australian Bureau of Statistics, *Regional Population Growth, Australia, 2013/14*.

¹⁹ 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 hectare²⁰, 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**.

20 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, Revitalising Local government). A merger of Randwick and Waverley meets these factors, including:

ILGRP Factors in Defining Regions	A merger of Randwick and Waverley Councils
<p>→ Manageable geographic area and suitable scale for strategic planning</p>	<p>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 4,737 people per square kilometre, 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.</p> <p>Randwick and Waverley Councils are both within the same sub-regional planning area, and the merger brings together key elements of the subregion including two strategic centres and key recreational areas and facilities.</p>
<p>→ Regional or sub-regional communities of interest reflected in current arrangements, including existing ROCs and County Councils</p>	<p>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.</p> <p>Both councils work in partnership with each other, neighbouring councils, coastal councils, regional organisations and other community groups including:</p> <ul style="list-style-type: none"> → Southern Sydney Regional Organisation 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 Market 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.

ILGRP Factors in Defining Regions	A merger of Randwick and Waverley Councils (cont'd)
<p>→ Regional or sub-regional communities of interest reflected in current arrangements, including existing ROCs and County Councils (cont'd)</p>	<p>→ Affordable housing organisations: Both councils work with housing organisations including St George Community Housing, Community Housing Ltd and Bridge Housing.</p> <p>→ 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.</p> <p>→ 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 Waverley and Randwick 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.</p>
<p>→ Alignment as far as possible with key State and federal agencies for strategic planning purposes</p> <p>→ In the Sydney region, alignment with sub-regional boundaries proposed for the metropolitan strategy</p>	<p>Both Randwick and Waverley 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.</p> <p>Objectives for the region</p> <p>The merged council is a strong partner for the State and Federal Governments in the delivery of their objectives for this region including:</p> <p>→ 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.</p> <p>→ Potential to extend and connect transport networks to the strategic centres - linking the key travel demand corridor between Randwick and Bondi Junction.</p> <p>→ 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.</p> <p>→ 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.</p> <p>Demonstrated partnerships and projects with State and Federal agencies</p> <p>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. Examples of projects and partnerships with State and Federal agencies include:</p>

ILGRP Factors in Defining Regions	A merger of Randwick and Waverley Councils (cont'd)
<ul style="list-style-type: none"> → 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 (cont'd) 	<ul style="list-style-type: none"> → 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 identify 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 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.

ILGRP Factors in Defining Regions	A merger of Randwick and Waverley Councils (cont'd)
<p>→ Alignment as far as possible with key State and federal agencies for strategic planning purposes</p> <p>→ In the Sydney region, alignment with sub-regional boundaries proposed for the metropolitan strategy (cont'd)</p>	<p>→ 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 aged and disability sector in 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.</p> <p>→ 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.</p> <p>→ 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.</p> <p>→ Crown Lands: Both councils manage cemeteries and work closely with Crown Lands on the management of these areas.</p> <p>→ Roads and Maritime Services: Both councils work closely with RMS officers on traffic management and road safety initiatives.</p> <p>→ 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.</p> <p>"Coastal tourism communities are sites where frequent land and recreational use conflicts occur"²¹. 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.</p> <p>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.</p>

21 United Nations Environment Program, *Disaster Risk Management for Coastal Tourism Destinations Responding to Climate Change*, 2008, p82.

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.

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.





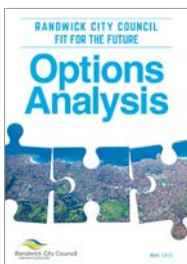
Strategic Capacity of the new council

ILGRP key elements

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 will increase 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, 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 councils²².
- 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).

For more information refer to:



Randwick City Council's Options Analysis – Appendix C Financial Context (Link 5)



Grant Thornton, Waverley Council Technical Assistance FFTF, March 2015 (Link 4)

Scope to undertake new functions and major projects

- This merger is projected to result in cost savings and hence increased services over 10 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 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% benchmark²³.
- 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 trigeneration 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 and significant planning and investment in regional recreational facilities at Heffron Park. Waverley's masterplan for Bondi Junction, the \$36m Complete Streets program, Green Infrastructure masterplan, \$14m

²³ Based on a 10 year loan at 5% and 2019-20 projected financial results (2019-20 is the final year of the financial results requested by IPART). Based on both councils 2013-14 financial results, the councils could currently borrow a combined \$171m to \$373m.

allocation for Bondi Park, Beach and Pavilion Plan of Management, (including the Bondi Pavilion Upgrade and Conservation project) and the \$60m Bondi Junction Civic Heart project indicate existing capability and opportunity to benefit from 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



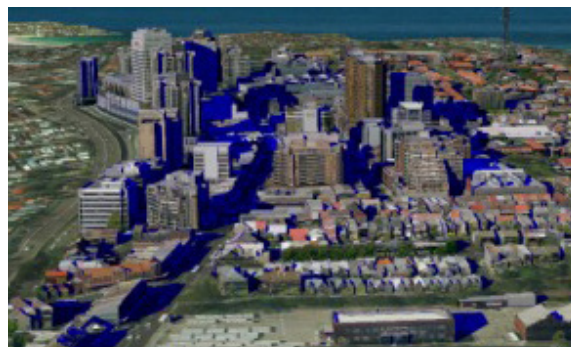
Bondi Junction Town Centre Masterplan

Ability to employ a wider range of skilled staff the new council

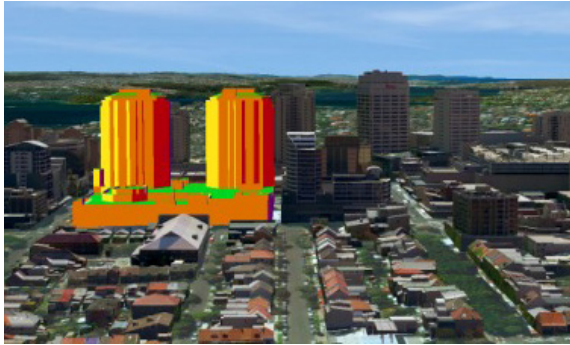
Building on the workforce strategies of both councils, the new organisation's ability to attract and retain talented people from a more diverse pool, reduce turnover costs, enhance performance and build a robust leadership pipeline for the future will be enhanced through a merger.

- 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



MyRandwick App



Integrated Management of Works System (IMOWS)

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.



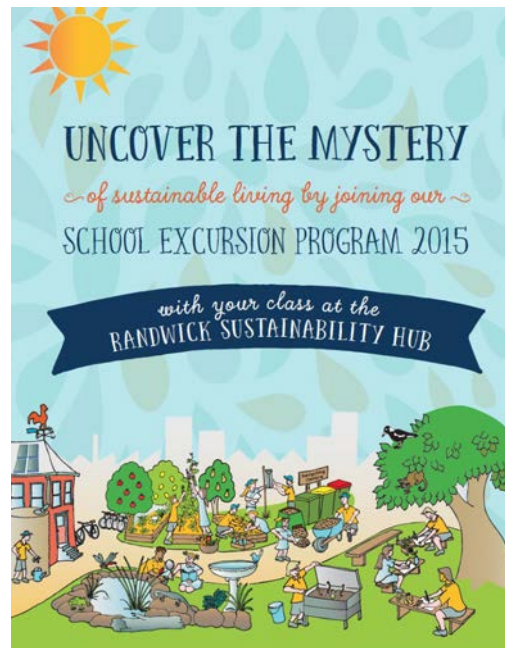
Bondi Beach was the first in Australia to offer free wi-fi

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 (Link 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 **strategic centres** of Randwick Education and Health and Bondi Junction.
- 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 (Link 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

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 partnership with both State and Federal Governments and provide 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 strategic centres of Bondi Junction and the Randwick Health and Education Precinct 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) (National Institute of Economy and Industry Research (NIEIR), 2014). 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.
- 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

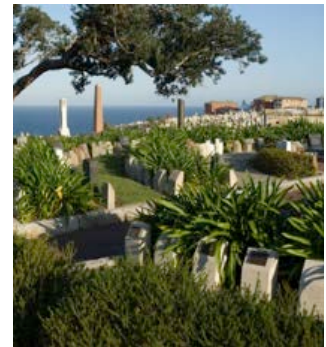


Credibility for more effective advocacy

- 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.



