Randwick City Council
a sense of community

WAVERLEY COUNCIL

Attachment 2.5

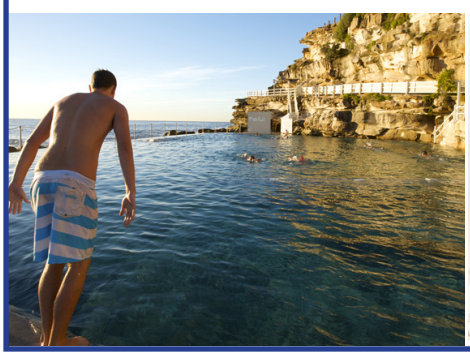
Randwick City Council Options Analysis, May 2015

Overarching Options Analysis Paper

Appendix A: Community profile and Strategic planning

Appendix B: Community engagement

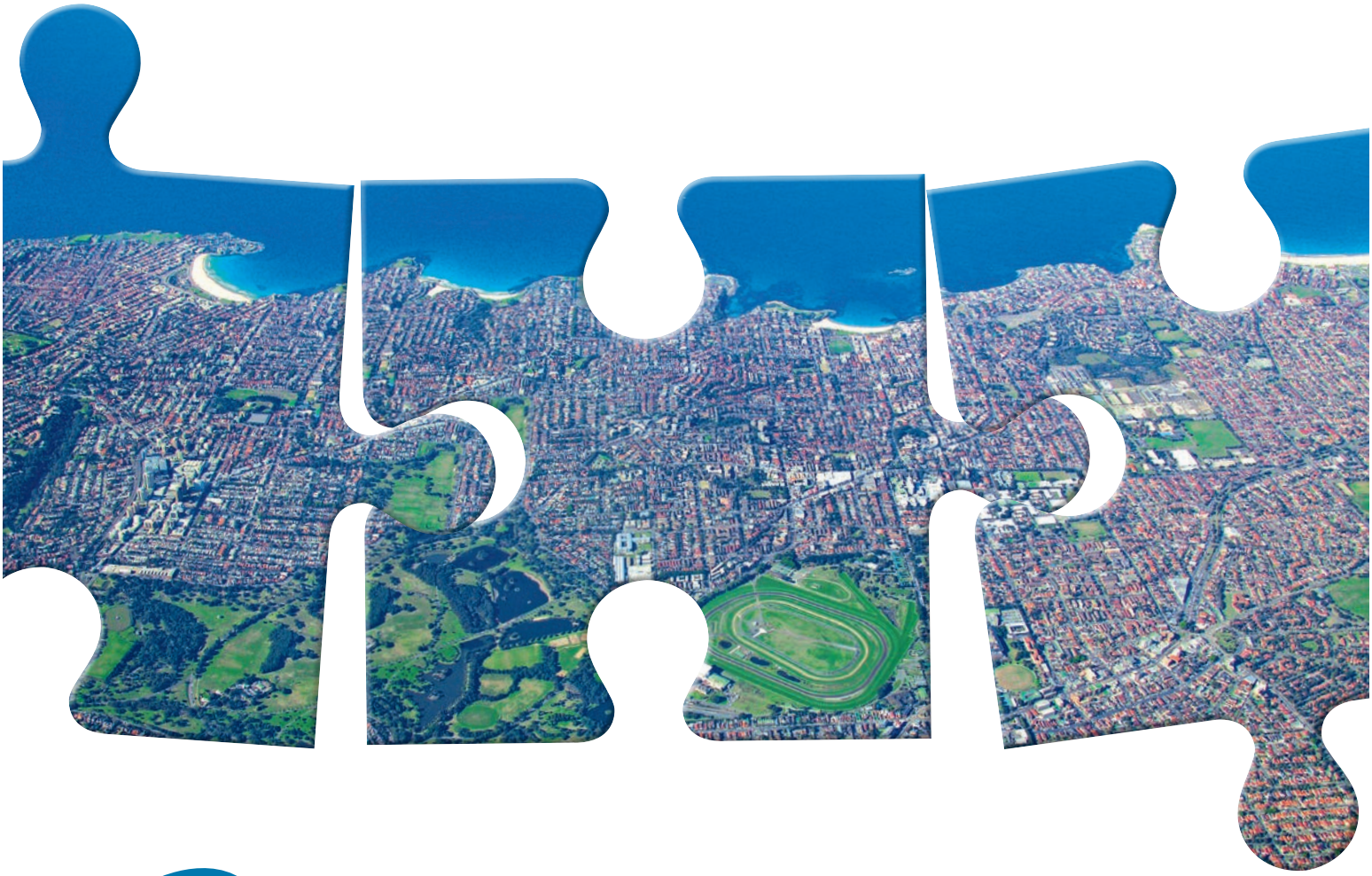
Appendix C: Financial Context





RANDWICK CITY COUNCIL
FIT FOR THE FUTURE

Options Analysis



Randwick City Council
a sense of community

MAY 2015

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1. EXECUTIVE SUMMARY

The following paper provides relevant information in terms of seven Local Government reform options for Randwick City Council, including a stand-alone option.

Randwick City Council as a stand-alone option

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

Financial management

Randwick City 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 our independent auditor, with TCorp stating the Council's outlook is "positive". This result is supported by the independent audits of Council's annual report on the condition of public buildings and infrastructure assets (Special Schedule 7) and an assurance test of the Long Term Financial Plan (LTFP).

Delivering for the community

Randwick City Council has quality political and managerial leadership, with a proven track record of engagement, sound decision making and delivering for the community. Council has the strategic capacity to be a capable partner for State and Federal agencies as well as regional organisations such as SSROC. An example of this is demonstrated in the collaboration with State Government in the planning of the CBD and South East Light Rail (CSELR) and further demonstrated by Council allocating $68M for the Light Rail support plan.

Council has a number of industry leading functions such as the Integrated Planning and Reporting (IP&R), Strategic Planning and Internal Audit functions. Randwick was one of the first councils in NSW to develop its IP&R framework and ensures efficiencies in the planning and delivery of services, programs and facilities to the community. Council has a strong strategic planning function, of which a key priority is planning in relation to the Randwick Health and Education precinct; identified in the NSW State Government's 'A Plan for Growing Sydney' as a strategic centre. The Internal Audit function has a focus on organisational culture and probity, under the direction of the Internal Audit Committee.

Council is a leader in community engagement, having undertaken extensive consultations on a variety of issues in the community through a number of methods including social media and focus groups. This level of engagement and provision of quality services to the community is reflected in 95% of residents indicating they are 'somewhat satisfied' to 'very satisfied' with the performance of Council[1].

Council is an innovative organisation with a focused approach to continuous improvement, underpinned by the Business Excellence Framework (BEF). This approach operates on a four-yearly cycle and includes process reviews such as the Council driven Promoting Better Practice review, PwC operational and management effectiveness survey and Enterprise wide risk review.

Organisational reviews reflect the knowledge, creativity and innovation within the organisation such as the Integrated Mobility of Works System (IMOWS) and the MyRandwick application which are part of Council's broader online initiative.

Randwick City Council is also known for its broader commitment in driving sector improvements that ultimately benefit the community. This is demonstrated through contributions to peak industry working groups and in the development of leading processes, tools and programs. Some examples include: engaging independent auditors to review Council's asset reporting and Long Term Financial Plan; developing a comprehensive online Councillor Induction tool; and establishing the Corporate Leadership Cup which is a management challenge for aspiring leaders consisting of teams from a group of sister cities and Randwick's Local Police Area Command.

1 *Randwick City Council, Community Satisfaction Survey, Micromex Research, 2014.*

Asset management

Randwick City Council has an effective asset management program, as custodian of 1.4 billion dollars' worth of assets. In 2013, Council's infrastructure management was assessed as "very strong" by the Office of Local Government, being one of only five councils to receive the highest rating in NSW. Council has completed a number of capital works projects, including those under the $34.8 million 'Buildings for our Community' program such as the Des Renford Leisure Centre, Chifley Reserve and Heffron Park upgrades; which are considered regional facilities.

Council's Long Term Financial Plan outlines its capacity to undertake future major capital works projects such as the conversion of the former Kensington Bowling club into a state-of-the-art community centre and the extension of the Eastern Suburbs Coastal Walkway. In the last five years Randwick City Council has spent $110 million on upgrading roads, footpaths, parks, drains and community buildings across the City. In this period Council has reduced its infrastructure backlog to $7M. Council has allocated $370M in the Long Term Financial Plan for community infrastructure works over the next 10 years.

Workforce capabilities

Randwick City Council has a dedicated, motivated and engaged team of staff that drives innovation and moves the organisation forward. Council's workforce provides the highest levels of service to the community in-line with the corporate vision and community strategic plan. The Randwick City Council team is an award winning workforce, recognised by both Government and private industry bodies.

The Randwick City Councillors are of a high calibre and have a strong commitment to industry participation and professional development. Many of the Councillors have undertaken a Company Directors course (provided by the Australian Institute of Company Directors) to complement their existing skills and knowledge. This is also in addition to participation in industry specific seminars and courses. Randwick City Council also provides an on-line Councillor (induction) tool which affords accessible, relevant and updated information in-line with legislative changes.

Council attracts high performing staff and has an employer of choice focus which is benchmarked against private industry using the Aon Hewitt Best Employer survey. Council scored 76 per cent in the 2014 survey, which was a significant achievement and only just below the best employer's private sector benchmark of 82 per cent[2].

Council is at the forefront of learning and development activities, tailoring opportunities to the anticipated needs of the business and resourcing the function through high levels of investment. Randwick City Council offers a range of professional development and lifestyle activities to all its employees, including the award-winning annual training event 'All Stops to Randwick'. Council continues to be recognised industry-wide for excellence and innovation in several areas including workforce planning and leadership development. Of note, has been Randwick City Council's success in winning the annual NSW Local Government Management Challenge three times in the last seven years.

2 Randwick City Council, Employer of Choice survey results, AON Hewitt, 2014.



Conclusion

Randwick City Council has a strong strategic capacity and a proven track record of delivering high levels of service and infrastructure for the community. The performance of Council is underpinned by high quality political and managerial leadership; a capable and motivated workforce; and a sound financial position.

The Randwick City community has broadly indicated that they would prefer Council to remain as a stand-alone entity, rather than merge with other councils. This preference can be attributed to Council's clear ability to meet the expectations of the people who live, work and visit the area.

Achievements and Awards

Randwick City Council is an award winning organisation and leader in local government. Over the past 8 years Council has been awarded more than 80 awards for the provision of services, programs and facilities to the community, as well as recognition for the dedication and professional excellence displayed by council staff.

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). Council was also the recipient of the AR Bluett Memorial Award for Local Government in 2006, which is considered the highest accolade in the industry for a single council.

The list below provides a snapshot of some of the awards that council has received in 2013 and 2014:

2014:

- **Coogee Beach Foreshore Water Management** - Winner Sydney Water Sustainable Water Award (Clean Beaches Award 2014)
- **Randwick City Library Pinterest website** - Winner 2014 NSW Public Libraries Association Marketing Awards - Social Media
- **Des Renford Leisure Centre** - Winner Institute of Public Works Engineering Australasia Awards
  The Complete Multi-Disciplinary Project Management Award
- **Clovelly Pool Pump Automation** - Winner Institute of Public Works Engineering Australasia Awards Workplace Health and Safety Award
- **Randwick City Library Pinterest website** - Winner 2014 NSW Public Libraries Association Marketing Awards - Social Media
- **Des Renford Leisure Centre upgrade** - Finalist 2014 Australian Property Institute NSW Excellence in Property Awards
- **Randwick City Council** - Finalist 2014 Australian HR Awards - Employer of Choice (Public Sector and NFP)

2013:

- **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

> Grant Thornton advised Waverley Council that in terms of amalgamating with Randwick, this is "the strongest option for Waverley", with Randwick being a "strongly attractive option as part of any combination, but more so when it is not diluted by any other council."
>
> *Grant Thornton, Waverley Council – Technical Assistance FFTF, March 2015, p28*

OPTION 1

Snapshot of the seven options

RANDWICK

Financial context

# of 'Fit for the Future' financial and asset ratios met in 10 years	6 / 7 (fails debt ratio as debt is $0)
Debt free	✔
No backlog of work required on roads, footpaths, drains, buildings or in parks and beaches	✔
No loss or reduction in services	✔
Continued all programs in the ten year financial plan	✔
No increase in total rates collected*	✔

**The Long Term Financial Plan indexes rates at 3.59% per annum, equivalent to an inflation index for Randwick Council*



Randwick Council is in a strong financial position with a history of generating operating surpluses, strong 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 plans to eliminate the infrastructure backlog in **5 years** and **meets all 'Fit for the Future' ratio 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.

Strategic context

Randwick City Council's major strategic and economic assets include the Randwick Education and Health Strategic Centre, the Port Botany precinct and surrounding industry. Randwick also has a significant provision of open space and recreational facilities and a large share of the open space attracts visitors from across Sydney and NSW.

Community engagement

No change is the community's most preferred option. In Council's telephone and community surveys, more people chose this option as a first preference than any other option.

58% of telephone survey respondents are supportive or completely supportive of no change. There is a high level of satisfaction with Council's existing services and performance and concern about change.

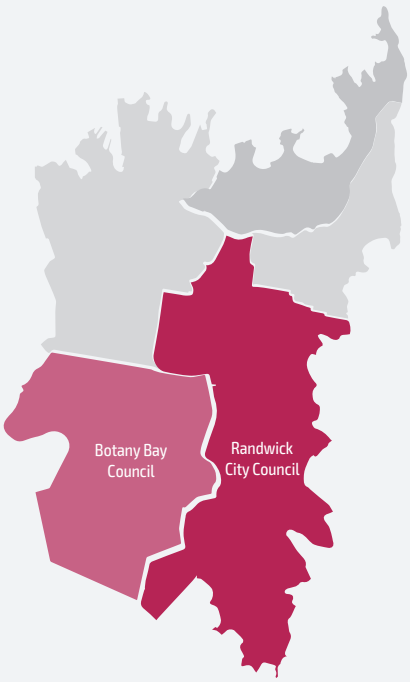
RANDWICK + BOTANY

Financial context

Value of increased/new services over ten years*	$28 M
Value of increased/new services per resident over ten years*	$153
Amalgamation cost (less State Govt grant)	$16 M
# of 'Fit for the Future' financial and asset ratios met in 10 years	6 / 7 (fails debt ratio as debt is $0)
Debt free	✔
No backlog of work required on roads, footpaths, drains, buildings or in parks and beaches	✔
No loss or reduction in services	✔
Continued all programs in each council's ten year financial plan	✔
No increase in total rates collected**	✔

** The value of increased/new services over ten 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 ten year Long Term Financial Plan and maintaining existing service levels. No increase in rates or new debt is required.*

***Rates are indexed at the Local Government Cost Index each year (an inflation index for Local Government)*



An amalgamation of **Randwick and Botany** would result in a comparatively modest increase in services of **$2m ($11 per resident) over four years and $28m ($153 per resident) over ten years. The strength of Randwick's position means this option meets all the 'Fit for the Future' ratio benchmarks in all ten year**s of the analysis (this excludes the debt service ratio as both councils are already **debt free**), although Randwick's position is weakened by the inclusion of Botany. The backlog of works required on roads, footpaths, drains, buildings and in parks and beaches is eliminated in **7 years**. It should be noted that due to the level of information presently available from Botany further adjustments may be required if this option is to be pursued.

Strategic context

The economic zone of the Port and the surrounding industrial activities to its north is split across the Councils of Randwick and Botany Bay.

An amalgamation of Randwick and Botany would integrate the Port and surrounding industrial activities within the single council area and provide for coordinated planning of this major strategic asset.

Community engagement

38% of telephone survey respondents are 'supportive' or 'completely supportive' of this option. 6% of community survey and 8% of telephone survey respondents chose this as their first preference.

While support is relatively light for this option, it is generally preferred over larger merger options.

OPTION 3

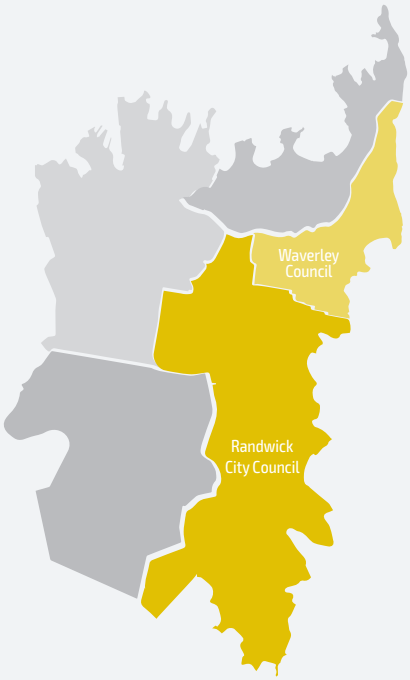
RANDWICK + WAVERLEY

Financial context

Value of increased/new services over ten years*	$103 M
Value of increased/new services per resident over ten years*	$485
Amalgamation cost (less State Govt grant)	$13 M
# of 'Fit for the Future' financial and asset ratios met in 10 years	6 / 7 (fails debt ratio as debt is $0)
Debt free	✔
No backlog of work required on roads, footpaths, drains, buildings or in parks and beaches	✔
No loss or reduction in services	✔
Continued all programs in each council's ten year financial plan	✔
No increase in total rates collected**	✔

** The value of increased/new services over ten 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 ten year Long Term Financial Plan and maintaining existing service levels. No increase in rates or new debt is required.*

***Rates are indexed at the Local Government Cost Index each year (an inflation index for Local Government)*



An amalgamation of **Randwick and Waverley** (option 3) may result in increased services **over four years of $15m** (**$73 per resident**), increasing to **$103m ($485 per resident) over ten years**, while meeting the seven 'Fit for the Future' ratio benchmarks in **3 years**, eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in **5 years** and repaying **debt**. This option is estimated to be the least costly amalgamation at **$13m over ten years**. In addition to having access to more information on Waverley Council's financial position, this option is considered to have less risk exposure as it appears Waverley Council has sufficient cash to fund its future liabilities, in part due to the $82m sale of the council's former depot in Zetland.

Strategic context

Since 2002, Randwick and Waverley Council's joint partnership through the Randwick – Waverley Design Review Panel, has demonstrated a successful joint partnership in providing design advice and guidance in the local area. Both Councils also promote design excellence within their respective communities. The strategic planning departments of these councils meet on a regular basis regarding regional issues and topical projects within their respective LGA's.

A Randwick and Waverley Council amalgamation would build upon existing strengths with regards to planning systems and design excellence initiatives. In addition, both councils contain key recreational destinations and attractions including Bondi Beach, Royal Randwick Racecourse and Maroubra Beach that generate a large amount of visitations. A merger of the two councils would enable a coordinated planning approach to these key tourist and visitor attractions.

Community engagement

Feedback from residents via focus groups, information sessions and survey comments is that Waverley has similar communities of interest with a coastal environment, beaches, residential mix and family housing options.

50% of telephone survey respondents are 'supportive' or 'completely supportive' of this option and if mergers must happen, 90% of respondents would prefer an eastern suburbs council. More people chose this option as one of their top three preferences than any other option. Additionally, this option is the most supported option if options 1 and 2 are discounted and preferences distributed.

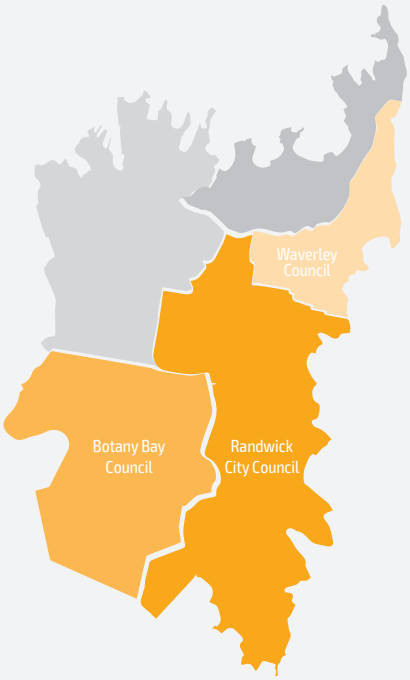
RANDWICK + WAVERLEY + BOTANY

Financial context

Value of increased/new services over ten years*	$143 M
Value of increased/new services per resident over ten years*	$559
Amalgamation cost (less State Govt grant)	$25 M
# of 'Fit for the Future' financial and asset ratios met in 10 years	6 / 7 (fails debt ratio as debt is $0)
Debt free	✔
No backlog of work required on roads, footpaths, drains, buildings or in parks and beaches	✔
No loss or reduction in services	✔
Continued all programs in each council's ten year financial plan	✔
No increase in total rates collected**	✔

** The value of increased/new services over ten 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 ten year Long Term Financial Plan and maintaining existing service levels. No increase in rates or new debt is required.*

***Rates are indexed at the Local Government Cost Index each year (an inflation index for Local Government)*



A **Botany, Randwick, Waverley** amalgamation is projected to result in the opportunity to deliver extra services to the value of **$24m ($95 per resident) over four years** rising to **$143m ($559 per resident) over ten years**, while meeting the seven 'Fit for the Future' ratio benchmarks in **3 years**, eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in **7 years** and repaying **debt**. While extensive information is available on Waverley Council, if this option is to be pursued further information would be required from Botany Council to better understand the financial implication of this amalgamation option.

Strategic context

An amalgamation of the three council areas would integrate multiple key strategic centres being Bondi Junction and the Randwick Education and Health Strategic Centre and the transport gateway of the Port Botany precinct within the single council area. This has the potential to provide better coordination with regards to future planning of these major strategic assets.

Community engagement

35% of telephone survey respondents are 'supportive' or 'completely supportive' of this option and if mergers must happen, 90% of respondents would prefer an eastern suburbs council. While support is relatively light for this option, it is preferred over the two largest merger options of global city and Randwick, Botany, Waverley and Woollahra.

OPTION 5

RANDWICK + WAVERLEY + WOOLLAHRA

Financial context

Value of increased/new services over ten years*	$235 M
Value of increased/new services per resident over ten years*	$869
Amalgamation cost (less State Govt grant)	$26 M
# of 'Fit for the Future' financial and asset ratios met in 10 years	7 / 7
Debt free**	✔
No backlog of work required on roads, footpaths, drains, buildings or in parks and beaches	✔
No loss or reduction in services	✔
Continued all programs in each council's ten year financial plan	✔
No increase in total rates collected***	✔

** The value of increased/new services over ten 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 ten year Long Term Financial Plan and maintaining existing service levels. No increase in rates or new debt is required.*

*** Excludes Woollahra's joint venture with Woolworths. (refer to appendix C, Financial Context, pages 39-40).*

**** Rates are indexed at the Local Government Cost Index each year (an inflation index for Local Government).*



Based on financial modelling, an amalgamation of **Randwick, Waverley and Woollahra** councils would result in one of the highest opportunities to deliver more services or increase service levels to the community both in the medium term (four years) and the long term (ten years). Over four years this option is projected to result in the ability to increase services by $**40m** (**$149 per resident**), rising to **$235m over ten years** (**$869 per resident**) while meeting the seven 'Fit for the Future' ratio benchmarks in **2 years**, eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in **5 years** and repaying **debt**. This is a robust analysis based on a significant amount of information from both Waverley and Woollahra councils.

Strategic context

Randwick, Waverley and Woollahra share many commonalities in their foreshore character and usage. This can be demonstrated by the similar types of open space and natural coastal landscapes (e.g. national parks, golf courses, remnant bushland, cliffs, beaches and foreshore parks) and the wide range of recreational opportunities and activities generally available along the foreshore of the three councils, such as fishing, boating, coastal walks, swimming and golfing. An amalgamation of Randwick, Waverley and Woollahra councils would provide an opportunity for coordination in the planning of foreshore and recreational activities. The three councils already share resources in researching, developing and implementing sustainability programs.

Community engagement

This option is the second most chosen first preference behind no change. 40% of telephone survey respondents are 'supportive' or 'completely supportive' of this option and if mergers must happen, 90% of respondents would prefer an eastern suburbs council.

Feedback from residents via focus groups, information sessions and survey comments is that there are similar communities of interest with a coastal environment, beaches and bays, residential mix and family housing options. Additionally, this option is the second most supported option if options 1 and 2 are discounted and preferences distributed.

RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY

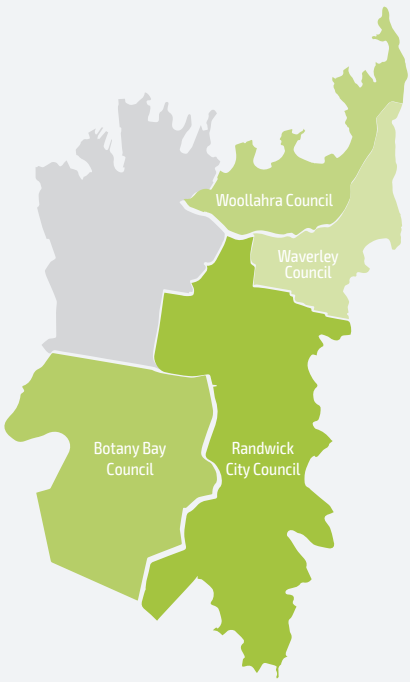
Financial context

Value of increased/new services over ten years*	$278 M
Value of increased/new services per resident over ten years*	$884
Amalgamation cost (less State Govt grant)	$36 M
# of 'Fit for the Future' financial and asset ratios met in 10 years	7 / 7
Debt free**	✔
No backlog of work required on roads, footpaths, drains, buildings or in parks and beaches	✔
No loss or reduction in services	✔
Continued all programs in each council's ten year financial plan	✔
No increase in total rates collected***	✔

** The value of increased/new services over ten 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 ten year Long Term Financial Plan and maintaining existing service levels. No increase in rates or new debt is required.*

*** Excludes Woollahra's joint venture with Woolworths (refer to appendix C, Financial Context, pages 39-40).*

**** Rates are indexed at the Local Government Cost Index each year (an inflation index for Local Government)*



Based on the financial analysis, an amalgamation of **Randwick, Waverley, Woollahra** and **Botany** councils would result in the highest opportunity to deliver more services or increase service levels to the community both in the medium term (four years) and the long term (ten years). Over four years this option has the potential to generate an additional **$52m** in services (**$164 per resident**), increasing to **$278m over ten years** (**$884 per resident**) while meeting the seven 'Fit for the Future' ratio benchmarks in **3 years**, eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in **7 years** and repaying **debt**. However this analysis is limited by the amount of information currently available from Botany Council.

Strategic context

Historically, these councils have been grouped within a single subregional area with regards to strategic land use planning (ie. the draft east subregional strategy) due to their land use commonalities.

An amalgamation of these councils would integrate the eastern foreshore, two key strategic centres (Bondi Junction and Randwick Education and Health Strategic Centre) and the Port Botany precinct within a single council area. This has the potential to provide better coordination with regards to future planning of these major strategic assets.

Community engagement

Concerns about the size of this merger appear to be a factor with this option (and the global city option) generating the highest number of 'not supportive' and 'not at all supportive' ratings. Just 21% of telephone survey respondents are 'supportive' or 'completely supportive' of this option.

OPTION 7

RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY

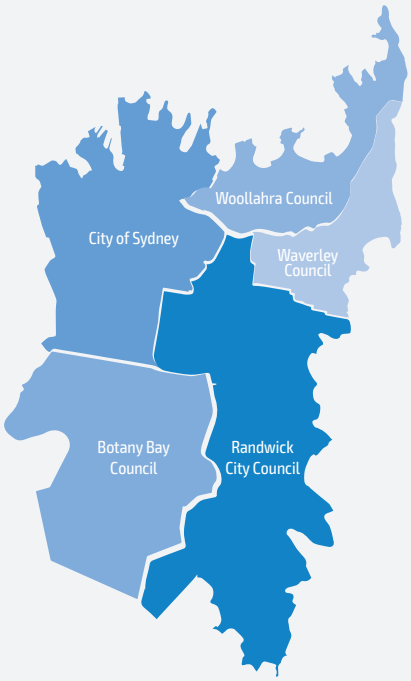
Financial context

Value of increased/new services over ten years*	$146 M
Value of increased/new services per resident over ten years*	$288
Amalgamation cost (less State Govt grant)	$107 M
# of 'Fit for the Future' financial and asset ratios met in 10 years	7 / 7
Debt free**	✔
No backlog of work required on roads, footpaths, drains, buildings or in parks and beaches	✔
No loss or reduction in services	✔
Continued all programs in each council's ten year financial plan	✔
No increase in total rates collected***	✔

** The value of increased/new services over ten 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 ten year Long Term Financial Plan and maintaining existing service levels. No increase in rates or new debt is required.*

*** Excludes Woollahra's joint venture with Woolworths (refer to appendix C, Financial Context, pages 39-40).*

**** Rates are indexed at the Local Government Cost Index each year (an inflation index for Local Government).*



An amalgamation of **Randwick with Waverley, Woollahra, Botany and Sydney** (option 7) is an option that has a greater risk exposure and greater complexity which is estimated to result in an increase in services equivalent to **$8m ($15 per resident) over four years** increasing to **$146m ($288 per resident) over ten years**. Sydney's costs are largely driven by their non-resident services, resulting in different service requirements to eastern suburbs councils. This may result in diseconomies of scale with the new council being so large and complex that inefficiency begins to exceed any amalgamation savings. This is also the most expensive amalgamation estimated to cost **$43m over four years**, increasing to **$107m over ten years**. These high costs and relatively smaller savings result in this option not meeting the Fit for the Future benchmarks until 2021, **five years** after the amalgamation and eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in **7 years**.

Strategic context

An amalgamation of Randwick with Waverley, Woollahra, Botany and Sydney would integrate major strategic assets that form the southern portion of the Global Economic Corridor, including the CBD, Port Botany, Randwick Health and Education Specialised Centre, Green Square and Southern Sydney employment lands. This has the potential to provide better coordinated planning particularly with regards to transport and access within the area. In addition to large renewal areas to focus housing growth close to key employment areas.

Community engagement

A global city council is the community's least preferred option. There is minimal support for this option with 4% of survey respondents choosing it as a first preference and just 3% indicating they are 'supportive' or 'completely supportive'. If amalgamations must proceed, 5% choose global city and 90% choose an eastern suburbs council with the remaining 5% undecided. Feedback from residents via focus groups, information sessions and survey comments is that they are concerned about the size of this council and that it would result in less local representation, loss of local identity and reduced services.

2. INTRODUCTION

Local government reform in NSW has been at the forefront of the industry since the 'Destination 2036' conference held at Dubbo in August 2011. From this conference the Independent Local Government Review Panel (ILGRP) was formed to examine options for governance models, structural arrangements and voluntary boundary changes for local government in NSW.

The ILGRP, chaired by Professor Graham Sansom, finalised its report into local government reform with its 'Revitalising Local Government' report in October 2013, with 65 recommendations to make local government sustainable and fit-for-purpose into the mid-21st Century. Local Government reform has culminated in the release of the 'Fit for the Future' program by the NSW State Government, which guides councils in the process of reform and amalgamations.

Randwick City Council has been a proactive participant in the local government reform process since 2011, having made detailed submissions to each of the ILGRP papers as well as engaging independent research company SGS 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 in Randwick City.

The recommendation from the Independent Local Government Review Panel for Randwick City Council is contained in the table below:

Council/s	Options (preferred option in bold)	Rationale
Botany Bay, Randwick, Sydney, Waverley, Woollahra	• **Amalgamate or** • Combine as strong Joint Organisation	• Projected 2031 population 669,400 • Close functional interaction and economic/social links between these councils • Need for high-level strategic capacity to promote and support Sydney's ongoing development as Australia's premier global city • Scope to bring together Sydney's international icons and key infrastructure under a single council, and to make better use of the strong rating base of these councils

Note: Joint organisations are no longer an option for metropolitan councils
Source: Independent Local Government Review Panel, Report, 'Revitalising Local Government', October 2013, p104.

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

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

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. For the purposes of community engagement and analysis, a minimum population of 200,000 is considered as meeting the requirements. The rationale for this number can be found in the following table.

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

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

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

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

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

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

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

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

The following paper therefore provides an analysis of the following options:

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

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

The following analysis is for the consideration of the Randwick City Councillors and has been structured through a range of perspectives including the financial context and community sentiment.

For the purposes of this paper, the Eastern Suburbs Councils are defined as Randwick City Council, the City of Botany Bay Council, Waverley Council and Woollahra Municipal Council which is consistent with the NSW Department of Planning subregion terminology, the Office of Local Government's 'Measuring Local Government Performance' comparative data analysis and the 'Eastern Sydney Local Government Review' conducted by Independent Research company SGS.

The data and information in this analysis has been sourced from publicly available documents, with some supplementary information provided by other councils.

For more information, detailed analysis and supplementary research is available in the appendices and on the Randwick City Council website:

Appendices:

- APPENDIX A: Community profile and Strategic planning
- APPENDIX B: Community engagement
- APPENDIX C: Financial context

Submissions:

- Randwick City Council submission to 'Revitalising Local Government' - 2014
- Randwick City Council 'Future Directions' submission – 2013
- Randwick City Council submission to Better, Stronger Local Government - 'The Case for sustainable Change' – 2012
- Randwick City Council submission to 'Strengthening your community' – 2012

Studies:

- SGS – Eastern Sydney Local Government Review – 2013
- UTS – A review of Rating Residential Land in Randwick Local Government Area – 2013

Randwick City Council website:
www.randwick.nsw.gov.au/about-council/council-and-councillors/local-government-reform

3. OVERVIEW OF STUDY AREA

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.

The area is predominately residential featuring its largest commercial and retail centres at Kensington, Kingsford and Maroubra, 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 Beach at La Perouse in 1788 and was the first Local Government Area (LGA) to be proclaimed after the City of Sydney in 1859.

Randwick City has 29 kilometres of natural coastline that includes the Bronte – Coogee and Cape Banks aquatic reserves. The coastline stretches from Clovelly in the north to Botany Bay in the south, with eight beaches including the popular tourist destination of Coogee beach and the historically significant surfing reserve at Maroubra. 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, Botany Bay National Park, the Malabar Headland and Heffron Park. Major regional facilities include the Prince of Wales Hospital Complex, the University of NSW 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 and Environs as well as adjoining industrial lands with the Botany Bay LGA.

Randwick's population is an estimated 142,310 people (ERP 2013)[3] 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.

City of Botany Bay

The City of Botany Bay is located in the south-eastern suburbs of Sydney, covering an area of approximately 21 square kilometres. It is bounded to the north by City of Sydney, to the east by Randwick City, to the south by Botany Bay and to the west by Marrickville and Rockdale.

The area is a mix of residential and large commercial industries, including global gateways Sydney Airport and Sydney Ports. Botany's major retail centre is located at Eastgardens, and other local shopping precincts are located throughout the LGA. The commercial and retail industries attract tens of thousands of people to the area daily for employment. It is located seven kilometres from the Sydney CBD, with around 60 per cent of dwellings being medium or high density. Botany Bay was proclaimed a Local Government Area in 1888.

The area is recognised for the presentation of its garden beds and streetscapes. It has many parks, wetlands and reserves including Sir Joseph Banks Park and four golf courses. It also features Botany Aquatic Centre and the George Hanna Memorial Museum.

The area has a proud history, with the arrival of Captain James Cook and the First Fleet on its shores. The City's name was derived from early explorations in the area by Sir Joseph Banks, the chief Botanist of the fleet. Historical significance of the area includes being the location of the first planned housing estate in Australia (the suburb of Daceyville), Australia's first Zoo; and the first foot race (the Botany Bay Gift).

The City of Botany Bay's population is an estimated 43,292 people (ERP 2013). The community is very multicultural and celebrates both its heritage and diversity with influences from the significant Aboriginal population as well as the English, Chinese, Irish and Greek cultures.

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, 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 1859.

3 Profile.id, estimated residential population, 2013, website, www.profile.id.com.au

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 70,706 people (ERP 2013). The LGA is predominately influenced by the 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'.

Municipality of Woollahra

The Municipality of Woollahra is located in the eastern suburbs of Sydney, covering an area of approximately 12 square kilometres. It is bounded to the north by Sydney Harbour, to the east by Waverley and the Pacific Ocean, to the south by Randwick City and Waverley and to the west by City of Sydney.

The area is primarily residential, with a number of local commercial/retail centres in Paddington, Double Bay and Rose Bay, as well as featuring a transport interchange at Edgecliff. Woollahra is located five kilometres from the Sydney CBD. It has a mix of medium and high density housing with over 50 per cent being single dwelling.

The LGA is known for its leafy, tree-lined streets, local retail centres and high residential values. The Municipality of Woollahra was proclaimed a Local Government Area in 1860, and has a proud heritage with a range of historical buildings and landmarks located in the area.

The area features several harbour foreshore sites, including Watsons Bay and Rose Bay which is known for its historic sea planes, as well as regionally significant sites such as Sydney Harbour National Park and Gap Park.

Its population is an estimated 57,677 people (ERP 2013), and has influences from the Chinese and Portuguese immigrants. The LGA takes its name from the indigenous word thought to mean 'meeting place'.

City of Sydney

The City of Sydney is located on the southern side of Sydney Harbour, covering an area of approximately 26 square kilometres. It is bounded to the north by Sydney Harbour, to the east by Randwick City and the Municipality of Woollahra, to the south by the City of Botany Bay and to the west by Leichhardt and Marrickville.

The area has a mix of high density residential and major commercial/retail centres. The LGA is home to some of Australia's largest companies and features some of Australia's most iconic tourist attractions. The area also features local village precincts on its fringes, with around 95 per cent of dwellings in the area being medium or high density. The City of Sydney was the first Local Government Area to be proclaimed in 1842.

The City of Sydney is an internationally significant area for sporting, recreation, historical and entertainment activities. It is home to Hyde Park, The Domain, The Royal Botanic Gardens, Circular Quay, Centennial and Moore Parks as well as the world-famous Darling Harbour, Sydney Harbour Bridge and Opera House. The area is known for its harbour foreshore areas, heritage buildings, museums, art galleries and economic activity. These facilities and attractions draw hundreds of thousands of people to the area daily for employment and tourist activities. The area is well serviced by the major transport interchange at Central.

The City of Sydney's population is an estimated 191,918 people (ERP 2013). A number that is much higher than any Local Government Area of a similar geographical size in New South Wales. The LGA is home to one of Australia's oldest urban localities, The Rocks, which was established shortly after colonisation.

More than half of the area's residential population was born overseas, with the predominant languages other than English spoken at home being Mandarin, Cantonese and Thai. The area has a rich history, being home to Sydney's largest Aboriginal and Torres Strait Islander community.

City of Sydney

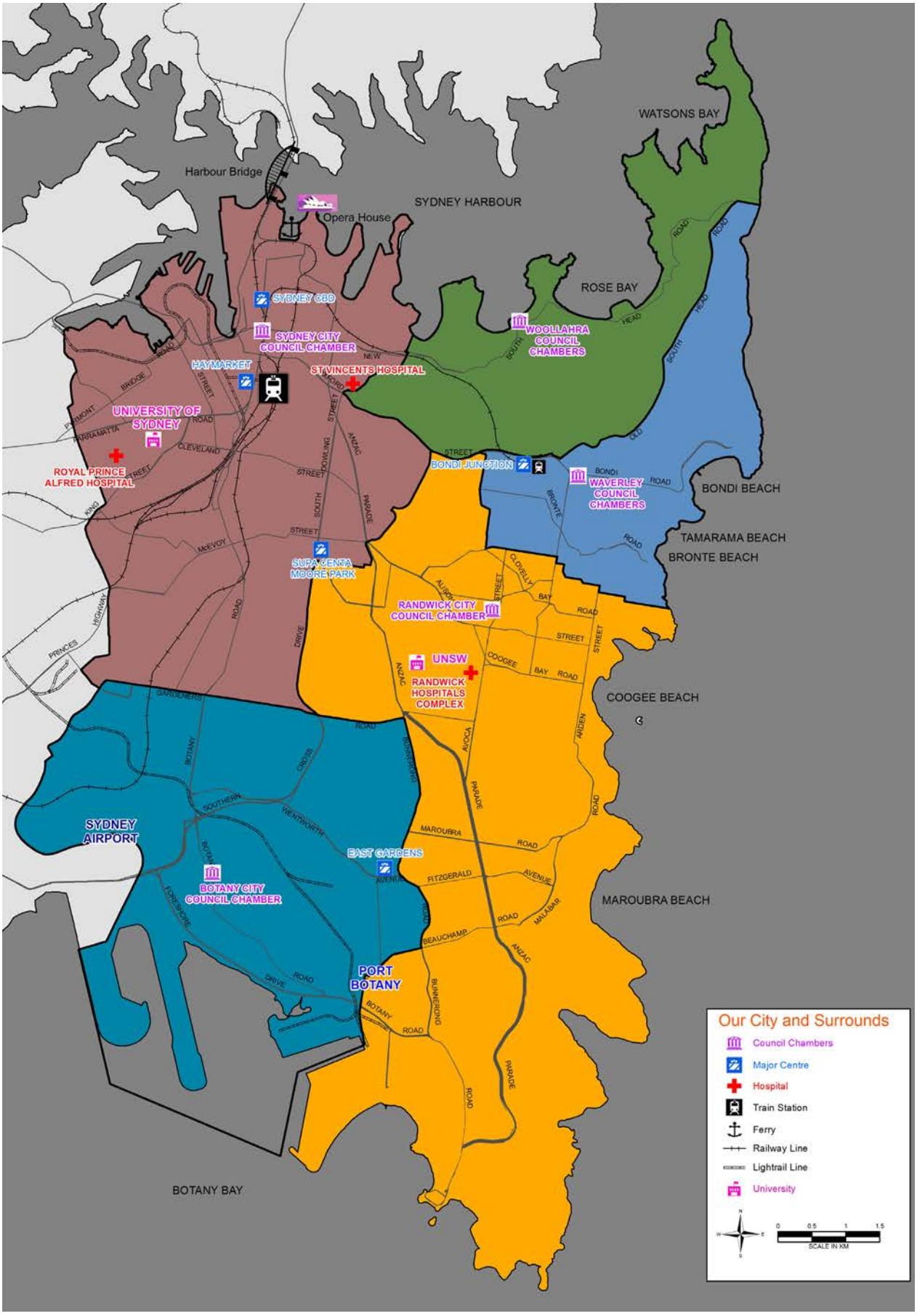
There is a clear distinction between the City of Sydney and the Eastern Suburbs councils. The City of Sydney is an international financial hub and the headquarters of major multi-national companies as well as a **major employment centre** for metropolitan Sydney. As such, it is recognised as a significant stakeholder in Australia's economy. The City of Sydney has a strong **level of investment** in regional and state projects and the area is home to numerous **international tourist attractions**.

Costs and service requirements in areas such as street cleaning, transport and events are significantly higher than those of the Eastern Suburbs councils as they provide services for the **one million workers**, **visitors and residents** in the city on any one day.

In addition, the City of Sydney operates under its own Act, the *City of Sydney Act 1988.*



Randwick City Local Government Area and surrounds



4. KEY FINDINGS

4.1 Community profile

This section highlights the profile of the communities in the Randwick, Botany, Waverley, Woollahra and City of Sydney Local Government Areas (LGAs). More detailed profiling can be found in Appendix A: Community Profile and Strategic Planning. Data has been sourced from the 2011 Census[4] unless stated otherwise.

Observations

The populations of the Randwick and Botany LGAs share a very similar age profile. While Randwick has a slightly smaller proportion of children under 14 years of age and a slightly higher proportion of 20-34 year olds, the profile is remarkably similar otherwise. These differences are expected to balance out over the next twenty years with the number of children increasing at a slightly faster rate in Randwick than in Botany, while the number of 20-34 year olds in Botany will outpace growth in this group in Randwick.

The population in Botany is expected to age at a faster rate than in Randwick.

Waverley and the City of Sydney have a higher proportion of 25-34 year olds than Randwick, Botany and Woollahra and are characterised by young singles and childless young couples.

Waverley and the City of Sydney have a lower ratio of children to adults of parenting age compared to Randwick, Botany and Woollahra. In Waverley and City of Sydney the ratio of adults of child-bearing age (25-44 years) to children (0-19 years) is 0.45 and 0.21 respectively. The ratios for Botany, Woollahra and Randwick are 0.75, 0.61 and 0.60 respectively.

Mirroring the younger demographic makeup of the community, more than 10 per cent of eastern suburbs residents are attending infant, primary or secondary school compared with less than 5 per cent of City of Sydney residents.

With multiple higher education institutions located within Randwick and City of Sydney, both LGAs have significantly higher post school student population numbers than Botany, Waverley and Woollahra.

There is greater ethnic diversity in Randwick and Botany with more than 30 per cent of residents speaking a language other than English at home than in the northern neighbours of Waverley and Woollahra. Similarly in the City of Sydney LGA another language other than English is spoken in around 30 per cent of households. While the proportion born overseas living in Botany and Waverley is about the same, the lower proportion of residents who speak another language other than English at home indicates Waverley is moderately rather than highly diverse.

The proportion of Indigenous is highest amongst the populations of Botany, Randwick and the City of Sydney.

Suburbs to the north have a lower socio economic disadvantage ranking to those in the south, while in the City of Sydney LGA there tends to be pockets of disadvantage dispersed across the LGA. In Randwick and Botany there are indications of greater socio economic hardship. More than 25 per cent of households earn less than $800 per week. In contrast fewer than 20 per cent of households in Waverley are defined by this measure of socio economic hardship. Households in Woollahra are amongst the highest income earners in NSW.

The suburb with the highest socio economic disadvantage is Daceyville in the Botany LGA.

Each day more than one-quarter of a million people travel to the City of Sydney LGA to work. Nearly half of Woollahra's residents, one-third of Randwick residents, and around one-quarter of Waverley and Botany residents, travel daily into the City of Sydney to work.

More Randwick residents travel to Botany to work than to Waverley and Woollahra combined, while the number of Botany residents who travel to Randwick to work greatly outnumber those who travel to Waverley and Woollahra combined.

A greater number of Sydney City dwellers are employed in Randwick (2.6%) and Botany (2.6%) while fewer travel to Waverley (1.6%) and Woollahra (1.8%) to work.

Just as there are a significant number of Randwick residents who work in their LGA and therefore do not travel far to work, a significant number of residents also shop locally.

Significant numbers of people travel to the study area for recreational and social pursuits.

4. *ABS 2011 Census of Population and Housing. Basic Community Profile Based on Place of Usual Residence. Catalogue number 2001.0*

Key Findings

The populations of the eastern suburbs LGAs have similarities in age, household size, commuting patterns, and tendency to work close to home. Many families live in the eastern suburbs. The eastern suburbs have areas with high socio-economic advantage in the north and areas of low socio-economic disadvantage in the south. The southern suburbs have greater ethnic diversity while the northern suburbs are more densely populated.

Compared with the communities in the eastern suburbs, a higher proportion of young singles and childless young couples in the 25-34 year age group reside in the City of Sydney. That is reflected in the lower proportion of children living in the City of Sydney and its high proportion of households without children. The proportion of school aged children in the City of Sydney population is about half that of the eastern suburbs. While a significant proportion of the eastern suburbs population work close to where they live, the City of Sydney is a commuter destination unlike the other LGA's.

4.2 Strategic planning

Global City

The Independent Local Government Review Panel's recommendation for the creation of a 'global city' that would see the City of Sydney merge with Woollahra, Waverley, Randwick and Botany Bay councils is inconsistent with the global city concept as outlined in state planning documents and the global city discourse. 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. Local government boundary changes would not make any difference to Sydney's ability to compete as a global city.

The NSW Government's own (2014) metropolitan plan; 'A Plan for Growing Sydney' highlights the importance of strengthening the economic competitiveness of metropolitan Sydney through the Global Economic Corridor (GEC)[5] (as illustrated in the global economic corridor figure), which traverses multiple council areas from The Hills Shire in the northwest to Botany Bay in the South east. The five councils subject to this report form part of or adjoin the southern part of the GEC, and each council area represents diverse economic specialisations which contribute to the global competitiveness of the Sydney metropolitan area as a region.

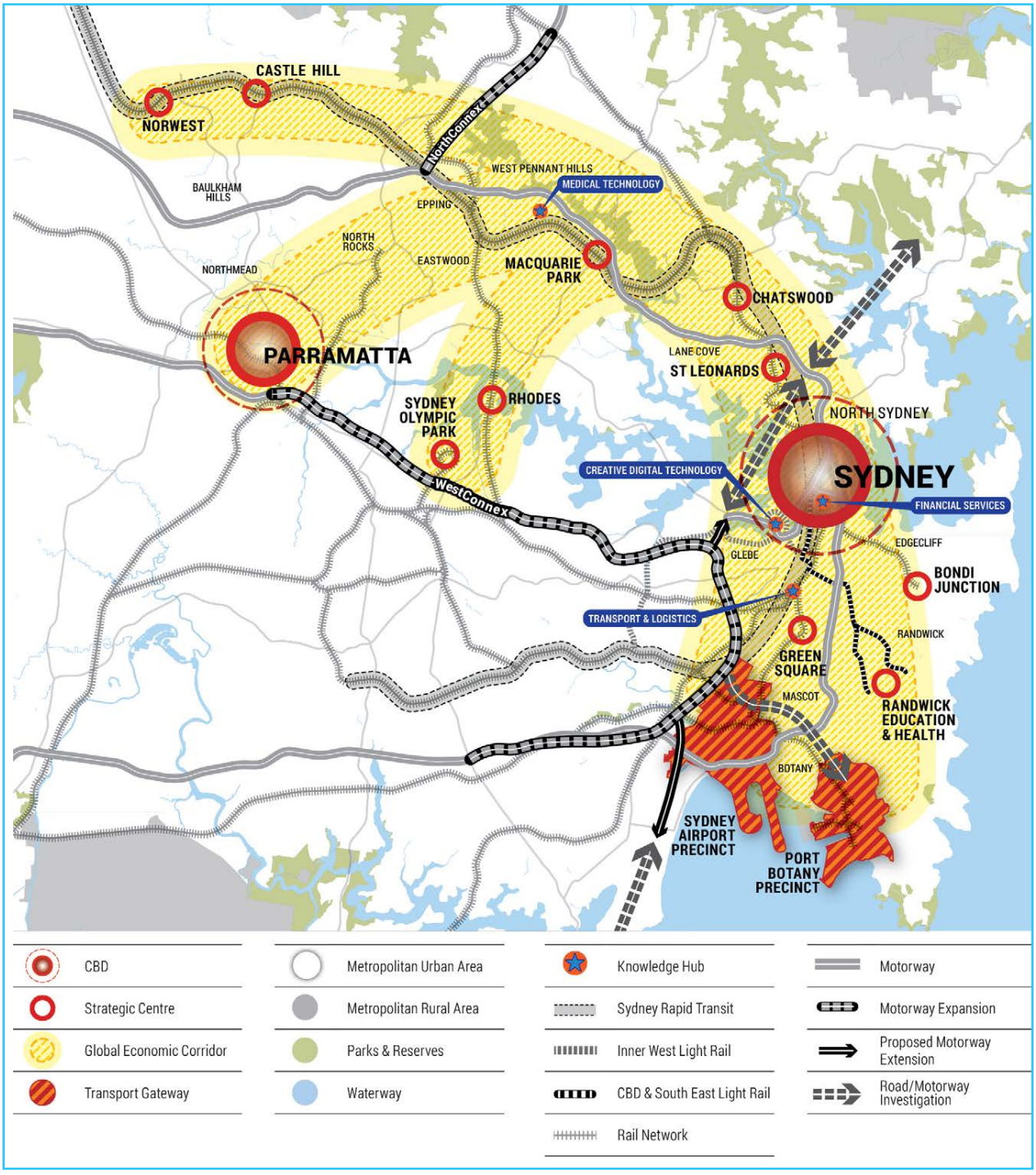
Key implications of the state and local planning policy framework

A review of state and local strategic planning policy documents and strategies have revealed the following key directions for land use and transport planning as they apply to all five LGAs:

- Concentrate economic growth in the economic nodes of Global Sydney (comprising Sydney CBD and North Sydney), the Global Economic Corridor, strategic centres of Green Square, Randwick Education and Health precinct and Bondi Junction, and transport gateways of Port Botany and Sydney Airport.
- Focus future housing growth in strategic centres, government (surplus) land, transport corridors and areas identified for urban renewal
- Increase housing choice around centres through urban renewal in established areas
- Increase the percentage of the population living within 30 minutes by public transport of a city or major centre
- Connect centres with a networked transport system
- Improve access to recreational opportunities and linkages between regional open spaces to form a green space network

5. *The GEC is an arc of intensive economic activity stretching from Port Botany and Sydney Airport to Macquarie Park to Parramatta, Norwest and Sydney Olympic Park.*

'The Global Economic Corridor' *Source: A Plan for Growing Sydney*



Key findings from a review of planning characteristics across each of the five LGAs

A review of key planning themes across each of the five LGAs has revealed the following key findings:

- Employment distribution across the five LGAs (employment distribution figure) illustrates the concentration of jobs within the Sydney Central Business District (CBD), Green Square, South Sydney employment lands, the strategic centres of Bondi Junction and the Randwick Education and Health Precinct.
- Employment within the Eastern Suburbs of Waverley, Woollahra and Randwick LGAs is concentrated within the major employment centres of Bondi Junction and the Randwick Education and Health Precinct. These two centres have a high concentration of retail, health and education employment and this is reflected by high levels of self-containment within these industries.
- The transport gateways of the Airport Precinct (partly located in Botany Bay) and the Port Botany precinct (located across Botany Bay and Randwick City Council) support large employment and combined, generate $10.5 billion of economic activity and handle close to $100 billion of freight.
- Accessibility within the eastern subregion of Randwick, Waverley, Botany Bay and Woollahra is relatively high, combining a hierarchy of major transport corridors linking key destinations, and a finer grain network of collector roads and local streets supporting local centres and multiple modes of travel.
- Housing characteristics (in terms of dwelling structure) across the five LGAs (as illustrated in dwelling structure figure), demonstrates the diversity in housing stock with higher density housing to the north of the study area in and around town centres and major transport hubs such as the CBD, Kings Cross to Potts Point, Bondi Junction and North Randwick. The northern suburbs of Randwick and Waverley share similar medium[6] or high density housing characteristics. Similarly, parts of Randwick and Botany share similar low density housing characteristics with single dwelling houses.
- A review of residential development activity of each of the five LGAs for 2013/14 demonstrated that the majority of the newly completed dwellings are in multi-unit form. It is expected that medium to high density residential development would be the primary form of new housing supply in the future.
- A review of open space and recreational facilities for each of the five LGAs (as illustrated in open space figure) has identified that Randwick, Waverley and Woollahra share many commonalities in their foreshore character and usage demonstrated by the similar types of open space and natural coastal landscapes (e.g. national parks, golf courses, remnant bushland, cliffs, beaches and foreshore parks) and the wide range of recreational opportunities and activities generally available along the foreshore of the three councils, such as fishing, boating, coastal walks, swimming and golfing.

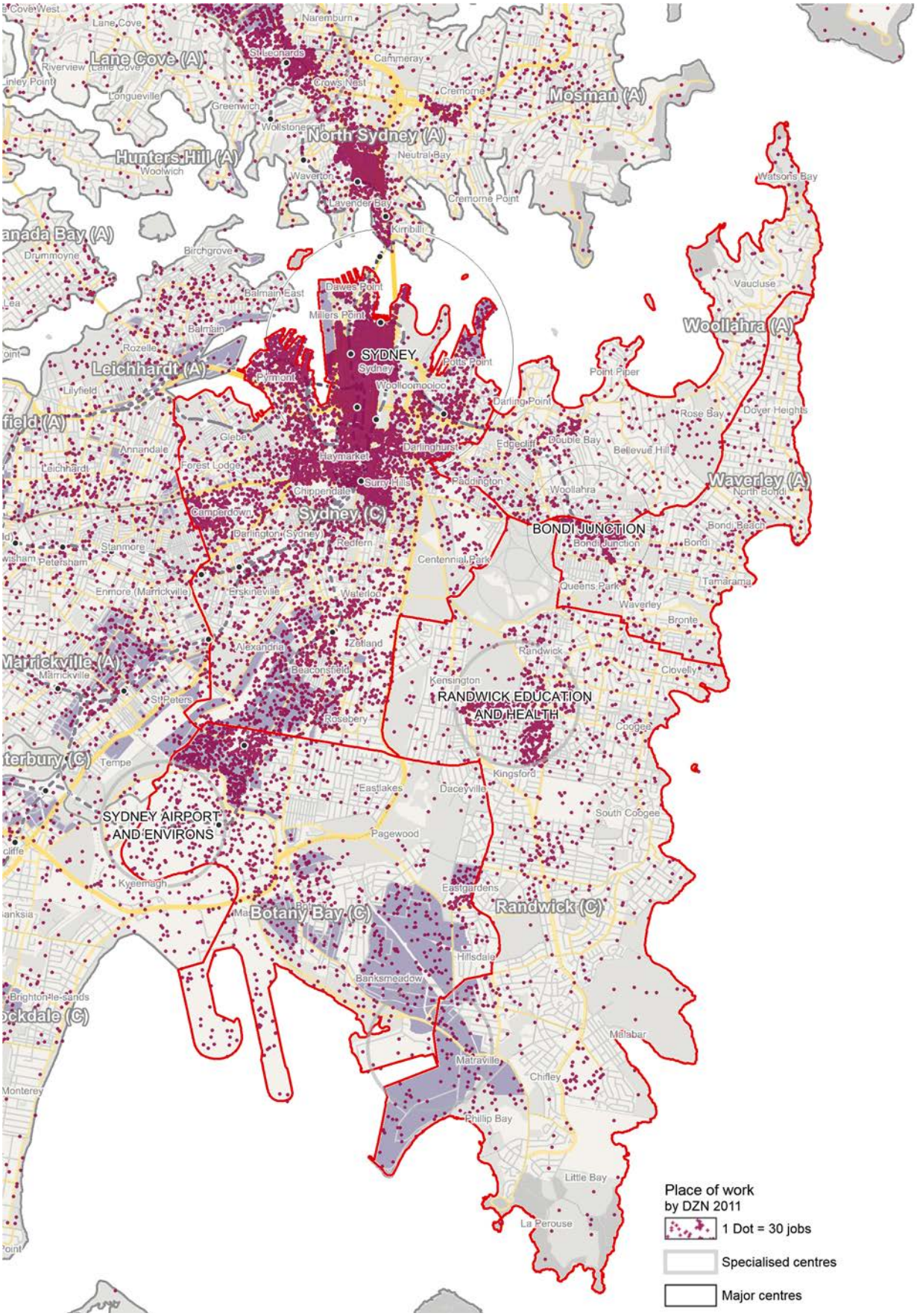
Key findings from a review of planning systems compatibility across each of the five LGAs

A review of planning systems (including local environmental plans (LEP), development control plans (DCP), development contribution plans) and e-planning initiatives across the five LGAs have indicated that:

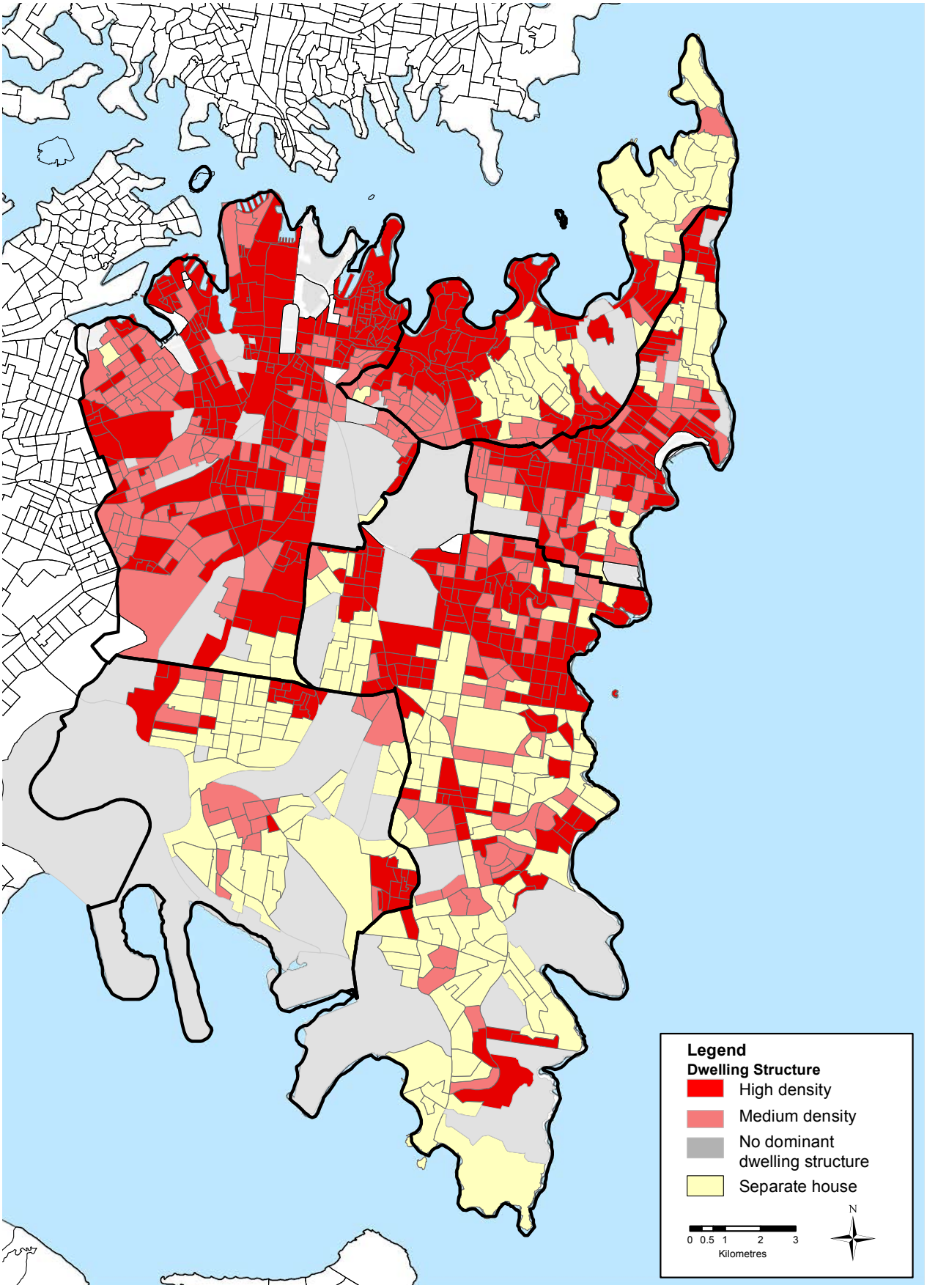
- Randwick is at the forefront of utilising e-planning systems featuring on-line tracking and lodgement of development applications and the Electronic Housing Code (EHC).
- Waverley and Randwick City Councils demonstrate a high degree of compatibility with regards to planning systems and promotion of design excellence within their respective communities.
- For the financial year 2013-14, Randwick had the highest number (799) of development applications determined when compared to Botany, Waverley and Woollahra. The number of assessment officers allocated for statutory planning function in Randwick is comparable to Botany and Waverley Councils. The City of Sydney had the highest number of development applications determined (1822) and also the highest number of strategic and assessment planners.
- Waverley Council has an Independent Hearing and Assessment Panel (IHAP) in place.
- All councils have a LEP and DCP in place in accordance with the standard instrument (local environmental plan) template and a development contributions plan.

6 *'Medium density' includes all semi-detached, row, terrace, townhouses and villa units, plus flats and apartments in blocks of 1 or 2 storeys, and flats attached to houses. 'High density' includes flats and apartments in 3 storey and larger blocks. Source: ABS Census of Population and Housing 2011 & Profile.id*

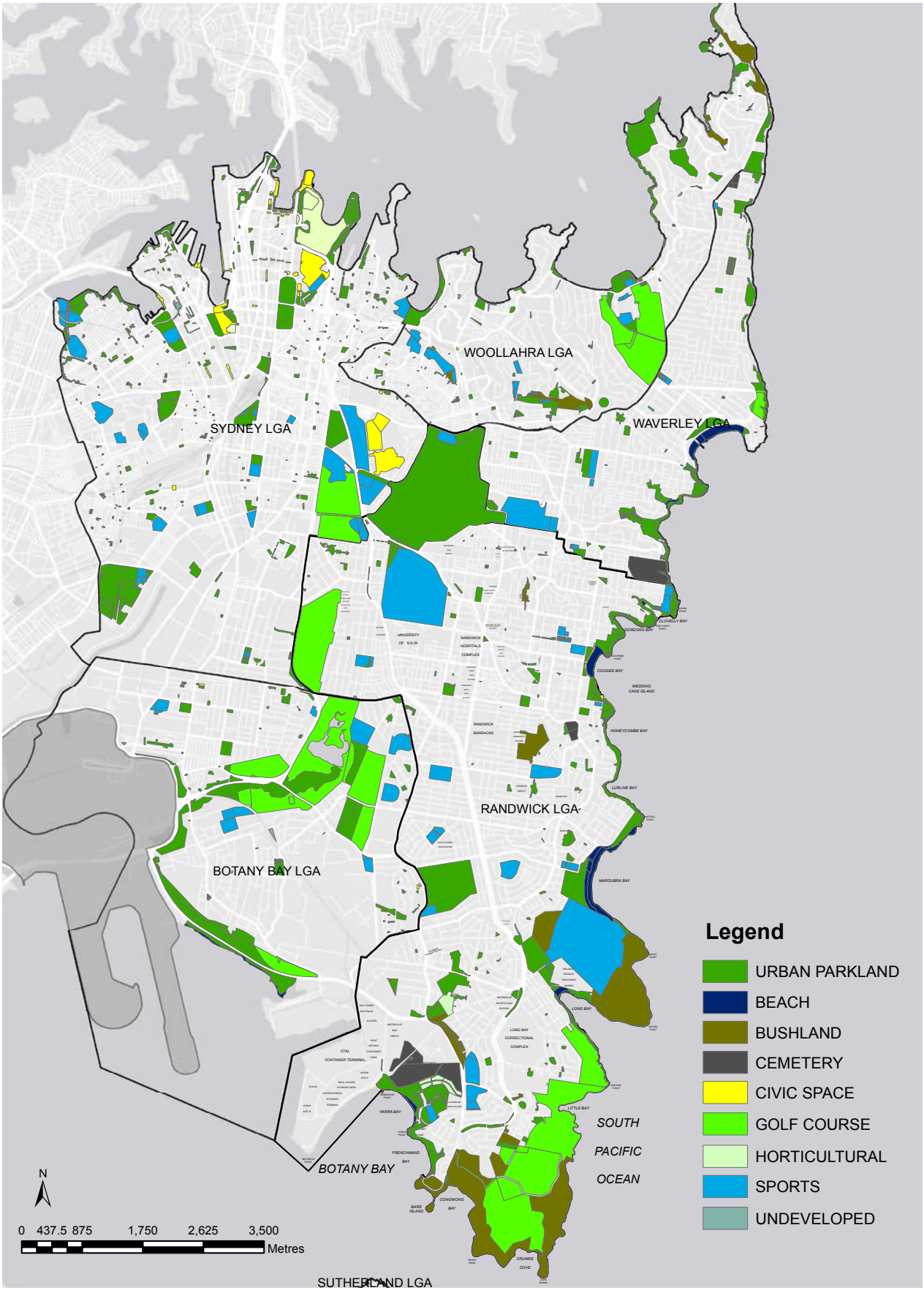
Employment distribution *Source: SGS 2015 'Place of Work'*



Dwelling Structure *Source: ABS Census 2011 Population and Housing*



Open space assets in the study area



4.3 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 best placed (of the three spheres of government) to identify and respond to their communities' needs, and have been doing so for several decades. This level of responsiveness has translated into councils adopting different responses to locally articulated needs. While there is a criticism that local governments lack uniformity, it is in essence that which helps local councils sustain their unique role as a responsive provider of key services.

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 providing 'top up' financial assistance to established organisations that are already delivering these services so that they can better meet the clients' needs.

The method adopted by different councils in the eastern suburbs in the funding and delivery of social and community services extend to services such as Meals on Wheels, Home Maintenance and Modification Scheme, community centres, children's services, and various community development activities and events.

For example, Botany Council operates a Meals-on-Wheels service to Home and Community Care (HACC) clients; while Randwick Council provides a Home Maintenance and Modification Service to HACC clients residing in Randwick and Waverley LGAs. This is because there is a need to meet this identified service gap as a result of the increasing number of ageing residents who choose to remain in their own homes, and have the ability to do so after minor modifications have been carried out. Randwick Council provides a subsidy but does not manage a Meals-on-Wheels service because the Randwick Meals-on-Wheels service, a not for profit organisation established some 40 years ago already provide this service to Randwick City residents.

Waverley Council operates a stand-alone and fully staffed community centre in Bondi Junction from which they provide direct community development activities and services to residents. In contrast, Randwick City Council's approach is to facilitate and support established community based and not-for-profit organisations to deliver much needed services to their clients through its grants and subsidies programs, worth $1.5M per year. Such an approach is in part historical, and in recognition of the valuable role of service providers in delivering much needed support services to its residents.

In addition, Randwick City Council also offers around 150 educational and recreational programs, events and activities to its residents of different age groups. These activities are being delivered by the different work units across the council.

Woollahra Council has adopted a similar approach to Randwick City Council in that it does not provide direct social services but make an annual financial contribution to the Holdsworth Community Centre (a not for profit organisation) to provide community services and programs to its residents.

In addition to implementing its own community programs, members of the eastern suburbs local councils also actively collaborate with each other to participate in joint services planning meetings, and run a range of activities for various community groups. The pooling together of resources has resulted in improved participation rates and social inclusion activities and events delivered in a cost effective way. Examples of projects that are jointly delivered to eastern suburbs residents are domestic violence prevention projects, mental health awareness raising workshops and environmental sustainability activities. The eastern suburbs councils share similar demographic characteristics and cultural values, which is what has underpinned the successful collaborations to date.

4.4 Councillor representation

Local representation is a significant consideration in Local Government reform and is of substantial importance to our community. Currently there are 59 Councillors across the five Councils, with ward structures in place with the exception of City of Sydney.

The following table shows the current levels of population per Councillor alongside total population for each of the seven options which are being examined as well as Blacktown City Council; Sutherland Shire Council; and Brisbane City Council. An assumption has been made of 15 Councillors per option in-line with the legislative maximum.

Current levels of population per Councillor and total population as per merger options			
Merger option	**Council/s**	**Population** *ERP 2013	**Population per Councillor**
Option **One**	Randwick (no change)	142,310	9,487
Option **Two**	Randwick and Botany	185,602	12,373
Option **Three**	Randwick and Waverley	213,016	14,201
Option **Four**	Randwick, Waverley and Botany	256,308	17,087
Option **Five**	Randwick, Waverley and Woollahra	270,693	18,046
Option **Six**	Randwick, Waverley, Botany and Woollahra	313,985	20,932
Option **Seven**	Randwick, Waverley, Woollahra, Botany and Sydney (Global City)	505,903	33,727

Comparative metropolitan councils		
Council	**Population** (ERP 2013)	**Population per Councillor**
Blacktown City Council	325,185	21,679
Sutherland Shire Council	223,192	14,879
Brisbane City Council	1,131,191	41,896 **27 Councillors

** profile.id.com.au, Estimated Residential Population (ERP), 2013*
** *Brisbane City Council has 27 Councillors*

The table shows that in moving through options one to six there is a steady incline of population per Councillor, which indicates a steady decline of representation. Between options six and seven there is a significant increase in population per Councillor which equates to a substantial loss of representation.

Declines in representation may in part be managed through greater support for Councillors, as part of the reform process, and best practice engagement methods underpinning decision making. However, a broad risk review assessing dilution of community representation from the elected council found that options six and seven attained a high risk rating.

Importantly, community sentiment as expressed through the survey results highlighted that the majority of respondents felt they would have less say in how their local area develops as part of a global city council.

4.5 Community engagement

Community Engagement Report

1. Structure of report

This report provides a summary of community engagement activities undertaken by Randwick City Council and key findings.

Top level key findings are presented in section 1.1.

A summary of community engagement key findings by method is provided in section 1.2.

The key findings of each consultation activity are summarised in section 2.

Full reports on each of the consultation activities are available in the appendices.

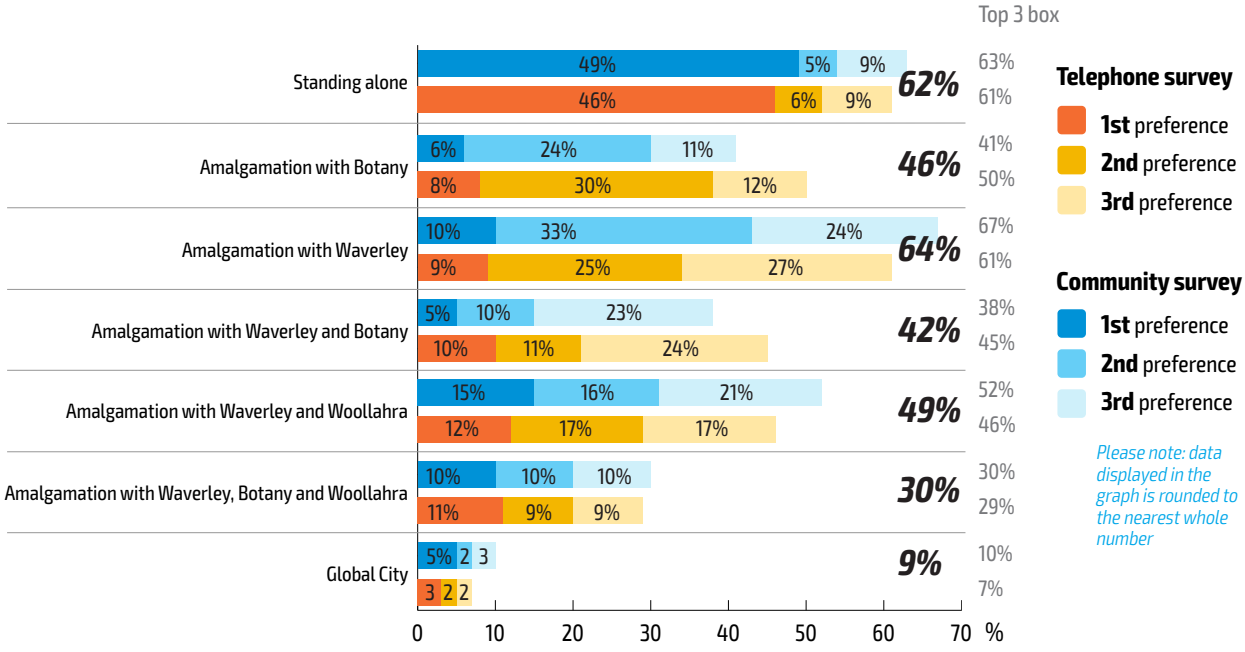
1.1 Top level key findings

Council's community consultation process around the Fit for the Future program was highly regarded by the community with 96% of telephone survey respondents at least 'somewhat satisfied' with Council's response. 98% of respondents said Council's Information Pack was at least 'somewhat useful' and 88% found it 'useful' or 'very useful'.

Consultation activities consistently found:

- a rejection of the global city concept. Respondents feared the size of the council would result in less local representation, loss of local identity and reduced services
- widespread support for Randwick City Council. There is general goodwill and appreciation of the quality and breadth of services and programs offered by Randwick City Council.
- the most supported option is for Randwick City Council to not amalgamate.
- if people must choose an amalgamation option, 9/10 would choose an eastern suburbs council model.

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



- The most supported first preference is for no change (46% of telephone survey and 49% of community survey respondents chose this as their first preference) with the remaining respondents (54% telephone survey and 51% community survey) preferring one of the six merger options.
- Looking beyond the 'no change' option, people's next preference is an amalgamation of Randwick and Waverley Councils.
- The third most preferred option is an amalgamation of Randwick, Woollahra and Waverley Councils.

How to read the chart:

Top 3 box – the sum of the first, second and third preferences. Eg. 63% of community survey respondents and 61% of telephone survey respondents voted 'Standing alone' as one of their top three preferences.

Large percentage numbers – 62%, 46%, 64% etc shows the combined average top three preferences choices of telephone survey and community survey respondents.

1.2 Summary of community engagement key findings by method

unsupported
strong support
some support
no consensus

	Option 1 Randwick (no change)	Option 2 Randwick + Botany	Option 3 Randwick + Waverley	Option 4 Randwick + Waverley +Botany	Option 5 Randwick + Waverley + Woollahra	Option 6 Randwick + Waverley + Botany + Woollahra	Option 7 Randwick + Waverley + Woollahra + Botany + Sydney
Community survey n=6,446 voluntary participation	49% first preference 5% second preference 26% associate with City of Randwick	6% first preference 24% second preference 90% support for an eastern suburbs council if mergers forced	10% first preference 33% second preference 90% support for an eastern suburbs council if mergers forced Most favoured option (46%) if options 1 & 2 aren't possible.	5% first preference 10% second preference 90% support for an eastern suburbs council if mergers forced	15% first preference 16% second preference 90% support for an eastern suburbs council if mergers forced Second most favoured option (20%) if options 1 & 2 aren't possible.	10% first preference 10% second preference 90% support for an eastern suburbs council if mergers forced	5% first preference 2% second preference 3% associate with global city Significant opposition
Telephone survey n=600 random & representative	46% first preference 6% second preference 58% supportive/ completely supportive (mean 3.63) 96% at least somewhat satisfied with Council performance	8% first preference 30% second preference 38% supportive/ completely supportive (mean 2.94)	9% first preference 25% second preference 50% supportive/ completely supportive (mean 3.35)	10% first preference 11% second preference 35% supportive/ completely supportive (mean 2.94)	12% first preference 17% second preference 40% supportive/ completely supportive (mean 2.99)	11% first preference 9% second preference 21% supportive/ completely supportive (mean 2.50)	3% first preference 2% second preference 3% supportive/ completely supportive (mean:1.62)

Focus groups with 'hard to reach' communities:

- No consensus on preferred option or population size
- No consensus on effect on identity
- General support for existing services
- Concern about job loss, sceptical about savings

Information stalls:

- 127 opposed change and 141 said something positive about Council
- 71 mentions of support for an eastern suburbs council
- 15 people supported the global city proposal
- Anecdotal feedback of some support in Kingsford & Maroubra for a merger with Botany
- Anecdotal feedback of some support in Clovelly area for a merger with Waverley


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1.3 Background

From December 2014 to May 2015 Randwick City Council is undertaking one of its largest single community consultations in the history of the Council.

The community consultation is in response to a Council resolution of 25 November 2014 and the State Government's Fit for the Future program released in late 2014.

Since 2011, the future of Local Government across NSW has been on the NSW Government's agenda.

On 10 September 2014 the NSW Premier and NSW Local Government Minister announced a $1 billion 'Fit for the Future' package to "give local councils the incentives needed to ensure they are in a position to provide the services and infrastructure their communities need and deserve".

The Fit for the Future announcement was in response to the Independent Local Government Review Panel's Final report released 12 months earlier. The Review Panel report included ideas for council mergers and reform and it recommended that Randwick City Council be amalgamated with Botany Bay, City of Sydney, Waverley and Woollahra Councils to form a "Global City".

The NSW Government's Fit for the Future package requires all councils to use the recommendations of the Review Panel as their starting point in terms of 'scale and capacity'. For Randwick City Council, this means considering the default global city option or a merger option that is 'broadly consistent'.

Randwick City Council already has a balanced budget and remains debt-free, providing high quality services for our community. Council is opposed to amalgamations. Unfortunately, despite Council's excellent financial and asset management position, the option to stand alone does not meet the requirements of the Government's Fit for the Future program.

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

Randwick Council does not support amalgamation or the creation of a global city as we value our Randwick identity, local representation and existing quality services and facilities.

However, we are required to show the NSW Government that we can meet their scale and capacity (i.e. population size considered to be above 200,000) requirements in some way, whether it be through their preferred global city option or a merger that is broadly consistent. The Government has made it clear that "doing nothing is not an option".

1.4 Purpose

1. To satisfy the community engagement requirements of the NSW State Government's Fit for the Future program;
2. To satisfy Council's Community Engagement Policy and involve the community in making a decision about the future of Randwick City;
3. To obtain statistically valid quantitative data and appropriate qualitative data to assist Randwick Council decision makers adopt a position on the issue of local government reform;
4. To ensure all Randwick City residents, ratepayers, business owners and workers have multiple opportunities to learn and take part in discussions about this important issue
5. To determine the community's preference for how Randwick City Council can best become 'fit for the future'

1.5 Scope of consultation

Randwick Council uses the International Association for Public Participation (IAP2) consultation spectrum as the basis for our community consultation planning.

The IAP2 Spectrum is widely regarded as a best practice community engagement framework to deliver meaningful consultation and involve the community in decision-making.

The Spectrum shows that differing levels of participation are legitimate depending on the goals, time frames, resources and levels of concern in the decision to be made. However, and most importantly, the Spectrum sets out the promise being made to the public at each participation level. The Spectrum is widely used and is quoted in most community engagement manuals.

Randwick City Council has used this spectrum to underpin its adopted Community Consultation Principles

and Consultation Planning Guide. Using this guide, Council identified the Fit for the Future engagement program as being:

City wide higher level

The proposal will have a real or perceived impact across whole city or on a number of different parts of the city or on a number of different population groups across the City. It has the potential for one or more of the following:

* creating community controversy and /or conflict
* high level of community interest
* impacting on Sydney regional or State strategies or directions.

Council determined the level of participation to be 'involve'. The definition of 'involve' is:

Objective

To work directly with the public throughout the process to ensure that public and private concerns are consistently understood and considered.

Contract with the public (community)

To work with the public and ensure that their concerns and issues are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.

Actions

Involve the whole community or identified segments of the community in discussion or debate. Assist the development of informed input through briefing and information dissemination. Use participatory approach in meetings and forums. Involve the community at different stages of the planning process.

The types of consultation methods suggested for the 'involve' level include: flyers, letterbox drops, advertising, media releases, web information, information to Precinct Committees, briefings, meetings, social media, forums and workshops. Council used these principles to develop its community consultation strategy.

1.6 Key messages

1. Randwick City is facing one of its most important decisions in the Council's 155-year history.
2. It is clear from the State Government that doing nothing is not an option.
3. We need to know what the community think about local government reform and to involve them in deciding the future of Randwick City.

1.7 Community engagement strategy

Council developed a community engagement strategy involving a four part phased program.

Because of low levels of awareness about the Fit for the Future and the reform process, the first phase was designed to better inform the general public and raise awareness about the issue.

The second stage was the key information gathering process where Council sought feedback through community surveys (paper and online), random representative telephone polls, information pop-up stalls and deliberative engagement activities such as focus groups.

The third stage is the formal exhibition of Council's draft proposal for 28-days as required by the State Government in their Fit for the Future program.

This strategy is designed to build the community's interest, knowledge and understanding of this important and complex issue prior to seeking their view.

The strategy has been designed to undertake a best practice and rigorous consultation process within tight deadlines to achieve Council's objectives.

1.8 Branding

Council developed unique and identifiable branding for the project to help associate and connect the various consultation and communication materials.

The branding is designed to remain neutral while visually referencing Fit for the Future and suggesting residents voice their views on the future of Randwick City.



Branding concepts developed for the Randwick City's Future website, poster and letter template.

1.9 Engagement strategy phases and actions

STAGE 1
COMMUNICATE

December 2014 – January 2015

GOAL: Increase awareness of the Fit for the Future program, government requirements and possible outcomes.

ACTIVITIES include: Direct mail, custom website, local advertising, publicity, signage, information stalls, public meetings, banners, social media, electronic communication.

STAGE 2
INVOLVE

February 2015

GOAL: Obtain feedback on Fit for the Future options.

ACTIVITIES include: Community survey mailed to every household and ratepayer, online survey, focus groups, telephone survey, information pop-up stalls, briefings of local clubs, sporting and community groups, publicity and ongoing communications.

STAGE 3
EXHIBIT

May 2015

GOAL: Publicly exhibit Council's draft proposal.

ACTIVITIES include: Telephone survey, website information, exhibition material, publicity and advertising.

STAGE 4
INTERNAL

Dec 2014 – June 2015

GOAL: Inform staff about the Government's program. Reassure staff about their role at Council & job security.

ACTIVITIES include: Information on staff intranet, briefings, team meetings, staff survey.

2. Summary of engagement activities

2.1 Information pop-up stalls

Purpose:	To provide multiple and convenient opportunities for interested people to speak with staff in an informal setting at convenient locations across Randwick City.
Conducted:	Randwick City Council staff
Timeframe:	Saturday 17 January 2015 – Friday 20 February 2015
Data:	Qualitative
Participants:	508
Full report:	Included in APPENDIX B: Community engagement

Council developed a program of community information pop-up stalls at local shopping centres, beaches, parks and community centres. They were generally held for two-hour periods at various times of the day both during the week and on weekends. Sessions were held during January to complement the 'inform' stage and during February to support the 'involve' stage.

Two Council staff were available to speak with interested residents, answer questions and discuss the issue in more detail.

The stalls proved popular and successful. There were visually prominent with strong branding with tear-drop banners used at outdoor sites.

Key findings

- 508 conversations
- 16 sessions
- 34 hours

Council staff recorded the general nature of comments offered from people into four categories.

These comments provide some insight into community feedback but are not representative of all views. People were not prompted to answer questions or provide responses and all comments were provided voluntarily.

- 127 people said they opposed amalgamations
- 141 people said something positive about Council
- 15 people said they supported the global city option
- 71 people said they supported an eastern suburbs council merger

There was a feeling of goodwill and support towards Council from many people. Most cited a local construction project, event or Council's general services and cleaning schedules as things they liked about the Council. Consequently most of these people then indicated support to keep Randwick Council as is and opposed amalgamations.

There were a small number of people critical of Council. These people typically had a view formed from a negative experience or exchange with Council.

Location	Date	Time
Coogee Beach	Sat 17 Jan	9am-11am
Coogee Beach	Mon 19 Jan	10am-midday
Maroubra Beach	Mon 19 Jan	2pm-4pm
Clovelly Beach	Tues 20 Jan	10am-midday
Pacific Square Shopping Centre, Maroubra Junction	Thu 22 Jan	5pm-7pm
Kingsford, Southern Cross Close	Fri 23 Jan	4pm-6pm
Little Bay, Prince Henry Centre	Mon 26 Jan	midday-2pm
Peninsula Shopping Centre, Matraville	Wed 28 Jan	4pm-6pm

Location	Date	Time
Coogee Beach	Sat 7 Feb	10am-midday
Kingsford, Southern Cross Close	Mon 9 Feb	midday-2pm
Coogee Beach	Tue 10 Feb	7am-9am
Royal Randwick Shopping Centre	Thu 12 Feb	3pm-7pm
Clovelly Beach	Tue 17 Feb	4pm-6pm
Peninsula Shopping Centre, Matraville	Wed 18 Feb	4pm-6pm
Pacific Square Shopping Centre, Maroubra Junction	Thu 19 Feb	midday -2pm
Maroubra Beach	Fri 20 Feb	9am-11am





Residents had varying levels of knowledge about the project from people who were "still researching the issue" to assess how they were going to respond to the survey, to others who were unaware of the project.

Of those with an awareness of the project, most understood the Fit for the Future program and that the Government's preference is for a global city and had said that 'no change is not an option'. Some were of the view that Council should oppose amalgamations regardless. Others rationalised a preferred eastern suburbs merger model based on their own experiences. A merger with Waverley was mentioned by some due to similar communities of interest, coastal settings, lifeguards, open space and family-friendly suburbs. Waverley was more often mentioned at Information Stalls held at Coogee and Clovelly.



A merger with Botany Bay Council was proposed by some people – notably at the Kingsford and Maroubra Information stalls. People cited Botany's nice parks and gardens as a reason for merger.

An equal number of people also opposed merger options citing concern about taking on other Council's debt and perceived poor performance.

The proposed global city council merger was criticised by many of the people who provided feedback. The reasons included that it: was too big, would reduce services, would make council more bureaucratic and be less representative and responsive to local needs.

2.2 Telephone survey

Purpose:	To conduct a statistically valid, representative sample survey of Randwick City residents on their attitudes to local government reform and merger preferences.
Conducted:	Micromex Research
Timeframe:	Three stage survey over February and March 2015
Data:	Quantitative (3.9% error margin at 95% confidence rate)
Participants:	643
Full report:	Included in APPENDIX B: Community engagement

Randwick City Council engaged Micromex Research to undertake a statistically valid, random and representative survey of Randwick City residents.

The survey consisted of a three-stage methodology:

Stage 1: Initial recruitment of 1,000 residents via telephone

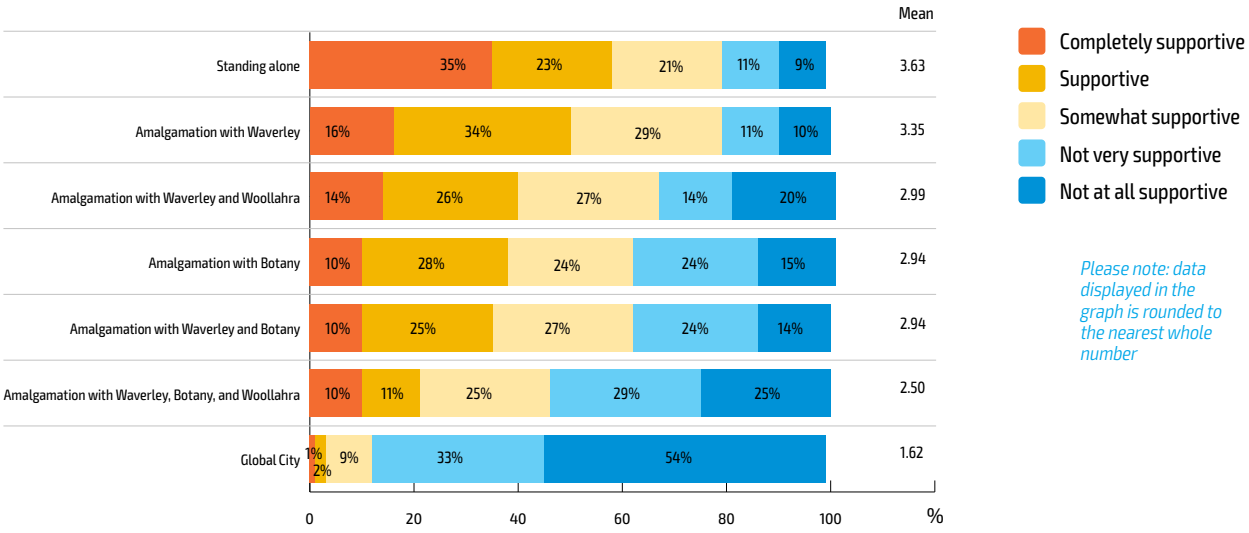
Stage 2: Mailout by Council of a letter, information pack and summary sheet

Stage 3: Call back of 643 of the initial 1,000 recruits to conduct survey

Key findings

- Three quarters of residents were aware of the potential amalgamation of Randwick Council with other councils.
- On average, those aware of amalgamations became aware via an average of two channels – suggesting Council has achieved both reach and frequency in its communications.
- Concerns about size appear to be a factor in the ratings – the two largest amalgamation options (Global City of Randwick with Sydney, Waverley, Botany and Woollahra; Randwick with Waverley, Botany and Woollahra) generated the highest number of 'Not completely supportive' and 'Not at all supportive' ratings.
- In a head-to-head preference comparison of all seven options, 'Standalone' was residents' most preferred option.
- Looking beyond the 'Standalone' option, 'Amalgamation with Waverley' attracted the next most support across the total sample of residents:
- Amongst those who selected 'Standalone' as their first option, their two main other preferences were 'Amalgamation with Waverley' and 'Amalgamation with Botany'. These are the two smallest amalgamation options.
- 96% of residents were at least 'somewhat satisfied' with the performance of Council in dealing with the NSW Government's Fit for the Future project and the associated issue of possible amalgamation.

Summary of support



Please note: data displayed in the graph is rounded to the nearest whole number

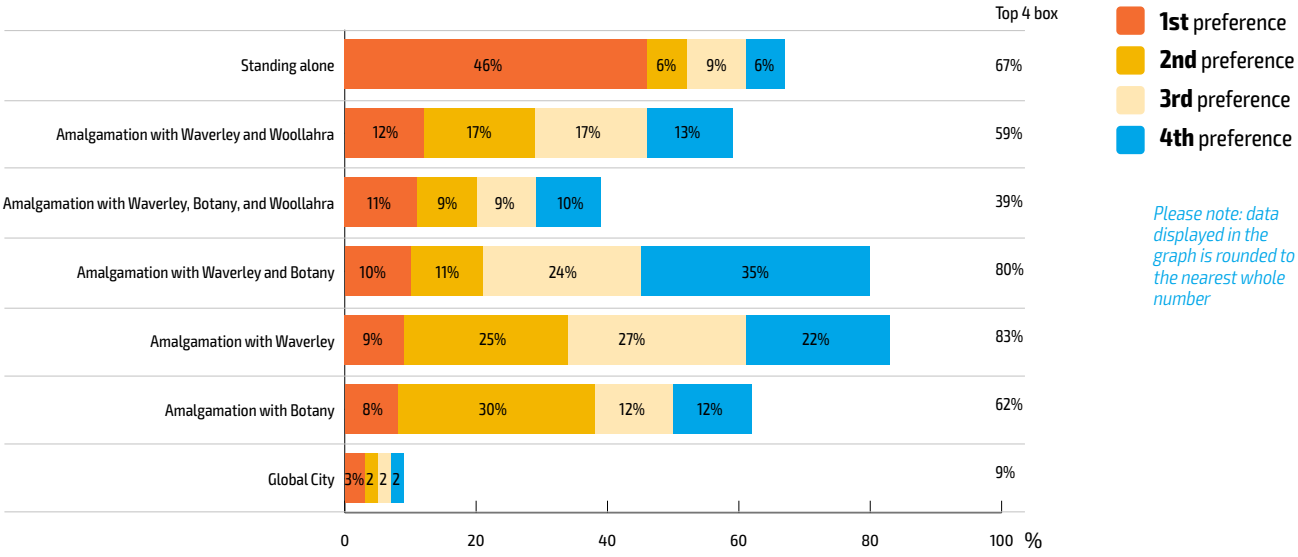
Two options stand out as generating most support:

- Standing alone. 35% committed to the top 'completely supportive' response code for Randwick standing alone – which is more than double any other option. And 58% selected the top two codes. And this is within the context of being told that this option "does not meet the requirements of the Government's Fit for the Future program".
- Amalgamation with Waverley. 50% said they are completely supportive or supportive.

The third most supported option is an 'amalgamation with Waverley and Woollahra' with 40% of respondents completely supportive or supportive.



Q11. Which of the seven options is your most preferred option? And which is your next most preferred option? (Etc.)



Please note: data displayed in the graph is rounded to the nearest whole number

Preference:	1st	2nd	3rd	4th	5th	6th	7th
Standing alone	46%	6%	9%	6%	4%	18%	11%
Amalgamation with Waverley and Woollahra	12%	17%	17%	13%	34%	6%	1%
Amalgamation with Waverley, Botany + Woollahra	11%	9%	9%	10%	14%	44%	2%
Amalgamation with Waverley and Botany	10%	11%	24%	35%	13%	5%	0%
Amalgamation with Waverley	9%	25%	27%	22%	9%	6%	1%
Amalgamation with Botany	8%	30%	12%	12%	22%	14%	2%
Global City	3%	2%	2%	2%	3%	6%	83%

- Looking beyond the 'Stand alone' option, 'Amalgamation with Waverley' attracted the broadest general support, with **83%** of residents selecting this option as one of their top four preferences – and **61%** selecting it as one of their top **three** preferences.
- Support for an amalgamation of Waverley and Botany attracted the next most support with **80%** selecting this option as one of their top **four** preferences.

2.3 Community survey

Purpose:	To provide all Randwick City residents, ratepayers and business owners with the opportunity to have their say through a community survey either online or via reply-paid paper surveys.
Conducted:	Randwick City Council staff
Timeframe:	1 February 2015 to 1 March 2015
Data:	Quantitative (1.2% error margin at 95% confidence rate)
Participants:	6,446
Full report:	Included in APPENDIX B: Community engagement

The purpose of the community survey was to provide an opportunity for residents, ratepayers and business owners within Randwick City to express their views about proposed amalgamations as part of the State Government's Fit for the Future program.

The community survey was designed to help Randwick Council understand community views, attitudes, perceived benefits and perceived costs of possible change. The survey scoped a range of possibilities and enables Council to be informed of people's preferences to be able to respond to the State Government.

The survey also provides an important opportunity to discuss costs and benefits of a range of merger options and provide residents with an opportunity to have their say.

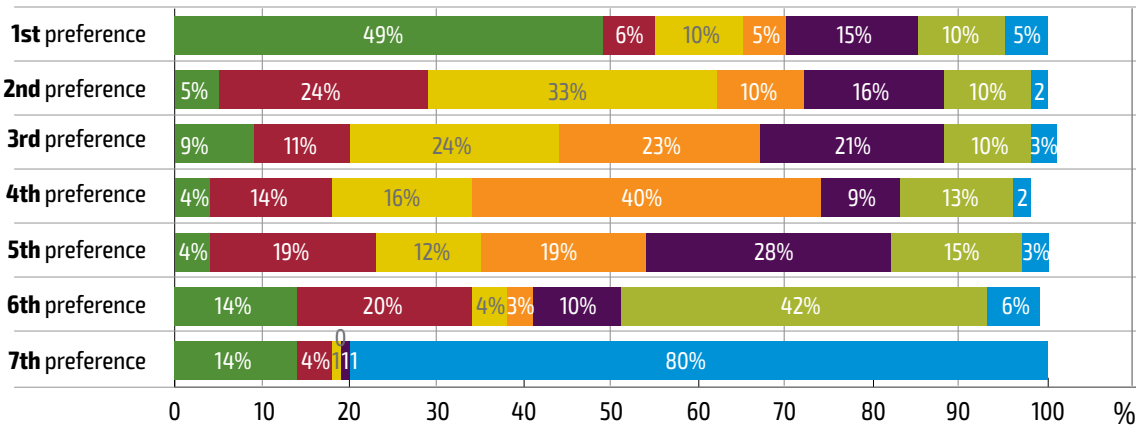
6,446 valid survey responses were received from residents, ratepayer and business owners providing a good sample size and a high level of statistical confidence.

The survey provides a good sample representation of suburbs in Randwick City and gender. There is an age bias towards older residents and an under-representation of younger people.

Key findings

- The majority of respondents want no change. There is a high level of satisfaction with services and facilities provided by Randwick City Council and a concern that a larger Council will result in a loss of local identity and a less say in how the area develops.
- More respondents (39%) associate with the 'eastern suburbs' than they do with their suburb (31%) or the City of Randwick (26%).
- There is a rejection of the global city concept. This is significantly the least preferred outcome.

Question 10: Please rank your preferences (results by percentage)



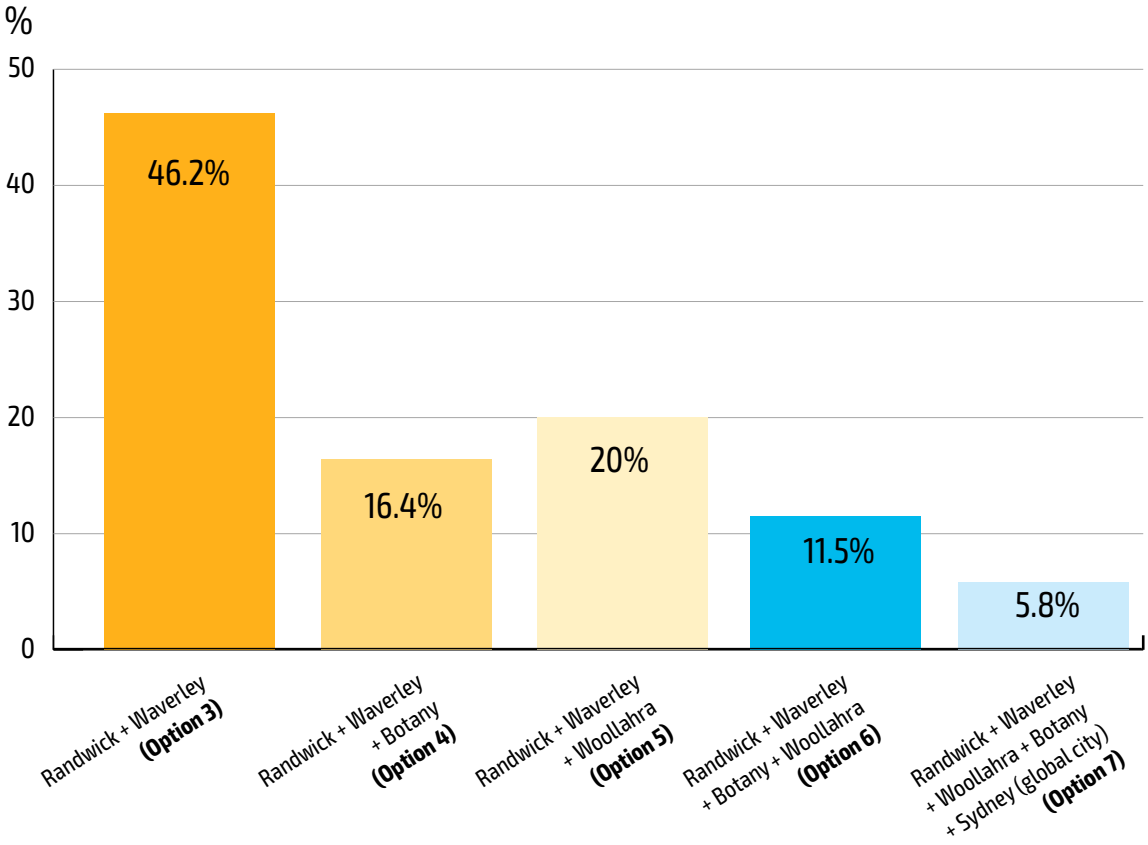
	Randwick (no change) (Option one)	Randwick + Botany (Option two)	Randwick + Waverley (Option three)	Randwick + Waverley + Botany (Option four)	Randwick + Waverley + Woollahra (Option five)	Randwick + Waverley + Botany + Woollahra (Option six)	Randwick +Waverley +Woollahra +Botany +Sydney (global city) (Option seven)
1st preference	49%	6%	10%	5%	15%	10%	5%
2nd preference	5%	24%	33%	10%	16%	10%	2%
3rd preference	9%	11%	24%	23%	21%	10%	3%
4th preference	4%	14%	16%	40%	9%	13%	2%
5th preference	4%	19%	12%	19%	28%	15%	3%
6th preference	14%	20%	4%	3%	10%	42%	6%
7th preference	14%	4%	1%	0%	1%	1%	80%

- In two separate questions in the survey, a consistent 49% of respondents indicated they preferred no change with the remaining 51% preferred one of the merger options.
- The second most chosen first preference is for Randwick + Waverley + Woollahra with 15% followed equally by Randwick + Waverley (10%) and Randwick + Waverley + Botany + Woollahra (10%).
- The most preferred second preference is Randwick + Waverley (33%) followed by Randwick + Botany (24%). 66% of respondents chose Randwick + Waverley as their 1st, 2nd or 3rd preference compared with 63% for Randwick (no change) and Randwick + Waverley + Woollahra 52%.
- If amalgamations must occur, 90% would prefer an eastern suburbs council model and 5% would prefer the larger global city council model (5% are unsure).
- The most preferred merger option is an amalgamation Randwick + Waverley Councils.

Please note: data displayed in the above graph and table is rounded to the nearest whole number

Question 10: Please rank your preferences

(distributed by first preferences after removing Option One Randwick and Option Two Randwick + Botany)



Based on current NSW State Government advice that 'no change is not option', it is considered that the State Government minimum merger target is 200,000 residents (see the Introduction of this paper).

An analysis has been conducted on distributed first preferences if options one (no change) and options two (Randwick + Botany) are removed as both these options result in populations of less than 200,000.

The results show option three (Randwick + Waverley) received 46% of distributed first preferences after removing the no change and Randwick + Botany options. Next was Randwick + Waverley + Woollahra (20%) and Randwick + Waverley + Botany (16%).

2.4 Focus groups

Purpose:	To better understand the views of sectors of the community that are often under-represented in common community consultation programs. Four focus groups were held with members of the Indigenous community, Culturally and Linguistically Diverse community, young people and people with a disability.
Conducted:	Straight Talk
Timeframe:	17 and 18 February 2015
Data:	Qualitative
Participants:	28
Full report:	Included in APPENDIX B: *Community engagement*

28 people participated in one of the four hard to reach focus groups. The groups included an Aboriginal and Torres Strait islander (ATSI) communities focus group, a culturally and linguistically diverse (CALD) communities focus group, a people with a disability focus group and a younger people (under 30 years of age) focus group.

Key findings

- Consultation identified that these hard to reach groups were generally not well informed about the proposals beforehand.
- After discussing the impact of amalgamation on a range of topics there was no consensus within or across the groups on the best amalgamation option.
  The topics that were seen to be most critical for Council to consider were the overall savings, level of service provision and number of council employees (because this was often seen to translate to service provision).
- Some participants thought that the cost savings associated with larger council areas could be beneficial to improved longer term service provision, whilst others feared any amalgamation might jeopardise the current level of service provided by Council.
- Whilst there was no consensus on which of the options for amalgamation would be most appropriate for Council, the majority of the participants supported amalgamation where:
  - » Waverley Council and at least one other council were amalgamated. Waverley Council was identified as having similar values, connections with the coast and a similar demographic to Randwick
  - » Service provision was still the highest of priorities. For this reason participants were happy with a range of options, providing they were based on similar models for service provision, but did not feel the multi-layered service provision associated with the global city option would be appropriate
  - » The cost savings for council were positive. For this reason some participants selected some of the options which resulted in larger council areas
  - » There was no impact on rates
  - » The number of Council staff was consistent, as participants directly associated Council staff with service provision.

2.5 Advertising

Purpose:	To inform residents and ratepayers and business owners about the Fit for the Future program and to encourage residents to take part in Council's consultation activities.
Conducted:	Randwick City Council staff
Timeframe:	December 2014 to February 2015
Participants:	NA
Data:	NA

Randwick City Council placed a number of paid print advertisements in its local newspapers as part of its community engagement program. These advertisements included:

- Southern Courier 13 January 2015 - half page
- Southern Courier 27 January 2015 - half page
- Southern Courier 10 February 2015 - full page
- Southern Courier 24 February 2015 - full page
- The Beast February 2015 – full page

Council also mentioned Randwick City's Future consultation program in its weekly 'Randwick News' advertisement in The Southern Courier:

- 16 December 2014
- 6 Jan 2015
- 13 Jan 2015
- 20 Jan 2015
- 27 Jan 2015
- 3 Feb 2015
- 10 Feb 2015

Council regularly communicated the program through its weekly Randwick eNews publication emailed each Wednesday to approximately 15,000 people.

- 17 December 2014
- 7 January 2015
- 14 January 2015
- 21 January 2015
- 28 January 2015
- 4 February 2015
- 11 February 2015
- 18 February 2015
- 25 February 2015
- 4 March 2015



2.6 Social media

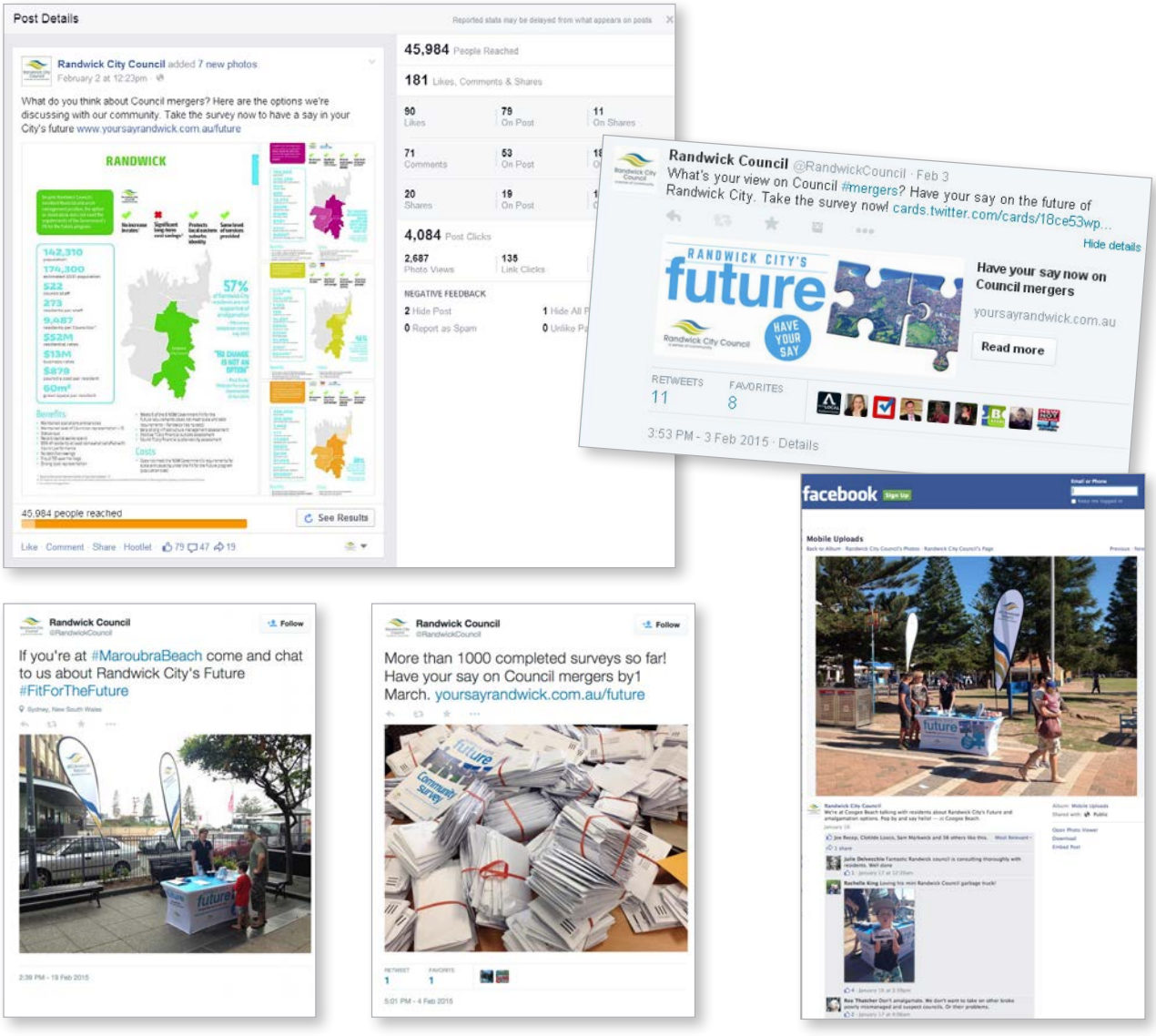
Purpose:	To inform residents and ratepayers and business owners about the Fit for the Future program and to encourage residents to take part in Council's consultation activities.
Conducted:	Randwick City Council staff
Timeframe:	February 2015
Participants:	50,000 estimated views
Data:	Qualitative

Randwick City Council conducted two paid advertising campaigns on Facebook and Twitter during February 2015. The main purpose was to promote the consultation and to encourage participation.

Council's Facebook promoted post received 79 likes, 47 comments and 19 shares and reached almost 46,000 people.

Council's promoted tweet was viewed 4,350 times including 96 photo views, 45 clicks and 34 profile clicks.

In addition, Council regularly posted photos on Facebook and Twitter to promote Information Stalls or the community consultation in general.



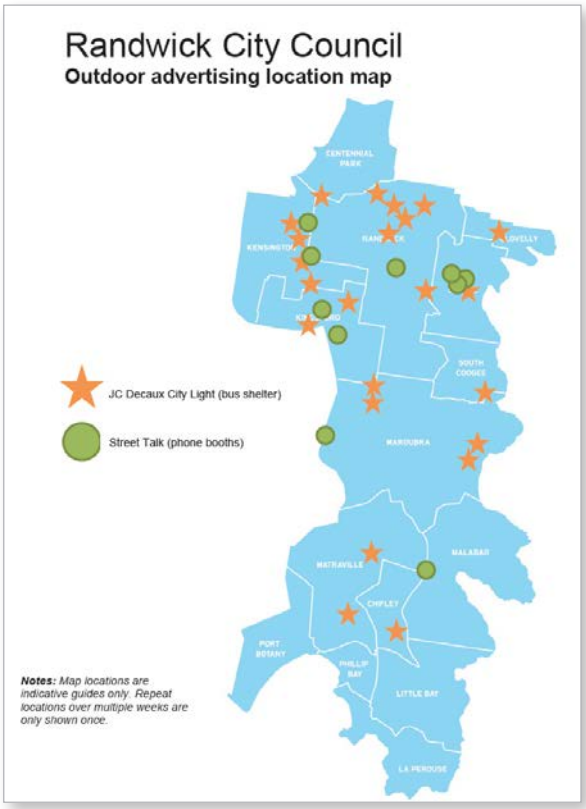
2.7 Outdoor advertising

Purpose:	To inform residents and ratepayers and business owners about the Fit for the Future program and to encourage residents to take part in Council's consultation activities.
Conducted:	Randwick City Council staff
Timeframe:	January to February 2015
Participants:	NA
Data:	NA

Randwick City Council placed outdoor advertising in a number of JC Decaux bus shelters and phone booths located throughout Randwick City.

The campaign included:

- 53 Citylights (bus shelters)
- 16 Street Talks (phone booths)
- across 9 suburbs
- over 6 weeks









4.6 Financial context

Key findings

The following section has been prepared to ensure Randwick City Council has undertaken its due diligence relative to local government reform, in accordance with the Council resolution from the 25th November 2014. The Council has analysed the financial position and projections of Waverley, Woollahra, Botany and City of Sydney councils along with Randwick's own position. Modelling has been carried out to determine the financial position of the six amalgamation options including the cost of these amalgamations.

Randwick

Randwick City Council is in a strong financial position with a history of generating operating surpluses, strong 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's position has been assessed as "sound" by both NSW TCorp and our independent auditor, with TCorp stating the Council's outlook is "positive". The Council's infrastructure management has been assessed as "very strong" by the Office of Local Government, one of only five councils in NSW to receive the highest rating. This result is further strengthened by the independent audit of the Council's annual report on the condition of public buildings and infrastructure assets (Special Schedule 7) over the past two years which was an industry first. The council's auditor has also issued an Assurance Report on the Long Term Financial Plan.

The Council has a strong result against the Fit for the Future financial, asset and efficiency criteria, with the council meeting all 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.

Amalgamation Options

An in-depth analysis of the current position and projections of each option along with the potential financial benefits and costs of an amalgamation has been carried out, using Randwick's service model as a basis for the eastern suburbs councils. The City of Sydney's operating costs remain at current levels due to their different service requirements.

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 the area is home to numerous international tourist attractions. Costs in areas such as street cleaning, transport and events are significantly higher than those of the Eastern Suburbs councils as they provide services for the one million workers, visitors and residents in the city on any one day.

This analysis revealed that, based on the individual council's asset condition assessments (Special Schedule 7), all amalgamation options meet the Fit for the Future benchmarks within five years and have eliminated debt and the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches within ten years. However some options achieve these results sooner than others and produce a stronger long term result. No loss or reduction in services nor increases in rates were required and each council's ten year planned projects were included in the model. The model was assessed by the Council's independent auditor Hill Rogers Spencer Steer, with an Assurance Report issued (refer to appendices).

An amalgamation of Randwick, Waverley, Woollahra and Botany councils (option 6) or Randwick, Waverley and Woollahra councils (option 5) would result in the greatest opportunity to deliver more services or increase service levels to the community both in the medium term (four years) and the long term (ten years). Over four years Option 6 has the potential to generate an additional $52m in services ($164 per resident), increasing to $278m over ten years ($884 per resident) while meeting the seven 'Fit for the Future' ratio benchmarks in 3 years, eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in 7 years and repaying debt. These results are closely followed by Option 5 which is projected to result in the ability to increase services by $40m over four years ($149 per resident), rising to $235m over ten years ($869 per resident) while meeting the seven 'Fit for the Future' ratio benchmarks in 2 years, eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in 5 years and repaying debt.

An amalgamation of Randwick and Waverley (option 3) may result in increased services of $15m over four years ($73 per resident) increasing to $103m over ten years ($485 per resident), while meeting the seven 'Fit for the Future' ratio benchmarks in 3 years, eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in 5 years and repaying debt. This option is estimated to be the least costly amalgamation at $12m over four years. The information available on Waverley Council's financial position and projections is comprehensive in many areas and additional service level work was undertaken with this Council to better understand the services and levels offered. In addition to being more informed, this option

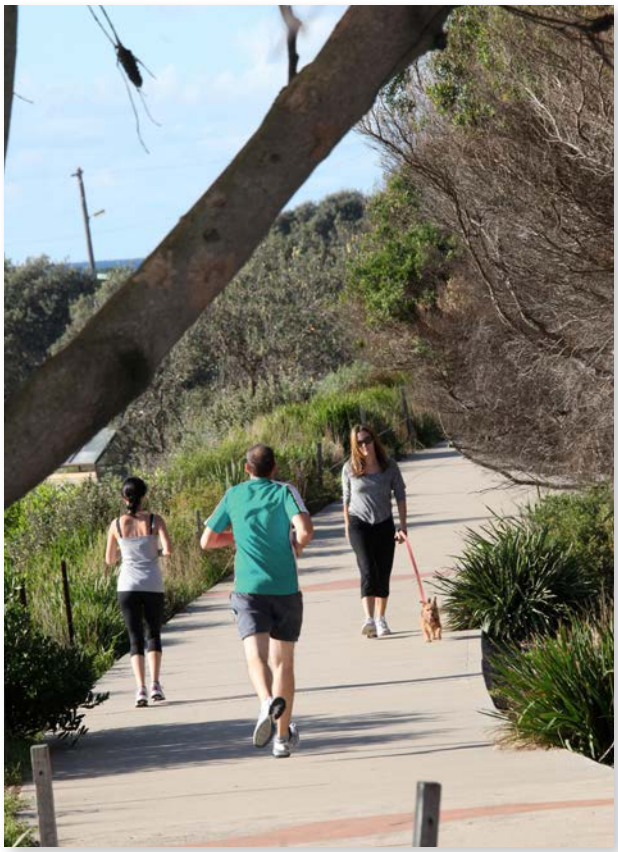
is considered to involve less risk exposure as the council has sufficient cash to fund its future liabilities, in part due to the $82m sale of the council's former depot in Zetland. Grant Thornton advised Waverley Council that this is "the strongest option for Waverley", with Randwick being a "strongly attractive option as part of any combination, but more so when it is not diluted by any other council"[7].

The addition of Botany (option 4) to the Randwick and Waverley amalgamation option increases the value of extra services to $24m over four years ($95 per resident) and $143m over ten years ($559 per resident), while meeting the seven 'Fit for the Future' ratio benchmarks in three years, eliminating the backlog of works required on roads, footpaths, drains, buildings, parks and beaches in seven years and repaying debt. It should be noted potential issues in the ratio of Botany's cash to liabilities have not been addressed and the expenditure required on assets as we have little available information on this council.

An amalgamation of Randwick and Botany (option 2) would result in a comparatively modest increase in services of $2m over four years ($11 per resident) rising to $28m over ten years ($153 per resident) while meeting the six 'Fit for the Future' ratio benchmarks in all ten years of the analysis (excluding the debt service ratio as these councils are debt free), eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in seven years and remaining debt free. Again, it should be noted there is little information available on Botany's liabilities and assets.