Coastal Walkway



Waverley Cemetery

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 City 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."²⁴

²⁴ 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

Resources to cope with complex and unexpected change

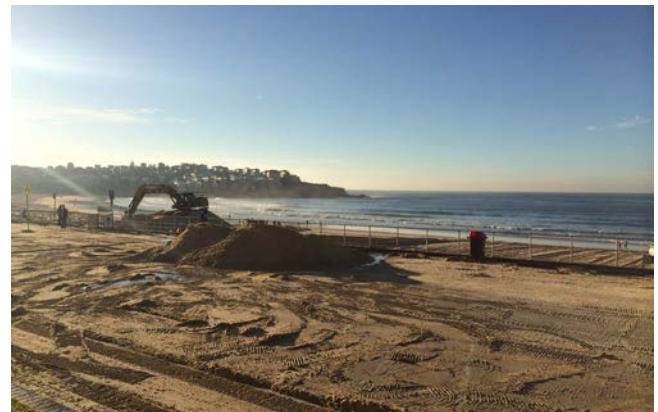
- The new council will have the **requisite knowledge, creativity and innovation** to enable it to manage complex change. The larger structure of the council will enable it to **respond** to the diverse needs of the community and manage and **plan for growth** within the eastern suburbs region. It will 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% benchmark²⁵.

²⁵ 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



Bondi Beach storm clean up - April 2015



Coogee Beach storm clean up - April 2015

High quality political and managerial leadership

- Both councils “have highly skilled mayors²⁶, 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 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’*.

²⁶ Waverley Mayor Sally Betts won Highly Commended in 2013 NSW Ministers’ Award for Women in Local Government.



Broader regional and state-wide objectives

As demonstrated throughout this business case, the merged council is a strong partner for the State Government in the delivery of their objectives for our region. These objectives include:

- **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.
- 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**.
- Connecting centres with a **networked transport system**.
- Improve access to **recreational opportunities** and linkages between **regional open spaces** to form a **green space network**.

For further information please refer to the Merger Proposal, section 1.3 'Scale and capacity'.



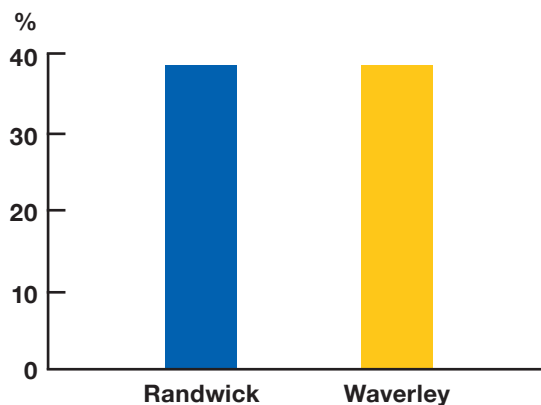
key findings

Community profile

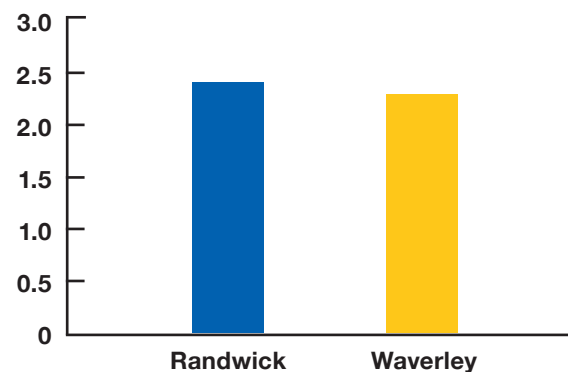
This section highlights the communities of Randwick and Waverley. More detailed information can be found in Randwick City Council's Options Analysis, Appendix A: Community Profile (Link 5). Data has been sourced from the 2011 Census²⁷ unless stated otherwise.

The Waverley and Randwick City communities are similar, sharing a number of aspects including household size, age characteristics, education levels, proportion of visitors and number of people from cultural and linguistic diverse backgrounds living in the area.

Overseas Born % of Total Population



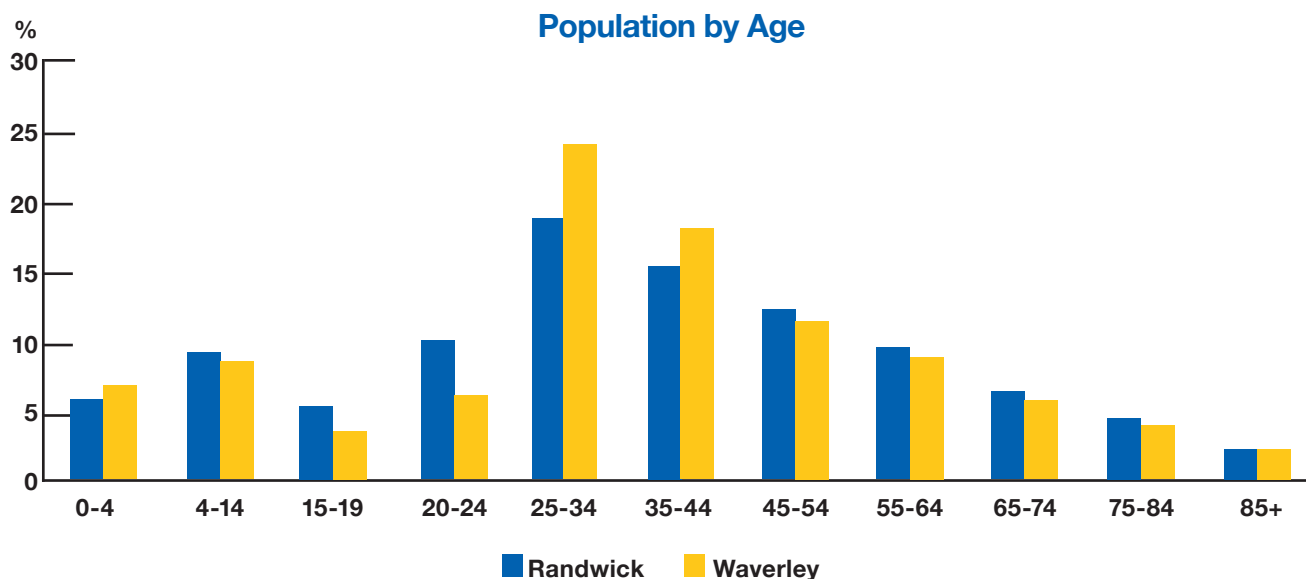
Average Household Size by LGA



While the Waverley local government area (LGA) covers a smaller geographical area, it is more densely populated and has a greater concentration of multi-unit dwellings than Randwick City; however the Randwick City LGA has a larger population spread over a larger area. Both LGAs have a higher proportion of multi-unit dwellings than the greater Sydney Metropolitan Area. Dwellings in Randwick City are more dispersed than those in Waverley, particularly in the south of the LGA. However, the average number of occupants per household is slightly higher.

Over time the difference in population and density is expected to normalise between the two LGAs with a predicted higher rate of population growth in Randwick and rising demand for housing. While the expected trend is for the population to age over the next 15 or so years, solid growth in the 5-19 year old group will ensure the population diversity of the study area remains balanced.

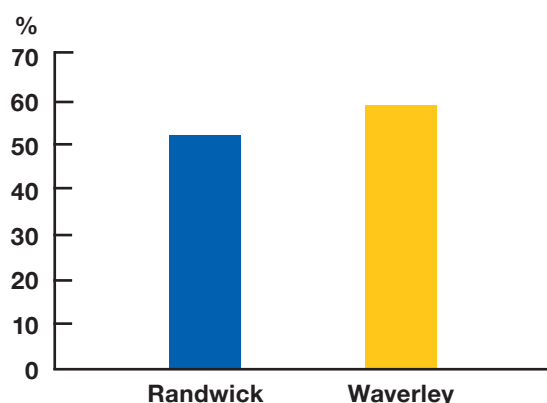
27 ABS 2011 Census of Population and Housing. Basic Community Profile based on Place of Usual Residence. Catalogue number 2001.0



While a similar proportion of Waverley residents travel to adjoining Randwick City to work as do Randwick City residents travel to Waverley. Approximately 12,000 non-residents travel to the Waverley LGA for work, whilst approximately 24,000 people travel from outside the Randwick City area to work in the LGA. This equates to approximately 17 per cent of each LGAs total population.

There is great similarity in education attainment in the two LGAs. The combined populations are highly educated with more than half having attained higher education qualification. Those attending an educational facility are of similar proportions, although Randwick has a higher proportion of university students living in the City compared to Waverley. This number reflects the location of the UNSW at Kensington and students' preference to reside closely to where they are studying.

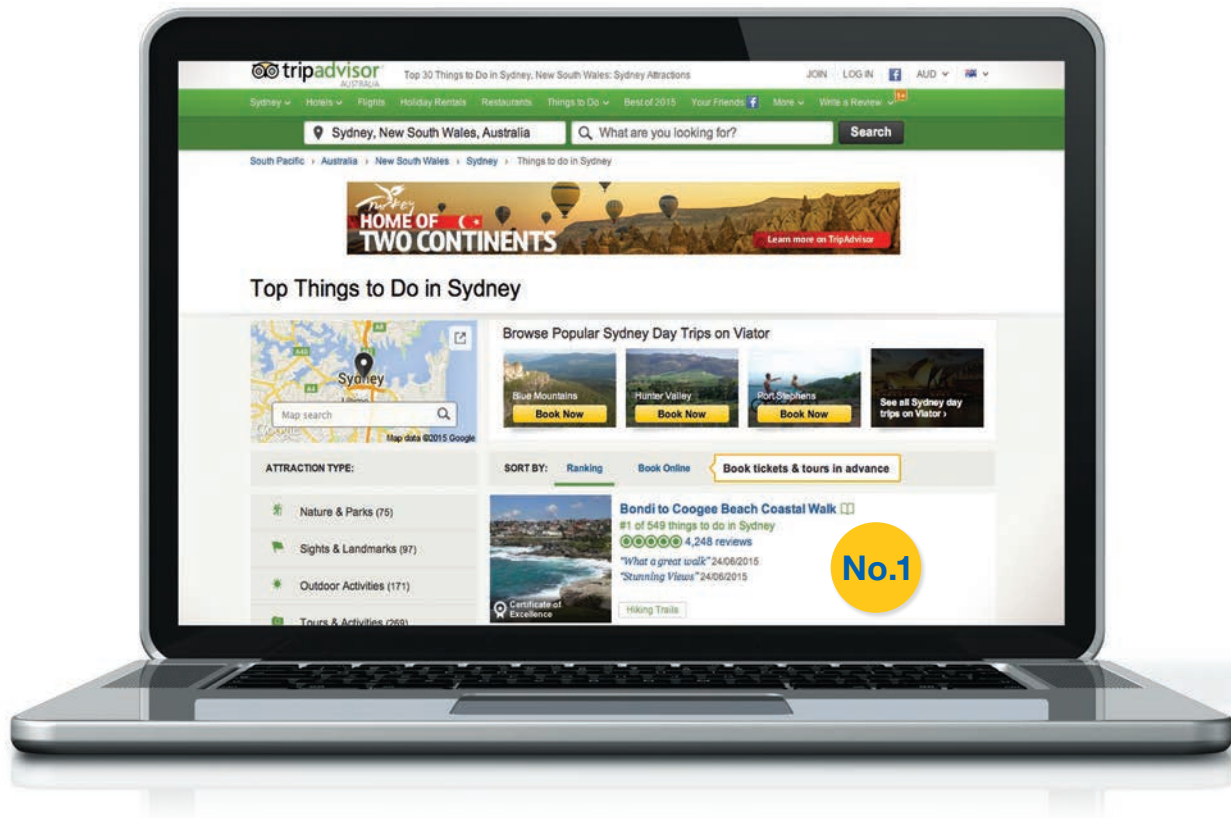
University/Certificate Qualified Population aged 15 and over



Waverley has a lower rate of socio economic disadvantage than Randwick, which has greater emphasis in the southern half of the Randwick LGA. In response to this, Randwick City Council has a focus on social assistance which is evidenced through partnership with the State Government and other authorities to provide a greater number of social housing dwellings in the southern half of the City.

The Eastern Suburbs Coastal Walkway crosses both Councils featuring many popular beaches and foreshore parklands which draw a significant number of visitors to the area for social and recreational purposes. The Coastal Walkway is rated TripAdvisor's number one NSW attraction and number two in Australia after the Australian War Memorial.

Tripadvisor.com.au – Top Things to do in Sydney



6.2 Strategic planning

This section provides an overview of the subregional planning advantages and planning system benefits of a merger between Randwick City Council and Waverley Council. Both council areas form part of the Global Economic Corridor and as a merged council would contain major strategic and economic assets and employment areas including part of the Port Botany Precinct, the Randwick Education and Health Strategic Centre (consisting of the Randwick Hospitals Complex, the education facilities of the University of New South Wales and Randwick TAFE) and Bondi Junction commercial and retail Strategic Centre. These areas are key drivers of employment containment for regional, subregional and metropolitan services.

The NSW Government's (2014) 'A Plan for Growing Sydney' identifies Randwick Education and Health and Bondi Junction as strategic centres. Strategic centres are defined (in the Plan) as priority locations for employment, retail, housing, services and mixed-uses that are built around the transport network and feature major public investment in services such as hospitals and education and sports facilities²⁸. These locations currently are planned to have at least 10,000 jobs. A merger between the two councils will provide for a coordinated planning approach for these centres, to identify key barriers to their growth and strategies to help overcome them.

A merger between the two councils will also provide for diversity in housing stock with higher density housing types to the north of the area in and around town centres and major transport hubs such as Bondi Junction and north Randwick. A Plan for Growing Sydney identifies opportunities for housing growth to be focussed in and around specialised centres and along transport corridors of the rail line from Kings Cross to Bondi Junction and the CBD and South East Light Rail.

Both Randwick and Waverley Councils have also identified the need for affordable housing to be provided in their community. They have specific affordable housing policies and strategies to facilitate the retention and supply of affordable housing in their communities. A merger between the two councils would provide for a coordinated planning approach to the delivery of housing supply and diversity including affordable housing.

Transport planning is another planning theme which benefits from a regional approach. Bondi Junction contains a major transit interchange and is serviced by rail connecting to the Sydney CBD. The rest of the eastern suburbs is serviced by an extensive bus network as the main mode of public transport.

The CBD and South East Light Rail, soon to commence construction, will link the Randwick Hospitals Complex and UNSW, to Central station and Sydney CBD. Waverley Council has long advocated for light rail in the local government area. A merger between the councils would enable an integrated transport planning approach for the region leveraging from the existing CBD and South East Light Rail project, bus networks and existing cycle strategies. This reflects the NSW government strategy for a more networked and connected city.

Both Randwick City Council and Waverley Council also share commonalities with regard to open space and recreation. Specifically, the eastern shoreline and its beaches. Bondi Beach is a major destination, as is Coogee for tourists and Sydney residents. A merger between the two councils would also contain Centennial Park and Queens Park.

In addition to major visitor attractions, a merger would also provide for linkages of open space such as the Eastern Suburbs Coastal Walkway and coastal bushland areas. The two councils also contain a number of key regional open space areas which serve local and regional recreational needs. A merger between the two councils would also provide for a coordinated approach to recreational and open space planning for the region.

A review of planning systems across the two council areas indicates compatibilities in the planning framework, specifically, both councils have recently (2012 and 2013) adopted a local environmental plan, a comprehensive Development Control Plan and a flat rate levy (s94A) development contributions plan. Both councils have implemented similar e-planning initiatives eg. electronic systems to provide planning and development information and to undertake business transactions. In addition to the planning framework, both councils place great importance in promoting design excellence in the community. Since 2002, the Randwick-Waverley Design Review Panel, a joint partnership between Randwick City and Waverley Councils, have provided advice and guidance in the design of residential flat and major developments. Both councils also host architecture and design awards for their local community. These examples demonstrate that a merger between the two councils would have high compatibility of planning systems and have similar initiatives in promoting design excellence.