An amalgamation of Randwick with Waverley, Woollahra, Botany and Sydney (option 7) has greater risk exposure and greater complexity. This option is estimated to result in an increase in services equivalent to $8m over four years ($15 per resident) and $146m over ten years ($288 per resident). Sydney's costs are largely driven by their non-resident services, resulting in different service requirements to eastern suburbs councils. This may result in diseconomies of scale with the new council being so complex that inefficiency begins to exceed any amalgamation savings. This is also the most expensive amalgamation estimated to cost $43m over four years[8], increasing to $107m over ten years.

The cost of accommodating staff in existing City of Sydney buildings, including Town Hall House would result in a substantial loss of annual rental income as space within these buildings is currently leased to commercial tenants. These high costs and relatively smaller savings result in this option not meeting the Fit for the Future benchmarks until 2021, five years after the amalgamation and eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in 7 years.



7 Grant Thornton, Waverley Council – Technical Assistance FFTF, March 2015, p28

8 According to an article in the Sydney Morning Herald (McKenny, L, Cost of council rationalisation could significantly exceed $445 million, 25 Mar 2015), the NSW Parliamentary Budget Office estimated an amalgamation of Randwick, Waverley, Woollahra, Botany and Sydney councils would initially cost $37.6m. We assume this cost did not factor in the significant cost of CBD office space for the expanded workforce.

Summary of Financial Results – Four Years

	OPTION 1	OPTION 2	OPTION 3	OPTION 4	OPTION 5	OPTION 6	OPTION 7
	RANDWICK	RANDWICK + BOTANY	RANDWICK + WAVERLEY	RANDWICK + WAVERLEY + BOTANY	RANDWICK + WAVERLEY + WOOLLAHRA	RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY
Value of increased/ new services over four years*	$0 M	$2 M	$15 M	$24 M	$40 M	$52 M	$8 M
Value of increased/ new services per resident over four years*	$0	$11	$73	$95	$149	$164	$15
# of 'Fit for the Future' ratios met	6 / 7**	6 / 7**	7 / 7	7 / 7	7 / 7	7 / 7	6 / 7***

Summary of Financial Results – Ten Years

	OPTION 1	OPTION 2	OPTION 3	OPTION 4	OPTION 5	OPTION 6	OPTION 7
	RANDWICK	RANDWICK + BOTANY	RANDWICK + WAVERLEY	RANDWICK + WAVERLEY + BOTANY	RANDWICK + WAVERLEY + WOOLLAHRA	RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY
Value of increased/ new services over ten years*	$0 M	$28 M	$103 M	$143 M	$235 M	$278 M	$146 M
Value of increased/ new services per resident over ten years*	$0	$153	$485	$559	$869	$884	$288
# of 'Fit for the Future' ratios met	6 / 7**	6 / 7**	6 / 7**	6 / 7**	7 / 7	7 / 7	7 / 7

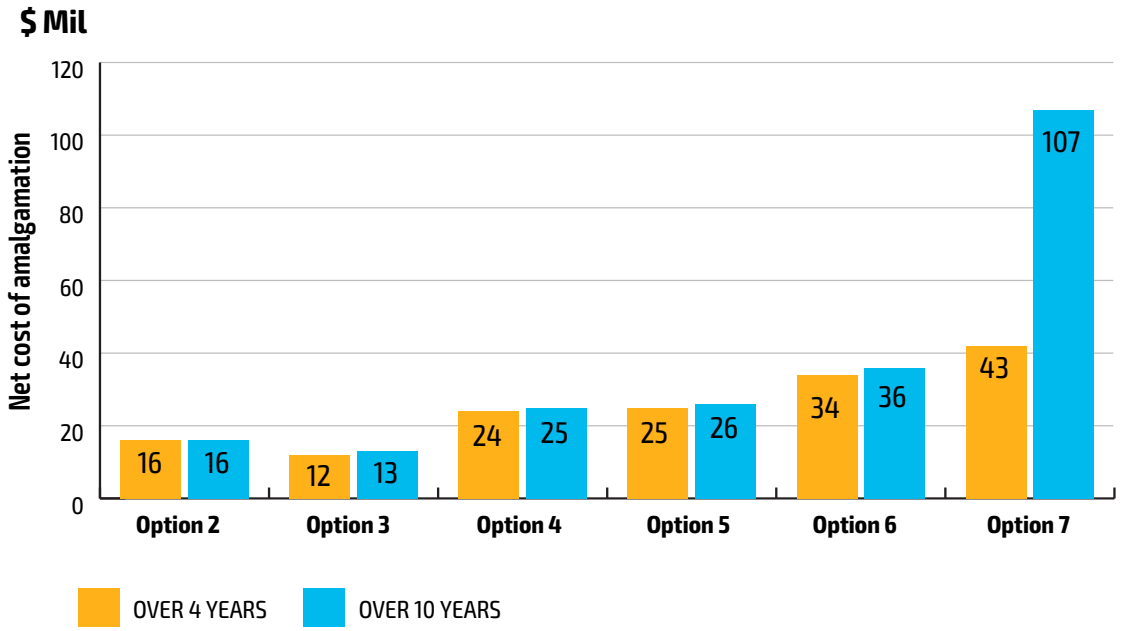
* *The value of increased/new services over ten years is the value after funding amalgamation costs, working towards eliminating operational debt and the infrastructure backlog of works, increasing asset expenditure to meet the 'Fit for the Future' benchmarks, while continuing to deliver all capital works projects outlined in each council's ten 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.*

*** *Fails building and infrastructure asset renewals ratio (i.e. assets depreciate faster than they are replaced)*

The cost of amalgamation ranged from $12m (Randwick and Waverley - option 3) to $43m (Randwick, Waverley, Woollahra, Botany and Sydney - option 7) 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 amalgamation grant from the State Government of $10.5m plus $3m for every 50,000 residents over a population of 250,000 has also been deducted from these costs.

Cost of amalgamation - net State Government grant



While a number of challenges and weaknesses along with strengths and opportunities have been identified for each option, some of these issues are better understood than others as the majority of this report has been based only on publicly available information. In particular, if the Council was to seek an amalgamation which included Botany Council, additional information would be required to better understand the costs and benefits of amalgamation.

With Randwick City Council already in a strong financial position any amalgamation will impact this position in the short term. A larger eastern suburbs council will create an organisation with a stronger financial position, more capable of delivering the expected level of capital, infrastructure and maintenance investment across the eastern suburbs in the long term.

4.7 Rates

Key findings

An analysis has been carried out of the existing rating structures adopted by Randwick, Waverley, Woollahra, Botany and City of Sydney councils. Modelling has also been undertaken to analyse the impact of various residential rating structures on each council for each amalgamation option considered. 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 five different rating structures and large variances in the land value across the five councils, selecting an equitable rating structure for any proposed amalgamation group is complex. The transition to changes in rates for individual ratepayers would be phased in over a number of years.

Residential rates

Presently there are five different rating structures across the study area collecting a combined residential rates income of **$178m** from **205,652** properties. Botany and Sydney charge very low residential rates with 51 per cent of Botany residents paying the minimum rate of **$485** and 75 per cent of Sydney residents paying a minimum rate of **$515**. While Waverley's rates have increased in recent years, 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 four councils is collected on an ad valorem basis, where a property's land value is multiplied by a rate to give the rates payable. In Woollahra all properties pay a base rate of $632.35 as well as an ad valorem rate of 0.05970 cents for every dollar of land value. In Woollahra the rates for an average apartment would be approximately **$752**[9].

9 Based on a land value of $200,000

2014-15 Rates

	Randwick	Waverley	Woollahra	Botany	Sydney
Residential rates	$52M	$30M	$27M	$10M	$59M
Residential properties	48,564	28,145	24,487	14,272	90,184
Average residential rate	$1,075	$1,058	$1,118	$689	$654
% of total rates income paid by residential properties	80%	71%	84%	38%	23%
Business rates	$13M	$12M	$5M	$16M	$199M
Business properties	2,009	1,820	1,416	1,732	18,283
Average business rate	$6,659	$6,367	$3,468	$9,436	$10,872
% of total rates income paid by business properties	20%	29%	16%	62%	77%
TOTAL RATES INCOME	**$65M**	**$42M**	**$32M**	**$26M**	**$258M**
TOTAL RATED PROPERTIES	**50,573**	**29,965**	**25,902**	**16,004**	**108,467**

Sources: 2014-15 Randwick, Woollahra, Waverley and Sydney Notional Yield Schedules, projections from the 2013-14 Botany Notional Yield Schedule and Botany Council Policies and Priorities Meeting 25 June 2014



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 for each amalgamation 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.

In most options a **70 per cent base rate** resulted in the least change in the total rates paid by each council area. Restricting the total rates paid to a maximum of six times the base rate assisted in minimising the impact on high land value properties, particularly within the Woollahra area where the median land value is the second highest in NSW[10]. 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 for most options.

10 "The LGA with the highest median residential land value is Mosman at $1,300,000 followed closely by Woollahra at $1,200,000." Office of the NSW Valuer General, Media Release: NSW Land Value Tops One Trillion, 13 Jan 2014

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 use of **Capital Improved Value** would provide a "truer distribution of the rating burden to **highly valued properties** rather than continue the current situation whereby such properties, particularly in high rise buildings, are subsidised by the rest of the community."[11] 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".

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."[12]

2. 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. For modelling purposes the minimum rate has been set based on the OLG's advice.

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 LGA (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".

The Independent Local Government Review Panel also identified these issues in their final report stating "a significant issue has now arisen in terms of the rating of apartments and other multi-unit dwellings, particularly in the inner suburbs of Sydney… equity issues can be addressed to some extent by increasing minimum rates … However… changing the valuation base to Capital Improved Value (CIV)" is a more equitable solution.

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."[13]

Business Rates

There is a greater variation in the rating structure for business properties across the five councils, with some councils rating different areas different rates while other councils adopt 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.

Transitioning to a new Rating Structure

Any changes in the rating structure will be phased in over a number of years to ensure any changes in rates for individual rate payers are gradually introduced.

11 NSW Revenue Professionals, Local Government Act Review Submission, 2013, p5

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

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

4.8 Workforce

Randwick City Council is a leader in Local Government and has a dedicated, motivated and engaged workforce. The Council has an extremely high, independently assessed, workforce engagement rate, while maintaining a very high stakeholder engagement rate. The Randwick City Council team provides the highest levels of service to the community in line with the corporate vision and community strategic plan. The following analysis outlines the workforce engagement process undertaken at Randwick City Council and the memorandum of understanding developed between Council and peak industry unions. .

Workforce engagement

Council promotes an informed and engaged workforce, and as such has been proactively engaging with staff for a number of years on Local Government Reform. A number of updates have been provided to staff via email and newsletter; face-to-face staff information sessions conducted by the senior management team; and more recently a staff survey. Council recognises its high performing culture and is committed to maintaining this throughout the Local Government Reform process.

> **A recently conducted voluntary staff survey, of which 327 people responded, has assisted council to identify the views of staff in relation to the NSW State Government's 'Fit for the Future' program**

A key staff engagement initiative is Council's award-winning annual training event 'All Stops to Randwick', where staff participate in a range of sessions focusing on a common theme e.g. leadership. One of the more popular sessions of the program is the 'You ask the GM answers' session that facilitates/promotes two-way communication between staff and the General Manager including potential employment impacts in the event of amalgamations.

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

In another initiative to gauge staff views, the General Manager tasked a multi-disciplinary leadership development group to undertake an analysis of the seven merger options and present their findings to the executive. Using the Independent Local Government Review Panels' *'Elements of an effective system of local government'* as comparative criteria, the group nominated the Randwick City, Waverley and City of Botany Bay merger option. The group's research indicated that in terms of strategic capacity, metropolitan planning, asset planning and renewal, local representation and participation, service provision, communities of interest and environmental sustainability, their nominated option would provide the best outcomes with the Randwick City Council management model applied.

Staff protections

At the request of the United Services Union (USU), the 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, Council has developed a Memorandum of Understanding (MOU) with the three peak industry unions to provide employment protections for the workforce that exceed those currently available under section 354F of the NSW Local Government Act 1993. The MOU extends the employment protections available under the Act from three years to five years.

2014 Employee engagement survey



82%

Are proud to work at Randwick City Council

(up 6% from 2013)



83%

I tell others great things about working here

(up 13% from 2013)



82%

Get a sense of accomplishment from their work

(up 11% from 2013)



81%

Work /Life Balance

(up 7% from 2013)





87%

Feel workplace safety and security is important

(up 6% from 2013)



74%

Are provided with the support needed to succeed in the future

(up 7% from 2013)



83%

Believe Council values diversity

(e.g., age, gender, ethnicity, language, education qualifications, ideas, and perspectives)

(not scored in 2013)



74%

It would take a lot to get me to leave this organisation

(up 9% from 2013)



78%

Our work environment is open and accepts individual differences

(up 8% from 2013)



80%

Truly enjoy their day-to-day work tasks

(up 8% from 2013)



79%

Council has an excellent reputation among our community

(up 12% from 2013)

Randwick City Council
a sense of community

Results from the 2014 AON Hewitt employee satisfaction survey

4.9 Risk Analysis

A number of strategic risks are associated with each of the 7 options contained within this Options Analysis. Many of these risks apply to all or many of the available options to varying extents. Some of the key strategic risks are explained below.

State Government rejects Council's Fit For The Future Proposal

This strategic risk primarily relates to the issue of scale and capacity. The Government has communicated that Randwick's default position is the Global City (Option 7, consisting of Randwick City, City of Botany Bay, Waverley, Woollahra Municipal and City of Sydney Councils), which was the recommendation of the Independent Local Government Review Panel, and that any alternate proposal must be 'broadly consistent' with the scale and capacity of the Panel's recommendation. If Council chooses an option for its Fit For The Future proposal other than Option 7, there is a risk that the proposal will not be supported by the State Government. While there are many factors that contribute to scale and capacity, this risk is higher for options with smaller population projections.

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. This risk is higher for options with larger population projections.

Complexity of Organisational Transition

The larger the number of Councils brought together in a new amalgamated Council, the higher the risk of significant complexities being encountered in integrating those various organisations and workforces into a single entity. Randwick's research to date has identified that while this risk exists to some extent for the various Eastern Suburbs amalgamation options, the risk is much higher in the Global City option.

Loss of Eastern Suburbs Identity

There is a risk that the Global City option will result in a loss of identity for the Eastern Suburbs due to the consolidation of the Sydney CBD and inner city residential precincts with the four eastern suburbs Council areas. This risk is considered not to exist in any of the other merger options.

Negative Impact on Service Levels

There is a risk that the Global City option will have a negative impact on service levels for the Randwick community due to the significant differences in service provision between Sydney City Council and Randwick City Council. This risk is deemed minimal in the various Eastern Suburbs amalgamation options as the service levels are very similar across these Councils, while this risk does not exist in the Randwick stand-alone option.

Option Analysis reliant on information from other Councils

The quality of the analysis and financial modelling contained within this Option Analysis document is subject to the quality of the source information utilised to inform the analysis and financial modelling. The margin of risk increases when minimal information is available to inform that work. For the majority of the elements contained within this options analysis, including the finance and rates sections, comprehensive information was available from both Waverley and Woollahra Councils. The amount of data made available by Sydney City was considerably less than Waverley and Woollahra whilst the amount of data made available by Botany Bay was the least of all Councils. As a result the margin of risk in analysis and modelling is greatest in those options involving Botany Bay.

4.10 Social Impact Statement

The options to remain as a single council or amalgamate and create a new entity have been investigated. Drawing broadly on the principles of social impact assessment, this analysis has identified the social aspects of both these options. Social aspects which are likely to be impacted by the options to remain as a single council or amalgamate are assessed to include: the level of influence, representation, access and service levels, local identity, financial position, sustainability, and social equity.

An investigation of these aspects has assessed the likely impacts to be:

- A larger entity may have more influence at other levels of government and there may be greater opportunities to work cooperatively on issues of regional significance.
- There is a risk Council's influence may diminish if the existing entity stays the same amid other enlarged entities.
- Councillor representation will be reduced should a larger entity be created. However this impact may be addressed by proposed local government reforms which will provide greater clarity to the role of Councillors and provide them greater support.
- Should a larger entity be created, administration centres may be consolidated or relocated. However any consolidation or relocation will take residents' access into consideration.
- Should a larger entity be created, there is a risk that local area identity may be diminished. A greater loss is anticipated under the option of a Global City (option 7).
- A larger entity may have greater capacity to engage and communicate with residents as long as it has strong focus on internal processes and communication to ensure any perceived distancing is overcome.
- Under a new entity there will be no impact on fees and charges set by statutory requirements. Should an amalgamation occur, discretionary fees and charges will be reviewed annually as is the current practice. Over the medium term fees and charges will be reviewed and adjusted to ensure consistency for similar services across the larger area.
- Should a larger entity be created, it is assumed the Randwick service model will be adopted. Since the Randwick service model provides a more efficient delivery mechanism, the new entity is expected to be able to deliver services more efficiently and have greater capacity to deliver enhanced services. The exception is option 7 (Global City) where due to diseconomies of scale and the requirement for multiple types of service to operate in parallel, the Randwick service model could not be applied.



- A larger entity may have capacity to better investigate, finance and respond to intergenerational equity issues.
- As enshrined in the Integrated Planning and Reporting legislation and framework, social equity considerations are the basis for decision making and resource allocation. This will not change should a larger entity be created.
- Should a larger entity be created there may be opportunity to enhance environmental sustainability. Currently Woollahra, Waverley and Randwick Councils participate in a 3 council collaboration project aimed at reducing the combined councils' ecological footprint.
- Systems and strategies would need to be implemented to ensure the disadvantaged and hard to reach sections of our community are engaged and not left behind with the creation of a much larger entity.

RANDWICK CITY COUNCIL
FIT FOR THE FUTURE

Options Analysis

Randwick City Council
a sense of community

Fit for the Future - Options Analysis

Appendix A

COMMUNITY PROFILE AND STRATEGIC PLANNING

The following section has been prepared to ensure Randwick City Council has undertaken its due diligence relative to local government reform, in accordance with the Council resolution from the 25th November 2014.



Randwick City Council
a sense of community

MAY 2015

Community profile and Strategic planning

Introduction

The following appendix contains strategic observations and analysis on the community and demographic profiling of the Local Government Areas of Randwick, Botany Bay, Waverley Woollahra and City Of Sydney. The Strategic planning section discusses the Global City concept, the Planning Policy framework and a Merger Options Analysis.

The following table outlines the 7 options being analysed and details the current and projected 2031 populations.

Merger option	Council/s	Population (ERP 2013)*	Population 2031**
Option One	Randwick (no change)	142,310	174,300
Option Two	Randwick and Botany	185,602	230,350
Option Three	Randwick and Waverley	213,016	256,450
Option Four	Randwick, Waverley and Botany	256,308	312,500
Option Five	Randwick, Waverley and Woollahra	270,693	323,700
Option Six	Randwick, Waverley, Botany and Woollahra	313,985	379,750
Option Seven	Randwick, Waverley, Woollahra, Botany and Sydney (Global City)	505,903	653,250

Source: *profile.id, Estimated residential population, www.profile.id.com.au
**NSW Department of planning, projected population figures

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Community profile and Strategic planning

1. Community profile

COMMUNITY PROFILE AND STRATEGIC PLANNING

Appendix

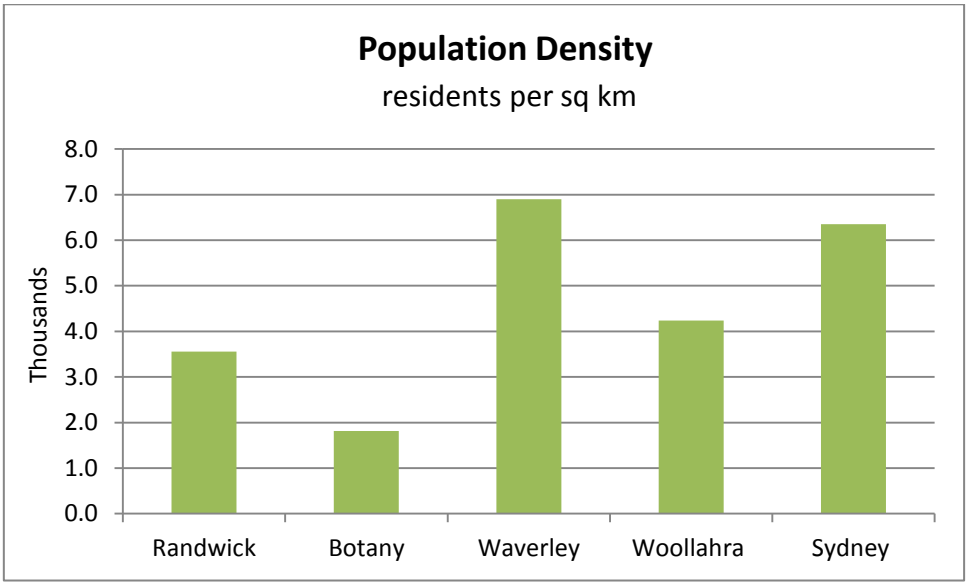
A

1. Community profile

This section outlines the profile of the communities in the Randwick, Botany, Waverley, Woollahra and City of Sydney Local Government Areas (LGAs). Data has been sourced from the 2011 Census[1] unless stated otherwise.

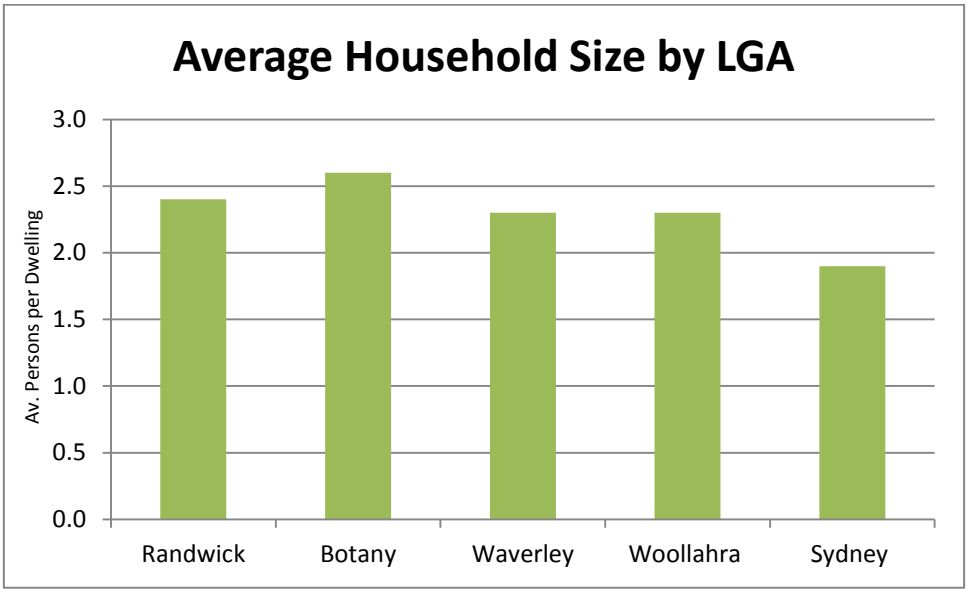
The Census tells us that:

- The Waverley LGA, with a total area of 9.2 sq kms, has the highest density of 6,901 persons per sq km. The City of Sydney (26.7 sq kms) has a population density of 6,349 persons per sq km. Botany (21.7 sq kms) has the lowest density of 1,814 persons per sq km.

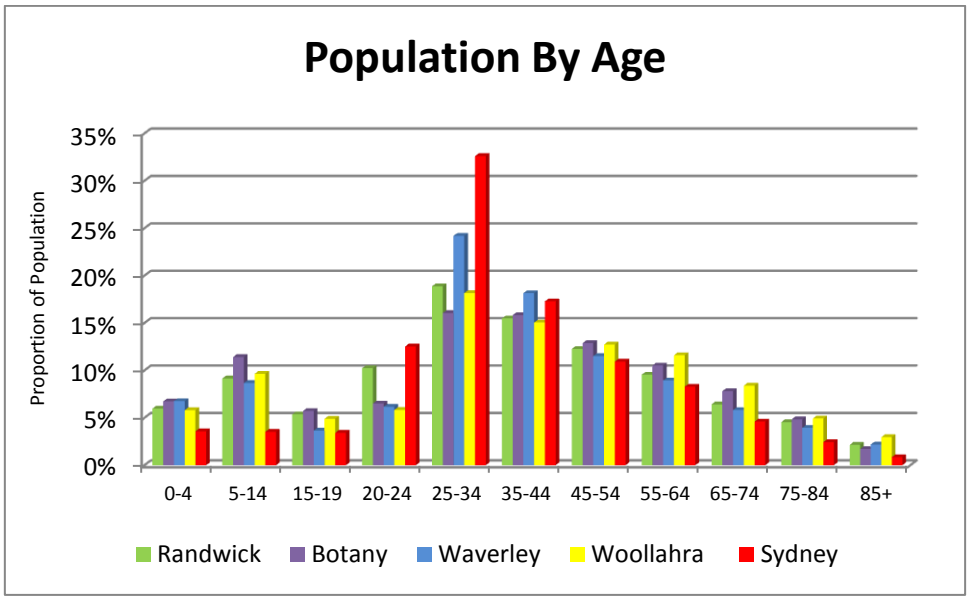


[1] ABS 2011 Census of Population and Housing. Basic Community Profile Based on Place of Usual Residence. Catalogue number 2001.0

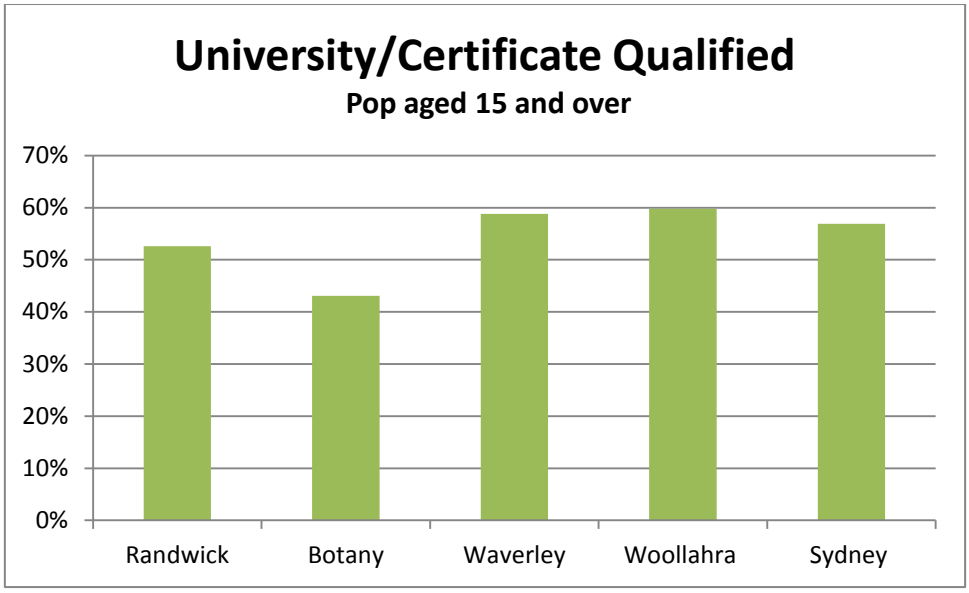
- The number of residents per household is highest in the Botany and Randwick LGAs and smallest in the City of Sydney LGA.



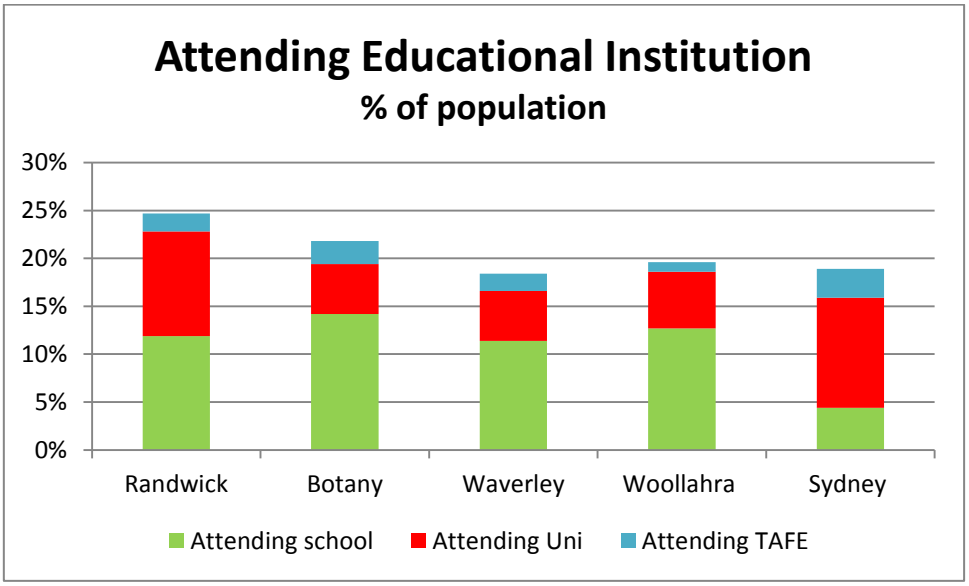
- In all five LGAs, the greatest numbers of residents are aged in the 25-34 year age group, followed by the 35-44 year age group. The City of Sydney has the highest proportion of 25-34 year olds (33%), followed by Waverley. Randwick, Botany and Woollahra have a similar proportion of residents aged in this dominant group (around 17%).
- Waverley, similar to the City of Sydney, has a greater number of 25-44 year old residents than other LGAs.
- The City of Sydney has the lowest proportion of elderly residents (aged 85 year and over) and the smallest proportion of infants (0-4 years).
- Woollahra has the highest proportion of older residents - 65+ years, (16%); followed by Botany (14%). Randwick and Waverley's older resident population are of similar proportions.
- In Botany 18 per cent of residents are under 14 years of age while in Randwick (15%), Waverley (16%) and Woollahra (16%), the proportion aged up to 14 years is very similar.



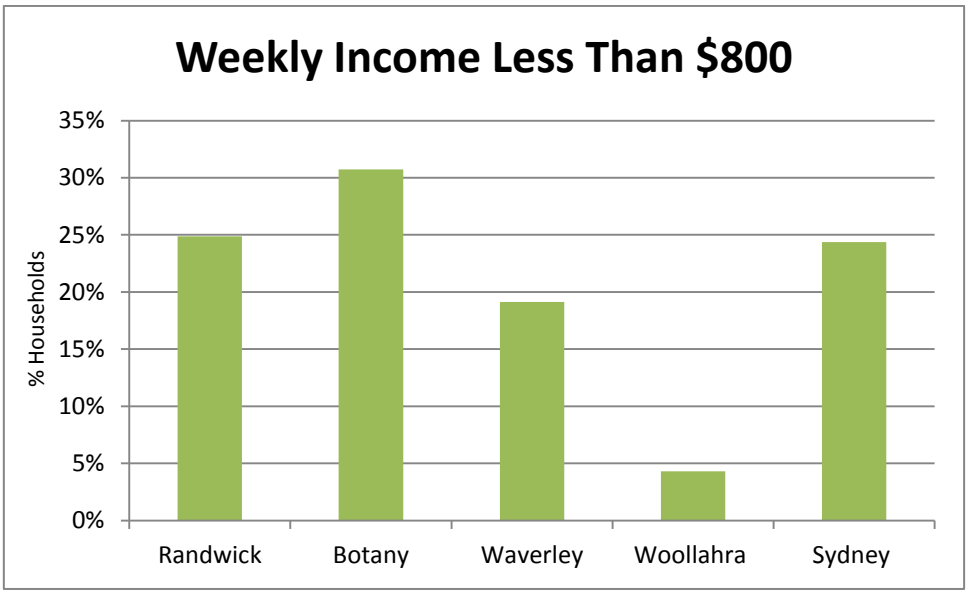
- At least half the population of Randwick, Waverley, Woollahra and the City of Sydney have completed a university degree or a trade certificate. The highest proportion of post-secondary school qualified residents live in Woollahra.



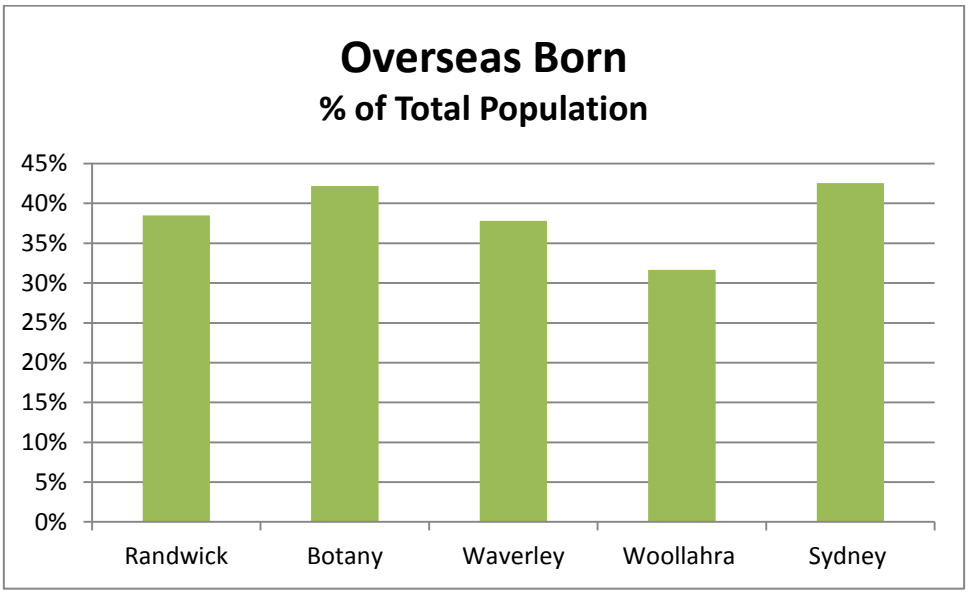
- 14.2% of Botany's residents attend school, compared to 4.4% of the City of Sydney's population.
- 11.5% of the City of Sydney's population attend a university while 10.9% of Randwick's population do so. This reflects the high student populations who reside close to the Universities of Technology, Sydney and NSW. A large proportion of Randwick's population is either attending school, TAFE or University.



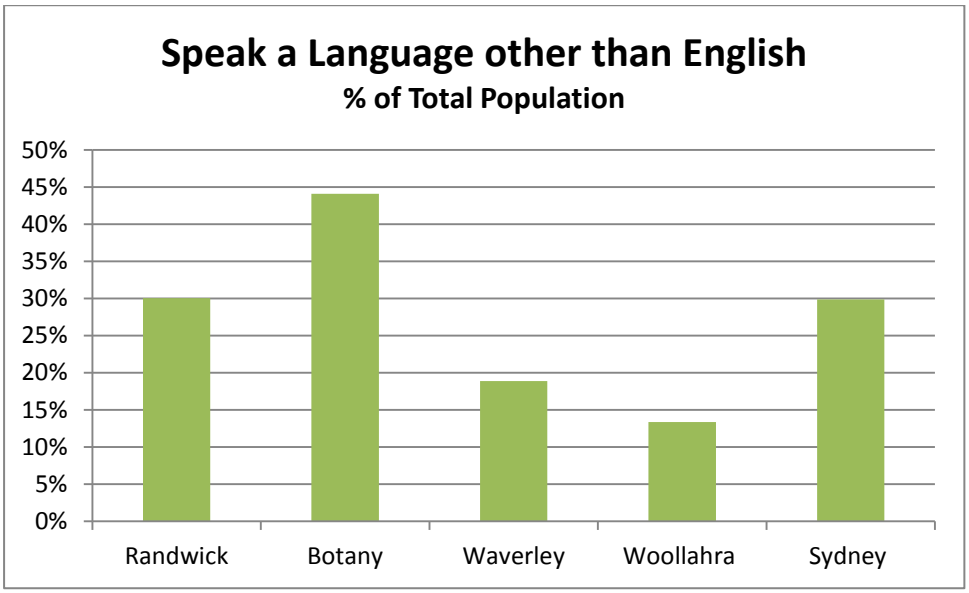
- Around a quarter of residents living in the Randwick, Botany and City of Sydney LGAs earn less than $800 per week. In Botany the proportion is the highest at 31 per cent.



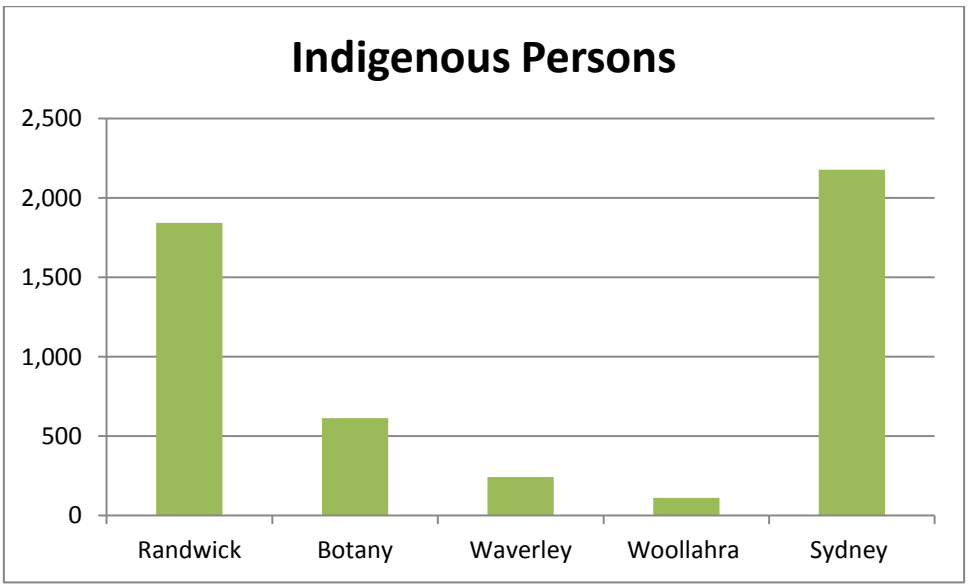
- More than 40 per cent of residents living in the Botany and City of Sydney LGAs were born overseas.



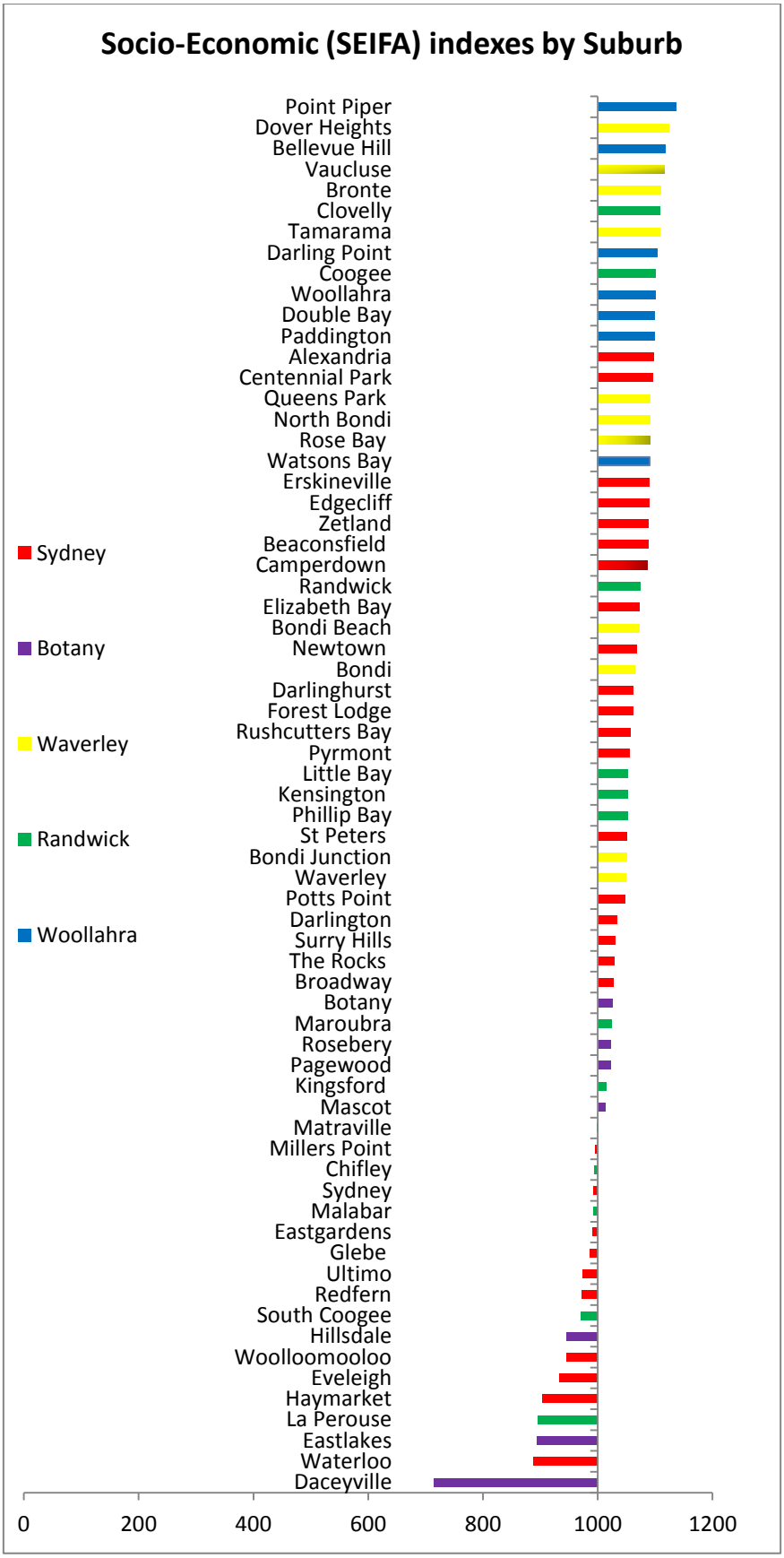
- More than 30 per cent of residents in the Randwick, Botany and City of Sydney LGAs speak a language other than English at home. In Botany the proportion is the highest at 44 per cent.



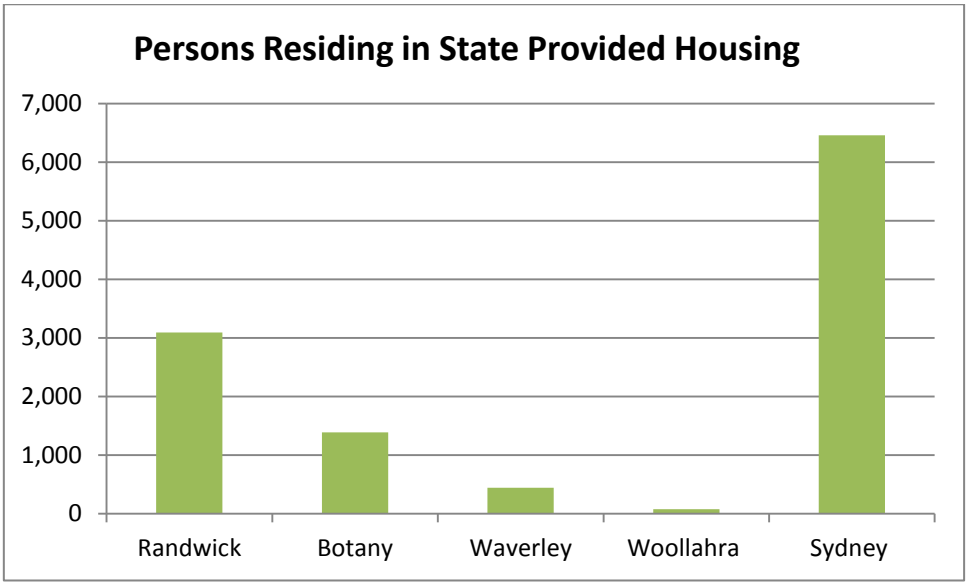
- Around the same number of Indigenous people live in the Randwick and City of Sydney LGAs. However in Botany, the proportion of Indigenous people is the greatest (1.6 per cent), followed by Randwick (1.4 per cent) and City of Sydney (1.3 per cent). Less than 0.5 per cent of the population of Woollahra and Waverley are Indigenous.



- Suburbs to the north of the study area have a lower socio economic disadvantage to those in the south, while in the City of Sydney LGA there tends to be pockets of disadvantage dispersed across the LGA.
- The suburb with the most socio economic disadvantage is Daceyville in the Botany LGA.



Source: ABS 2033.0.55.001 - Socio-economic Indexes for Areas (SEIFA), Data Cube only, 2011



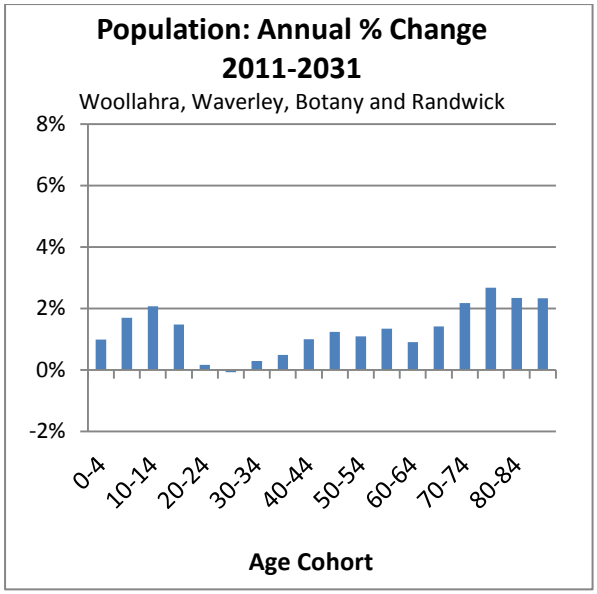
- 6,458 people live in state-provided housing in the City of Sydney LGA which is 3.8 per cent of the population. Of Botany's population, 3.5 per cent live in state-provided housing compared to 2.4 per cent in Randwick; 0.7 per cent in Waverley and 0.2 per cent in Woollahra.

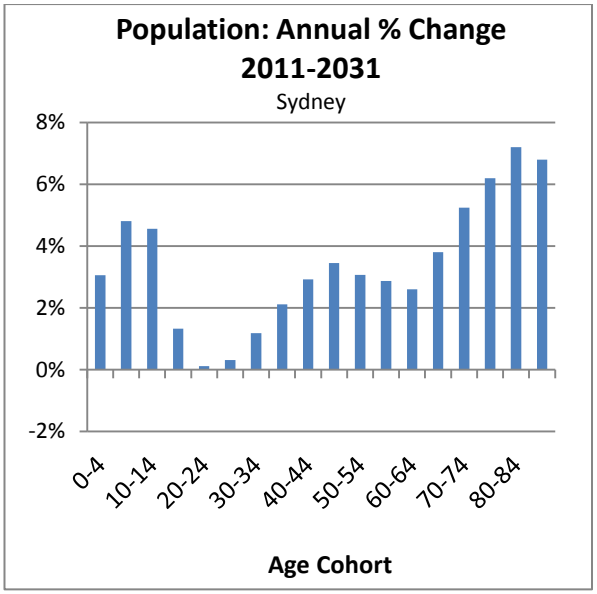
Population Forecasts

This section will address population trends for the LGAs in the study area, and make some analysis of how projected population growth for City of Sydney might compare with population growth in the combined LGAs of Randwick, Botany, Waverley and Woollahra.

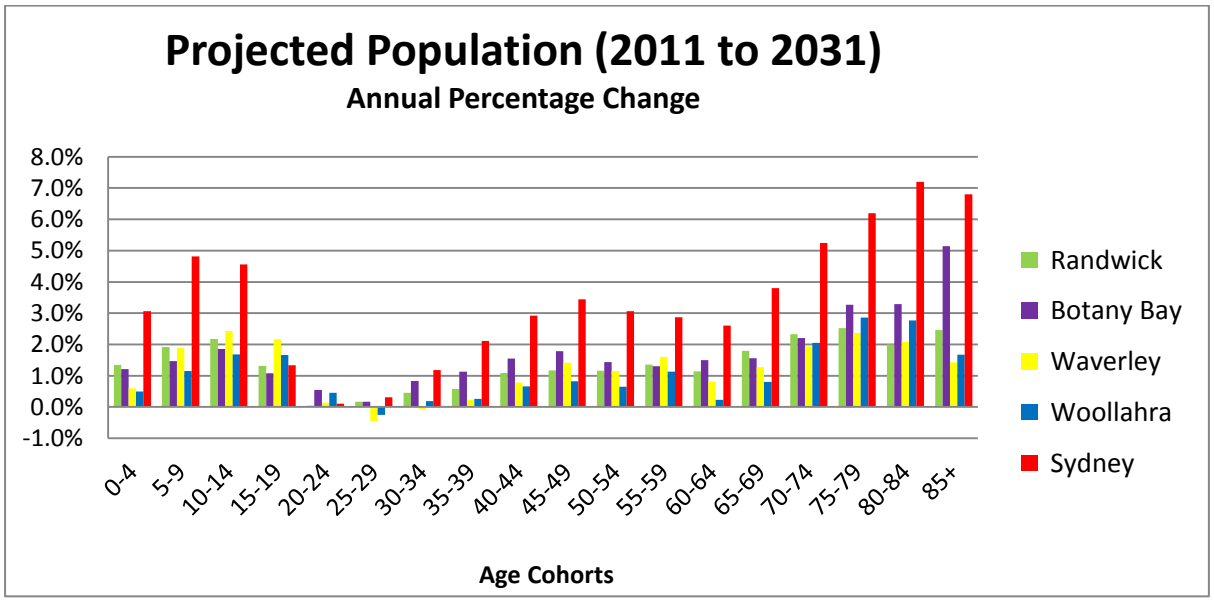
Over the 20-year period 2011-2031 and within the study area, the City of Sydney's population is projected to grow the fastest with a forecast annual growth rate of 2.0 per cent; followed by Botany (1.5 per cent). For the City of Sydney, that growth will be mostly amongst the elderly and the very young. The number of children under 14 years will grow from 12,700 to a forecast 25,000 or by 3.9 per cent, while the population aged 70 and over will grow to a forecast 23,650 (by 14,300 or 6.1 per cent).

The combined population of Randwick, Botany, Waverley and Woollahra LGAs is projected to grow by 1.0 per cent annually until 2031, to reach 379,650 people. The most rapid growth will be in the 75-79 year age group (2.7 per cent), while the number aged between 25 and 29 is forecast to decline by 0.1 per cent.





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

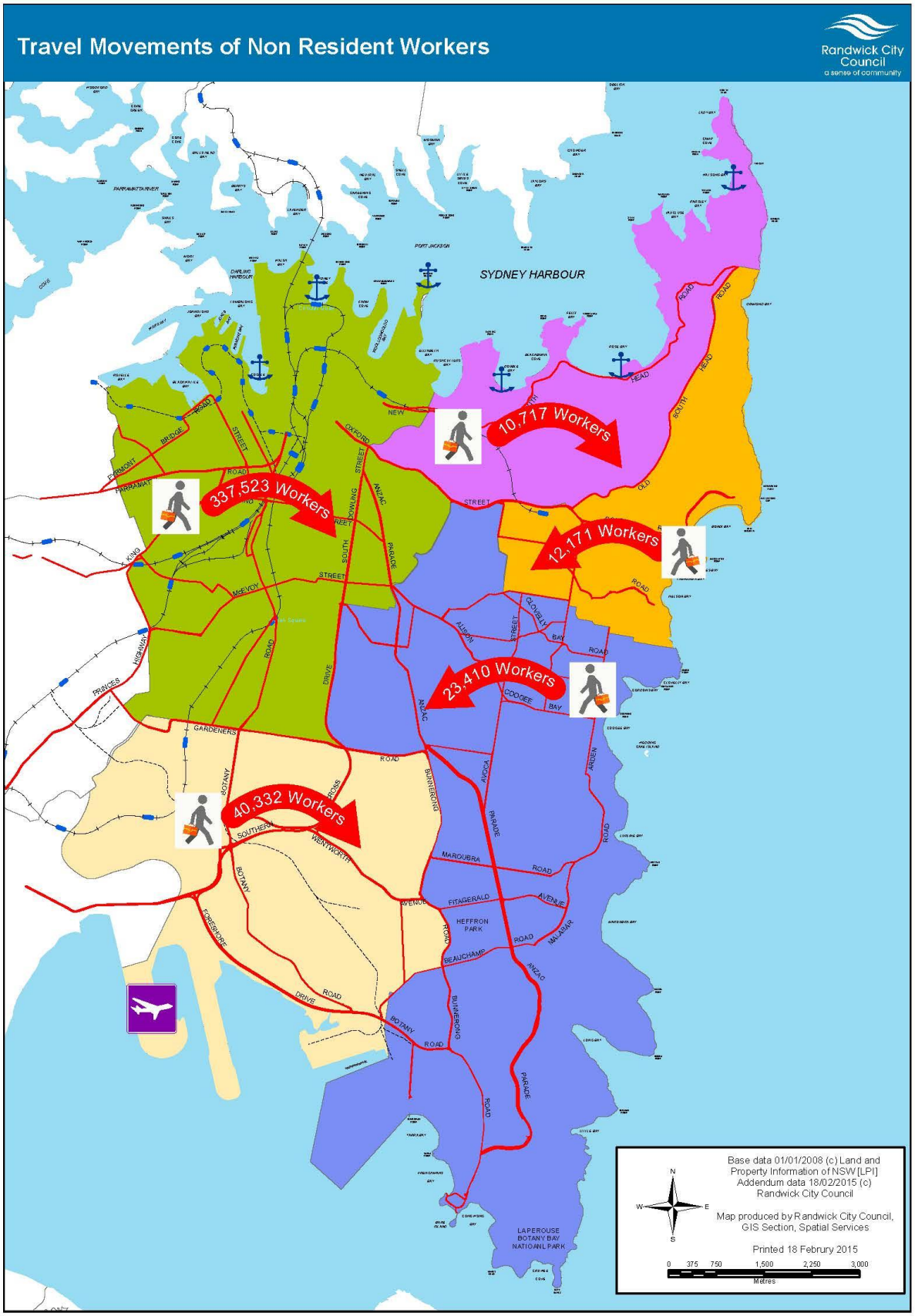


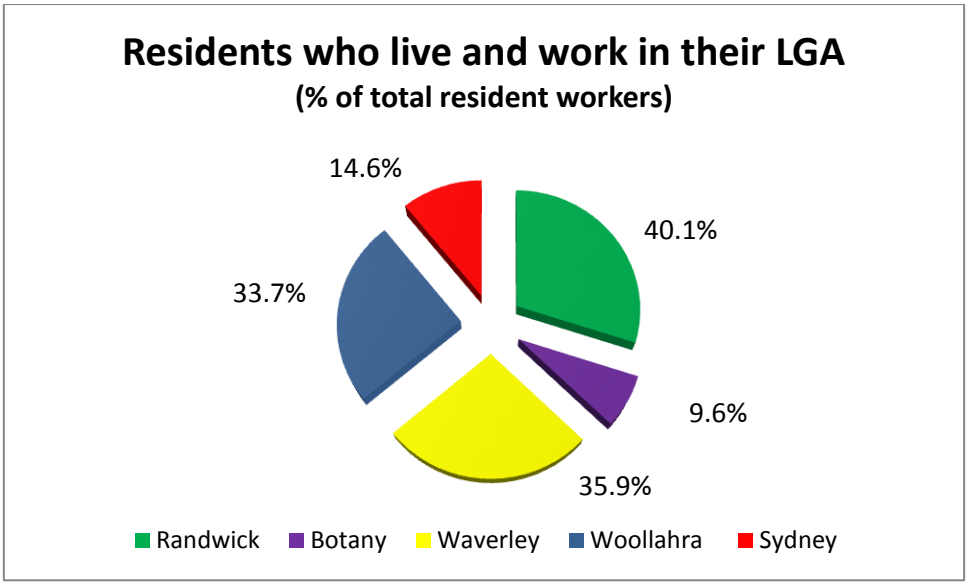
Source: NSW Planning and Environment. New South Wales State and Local Government Area Population Projections: 2014 Final

Travel to work

The census data shows that of the Randwick, Botany, Waverley, Woollahra and City of Sydney LGAs, the greatest inflow of workers from other areas is into the City of Sydney (337,523 workers). A little over 40,000 people travel to Botany to work; doubling the size of the resident population (39,356).

Of those who live in the eastern suburbs, there is a strong tendency to work in the same local government area, particularly amongst Randwick residents. Of those who live in Randwick, 40.1 per cent work in Randwick LGA. The trend to work where you live is also strong amongst Woollahra residents (33.7 per cent of Woollahra residents work in Woollahra).

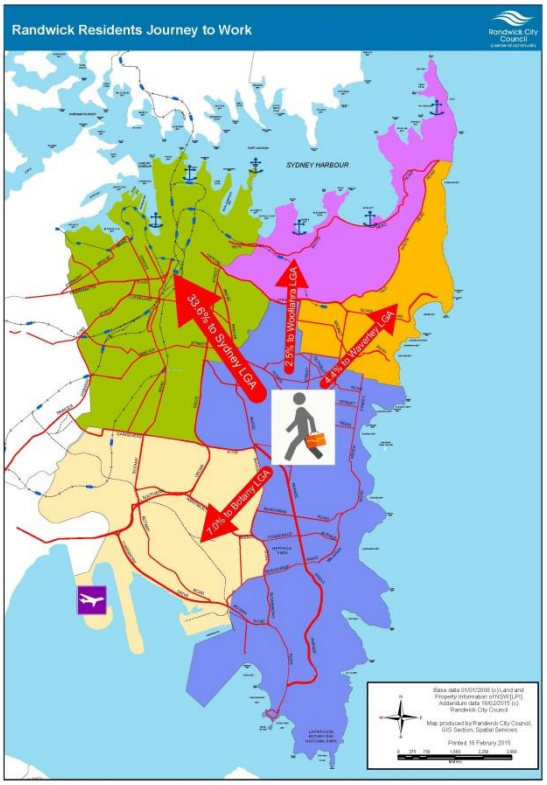

Travel Movements of Non Resident Workers
Randwick City Council
a sense of community
SYDNEY HARBOUR
337,523 Workers
10,717 Workers
12,171 Workers
23,410 Workers
40,332 Workers
Base data 01/01/2008 (c) Land and Property Information of NSW [LPI]
Addendum data 18/02/2015 (c) Randwick City Council
Map produced by Randwick City Council, GIS Section, Spatial Services
Printed 18 Februry 2015
0 375 750 1,500 2,250 3,000
Metres

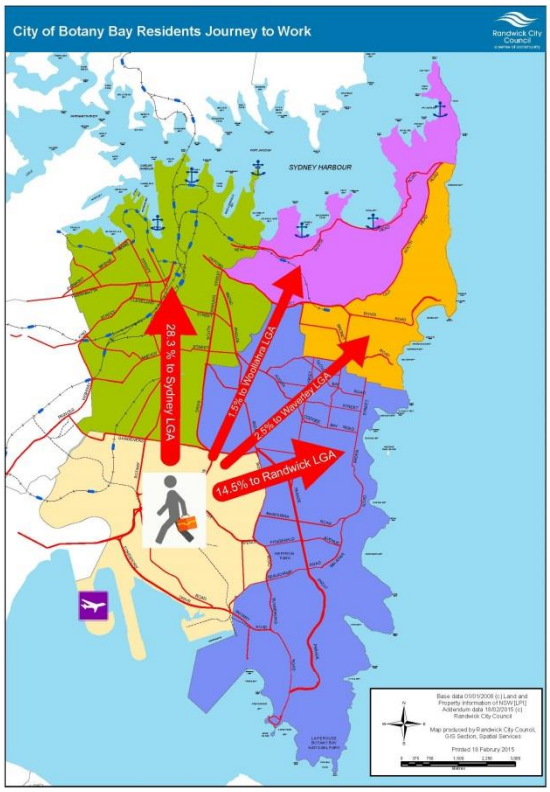


Within the eastern suburbs, there is strong tendency to work locally.

Travel to Work
• 72.1 per cent of Randwick residents travel to either Botany, Waverley, Woollahra or Sydney City to work • 69.9 per cent of Botany residents travel to either Randwick, Waverley, Woollahra or Sydney City to work • 72.0 per cent of Waverley residents travel to either Randwick, Botany, Woollahra or Sydney City to work • 75.6 per cent of Woollahra residents travel to either Randwick, Botany, Waverley or Sydney City to work • 68.2 per cent of City of Sydney residents travel to either Randwick, Botany, Waverley or Woollahra to work

Within the eastern suburbs there is a strong connection between Randwick and Botany in how residents travel to work. More Botany residents travel to Randwick to work than other eastern suburbs (14.5 per cent), while 7 per cent of Randwick residents travel to Botany to work.





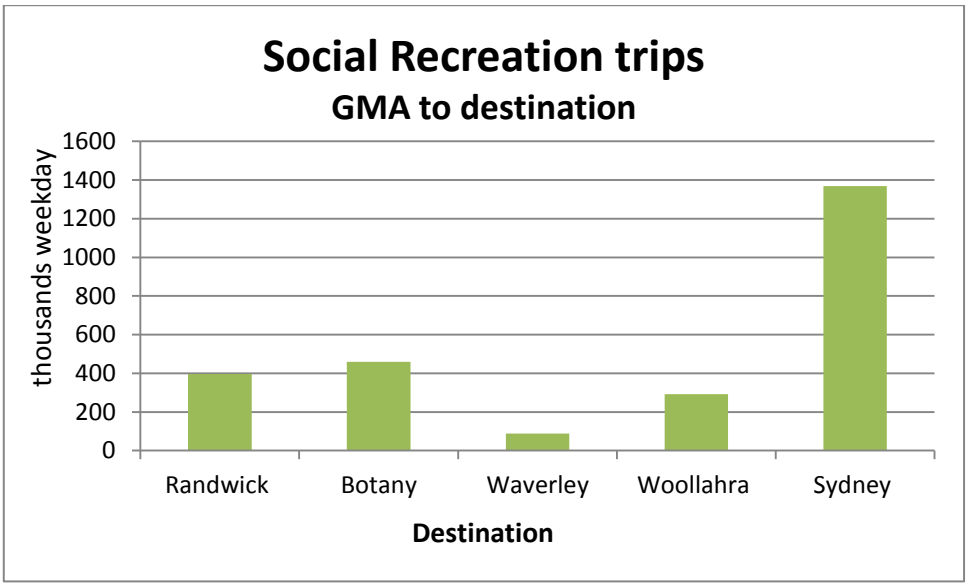
Worker travel movements

Destination → / Lives in ↓	Randwick	Botany	Waverley	Woollahra	Sydney
Randwick	24.9%	7.0%	4.4%	2.5%	33.6%
Botany	14.5%	23.4%	2.5%	1.5%	28.3%
Waverley	4.7%	2.4%	20.1%	5.4%	26.1%
Woollahra	3.1%	2.0%	5.1%	20.5%	45.4%
Sydney	2.6%	2.6%	1.6%	1.8%	60.6%

Source: Australian Bureau of Statistics, Census of Population and Housing 2011. (Usual residence data) Employment location of residents by SLA

Leisure Related Travel Movements

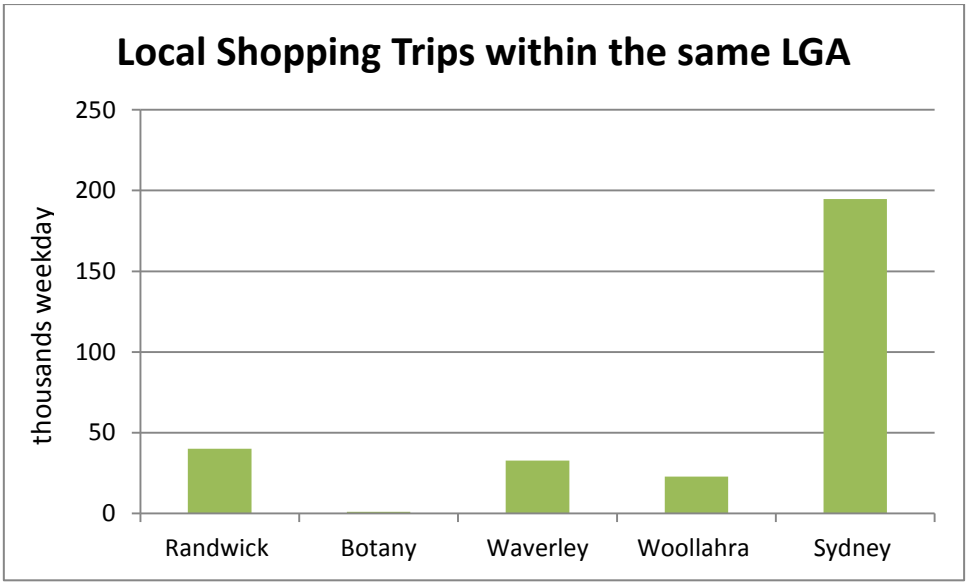
From within the Greater Sydney Metropolitan Area (GMA), the most trips[2] to the study area for social and recreation are to the City of Sydney. Trips to Botany (which include trips to the Kingsford Smith Airport as a departure point for both international and domestic holidays) are only marginally higher than trips to the Randwick LGA.



Source: NSW Bureau of Transport Statistics, Household Travel Survey 2012/13

Local shopping Travel Movements

Given the range of retail centres spread throughout the area, it is not unexpected that the tendency to shop locally is strong amongst residents in the City of Sydney. What is significant is the tendency for Randwick residents to shop locally given the lack of major commercial centres in the area. The tendency to shop locally is also strong in Waverley, though most trips are likely to be centred on Westfield in Bondi Junction.



Source: NSW Bureau of Transport Statistics, Household Travel Survey 2012/13

[2] Weekday trips in Sydney Greater Metropolitan Area by car, train, bus, ferry, bicycle, and walking.

Observations

The populations of the Randwick and Botany LGAs share a very similar age profile. While Randwick has a slightly smaller proportion of children under 14 years of age and a slightly higher proportion of 20-34 year olds, the profile is remarkably similar otherwise. These differences are expected to balance out over the next twenty years with the number of children increasing at a slightly faster rate in Randwick than in Botany, while the number of 20-34 year olds in Botany will outpace growth in this group in Randwick.

The population in Botany is expected to age at a faster rate than in Randwick.

Waverley and the City of Sydney have a higher proportion of 25-34 year olds than Randwick, Botany and Woollahra and are characterised by young singles and childless young couples.

Waverley and the City of Sydney have a lower ratio of children to adults of parenting age compared to Randwick, Botany and Woollahra. In Waverley and City of Sydney the ratio of adults of child-bearing age (25-44 years) to children (0-19 years) is 0.45 and 0.21 respectively. The ratios for Botany, Woollahra and Randwick are 0.75, 0.61 and 0.60 respectively.

Mirroring the younger demographic makeup of the community, more than 10 per cent of eastern suburbs residents are attending infant, primary or secondary school compared with less than 5 per cent of City of Sydney residents.

With multiple higher education institutions located within Randwick and City of Sydney, both LGAs have significantly higher post school student population numbers than Botany, Waverley and Woollahra.

There is greater ethnic diversity in Randwick and Botany with more than 30 per cent of residents speaking a language other than English at home than in the northern neighbours of Waverley and Woollahra. Similarly in the City of Sydney LGA another language other than English is spoken in around 30 per cent of households. While the proportion born overseas living in Botany and Waverley is about the same, the lower proportion of residents who speak another language other than English at home indicates Waverley is moderately rather than highly diverse.

The proportion of Indigenous is highest amongst the populations of Botany, Randwick and the City of Sydney.

Suburbs to the north have a lower socio economic disadvantage ranking to those in the south, while in the City of Sydney LGA there tends to be pockets of disadvantage dispersed across the LGA. In Randwick and Botany there are indications of greater socio economic hardship. More than 25 per cent of households earn less than $800 per week. In contrast fewer than 20 per cent of households in Waverley are defined by this measure of socio economic hardship. Households in Woollahra are amongst the highest income earners in NSW.

The suburb with the highest socio economic disadvantage is Daceyville in the Botany LGA.

Each day more than one-quarter of a million people travel to the City of Sydney LGA to work. Nearly half of Woollahra's residents, one-third of Randwick residents, and around one-quarter of Waverley and Botany residents, travel daily into the City of Sydney to work.

More Randwick residents travel to Botany to work than to Waverley and Woollahra combined, while the number of Botany residents who travel to Randwick to work greatly outnumber those who travel to Waverley and Woollahra combined.

A greater number of Sydney City dwellers are employed in Randwick (2.6%) and Botany (2.6%) while fewer travel to Waverley (1.6%) and Woollahra (1.8%) to work.

Just as there are a significant number of Randwick residents who work in their LGA and therefore do not travel far to work, a significant number of residents also shop locally.

Significant numbers of people travel to the study area for recreational and social pursuits.

City of Sydney
The City of Sydney's integrated planning documentation makes numerous references to planning for cluster developments which is reinforced by multiple references across interlinked documents. The application of cluster development logic reflects the dominance of population density as a factor in planning. In contrast large parts of the southern suburbs of the Randwick and Botany LGAs are of low density; making access and equity greater considerations in planning service provision. *'…The plan is about the CBD as a city centre supported by a series of thriving interconnected village economies and communities*" **(Sustainable Sydney 2030 Community Strategic plan (2014)** *'…the City of Sydney local government area has been divided into …nine planning districts which generally follow the zones developed for the Local Action Plan project."* **(Open Spaces and Recreation Needs Study, Volume 1, March 2007)**

Community profile and Strategic planning

2. Strategic planning report

COMMUNITY PROFILE AND STRATEGIC PLANNING

Appendix

A

2 STRATEGIC PLANNING – SECTION 1 – GLOBAL CITY CONCEPT

This section discusses the concept of the 'global city' and how it applies to Sydney, the greater metropolitan area and specifically, the group of councils subject to this report. The new metropolitan plan for Sydney - '*A Plan for Growing Sydney*' - focusses on making Sydney a strong global city and a great place to live. This section provides an overview of key actions in the new metropolitan plan that have a direct impact on the future planning for the group of councils. Other key strategies and action plans of the NSW Strategic Planning framework with relevance to land use planning in this region are also discussed.

2.1 The Global City

The Global City concept

The term "global city" was first introduced by Professor Saskia Sassen in the 1991 book, 'The Global City'. Sassen (1994, 2001) describes global cities as 'the command and control posts[3] of the integrated world economy, home to transnational corporations, banks, financial, information and specialised service companies and international organisations of all kinds. To sum up, global cities are the decision places and production places of finance and highly specialised producer services'[i]. They are important nodes in the global economic system.

Infrastructure NSW in the State Infrastructure Strategy (2012) states that 'the 'global city' concept refers to those metropolises that have the greatest social and economic impact on the world. These cities are characterised by their political and cultural influence, role in world trade and global financial flows, and their attractiveness to tourists and globally mobile employees. Global cities are highly connected to the rest of the world and are attractive to people in the high value and strongly influential knowledge-based industries. Global cities typically have a strong presence in the research and development space and place a premium on liveability, environment and accessibility[ii]'.

To be called a global city means that activities and ideas stemming from the city have the ability to shape the world[iii].

A number of organisations around the world have developed their own rankings that measure cities across a diverse range of social, economic, environmental and cultural indicators. These rankings attempt to quantify cities in terms of their global status and influence, which provides an understanding of how a city such as Sydney is positioned against other cities around the world.

While there appears to be no single, generally accepted definition of what constitutes a global city, there are a number of common attributes that current literature ascribes to global cities. These attributes combine to integrate a city into the global network. Generally, these attributes, according to the Global Cities Index[4] include:

[3] Two main types of companies exercise global command and control functions from Sydney. The first is Australian-owned firms which have started producing in, or exporting to, other countries. The second is foreign-owned firms which exercise significant sub-global command and control through their regional headquarters in Sydney (Searle 1996)

[4] A.T Kearney Global Cities Index, the Global Cities Index ranks cities' metro areas against five economic, cultural, social, and policy indicators

1.	**Business activity** - including the value of its capital markets, the number of Fortune Global 500 firms headquartered there, and the volume of the goods that pass through the city.
2.	**Human capital** - how well the city attracts diverse groups of people and talent. This includes the size of a city's immigrant population, the number of international schools, and the percentage of residents with university degrees.
3.	**Information exchange** - how well news and information is dispersed about and to the rest of the world. The number of international news bureaus, the amount of international news in the leading local papers, and the number of broadband subscribers.
4.	**Cultural experience -** or the level of diverse attractions for international residents and travellers. That includes everything from how many major sporting events a city hosts to the number of performing arts venues it boasts.
5.	**Political engagement** - measures the degree to which a city influences global policymaking and dialogue. This is done by examining the number of embassies and consulates, major think tanks, international organizations, sister city relationships, and political conferences a city hosts.

Geographically, a global city refers to a metropolitan area such as the Sydney Metropolitan Area or an urban region rather than a central city. The central city and its surrounding region need each other. They form an organic whole to make a global city[iv]. The concept of a global city is however 'tied more closely to function than size[v]'. Today, the most important cities are not necessarily the largest cities in terms of population; it is their economic vibrancy and influence which defines them. In this context, a city's influence can be viewed as the extent to which the ideas it generates are adopted by other cities. Size helps, but size does not ensure a city has influence[vi].

In essence, globally integrated cities are intimately linked to economic and human development. By creating an environment that spawns, attracts, and retains top talent, businesses, ideas, and capital, a global city can generate benefits that extend far beyond municipal boundaries[vii].

Sydney as a Global City

The process of Sydney's rise as a global city has involved multi-dimensional economic restructuring and industrial changes. These include the industrial shift from manufacturing to post-industrial information economy; the changed employment structure, global command and control functions, finance sector, and international economic connections; and the emergence of a knowledge-based economy[viii].

Today, Sydney is Australia's leading global city[ix]. It is Australia's financial and economic capital[x] and is home to the Australian Stock Exchange and the Futures Exchange. Sydney is also home to the country's highest number of head offices for international institutions and foreign banks. It is an important cog in the national and international economy, linking Australia with the world through business transactions, knowledge sharing, and people movement. These links allow Australia to compete in an integrated world economy through Sydney and its other global cities[xi].

Based on these links, Sydney is considered an alpha+ world city[5] and is ranked in the top 10 most connected cities alongside New York, London, Tokyo, Paris and Hong Kong. Alpha cities in general have critical links with major economic regions and states that are linked to the world economy.



Source: 'The World of alpha Cities' Globalization and World Cities (GaWC) Research Network

Sydney's status as a global city is also reflected by its high concentration of knowledge-intensive industries, its skilled workforce, and capacity to innovate. Such attributes define the competitiveness of global cities, and determine Sydney's positioning in the global city hierarchy[xii].

Sydney is also ranked number one in several key indicators measuring 'quality of life', 'sustainability and the natural environment' and 'demographics and liveability'[xiii]. Sydney is also the world's most popular city to study[6].

It is this desirability that Global Sydney attracts more than business. It attracts people from across Australia and the world for career, training, and lifestyle opportunities. They are valuable human capital for Sydney's capacity to innovate and compete in the world economy[xiv].

Geographically, the definition of Sydney as a global city also varies. Global Sydney is often referred to as the Greater Sydney region made up of 41 local government areas (ANZSOG institute for Governance; and PriceWaterHouseCoopers (2010, 2014)). Infrastructure NSW in the State Infrastructure Strategy defines Global Sydney geographically, as the economic and cultural corridor that runs from Macquarie Park through North Sydney and the Sydney CBD to the Port and Airport Precinct which is referred to as the Global Economic Corridor. This is discussed in further detail below. The local government areas (LGAs) that make up the Global Sydney area (according to Infrastructure NSW) are: City of Sydney, Waverley, Willoughby, Woollahra, Ashfield, Botany Bay, Burwood, Canada Bay, Ryde, Strathfield, Hunters Hill, Lane Cove, Leichhardt, Manly, Marrickville, Mosman, North Sydney and Randwick[xv].

[5] according to Loughborough University's globalisation and world cities research network which measures the connectivity of cities in terms of position and influence

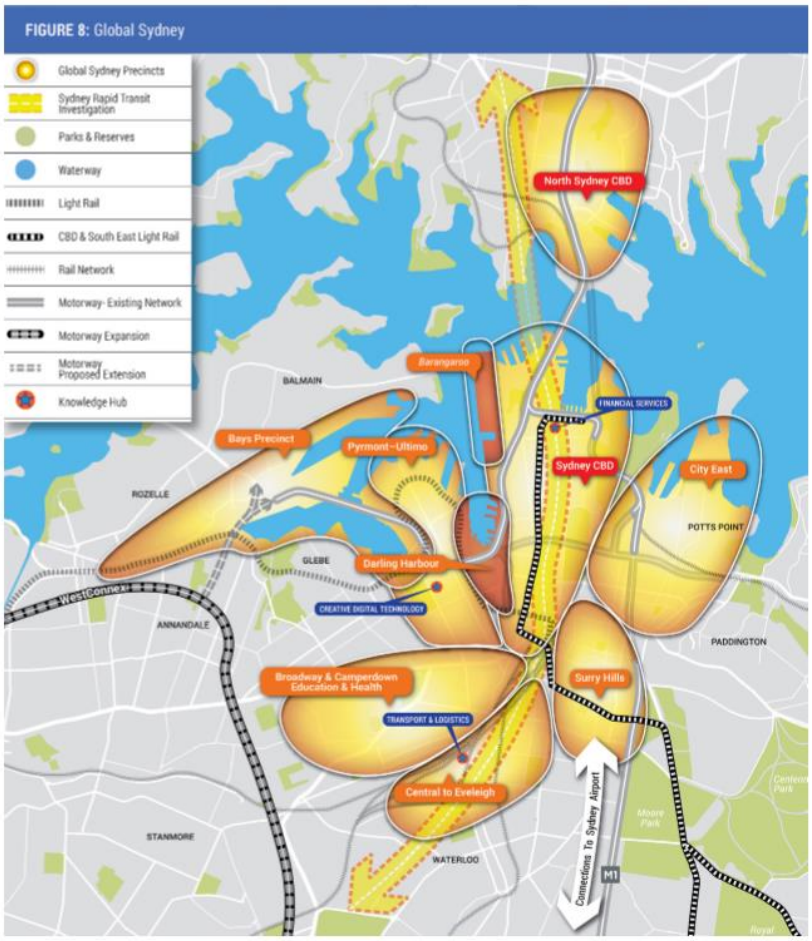
[6] according to the A.T. Kearney 2014 Global Cities Index.

A report by the then Department of Urban Affairs and Planning in 1996 titled 'Sydney as a Global City' noted the central business district (CBD), North Sydney and other inner areas, particularly on the north shore were the focus of the main global activities in Sydney'. Since then, planning in the central city and strategic locations became attached to the production of a globally competitive city[xvi].

The concept of Global Sydney has also been used in strategic plans for Sydney for at least 10 years now.

In *City of Cities: A Plan for Sydney's Future (2005)*, Global Sydney is defined as being made up of Central Sydney and North Sydney. In the draft *Sydney City Subregional Strategy (2008)*, Global Sydney is defined as being made up of Central Sydney and North Sydney.

The recently released metropolitan plan for Sydney *A Plan for Growing Sydney (2014)* also defines 'Global Sydney' as being made up of '*Sydney CBD and adjacent precincts, including North Sydney*[xvii]', see map below. This plan focuses on strengthening the global competitiveness of Sydney as it applies to the Sydney metropolitan area[7] not just the City of Sydney LGA and it makes development of strategic locations across Sydney a priority, including the Sydney CBD, the Global Economic Corridor, Greater Parramatta and Sydney's gateways – the port and airports[xviii].



Source: 'Global Sydney' as defined by 'A Plan for Growing Sydney'

[7] Sydney Metropolitan Area is the 41 Local Government Areas to which '*A Plan for Growing Sydney'* applies, from Pittwater in the north, Blue Mountains in the west, to Wollondilly in the South

Global Economic Corridor

A key component of strengthening the economic competitiveness of metropolitan Sydney is the Global Economic Corridor (GEC). The Global Economic Corridor (GEC), is an arc of intensive economic activity stretching from Port Botany and Sydney Airport to Macquarie Park (and is now extended) to Parramatta, Norwest and Sydney Olympic Park[xix], as shown in Figure 1.1. It generates over 41 per cent of the NSW Gross State Product (GSP)[xx].

Sydney's knowledge jobs are heavily concentrated within the Global Economic Corridor, including sectors such as education, financial and other business services[xxi].

At Macquarie Park there is a high concentration of IT and pharmaceutical sector leaders, as well as Macquarie University. The Sydney CBD and North Sydney area is the hub of the banking, financial services, insurance, funds management and superannuation industries in Australia[xxii]. While the area south of the Sydney CBD and including the port and the airport contains a mix of transport, manufacturing, retailing, warehousing and variety of service sector activities (as well as new residential development) [xxiii].

This economic cluster or agglomeration[8] is unique in Australia due to the extent, diversity and concentration of globally competitive industries. It is a dynamic zone of agglomeration, where large numbers of firms are located close to each other, whether planned or evolutionary. Key benefits of agglomeration include access to a large pool of skilled workers and sharing of ideas[xxiv].

[8] Agglomeration refers to the density and/or spatial size of economic activity (SGS submission to the draft metropolitan strategy of Sydney 2013 pg. 9)

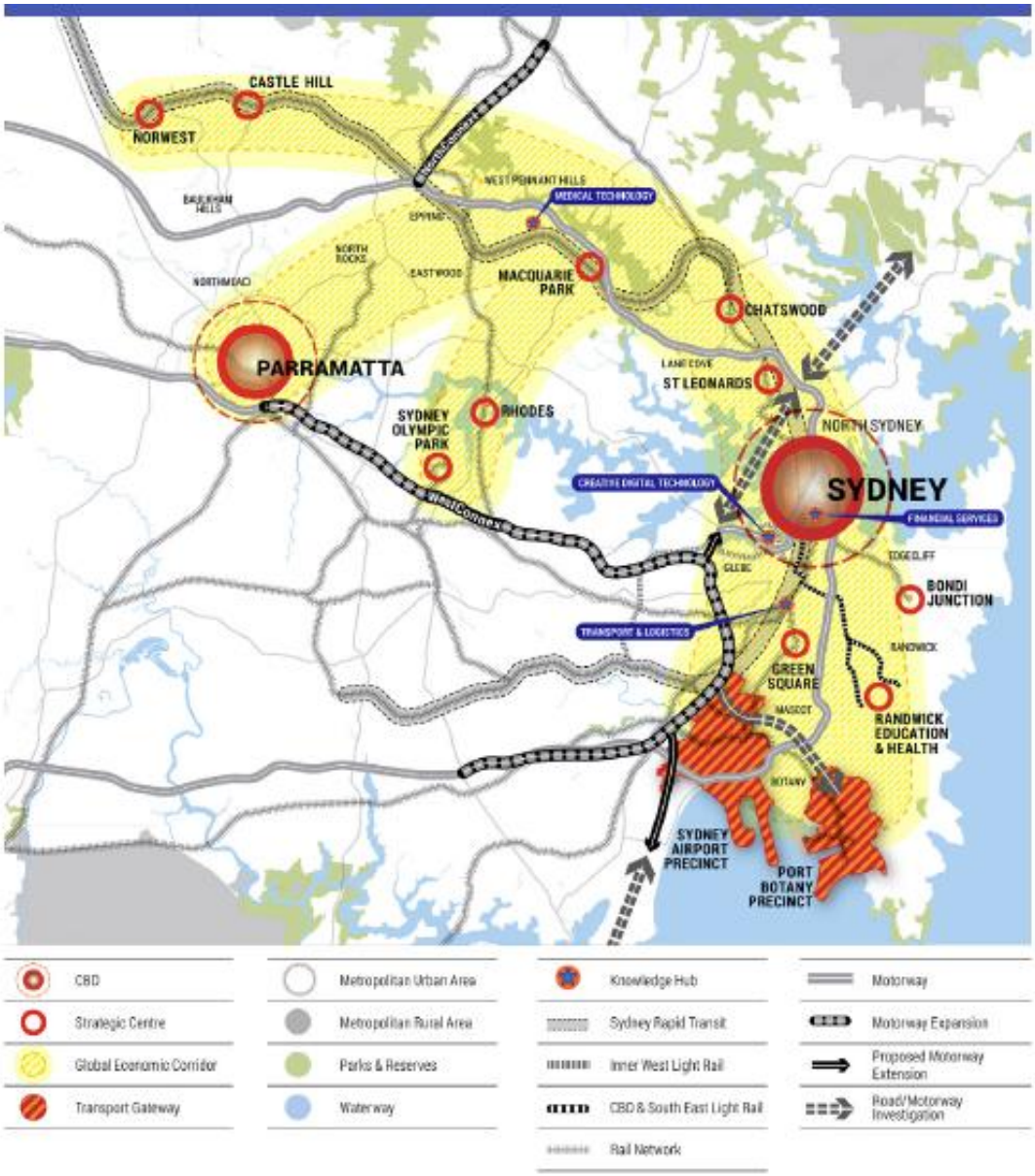


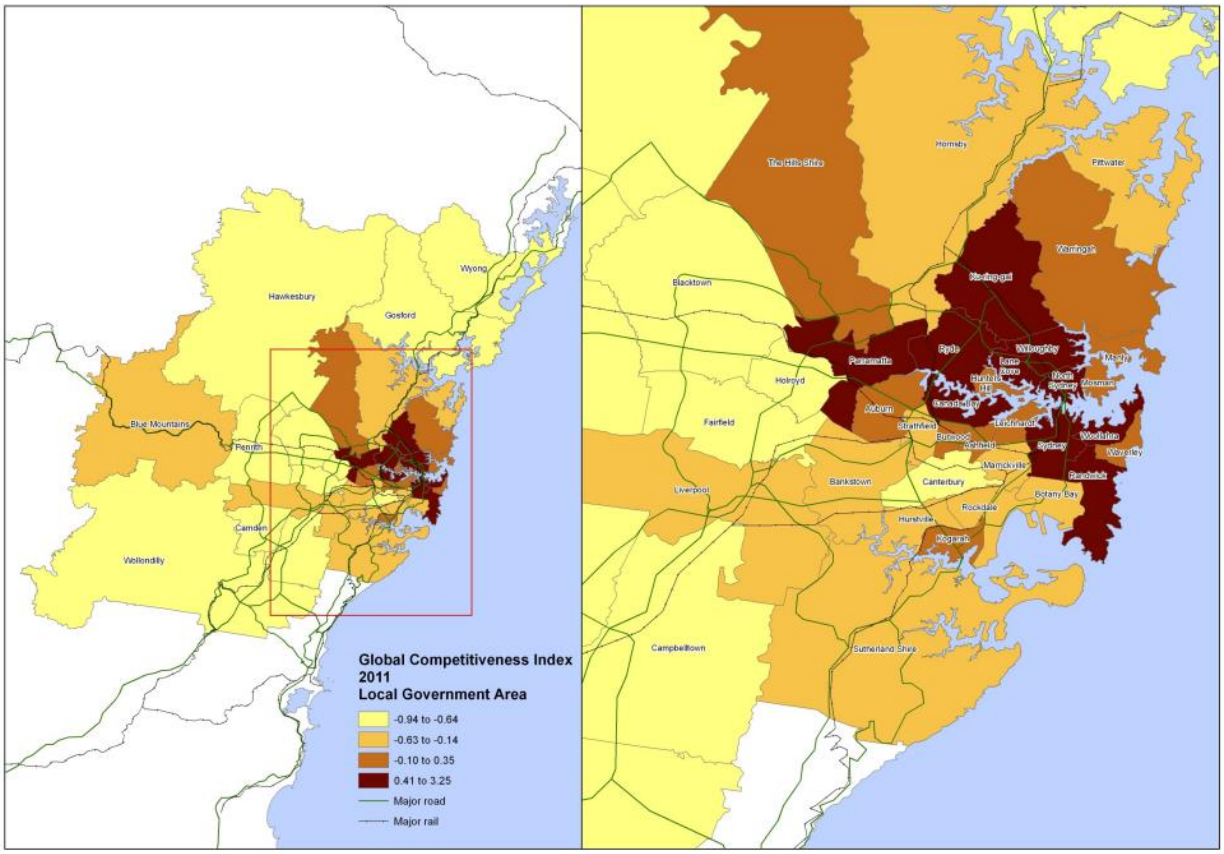
Figure1.1: *The Global Economic Corridor* Source: *A Plan for Growing Sydney*

The Global competitiveness of the region [Randwick City Council, Botany Bay Council, Woollahra Council, Waverley Council and the City of Sydney Council]

At the local government level, researchers from the ANZSOG Institute for Governance at the University of Canberra, and the Commonwealth Department of Immigration and Citizenship (DIAC) have developed a Global Competitiveness Index (GCI[9]) for each local government area in Sydney.

The index shows where industries and occupations of high importance to global cities are concentrated within the Sydney metropolitan region. It measures a community's capacity of global services in terms of knowledge-intensive industries, highly-skilled occupations, higher levels of qualifications and median income[xxv]. The results illustrate that high-ranking council areas (Sydney's economic movers) are located within and close to the Global Economic Arc[xxvi].

Global Competitiveness Index (GCI), LGAs across the Sydney region 2011



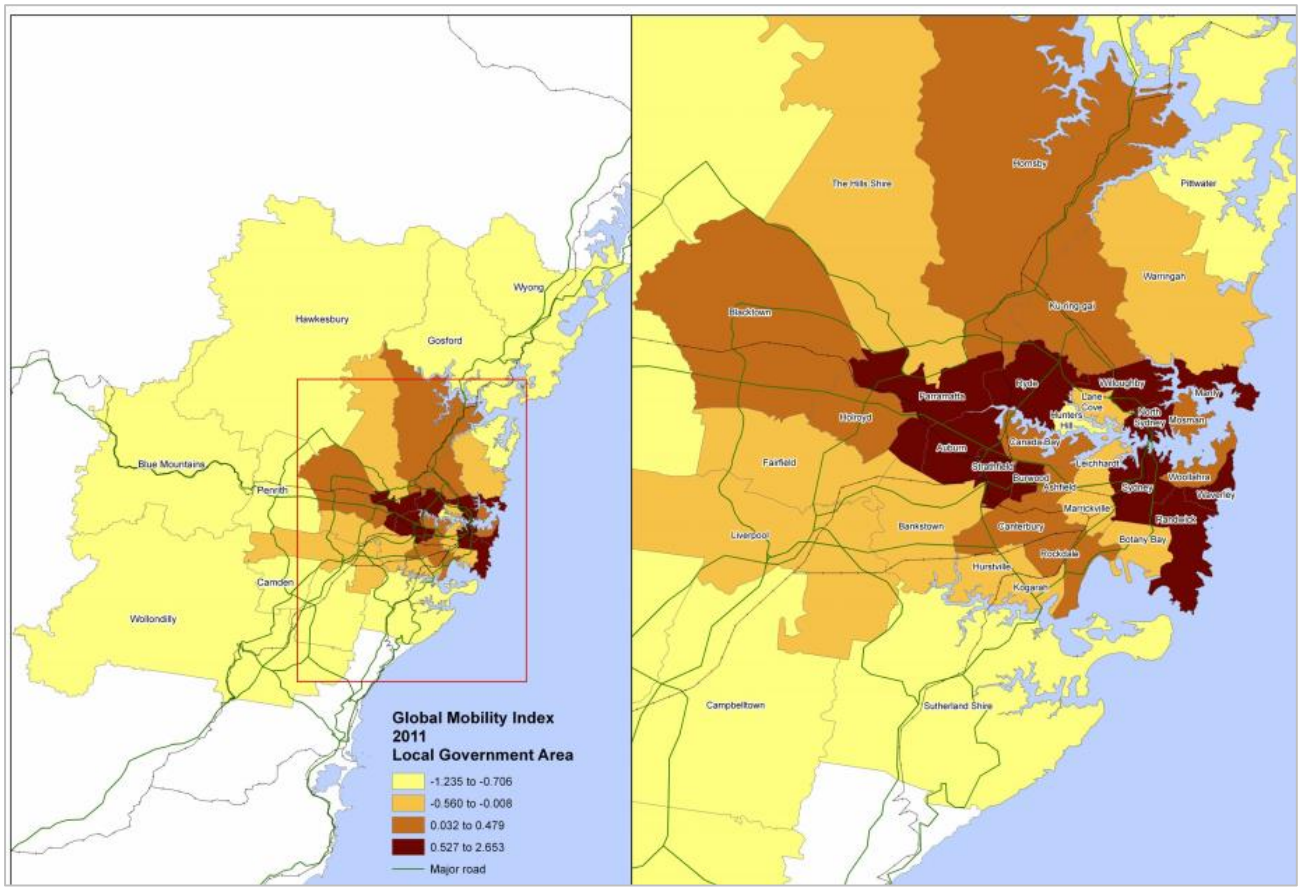
Source: *Globalization and Cities Research Program, University of Canberra*

Sydney's rise as a global city is closely associated with its growing migration[xxvii]. Similarly to the Global Competitiveness Index, is the Global Mobility Index 'GloMo' which looks at Sydney's ability to attract and retain migrants from Australia and overseas. This has been done by comparing the inward migration patterns of residents in each of the Sydney region's Local Government Areas

[9] The GCI is a weighted index that considers the following indicators based on place of work: workers in knowledge-intensive industries; workers in highly-skilled occupations; workers with a university qualification; and workers' income.

(LGAs) in 2006 and 2011. The City of Sydney was a clear leader in the GloMo for both 2006 and 2011 with Randwick as the second highest-rating LGA in both 2006 and 2011[xxviii], see graph below. This demonstrates the attractiveness of these areas to overseas and internal migrants.

GloMo Scores, LGAs across the Sydney region, 2011



Source: *Globalization and Cities Research Program, University of Canberra*

The Independent Local Government Review Panel's Global City

The Independent Local Government Review Panel chairman Professor Graham Sansom made recommendations for local government reform in NSW, including the creation of a 'global city' that would see the City of Sydney merge with Woollahra, Waverley, Randwick and Botany Bay councils to create a 'global Sydney' council.

As this chapter has demonstrated, 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 its surrounding region (being the greater Sydney metropolitan area) need each other to function as a whole. Local government boundary changes would not make any difference to Sydney's ability to compete as a global city[xxix].

2.2 Strategic planning context

This section presents a review of the existing relevant state and local policy framework likely to impact on the strategic land use planning for the group of councils; and includes an analysis of the implications of the planning policy framework on the group of councils.

'A Plan for Growing Sydney' (2014)

The Government has released a new metropolitan strategy for Sydney 'A Plan for Growing Sydney', a strategy for accommodating Sydney's future population and economic growth. By 2031, Sydney's economic output will almost double to $565 billion a year and there will be 689,000 new jobs. In the next 20 years, Sydney's population will grow by 1.6 million people[xxx].

The Plan provides the strategic planning framework for the Sydney metropolitan area (see figure 2.1) and addresses how the land use planning system can support and enhance Sydney's global status by creating sufficient housing supply and jobs growth, well integrated with transport and infrastructure. The strategy is integrated with the Long Term Transport Masterplan and the 20 year State Infrastructure Strategy, connecting land use, transport and infrastructure.

The Government's vision for Sydney, as outlined in the Plan, is 'a strong global city, a great place to live'. To achieve this vision, the Government has set down goals that Sydney will be:

- A competitive **economy** with world-class services and transport;
- A city of **housing choice** with homes that meet our needs and lifestyles;
- A **great place to live** with communities that are strong, healthy and well connected; and
- A sustainable and resilient city that protects the **natural environment** and has a balanced approach to the use of land and resources[xxxi].

The Plan provides the foundation for land use planning decisions for the next 20 years and is based on three key planning principles: Principle 1: increasing housing choice around all centres through urban renewal in established areas; Principle 2: stronger economic development in strategic centres and transport gateways; and Principle 3: connecting centres with a networked transport system.

Transport Gateways – Sydney Airport and Port Botany Precincts

The plan identifies Sydney Airport and the Port Botany precinct as Sydney's transport gateways. Both gateways support large employment and combined, they generate $10.5 billion of economic activity and handle close to $100 billion of freight[xxxii], with Port Botany moving over 6,000 containers on average every day[xxxiii] . The Port Botany Precinct is situated across Randwick and Botany Bay Councils (see figure 3.2 in chapter 4.3). The Sydney Airport precinct is situated across the Botany Bay, Rockdale and Marrickville LGAs (see figure 3.3 in chapter 4.3) and is located within a kilometre of the Ports Precinct. Both precincts are close to areas undergoing significant urban renewal, including and between Green Square and Mascot station[xxxiv] . The Ports and Airport precincts are tightly constrained and have limited space to expand[xxxv].

The plan identifies measures to boost capacity of Sydney's global gateways and include the need to maximise the productivity of the freight network, minimise congestion on road and rail access to the port and airport, preserve strategic freight sites, and separate heavy passenger and freight demands on the network[xxxvi].

The following table outlines the priorities for the transport gateways.

Sydney Airport Precinct
• Identify and protect strategically important industrial-zoned land in and near Sydney Airport Precinct. • Protect Sydney Airport's function as an international gateway for passengers and freight, and support airport-related land uses and infrastructure in the area around the Airport. • Facilitate road planning to connect Sydney Airport to WestConnex.
Port Botany Precinct
• Identify and protect strategically important industrial zoned land in and near Port Botany Precinct. • Protect Port Botany's function as an international gateway for freight and support port-related land uses and infrastructure in the area around the port. • Support the land use needs of freight movement to increase the proportion of container freight transported by rail. • Investigate a corridor for an enhanced road link from Port Botany to WestConnex.

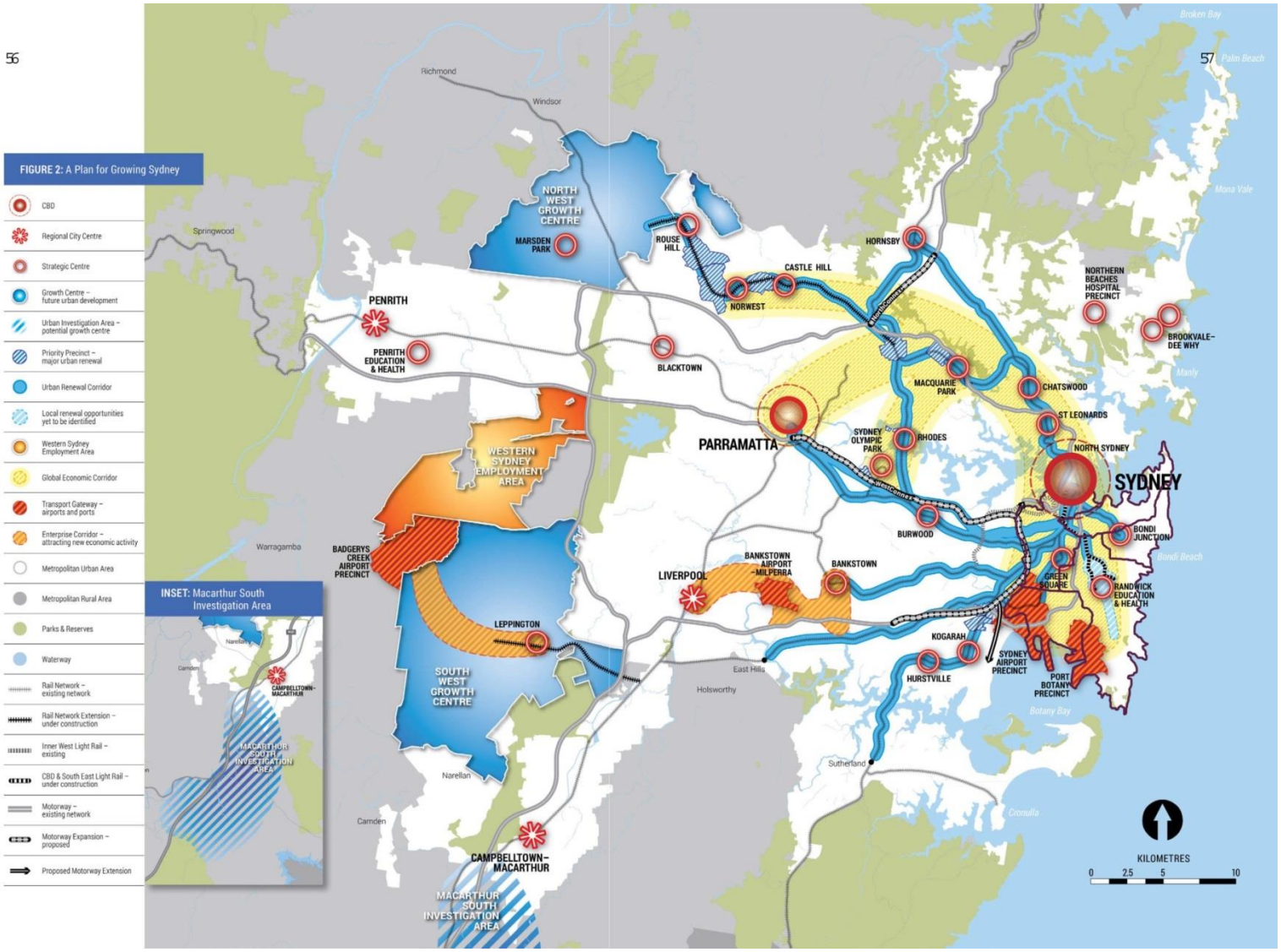


Figure 2.1 *'A Plan for Growing Sydney'* Source: *A Plan for Growing Sydney*

Strategic Centres

Sydney's largest and most important hubs for business and employment are referred to as strategic centres and transport gateways. Together, they account for 43 per cent of all jobs across Sydney[xxxvii].

Strategic centres are identified (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 facilities[xxxviii]. These locations (as outlined in figure 2.2 below) currently or are planned to have at least 10,000 jobs[xxxix]. Key strategic centres in the study area include Sydney CBD, Green Square, Bondi Junction and Randwick Education and Health Strategic Centre. The plan focuses growth (jobs and housing) supported by investment in these centres to provide jobs closer to homes and reduce traffic congestion. It has been estimated that congestion costs Sydney $5.4 billion a year, which is forecast to rise to $8 billion by 2020[xl].

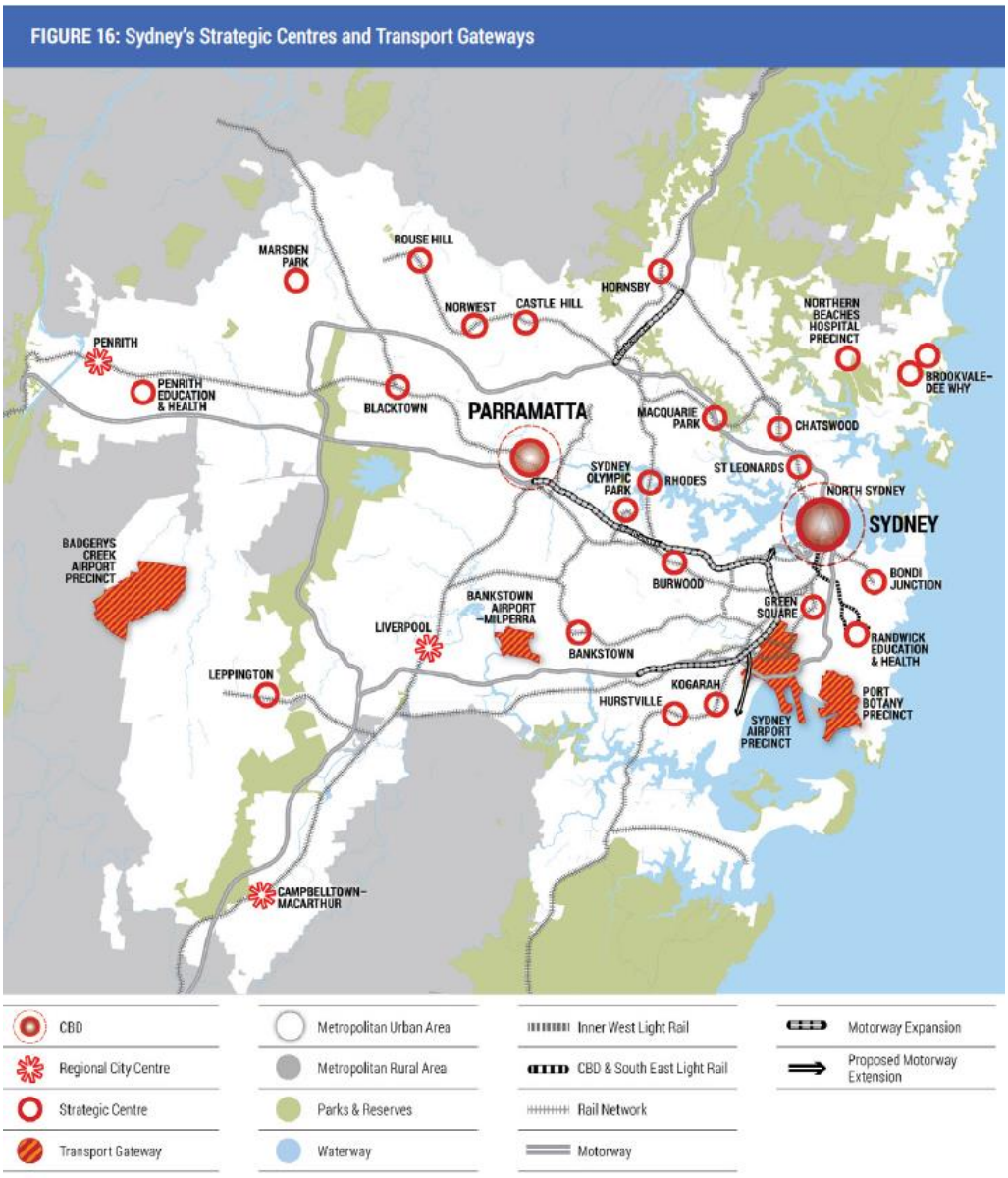


Figure 2.2: *Sydney's Strategic Centres and Transport Gateways* Source*: A Plan for Growing Sydney*

The following table outlines the overarching priorities for strategic centres in the region.

Global Sydney[10]
Work with the City of Sydney and North Sydney Council to: • Recognise and plan Global Sydney as a transformational place; • Plan Sydney CBD as Australia's premier location for employment, supported by a vibrant mixture of land uses and cultural activity, and iconic places and buildings including Sydney Harbour, the Opera House and the Sydney Harbour Bridge; • Provide capacity for long-term office growth in Sydney CBD; • Provide capacity for additional mixed use development in the precincts that make up Global Sydney for offices, retail, tourism, arts, culture, services and housing; • Improve access to the CBD including through Sydney Rapid Transit and the CBD and South East Light Rail; • Investigate a potential light rail corridor from Parramatta to Sydney CBD via Parramatta Road; and • Improve walking and cycling connections between Global Sydney precincts and to the surrounding area.
Bondi Junction
• Work with Waverley council to retain a commercial core in Bondi Junction, as required, for long-term employment growth. • Work with council to provide capacity for additional mixed-use development in Bondi Junction including offices, retail, services and housing.
Green Square
• Facilitate delivery of the UrbanGrowth NSW project for Green Square Town Centre comprising around 4,000 dwellings and 90,000m2 of commercial and retail area[xli]. • Work with the City of Sydney to provide capacity for additional mixed-use development in Green Square including offices, retail, services and housing.
Randwick Education and Health
• Support health-related land uses and infrastructure around Prince of Wales Hospital and Sydney Children's Hospital. • Support education-related land uses and infrastructure around the University of New South Wales. • Work with council to identify if opportunities exist for urban renewal around Randwick's education and health facilities, including offices, retail, services, housing and local community improvements.

Housing

The focus of housing supply, to accommodate the additional 1.6 million people forecasted by 2031, is to be around strategic centres, priority precincts, transport corridors and areas undergoing urban renewal. The setting of housing targets is to be delivered by subregional plans and is yet to be finalised.

Key areas in the study area likely to be the focus of housing investigations include the strategic centres of Bondi Junction, Green Square, and the Randwick Education and Health centre; and the

[10] Global Sydney is defined in the plan as including the Sydney CBD, North Sydney CBD, Barangaroo, Darling Harbour, The Bays Precinct, Pyrmont-Ultimo, Broadway and Camperdown Education and Health Precinct, Central to Eveleigh, Surry Hills and City East. A map of Global Sydney (as defined in the plan) can be found in subsection 1 under 'Sydney as a Global Sydney'.

transport corridors of the rail line from Kings Cross to Bondi Junction and the CBD and South East Light Rail.

Note the priority precincts program identifies areas that the Minister for Planning considers have redevelopment potential on a scale that is important in implementing the State's planning objectives. There are currently 10 Priority Precincts identified none of which are located in the study area.

Urban renewal

Direction 2.2 of the plan *'Accelerate urban renewal across Sydney – providing homes closer to jobs'* identifies corridors for housing providing: *the opportunity to connect new homes to job-rich locations via good public transport , within an approximate 30 minute rail or light rail journey'* (Action 2.2.2). Of relevance to the group of councils subject to this report, the Plan identifies the Parramatta Road corridor as a key urban renewal area and the Anzac Parade corridor as 'local renewal opportunities yet to be identified', see figure 2.3 Central Subregion.

The Plan identifies the Anzac Parade corridor as 'a 10km long corridor extending the length of Anzac Parade, from Moore Park to La Perouse, and includes the centres and communities within walking distance of Anzac Parade'; and notes that the Government will continue to focus urban renewal activities to provide additional housing in this corridor. The corridor is identified in the plan as 'local renewal opportunities yet to be identified' (see figure 2.3 Central Subregion).

The Parramatta Road Corridor has been identified as a key corridor for urban renewal. Urban Growth NSW is the lead agency responsible for its renewal, a draft Parramatta Road Urban Renewal Strategy was released for public comment in November 2014. Parramatta Road is a 20km long corridor strategically connecting the two largest concentrations of jobs in Sydney – Sydney CBD and Greater Parramatta. It crosses 10 council areas including the City of Sydney to Parramatta Council. The corridor has good access to employment, the rail network, a range of social infrastructure, and the southern foreshores of Sydney Harbour and Parramatta River. The corridor is to be a focus for increased housing, economic activity and social infrastructure, especially around centres with good public transport access and amenity.

Subregional planning – Central subregion

Subregional planning is to guide the delivery of 'A Plan for Growing Sydney' across the city's (new) six subregions (Central, North, West Central, West, South, South West). The subregional boundaries were designed to 'reflect the economic and community relationships between Local Government Areas'[xlii]. Previously the eastern suburbs councils of Botany Bay, Randwick, Waverley and Woollahra were its own subregion 'Eastern Sydney Subregion' and the City of Sydney LGA was also, its own subregion. However, in the new Plan the group of Randwick, Waverley, Woollahra, Botany Bay and City of Sydney councils are all located within the Central subregion along with Ashfield, Burwood, Canada Bay, Leichhardt, Marrickville and Strathfield councils. This is one of the largest subregions in the plan.

The Plan identifies priorities for the central subregion under each of the four goals of the plan. Relevant priorities as they apply to the group of councils are as follows:

G1 A competitive economy
• Preserve a corridor for Sydney Rapid Transit. • Enable delivery of key transport projects to facilitate better connections to Global Sydney, including Sydney Rapid Transit, CBD and South East Light Rail, and WestConnex • Prepare and deliver a Structure Plan for the Sydney Airport and Port Botany Precincts to support their growth
G2 Accelerate housing supply, choice and affordability
• Work with councils to identify suitable locations for housing intensification and urban renewal, including employment agglomerations, particularly around Priority Precincts, established and new centres, and along key public transport corridors, including metro rail lines; the CBD and South East Light Rail; and Sydney Rapid Transit.
G3 Build great places to live
• Improve the accessibility of cultural and recreational facilities outside the Sydney CBD, such as the Moore Park sporting and entertainment precinct.
G4 Protect the natural environment and promote its sustainability and resilience
• work with councils to protect the natural attributes and visual amenity of the coastline and enhance opportunities for public access.

Subregional delivery plans for each subregion are to include (amongst other things) jobs and housing targets at the local government level. These plans are yet to be prepared but are expected to be finalised in the next 12 months.

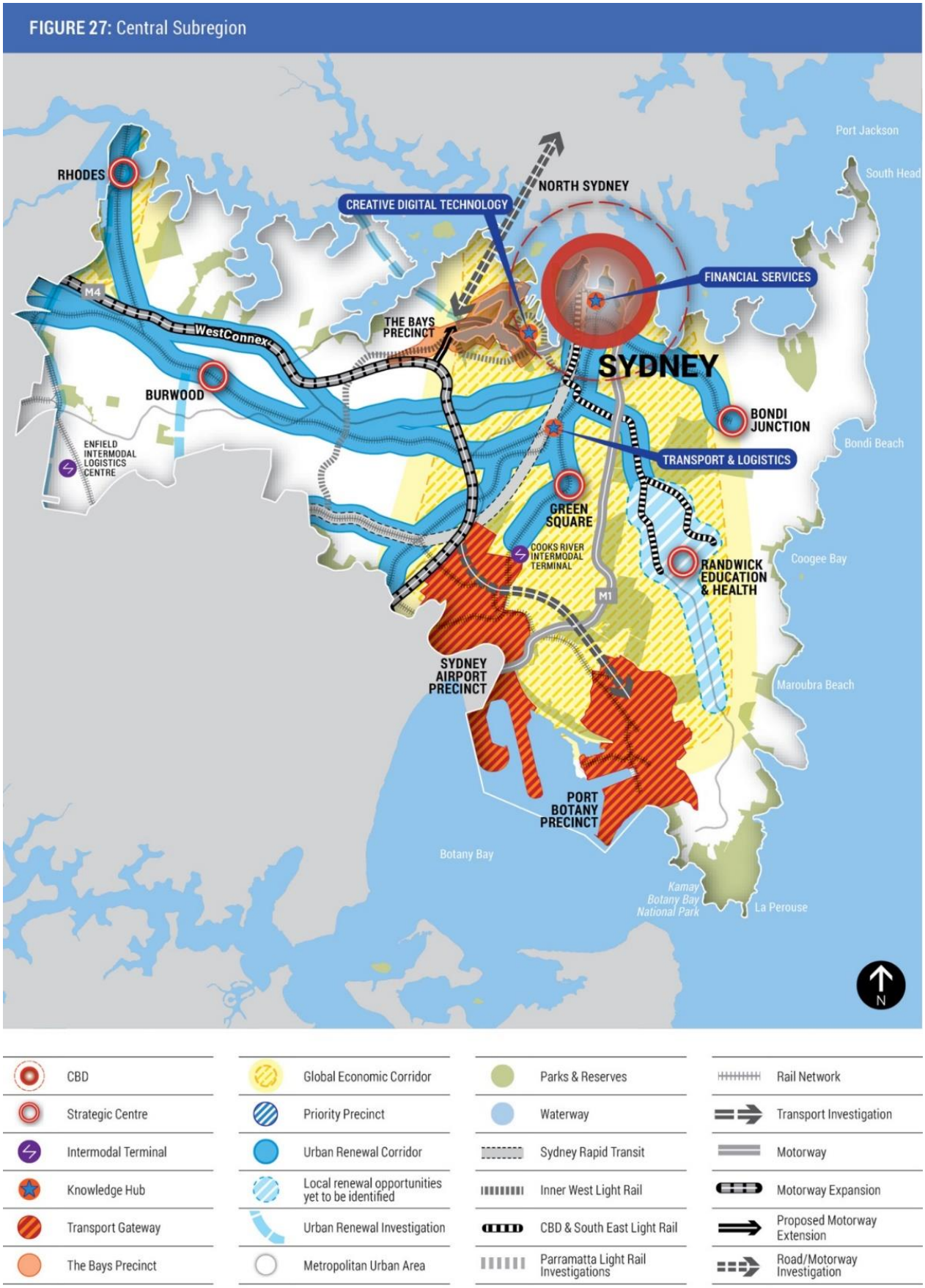


Figure 2.3 *Central Subregion* Source: *A Plan for Growing Sydney*

NSW 2021 State Plan – 10 year plan

NSW 2021 was released in September 2011 and replaces the State Plan as the NSW Government's strategic business plan, setting priorities for action and guiding resource allocation. NSW 2021 is a ten year plan with five strategies and 32 goals to rebuild the economy, provide quality services, renovate infrastructure, restore government accountability, and strengthen local environment and communities.

The five strategies of the NSW 2021 Plan include:

1. Rebuild the economy —restore economic growth and establish NSW as the 'first place in Australia to do business'
2. Return quality services —provide the best transport, health, education, policing, justice and family services, with a focus on the customer
3. Renovate infrastructure —build the infrastructure that makes a difference to both our economy and people's lives
4. Strengthen our local environment and communities —improve people's lives by protecting natural environments and building a strong sense of community, and
5. Restore accountability to government —talk honestly with the community, return planning powers to the community and give people a say on decisions that affect them.

Relevant goals and targets in the State Plan that may influence strategic planning across the group of councils include:

Goal 5: Place downward pressure on the cost of living	Target 5.1: Improve housing affordability and availability
Goal 7: Reduce travel times	Target 7.1: Improve the efficiency of the road network during peak times on Sydney's road corridors
Goal 19: Invest in critical infrastructure	Target 19.1: Increase expenditure on critical NSW infrastructure
Goal 20: Build liveable centres	Target 20.1: Planning policy to encourage job growth in centres close to where people live and provide access to public transport
Goal 22: Protect our natural environment	Target 22.1: Protect and restore priority land, vegetation and water habitats
Goal 29: Restore confidence and integrity in planning system	Target 29.1: Implement a new planning system

The plan draws on the State Infrastructure Strategy and the NSW Long Term Transport Master Plan and includes the 'Eastern Sydney and Inner West – Regional Action Plan', which is a key delivery mechanism to deliver the strategies and goals of the state plan.

Eastern Sydney & Inner West Regional Action Plan

The Action Plan was released in December 2012 and includes Ashfield, City of Botany Bay, Burwood, Canada Bay, Canterbury, City of Sydney, Leichhardt, Marrickville, Strathfield, as well as Randwick, Waverley and Woollahra local government areas.

The Regional Action Plan aligns with the NSW 2021 Plan and identifies five priorities for the NSW Government for the Eastern Sydney and Inner West region, including:

1. More efficient and reliable transport
2. Grow the economy of the region
3. Provide more affordable housing options
4. Build liveable and sustainable cities
5. Provide more support for vulnerable members of the community and reduce the high concentration of homelessness

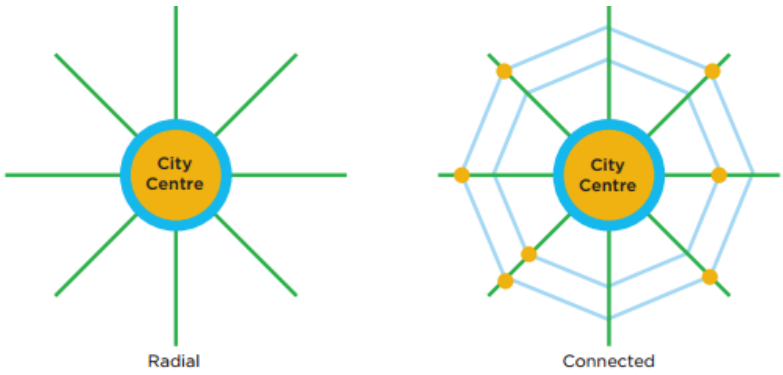
Relevant priorities and actions that may influence strategic planning for the region include:

More efficient and reliable transport
- Implement the NSW Long Term Transport Master Plan to provide a clear direction for transport over the next 20 years - Extend light rail in Sydney - Develop a Precinct action plan for Port Botany and Sydney Airport - Continue to maintain and upgrade the existing cycling network
Grow the economy of the region
- Plans to support key industry sectors within the region (Key sectors in the region to benefit from the Plans include: creative industries, the digital economy, international education and research, manufacturing, professional services and tourism) - Improve urban planning to increase access to employment lands - Promote Sydney and the region as a tourism and events destination
Provide more affordable housing options
- Improve housing supply by working with Local Government to develop local housing strategies to provide additional housing opportunities close to established centres to take benefit of local services and infrastructure - Deliver affordable housing and seniors housing, which meets community needs and respects local character.
Build liveable and sustainable cities
- Deliver enhanced local infrastructure (eg. Replacement of the Tamarama Beach kiosk and construction of an amenities building at Waverley Park for Waverley Council) - Improve access to recreational opportunities
Provide more support for vulnerable members of the community and reduce the high concentration of homelessness
- Integrate and improve services for La Perouse and South Maroubra - Deliver initiatives to address homelessness in Eastern Sydney and Inner West
Improve community safety and reduce alcohol related violence and antisocial behaviour
- Review clustering of licensed premises within a geographical area - Crime prevention and graffiti reduction
Improve access to healthcare for vulnerable populations and improve support for an ageing population
- Support the Central Sydney, Darlinghurst and Randwick Health and Medical Research Hubs - Deliver more support for an ageing population

NSW Long Term Transport Master Plan (2012)

The Master Plan is a 20 year plan for the future planning of NSW transport system. Its vision is that in the next 20 years Sydney will become a more compact, multi-centred, connected city, with a

transport network that provides quick and convenient public transport connections across the city and frequent links to other cities.