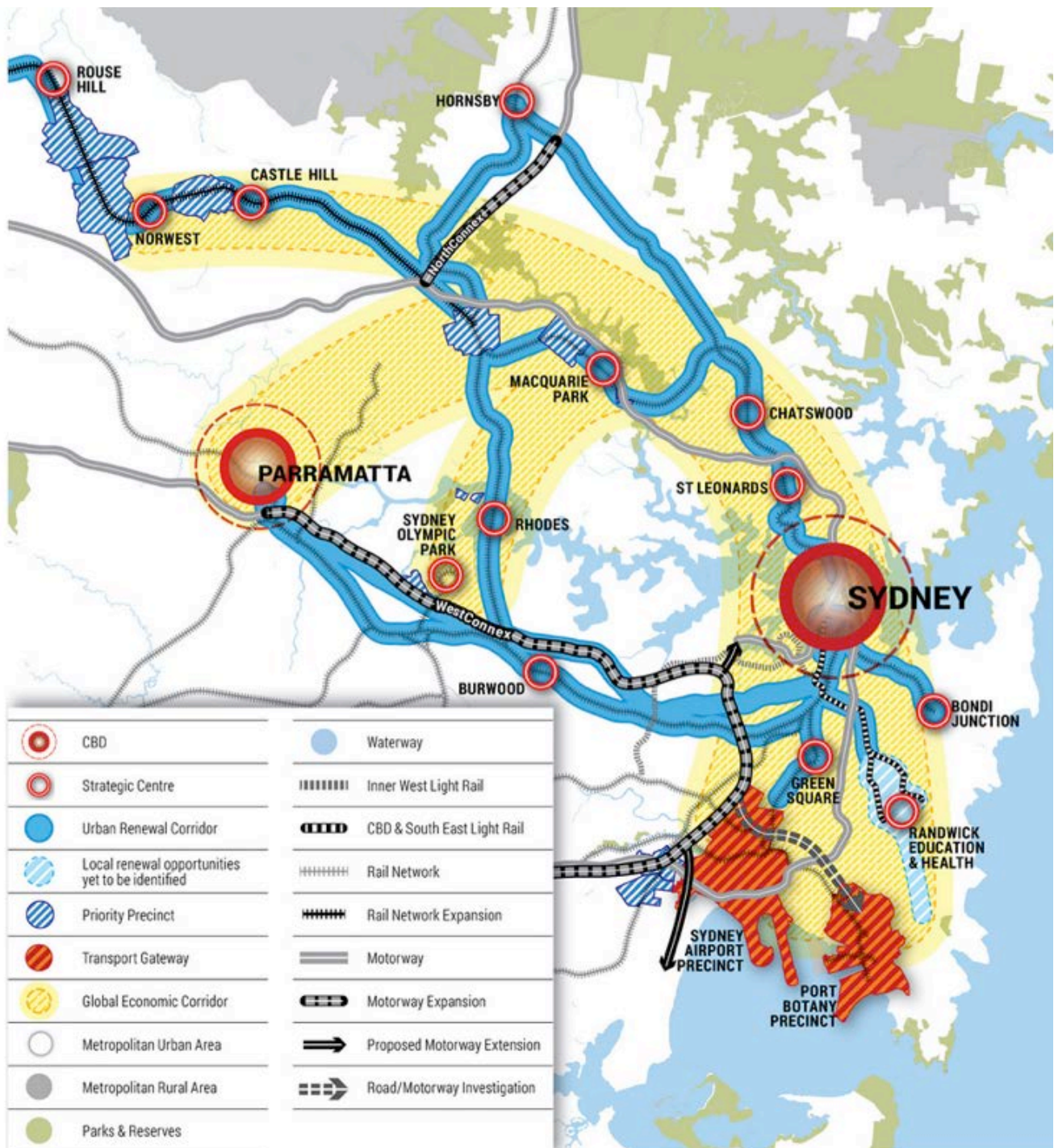
28 NSW Government 2014 A Plan for Growing Sydney pg. 21

Key findings:

- A merger of the two councils will contain the strategic assets of the Randwick Education and Health, Bondi Junction commercial centre and part of the Port Botany Precinct.
 - Strategic planning is important for identifying the key elements needed to support the strategic centres and a merger will provide a coordinated planning approach of these centres and surrounds.
 - A merger between the two councils will enable a coordinated planning approach for integrated transport planning for the region which leverages the CBD and South East Light Rail project, existing cycle strategies, Bondi Junction rail and transit interchange and the extensive eastern suburbs bus networks.
 - Both Randwick City Council and Waverley Council share common affordable housing issues. A merger between the two councils would enable a coordinated planning approach towards housing supply and diversity including affordable housing.
 - Both Randwick City Council and Waverley Council also share commonalities in the eastern foreshore and its usage, especially beaches. A merger between the two councils will also provide for linkages of open space such as the Eastern Suburbs Coastal Walkway and coastal bushland areas. The merger would provide for a coordinated approach to recreational and open space planning for the region.
 - A review of planning systems and frameworks across the two council areas demonstrates that both Randwick City Council and Waverley Council indicate a high compatibility and have similar initiatives in promoting design excellence.
-



'The Global Economic Corridor'



Source: A Plan for Growing Sydney

6.3 Facilities and services

A local council's day-to-day functions of policy-making, planning, provision of physical services and regulatory responsibilities have evolved over time to include the management of essential community facilities and services. Local councils are at the forefront of service delivery, and as they have established relationships with the community, they are best placed to identify and respond to their community's needs.

Local councils implement a range of community services that are underpinned by social justice principles and a desire to create inclusive societies. These include delivering direct services to residents in need of support, or assisting established organisations that are already delivering these services so that they can better meet the clients' needs.

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.

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. An extensive service level analysis was undertaken to compare and identify any differences between the two councils. This analysis identified that there are some differences in service levels, largely due to factors such as asset materials and age, utilisation and technology. Estimated generated savings from a merger of Waverley and Randwick are underpinned by the assumption that, compared with current service levels, there would be no loss of services or reductions in service levels.

Whilst Waverley and Randwick share the same focus and priorities across their communities, there are some differences in the delivery mechanism for services and programs. As an example, Waverley Council operates a stand-alone and fully staffed community centre in Bondi Junction which provides direct community development activities and services to residents. It also provides a more extensive range of direct childcare services to its residents. In contrast, Randwick City Council's

community services programs are designed to support the capacity of established community based and not-for-profit organisations to deliver these direct activities through its grants and subsidies programs. For example, Randwick provides community services grants to youth services providers and Beaches Outreach Project, located in Waverley LGA, because they also serve the needs of Randwick residents. Randwick specialises in delivering awareness raising, education and harm prevention workshops on a range of pertinent community issues such as mental health, drugs and alcohol, suicide, and domestic violence prevention. Randwick Council's funding of the Home Maintenance and Modification Program by state agencies enables eligible residents residing in Waverley and Randwick LGAs to benefit from this service.

In addition to implementing their own community programs, Waverley and Randwick City Councils, actively collaborate with each other to undertake joint services planning and activities.

Both Waverley and Randwick possess complementary skills and expertise that can be leveraged to provide enhanced community services to our diverse communities. The pooling together of resources between Waverley and Randwick has resulted in improved participation rates and social inclusion activities and events delivered in a cost effective way. A merger of the two Councils will provide additional opportunities and resources to support stakeholder groups in the planning and delivery of much needed community services and facilities in a holistic and sustainable way.

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.



6.4 Community engagement

6.4.1 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 Engagement Strategy 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.

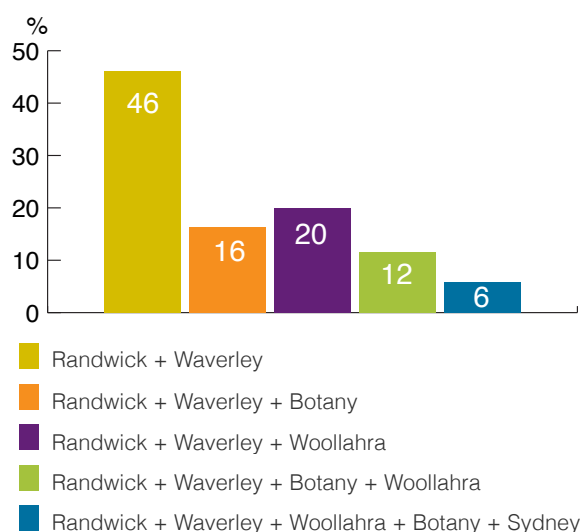
Council sought feedback on seven options for its future. This stage was extensive, with more than 8,000 residents, businesses and ratepayers taking part through a reply-paid survey, online survey, statistically valid telephone survey, focus groups, social media and pop-up information stalls at local parks, beaches and shopping centres. For more information on these engagement activities please refer to Randwick Council's Options Analysis (p37-48, Link 5) and Options Analysis Appendix B Community Engagement (Link 5).