Source: *Long Term Transport Master Plan (LTTM)*

Transport has an important role in supporting Sydney as a global city. Strong connectivity across the (metropolitan area of the) city, quality public transport networks and opportunities for walking and cycling can all contribute to maintaining Sydney's role as a centre of economic and social activity.[xliii]



Figure 2.4: *Key demand corridors* Source: *LTTMP*

A focus of the Master Plan is to support connections to and between the Global City (comprising Sydney CBD/North Sydney), the regional cities of Parramatta, Liverpool and Penrith, strategic centres, gateways and the Global Economic Corridor to support productivity and economic growth, and to link people to jobs. Key transport demand corridors are identified which facilitate these connections.

The map below indicates constrained strategic transport corridors in 2031. It shows stronger constraints on the demand corridors to Global Sydney (CBD and North Sydney), with a secondary focus on constrained corridors to regional cities/strategic centres of Liverpool, Parramatta, Penrith and Macquarie Park.

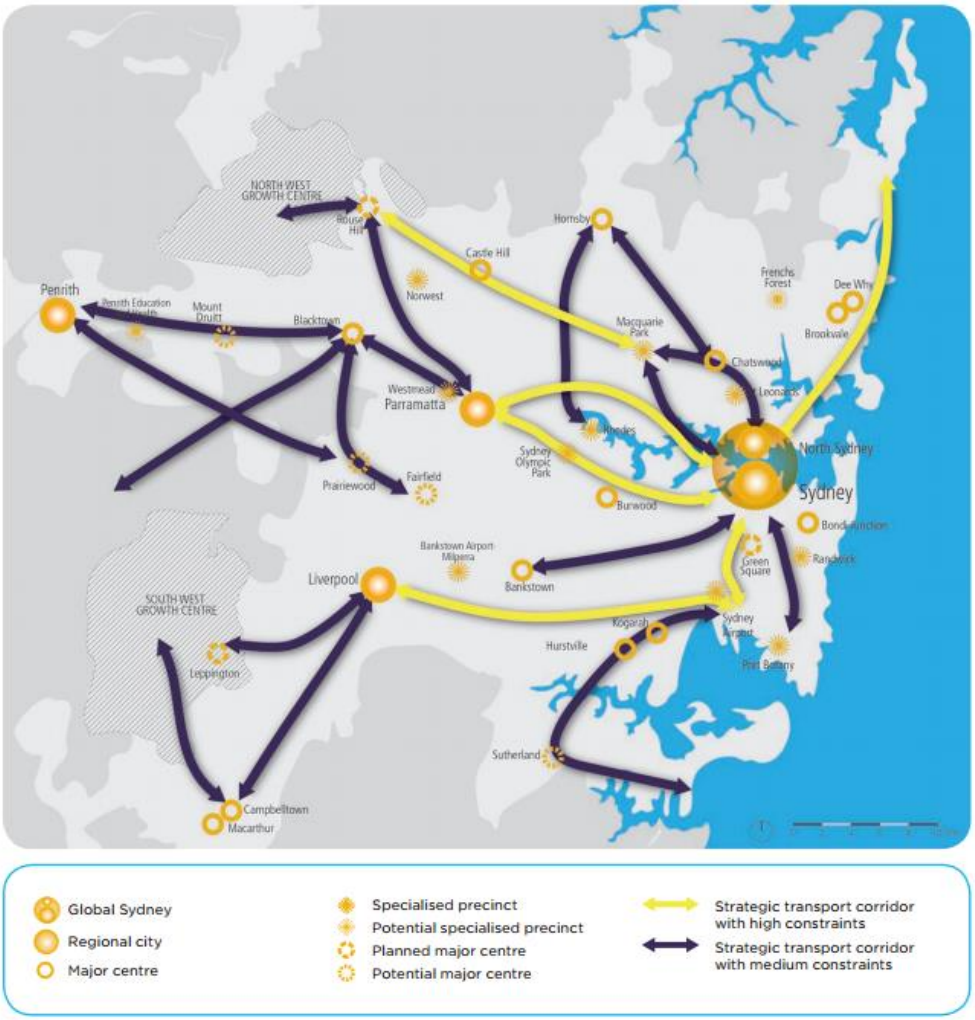


Figure 2.5*: Sydney's constrained strategic corridors in 2031* Source*: LTTMP*

The distribution of urban centres and predominant land uses indicates compact communities radiating from the Global City of Sydney CBD/North Sydney, with smaller clusters of compact communities around the regional cities of Parramatta, Liverpool and Penrith.

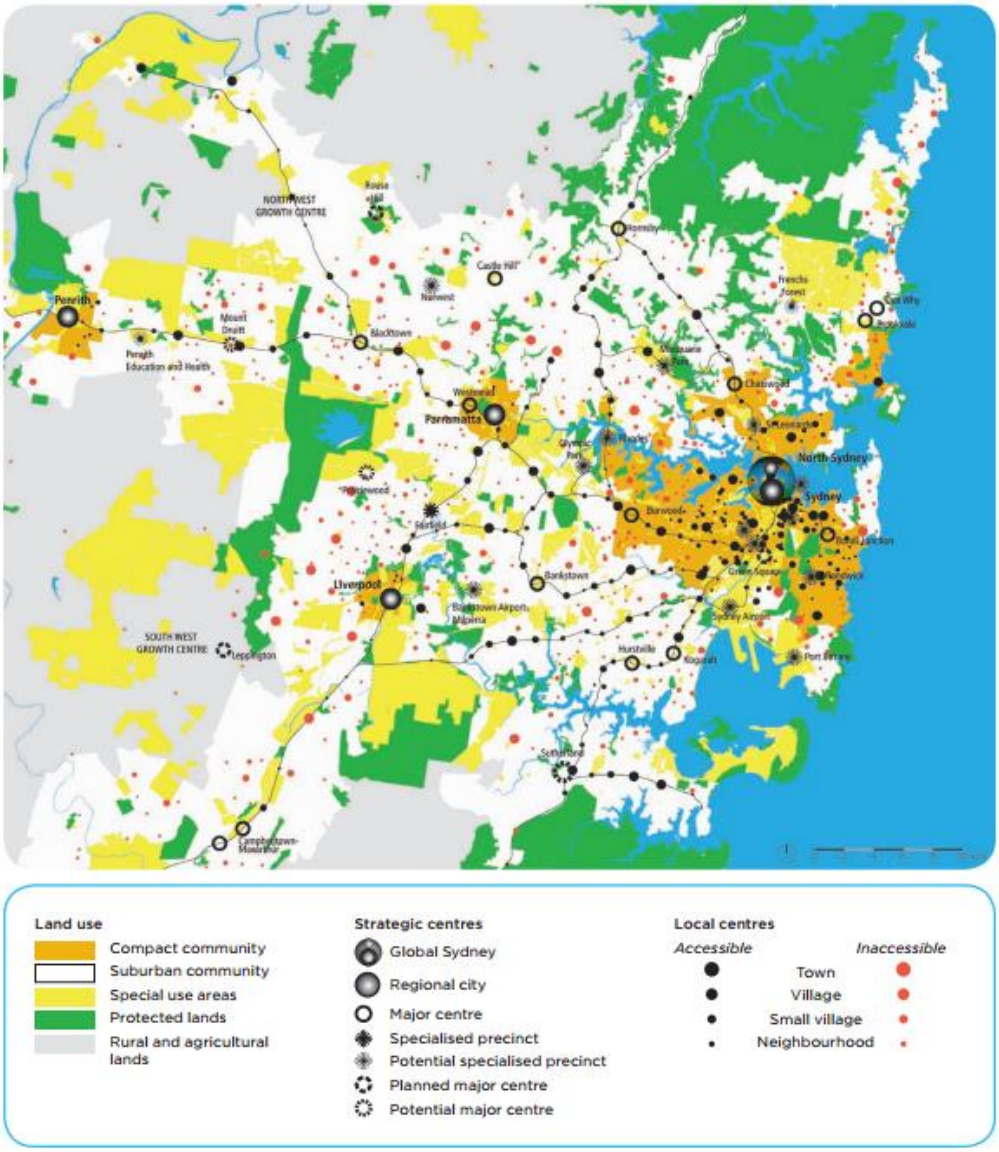


Figure 2.6: *Sydney's urban centres and key land use profile* Source: *LTTMP*

Future employment and residential growth precincts within the inner Sydney area indicate a spread of growth from Glebe and the Bays Precinct in the inner west, Mascot to the south, and Bondi Junction and Randwick in the east.

In the eastern subregion Randwick Education and Health Strategic Centre and Port Botany are identified as activity nodes, with significant forecast employment growth and strategic importance for Sydney's future.



Figure 2.7: *Precincts with forecast significant population and employment growth in inner Sydney between 2011 and 2031 Source: LTTMP*

Key actions/strategies in the Master Plan with spatial and strategic land use/transport planning implications are:

Road	Complete critical links in the motorway network (citywide)
	Plan and implement Westconnex
	Expand capacity on congested corridors (metropolitan area wide and CBD)
Rail	Complete the north west and south west rail links
	Build light rail in the CBD and south east
CBD	Support the city centre as a focal point of demand
Port/Airport	Development of a Port Botany and Sydney Airport Improvement Plan
Corridors	Plan for and preserve future transport corridors
	Investigate medium/long term corridor from Malabar to Sydney CBD
	Investigate medium/long term corridor from Sydney Airport to Sydney CBD

Priority actions and future transport corridors are indicated in the maps below.

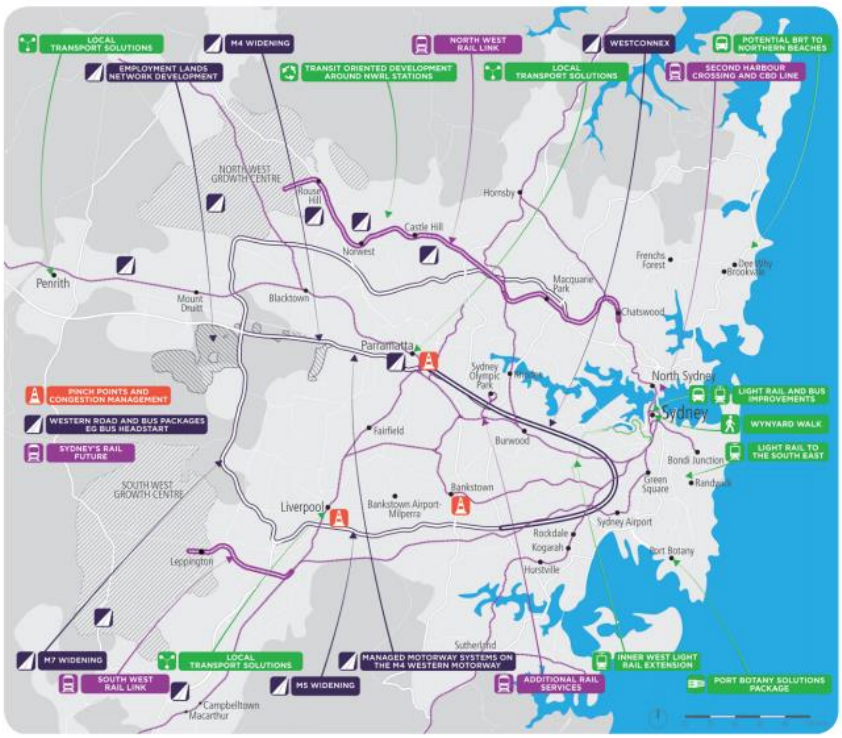


Figure 2.8: *Priority Actions for Sydney* Source: *LTTMP*



Figure 2.9: *Medium and Long term transport corridors for investigation to support urban renewal in Sydney* Source: *LTTMP*

Detailed plans

Detailed plans link to the Master Plan, including integrated modal delivery plans for bus, light rail, ferry, road, rail, cycling and walking. Additional detailed plans include a corridor strategy and city access plan, and a NSW freight and ports strategy.

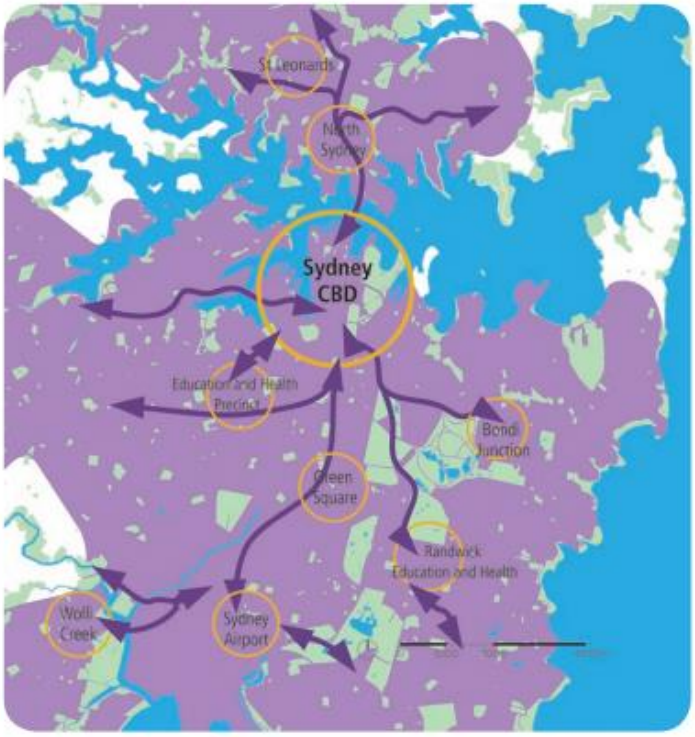
Key actions in addition to network-wide strategies are outlined below:

Detailed Plan	**Key actions**
Sydney's Rail Future	Complete southwest rail link
	Second harbour crossing and CBD rail line and stations
	Complete north west rail link
Sydney's Bus Future	Bus head start program in growth centres
	Enhance bus priority on strategic bus corridors
	Re-design city bus network to complement rail and light rail
	Bus rapid transit for northern beaches
	New CBD bus interchange investigations
	Investigate BRT or light rail on high demand corridors
Sydney's Light Rail Future	Complete inner west light rail
	Complete CBD and south east light rail
	Investigate potential extensions eg: to Malabar and Walsh Bay
	Investigate BRT or light rail on high demand corridors eg: Parramatta Road, Victoria Road
Sydney's Cycling Future	Connected cycling network within 5km of local centres
	Priority cycleways in the CBD and eastern subregion include Eastern suburbs link (Bondi Junction to CBD), South East Light Rail Links and Sydney Airport links
Sydney's Ferry Future	Build new ferry hub at Barangaroo & upgrade Circular Quay ferry terminal
Sydney's Walking future	Plan and deliver for walking in conjunction with key transport projects including CBD and South East light rail
	Bondi Junction to CBD connection
	Moore Park pedestrian bridge
Central Sydney Access Strategy	Reduce congestion and service future growth in the city centre
	Increase capacity, reliability and quality of public transport
	Pedestrianisation of George Street
	Improve pedestrian priority and upgrade amenity in CBD

Connecting Inner Sydney

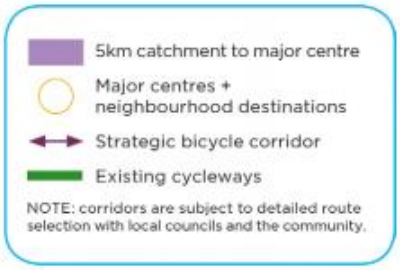
Inner Sydney has the highest number of people who commute to work by bicycle in NSW. As detailed in the Sydney City Centre Access Strategy we are working with the City of Sydney to confirm the Sydney CBD strategic cycleway network. We are concentrating on the provision of continuous links, separated from other road users where possible, that connect cycle entry points to the CBD and provide safe passage through the city.





Eastern Suburbs link

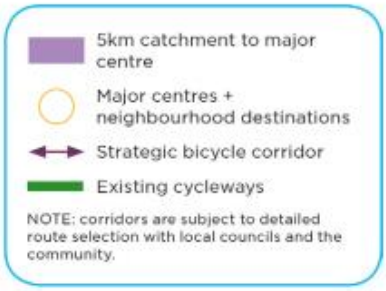
We will make improvements to the bicycle route between Bondi Junction and the Sydney CBD, including a proposed separated cycleway along the northern side of Centennial Park from York Road, Bondi Junction to Lang Road, Centennial Park. This investment will improve longer-distance connections that link to facilities in Sydney's CBD.

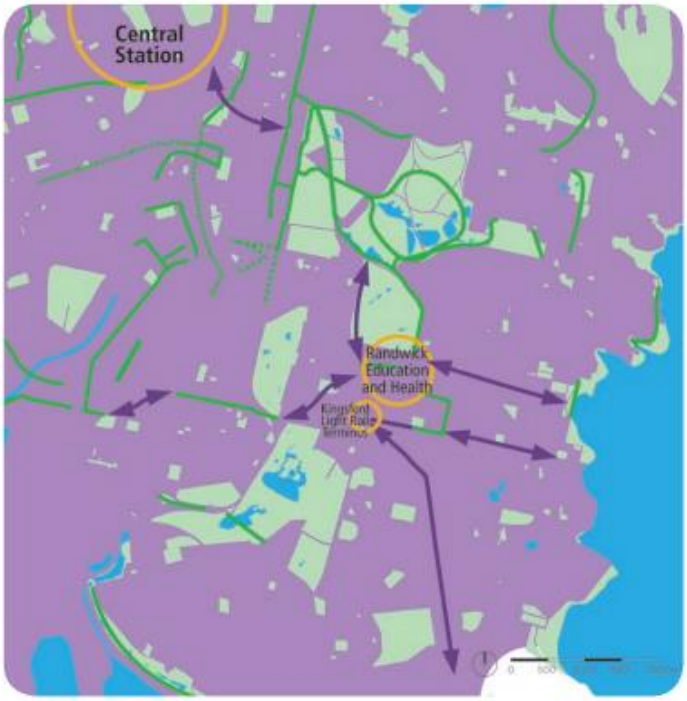




South East Light Rail links

We will increase bike riding in South East Sydney by improving connections to the Randwick Racecourse, hospital and university precinct. This will improve access to stations on the future CBD and South East Light Rail. We will make transferring from one mode to another easier by providing secure bicycle parking at major interchanges.





Sydney Airport links

Around half of the 12,000 people that travel to work at Sydney Airport everyday live within cycling distance of the airport. We will complete missing links in bike routes from surrounding areas in St George, the Eastern Suburbs, Inner Sydney and the Inner West. This will also improve connections with residential growth areas at Wolli Creek, Mascot and Green Square.

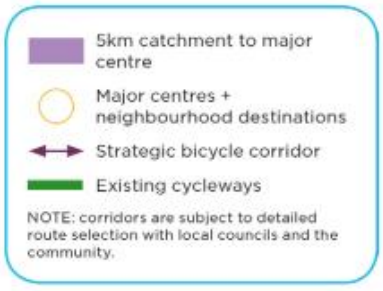




Figure 2.10 *Connected cycling network within 5km of local centres* Source: *Sydney's Cycling Future pg.16 and 17*

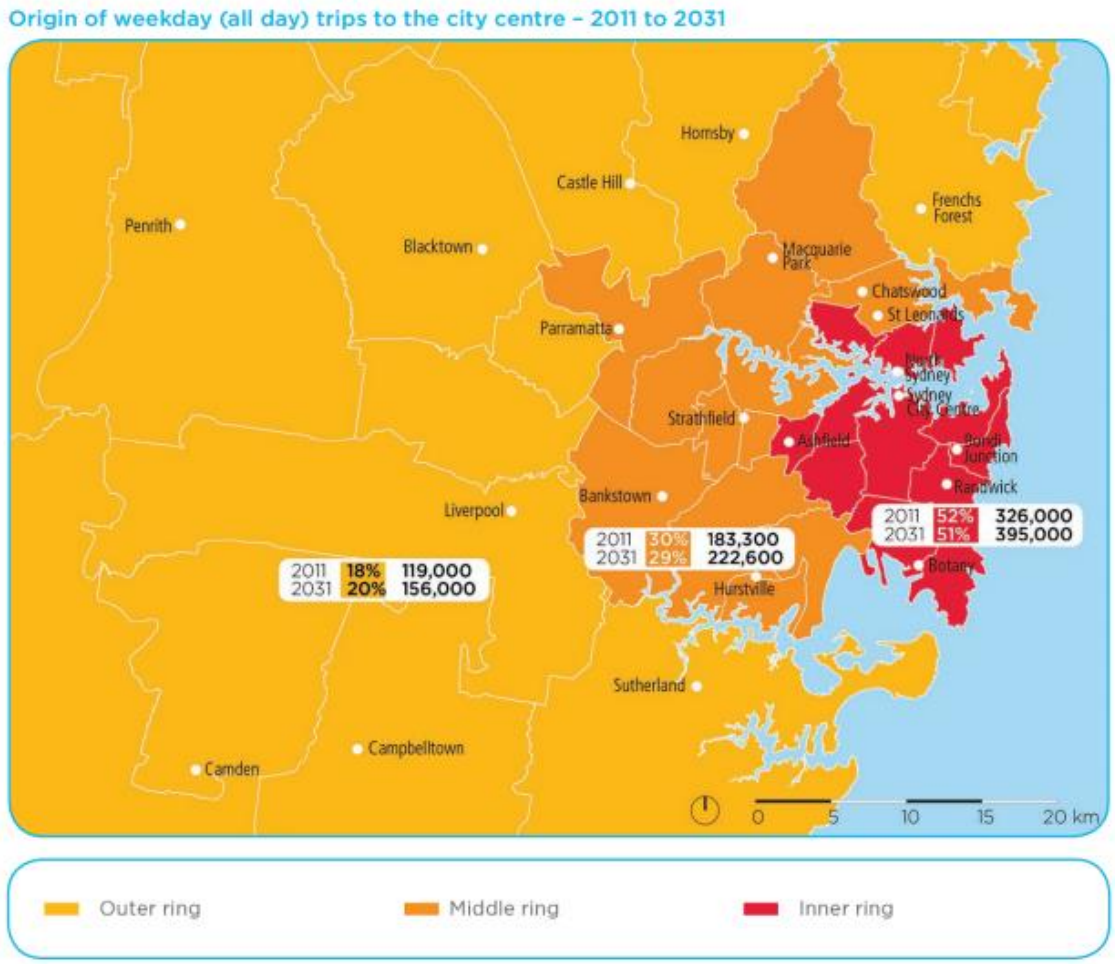


Figure 2.11 *Origin of weekday trips to the city centre* Source: *City Centre Access Strategy 2012)*

NSW Infrastructure Strategy - 2014 update

The updated Infrastructure Strategy sets priorities and recommended initiatives for infrastructure investment and delivery over a 20 year period. Three critical priorities are:

1. A competitive global Sydney
2. Supporting population and economic growth in greater Sydney
3. A competitive and connected regional economy

Key strategies for metropolitan Sydney are:

a) Improve public transport connectivity to employment centres
b) Reduce congestion across the transport network
c) Support transit-oriented urban renewal in inner city areas
d) Improve connections to Parramatta as 2nd CBD
e) Support Parramatta's economic potential

Key projects/investments recommended in the Strategy impacting central Sydney, CBD, North Sydney and/or the eastern subregion are:

- Sydney Rapid Transit: extension of northwest rail link under Sydney harbour via CBD to Bankstown including a 2nd harbour rail crossing
- Implement Sydney's Rail Future Stage 2
- Expedited motorway projects including Westconnex extensions, and plan for a Sydney Gateway linking Westconnex link to Port Botany/Sydney Airport
- West harbour tunnel (3rd crossing of Sydney harbour)
  congestion management/mitigation across key corridors
- Assess extension of Sydney light rail and opportunities to support urban renewal and densification (CBD & South East Light Rail and Inner West Light Rail)
- Improve connectivity to Parramatta and western Sydney, including improved connections between Parramatta and Sydney CBD
- Ensure landside infrastructure supports rapid growth in freight & air travel at Port Botany and Sydney Airport
- Port Botany to Moorebank intermodal connection, including investigating potential for road to rail shift for Port Botany freight
- Develop Sydney CBD and Parramatta cultural precincts
- Upgrades to Moore Park precinct, focusing on SFS/SCG



Figure 2.12: *Potential Anzac Parade Light Rail Extensions* Source: *NSW Infrastructure Strategy*

NSW Freight and Ports Strategy (2013)

The Strategy provides a 20 year framework for integrated planning, coordination and investment in freight movement to deliver a freight network that efficiently supports economic growth, while balancing freight needs with those of the broader community and environment. It responds to the National Port and Land Freight Strategies, and is consistent with the objectives of the Long Term Transport Master Plan. [xliv]

Freight volume is expected to almost double from 409 million tonnes in 2011 to 794 million tonnes in 2031, with container freight expected to triple. In order to deliver capacity and performance improvements ahead of demand, the Strategy outlines three Strategic Action Programs of network efficiency, capacity and sustainability. Key actions in these programs relevant to the study area are to:

- Identify and protect strategic freight corridors
- Establish corridors to meet long term freight needs
- Develop and maintain freight capacity on road networks
- Complete Westconnex and Port Botany link
- Develop and maintain freight capacity on rail networks

- Separate passenger and freight movements by rail
- Enhance rail networks, reduce bottlenecks
- Complete Western Sydney freight line and intermodal terminal
- Complete the Northern Sydney rail freight corridor
- Develop a Port Botany Growth Plan to meet freight volume growth
- Foster intermodal terminal network development in metropolitan areas
- Manage congestion, noise and emission impacts of freight transport
- Shift more freight movements to off-peak periods
- Understand and plan for strategic landside needs to support growth in air cargo
- Incorporate the value of air cargo in planned infrastructure upgrades to Port Botany/Sydney Airport

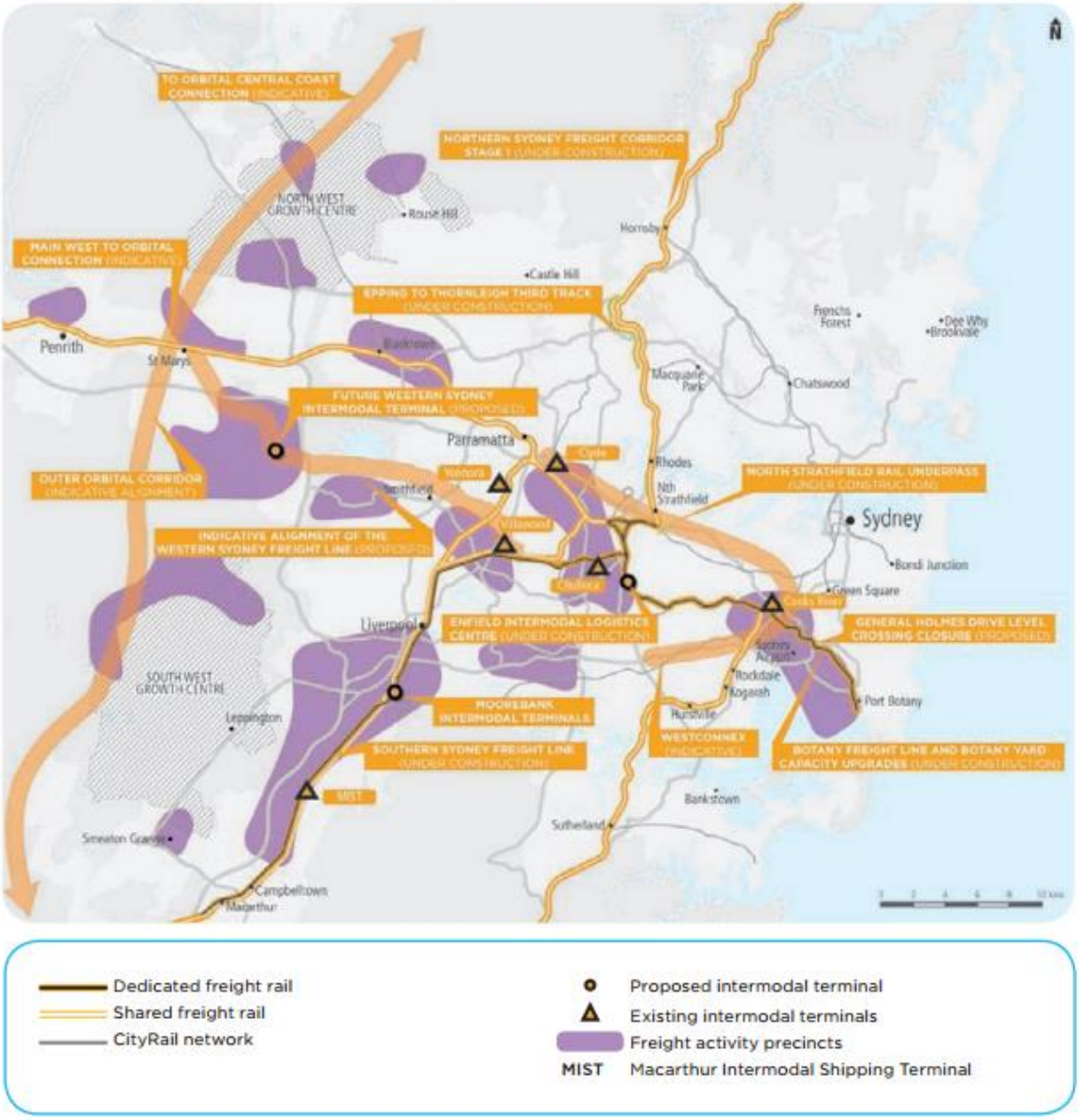
Port Botany

Port Botany is the primary NSW container port, with growth estimated at 7% per annum, and expected to reach natural capacity by 2030-2040. It is a critical issue for delivery and clearance transport by road and rail to at least maintain efficiency, in order to accommodate forecast growth.

85% of import and export containers originate from or are destined for locations within a 40km radius of Port Botany. Intermodal terminals serve to distribute freight from containers to destinations, acting as inland satellite ports. They are essential enablers to the increase the potential capacity of freight that can be moved by rail, which can effectively reduce congestion from Port Botany and Sydney Airport.[xlv]

Across NSW 33% of freight was carried by rail in 2011. However, rail mode share of containers from Port Botany has declined from 25% in 2001 to 14% in 2012. The target in the State Plan 2021 to double the mode share of container movements by rail places further pressure on improving the efficiency of freight rail movements at Port Botany.

Figure 28 Freight activity precincts and key infrastructure projects



Source: NSW Freight and Ports Strategy (2013)

Sydney Airport and Port Botany precinct

The NSW Freight and Ports Strategy identifies Sydney Airport and Port Botany as a freight activity precinct. Each year it generates $10.5 billion of economic activity and handles $100 billion in freight.[xlvi] Governance in the precinct covers all levels of government as well as the private sector, with the federal government responsible for airports, customs and defence, NSW government responsible for strategic land use planning and major transport networks, and local councils responsible for local roads and supporting community amenity.[xlvii]

A scoping study prepared for the Port and Airport precinct for Infrastructure NSW notes the importance of alignment of governance structures, and planning and infrastructure objectives to manage competing land use and transport demands over time. For example, competing interests across the State Government, local councils, Sydney Ports, SACL, and the RMS has hindered effective

congestion management in the precinct. In particular, efforts to secure cooperation over land use around the airport for road works have been slow and will require effective coordination and governance to balance the interests of all parties. [xlviii]

Implications of the second Sydney Airport on freight

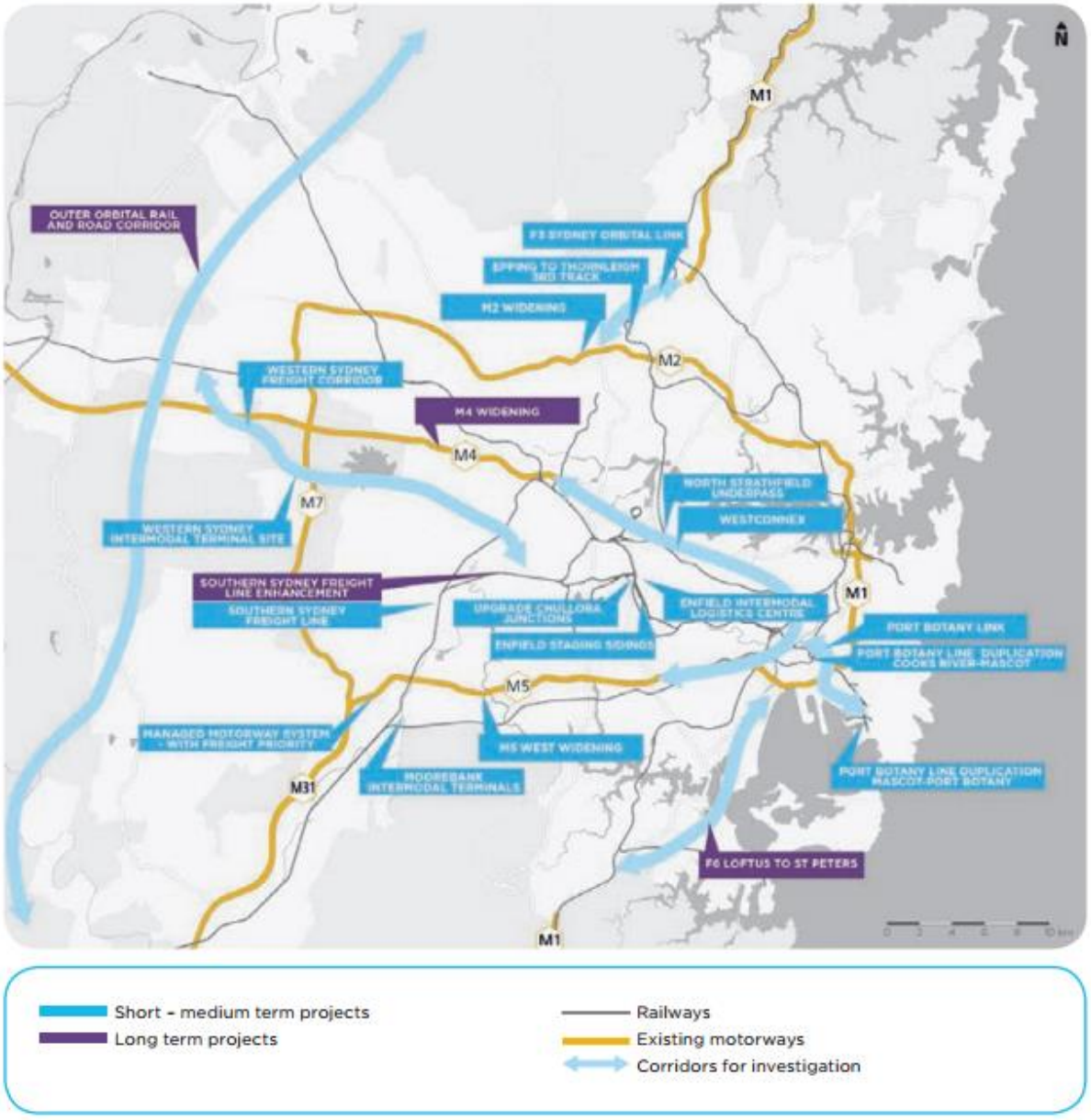
The NSW Freight and Ports Strategy was prepared prior to the announcement of a second Sydney airport at Badgerys Creek, but it does contain an action to work closely with the federal government on future airport planning to ensure alignment with landside infrastructure planning and development.

The federal government confirmed the site for an airport in western Sydney at Badgerys Creek in April 2014. An EIS is expected to be exhibited during 2015, with the airport potentially operational in the early 2020s. [xlix]

Recent studies have highlighted significant growth in air freight demand that will place Sydney Kingsford Smith Airport under pressure, with expectations that additional capacity may be required as early as the mid 2020s.[l]

There are potential benefits of a second Sydney airport in reducing congestion in the Port Botany/Sydney Airport precinct, and providing air freight capacity near a growing number of major freight logistics establishments and manufacturing in western Sydney.[li] This could shift a significant percentage of freight handling from the Port Botany/Sydney Airport precinct. However this is contingent on the strategy of a future airport operator, and provision of suitable road and rail infrastructure (eg: freight rail line and Westconnex and port links). In the long term this could then have a flow on effect to surrounding land uses, with potentially less pressure on land availability for port-related uses in the study area.

Figure 31 Forecast freight infrastructure projects in the Sydney metropolitan area



Source: NSW Freight and Ports Strategy (2013)

2013 – 2016 Regional Development Australia (RDA) Sydney Regional Plan

RDA Sydney is one of 55 Regional Development Australia (RDA) nationally, and is a partnership formed out of a Council of Australian Government (COAG) agreement between the Australian, State and Local Governments.

The Sydney Regional Plan is a three year plan that identifies the challenges for an economically, environmentally and socially sustainable Sydney, and provides priority solutions to address them, including key place-based solutions[lii].

The following is a summary of some of the key priorities for the Sydney Metropolitan Region as it applies to the proposed subregion identified in the plan:

- Jobs closer to home
- Creating a 40 year long-term vision for Sydney
- Adopting whole of government planning which encompasses utilities, roads, transport, health, employment and education
- Expanding and developing Sydney's capacity as a global city attracting investment and sustainable development
- Minimising congestion by creating new ways of working and living that can reduce our dependence on the motor vehicle

Local Government Plans

The Randwick City Plan (2013)

The Randwick City Plan is a long-term strategic plan that aims to manage environmental, social and economic change across the City over the next 20 year. First developed in 2006, this Plan is kept up-to-date by ongoing and close consultation with the community. The Plan reflects the community's aspirations and needs, and outlines the clear directions Randwick City Council will take to shape Randwick's future. The guiding principles in developing the Plan were the 'Principles for Sustainable Cities' and 'Principles of Social Justice'.

The Plan comprises six broad interrelated themes:

1. Responsible management
2. A sense of community
3. Places for people
4. A prospering city
5. Moving around, and
6. Looking after our environment.

Under each of the themes above, the Plan sets out specific outcomes, future directions as well as actions to achieve these outcomes.

Waverley Together 3 (2013)

Waverley's 12-year community strategic plan, Waverley Together 3, is the Council's third strategic plan since 2006 and reflects the Waverley community's long-term priorities and aspirations for the future, and forms the foundation for all Council operations and subsequent plans.

The strategic plan sets out the specific directions, strategies, targets and indicators necessary for achieving the following:

- Sustainable community
- Sustainable living
- Sustainable environment, and
- Sustainable governance.

Woollahra 2025 (2010)

Woollahra 2025 was adopted by Council in April 2010. The Strategic Plan was developed in consultation with the Woollahra community and presents a 15 year vision structured around five (5) broad interrelated themes, each of which is supported by a range of Goals and Strategies. The themes are:

- Community well being
- Quality places and spaces
- A healthy environment
- Local Prosperity
- Quality leadership and participation

Sustainable Sydney 2030 (2008)

Sustainable Sydney 2030 is the vision and strategic plan for the City of Sydney over the next 20 years. It was adopted by Council in June 2008.

The Strategic Vision highlights five big moves to transform the City:

1. A revitalised City Centre at the heart of Global Sydney - Lively, people-friendly centre for premium business, reconnected to the Harbour.
2. An integrated Inner Sydney transport network - New sustainable transport connecting Inner Sydney, the City Centre and the City's Villages, with congestion removed from the City Centre and Villages.
3. A liveable green network - Continuous green corridors integrated with liveable streets, providing dedicated pedestrian and cycle ways, and new ways to explore the City and its Villages.
4. Activity Hubs as a focus for the City's villages and transport - Sustainable places for communities in the City's distinctive villages to meet, catch transport, create, learn, work and shop.
5. Sustainable development renewal - Initiatives to re-make the City, including energy and water efficient infrastructure, affordable housing, high quality public space, design and access to essential transport choices.

The Sustainable Sydney 2030 City Strategy includes 10 strategic directions, objectives, actions and project ideas which aim to translate the Five Big Moves of the vision into reality.

Botany 'Vision 2040 – The City We Want' (yet to be finalised)

Botany Vision 2040 'The City We Want' is a 25 year plan in development that will shape the future of the City of Botany Bay. The Council undertook community workshops in November to December 2014 to help formulate the plan.

The Botany Bay Planning Strategy provides a framework for growth and development to 2031. It was developed to guide the preparation of Botany Bay Local Environmental Plan (LEP) 2013 which commenced on 21 June 2013.

Local Government Reform

Revitalising Local Government – Final report of the NSW Independent Local Government Review Panel – October 2013

In March 2012 the Minister for Local Government, the Hon Don Page MP, appointed the Independent Local Government Review Panel following a request from the then Local Government and Shires Association (now Local Government NSW). The panel, led by Professor Graham Samson, looked at options for local government structures, governance models and boundary changes.

The Panel completed its work in October 2013 and its final report and recommendations were exhibited for public comment in early 2014.

The final report notes *'the importance of maintaining Sydney as Australasia's premier 'global city'* and makes the observation that '*Australia's global city is still divided amongst forty-one councils, many of which lack the scale and resources to play an important role in metropolitan affairs. There is also a deepening divide between a privileged east and a struggling west. Gaps in coordination amongst State agencies have made matters worse*.'

The Panel concluded that the number of local councils in the Sydney basin should be significantly reduced, specifically the inner and eastern suburbs, the lower North Shore and around Parramatta and Liverpool. The Panel's objectives in relation to options for mergers in relation to strategic planning are to:

- Underpin Sydney's status as a global city; and
- Support implementation of the Metropolitan Strategy, especially the planning and development of major centres and the preparation and implementation of sub-regional Delivery Plans.

In relation to Metropolitan Sydney 'Reshaping metropolitan governance', the report notes that there needs to be much stronger coordination focused on metropolitan planning and major projects, with a clear locus of responsibility; full alignment of the State Plan and Metropolitan Strategy (including through sub-regional plans); and robust arrangements for a much closer working relationship with councils.

In relation to the City of Sydney, the Panel has recommended two options to be considered:

1. Relatively minor adjustments to the city's current boundaries to enhance the potential for improved urban management (eg at Newtown, Paddington and south into Botany) and to include regional facilities such as Centennial Park.
2. A greatly enlarged city that takes in the whole of the Eastern Suburbs and stretches south to the airport and Port Botany, thus incorporating nearly all the iconic locations and features that contribute to Sydney's global identity, as well as much of the supporting infrastructure.

The preferred option (in bold) presented in the report as it applies to the eastern suburbs councils, Botany Bay and the City of Sydney is as follows:

Table 8: Merger and Boundary Change Options for Sydney Metropolitan Councils

Council/s	Options (preferred option in bold)	Rationale
Botany Bay, Randwick, Sydney, Waverley, Woollahra	• **Amalgamate** or • Combine as strong Joint Organisation	• Projected 2031 population 669,400 • Close functional interaction and economic/social links between these councils • Need for high-level strategic capacity to promote and support Sydney's ongoing development as Australia's premier global city • Scope to bring together Sydney's international icons and key infrastructure under a single council, and to make better use of the strong rating base of these councils

Implications of the policy framework

- 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.
- Future housing growth to be focused in strategic centres, government (surplus) land, transport corridors and areas identified for urban renewal.
- Increase housing choice around centres through urban renewal in established areas
- 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
- Focus to strengthen western Sydney and make Parramatta, Sydney's second CBD
- Recommendation for local government reform to amalgamate Botany Bay, Randwick, Sydney, Waverley and Woollahra councils to form a single council area

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2.3 STRATEGIC PLANNING AND CAPACITY – SECTION 3 - ANALYSIS

Strategic planning in the study area

The following provides a discussion on strategic planning across the study area against key planning themes such as housing, transport, employment, and parks and recreation as they apply for each council area. It attempts to identify key commonalities and/or linkages amongst the group of councils subject to this report. A matrix has been developed (in the Appendix) which illustrates key aspects under each planning theme to help identify commonalities and linkages between each council area. The matrix is not intended to be a comprehensive audit of the attributes of each local government area; rather it aims to highlight key items/aspects under each planning theme. The outcomes of this review is to assist in identifying costs and benefits in relation to metropolitan planning associated with the seven merger options.

The following discussion draws on an independent report by SGS economics and planning (2013) commissioned by Randwick City Council titled *Eastern Sydney Local Government Review.* The review looked at potential options for structural change to local government including amalgamation options against a set of criteria, one of them being metropolitan planning. Another key study is on an economic profile of Randwick, Waverley and Woollahra local government areas (LGAs), conducted by SGS economics and planning in 2013.

The study area

The study area covers five local government areas (LGAs) including the City of Sydney, Botany Bay, Randwick City, Waverley and Woollahra. It is noted that Eastern Sydney is often identified as a sub-region for planning of the Sydney metropolitan area, by the NSW Department of Planning and Environment, and includes Botany Bay, Randwick, Waverley and Woollahra LGAs[liii].

The following provides a snapshot of each local government area in the study area.

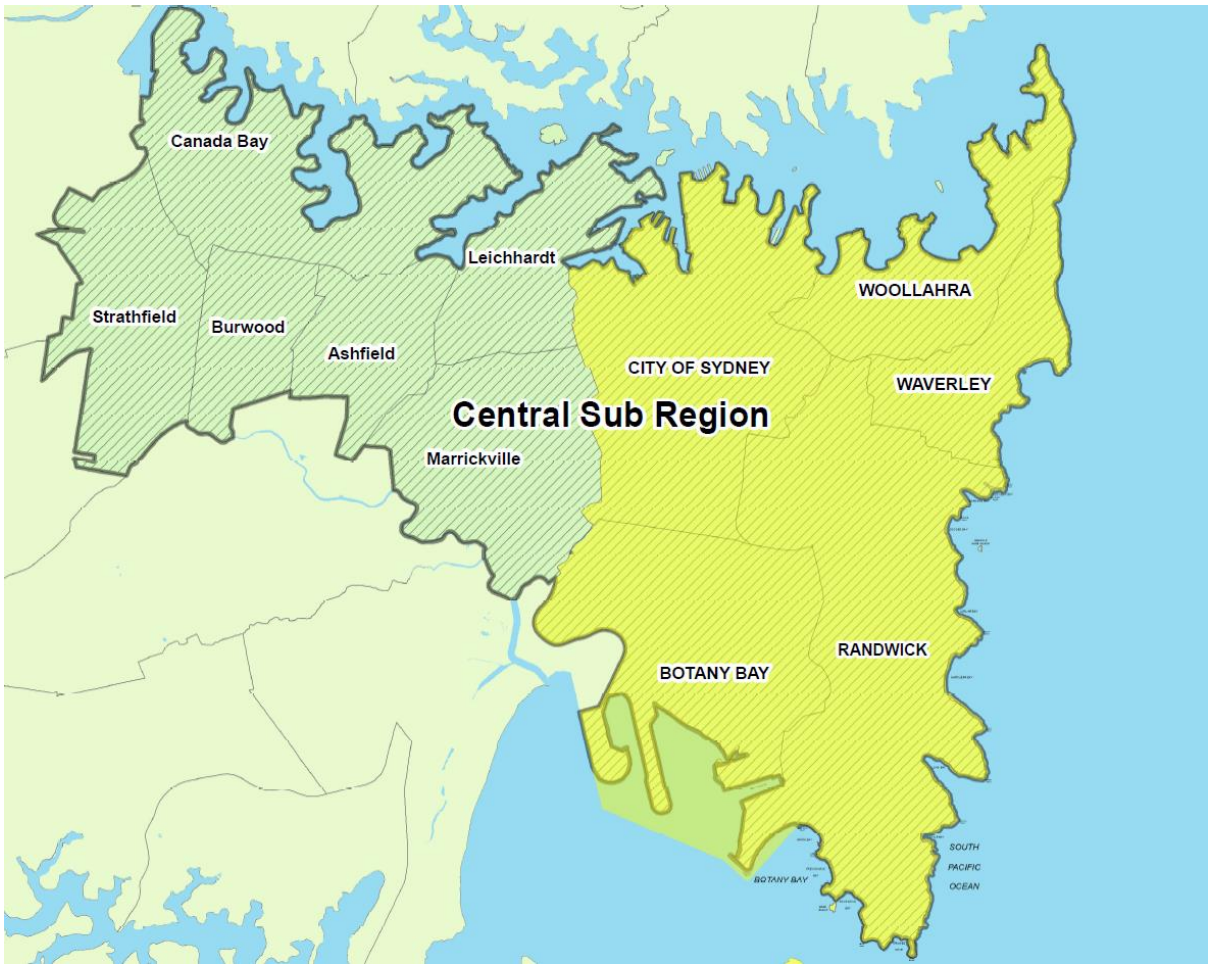
The City of Sydney covers an area of approximately 26.15 km². It is home to 182,500 residents and provides 390,000 jobs, and on an average day, including visitors and students, it is estimated that there are more than one million people in the City. The City of Sydney is a focal point for activities and services at the local, national and global level[liv]. Sydney's density is the highest of the group of councils with around 7,182 persons per km². In the City of Sydney, 94.7% of dwellings types were medium or high density[lv]. The City is experiencing significant growth with Green Square Urban Renewal and Barangaroo urban development on the CBD's western fringe.

Randwick is located in the south–east of the Eastern Sydney sub-region, covering over 37 km². Randwick City has extensive parklands, which includes Centennial Park, Heffron Park and the coastal environments of Botany Bay National Park, coastal parklands including nine coastal beaches and the Royal Randwick Racecourse. Randwick City's housing stock is diverse with higher density housing forms to the north, and low density housing forms to the south. Also to the south are the industrial lands and Port Botany. In addition to industrial land in the south, Randwick City has employment based institutions such as the University of New South Wales, Randwick TAFE and Randwick Hospitals (including Prince of Wales Hospital)[lvi].

The Botany Bay LGA is approximately 21.67 km² and is bordered by the LGAs of City of Sydney to the north, Randwick to the east and Marrickville and Rockdale to the west. The LGA contains Sydney Airport and Port Botany. Key transport corridors including the freight line and Southern Cross Drive (part of the Western Sydney Orbital freeway system) divide the LGA. The Airport, Port, industrial areas and Botany Wetlands occupy over 50 per cent of the LGA[lvii].

Woollahra covers an area of 12.3 km² and is located on Sydney Harbour's southern shore. It has some of the highest real estate values in Australia. Woollahra has 16 km of Sydney Harbour foreshore providing attractions such as city views, beaches and bays; as well as 100 hectares of parkland and coastal headlands around South Head.

Waverley is the smallest of the group of councils with an area of approximately 9 km². Bondi Junction acts as the major commercial and retail centre, providing regional services, large numbers of employment opportunities and a transit interchange. Bondi Beach offers a tourist attraction all year round and in summer, overseas and local visitors flock to Bondi, Tamarama and Bronte. Most of the area is residential in character with a high diversity of housing types.



Subject local government areas in the subregional context

Economic activity and employment

Economic activity

The group of LGAs in the study area adjoins and forms part of the southern part of the Global Economic Corridor however each LGA has a unique economic specialisation. The City of Sydney Council is the clear leader in terms of gross regional product (GRP) output[11], producing an estimated $101.87 billion, the largest industry (in terms of employment) being the financial and insurance services industry.

Following from the City of Sydney Council, Botany Bay Council generated $9.5 billion GRP, the most productive (or value add[12]) industry being from the Transport, Postal and Warehousing industry generating $3,714 million in 2013/14. The Transport, Postal and Warehousing industry is also the largest industry in terms of employment, which is reflective of the role of the Airport and Port precinct in the receiving and moving of goods in the LGA.

Randwick City Council's GRP was estimated at $7.77 billion, the most productive industry was in education and training, generating an estimated $1,123 million in 2013/14; followed closely by health care and social assistance, generating an estimated $1,007 million in 2013/14. The health care and social assistance industry is also Randwick City's largest employer, generating 11,605 local jobs in 2013/14[lviii] but only marginally. The education and training industry follows closely behind, generating 11,504 local jobs in 2013/14. [13]

Waverley's gross regional product was $4.04 billion; the largest industry (in terms of employment) being from retail and trade, is reflective of the significant role Westfield Bondi Junction and associated retail has in the region and as a tourist destination. However, the most productive industry is from the construction industry generating $344 million in 2013/14.

Woollahra Council's gross regional product was $3.94 billion; the largest industry in terms of employment is the education and training industry. However, the most productive industry is in rental, hiring and real estate services, generating $358 million in 2013/14.

In relation to Randwick City, the Long Term Transport Master Plan notes that Randwick is expected to experience 50 percent growth in industry output between 2011 and 2031, reflecting the substantial increase in jobs forecast for the area. The main driver for this growth is the Randwick Education and Health Strategic Centre, centred on the University of NSW and the Randwick Hospitals campus.

The research SGS (2013) undertook into the economic profile of the eastern suburbs councils of Randwick, Waverly and Woollahra found that the education and health care industries have high

[11] as of 30 June 2014.The Gross Regional Product of an area is the equivalent of Gross Domestic Product, but for a smaller area. It is the amount of the nation's wealth which is generated by businesses, organisations and individuals working in the area. Source: NEIR 2014 & http://economy.id.com.au/

[12] Value added by industry is an indicator of business productivity in a Council area. It shows how productive each industry sector is at increasing the value of its inputs. It is a more refined measure of the productivity of an industry sector than output (total gross revenue), as some industries have high levels of output but require large amounts of input expenditure to achieve that. Source: NEIR 2014 & http://economy.id.com.au/

[13] Source: National Institute of Economic and Industry Research (NIEIR)

employment, high growth and high specialisation within the Eastern Suburbs. Health care and education are the two major industries of employment within the Eastern Suburbs, accounting for 34 percent of total jobs[lix].

Employment distribution

The following map illustrates the distribution of employment, key strategic centres and linkages within the region being the City of Sydney, Randwick, Woollahra, Waverley and Botany Councils.

The region's major strategic and economic assets and hence employment include the transport gateways of Sydney Airport and Port Botany, the Central Business District, the Randwick Hospitals Complex, the education facilities of the University of New South Wales and Randwick TAFE, and Bondi Junction. The Royal Randwick Racecourse and Moore Park Precinct are also located in the region.

The largest commercial and retail centres in the region include the Central Business District, Bondi Junction, Eastgardens and to a lesser extent Double Bay, Randwick Junction/The Spot and Maroubra Junction town centres. The Green Square town centre as part of the Green Square urban renewal area will be a key commercial and retail precinct for Green Square and surrounds.

These areas are key drivers of employment containment for regional, subregional and metropolitan services.

Key north -south linkages exist along the transport corridors of Anzac Parade, Bunnerong Road and the eastern distributor, linking the CBD to the transport gateways through the Southern Sydney employment lands. Avoca Street is a key north-south transport corridor linking Randwick and Waverley Councils. Important East – West linkages exist from Botany to Randwick including Fitzgerald Avenue and Gardeners Road; and Woollahra to the CBD from New South Head Road and Old South Head Road.

Key Employment Areas and Centres

Randwick Education and Health Strategic Centre

The Randwick Education and Health strategic centre is a major employment hub in the north of the Randwick LGA. The centre is identified as a strategic centre in the NSW Government's 'A Plan for Growing Sydney' and is characterised by a concentration of education and health-related institutions, businesses and research presence including the University of NSW and Prince of Wales Hospital, Royal Hospital for Women and the Children's Hospital, Neuroscience Research Australia and the Lowy Cancer Centre.

The centre is Randwick City's largest employment area and in 2011 accounted for around 35 percent of jobs within Randwick City[lx]. Employment growth is expected to continue, especially in the health fields as demands rise with an ageing population and with advances in health research and treatment. Growth in the Centre is estimated at an additional 4,000 to 6,000 jobs by 2031[lxi].

The SGS (2013) report into the economic profile of the Eastern Suburbs noted that the Randwick Education and Health precinct is an example of a current cluster of health and education related

businesses and institutions within the Eastern Suburbs and this provides a platform for further growth of businesses and hence jobs within this industry sector[lxii]. Advantages of clustering and colocation mean that Randwick continues to become more attractive as a location for health-related businesses[lxiii]. Strategic planning is important for identifying the key elements needed to support an industry cluster. In recognition of the importance for future planning of the centre, Randwick City Council prepared (in 2011) a precinct plan with input and feedback from key stakeholders in the Centre, state government agencies, and the community. The precinct plan provides strategic directions and detailed actions for the future growth of the Centre.

Royal Randwick Racecourse

Royal Randwick Racecourse managed by the Australian Turf Club, is home to some of the state's most important horse racing events with over 400,000 race visitors per year. It increasingly hosts other feature events, as well as housing the country's largest training centre with 550 horses stabled on site. It directly employs over 2000 full-time and casual staff.

Royal Randwick has recently undergone a $150 million redevelopment of a new six-level grandstand and associated spectator and event facilities[lxiv] . In addition to the redevelopment, a 170 room 4 star apartment hotel has also been approved on site and is due for completion in 2019. The Racecourse also adjoins the Randwick Education and Health Strategic Centre and is part of the precinct plan for the area. Further discussion on the Racecourse's role as a major visitor attraction is discussed within the Parks and Recreation sections of this report further below.

Bondi Junction

Bondi Junction is the major retail and commercial centre in the Eastern Suburbs providing regional services, large numbers of employment opportunities and a transit interchange[lxv]. It is identified as a strategic centre in the NSW Government's 'A Plan for Growing Sydney'. The centre has more than 90,000 square metres of office space[lxvi], a large range of retail and medical uses as well as medium to high density residential living[lxvii]. Bondi Junction also capitalises on the high volume of visitors passing between CBD and Bondi Beach (over 2 million visitors per year)[lxviii].

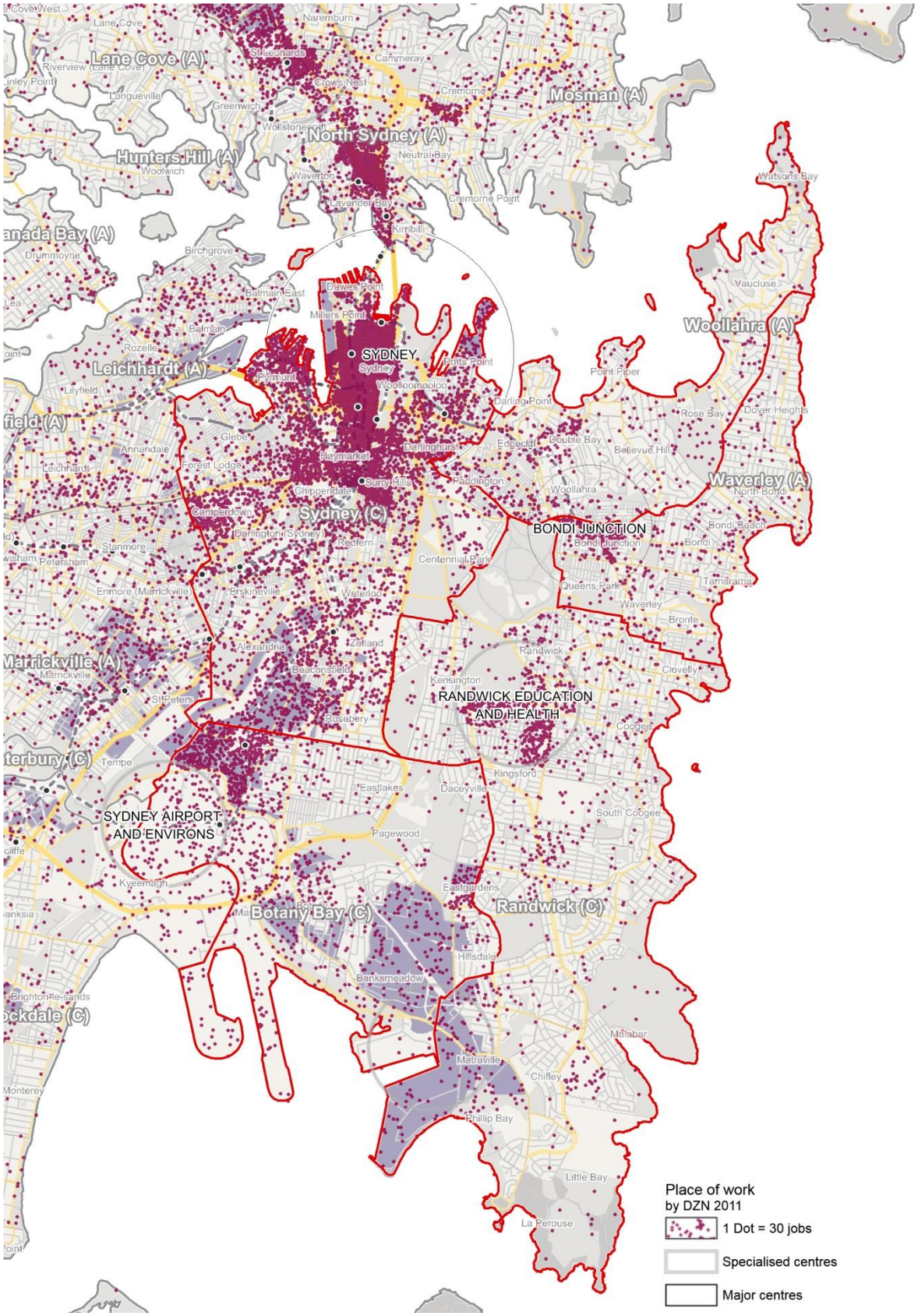


Figure 3.1 *Employment distribution* Source*: SGS 2015 Place of Work*

Port Botany Precinct

Port Botany and Environs comprises the Port facilities and the adjoining industrial lands in both Randwick and Botany LGA. Over half of the Botany Bay LGA land area is made up of industrial and commercial land uses, much of which plays an important role in supporting Port Botany and Sydney Airport and therefore the wider Sydney and NSW economy[lxix]. The precinct is serviced by a network of State roads linking the industrial lands to other parts of Sydney (including the CBD), which facilitates the transport of goods to and from the Port. The adjoining industrial lands also provide a location for local light and freight and logistics industries[lxx].

The economic zone of the Port and the surrounding industrial activities to its north is split between the Councils of Randwick and Botany Bay (see figure 3.2). The SGS report (2013) on the Eastern Suburbs Local Government Review noted that this split between the two councils is hampering effective planning as an integrated area. The report goes on to say 'the prospects for coordinating land and port side activities would be enhanced if the port and landside industrial activities were in a single council area.'[lxxi] A previous NSW Government Commission of Inquiry into local government boundaries in 2001 noted a desire by the then Port operator to be situated within a single local government area, with a preference for Randwick City. A recommendation of the Inquiry was that "the boundaries between Randwick and Botany Bay councils should be adjusted such that all of Port Botany would be within Randwick City Council."[lxxii]

The SGS review recommended that 'It makes strategic and administrative sense to enhance planning and coordination in this nationally significant economic zone to revise local government boundaries'[lxxiii].

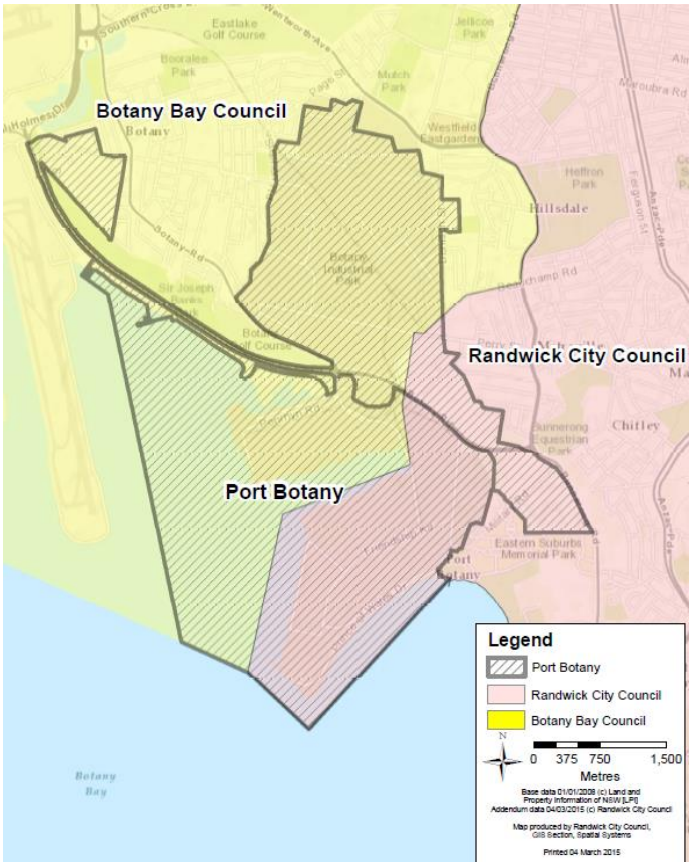


Figure 3.2: *Port Botany Precinct Local Government Boundary Overlay*

Sydney Airport Precinct

Sydney Airport is one of Australia's single most important pieces of infrastructure and is a major generator of jobs and economic growth. It is identified as a Transport Gateway in the NSW Government's 'A Plan for Growing Sydney' in recognition of the airports significant concentrations of jobs and the role it plays as connecting Sydney with locations across Australia and the world[lxxiv].
A recent study by Deloitte Access Economics found that the airport generates or facilitates direct and indirect employment of 283,700 jobs (equivalent to 8% of NSW employment), including 160,000 direct jobs (28,000 directly on airport land)[lxxv].

The airport has an approximate total site area of 907 hectares and similar to the Ports Precinct, the Sydney Airport Precinct is situated across three LGAs including Rockdale, Marrickville and Botany Bay (see figure below figure 3.3). The Sydney Airport Master Plan 2033 was approved in February 2014 and outlines the strategic direction for the airport's development over the next 20 years.

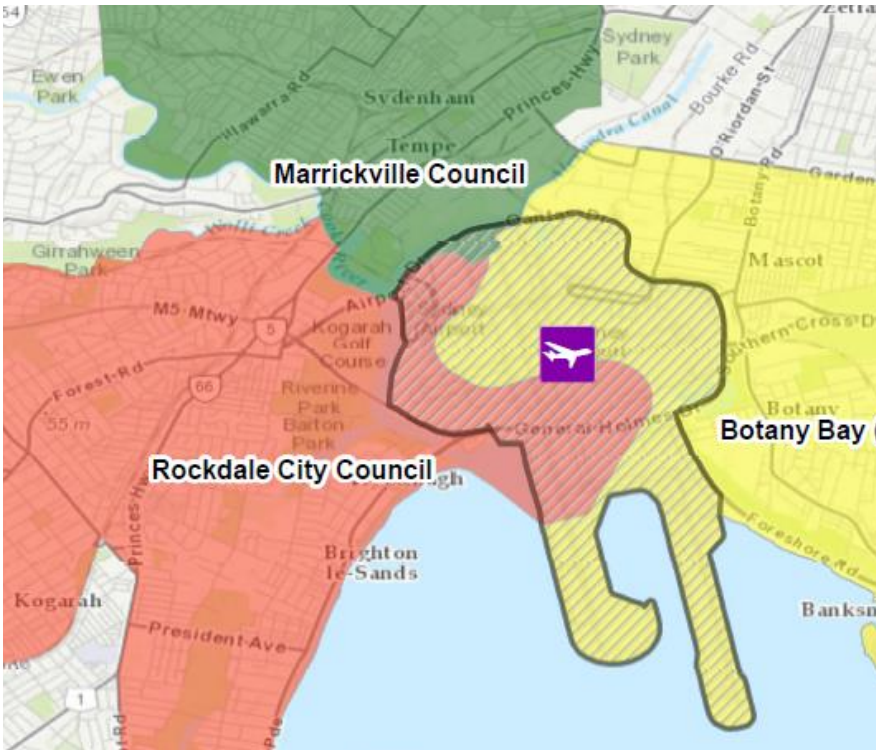


Figure 3.3: *Sydney Airport Local Government Boundary Overlay*

The master plan notes the need to improve east-west public transport access for commuters and exploring opportunities to strengthen the movements between subregions and bordering growth centres, such as Green Square. Green Square contains significant transport infrastructure that links Sydney's CBD and western Sydney with the airport but is currently underutilised[lxxvi]. The master plan also notes the importance of the Mascot industrial area (located north east of the airport), which should be retained for industrial purposes.[lxxvii]

Southern Sydney Employment Corridor

The Southern Sydney employment lands are located just three kilometres south of Sydney CBD and are located between two major planned centres, being Green Square Town Centre to the north and Mascot Station Precinct to the south, and contains the major transport corridor between Sydney CBD and the Sydney Airport and Port Botany (see Figure 3.4). It contains in the order of 300,000 jobs across a range of high value sectors including finance, insurance, business and technical services, education, technology, media, retail, arts, entertainment and tourism services[lxxviii]. The area is shared by City of Sydney and Botany Bay Councils along with Marrickville and Rockdale Councils[lxxix].

The SGS (2013) report into the Eastern Sydney Local Government Review noted the changing economic geography of this region, which is increasing in complexity and economic value. Greater high density development and ongoing gentrification are underpinning the transformation of this South Sydney area resulting in an increasing take-up of traditional industrial space by non-traditional industrial occupiers[lxxx]. There is a trend for greater white collar activities or professional services to co-locate in this area along with a mix of transport, manufacturing, retailing, warehousing and variety of service sector activities (as well as new residential development). It is expected that traditional industrial uses in this area such as manufacturing and warehousing are expected to decline while professional service sectors such as financial and insurance services and professional, scientific and technical services are expected to see continued and rapid growth[lxxxi].

Given the precinct's proximity to the CBD, Sydney Airport, Port Botany and important road corridors which underline the ongoing strategic importance of South Sydney as an industrial hub[lxxxii], the City of Sydney Council adopted (June 2014) an employment lands strategy which covers the Southern Sydney employment lands corridor. The strategy recognises the importance in retention of significant strategic industrial lands to accommodate future employment and economic growth.

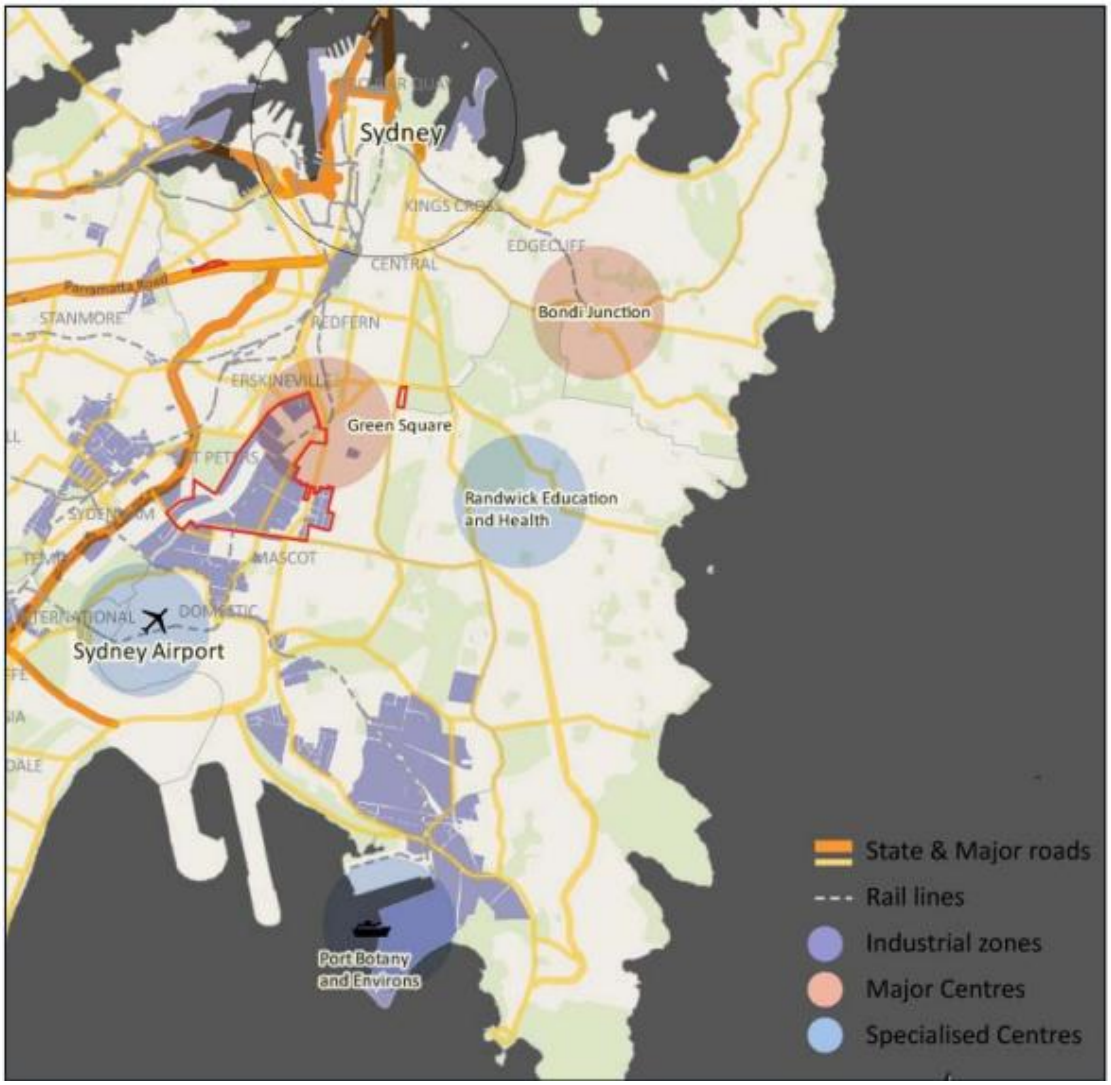


Figure 3.4 *Southern Employment lands in context* Source: *City of Sydney Employment Lands Strategy (2014)*

Green Square

The Green Square Urban Renewal Area encompasses one of Central Sydney's most significant urban renewal projects and is an identified strategic centre in the NSW Government's (2014) 'A Plan for Growing Sydney'. The development area is 278 hectares and includes the suburbs of Beaconsfield and Zetland and parts of Rosebery, Alexandria and Waterloo. 10,000 apartments are due for completion over the next 4 years and a new town centre (to be built next to the Green Square train station) is to consist of 90,000m2 of commercial and retail area. The town centre will be a commercial, retail and cultural hub for the Green Square area and will feature a new aquatic centre, library, child care centre and a new park.

Sydney Central Business District & Barangaroo

Barangaroo is a major renewal project comprising a 22 hectare precinct divided into three project areas: Barangaroo Point, Central Barangaroo and Barangaroo South. The commercial core of Barangaroo 'Barangaroo South' is located on the southern portion of the site and will be a major

new extension of the Sydney CBD providing premium grade office floor space to accommodate international banks, financial and professional services[lxxxiii]. The Barangaroo South development is expected to accommodate approximately half of the forecast 30,000 new jobs in the Northern CBD in the next 10 years[lxxxiv].

Summary of key employment areas and centres applicable to the study area

Key employment centre	Key facts
Green Square	Since 2000, approximately 11,000 new residents have settled in the area; by 2030 there will be capacity to accommodate about 53,000 residents and 22,000 new workers[lxxxv].
Global Sydney: *Central Business District (CBD)* *Barangaroo*	CBD: Around 330,000 jobs (14 percent of all Sydney jobs) are located in the CBD. This is forecast to increase to 417,000 in 2031, a 27 percent increase. About 50 percent of this growth will occur in the northern part of the CBD[lxxxvi]. Barangaroo: Forecasts indicate that some 23,000 people will live or work in Barangaroo and another 33,000 people will visit the precinct every day[lxxxvii].
Southern Sydney Employment Corridor	The Southern Sydney employment lands located just three kilometres south of Sydney CBD, contains in the order of 300,000 jobs across a range of high value sectors including finance, insurance, business and technical services, education, technology, media, retail, arts, entertainment and tourism services[lxxxviii].
Sydney Airport Precinct	Sydney Airport handles around 37 million domestic and international passengers per annum. It projects that by 2033 the airport will accommodate about 74 million passengers and 1,011,000 tonnes of air freight[lxxxix]. Sydney Airport directly and indirectly generates 283,700 jobs, including 160,000 direct jobs. This is forecasted to increase to 400,000 by 2033[xc].
Randwick Education and Health Strategic Centre	In 2011, the centre recorded 14,371 employed persons. This is forecasted to increase to 18,953 persons by 2031[xci].
Royal Randwick Racecourse	Employs over 2000 full-time and casual staff [xcii]
Port Botany Precinct	Port Botany is Australia's second largest port in terms of freight volumes (behind Melbourne) with about 1.3 million Twenty-foot Equivalent Units (TEUs), expected to grow to around six million by 2031[xciii].
Bondi Junction Strategic Centre	Bondi Junction is a major retail and commercial centre providing regional services and employment for the Eastern Suburbs. Westfield shopping centre caters for 58,000 people a day[xciv]. In 2011, there were approximately more than 12,000 persons employed in the centre. This number is forecasted to increase to around 15,190 persons employed in the centre[xcv].

Key commonalities and/or findings for Economic Activity and Employment

- All councils form part of or adjoins the southern global economic corridor and represent diverse economic specialisations
- City of Sydney GRP output significantly outweighs all other council areas with regards to GRP
- Waverley's key industry in terms of employment is in Retail and Trade, reflective of the significance Westfield Bondi Junction and associated retail has in the area
- City of Sydney and Botany Bay Councils share the Southern Sydney employment lands corridor
- Randwick and Botany councils share the economic zone of the Port and surrounding industrial activities
- Sydney Airport precinct is situated across three LGAs including Botany, Rockdale and Marrickville councils

Transport and Access

Corridors and urban structure

Accessibility within the eastern subregion of Randwick, Waverley, Botany Bay and Woollahra is relatively high, combining a hierarchy of major transport corridors linking key destinations, and a finer grain network of collector roads and local streets supporting local centres and multiple modes of travel. Major transport demand corridors traverse the subregion, including the north-south Anzac Parade, Botany Road and Eastern distributor corridors, a corridor between Randwick and Bondi Junction, and the east-west corridor of Oxford Street.

Travel patterns

Compared to the greater Sydney average, residents within the study area make a higher number of trips per day, and travel a shorter distance. The table below shows a comparison of trips per person in each council area, for all modes of travel and all purposes.[xcvi] This is likely to reflect a predominance of travel within the eastern subregion and central Sydney, and a high degree of accessibility to work, services, schools, recreation and social activities within the study area.

	Trips per weekday	**Trips per weekend**	**Total distance per day (km)**	**Average trip length (km)**
City of Sydney	4.3	4.1	17.6	4.1
Woollahra	4.5	4.6	20.4	4.5
Waverley	4.9	4.3	20.9	4.3
Randwick	4.0	4.0	21.3	5.4
Botany Bay	3.4	4.1	23.8	6.9
Sydney average	*3.7*	*3.2*	*31.9*	*8.7*

Source: Household Travel Survey2012/13

Public transport

Trains, buses and ferries service the north of the subregion while buses are the main public transport mode for the southern part of the sub-region [xcvii]. Edgecliff and Bondi Junction are serviced by rail connecting the Sydney CBD and the rest of the Eastern Suburbs is serviced by an extensive bus network as the main mode of public transport. The City of Sydney's strategic transport strategy *Connecting our City* (2012) identified serious limitations within the current networks, particularly within the CBD, with both Wynyard and Town Hall train stations unable to accommodate projected jobs growth[xcviii]. Randwick's Citywide Transport Study also identified growing demand and a critical need for rail-based public transport to key destinations within the LGA.

The CBD and South East light rail, soon to commence construction, will link the south eastern parts of the area, including the Randwick Hospitals Complex and UNSW, to Central station and Sydney CBD. The light rail service will commence in conjunction with a re-designed south-eastern bus network linking to the CBD and cross-regional destinations such as Leichhardt, Sydney University, Burwood, Hurstville and Bondi Junction. This reflects the NSW government strategy for a more networked and connected city, and the increasing demand for east-west connections and cross-regional routes serving the study area.

Walking and cycling

A network of cycle paths including regional and local networks as well as recreational routes cover the majority of the subregion, with a more dense network of routes and cycle friendly streets in the CBD and inner city. A notable exception is the cluster of industrial sites and the Airport and Port Botany precinct in the south of the study area. All Councils have cycle strategies in place, with the exception of Botany Bay whose strategy is currently being prepared. These strategies coordinate routes across LGA boundaries and identify key linkages, as indicated on the map. Randwick and the City of Sydney have dedicated learners' cycle parks in Heffron Park and Sydney Park respectively.

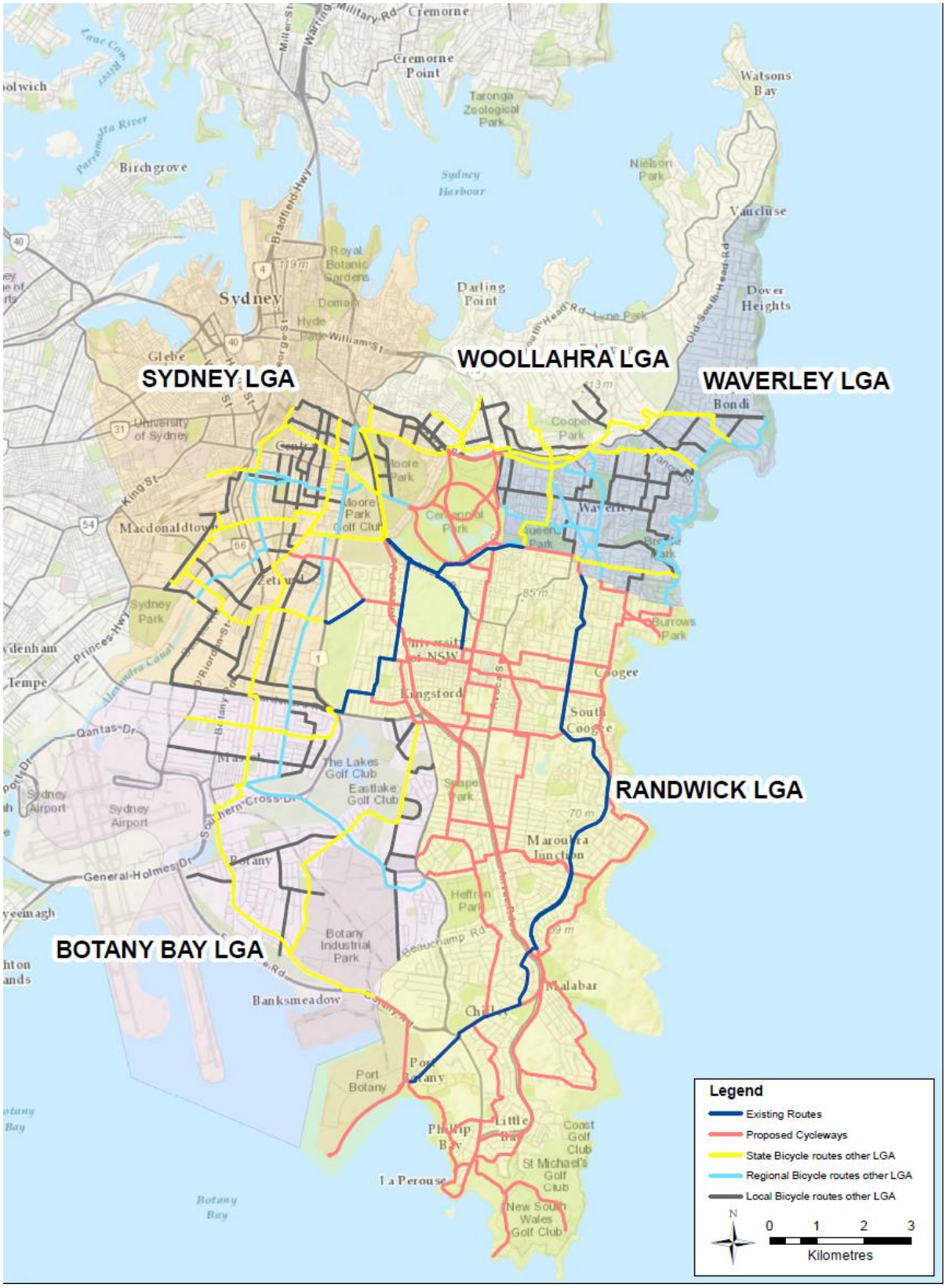


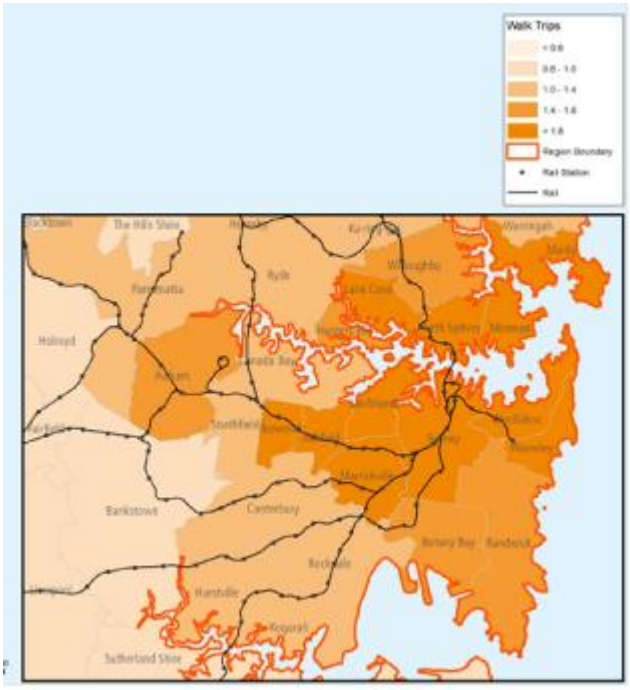
Figure 3.4 *Map of cycle routes in the region*

Across the study area the most common reason for choosing to cycle is for social and recreational purposes[xcix], consistent with the wider Sydney population, with average trip length of 5km. Notably, however, cycling for commuting purposes is increasing, and in particular for people living close to

their destination. Within the City of Sydney cycling for transport purposes is almost triple the state average, with trips for recreation and transport almost equally shared[c]. City of Sydney cycle counts to and within the CBD indicate an overall 132% increase in commuter cycling between 2010 and 2014, with average daily trips exceeding 60,000. The Anzac Parade corridor has seen a 109% increase over the same period.

Walking in the study area shows the highest number of walking trips per person per day in the City of Sydney with 3.4 trips, falling to 2.3 and 2.2 in Woollahra and Waverley respectively, and down to 1.7 and 1.6 trips per day in Randwick and Botany Bay.[ci]

This is likely to be a reflection of the relative densities in each council area, the permeability of the local road network, and the range of distances between residential areas and local centres, employment destinations and recreational activities. The less permeable and more suburban structure of the southern parts of the study area in Botany Bay and the south of Randwick City creates greater separation between residences and destinations.



(Source: BTS: Active Transport in Sydney – Walking 2013)

For commuting purposes, the strategic centres of Sydney CBD, Bondi Junction and Randwick Education and Health precinct all enjoy a relatively high proportion of people walking to work at 6%, 9% and 14% respectively. In Port Botany and Sydney Airport, this mode share falls to 2%.[cii].

Walking for recreational purposes is supported by key regional open space assets, including Centennial Parklands, beaches, coastal reserves and National Parks in Botany Bay and the Sydney Harbour foreshore. A regionally recreational walking path will ultimately provide a continuous coastal walkway extending from north Bondi to Botany Bay.

Freight

In the southern part of the region freight movements make up a small but significant proportion of trips by road and rail. The South Sydney Area with its mix of activities is creating some significant transport challenges. Notwithstanding the aims to increase the share of port freight being distributed by rail from the port, and to increase public transport mode share for jobs, road transport of all types is still dominant (and set to increase).

Employment containment

The employment containment rate refers to the proportion of employed residents living and working in the area. The following table of journey to work data in the region demonstrates the high proportion of residents who live and work in the region. Overall employment containment is similar for each LGA, with the eastern suburbs council areas showing similar distributions of residents employed within their own LGA or elsewhere within the study area.

	Live and work in same LGA	**Work in rest of study area**	**Total containment**
City of Sydney	59.7%	8.6%	68.3%
Woollahra	20.5%	55.1%	75.6%
Waverley	20.1%	52%	72.1%
Randwick	24.9%	47.2%	72.1%
Botany Bay	23.4%	46.5%	69.9%

Employment within the Eastern Suburbs of Waverley, Woollahra and Randwick LGAs is concentrated within the major employment centres of Bondi Junction and the Randwick Education and Health Precinct. These two centres have a high concentration of retail, health and education employment and this is reflected by high levels of self-containment within these industries[ciii]. The SGS economic profile noted that 'a high proportion of people who work in the Randwick Health and Education precinct live in Randwick or the adjacent suburbs. A high proportion of residents also travel from the suburbs around Maroubra and the south of the Eastern Suburbs to work in this precinct[civ].

Key commonalities and/or findings for Transport and Access

- Overall high level of accessibility within the study area
- The major employment centres within the Eastern Suburbs are Bondi Junction and the Randwick Education and Health Strategic Centre
- Within the study area there is a high proportion of short trips, with local/subregional containment of employment and other trip generators within a single or neighbouring council area
- High proportion of sustainable and active travel modes across the study area, with a decreasing trend from north to south, and with distance from Sydney CBD
- Randwick Education and Health Centre enjoys the highest proportion of people walking to work
- Increasing trend in cycling for transport and commuting purposes over short distances
- Increase in east-west and cross-regional travel in and out of the study area
- Airport/port congestion and conflict between travel demands – people vs freight

- Light rail and strategic bus corridors – future bus changes and new south eastern bus network

Housing & Liveability

The eastern subregion of Randwick, Waverley, Botany Bay and Woollahra is host to approximately 304,322 people and 137,200 dwellings. The population projection for this region is forecasted to grow to 379,750 people by 2031[14]. City of Sydney Council area is host to approximately 183,494 people and 102,250 dwellings. The population projection for Sydney City is forecasted to grow to 290,500 people by 2031.

Dwelling targets for each LGA (to accommodate the forecasted population growth) are to be set down by the new metropolitan plan 'A Plan for Growing Sydney', central subregion delivery plan which are yet to be finalised.

The following map illustrates the dominant dwelling types across the group of LGAs. It demonstrates the diversity in housing stock across the study area with higher density housing to the north of the area in and around town centres and major transport hubs such as the CBD, Kings Cross to Potts Point, Bondi Junction and North Randwick. In fact, 94.7% of the dwellings were medium or high density[15] in the City of Sydney. Waverley also has a high share (80.7%) of dwellings that were medium or high density, followed by Woollahra (76.9%), Randwick City (70.2%) and Botany Bay (60.7%).

[14] Source: Profile.id

[15] 'Medium density' includes all semi-detached, row, terrace, townhouses and villa units, plus flats and apartments in blocks of 1 or 2 storeys, and flats attached to houses. 'High density' includes flats and apartments in 3 storey and larger blocks. For comparison,40% of dwellings were medium or high density in Greater Sydney. Source: ABS Census of Population and Housing 2011

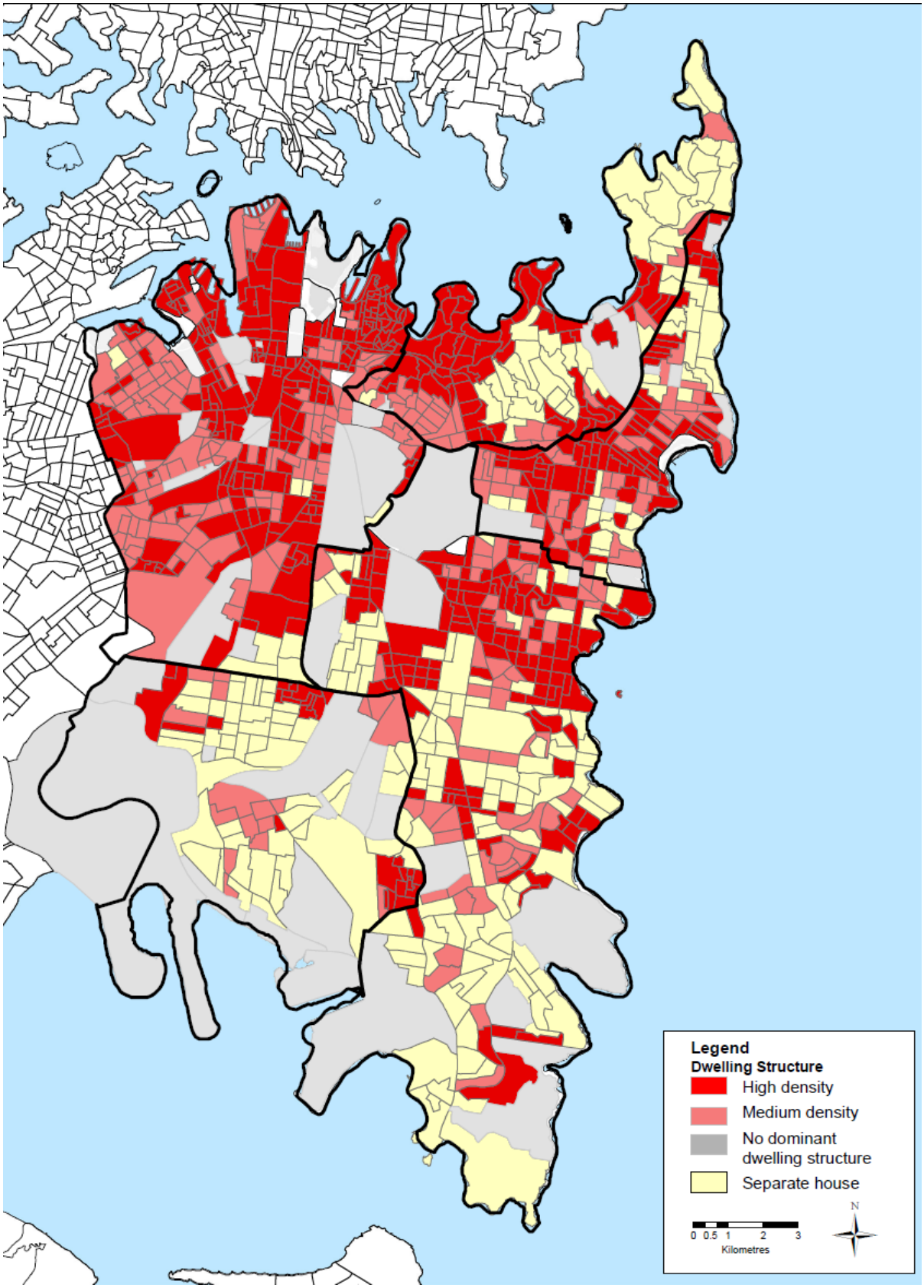
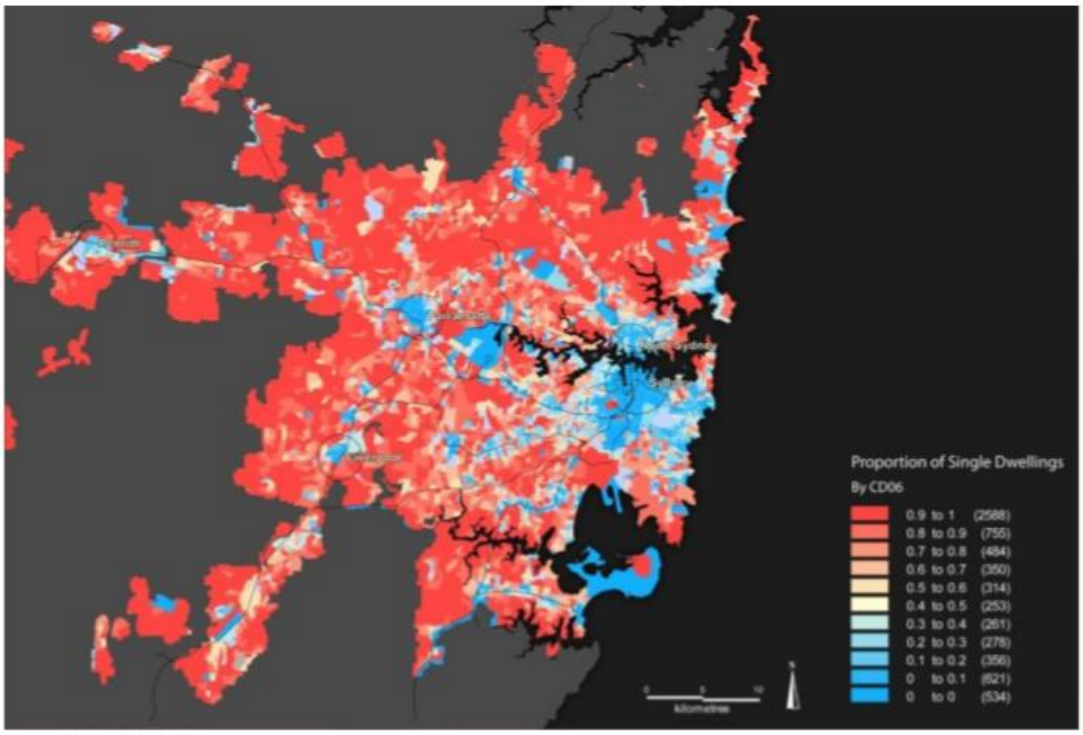


Figure 3.5 *Dwelling Structure* Source: *ABS Census 2011 Population and Housing*

Parts of Randwick and Botany Bay LGAs in particular contain relatively low density suburbs. Figure 3.6 shows the proportion of single dwellings in Metropolitan Sydney with a relatively high share in South Randwick and Botany Bay[cv]. Botany Bay Council contains the highest proportion of public housing stock approximately 11% of total housing stock or 1,667[16] is social housing. Followed by Randwick City, approximately 7.4% of the total housing stock or 3,800 social housing stock mostly in the south Randwick area; Waverley 467 social housing dwellings or 1.7% of the total housing stock; and Woollahra 77 social housing dwellings or 0.32% of the total housing stock.

FIGURE 16. PROPORTION OF SINGLE DWELLINGS IN METROPOLITAN SYDNEY



Source: SGS based on ABS Census

Figure 3.6 *Proportion of Single Dwellings in Metropolitan Sydney* Source: *SGS (2013) Eastern Sydney Local Government Review*

Housing supply

As noted in section 2 of this report (under the state and local planning framework) the government's focus for future housing supply is to be targeted in strategic centres, transport corridors, (surplus) government land and areas identified for urban renewal. The City of Sydney has several key residential projects underway including Green Square, Central Park, Harold Park, Barangaroo and Victoria Park which are providing a significant proportion of housing supply.

The following table provides a summary of residential development activity across the LGAs for the financial year of 2013/2014. The data has been obtained from the Department of Planning and Environment Metropolitan Development Program.

[16] Source: HousingNSW September 2014.

Residential activity (2013/14)	City of Sydney	Botany Bay	Waverley	Randwick	Woollahra
New dwellings approved	2470	2041	670	493	359
% Dwellings approved that are multi-unit	95%	98%	88%	72%	15%
Net dwellings completed	2578	710	61	544	9
% Net dwellings completed that are multi-unit	98%	97%	97%	98%	11%

Source: Metropolitan Development Program – Department of Planning and Environment

The largest growth in terms of dwellings completed within the group of councils is the City of Sydney and Botany Bay Councils, which has the unique advantage of having a number of major urban renewal sites for large-scale brownfield and transit oriented development. The Mascot Station Town Centre Precinct Masterplan was completed in April 2012 and the precinct is the focus for increased population growth in the City of Botany Bay[cvi].

The overwhelming majority of the newly completed dwellings are in multi-unit form for City of Sydney, Randwick, Botany Bay and Waverley councils. It is expected that medium to high density residential development would be the primary form of new housing supply in the future.

The SGS (2013) report into the Eastern Suburbs local government review noted that while Eastern Sydney (Randwick, Waverley and Woollahra) do not have the industrial and commercial areas that might turnover in the same way as the City of Sydney or Botany Councils, the underlying fundamentals of development (land values and price points) support continued change in Eastern Sydney and pressure for higher density residential development is likely to intensify[cvii]. Access to a significant share of Sydney's employment and high amenity values (proximity to the beach, services and shops) underpins these high land values[cviii].

Supply of affordable housing

Delivery of not only enough housing but the right type of housing including affordable housing is essential to meet Sydney's growing population. Population growth will drive demand for additional housing, and particularly affordable housing close to employment areas[cix]. The City of Sydney, Randwick and Waverley Councils have identified the need for affordable housing to be provided in their community. These councils have developed specific affordable housing policies and strategies to facilitate the retention and supply of affordable housing in their communities. Without provision of more affordable forms of housing, the market can be expected to continue to produce more

expensive housing in the area, so that housing will only be affordable to households on relatively high incomes. Lower income households would need to move out of the area or may be prevented from finding housing in the area close to new employment opportunities[cx].

Key Commonalities and/or findings for Housing

- The City of Sydney contains a significant share of higher density housing when compared to the rest of the council areas, along with Waverley, parts of Woollahra (specifically Edgecliff) and Randwick to the north
- A high share of single dwelling housing stock is found to the south of Randwick and parts of Botany Bay council
- Both the City of Sydney and Botany Bay Councils have significant urban renewal projects underway; and have contributed the largest share of dwelling supply and dwellings approved for 2013/14
- The majority of all new dwellings completed for Randwick, Botany Bay, Waverley and the City of Sydney Councils are multi-unit housing. It is expected that medium to high density residential development would be the primary form of new housing supply in the future.
- The City of Sydney, Randwick and Botany Bay Councils contain a high share of social housing stock
- Randwick, Waverley and City of Sydney Councils have identified the importance of providing affordable housing in their communities and each of the councils have dedicated affordable housing strategies and policies in place to facilitate the retention and supply of affordable housing in their communities.

Social Infrastructure & Liveability

Community Services & Programs

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 best placed (of the three sphere of governments) to identify and respond to their communities' needs, and have been doing so for several decades. This level of responsiveness has translated into Councils adopting different responses to locally articulated needs. While there is a criticism that local governments lack uniformity, it is in essence that which helps local councils sustain its unique role as a responsive provider of key services.

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 provide 'top up' financial assistance to established organisations that are already delivering these services so that they can better meet the clients' needs.

The method adopted by different councils in the eastern suburbs in the funding and delivery of social and community services extend to services such as Meals on Wheels, Home Maintenance and Modification Scheme, Community Centres, Children's services, and various community development activities and events.

For example, Botany Council operates a Meals-on-Wheels service to Home and Community Care (HACC) clients; while Randwick Council provides a Home Maintenance and Modification Service to HACC clients to residents residing in Randwick and Waverly LGAs.

This is because there is a need to meet this identified service gap as a result of the increasing number of ageing residents who chose to remain in their own homes, and have the ability to do so after minor modifications have been carried out. The Council does not manage a Meals-on-Wheels service because the Randwick Meals-on-Wheels service, a non for profit organisations established some 40 years ago already provide this service to Randwick City residents.

Waverley Council operates a stand-alone and fully staffed community centre in Bondi Junction from which to provide direct community development activities and services to residents. In contrast, Randwick Council's approach is to facilitate and support established community based and not-for-profit organisations to deliver much needed services to their clients through its grants and subsidies programs, worth $1.5M per year. Such an approach is in part historical, and in recognition of the valuable role of service providers in delivering much needed support services to its residents.

In addition, Randwick Council also offers around 150 educational and recreational programs, events and activities to its residents of different age groups. These activities are being delivered by the different work units across the council.

Woollahra Council has adopted a similar approach to Randwick Council in that it does not provide direct social services but make an annual financial contribution to the Holdsworth Community Centre (a not for profit organisation) to provide community services and programs to its residents.

In addition to implementing its own community programs, members of the eastern suburbs local councils also actively collaborate with each other to participate in joint services planning meetings, and run a range of activities for various community groups. The pooling together of resources has resulted in improved participation rates and social inclusion activities/events delivered in a cost effective way. Examples of projects that are jointly delivered to eastern suburbs residents are domestic violence prevention projects, mental health awareness raising workshops and environmental sustainability activities. The fact that the eastern suburbs councils share similar demographic characteristics and cultural values is an obvious reason to pool resources together to address identified needs and service gaps in a more strategic manner.

Educational Establishments

The following map (figure 3.7) illustrates the number and distribution of educational establishments including primary schools, high schools, and tertiary institutions (Tafe and universities) across the study area. Three out of six Sydney universities are located in Central Sydney.

Randwick City contains the highest number of educational establishments of the study area including 36 primary and high schools (both government and non-government). The University of NSW, Randwick College and Tafe are also located in Randwick. The Department of Education and Communities have noted in relation to Randwick LGA that there is significant projected enrolment growth in Government primary and secondary schools to 2031. This is being driven by infill development and as families move into the area. In relation to Waverley LGA, there is some projected enrolment growth in Government primary and secondary schools in the Waverley LGA to 2031, and negligible growth in Woollahra LGA. The school sites across the three LGA areas are

usually small and some are within areas of high traffic volumes. In relation to Botany Bay LGA, there is projected enrolment growth in Government primary and secondary schools to 2031. While this is not to the levels projected for the Randwick LGA it is still substantial.

The Department of Education and Communities also note an increasing number of public secondary school students living across inner Sydney for at least the next 12 years[cxi] and undertook community consultation last year to help develop a public secondary school education strategy for the inner Sydney area. Note the inner Sydney area largely includes the local government areas of the City of Sydney, Leichhardt and Marrickville. In addition to the needs of public secondary school education, a review in 2013 into the public education needs of primary-aged school students (specifically in the Ultimo/Pyrmont area), recommended that a new larger primary school be developed in the area[cxii].

Demographic drivers which impact on school-age projections and hence demand for schools in an area include changing demographics, an increasing population and a growing number of families with school-age children settling in the area.

The NSW Government (2014) 'A Plan for Growing Sydney ' identifies that new and expanded school facilities will be needed in urban renewal areas, greenfield sites and throughout established urban areas, to meet population growth. The plan specifically states (under Action 1.10.1) that the NSW Government is to assist the Department of Education and Communities, the Catholic Education Commission and the Association of Independent Schools of NSW to identify and plan for new school sites throughout Sydney.

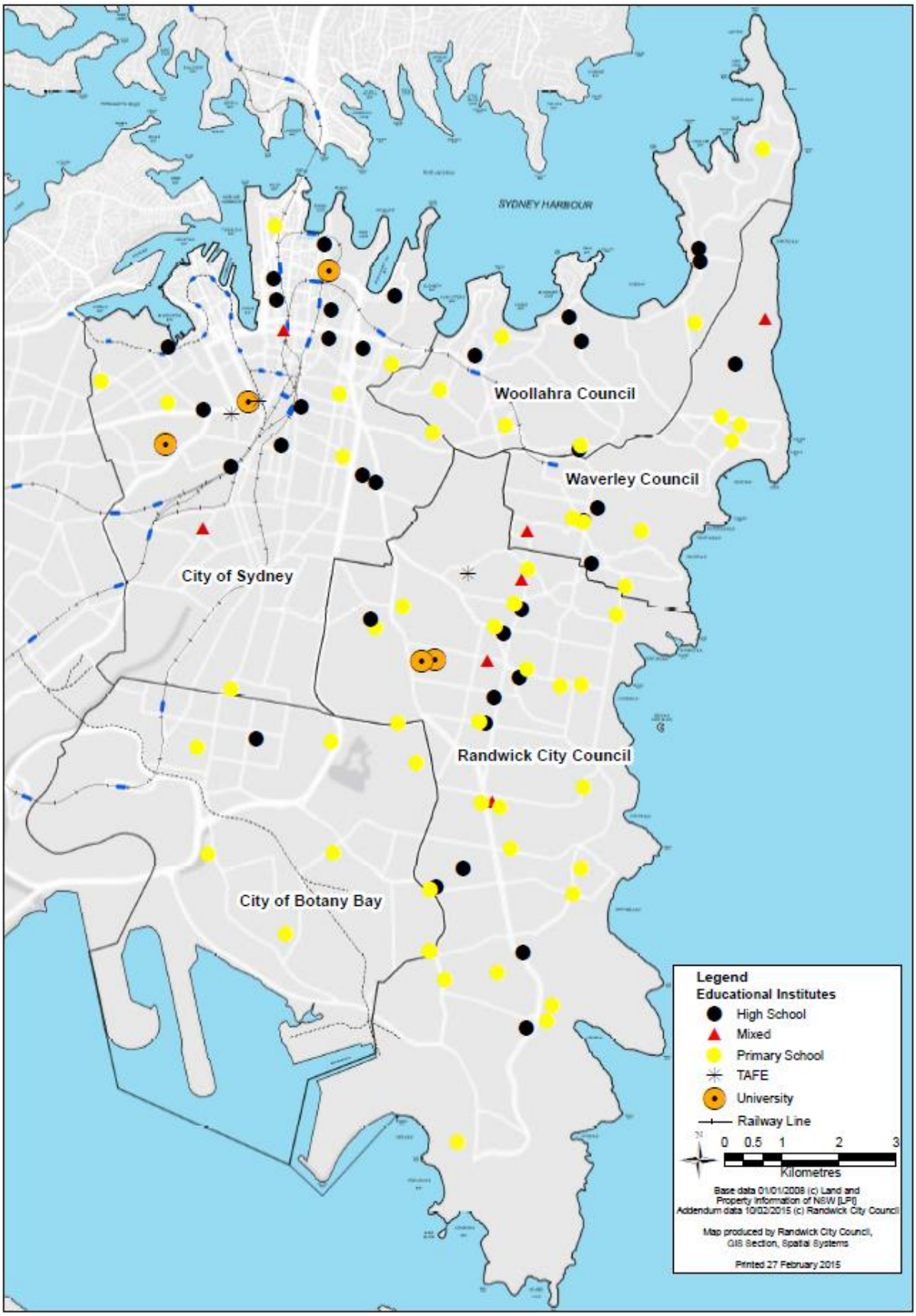


Figure 3.7: *Distribution of Educational Establishments across the study area*

Hospital and Health Service

NSW Health is a key provider of a diverse range of services in the study area. The Northern sector of the South Eastern Sydney Local Health District (SESLHD) covers six LGAs including Sydney (part), Woollahra, Waverley, Randwick, Botany Bay and even Lord Howe Island. The following lists the hospitals in this sector relevant to this report.

Randwick City Council	Prince of Wales Hospital
Randwick City Council	Royal Hospital for Women
Randwick City Council	Sydney Children's Hospital, Randwick
City of Sydney Council	Sydney Eye Hospital
Waverley Council	War Memorial Hospital (third schedule with Uniting Care)
Botany Bay	N/A

SESLHD also operates 28 Child and Family Health Centres, 12 Community Health Centres and nine Oral Health Clinics; providing prevention, early intervention and community-based treatment, palliative care and rehabilitation services.

As part of the Randwick Hospitals Campus, Sydney Children's Hospital, Randwick is also located in the study area. It forms part of the Sydney Children's Hospitals Network, providing a comprehensive range of services in paediatric and adolescent medicine and surgery.

The SGS (2013) report into the economic profile of the Eastern Suburbs region noted that the population aged above 65 in Eastern Suburbs are projected to grow by 40% from 2011 to 2036[cxiii]. An increasing trend towards ageing in place will increase the proportion of retirees living in the region and will increase demand for health related services[cxiv].

The Sydney Regional Plan (2013) noted that while the Central Subregion[17] has the highest number of hospital beds, the Central Subregion has several of the major hospitals within it that serve not only the Sydney Metropolitan Region but the whole of the State[cxv].

Key commonalities and/or findings for Social Infrastructure and Liveability

- All councils provide various community services and social inclusion programs.
- The Northern sector of the South Eastern Sydney Local Health District provides hospital and health related services across all councils in the study area.

[17] Here the central subregion includes Ashfield, Botany Bay, Burwood, Canada Bay, Hunters Hill, Lane Cove, Leichhardt, Marrickville, Mosman, North Sydney, Randwick, Ryde, Strathfield, Sydney (City of), Waverley, Willoughby, Woollahra, as defined by the previous draft metropolitan Strategy for Sydney 2031, which was applicable at the time the Sydney Regional Plan was released in August 2013.

- Randwick contains the highest number of educational establishments (from primary to tertiary) compared to the rest of the councils.
- Demographic drivers such as school-age projections, an increasing population and a growing number of families with school-age children settling in the inner Sydney area is creating a demand for primary and secondary school education in the area.
- In Randwick LGA there is significant projected enrolment growth in Government primary and secondary schools to 2031
- The population aged above 65 in Eastern Suburbs are projected to grow by 40% from 2011 to 2036

Parks and recreation

Open space can be broadly divided into regional, district and local according to the sizes of user catchment. It can be further classified according to specific functions into passive parks, sports fields, civic spaces, environmental conservation land, access and linkages[cxvi].

The following map (Figure 3.8) provides a snapshot of open space and recreational facilities within the study area. There are approximately 2,300 hectares of open space (around 20% of the total area) across the five LGAs. Of the total open space, about 75% is regional open space, which reflects the wide user catchment of most open space assets in the area (e.g. Darling Harbour, Royal Botanic Gardens, Centennial Park, Randwick Racecourse, golf courses and beaches).

There are a total of 13 golf courses in the study area and five are located in Randwick. Sports fields are largely scattered across the LGAs and are generally available at the district or neighbourhood levels. Remnant bushland is concentrated in Woollahra and Randwick, in particular along the coast in Botany Bay National Park, Sydney Harbour National Park and Commonwealth owned lands at Malabar Headland.

Urban parklands (passive parks) make up the largest percentage of open space within the study area (close to 40%), followed by golf courses (approx. 20%) and sports fields (approx.18%). With more than a quarter of the Randwick city area designated for open space and recreational uses, Randwick provides more than 50% of the open space in the study area.

In addition to sports grounds, golf courses and passive parks, a variety of boating facilities are also provided to meet the diverse recreational needs of residents and vistors. These are usually provided in or adjacent to beaches, foreshore parks/reserves and major destinations/attractions. As shown in the following map (Figure 3.9), these facilities are mostly located in City of Sydney and Woollahra. Six can be found in Randwick, one in Botany Bay (on Port lands) while Waverley does not have any such facilities.

The above analysis indicates that Randwick, Waverley and Woollahra share many commonalities in their foreshore character and usage. This can be demonstrated by the similar types of open space and natural coastal landscapes (e.g. national parks, golf courses, remnant bushland, cliffs, beaches and foreshore parks) and the wide range of recreational opportunities and activities generally available along the foreshore of the three councils, such as fishing, boating, coastal walks, swimming and golfing.

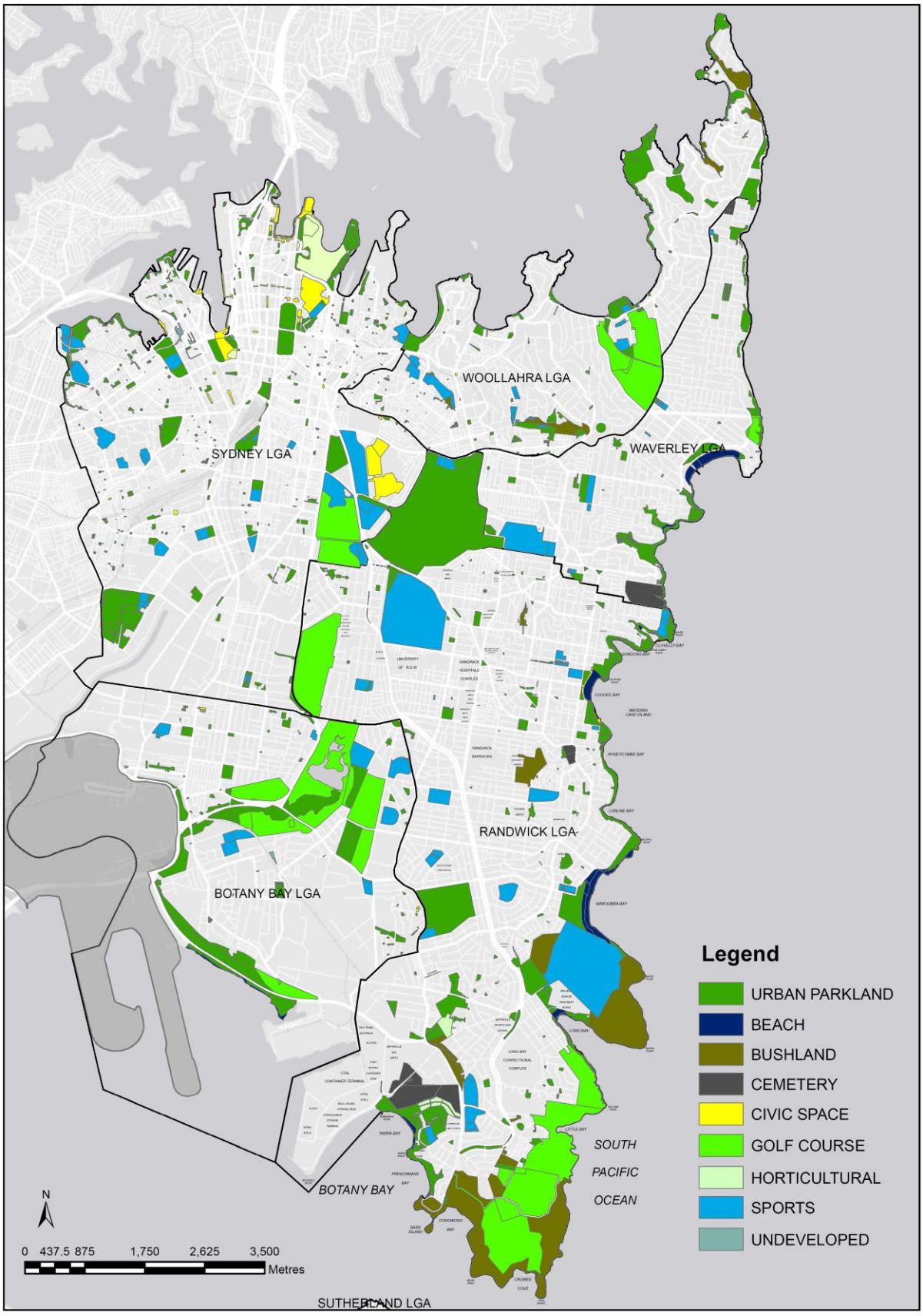


Figure 3.8: *Open space assets in the study area*

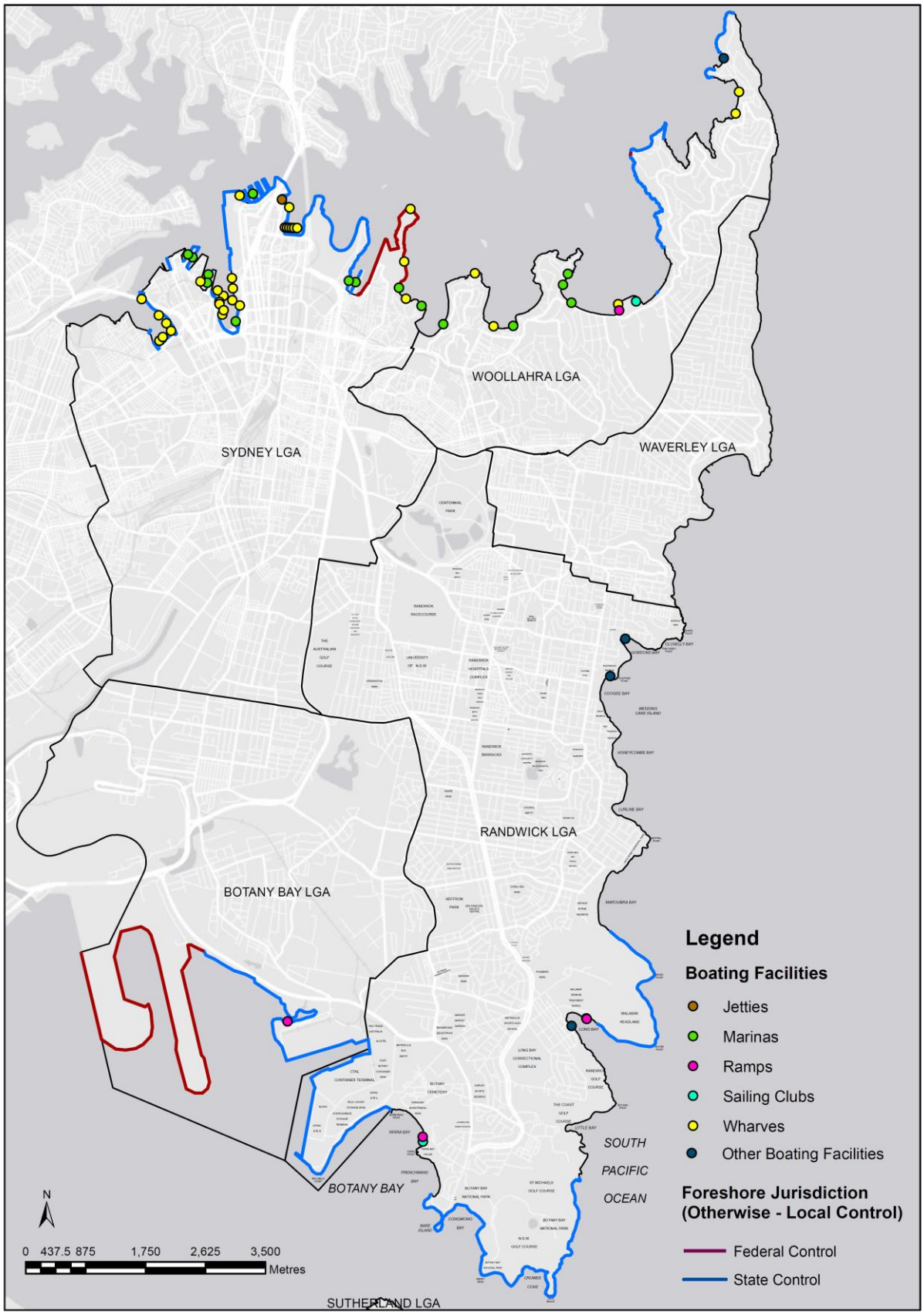


Figure 3.9*: Locations of boating facilities in the study area*

As noted above, a significant proportion of the open space in the study area is regional open space, serving multiple LGAs or even whole of Sydney. In seeking recreational experiences, people are usually not confined by local government boundaries and regional parks (such as Centennial Park, Sydney Park and Hyde Park) are experiencing increasing numbers of visitations across Sydney, generating a substantial amount of cross-border flow[cxvii].