Key findings:

- 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 two 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).
- 79% of 600 randomly chosen Randwick City telephone respondents were at least 'somewhat supportive' of a Randwick and Waverley merger.
- A Randwick and Waverley merger was the second most supported option behind 'no change' in the telephone survey.
- 67% of community survey respondents chose a Randwick-Waverley merger as one of their top three preferences.

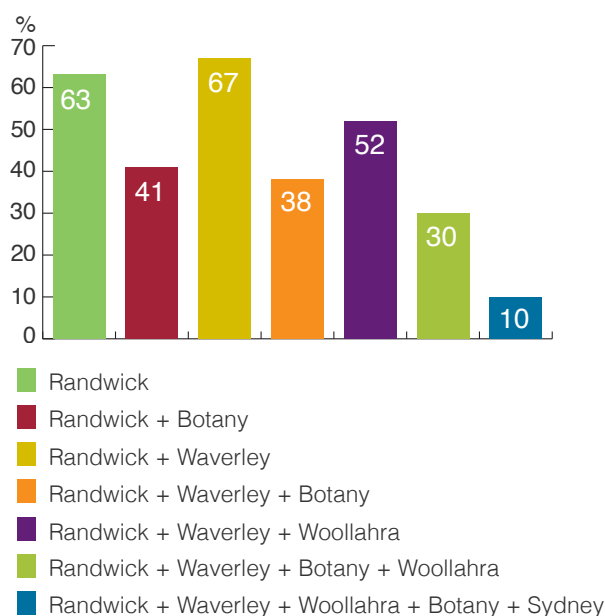


Distributed preferences - options most likely to meet IPART and Fit for the Future requirements (Community Survey)



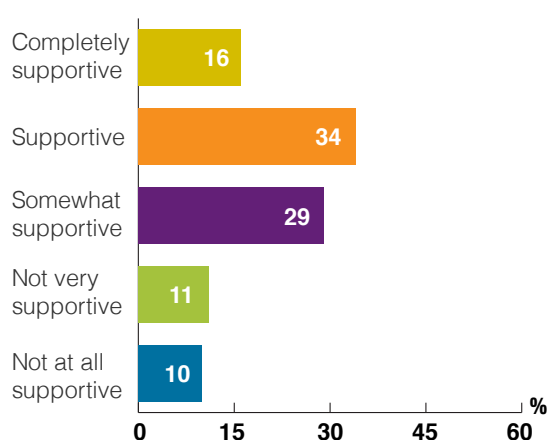
Source: Community Survey question 10 'Please rank your preferences'. The Randwick (stand alone) and Randwick + Botany options have been removed and preferences distributed. The removed options are likely not to meet 'scale and capacity' as defined in the Government's Fit for the Future program and in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

First, second and third preferences combined (Community Survey)



Source: Randwick City Council Community Survey May 2015. 6,500 respondents. Q10. Please rank your preferences

Support for Randwick City Council Amalgamating with Waverley Council (Telephone Survey)



Source: Randwick City Council Micromex telephone survey, May 2015.

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.

Costs and benefits

The information packs issued to every household in Randwick City and extensively available at Council centres and online, contained a 'benefits and cost' section for each of the seven options presented for the community to consider. The benefits and costs were considered from the Randwick perspective ie - benefit: no increase in rates, cost: loss of Randwick identity (see information pack pages 6-11 (Link 6). Regular updates were provided to the community through Randwick's Fit for the Future consultation website.

For more information on these engagement activities please refer to Randwick Council's Options Analysis (p37-48) and Options Analysis Appendix B Community Engagement (Link 5).

6.4.2 Community engagement - Waverley

Waverley Council started communicating with residents about Fit for the Future in December 2014, with a special edition of Waverley in Focus, Council's quarterly newsletter for residents with 32,000 copies being delivered to households across the Waverley LGA. This special edition included a background on local government reform and outlined the Fit for the Future program and what it meant to Waverley.

In January 2015, Waverley Council engaged an external research consultant, IRIS Research, to undertake a deliberative phone poll and to run an online survey. Prior to this phase of consultation, Waverley Council developed an eight-page information pack about the options Council resolved to explore in the Fit for the Future process. Over 36,000 copies were mailed to households in Waverley and ratepayers not living in Waverley as well as 5,000 copies sent to businesses.

To inform residents of the consultation phase in March 2015, Council promoted the Future of Waverley through advertisements in local media, social media, Council's website, email newsletters, customer service areas and briefing sessions at the Waverley Community and Seniors Centre. The Wentworth Courier also ran a cover story on 4 March urging residents to complete the online survey and have their say.

Throughout the consultation period, 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.

Key findings:

- More people associate with the eastern suburbs (39%) than their suburb (31%) or the City of Randwick (26%).
 - Approximately 60% of respondents preferred some form of merger.
 - The most preferred options are eastern suburbs options, both stand alone and merger options.
-

Deliberative poll:

- One third of all residents surveyed (36.6%) indicated their most preferred options were for Waverley Council to remain by itself.
- For residents who chose Waverley and Randwick as their most preferred option, did so because they believed the demographics of the two Councils to be similar; this option improves economies of scale and saves money; the combination will be stronger than the stand alone option.
- Residents indicating the global city option as the least preferred option believed it would result in an entity that was too big and unworkable to achieve any outcome of benefit for the amalgamated area.

Online and hard copy survey:

- A Waverley and Randwick merger option was the third option preference across the online and hard copy surveys preference with 14.5%, behind Waverley stand alone 35.4% and Waverley, Randwick and Woollahra merge 22.9%.
 - 54.5% of respondents chose a Waverley and Randwick merger option in their top three choices.
 - 45.6% of respondents who chose a Waverley and Randwick merger option as their first choice believed it to make the most sense.
-

Cost and benefits

Waverley Council engaged independent consultants Grant Thornton to undertake a financial analysis of the six options Council explored based on the Fit for the Future criteria. This analysis was used as a basis for developing the information pack for residents and businesses. Included in the overview of each option was an 'advantaged and disadvantages' section to give residents information about the costs and benefits of the options. Examples include 'Possible access to other State funding and grants' (advantage); 'Less representation at a local level' (disadvantage).





6.5 Financial context

Randwick and Waverley Councils have undertaken extensive research, analysis and modelling of the financial benefits and costs of a merger including the long term financial sustainability outlook for the proposed new council. The modelling undertaken by Randwick was assessed by both Councils' independent auditor Hill Rogers Spencer Steer. The City of Sydney also reviewed the model and advised they "support" the analysis and that their "conclusions are consistent" with the position reached by this analysis.



Table 1 Snapshot of the Current Situation

	Randwick	Waverley
TCorp Assessment – Current financial sustainability	Sound	Moderate
TCorp Assessment – Financial sustainability outlook	Positive	Positive
OLG Infrastructure Audit – Infrastructure Management	Very Strong	Strong
Staff	522	601
Budget – 2014-15	\$158m	\$144m
Average residential rates	\$1,075	\$1,058
Residential rates	\$52m	\$30m
Business rates	\$13m	\$12m
Debt	\$0	\$3m
Infrastructure backlog	\$7m	\$12m
Asset renewal and maintenance annual expenditure gap	\$0	\$6m

Sources: 2012-13 Comparative Data Return, 2014-15 Operational Plans and 2013-14 Financial Statements



6.5.1 Randwick City Council

Randwick Council is in a strong financial position with a history of generating operating surpluses; significant capital works programs and sound liquidity, while remaining debt free for over a decade. Furthermore, the Council has a capacity to generate operating surpluses and fund capital works and infrastructure programs well into the future. The Council meets all the Fit for the Future financial, asset and efficiency benchmarks now and into the future, with the exception of the debt service ratio. However if the council had just \$1 of debt it would meet this ratio too.

The Council's financial position has been assessed as "Sound" by both NSW TCorp and the Council's independent auditor, with TCorp stating the Council's outlook is "Positive". This result is supported by the independent audits of the Council's annual report on the condition of public buildings and infrastructure assets (Special Schedule 7) and an assurance test of the Long Term Financial Plan (LTFP).

Table 2 Fit for the Future Ratio Benchmarks – Randwick City Council

Measure / benchmark	NOW 2014-15	YEAR 3 2016-17	YEAR 6 2019-20	YEAR 10 2023-24
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	● 3.7%	● 3.2%	● 3.3%	● 3.8%
Own Source Revenue Ratio (Greater than 60% average over 3 years)	● 90.7%	● 92.1%	● 92.3%	● 92.8%
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	● 116.9%	● 117.2%	● 117.6%	● 120.3%
Infrastructure Backlog Ratio (Less than 2%)	● 0.5%	● 0.2%	● 0.0%	● 0.0%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	● 122.9%	● 110.3%	● 119.0%	● 113.9%
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%
Real Operating Expenditure per capita (A decrease in real operating expenditure per capita over time)	● Decrease	● Decrease	● Decrease	● Decrease





























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

6.5.2 Waverley Council

Waverley Council has worked closely with the community to plan for the longer term and effectively fund those services valued by the community. During 2010, the Council undertook a very detailed process of consultation with the community around the financial difficulties facing the Council over the period to 2022. This process led to a very detailed update of Council's Long Term Financial Plan (LTFP) and a successful application to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) that placed it on the path to a more sustainable future.

While Waverley currently meets 2 of the 7 'Fit for the Future' ratio benchmarks, the Council is projected to meet 5 benchmarks in 2015 and 6 benchmarks by 2020. This positive trend was recognised by NSW TCorp in mid-2014, assessing Waverley's Financial Sustainability Rating (FSR) as "Moderate" with a "Positive Outlook". The Council has a low level of debt at \$3m, sound liquidity and a strong Long Term Financial Plan which forecasts surpluses into the future.

Table 3 Fit for the Future Ratio Benchmarks – Waverley Council

Measure / benchmark	NOW 2014-15	YEAR 3 2016-17	YEAR 6 2019-20	YEAR 10 2023-24
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	 -0.6%	 1.1%	 3.0%	 4.6%
Own Source Revenue Ratio (Greater than 60% average over 3 years)	 88.8%	 92.1%	 93.0%	 93.7%
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	 63.1%	 63.0%	 63.0%	 63.0%
Infrastructure Backlog Ratio (Less than 2%)	 2.0%	 1.3%	 0.0%	 0.0%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	 101.9%	 80.9%	 103.0%	 100.0%
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	 1.5%	 1.6%	 1.2%	 0.9%
Real Operating Expenditure per capita (A decrease in real operating expenditure per capita over time)	 Decrease	 Decrease	 Decrease	 Decrease



6.5.3 A merger of Randwick and Waverley Councils

A detailed analysis by Randwick Council (Link 5) identified that a merger of Randwick and Waverley Councils will result in increased services of **\$15m over four years (\$73 per resident)** increasing to **\$103m over 10 years (\$485 per resident)**. The merged council will meet 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**. No loss or reduction in services nor increases in rates are required and each Council's 10 year planned projects were included in the model. Grant Thornton advised Waverley Council that this is "the strongest option for Waverley", with Randwick being a "strongly attractive option as part of any combination, but more so when it is not diluted by any other council"²⁹.

This option is estimated to be the least costly merger of all options considered at **\$12m over four years**. These costs include information and communication technology, new staff facilities and relocation costs, rebranding, redundancies for senior staff, community and staff consultation, and legal and audit services. The merger grant from the NSW State Government of \$10.5m has been deducted from these costs.

29 Grant Thornton, Waverley Council – Technical Assistance FFTF, Mar 2015, p28 (Link 4)

Table 4 Summary of Financial Results of a Merger of Randwick and Waverley Councils

	Over 4 Years to 2020	Over 10 Years to 2026
Value of increased/new services*	\$15m	\$103m
Value of increased/new services <u>per resident</u>*	\$73	\$485
Number of 'Fit for the Future' ratio benchmarks met	7 / 7	6 / 7**

* The value of increased/new services over 10 years is the value after funding amalgamation costs, working towards eliminating operational debt and the infrastructure backlog of works, increasing asset expenditure to meet the 'Fit for the Future' benchmarks, while continuing to deliver all capital works projects outlined in each council's 10 year Long Term Financial Plan and maintaining existing service levels. No increase in rates or new debt is required.

** Fails debt service ratio as debt is \$0 - however with just \$1 of debt this ratio would also be met.

While a merger of Randwick and Waverley Councils initially fails the Building and Infrastructure Renewal ratio and the Asset Maintenance ratio with an asset expenditure gap of \$0.5m, by 2018-19 the new council would meet all 7 benchmarks.

Table 5 Fit for the Future Ratio Benchmarks – Randwick and Waverley Councils Merged

Measure / benchmark	NOW 2014-15	YEAR 1 OF NEW COUNCIL 2016-17	YEAR 4 OF NEW COUNCIL 2019-20	YEAR 8 OF NEW COUNCIL 2023-24	YEAR 10 OF NEW COUNCIL 2025-26
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	● 1.7%	● 3.7%	● 11.4%	● 11.0%	● 10.8%
Own Source Revenue Ratio (Greater than 60% average over 3 years)	● 89.8%	● 90.9%	● 93.0%	● 93.5%	● 93.6%
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	● 93.3%	● 97.9%	● 108.6%	● 114.2%	● 111.2%
Infrastructure Backlog Ratio (Less than 2%)	● 1.0%	● 0.6%	● 0.0%	● 0.0%	● 0.0%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	● 111.5%	● 94.7%	● 110.6%	● 106.9%	● 105.6%
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	● 0.7%	● 0.7%	● 1.3%	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

† The Debt Service Ratio is not applicable as the Council has no need to borrow funds

A merger of Waverley and Randwick Councils 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.



Key findings:

- Financial modelling indicates an amalgamation of Randwick and Waverley may result in **increased services** over four years of **\$15m (\$73 per resident)** after funding amalgamation costs, increasing to **\$103m (\$485 per resident)** over 10 years. The new council will **meet 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**. (Link 5, Appendix C)
- Both Randwick Council and Waverley Council provide similar services and facilities, therefore offering an opportunity to achieve economies of scale and scope through a merger.
- This proposal is estimated to be the least costly merger of the six options analysed by Randwick Council at **\$12m** over four years (net cost after the NSW State Government merger grant of \$10.5m).
- In a report commissioned by Waverley Council, Grant Thornton advised the 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.” (Link 4)

6.6 Rates

An analysis has been carried out of the existing rating structures adopted by Randwick and Waverley Councils. Modelling has also been undertaken to analyse the impact of various residential rating structures on each council as a merged entity. An amalgamated council would need to adopt one rating structure which balances the capacity of ratepayers to pay rates with the benefits received while remaining simple, transparent and within legislation. With two different rating structures and a level of variances in the land value across the two councils, selecting an equitable rating structure is complex. The transition to changes in rates for individual ratepayers would be phased in over a number of years.

	Randwick	Waverley
Residential rates	\$52m	\$30m
Residential properties	48,564	28,145
Average residential rate	\$1,075	\$1,058
% of total rates income paid by residential properties	80%	71%
Business rates	\$13m	\$12m
Business properties	2,009	1,820
Average business rate	\$6,659	\$6,367
% of total rates income paid by business properties	20%	29%
TOTAL RATES INCOME	\$65m	\$42m
TOTAL RATED PROPERTIES	50,573	29,965

Source: 2014-15 Randwick and Waverley Notional Yield Schedules

6.6.1 Residential rates

Presently there are two different rating structures across the study area collecting combined residential rates income of **\$82m** from **76,709 properties**. While Waverley's rates have increased in recent years due to a special rate variation, presently 50 per cent of their residents pay the minimum rate of **\$581**. In Randwick 53 per cent of residents pay a minimum rate of **\$701**. The properties paying these rates are mostly apartments. The remaining residential rates income for these two councils is collected on an ad valorem basis, where a property's land value is multiplied by a rate to give the rates payable.

Working both within and outside of the existing legislation, modelling has been prepared to analyse the impact of various residential rating structures on each council under the merger option. The priority is to find a model that minimises the impact on ratepayers while providing an appropriate connection between the amounts paid and the services delivered, while at the same time recognising that rates are a form of taxation with an underlying principle of capacity to pay.