In recognition of this cross-border flow, the Metropolitan Greenspace Program (MGP) aims to improve linkages between regionally-significant open space and recreational facilities to form a green space network. The program, consistent with Direction 3.2 of the "Plan for Growing Sydney", is being undertaken by the Department of Planning and Environment with input from local councils, to plan, coordinate and improve the regional open space network, which may include parks, reserves, tracks and trails.

There are a number of key open space corridors and linkages across the study area, including:

- Harbourside walk from Circular Quay to South Head, connecting numerous regional open space (e.g. Royal Botanic Garden, Rushcutters Bay Park, Woollahra Golf Course, Royal Sydney Golf Course, Sydney Harbour National Park and all beaches along the foreshore)
- Federation Track that extends from Rushcutters Bay through Paddington, Centennial Park, Queens Park to Waverley Cemetery
- Eastern Coastal walkway that stretches from South Head to La Perouse (with some gaps at locations, such as Lurline Bay, Malabar Headland and four golf courses south of Malabar Beach)
- Centennial Parkland, which extends across or adjacent to four LGAs, being City of Sydney, Randwick, Waverley and Woollahra
- Green links under Waverley's Green Links Pedestrian Network, including routes that connect Centennial Park, Bondi Junction and Bondi Beach, connect Bondi Junction with Queens Park, connect Queens Park to Bronte Beach, connect Bondi Junction with Tamarama Park (2 more green links are still under construction)
- Botany Wetlands, comprised of 11 interconnected ponds that stretch over a 4km- corridor (contained within the Botany Bay LGA, bordering Randwick LGA)

Major Visitor attractions

The visitor economy industry in NSW contributes over $20.2 billion to the State's economy; supports more than 159,000 direct jobs, over 96,500 businesses; and accounts for one in every 22 jobs in NSW[cxviii]. Both the state plan and the new metropolitan plan for Sydney identify the visitor economy (tourism) as a priority industry for growth.

The City of Sydney is host to seven of Australia's top ten attractions, major events and sporting events attracting visitors from around the world, including Sydney New Year's Eve, Vivid Sydney, the AFC Asian Football Cup (in 2015) and the ICC Cricket World Cup[cxix]. In 2013-2014 Sydney hosted 2.8 million international visitors and $5.5 billion dollars is spent by overnight visitors to the city annually[cxx].

Moore Park located in the City of Sydney and adjoining Randwick City Council, is an important sports and events precinct which is home to the Sydney Cricket Ground, Sydney Football Stadium,

exhibition facilities at the Hordern Pavillion and Royal Hall of Industries and shopping and dining in the Entertainment Quarter. Events in this precinct attract high numbers of people. The NSW Long Term Transport Master Plan (2012) identified that more than 488,000 people attend the SCG each year for AFL and cricket matches; more than 668,000 attend football matches at the Sydney Football Stadium; and a further 280,000 attend events and concerts at Hordern Pavilion. The master plan also noted that these high numbers of people coming to the precinct generate congestion along the Randwick corridor during major events[cxxi]. One of the actions outlined in 'A Plan for Growing Sydney' (specifically for the Central subregion) is to 'Improve the accessibility of cultural and recreational facilities outside the Sydney CBD, such as the Moore Park sporting and entertainment precinct'. The CBD to south east light rail project will be instrumental in facilitating this action and will also connect the Moore Park entertainment precinct to Royal Randwick Racecourse.

The Royal Randwick Racecourse located within Randwick City Council is a major visitor attraction in the eastern suburbs and is considered to be a cultural landscape of State heritage significance[cxxii]. The racecourse is managed by the Australian Turf Club, is home to some of the state's most important horse racing events and other feature events including the future music festival and the 2008 World Youth day. Royal Randwick has recently undergone a $150 million redevelopment of a new six-level grandstand[cxxiii] . In addition to the redevelopment, a 170 room 4 star apartment hotel has also been approved on site due for completion in 2019.

The Eastern Suburbs of Woollahra, Waverley and Randwick also features an extensive coastline, including some of Sydney's and Australia's most popular and best known beaches such as Watsons Bay, Bondi, Tamarama, Bronte, Coogee and Maroubra. Bondi Beach is a major destination for tourists and Sydney residents. The average number of visitors to Bondi per annum over the past three years was over 2.2 million[cxxiv]. Increasing numbers of events and attractions such as the Sculpture by the Sea, surfing competitions and the weekly Sunday markets makes Bondi beach a significant cultural role in the region. Similarly, Randwick City Council alone has 9 beaches in the area. Visitation numbers to beaches in Randwick City, for the 2013-2014 financial year recorded a staggering 9.7 million people. Other key events held in Randwick City Council include New Years Eve and Australia Day festivities at Coogee Beach.

The following map illustrates the major visitor attractions across the study area.

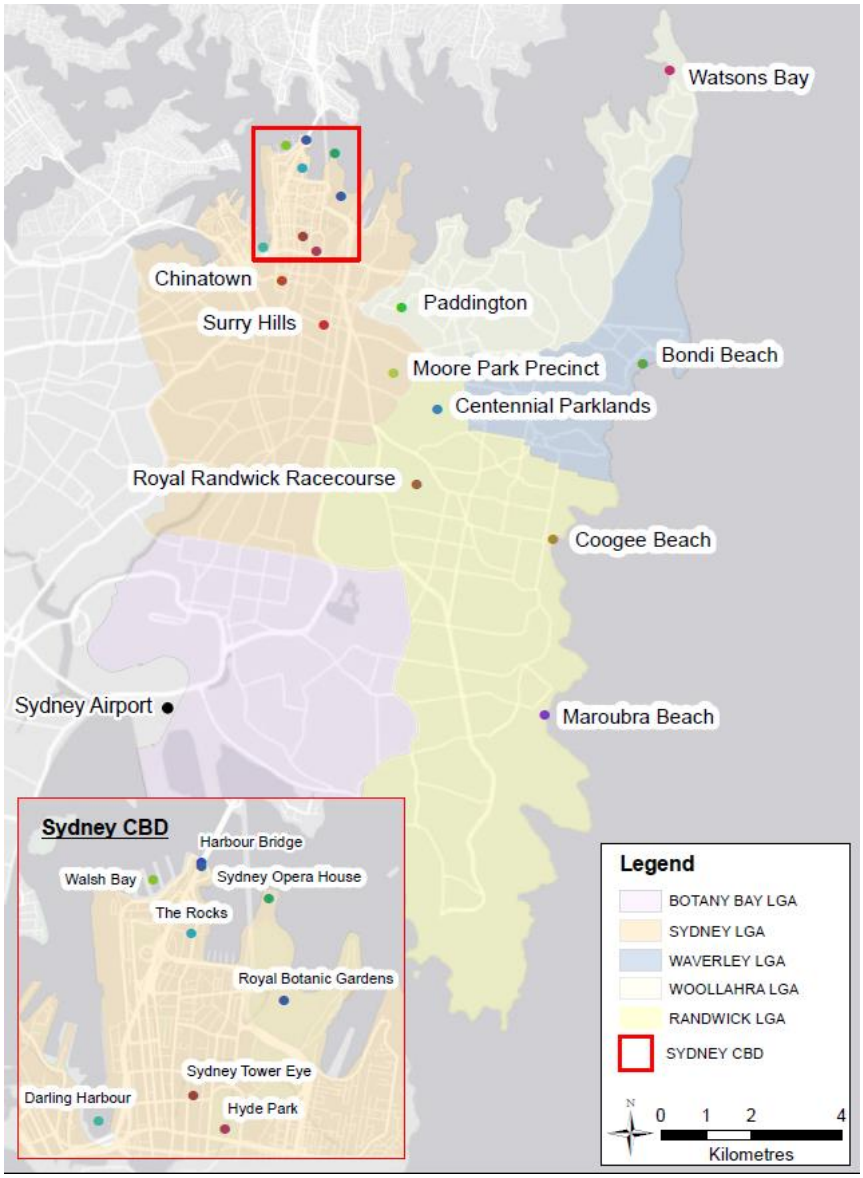


Figure 3.10 *Major Visitor Attractions* Source: *Destination NSW, 2015*

Key attractions:

- Sydney Harbour
- Hyde Park
- Sydney Opera House
- BridgeClimb Sydney
- Sydney Tower Eye
- Royal Botanic Gardens
- Sydney Restaurants
- Chinatown
- Darling Harbour
- Sydney Aquarium
- Sydney Wildlife zoo
- The Rocks
- Walsh Bay
- Paddington
- Surry Hills
- Darlinghurst
- Bondi Beach
- Centennial Parklands
- Watsons Bay
- Doyles on the beach
- Bondi markets
- Bondi to Coogee coastal walk
- Shopping in Double Bay
- Icebergs Dining Room and Bar
- Learn to surf (Bondi, Coogee, Maroubra Beach)
- Wylies Bath
- Ritz theatre
- Centennial Park equestrian centre
- Sydney Cricket Ground Museum
- Royal Randwick Racecourse

Visitor accommodation

Accommodation is important to the success of the visitor economy. Visitors need appropriate places to stay and the benefits to local economies in these areas include local employment opportunities, local businesses and support for key institutions such as Universities, sport facilities and hospitals.

The NSW Trade and Investment commissioned a study into the visitor accommodation industry by Jones Lang LaSalle in 2014 and the key findings of this study were:

- East Sydney[18] has the most diverse accommodation market with properties of all grades represented. This in part reflects the close proximity of these markets to Sydney CBD and the Sydney International Airport precinct.
- The East Sydney market comprises around 1,501 accommodation rooms (in 2012). Very few projects are currently planned in East Sydney except for those which are already under construction.
- The East face competition for sites from alternate uses notably residential apartment. This has been a noticeable trend in Sydney's East and North regions over the past decade with a number of hotels closed for residential conversion.
- The majority of accommodation rooms in East Sydney are located in Bondi (557 rooms), Coogee (472 rooms) and Randwick (437 rooms)
- The highest proportion of hostels are found in the suburbs of Bondi (5 hostels, 671 beds, 44.0% of total supply), Coogee (2 hostels, 94 beds, 6.2% of total supply), and Manly (3 hostels, 288 beds, 18.9% of total supply) when compared to the Sydney Metropolitan backpacker/hostel market.
- The Sydney City accommodation market now comprises around 20,000 accommodation rooms[cxxv].
- Hotels continue to account for the largest proportion of visitor accommodation within the City of Sydney, with major hotels located in the CBD and Ultimo Pyrmont accounting for more than 65% of the total number of hotel rooms[cxxvi].

Key commonalities and/ or findings for Parks and Recreation

- The boundaries of the Centennial Parklands are across or adjacent to four LGAs including the City of Sydney, Randwick City, Waverley and Woollahra.
- Randwick and Waverly are host to popular beaches and visitor attractions which draw a significant number of local and international visitors.
- Recreation in the study area is characterised by a substantial amount of cross-border flow.
- Randwick, Waverley and Woollahra share similar foreshore character, providing similar types of recreational opportunities along the foreshore.
- Coastal and harbourside Walk extend and connect the foreshore and key destinations/attractions of City of Sydney, Woollahra, Waverley and Randwick.
- Inland track (Federation Track) runs across Woollahra, Randwick and Waverley, linking Rushcutters Bay Park, Trumper Park, through Centennial Park, Queens Park to Waverley Cemetery.
- The CBD and south east light rail will connect three key visitor attractions including Sydney Cricket Ground, Entertainment Quarter (Moore Park) and the Australian Turf Club, across Randwick City and City of Sydney councils.
- The majority of accommodation rooms in East Sydney are located in Bondi, Coogee and Randwick.
- Both Bondi (Waverley Council) and Coogee (Randwick City Council) contain the highest proportion of hostels when compared to the Sydney metropolitan backpacker/hostel market.

[18] East Sydney is defined in the study as comprising the local government areas of Waverley, Woollahra and Randwick

Planning Systems

This chapter provides an overview of the planning framework across the five council areas, with a particular emphasis on Randwick City Council. It looks at Environmental Planning Instruments and controls including Local Environmental Plans (LEPs), Development Control Plans (DCPS) and Development Contribution Plans; planning initiatives, such as e-planning and design excellence, and staff allocation for strategic and statutory planning functions.

Environmental Planning Instruments and Controls

In 2006, the State Government initiated the Standard Instrument LEP program to create a common format and content for all LEPs prepared by Councils. The program was intended to simplify the plan making system in NSW. The ultimate aim of the program is to have one LEP for each LGA, using a standard suite of land use zones and definitions and one comprehensive DCP.

In response to the Standard Instrument LEP program, Randwick City Council prepared a draft comprehensive LEP for public exhibition in late 2011. Preparation of the draft comprehensive LEP was informed by a series of 6 land use discussion papers relating to Industrial Lands, Special Uses, Open Space and Environment, Education and Health Specialised Centre Precinct, Business Centres and Residential Uses. The discussion papers presented an overview of each land use zone including the relevant issues and suggested options to address the identified challenges. These were exhibited for community comment throughout 2010 and 2011. The discussion papers provided an additional, non-statutory consultative process prior to the statutory exhibition process of the draft comprehensive LEP. Local Government NSW highly regarded Randwick's approach as being "*educative, sustained and interactive enabling residents to follow the strategy and engage in an informed manner*."[cxxvii]

The matrix in the appendix provides a summary (under Planning Systems) of the status of LEP, DCP and Developer Contributions Plans as adopted by councils in the study group. All of the councils in the study group have prepared a new LEP based on the standard instrument and a comprehensive DCP. Woollahra's new LEP while still in draft form is to commence in May 2015 (the draft Woollahra comprehensive DCP was placed on public exhibition from late 2014 to early 2015). With regards to development contributions, all councils in the study group have a Section 94A[19](s94A) development contributions plan in place. While Waverley Council has the one s94A Plan applying to the whole LGA, the City of Sydney has three development contributions plans for the LGA.

Design Excellence

Design Review Panel

Randwick City Council places great importance in promoting design excellence across the City. The emphasis on good urban design and place making culminated in the establishment of the Randwick-Waverley Design Review Panel in 2002, a joint partnership between Randwick City and Waverley Councils. The design review panel's key objective is to provide advice and guidance in the design of

[19] Section 94A development contributions plan in place, which provides a flat rate levy on the total cost of development

residential flat and major developments. Inputs from the Panel have also been regularly sought as part of the preparation of Council's strategic plans and development controls.

Randwick City Council is currently formulating plans to transform the Design Review Panel to a 'Design Excellence Panel', in order to obtain expert design advice for a range of planning and development matters including:

- Residential Flat Buildings as defined under SEPP 65.
- Other residential buildings (including boarding houses, student accommodation and serviced apartments), mixed use developments, commercial and retail buildings, and institutional buildings.
- Development the subject of any LEP and DCP.
- Site specific DCPs and master plans for large and major sites.
- Other matters deemed suitable by Council's Directors and Managers.

It is Council's plan to continue our partnership with Waverley Council. Randwick and Waverley councils are the only pair of councils within the study group to have a joint partnership panel.

Architecture and Design Awards

The Randwick Urban Design Awards were established in 2004 to recognise and reward high quality development projects and to raise community awareness about the importance of good designs in the built environment. The Awards are a biennial program and are structured in the following categories:

- Single Dwelling House
- Multi Unit Housing
- Commercial / Mixed Use Development
- Heritage
- Sustainability
- Public Buildings

The next awards program is to be held in July 2015. Similar to Randwick City Council, Waverley Council also hosts architecture and design awards for their local community.

Architecture and Design Talks

Since 2013, Randwick City Council has been working in partnership with the Australian Institute of Architects in organising open seminars relating to architecture, landscape architecture and urban design issues in the Randwick LGA. The talks aim to promote good designs and community awareness. They also provide a channel for more in-depth discussion of those award-winning projects under the Randwick Urban Design Awards. Waverley, Woollahra and the City of Sydney also host architecture and design talks in their respective council areas.

Design Ideas for Rejuvenating Residential Flat Buildings:

The *Design Ideas for Rejuvenating Residential Flat Buildings* guideline was published by Randwick City Council in 2006. It showcases a number of refurbishment concepts using real flat buildings in the

Randwick LGA. It aims to encourage refurbishment proposals that improve the liveability of the units to meet current lifestyle needs; the environmental performance and sustainability of the building; and the appearance of buildings within the streetscape. The publication is another important initiative in promoting design excellence due to the relatively large number of older flat buildings in the City.

Design Excellence Provision in Local Environmental Plan

A 'Design Excellence' clause was included in the Randwick Local Environmental Plan 2012, which has been prepared in accordance with the Standard LEP template. The clause applies to developments involving the construction of a new building or external alterations on major / significant sites, or developments having a height of at least 15m. This clause provides a statutory basis for the assessment of development applications having regard to design excellence. The City of Sydney Council has a Competitive Design Policy and specific controls in the LEP that allow the granting of bonus height or floor space of up to 10%, subject to the carrying out of a design competition. This policy applies to major development proposals having a height of 25m (outside Central Sydney) to 55m (within Central Sydney), or having a capital value of more than $100,000,000.

E-Planning

In recent years, the State Government has taken a strong initiative in promoting the use of information technology to present and disseminate planning information, to assist in planning and development decisions, and to streamline business processes and procedures, such as the Electronic Housing Code (EHC). The EHC is an online system that allows users to determine whether certain proposed works fall under Exempt or Complying Development and allows the lodgement of Complying Development Certificate applications. Randwick City, Botany Bay and Waverley Councils are live on the EHC online system.

At the Local Government level, Councils have increasingly utilised electronic systems to provide planning and development information to the general public and to undertake business transactions. Randwick is at the forefront of this movement and has committed to improved efficiency in the provision of planning information and engagement with the community. The range of e-planning tools which have already been made available or are in the advanced stage of preparation in Randwick are summarised below:

- On-line tracking of the progress of development applications received was introduced in 2008. The system also allows the downloading of documents submitted as part of the development applications.
- Electronic lodgement of development applications was introduced in 2012.
- Electronic Housing Code was launched in 2013.
- Conversion of paper-based planning controls to online interactive, summary form via the ICON program is presently at the advanced stage of preparation, with detailed testing of the system scheduled to commence within the next two months.
- 3-D computer modelling of significant precincts of Council has recently commenced; and
- Electronic lodgement of Section 149 Planning Certificates to be investigated

A comparison of e-planning initiatives across the other Councils is provided in the matrix under 'Planning Systems'. Note Randwick is the only Council within the group which has commenced the processing of electronic development applications

	Randwick	**Botany Bay**	**Waverley**	**Woollahra**	**Sydney City**
On-line DA tracking	Yes (launched 2008)	Yes	Yes	Yes	Yes
Conversion of planning controls to interactive, online form (e.g. ICON)	Advanced stage of preparation	N/A	N/A (Under preparation)	N/A	N/A
3-D modelling of built form	Commenced	N/A	Yes (On-going development)	N/A	Yes (Internal use only)
Electronic Housing Code	Yes (launched 2013)	Yes	Yes	N/A	N/A
Electronic lodgement of DA	Yes (launched 2012)	N/A	N/A	N/A	N/A
Electronic application and generation of S149 Certificates	To be investigated	N/A	Yes	N/A	Yes

Heritage Conservation

Randwick City's heritage is rich and diverse and includes buildings, structures, Aboriginal and archaeological sites, parks and reserves. They are associated with phases of history or important people and events. Collectively, this heritage contributes to the community's cultural life, sense of place and identity.

The following table provides a comparison with the number of heritage listing of other Councils in the group. The City of Sydney contains the highest proportion of heritage items and areas, followed by Woollahra, Randwick City, Waverley and then Botany Bay Council.

	Randwick	Botany	Waverley	Woollahra	Sydney City
No. of State Heritage Items	29	4	14	29	423
No. of Local Heritage Items	557	212	478	761	3197
No. of Heritage Conservation Areas	20	2	70 (including 53 Landscape Conservation Areas)	15	73

Planning staff allocation and caseload management

For the financial year 2013-14, Randwick had the highest number (799) of development applications determined when compared to Botany, Waverley and Woollahra. The number of assessment officers allocated for statutory planning function in Randwick is comparable to Botany and Waverley Councils. The City of Sydney had the highest number of development applications determined (1822) and also the highest number strategic and assessment planners. The total value of applications determined in the City of Sydney was significantly more than the total of applications determined for the remaining councils together. The following provides an overview of the caseload and staff numbers for the group of Councils.

	Randwick	Botany	Waverley	Woollahra	Sydney City
No. of Development Applications (DAs) Determined for 2013/14	799	135	528	557	1822
Estimated Construction Value ($m) for 2013/14	$300.53m	$613.26m	$397.46m	$243.87m	$3611.49m

Source: Local Development Performance Monitoring – Department of Planning and Environment

	Randwick	Botany	Waverley	Woollahra	Sydney City
Strategic Planners*	8	6	5	4	41
Assessment Planners**	13	11	13	24	61
Heritage Officers	1	N/A	1	3	4

*Excluding GIS, property and heritage officers, but include urban designers.

**Excluding environmental health officers.

Key commonalities and / or findings for Planning Systems

- All councils in the study group have prepared a new LEP based on the Standard Instrument template and a comprehensive DCP.
- All councils have a Section 94A development contributions plan in place; some have additional contributions plans applying to specific areas.
- Randwick is highly progressive in promoting good urban design and place making amongst the study group, culminating in the establishment of the Randwick-Waverley Design Review Panel, Randwick City Urban Design Awards and Randwick Architecture Talks programs.
- Randwick is at the forefront of utilising e-planning systems featuring on-line tracking and lodgement of development applications and the Electronic Housing Code (EHC).
- Randwick is the only Council within the group which has started the processing of electronic DAs.
- The City of Sydney contains the highest proportion of heritage items and areas, followed by Woollahra, Randwick City, Waverley and Botany Bay Councils.
- For the financial year 2013-14, Randwick had the highest number (799) of development applications determined when compared to Botany, Waverley and Woollahra. The number of assessment officers allocated for statutory function in Randwick is comparable to Botany and Waverley Councils.
- The City of Sydney had the highest number of development applications determined (1822) and also the highest number of strategic and assessment planners.

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2.4 STRATEGIC PLANNING AND CAPACITY –MERGER OPTIONS ANALYSIS

The following table attempts to assess the advantages and/ or disadvantages with each merger option across the four key planning themes ('Economic activity and Employment areas', 'Transport and Access', 'Housing and Liveability' and 'Parks and Recreation') and against three key criteria:

1. The first criterion is **'Observations'** – which picks out key commonalities and/or linkages for each merger option across the four key planning themes.

2. The second criterion is **'Subregional Strategic Implications**** – which aims to assess how each merger option will meet key state and local planning policy priorities.

3. The third criterion is **'Planning Systems'** – which looks at the compatibility of planning systems such as planning frameworks and e-planning for each merger option.

1. Observations

This section looks at key commonalities or differences in the characteristics of each LGA. The broad implications for the seven amalgamation options are:-

- Where there are significant common characteristics between councils, amalgamation in practical terms is potentially smoother, assuming there is already a common community understanding of strategic issues, less potential for competing priorities, and easily transferable staff skills.
- Conversely, where there are significant differences or contrasting characteristics between councils, amalgamation, while more complex to implement, may have potential to improve overall strategic capacity and strengthen the council's ability to deal with a wider range of strategic challenges.

2. Subregional Strategic Implications

This section looks at the key strategic priorities in state, metropolitan and regional plans that impact the five councils, and identifies possible advantages, disadvantages or neutrality of the various amalgamation options.

- Advantages occur when there is improved potential for a coordinated approach to achieving subregional outcomes. This provides potential for a council to be a stronger voice at the table.
- Conversely, disadvantages occur when key actions that cross local government boundaries can tend to dilute local government influence.

3. Planning Systems

This section looks at key aspects, commonalities and differences between each council's planning systems. Similarities in systems, capabilities and approaches will allow a more streamlined amalgamation process.

**The key subregional strategic planning policy implications as identified in the second chapter of the report (under the state and local planning policy framework) relevant to the study area are:

- 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.
- Future housing growth to be focused in strategic centres, government (surplus) land, transport corridors and areas identified for urban renewal.
- Increase housing choice around centres through urban renewal in established areas
- 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
- Focus to strengthen western Sydney and make Parramatta, Sydney's second CBD
- Improve access to recreational opportunities and linkages between regional open spaces to form a green space network
- Recommendation to amalgamate Botany Bay, Randwick, Sydney, Waverley and Woollahra councils to form a single council area

Note an analysis has been completed based on information publicly available regarding the councils, and this analysis could be refined with more detailed information and discussion with the subject councils.

MERGER OPTIONS ANALYSIS – SUMMARY OF ALIGNMENTS AND DIFFERENCES, ADVANTAGES AND CHALLENGES

	OPTION 1	OPTION 2	OPTION 3	OPTION 4	OPTION 5	OPTION 6	OPTION 7
	RCC	RCC/BB	RCC/WAV	RCC/WAV/ BB	RCC/WAV/ WOO	RCC/WAV/ WOO/BB	RCC/WAV/ WOO/BB/COS
OBSERVATIONS							
Centres and Economy	B	B	B	B	B	B	D
Transport	B	B	B	B	B	B	A
Housing and liveability	A	D	B	D	C	D	E
Open space and recreation	A	B	B	B	B	B	A
STRATEGIC DIRECTIONS							
Regional/subregional boundaries	C	B	B	B	B	A	E
Housing and liveability	C	C	B	D	C	B	B
Employment and Centres	B	B	B	B	B	B	D
Transport and access	C	B	B	B	B	B	A
Open space and recreation	B	C	A	B	A	B	A
PLANNING SYSTEMS							
Planning instruments and controls	B	D	C	D	D	E	E
Design excellence	A	E	A	D	B	D	D
Planning staff management	B	C	C	C	D	D	E
E-planning systems	A	D	A	D	D	D	D

Key

A. Significant alignment/advantage
B. Minor alignment/advantage
C. Neutral
D. Minor difference/challenge
E. Significant difference/challenge

This table is a summary of the key matters identified in the following detailed table.

TABLE OF MERGER OPTIONS – DETAILED ANALYSIS

Merger Options	**1. Randwick**	**2. Randwick/ Botany**	**3. Randwick/ Waverley**	**4. Randwick/ Waverley/ Botany Bay**	**5. Randwick/ Waverley/ Woollahra**	**6. Randwick/ Waverley/ Botany Bay/ Woollahra**	**7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany**
Observations							
Centres, Economy & Employment	• Randwick Education and Health Strategic Centre • Ports Precinct and industrial surrounds are split across Randwick and Botany Councils	• Two strategic centres • Port Botany joined • High employment containment • Competing smaller centres	• Two key strategic centres (Randwick Education and Health precinct and Bondi Junction) that are complementary • High employment containment • Similar smaller centres hierarchy	• Two key strategic centres (Randwick Education and Health Precinct and Bondi Junction) and Port Botany Precinct • High employment containment • Competing smaller centres	• Two key strategic centres (Randwick Education and Health precinct and Bondi Junction) that are complementary • Similar smaller centres hierarchy	• Two key strategic centres (Randwick Education and Health Precinct and Bondi Junction) and Port Botany Precinct • High employment containment • Diverse economic specialisations	• Four key strategic centres (Sydney CBD, Randwick Education and Health precinct, Bondi Junction, Green Square) and Port Botany Precinct • High employment containment within the region • Diverse economic specialisations

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
Transport	• High accessibility within the LGA. • Randwick Education and Health centre has the highest proportion of people walking to work	• Similar transport/travel characteristics of residents	• Similar transport/travel characteristics of residents	• Similar transport/travel characteristics of residents	• Similar transport/travel characteristics of residents	• Similar transport/travel characteristics of residents	• Similar transport/travel characteristics of residents • Contrasting travel demands, access and congestion issues to CBD compared to other areas

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
Housing and Liveability	• Majority of new housing growth is in multi-unit housing form	• Southern suburbs of Randwick City and Botany Bay share features ie: single dwellings & social housing stock • Botany Bay housing growth is significantly higher than Randwick and is mainly focussed on brownfield sites and renewal areas.	• Northern suburbs of Randwick and Waverley share common features ie. medium to higher density housing • Similar housing growth patterns – eg: infill, densification around centres/ corridors • Common affordable housing issues	• Botany Bay housing growth patterns unlike RCC/Waverley (ie: brownfield/surplus industrial land compared with infill and centre development)	• Similar growth patterns/ potential – eg: infill, densification around centres/ corridors • Common affordable housing issues	• Botany Bay housing growth patterns unlike RCC/Waverley/ Woollahra (ie: brownfield/surplus industrial land compared with infill and centre development)	• City of Sydney and Botany Bay Councils have several large areas undergoing renewal and are leading councils in terms of housing supply • Three of the five councils have affordable housing strategies • Different housing growth patterns. In City of Sydney and Botany Bay housing growth is focused on

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
							brownfield sites and urban renewal areas.

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
Parks and recreation	• Randwick has a significant provision of open space and recreational facilities and a large share of the open space attracts visitors beyond the LGA or across the whole Sydney. • Randwick provides more than 50% of the open space	• A large proportion of both LGAs are designated for open space and conservation purposes, mostly with regional significance. Subject to future extensions, the Coastal Walkway will extend and connect both LGAs	• Both contain key recreational destinations and attractions that generate a large amount of cross-border overflow. • Similar foreshore open space typology and usage: beaches, foreshore reserves etc. • Share common issues/ challenges in terms of land and water interface. • Coastal	• Similar open space typology and usage, except Botany, whose land-water interface is heavily associated with industrial uses. • Subject to future extensions, the Coastal Walkway will extend and connect the foreshore area of the three councils.	• All contain key recreational destinations and attractions that generate a large amount of cross-border overflow. • Similar foreshore open space typology and usage: beaches, foreshore reserves etc. • Share common issues/ challenges in terms of land and water interface. • Coastal	• Similar open space typology and usage, except Botany, whose land-water interface is heavily associated with industrial uses. • Subject to future extensions, the Coastal Walkway will extend and connect the foreshore area of the four councils	• The boundaries of the Centennial Parklands are across or adjacent to the four LGAs of the City of Sydney, Randwick City, Waverley & Woollahra • A large proportion of the foreshore area in City of Sydney, Woollahra and Randwick are out of local councils' jurisdiction and subject to Federal and

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
	assets in the study area.		Walkway which extends along the foreshore of the two LGAs.		Walkway which extends along the foreshore of the three LGAs. • Similar council initiatives in creating and enhancing green links.		State control.
Sub-regional strategic implications							
Regional and subregional boundaries/ global city concept		• Integration of Port Botany and surrounds • Both councils in part of Global economic corridor	• The strategic centres of Bondi Junction and the Randwick Education and Health precinct adjoin and form part of the southern portion of the	• Randwick, Waverley and Botany Bay have historically been grouped under the draft east subregional strategy.	• The councils have historically been grouped in subregional plans ie.'draft east subregional strategy'	• The councils previously comprised the eastern subregion in the 'draft East Subregional Strategy'	• Meets the ILGRP recommendation for a Global Sydney. However, is inconsistent with the global city concept in state strategic

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
			global economic corridor.				planning documents as outlined in the Global City concept of this report. • Coordinated planning of key economic generators along the Global Economic Corridor, including the CBD, Port Botany, Randwick Health and Education Specialised Centre, Green Square and

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
							Southern Sydney employment lands. • Links major visitor attractions and events precinct (SCG to Royal Randwick Racecourse)
Housing & Liveability - *Increasing housing choice* - *Providing homes closer to jobs*	• Focus growth (housing and jobs) in and around town centres, the Randwick Education and Health Strategic Centre and	• Significant housing growth in Botany Bay on brownfield sites contributes to housing choice and supply for the area • Housing growth focussed in and	• Housing growth focussed in and around strategic centres (Randwick Education and Health strategic centre, Bondi Junction town centre), centres and transport	• Significant housing growth in Botany Bay on brownfield sites contributes to housing choice and supply for the area. • Housing growth focussed in and	• Housing growth focussed in and around strategic centres (Randwick Education and Health strategic centre, Bondi Junction town centre), centres and transport	• Significant housing growth in Botany Bay on brownfield sites contributes to housing choice and supply for the area • Housing growth focussed in and	• The significant renewal projects underway in the City of Sydney and Botany Bay Council areas contributes to housing choice and supply close to key

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
	transport corridors	around strategic centres (Randwick Education and Health strategic centre), centres and transport corridors provides homes closer to jobs	corridors provides homes closer to jobs • Joint affordable housing strategies facilitate the supply of affordable housing and housing choice for the community	around strategic centres (Randwick Education and Health strategic centre, Bondi Junction town centre), centres and transport corridors (Kings Cross to Bondi Junction rail line) provides homes closer to jobs	corridors (Kings Cross to Bondi Junction rail line) provides homes closer to jobs	around strategic centres (Randwick Education and Health strategic centre), centres and transport corridors provides homes closer to jobs	employment areas. • The region provides for 4 strategic centres, transport corridors and large renewal areas to focus housing growth close to key employment areas.
Strategic centres, gateways and corridors -Strengthening economic development	• Precinct planning for the future growth of Randwick Education	• Coordinated planning for the transport gateway of Port Botany and the surrounding industrial areas	• Coordinated planning for the strategic centres of Bondi Junction and Randwick Health and	• Coordinated planning for the strategic centres of Bondi Junction and Randwick Health and	• Coordinated planning for the strategic centres of Bondi Junction and Randwick Health and	• Coordinated planning for Port Botany and surrounding industrial areas, the	• Coordinated planning for the transport gateway of Port Botany, 4 strategic centres,

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
in strategic centres, employment corridors and transport gateways	and Health Strategic Planning		Education Specialised Centre	Education Specialised Centre and Port Botany and the surrounding industrial areas	Education Specialised Centre • Coordinated planning for smaller centres/strips in the area eg. Woollahra, Paddington, Double Bay	strategic centres of Bondi Junction and Randwick Health and Education Specialised Centre	southern employment lands with Airport. However, the Airport Precinct is still not integrated into the one council area. • Integrated retail centre planning of Sydney CBD, Bondi Junction, other retail centres (Eastgardens, Maroubra Junction) and villages such as Woollahra, Double Bay

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
Transport and access - *Connecting centres with a networked transport system*	• Light rail route connects key centres in Randwick City. Potential extension to other centres in south	• Potential for coordinated east-west public transport planning of strategic bus routes • Potential to extend & connect light rail networks to other centres, including Eastgardens • Improved coordination of new cycle links between centres	• Links key travel demand corridor between Randwick and Bondi Junction • Potential to extend & connect light rail networks to the strategic centres	• Potential to extend & connect light rail networks between centres (eg: Bondi Junction to Mascot via Eastgardens) • Links key travel demand corridor between Airport, Randwick and Bondi Junction	• Links travel demand corridors along Oxford street (part) and New South Head Road • Beach runner bus to connect key tourist locations along the coast • Improved coordination of new cycle links between centres	• Improved coordination of new cycle links between centres	• Links key travel demand corridors and cycle ways between CBD and eastern suburbs • Strategic benefits that light rail may bring in terms of accessibility within a single region and the potential for the route to be extended to connect other key areas in the region

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
Open Space and Environment - *Improve access to recreational opportunities and linkages between regional open spaces to form a green space network*	• Randwick has a rich and diverse range of regionally significant open space assets scattered across the LGA.	• Potential for coordinated planning and delivery of green links connecting key open space and recreational facilities in the two council areas.	• Potential for continuous green links both north-south and east-west across the City • Experience of Waverley Council's Green Links Project can be better applied to Randwick, to achieve improved connectivity of its open space network.	• Potential for continuous green links both north-south and east-west across the study area	• Coordination of open space and recreation planning and management across all eastern beaches and harbour beaches • Potential for coordinated planning and delivery of green links connecting key open space and recreational facilities in the three council areas.	• Potential for better integration of open space assets in Randwick and Botany Bay into the existing open space network (mostly established and extended across City of Sydney, Woollahra and Waverley).	• Potential to coordinate and extend linkages and corridors such as the Eastern Coastal Walkway, Harbourside Walk, Federation Track and a large number of green links that connect the main routes/ corridors together to form an interconnected network of open spaces. •
Planning systems							

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
Environmental Planning Instruments and Controls	• A high degree of autonomy for local planning could be maintained.	• Both Botany and Randwick have a comprehensive LEP and DCP. Integration of the planning controls between the two councils would likely be a relatively smooth transition process.	• The LEP and comprehensive DCP of both Waverley and Randwick are recently adopted. Integration of the planning controls between the two councils would likely to manifest in a relatively smooth transition process.	• All three councils have a comprehensive LEP and DCP that are recently adopted. Any integration of the planning controls would likely to manifest in a relatively smooth transition process.	• Woollahra's comprehensive LEP and DCP is still in draft form however commencement is imminent. Woollahra also employs a different mechanism for regulating low density residential developments that varies from other councils. Integration of the planning controls across the three councils is anticipated to involve more	• All other councils apart from Woollahra have a comprehensive LEP and DCP in place. Despite the fact that the majority of Councils have a comprehensive LEP and DCP in place, the variety of land use zones and planning controls across the area is anticipated to involve more time and	• There would be complications in integrating the different planning instruments and controls across all five councils. • However, from a user's perspective, the rationalisation of planning controls would improve clarity and reduce complexity in the whole planning

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
					time and resources.	resources than other scenarios.	system applicable to the sub-region.
Design Excellence	• Randwick is progressive in promoting design excellence across the City. Where Randwick remains independent, high quality design outcomes could still be expected.	• Reconstitution of the Design Review Panel would be necessary.	• The two councils have high compatibility as both have been sharing the same Design Review Panel for over a decade and have similar initiatives in promoting design excellence.	• Reconstitution of the Design Review Panel would be necessary.	• The constitution and jurisdiction of a new Design Review Panel would need to be determined.	• The constitution and jurisdiction of a new Design Review Panel would need to be determined.	• The constitution, function and jurisdiction of a new Design Review Panel or equivalent would need to be determined.

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
Planning Staff Management	• Randwick has high performing planning staff. Where Randwick remains independent, a good level of operational efficiency could still be maintained.	• Potential benefits may include: - Sharing and pooling of expertise - Job rotation - Balancing work load through internal staff transfer	• Potential benefits may include: - Sharing and pooling of expertise - Job rotation - Balancing work load through internal staff transfer	• Potential benefits may include: - Sharing and pooling of expertise - Job rotation - Balancing work load through internal staff transfer	• Potential benefits may include: - Sharing and pooling of expertise - Job rotation - Balancing work load through internal staff transfer	• Potential benefits may include: - Sharing and pooling of expertise - Job rotation - Balancing work load through internal staff transfer • Major organisational restructuring across all four Councils would be needed.	• Potential benefits may include: - Sharing and pooling of expertise - Job rotation - Balancing work load through internal staff transfer • Major organisational restructuring across all five Councils would be needed.

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
E-Planning	• More autonomy and flexibility in choosing the most appropriate systems or packages available when Randwick remains independent. • However, financing for future system upgrades and	• A degree of resource sharing maybe achievable for financing future upgrades to the planning information and business transaction systems. • However, Botany is still at a preliminary stage of implementing their e-planning tools. There is a need to reinforce	• Compatibility between the two councils is high as the planning information and business transaction systems of both organisations are generally at par with each other.	• A degree of resource sharing maybe achievable for financing future upgrades to the planning information and business transaction systems. • The key challenge would be the upgrading of the e-planning system in Botany to match those of Waverley and	• A degree of resource sharing maybe achievable for financing future upgrades to the planning information and business transaction systems. • The key challenge would be the upgrading of the e-planning system in Woollahra to match those of Waverley and Randwick.	• A degree of resource sharing and economies of scale maybe achievable for financing future upgrades to the planning information and business transaction systems. • A higher degree of coordination would be required to reconcile the differences in the property and planning information	• A degree of resource sharing and economies of scale maybe achievable for financing future upgrades to the planning information and business transaction systems. • A high degree of coordination would be required to reconcile the differences in the property and planning information

Merger Options	1. Randwick	2. Randwick/ Botany	3. Randwick/ Waverley	4. Randwick/ Waverley/ Botany Bay	5. Randwick/ Waverley/ Woollahra	6. Randwick/ Waverley/ Botany Bay/ Woollahra	7. 'Global City' City of Sydney, Randwick, Waverley, Woollahra, Botany
	improvement would be born entirely by Randwick alone.	systems upgrade to the Botany area.		Randwick.		systems across the four councils. • The key challenge would be the upgrading of the e-planning systems in Botany and Woollahra to match those of Waverley and Randwick.	systems across all five councils. • The key challenge would be the upgrading of the e-planning systems in Botany and Woollahra to match the other Councils.

APPENDIX

- **Matrix of key planning themes and characteristics for each council area**
- **Comparison of Planning approach to the Natural and Built Environment and future growth**

Note an analysis has been completed based on information publicly available regarding the councils, and this analysis could be refined with more detailed information and discussion with the subject councils.

Key Planning themes/ characteristics for each council area

Planning themes	Randwick	Botany Bay	Waverley	Woollahra	City of Sydney
Economic Activity and Employment Areas					
Employment generators	Randwick Education and Health Specialised Centre; Royal Randwick Racecourse; Port Botany and surrounding light industry	Ports Precinct; Industrial & commercial activities	Bondi Junction Specialised Centre (Education, financial & Insurance services, retail) Tourist and Visitor Destination (Bondi)	Village centres/ associated health care, education and retail (Double Bay, Paddington, Woollahra)	Sydney CBD – financial & insurance services; Major retail & hospitality destination; Southern Sydney employment lands Tourist & Cultural destination
Economic profile Gross Regional Product(GRP[20])/ Largest industry in terms of employment	$7.77 billion/ Health Care and Social Assistance	$9.5 billion/ Transport, Postal and Warehousing	$4.04 billion/ Retail Trade	$3.94 billion/ Education and Training	$101.87 billion/ Financial and Insurance Services
Retail/commercial centres	Randwick Junction (Royal Randwick), Maroubra Junction (Pacific Square), Kensington, Kingsford, Coogee	Mascot Train Station, Eastgardens and surrounding light industry	Major retail: Bondi Junction Westfield, Eastgate shopping centre	Village centres (Double Bay, Paddington, Woollahra, Rose Bay)	Sydney CBD; Major Retail (Westfield, David Jones, Myer) and Mall shopping, Australian Technology Park, Village centres (Surry Hills, Paddington, Kings Cross/Potts Point)
Transport and Access					

[20] as of 30 June 2014.The Gross Regional Product of an area is the equivalent of Gross Domestic Product, but for a smaller area. It is the amount of the nation's wealth which is generated by businesses, organisations and individuals working in the area. Source: NEIR 2014 & http://economy.id.com.au/

Transport demand corridors	North-south demand corridors on Anzac Parade, and Randwick to Bondi Junction	North-south demand corridors on Botany Road/Southern Cross Drive/Eastern distributor	East-west demand corridor on Oxford Street	East-west demand corridor on Oxford Street	Destination of most major travel demand corridors in study area
Journey to work	72.1% residents work in RCC or study area	69.9% residents work in Botany Bay or study area	72.1% residents work in Waverley or study area	75.6% residents work in Woollahra or study area	68.3% residents work in CoS or study area
Public transport	CBD and SE light rail (in development) and future re-designed bus network	Airport Rail Line (Mascot Train Station)	Eastern Suburbs Rail Line Bondi Junction transit interchange	Ferry, Bus and Eastern Suburbs rail line	All metro rail lines, Train and Bus interchange, Light rail
Walking and cycling	Average 1.7 walking trips per day 14% people walk to work at Randwick education and Health Centre	Average 1.6 walking trips per day	Average 2.3 walking trips per day 9% people walk to work in Bondi Junction	Average 2.2 walking trips per day	Average 3.4 walking trips per day 6% people walk to work in Sydney CBD 60,000 average cycle trips per day Cycle commuting has increased 132% between 2010 and 2014
Housing and Liveability					
Housing (characteristics) % of dwellings that are medium or high density	70.2%	60.7%	80.7%	76.9%	94.7%
Residential activity (2013/14)					

Dwelling approvals (*includes the conversions and dwelling units approved as part of the alterations and additions or the construction of non-residential buildings*)	493 dwellings approved	2041 dwellings approved	670 dwellings approved	359 dwellings approved	2470 dwellings approved
Dwellings approved that are in multi-unit buildings	355 dwellings approved (72% of total dwellings approved)	2002 dwellings approved (98% of total dwellings approved)	592 dwellings approved (88% of total dwellings approved)	54 dwellings approved (15% of total dwellings approved)	2358 dwellings approved (95% of total dwellings approved)
Net dwelling completions (*the number of completed dwellings added to the existing stock, adjusted for demolitions. As an example, a two-unit development that demolished one house is counted as one additional dwelling*)	544 net dwellings completed	710 net dwellings completed	61 net dwellings completed	9 net dwellings completed	2578 net dwellings completed
Net dwellings completed that are in multi-unit buildings	534 net dwellings completed (98% of total net dwellings completed)	691 net dwellings completed (97% of total net dwellings completed)	59 net dwellings completed (97% of total net dwellings completed)	1 net dwelling completed (11% of total net dwellings completed)	2514 net dwellings completed (98% of total net dwellings completed)
Council Housing Services (Seniors Housing, Assisted Living; and /or affordable/ key worker housing)	Randwick Affordable Rental Housing Program and Policy Owns 20 units for key worker housing in		Waverley Affordable Housing Program for low to moderate income households across 28 units (various locations); Waverley Housing for		City of Sydney Affordable Rental Housing Strategy 2009-2014 --- Green Square area –

	various locations		Older People – provides affordable housing to people > 65 years of age across a stock of 55 units; Waverley Community Living Program (WCLP) provides secure and affordable housing for people with a mild intellectually disability across a stock of 4 units		100 affordable rental units built (target of 330 units) Ultimo/Pyrmont area – 450 affordable rental units built (target of 600 units) Harold Park (target of 50 new affordable dwellings) Glebe Affordable Housing Project (target of 20 social housing units + 90 new affordable housing dwellings)
Education Establishments	TAFE UNSW National Institute of Dramatic Arts Private and Public primary and	Private and Public primary and secondary schools (1 High School (1 Public); 8 Primary Schools (7 Public))	Private and Public primary and secondary schools (4 High Schools (1 Public), 7 Primary Schools (5 Public)	Private and Public primary and secondary schools (4 High Schools (0 Public), 7 Primary Schools (6 public) and 2 mixed schools (from	University of Sydney, University of Technology Sydney, Tafe Ultimo, Private and Public primary and secondary schools (10

	secondary schools (10 High schools (4 Public); 24 Primary Schools (11 Public); and 3 mixed schools (from K-12))		and 2 mixed schools (from K-12))	K-12))	High Schools (4 public), 7 Primary Schools (7 public), and 2 mixed schools (from K-12))
Health	Randwick Hospitals Campus: Prince of Wales, RHW Sydney Childrens Hospital & Surrounding health related services	Local health related services	War Memorial Hospital; Local health related services	Wolper Jewish Hospital, Local health related services	The Sydney Hospital, Eye Hospital; Royal Prince Alfred Hospital & surrounding health related services.
Parks and Recreation					
Natural features/environment	Nine beaches, Botany Bay National Park; Malabar Headland National Park	Botany Wetlands; the Botany Bay Foreshore beach (between the Port and Airport); Penrhyn Estuary Botany Wetlands Coastal	Beaches: Bondi, Bronte, Tamarama	Sydney Harbour Foreshore, South Head, Sydney Harbour National Park	Sydney Harbour, Federal Park Saltmarsh Wetland,
Key Open space corridors and linkages	Eastern Coastal walkway Federation Track Centennial Parklands	Coastal walkway (proposed) Botany Wetlands	Eastern Coastal walkway Federation Track Green Links Pedestrian Network Centennial Parklands	Eastern Coastal walkway Harbourside Walk Federation Track Centennial Parklands	Harbourside Walk Centennial Parklands
Parks & Recreation (Regional parks in bold)	**Centennial Parklands, Randwick Racecourse, Heffron**	Lakes Golf Course, **Hensley Athletic Field**, **Sir Joseph**	**Diamond Bay Reserve, Eastern Reserve, Rodney**	South head, Sydney Harbour National Park, Rose Bay Marina,	Alexandria Park, **Sydney Park**, Cook+ Philip Park, Glebe Foreshore Parks,

	Park, New South Wales Golf Course; **The Australian Golf Course, Randwick Golf Club,** Cromwell Park, **Kensington Park,** Malabar Headland, Arthur Byrne Reserve, Jack Vanny Memorial Park, **Randwick Cemetery**, Latham Park, Burrows Park **Randwick Environment Park,** Pioneers Park, Randwick Golf Course, **St Michaels Golf Course, The Coast Golf Course, Coogee Oval,** Alison Park, High Cross**,** Barden Park, Baker Park, Bangor Park, Blenheim Park, **Duningham Reserve**, **Grant Reserve**, **Bundock Park,** Trennery Reserve, Snape Park, Neptune Park, Quarry Reserve, Nagle Reserve, Coral Sea Park, Broadarrow	**Banks Park**, John Curtin Reserve, Gaiarine Gardens, Mascot Memorial Park, Booralee Park Mascot Oval Astrolabe Park, David Phillips Field, Rowland Park**, Bonnie Doon Golf Club**, Jellicoe Park, Eastlakes Reserve, Eastlakes Golf Course, **Mutch Park**, L'Estrange Park, Booralee Park, Garnet Jackson Reserve, **Botany Bay Golf Course**	**Reserve, Raleigh Reserve, Bondi Park, Marks Park, Bronte Park, Tamarama Park, Waverley Cemetery, Waverley Park** Queens Park, Bondi Park, Bronte Park, Dudley Page Reserve, Rodney Reserve, Hugh Bamford Reserve, Hunter Park, Marks Park, Tamarama Park, Diamond Bay Reserve	White City Tennis Club, Royal Sydney Golf Course, Cooper Park, **Rushcutters Bay Park**, **Weigall Sportsground**, Yaranabbe Park, Trumper Park, **Lyne Park, Wollahra Oval**, **Rose Bay Park, Tingira Memorial Park, Hermitage Reserve, Neilsen Park, Vaucluse Park,** , Parsley Bay Reserve, **Gap Park**, **Robertson Park**, **Sydney Harbour National Park, Christison Park, Signall Hill Reserve, LightHouse Reserve**	Hyde Park, **Observatory Hill Park**, Paddington Reservoir Gardens, Pirrama Park, Prince Alfred Park, Redfern Park, Royal Botanic Gardens and The Domain, **Sydney Park, Moore Park Golf Course**, **Moore Park**, **Sydney Cricket Ground,** Tumbalong Park, Victoria Park, Wentworth Park, **Hyde Park, Belmore Park, The Domain, Royal Botanic Gardens, Wentworth Park, Tumbalong Park, Pirrama Park**

	Reserve, Cromwell Reserve, Barwon Park, Chifley Sports Field, Frechmen's Bay Reserve, Yarra Bay Reserve, Bicentennial Park, **Botany Cemetery**, Cann Park, Bob Aday Park, Woomera Reserve, McCartney Oval, **Botany Bay National Park**				
Cultural & Visitor attractions	National Institute of Dramatic Arts; Randwick Racecourse; The Spot; Beaches; Bondi to Coogee Coast Walk	Botany Aquatic Centre; Botany Bay National Park – Captain Cooks Landing Site	Bondi Beach, Tamarama Beach, Bronte Beach; Bondi to Coogee Coast Walk; Bondi Markets	Watsons Bay, South Head, Sydney Harbour National Park,	Sydney Opera House; Sydney Harbour Bridge; Darling Harbour; Walsh Bay; Entertainment Quarter at Moore Park; Art Gallery of NSW; Museum of Contemporary Art; Museum of Sydney; Powerhouse Museum; Chinatown & Haymarket; The Rocks
Planning Systems					
Planning framework **Local Environmental Plan**	Randwick LEP 2012 (commenced 15 Feb 2013)	Botany Bay LEP 2013 (commenced 21 June 2013)	Waverley LEP 2012 (commenced 26 October 2012)	Woollahra LEP 1995 Woollahra LEP 2014 (based on standard template) approved and to commence on	Sydney LEP 2012 (commenced 14 December 2012) Sydney LEP 2005 (applies only to Carlton

				23 May 2015	United Brewery Site --- Central Sydney Planning Committee & Council as consent authorities
Development Control Plans	Randwick DCP 2013	Botany Bay DCP 2013	Waverley DCP 2012	27 x individual DCPs Draft Woollahra DCP (intended to commence on 23 May 2015)	Sydney DCP 2012
Development contributions Section 94 (s94) or Section 94A (s94A)	S94A Development Contributions Plan (effective 17 July 2012) Section 94 Development Contributions Plan 2000 (Bundock Street) (applies to the Department of Defence Site at Bundock Street)	S94 Mascot Station Precinct Plan (effective 21 January 2015) S94 Contributions Plan 2005-2010 (effective 10 January 2006)	S94A Developer Contributions Plan 2006 (amended on 14 November 2014)	S94 Development Contributions Plan (adopted June 2008) S94A Development contributions plan (effective 31 August 2011)	City of Sydney S94 Contributions Plan (updated June 2009) Ultimo Pyrmont S94 Contributions Plan 1994 (amended in January 2012) Central Sydney S94 Development Contributions Plan (under section 61 of the *City of Sydney Act 1988*) (adopted July 2013)
No. of Heritage Items (Local & State) & Heritage Conservation Areas	29 State Heritage Items 557 Local Heritage items	4 State Heritage items 212 Local Heritage items	478 Local Heritage Items 14 State Heritage items	761 Local Heritage Items 29 State Heritage Items 15 Conservation Areas	3197 Local Heritage Items 423 State Heritage Items

	20 Heritage conservation areas	2 Heritage Conservation areas	70 (including 53 landscape conservation areas) conservation areas		73 Heritage Conservation Areas
No. of Development Applications (DAs) Determined (approved or refused) **& estimated construction value ($ m) for 2013/14**[21]	799 DAs $300.53m	135 DAs $613.26m	528 DAs $397.46m	557 DAs $243.87m	1822 DAs $3611.49m
No. of Assessment Planners* * Excluding environmental health officers	13	11	13	24	61
E-Planning	Electronic Housing Code (EHC); Lodge DAs electronically; DA tracking	Electronic Housing Code (EHC); - DA tracking	Electronic Housing Code (EHC); - DA tracking	- - DA tracking	- - DA tracking
Design Review Panel	Yes – Waverley/ Randwick Design Review Panel (joint panel with Waverley Council)	Yes – Design Review Panel	Yes – Waverley/ Randwick Design Review Panel (joint panel with Waverley Council)	N/A – Rely on in-house urban designer officers and internal Applications Assessment Panel (consisting of senior management and	Yes – Sydney Design Advisory Panel for reviewing development applications and capital works projects

[21] Source: Local Development Performance Monitoring – Department of Planning and Environment

				specialist staff of Council)	
Design Excellence initiatives	Randwick City Biennial Urban Design Awards; Randwick Architecture Talks / Architecture on Show; Design Ideas for Rejuvenating Residential Flat Buildings guideline	-	Waverley Design & Heritage Awards; Architecture / design talks	Woollahra Heritage Conservation Awards (established in 1985); Architecture on Show	City Talks
LEP Design Excellence Clause	Yes – applies to new buildings or external alterations on major sites and developments more than 15m in height	Yes – applies to Mascot Station Precinct and British American Tobacco Australia site only	-	-	Yes – applies to new buildings and external alterations to existing buildings

COMPARISON OF PLANNING APPROACH TO THE NATURAL AND BUILT ENVIRONMENT AND FUTURE GROWTH

The following table compares the overarching aims of the LEPs of the study group to indicate the individual councils':

- Relative emphasis on protection of the natural environment
- Relative emphasis on conservation of the built heritage and promotion of good urban design
- General approach to growth and development

	Natural Environment	Built Heritage and Urban Design	Approach to Growth
Randwick (Randwick LEP 2012)	**Emphasis on the natural environment – High** • *To promote the importance of ecological sustainability in the planning and development process* • *To protect, enhance and promote the environmental qualities of Randwick* • *To ensure the conservation of the environmental heritage, aesthetic and coastal character of Randwick*	**Emphasis on built heritage and urban design – High** • *To foster a liveable city that is accessible, safe and healthy with quality public spaces and attractive neighbourhoods and centres* • *To achieve a high standard of design in the private and public domain that enhances the quality of life of the community* • *To ensure the conservation of the environmental heritage, aesthetic and coastal character of Randwick* • *To acknowledge and recognise the connection of Aboriginal people to the area and to protect, promote and facilitate the Aboriginal culture and heritage of Randwick*	The Randwick LEP focuses future growth in and around town centres and the Randwick Education and Health Strategic Centre, as well as along transport corridors. The provision of affordable housing and promotion of social equity are expressly stated in the Aims. • *To support a diverse local economy and business and employment opportunities for the community* • *To support efficient use of land, vibrant centres, integration of land use and transport, and an appropriate mix of uses* • *To promote sustainable transport, public transport use, walking and cycling* • *To facilitate sustainable population and housing growth* • *To encourage the provision of*

	Natural Environment	Built Heritage and Urban Design	Approach to Growth
			housing mix and tenure choice, including affordable and adaptable housing, that meets the needs of people of different ages and abilities in Randwick • *To promote an equitable and inclusive social environment* • *To promote opportunities for social, cultural and community activities*
Botany Bay (Botany Bay LEP 2013)	**Emphasis on the natural environment - Medium** • *To identify and conserve those items and localities that contribute to the local built form and the environmental and cultural heritage of Botany Bay* • *To protect and enhance the natural and cultural landscapes in Botany Bay*	**Emphasis on built heritage and urban design – Medium** • *To identify and conserve those items and localities that contribute to the local built form and the environmental and cultural heritage of Botany Bay* • *To protect and enhance the natural and cultural landscapes in Botany Bay* • *To create a highly liveable urban place through the promotion of design excellence in all elements of the built environment and public domain*	The Botany Bay LEP emphasises economic growth and development with a focus on the port and airport transport gateways. • *To recognise the importance of Botany Bay as a gateway to Sydney, given its proximity to Sydney (Kingsford Smith) Airport and Port Botany* • *To encourage sustainable economic growth and development* • *To provide direction concerning growth and change in Botany Bay* • *To promote residential amenity*

	Natural Environment	Built Heritage and Urban Design	Approach to Growth
Waverley (Waverley LEP 2012)	**Emphasis on the natural environment - Medium** • *To enhance and preserve the natural environment through appropriate planning, protecting the integrity of natural systems and by protecting existing trees* • *To identify and conserve the cultural, environmental, natural, aesthetic, social and built heritage of Waverley*	**Emphasis on built heritage and urban design – Medium** • *To provide an appropriate transition in building scale around the edge of the commercial centres to protect the amenity of surrounding residential areas* • *To identify and conserve the cultural, environmental, natural, aesthetic, social and built heritage of Waverley*	The Waverley LEP places great importance on the growth and development of Bondi Junction as the primary cultural and commercial centre in the Eastern Suburbs, and the provision of housing of different densities to meet the needs of the community. • *To promote and co-ordinate a range of commercial, retail, residential, tourism, entertainment, cultural and community uses to service the local and wider community* • *To maintain and reinforce Bondi Junction as the primary commercial and cultural centre in Sydney's eastern suburbs* • *To provide for a range of residential densities and range of housing types to meet the changing housing needs of the community* • *To protect, maintain and accommodate a range of open space uses, recreational opportunities, community facilities and services available to the community*

	Natural Environment	Built Heritage and Urban Design	Approach to Growth
Woollahra (Woollahra LEP 2014)	**Emphasis on the natural environment – High** • *To conserve built and natural environmental heritage* • *To protect amenity and the natural environment* • *To minimise and manage stormwater and flooding impacts* • *To minimise excavation and manage impacts.*	**Emphasis on built heritage and urban design – High** • *To conserve built and natural environmental heritage* • *To protect and promote public access to and along the foreshores* • *To promote a high standard of design in the private and public domain* • *To ensure development achieves the desired future character of the area*	The Woollahra LEP provides for growth and population increase in and around local centres and shopping strips that are well serviced by public transport. • *To ensure that growth occurs in a planned and co-ordinated way* • *To promote the management, development, conservation and economic use of property* • *To provide for an appropriate balance and distribution of land for commercial, retail, residential and tourist development and for recreation, open space, entertainment and community facilities* • *To provide greater population densities in and around centres that are well serviced by public transport* • *To facilitate opportunities, in suitable locations, for diversity in dwelling density and type* • *To minimise and manage traffic and parking impacts*

	Natural Environment	Built Heritage and Urban Design	Approach to Growth
City of Sydney (Sydney LEP 2012)	**Emphasis on the natural environment – High** • *To promote ecologically sustainable development* • *To conserve the environmental heritage of the City of Sydney* • *To protect, and to enhance the enjoyment of, the natural environment of the City of Sydney, its harbour setting and its recreation areas*	**Emphasis on built heritage and urban design – High** • *To achieve a high quality urban form by ensuring that new development exhibits design excellence and reflects the existing or desired future character of particular localities* • *To conserve the environmental heritage of the City of Sydney*	The Sydney LEP aims to reinforce the continued development of the City as the primary economic heart in Metropolitan Sydney for business, education and cultural activities. It articulates the importance of transit oriented development through the integration of land use, density and transport and strengthening of local centres. The promotion of affordable housing is clearly stated as a key Aim. • *To reinforce the role of the City of Sydney as the primary centre for Metropolitan Sydney* • *To support the City of Sydney as an important location for business, educational and cultural activities and tourism* • *To encourage the economic growth of the City of Sydney by:* *(i) providing for development at densities that permit employment to increase, and* *(ii) retaining and enhancing land used for employment purposes that are significant for the*

	Natural Environment	Built Heritage and Urban Design	Approach to Growth
			Sydney region • *To encourage the growth and diversity of the residential population of the City of Sydney by providing for a range of appropriately located housing, including affordable housing* • *To enable a range of services and infrastructure that meets the needs of residents, workers and visitors* • *To ensure that the pattern of land use and density in the City of Sydney reflects the existing and future capacity of the transport network and facilitates walking, cycling and the use of public transport* • *To enhance the amenity and quality of life of local communities* • *To provide for a range of existing and future mixed-use centres and to promote the economic strength of those centres*

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Randwick City Council

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Fit for the Future - Options Analysis

Appendix B

COMMUNITY ENGAGEMENT

The following section has been prepared to ensure Randwick City Council has undertaken its due diligence relative to local government reform, in accordance with the Council resolution from the 25th November 2014.