A 70 per cent base rate resulted in the least change in the total rates paid by each council area. This model is supported by Dr Vince Mangioni in his report on residential rating issues in Randwick³⁰. The ILGRP also recognised the need to address equity issues in the rating system. In a report prepared for the ILGRP, John Comrie states that if a change in the valuation system to Capital Improved Values is not carried out, there is a "need for ... rating reforms..." addressing the "...constraints regarding the use of differential rating and also base charges."³¹ Restricting the total rates paid to a maximum of six times the base rate assisted in minimising the impact on high land value properties. However, these structures are not currently allowed under existing legislation. With the inability to currently set a base rate above 50 per cent of rates income, a minimum rate of between \$700 and \$800 had the second least impact.

The three main issues that restrict the ability to set an equitable rating structure, both now and even more so for a larger amalgamated council, are:

1. Land value: Rates income payable is distributed amongst ratepayers based on the land value of each property. For strata properties this land value is divided between each strata lot. Generally, the higher the apartment block, the lower the land value per apartment. Some apartments in Randwick have land values of only \$42k, well under the market value of those apartments.

The Independent Local Government Review Panel recommended "more equitable rating of apartments and other multi-unit dwellings, including giving councils the option of rating residential properties on Capital Improved Values". John Comrie has stated Capital Improved Value would "enable more equity in rating decisions in localities where there is a significant proportion of medium and high density residential dwellings (townhouses, units, apartments, flats, etc.) in the aggregate mix of rateable properties."³²

Issues two and three are of particular importance as a way of managing the disparity between houses and apartments in addition to vast differences in land values across the eastern suburbs.

2. Base rate restricted to 50 per cent of rates income:

Capping the base rate at 50 per cent is resulting in a situation where rates paid far outweigh the benefits and services received by owners of highly valued properties. "A rating system that would allow a greater base rate and the option to set a maximum rate would enable a council to establish its rating structure based on the LGA's residential mix."³³

3. Minimum rate precedent – max 50 per cent of rate payers to pay minimum rate: The current minimum rate guidelines advise councils to be aware of a 1977 court case that implied no more than 50 per cent of properties should pay a minimum rate. However, we have received advice from the Office of Local Government (OLG) that there is no legislation restricting the number of properties on a minimum rate and a council can determine the appropriate level in consultation with their own community.

A report by The Research and Innovation Office of UTS, commissioned by Randwick Council in 2013, came to the same conclusions, commenting "greater flexibility is needed in rating structures in NSW so that councils can design a system that best fits their LGAs (Local Government Area). The current limits on minimum rates and base rates, in addition to ad valorem rates based on land values, are too restrictive. This is a rising issue in inner city LGA's where there are a growing number of high rise dwellings and vast disparity in land values".

Recognising the need for change, the State Government has advised "the Independent Pricing and Regulatory Tribunal (IPART) will be commissioned to conduct a rating review in accordance with the Panel's recommendations."³⁴

30 Mangioni, V, The Research and Innovation Office, UTS, A Review of Rating Residential Land in Randwick Local Government Area, 2013.

31 Comrie, J, [Roadmap to Financial Sustainability for Local Governments in NSW](#), 2013, p9.

32 Comrie, J, [Roadmap to Financial Sustainability for Local Governments in NSW](#), 2013, p9.

33 Mangioni, V, The Research and Innovation Office, UTS, A Review of Rating Residential Land in Randwick Local Government Area, 2013.

34 Minister for Local Government, The Hon Paul Toole MP, Baird Government response to Local Government NSW pre-election submission, 25 March 2015

6.6.2 Business rates

There is a greater variation in the rating structure for business properties across the two councils. Waverley applies different rates to different areas. Randwick has adopted a single business rate for the whole council area. However, within the current legislation there is greater flexibility to set business rates based on various factors, meaning in the short term, an amalgamated council could continue to rate on the same basis. In the long term an assessment of the business rates across the amalgamated area would be required to ensure an equitable system of rating these properties.

6.6.3 Transitioning to a new Rating Structure

We advocate for the NSW 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 phased in over a number of years to ensure any changes in rates for individual rate payers are gradually introduced. Both councils have a strong record of looking after pensioners and this includes pensioner rebates.



Key findings:

- Randwick has prepared and analysed over 100 rating model scenarios with the assistance of 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, as supported by Dr Vince Mangioni in a report on rating issues in the Randwick LGA. The ILGRP has also called for a more equitable basis for rating, with John Comrie reporting that reform is required to address the “constraints on the use of differential rating and base charges”.
- A report by Dr Vince Mangioni raised a number of issues with the NSW rating framework. “The current limits on minimum rates and base rates, in addition to ad valorem rates based on land values are too restrictive. This is a rising issue in inner city LGAs where there are a growing number of high rise dwellings and vast disparity in land values”³⁵ (The Research and Innovation Office, UTS, A Review of Rating Residential Land in Randwick Local Government Area, 2013. (Link 2)).
- The NSW State Government have committed to a review of the rating structure of NSW councils to develop a more equitable and fair system that balances the capacity of ratepayers to pay rates with the benefits received while remaining simple and transparent.
- 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.
- Randwick and Waverley Councils 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.
- There are similarities in the rating structures of Randwick and Waverley Councils that would make their alignment comparatively straight forward, especially with shared existing equity issues with the rating of apartments.

³⁵ Mangioni, V, The Research and Innovation Office, UTS, A Review of Rating Residential Land in Randwick Local Government Area, 2013. (Link 2)



6.7 Workforce

Randwick City Council and Waverley Council are leaders in Local Government with dedicated, motivated and engaged staff who provide the highest levels of service to the community in line with the corporate vision and community strategic plan. In recognition of their skills and capacity, staff from both Waverley and Randwick are industry leaders and 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. 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, outstanding environmental leadership, excellent recreational facilities and strategic asset management.

The following analysis outlines the workforce engagement process undertaken at the Councils and the Memorandum of Understanding developed between the Councils and peak industry unions.

6.7.1 Workforce engagement

Randwick and Waverley Councils promote an informed and engaged workforce, and have been proactively 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.

Both Randwick and Waverley conducted recent voluntary staff surveys to assist the Councils to identify the views of staff in relation to the NSW State Government's 'Fit for the Future' program.

The Randwick Council staff survey, of which 327 staff 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. 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.

Of 166 staff who participated in Waverley Council's staff survey, 45% preferred to stand alone; 42% preferred one of the eastern suburbs merger options; and 13% preferred the 'Global City' merger option. Waverley also conducted staff engagement sessions to keep staff informed and provide an opportunity to ask questions on the Fit for the Future process.

6.7.2 Staff protection

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 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 please refer to Randwick City Council's Options Analysis, May 2015, p55-56 (Link 5).

6.8 Risk analysis

A number of strategic risks are associated with a merger proposal for Randwick and Waverley Councils. Some of the key strategic risks are explained below.

NSW State Government rejects the Fit for the Future Merger Proposal

This strategic risk primarily relates to the issue of scale. The Government has communicated that Randwick and Waverley Councils' default position is the Global City merger (consisting of Randwick City, City of Botany Bay, Waverley, Woollahra Municipal and City of Sydney Councils), which was the recommendation of the ILGRP, and that any alternate proposal must be 'broadly consistent' with the scale and capacity of the ILGRP's recommendation. There is a risk that the Randwick and Waverley Merger Proposal will not be supported by the NSW State Government on the basis of scale.

Dilution of Community Representation from Elected Council

There is a risk that an amalgamated Council with a maximum of 15 Councillors will be less likely to provide an appropriate representation of diverse and complex community interests.

Complexity of Organisational Transition and Potential Short Term Disruption to Services

There is a risk of significant complexities being encountered in integrating two organisations and workforces into a single entity including the complexity of the integration of ICT systems and strategic communication network facility requirements. However, this risk is deemed minimal as both Randwick and Waverley Councils have similar ICT environments and service levels are very similar across the Councils.

Anticipated Financial and Non-Benefits are Not Realised

Both Randwick and Waverley Councils have undertaken extensive due diligence on a merger of the two councils. There is a risk that the potential benefits, including financial benefits, of a merger may not be realised fully. In order to mitigate this risk, the financial analysis was reviewed by both Councils' auditor to ensure it is consistent with public reports and plans issued by each council and that assumptions are reasonable. The costs of amalgamation have also been compared to an analysis by Queensland Treasury Corporation (2012)³⁶ of the costs of the 2008 amalgamations in that state to ensure the estimates are comprehensive and realistic.

Furthermore, Randwick and Waverley Councils have worked cooperatively in sharing information and undertaking analysis. For example, an extensive service level review and analysis has been undertaken. This has resulted in a robust analysis and strong understanding of the benefits and costs of an amalgamation of these two councils.

Shift in Organisation Culture and Retention of Corporate Knowledge

There is a risk that a merger may result in a shift in organisation culture and that there may be challenges in retaining corporate knowledge during the transition phase. However, this will be mitigated with strong staff engagement and a focus on culture, training, policies and procedures and a strong emphasis on change management and capabilities during the transition period.

6.9 Independent assurance reports

External Assurance Test of Randwick's Options Analysis Financial Modelling

Randwick and Waverley Councils' independent external auditors, Hill Rogers Spencer Steer, have reviewed the financial modelling presented in the Randwick Options Analysis (Link 5). An Assurance Report, issued by the auditors, is contained within Appendix C of the Options Analysis.

External Assurance Test of Long Term Financial Plan

An Assurance Report was issued by Hill Rogers Spencer Steer on Randwick's 2015-2025 Long Term Financial Plan.

³⁶ Queensland Treasury Corporation, 2009, "Review of Local Government Amalgamation Costs Funding Submissions - Final Summary Report." p15.

External Audit of Special Schedule 7 – Condition of Public Infrastructure and Building Assets

Since 2012-13, Randwick Council's external auditors have expanded their audit of the annual Financial Statements to include the Special Schedule 7 Report on the Condition of Infrastructure Assets, the first Council in NSW to do so.

Internal Audit Committee

Randwick Council's response to the Fit for the Future program has been overseen by its Internal Audit Committee to ensure that the council is aware of its obligations and is taking action on 'Fit for the Future' in accordance with the Fit for the Future templates and guidelines.

SGS Economics and Planning

In 2012, Randwick Council engaged SGS Economics and Planning to provide expert advice on structural reform within eastern Sydney. This report (Link 1), analysed a number of merger options including boundary changes between Randwick and Botany Bay Councils based on publically available information from Woollahra, Waverley, Randwick and Botany Councils. This analysis also included the development of a service-based model to calculate the benefits of a merger. This model was the basis for financial modelling undertaken in Randwick's Options Analysis (Link 5).

Grant Thornton

Waverley Council engaged Grant Thornton to determine if there are sufficient benefits of a number of amalgamation options, including an amalgamation of Randwick and Waverley Councils. This included an independent assessment of Waverley Council's current and forecast performance against the Fit for the Future benchmarks for a series of amalgamation options, as well as an analysis of scale and capacity requirements and the effect of each option on current infrastructure backlogs. This concluded that a merger of Randwick and Waverley Councils was the strongest option for Waverley.

NSW Treasury Corporation (TCorp)

Both Randwick and Waverley Councils engaged TCorp to review the financial sustainability of the councils. In May 2014, TCorp advised Randwick is in a sound position with a positive outlook and Waverley is in a moderate position with a positive outlook.



7 industry recognition

Waverley and Randwick Councils are award winning organisations and leaders in local government. Over the past 8 years both Councils combined have been awarded over 90 awards for the provision of services, programs and facilities to the community, as well as recognition for the dedication and professional excellence displayed by council staff. These external awards are independent acknowledgement that the Councils are strong performers and recognised leaders.

Some notable private sector awards include those received from the Australian Human Resources Institute, the Banksia foundation for sustainability and Engineering Excellence Awards for councils Integrated Management of Works System (IMoWS). Randwick Council was also the recipient of the AR Bluet Memorial Award for Local Government in 2006, which is considered the highest accolade in the industry for a single council.

The list below provides a snapshot of some of the awards that the Councils have received in recent years:

- A Highly Commended in the Local Government Excellence Awards in 2015 for implementation of Activity Based Working (ABW), the first Australian Council to do so.
- Coogee Beach Foreshore Water Management - Winner Sydney Water Sustainable Water Award (Clean Beaches Award 2014)
- Des Renford Leisure Centre - Winner Institute of Public Works Engineering Australasia Awards 2014
- The Complete Multi-Disciplinary Project Management Award 2014
- Clovelly Pool Pump Automation - Winner Institute of Public Works Engineering Australasia Awards Workplace Health and Safety Award 2014
- Randwick City Library Pinterest website - Winner 2014 NSW Public Libraries Association Marketing Awards - Social Media 2014
- Des Renford Leisure Centre upgrade - Finalist 2014 Australian Property Institute NSW Excellence in Property Awards 2014
- Randwick City Council - Finalist 2014 Australian HR Awards - Employer of Choice (Public Sector and NFP)
- Keep Australia Beautiful Clean Beaches Award for Bondi Beach in 2014 (NSW Overall Winner)
- Highly Commended in 2013 NSW Ministers' Award for Women in Local Government - Waverley Mayor Sally Betts
- NSW Green Globes 10 year Sustainability Award Winner - Waverley Environmental Action Plan
- Keep Australia Beautiful Water Conservation Award 2013 (National Winner) for Bondi Beach Water Harvesting
- A Highly Commended in the Litter and Waste Management category of the Sustainability Water Award 2013
- Local Government Excellence in the Environment Organics Recovery Award- Compost Revolution Finalists in the 2013 Banksia Sustainability Award
- A Highly Commended in the 2013 RH Dougherty Awards for Excellence in Communication for the Bondi Beach, Park & Pavilion Plan of Management 2013-2023
- Winner in 2012 for the best design and construct Sporting Facility up to the value of \$50 million by the NSW Masters Builders Association
- Building Inclusive Communities Awards - Highly Commended A Migrant's Story
- Local Government NSW Environmental Excellence Award - Winner Overall Sustainable Councils award for NSW
- Local Government Excellence in the Environment Awards - Winner Sustaining Our City initiative
- Local Government Excellence in the Environment Awards (Resource Recovery) - Winner Enhance Resource Recovery in Housing NSW
- Local Government Excellence in the Environment Awards (Organics Recovery) - Winner The Compost Revolution
- National Awards for Local Government - Commended Buildings for our Community Program
- RH Dougherty Award Excellence in Communication - Winner Light Rail to Randwick
- Australian Human Resources Institute - Rob Goffee Award for Talent Management - Winner Leadership Development
- Engineering Excellence Award in 'New or Improved Techniques' - Winner Integrated Management of Works System (IMoWS)
- Local Government Managers Association Management Challenge - Winner New South Wales State Final
- Darch Award - Bondi Junction Complete Streets Pop Ups, 2013
- Planning Institute of Australia NSW Award Winner 2015 - Waverley 3d Model
- Planning Institute Australia NSW Award Winner 2015 - Bondi Junction Complete Streets Program

attachments

Attachment A:

Links to Randwick and Waverley Councils' due diligence reports

Link 1 SGS Economics and Planning, Eastern Sydney Local Government Review, February 2013.

Link 2 Mangioni, V, University of Technology, The Research and Innovation Office, A Review of Rating Residential Land in Randwick Local Government Area, 2013.

Link 3 SGS Economics and Planning, Eastern Suburbs Economic Profile, Dec 2013.

Link 4 Grant Thornton, Waverley Council – Technical Assistance FFTF, Mar 2015.

Link 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

Link 6 Randwick City's Future Information Pack, February 2015

Link 7 Randwick Council website, Local Government Reform, www.randwick.nsw.gov.au/about-council/council-and-councillors/local-government-reform

Link 8 Randwick Council website, Fit for the Future Consultation Page, www.yoursayrandwick.com.au/future

Link 9 Waverley in Focus on Local Government Reform, December 2014.

Link 10 Future of Waverley Community Information Pack, February 2015.

Link 11 Future of Waverley Fact Sheet, February 2015.

Link 12 IRIS Research, Waverley Amalgamation Options Survey of residents and business, April 2015.

Link 13 Waverley Council website, Local Government Reform, www.waverley.nsw.gov.au/council/local_government_reform



BUSINESS CASE

Randwick and Waverley Council merger