Randwick City Council
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MAY 2015

Community engagement –

Community Engagement Report summary

1.7 Community engagement strategy

Council developed a community engagement strategy involving a four part phased program.

Because of low levels of awareness about the Fit for the Future and the reform process, the first phase was designed to better inform the general public and raise awareness about the issue.

The second stage was the key information gathering process where Council sought feedback through community surveys (paper and online), random representative telephone poll, information pop-up stalls and deliberative engagement activities such as focus groups.

The third stage is the formal exhibition of Council's draft proposal for 28-days as required by the State Government in their Fit for the Future program.

This strategy is designed to build the community's interest, knowledge and understanding of this important and complex issue prior to seeking their view.

The strategy has been designed to undertake a best practice and rigorous consultation process within tight deadlines to achieve Council's objectives.

Appendix b has the following sections

1. Results Analysis Report - Community Survey (Reply paid letter survey and online survey)
2. Telephone Survey Report (Micromex)
3. Community Information Stalls Report
4. Community Focus Groups (hard to reach) Report

Community engagement

1. Results Analysis Report - Community Survey

(Reply paid letter survey and online survey)

COMMUNITY ENGAGEMENT

Appendix

B

RANDWICK CITY'S future



Randwick City's Future Community Survey

Results analysis report

Prepared by Joshua Hay, Manager Communication
Randwick City Council
FINAL 16 APRIL 2015

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Question 10: Please rank your preferences (by total vote count) 24

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Question 10: Please rank your preferences (distributed by first preferences after removing Option One Randwick and Option Two Randwick + Botany) 26

Question 10: Please rank your preferences (distributed by first preferences after removing Option One Randwick and Option Two Randwick + Botany). Graph showing percentage distribution makeup. 27

Executive summary

In February 2015 Randwick City Council conducted an extensive paper-based and online opt-in community survey to better understand the community's view of the State Government's Fit for the Future program and their desires for the future of the City of Randwick.

The survey provided the opportunity for Council to present the benefits and costs of seven options and for the community to have their say.

6,446 valid survey responses were received from residents, ratepayer and business owners providing a good sample size and a high level of statistical confidence.

The majority of respondents want no change. There is a high level of satisfaction with services and facilities provided by Randwick City Council and a fear that a larger Council will result in a loss of local identity and a less say in how the area develops.

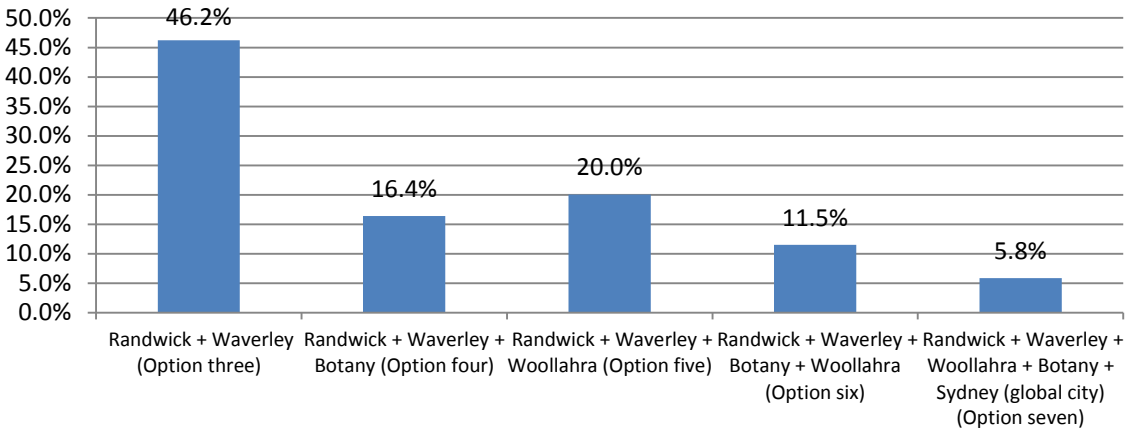
More people associate with the eastern suburbs (37%) than their suburb (33%) or the City of Randwick (25%).

There is an outright rejection of the global city concept. This is significantly the least preferred outcome.

In two separate questions in the survey, a consistent 49% of respondents indicated they preferred no change while the remaining 51% preferred a level of merger.

If amalgamations must occur, 90% would prefer an eastern suburbs council model and only 5% would prefer the larger global city council model (5% are unsure).

The most preferred merger option is an amalgamation Randwick + Waverley Councils.



Question 10: Please rank your preferences (distributed by first preferences after removing Option One Randwick and Option Two Randwick + Botany)

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. For the purposes of community engagement and analysis, a minimum population of 200,000 is considered as meeting the requirements. The rationale for this number can be found in the introductory section of this paper.

Based on this 200,000 figure, an analysis has been conducted on distributed first preferences if options one (no change) and options two (Randwick + Botany) are removed as both these options result in populations of less than 200,000.

The results show: Option three (Randwick + Waverley) received 46% of distributed first preferences after removing the no change and Randwick + Botany options. Next was Randwick + Waverley + Woollahra (20%) and Randwick + Waverley + Botany (16%).

Background

From December 2014 to May 2015 Randwick City Council is undertaking one of its largest single community consultations in the history of the Council.

The community consultation is in response to a Council resolution of 25 November 2014 and the State Government's Fit for the Future program released in late 2014.

Since 2011, the future of Local Government across NSW has been on the NSW Government's agenda.

On 10 September 2014 the NSW Premier and NSW Local Government Minister announced a $1 billion 'Fit for the Future' package to "give local councils the incentives needed to ensure they are in a position to provide the services and infrastructure their communities need and deserve".

The Fit for the Future announcement was in response to the Independent Local Government Review Panel's Final report released 12 months earlier. The Review Panel report included ideas for council mergers and reform and it recommended that Randwick City Council be amalgamated with Botany Bay, City of Sydney, Waverley and Woollahra Councils to form a "Global City".

The NSW Government's Fit for the Future package requires all councils to use the recommendations of the Review Panel as their starting point in terms of 'scale and capacity'. For Randwick City Council, this means considering the global city option or a merger option that is 'broadly consistent'. The Government has indicated that only those councils that put in submissions will have a role in any proposed boundary changes that the Government may make.

Randwick City Council already has a balanced budget and remains debt-free, providing high quality services for our community. Council is opposed to amalgamations. Unfortunately,

despite Council's excellent financial and asset management position, the option to stand alone does not meet the requirements of the Government's Fit for the Future program.

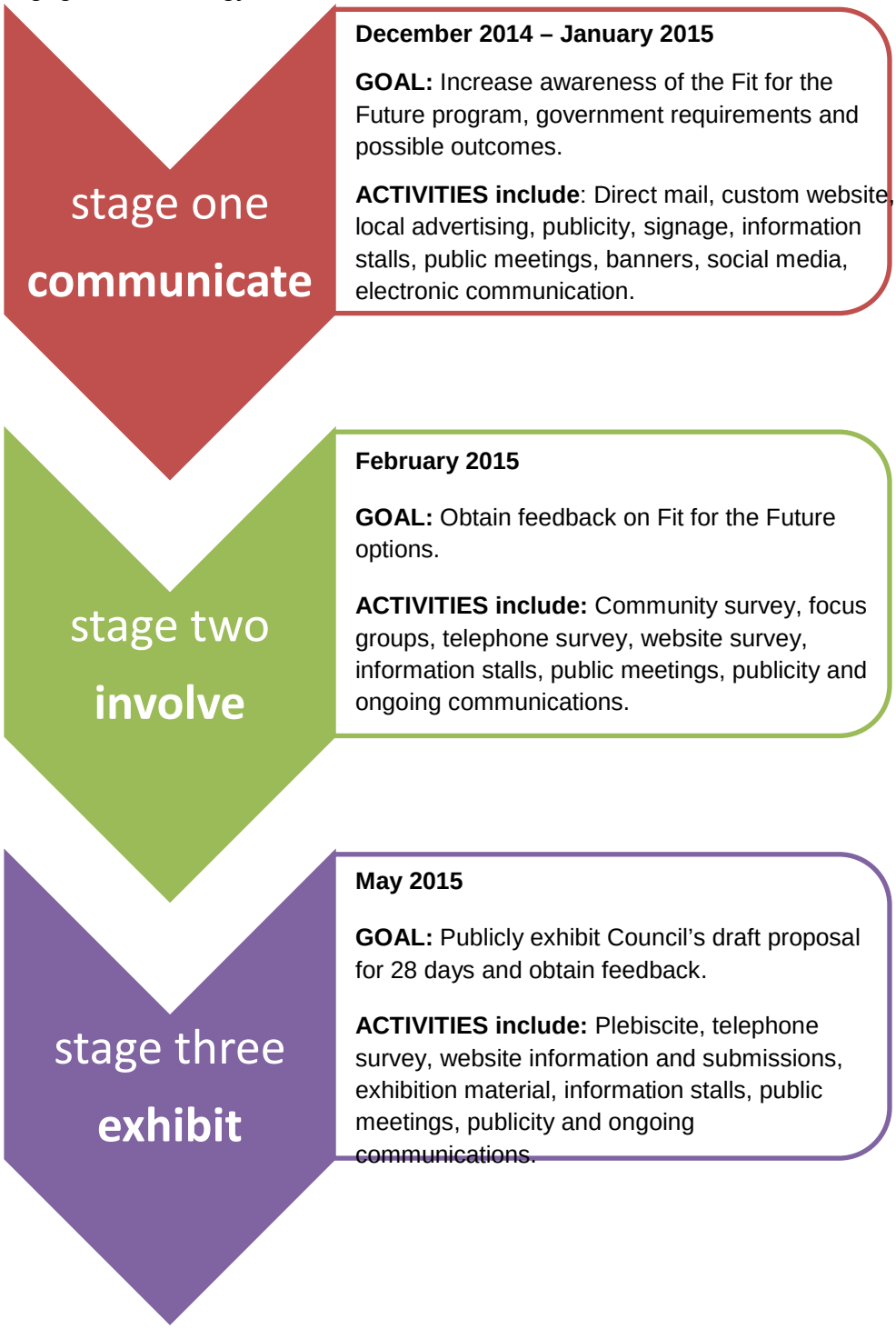
Randwick Council does not support amalgamation or the creation of a global city as we value our Randwick identity, local representation and existing quality services and facilities.

However, we are required to show the NSW Government that we can meet their scale and capacity (i.e. population size considered to be above 200,000) requirements in some way, whether it be through their preferred global city option or a merger that is broadly consistent. The Government has made it clear that "doing nothing is not an option".

Engagement context

As part of Randwick City's Council's Community Engagement Strategy, Council identified a community survey / direct survey mail as part of stage two of activities to take place in February 2015.

This graphic shows how the community survey fits in within the overall community engagement strategy:



Community consultation timeframe. (Source: *Randwick City Council Community Engagement Strategy – Fit for the Future*)

Purpose

The purpose of the community survey was to provide an opportunity for residents, ratepayers and business owners within Randwick City to express their views about proposed amalgamations as part of the State Government's Fit for the Future program.

The community survey was designed to help Randwick Council understand community views, attitudes, perceived benefits and perceived costs of possible change. The survey scopes a range of possibilities and enables Council to be informed of people's preferences to be able to respond to the State Government.

The survey also provides an important opportunity to discuss costs and benefits of a range of merger options and provide residents with an opportunity to have their say.

Sample

Council received n=6,446 valid survey responses.

This survey is reflective of those residents, ratepayers and business owners who chose to respond and as such is over-represented with older rate-paying residents. While the survey is not a randomly selected representative sample in the true sense, the very high number of responses provides a robust sample size and a high level of statistical confidence.

A sample size of 6,446 provides a maximum sampling error of plus or minus 1.19% at 95% confidence. This means that if the survey was repeated 20 times, you would get the same results within plus or minus 1.19% in 19 out of the 20 surveys.

Methodology

Residents, ratepayers and business owners were able to complete the survey both online and via a reply-paid paper survey.

On 1 February 2015, a letter, information pack, paper survey and reply-paid envelope was mailed to all 50,000 properties in Randwick City (sourced from Council's waste database) and to 15,000 non-resident ratepayers (sourced from Council's rates database)

An online survey was available to complete at www.yoursayrandwick.com.au/future.

This survey mailout followed an earlier mailout in late December 2014 / early January 2015 which introduced residents and ratepayers to the Fit for the Future program by providing a letter and information pack.

Extra copies of the survey and information pack were available at:

- Council's Administration Centre 30 Frances St Randwick
- Bowen Library, Maroubra
- Margaret Martin Library, Randwick (Royal Randwick Shopping Centre)

- Malabar Community Library

In addition, Council posted out extra packs and surveys to residents upon request or they could be downloaded from the website.

Council also assisted people with vision impairments complete the survey over the phone.

The survey was open from 1 February 2015 to 5pm 1 March 2015.

Returned paper surveys were accepted up until 3 March 2015.

The survey was developed and conducted inhouse by Randwick City Council and the survey data was compiled by Council staff.

Security and data integrity provisions were put into place and overseen by Council's Internal Auditor.

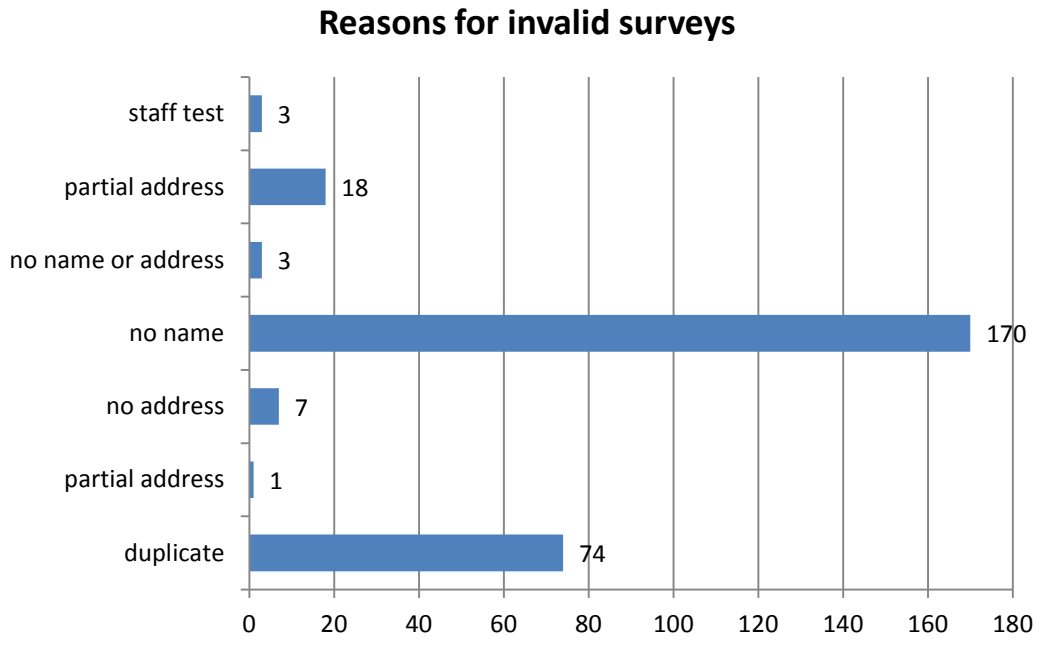
To ensure the integrity of the survey and that every resident, ratepayer and business owner only responded once, all respondents were required to provide their name and street address.

Data integrity

To provide a high level of statistical confidence around the results of the survey, Council limited the survey to residents, ratepayers and business owners aged 18 years and older.

There were 276 invalid surveys (4.14%) that were not included.

The main reasons for declaring them invalid were 1) no name provided and 2) duplicate surveys from same person.



Most of the duplicate responses appeared to be respondents completing both paper and online versions of the survey or ratepayers who own multiple properties returning multiple surveys. In this case, only the first survey received was included.

There was no evidence of any systemic attempt to manipulate the outcome of the survey. The responses of those who skipped questions and / or voted '1' only in questions 9 or 10 were still included.

In addition, the responses of 119 participants to question 10 were not included because they voted for the same choice more than once. Eg. They voted '1' for no change and '1' for Randwick + Botany etc. The responses to other survey questions by these participants were still included.

The data has not been weighted.

Probity

To ensure the integrity of the survey Council's Internal Auditor undertook a review of the survey process and data.

Prior to the closing date of the survey, Internal Audit provided probity advice to the Manager Communications in regard to conducting the Randwick City's Future Community Survey. Audit then reviewed the Protocols and the plan developed by the Manager Communications in response to this advice. Audit considered that they addressed the issues raised in the Audit advice.

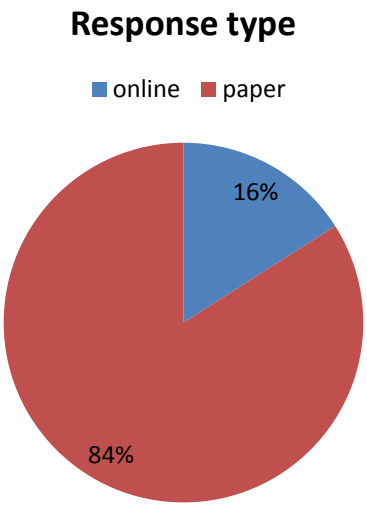
After the survey data had been entered into the survey database, Audit selected 10 random data entries made by each of the four data entry staff (40 in total) and reviewed each against the protocols and checks outlined in the Audit advice, with the following results:

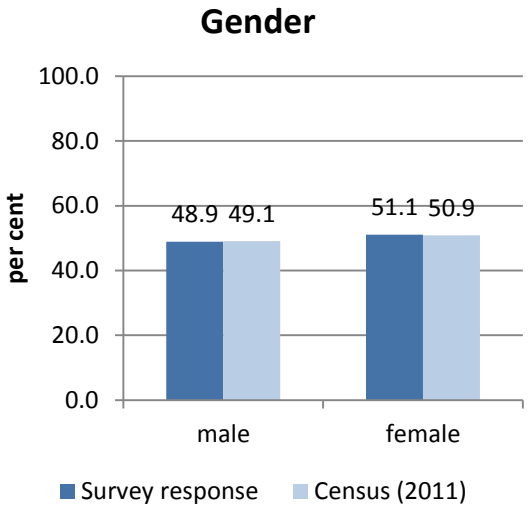
- Audit was unable to check the number of data entries on the database against the number of surveys received as the hard copy surveys had not been counted on receipt. However, the number of online surveys received matched those entered in the database as the entry had been done automatically by the survey program.
- Audit sighted the signed confidentiality agreements from the data entry staff.
- Audit found two errors in the data entry of two separate survey questions.
- Audit found one entry in which the respondent had checked both "male" and "female" on the survey form and "male" had been entered on the database, even though the respondent's first name was unambiguously female.

Overall, Audit found that there were sound measures in place to ensure that the survey had been made available to all residents, ratepayers and business owners and that the responses had been securely treated and accurately entered onto the survey database. A full report by Internal Audit has been provided to the General Manager, Manager Communications and to Council's Internal Audit Committee.

Demographics

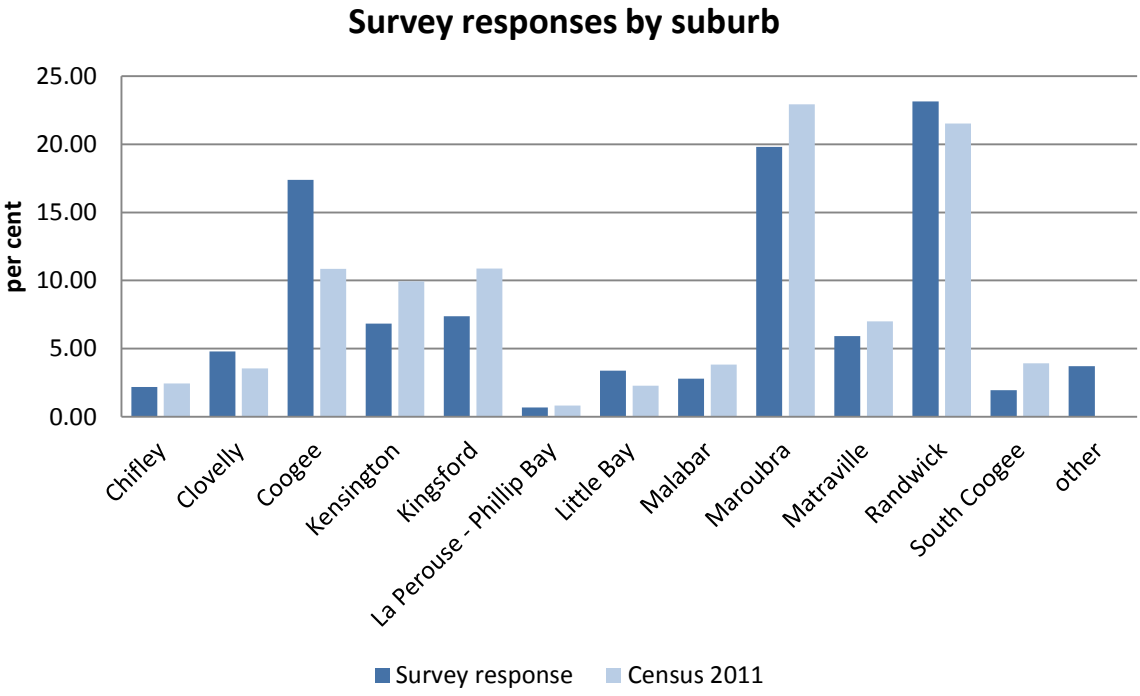
Of the 6,446 valid surveys received, 1030 were online and 5,416 were paper surveys. This reflects previous surveys in which residents and ratepayers prefer to be communicated with via mailbox on issues of importance.

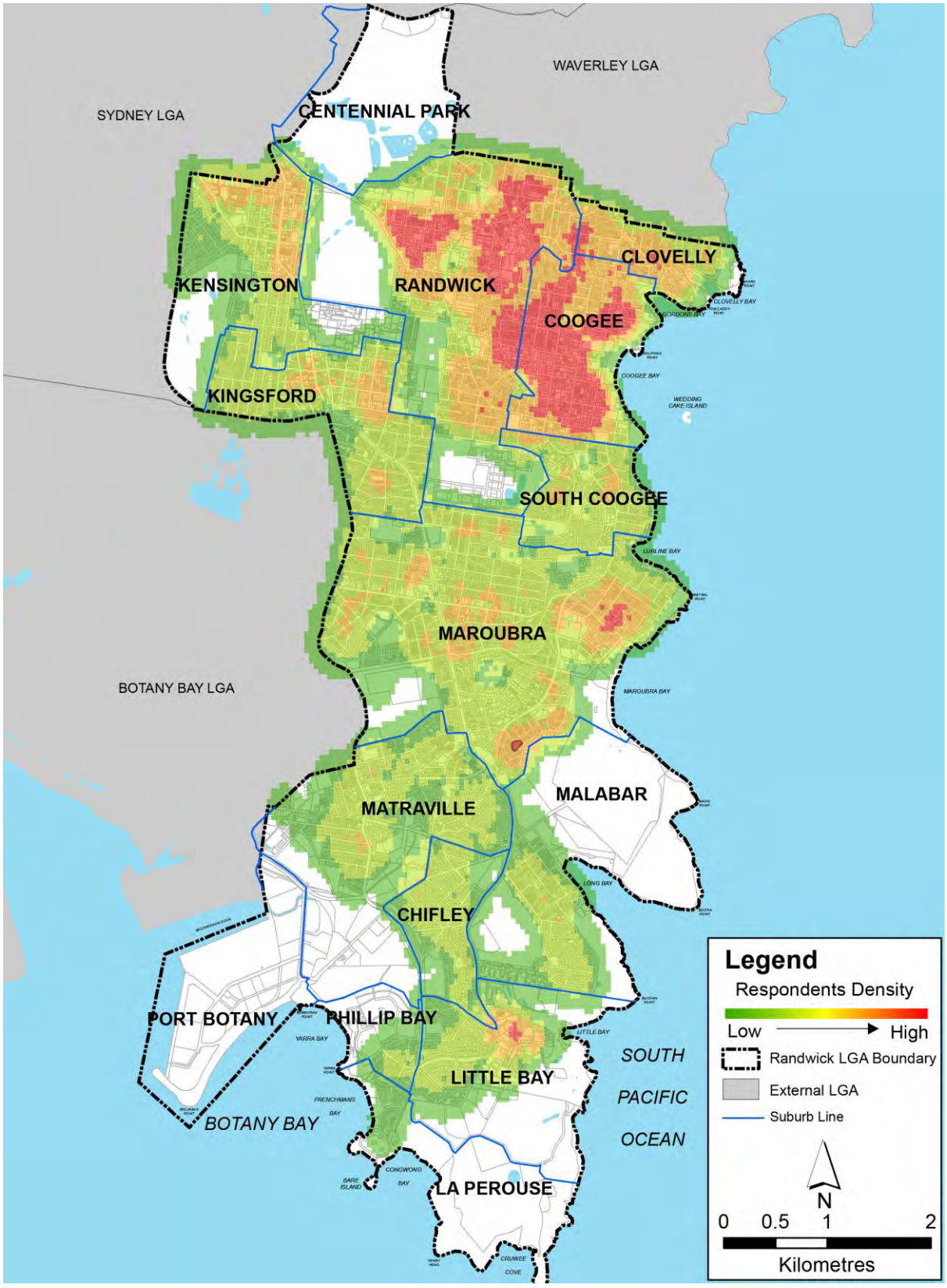




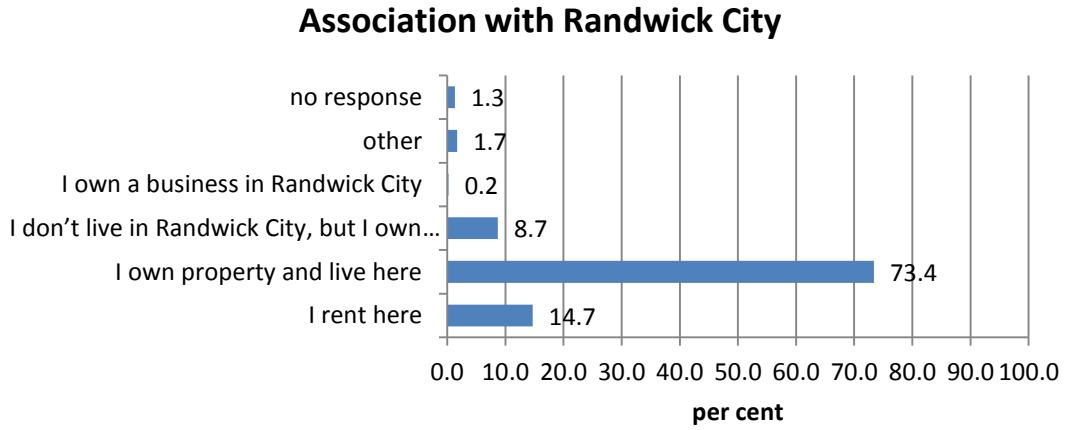
There was a good representation of responses from men and women which very closely reflects the gender census split for Randwick City.

There was also a good cross-representation of all Randwick City suburbs which generally suggests a uniform level of interest in the issue regardless of locality. There was a higher level of response from people who live or own property in Coogee.

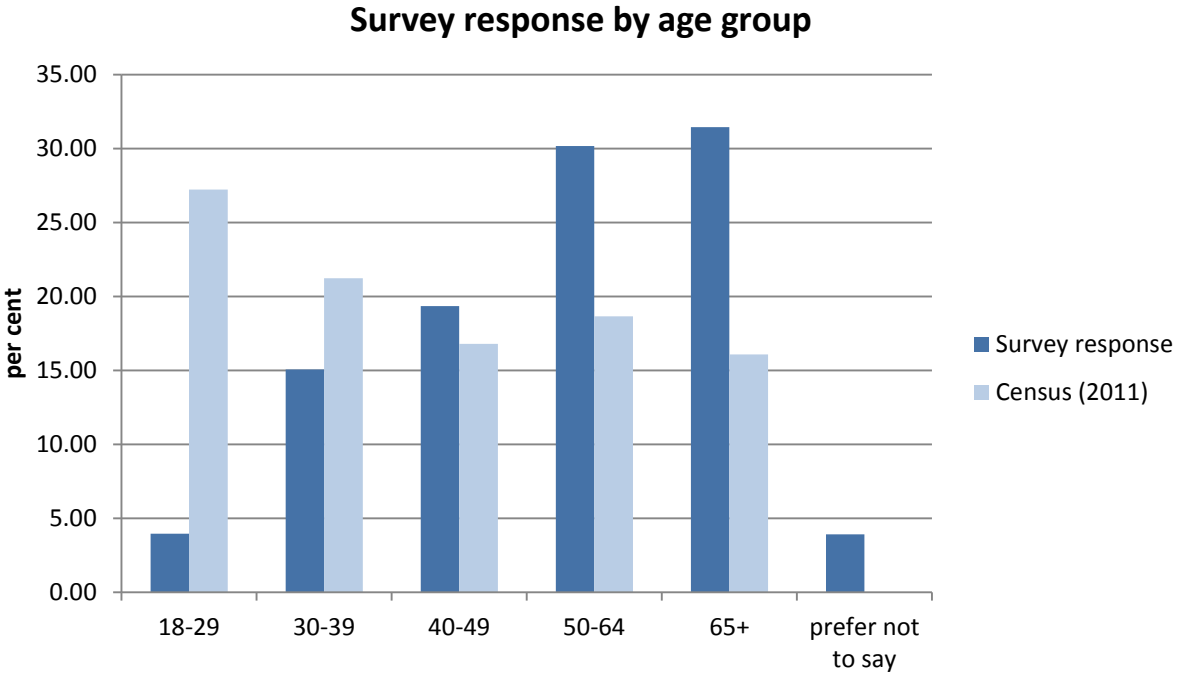




Density map of all survey respondents



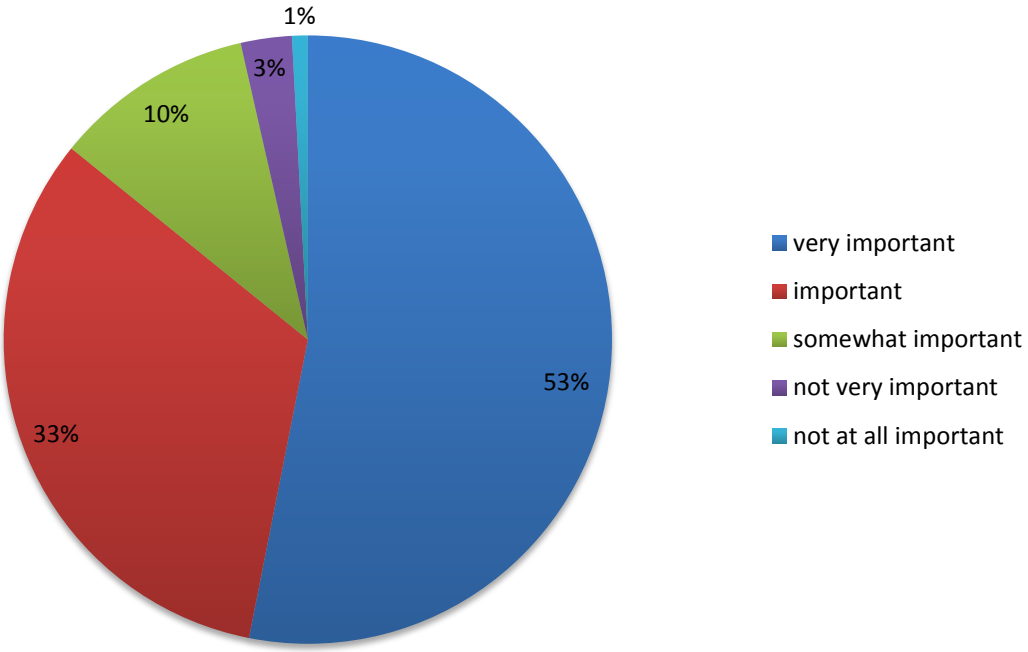
Three in four respondents were from people who own property and live in Randwick City. Only 15 per cent of responders rent in Randwick City. While owner occupiers are over-represented in the responses, this is not surprising given it is this demographic that is most closely connected and invested in a sense of place and the services that councils provide.



The survey received responses from all age categories. Similar to people's home ownership status, the survey was dominated by the older home-owning age group. Some 62 per cent of respondents were aged over 50 years. Comparatively, there were just 246 responses (3.97%) from people aged 18-29 which is well below the Census data which shows this age group represents 27% of the Randwick City population.

While it would be ideal to have more responses from this age group, one of the purposes of this survey is to provide a snapshot of the views of those people who chose to respond.

Question1: How important is your local council to you?



	Count	%
very important	3352	53.11
important	2065	32.72
somewhat important	671	10.63
not very important	171	2.71
not at all important	53	0.84
	6312	**100.00**

COMMENT

Respondents generally think their council is important with an average score of 4.35 (out of 5). Eighty-six per cent of respondents say their council is either very important or important and less than 4 per cent say it's not very important or not at all important.

I don't trust a bigger council to have Randwick's interests at heart in the same way a local council does.
– Coogee resident

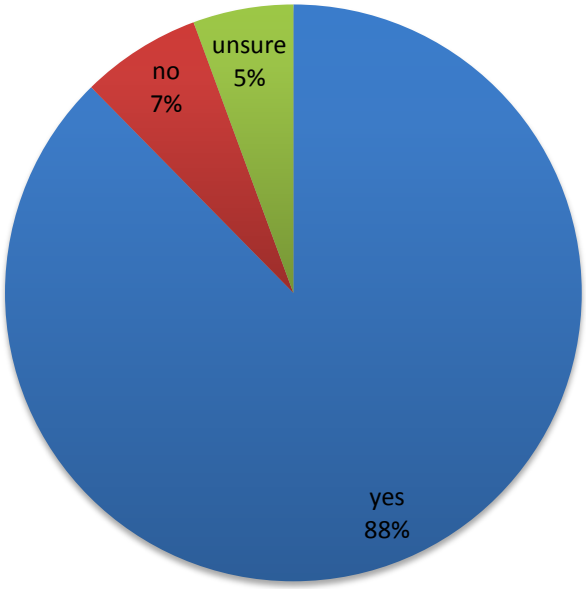
Local community is important
– Kensington resident

Councils need to be able to address local issues with local perspective.
– Randwick resident

Local identity is important
– Coogee resident

Sydney requires unified council rules, unified rates charges, transparent and consistent town planning, as well as unified services. That does NOT exist now. All councils do whatever they feel like.
– Matraville resident

Question 2: Are you aware of the State Government's Fit for the Future amalgamation plans?



	Count	%
yes	5499	87.63
no	423	6.74
unsure	353	5.63
	6275	**100.00**

COMMENT

There is a high level of awareness about the State Government's Fit for the Future plans. This is due to the two mailouts Council has sent about the issue, including an Information Pack distributed with the paper survey. Council has also undertake advertising, outdoor advertising, publicity, social media and information stalls at local shopping centres, parks and beaches.

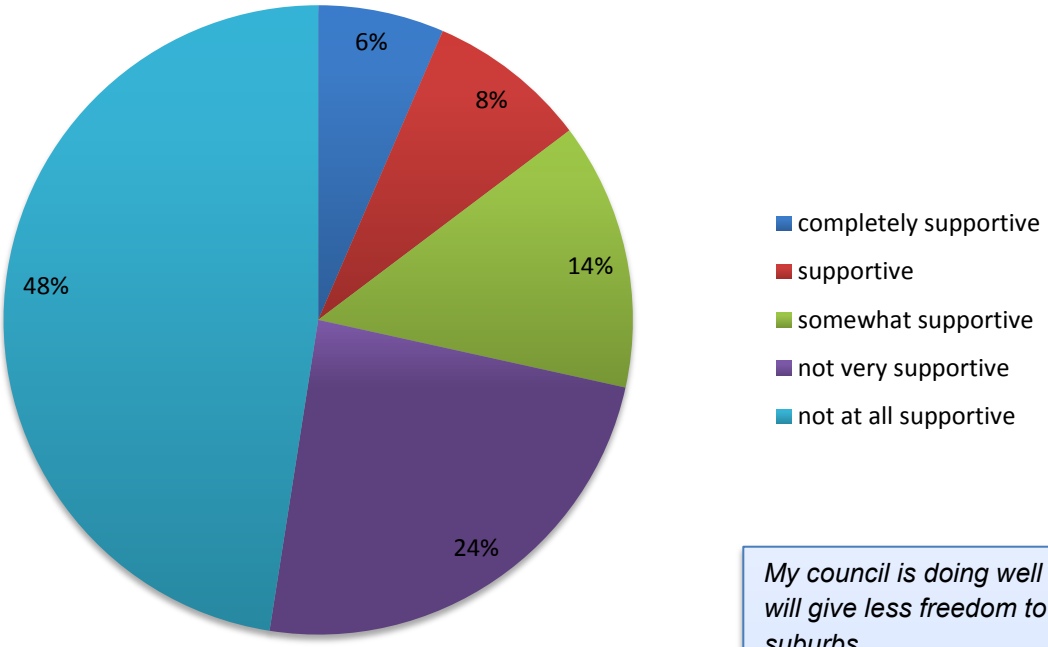
This awareness has increased significantly since a Council telephone survey in October 2013 which found just 49% of respondents aware of the issue.

Small is beautiful if Randwick Council can stand up against State Government's 'Fit for the Future' program. If 'not' accept 'step by step'.
– Kingsford resident

This is not necessary for well run, economically viable councils like Randwick. I think the Fit for the Future program should concentrate on those that are not. Many small regional councils fall into this category and effort should be concentrated on them.
– Randwick resident

I believe the State Government's Fit for The Future initiative is driven solely by financial and cost-cutting concerns. By its nature Local Government is not a commercial operation and cannot be run solely on the basis of cost minimisation.
– Kensington resident

Question 3: How supportive are you of the State Government's option to amalgamate five councils into a global city?



	Count	%
completely supportive	410	6.48
supportive	521	8.23
somewhat supportive	869	13.73
not very supportive	1520	24.02
not at all supportive	3007	47.53
	6327	**100**

COMMENT

Only 15 % of respondents support or completely support the State Government's proposal to create a global city council while 71% oppose or strongly oppose it.

The survey results consistently show little support for the amalgamation of five councils into a global city council.

My council is doing well by itself. It will give less freedom to individual suburbs.
– Randwick resident

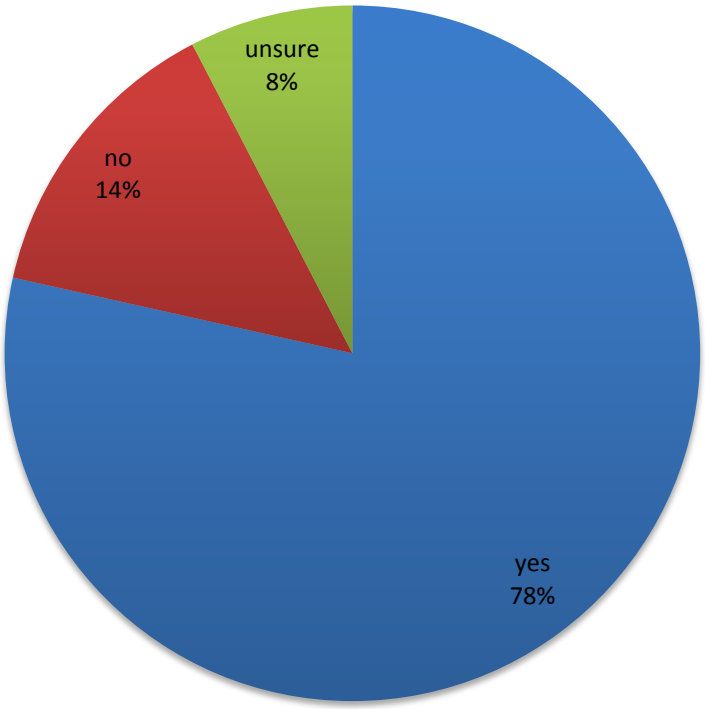
Councils need to have a critical mass to become efficient.
– Coogee resident

Cost savings make sense, however it's important to retain an 'Eastern Suburb' identity.
– Clovelly resident

I strongly believe amalgamating Randwick Council with 5 other Council is bound to see a reduction in services. It will no longer be a Local Council.
– Kensington resident

I think the advantage of local council is that it is local & focuses on the issues of that area. Making councils too big makes them more like a state government.
– Coogee resident

Question 4: Do you feel there will be a loss of local identity if these five councils amalgamate into a global city?



	count	%
yes	4960	78.49
no	878	13.89
unsure	481	7.61
	6319	**100**

COMMENT

A significant proportion of respondents believe a global city council will result in loss of local identity.

I think the identity of the local area will be affected, with less say in local concerns, as well as financially.
– Coogee resident

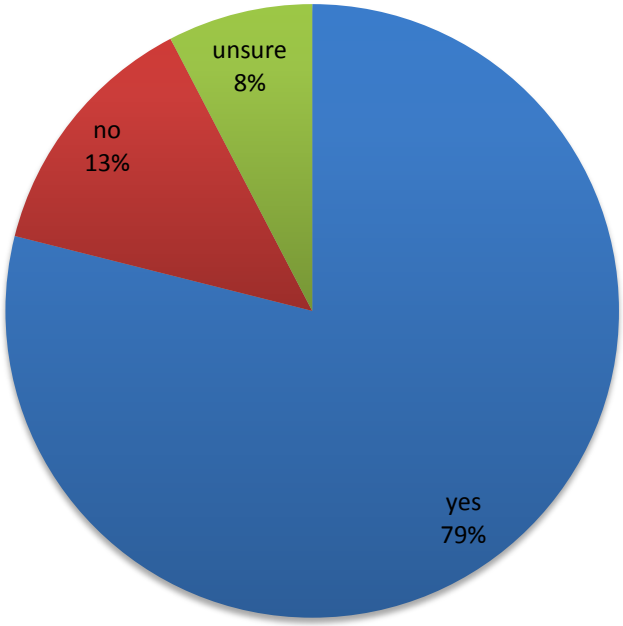
Our local council is parochial, small minded. Maroubra beach local area is a perfect example, always run down and lacking council investment. We need some big picture thinking for major resources like the beachside. A global city could provide that.
– Maroubra resident

I think this large area will be too unwieldy to manage. People in various districts have different needs. Identity will be lost.
– Maroubra resident

I want Randwick identity retained not lost in a larger area. I feel local areas will be forgotten within a large council.
– Maroubra resident

Our council is well managed, not in debt and provides great services.
– Coogee resident

Question 5: Do you feel you will have less say in how your local area develops as part of a global city council?



	Count	%
yes	4977	78.92
no	847	13.43
unsure	482	7.64
	6306	**100**

COMMENT

Respondents feel a global city council model will result in them having less say in how the area develops.

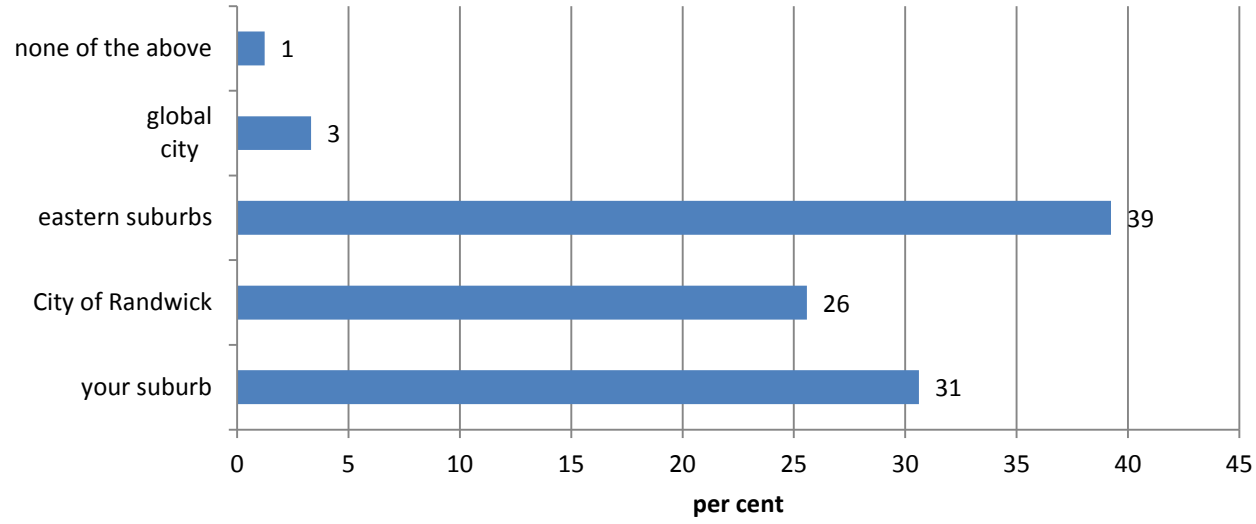
I do not think it is wise and practical to do this. Each suburb will have less say and will not see immediate benefits if the global city model goes ahead.
– Kingsford resident

I feel taking on debt from other councils is a risk and the needs from each council area are too diverse. We may lose our identity & have less say about changes - councillors would not be as community based.
– Malabar resident

I think the identity of the local area will be affected, with less say in local concerns, as well as financially.
– Coogee resident

It will give council less autonomy and less say in local issues.
– Maroubra resident

Question 6: Which of the following do you most strongly associate with?



	Count	%
your suburb	*1956*	*31*
City of Randwick	*1634*	*26*
eastern suburbs	*2507*	*39*
global city	*212*	*3*
none of the above	*79*	*1*
	6315	***100***

COMMENT

More respondents (39%) associate with the 'eastern suburbs' than they do with anything else. 31% associate with their suburb while one in four (26%) associate with the City of Randwick. Only 3% associate with a global city. A Council telephone survey conducted in October 2013 found similar support where 46% most associated with the eastern suburbs, 38% with their suburb, 17% with Randwick City and 3% with a global city.

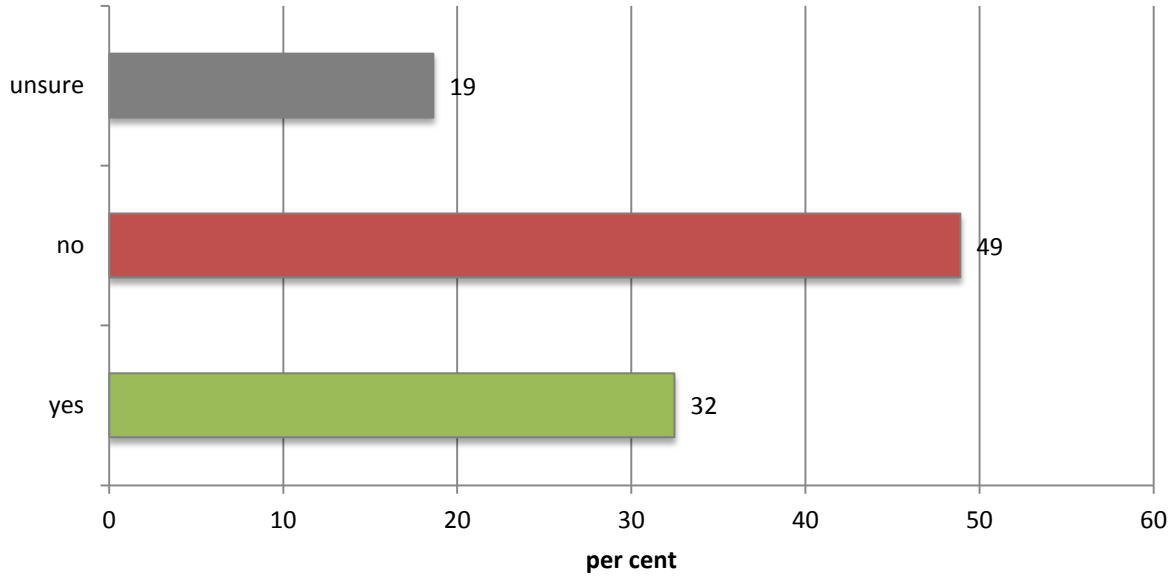
Amalgamating councils would mean some areas would lose identity & also impact on local decision making.
– Clovelly resident

A council that operates efficiently & provides good service for the rates paid should be left to carry on their good work.
– Maroubra resident

I prefer to stay within Eastern suburbs - I don't want a 'global city'.
– Randwick resident

I say somewhat supportive because i agree that Sydney is a global city that needs to modernize for the future and to compete with other global cities. But I'm a bit fearful of losing my eastern suburbs identity.
– Kensington resident

Question 7: Should Randwick City Council be amalgamated?



	Count	%
yes	2038	32
no	3069	49
unsure	1169	19
	6276	**100**

COMMENT

A majority of respondents feel Council should not be amalgamated.

Almost 1 in 5 respondents are unsure. This could be partly to do with the open-ended nature of this question in that the type and scope of amalgamation is not defined.

Throughout this survey, the data consistently shows that 49% of people support Council standing alone while the remaining 51% either propose some sort of change or are unsure.

I think the community's voice will be lost in a super council. Randwick is sustainable and does not need to amalgamate.
– Maroubra resident

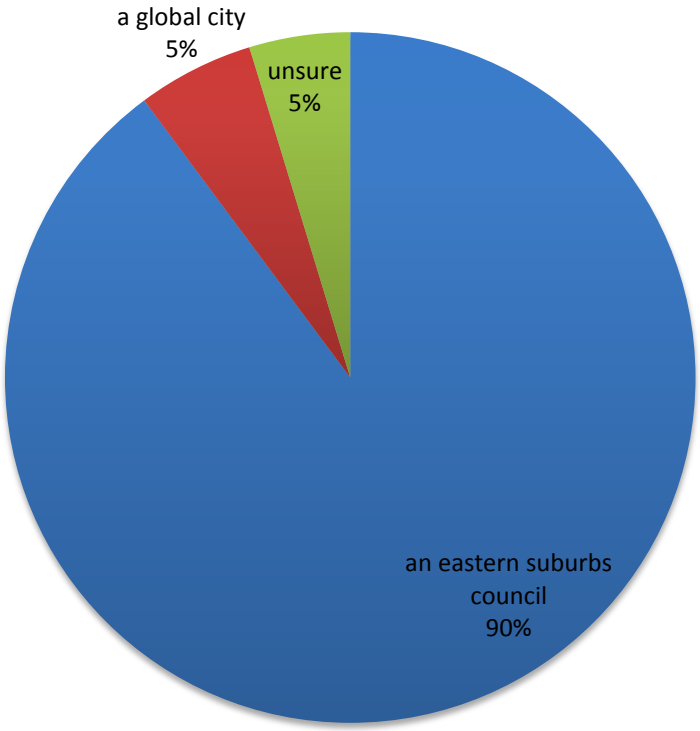
Once amalgamated, I fear that my area's needs may not be taken seriously.
– Matraville resident

Randwick council & the suburb of Maroubra could get 'lost' in the amalgamation - I feel it's too many councils to amalgamate.
– Maroubra resident

There is a definite need to amalgamate, as a suburb Randwick will not lose its identity. There should not be funds allocated to fighting the merger by ratepayers, as this is not a political battle and the money should be used for services that are required. Not to save councillors a spot on a committee.
– Randwick resident

Please amalgamate - local councils are a joke & wasteful
– Maroubra resident

Question: 8. If amalgamations must occur, which would you prefer?



	Count	%
an eastern suburbs council	5613	89.82
a global city	341	5.46
unsure	295	4.72
	6249	**100.00**

COMMENT

If people must choose an option, the overwhelmingly majority prefer a smaller eastern suburbs council to a larger global city council.

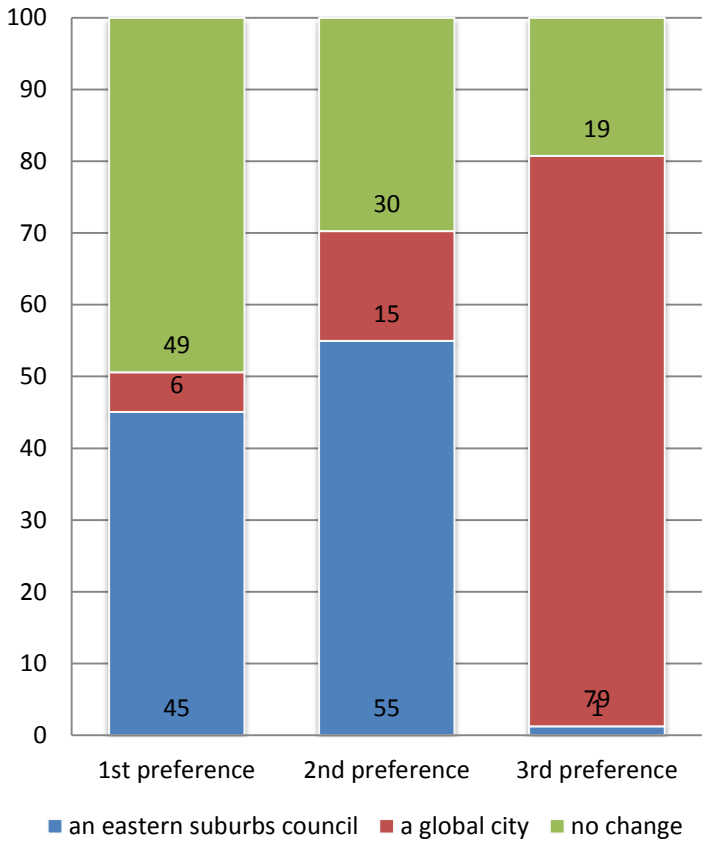
I like a council connection to the eastern beaches.
– Clovelly resident

I do not support a global city concept. The beauty of our local area is the amazing community & identities of our local areas. I have seen first hand the effect of a 'global city' sized amalgamation. Please amalgamate with a moderate population outcome only.
– Coogee resident

Randwick City Council does not need fixing or amalgamation as it stands alone successfully now.
– Maroubra resident

Randwick Council can stand alone as it has done since the 1800s.
– Coogee resident

Question 9: Rank your order of preference (write the numbers 1 through 3 in the boxes)



I think the City of Sydney has very different priorities to the Eastern Beaches area.
– South Coogee resident

A large global city will breed inefficiencies and lack of support.
– Maroubra resident

If the five eastern Sydney councils merge to form a global city we will be in a much better position to fund the services and infrastructure development that will be necessary to cater for the inevitable increase we're facing in population density and visitation.
– Randwick resident

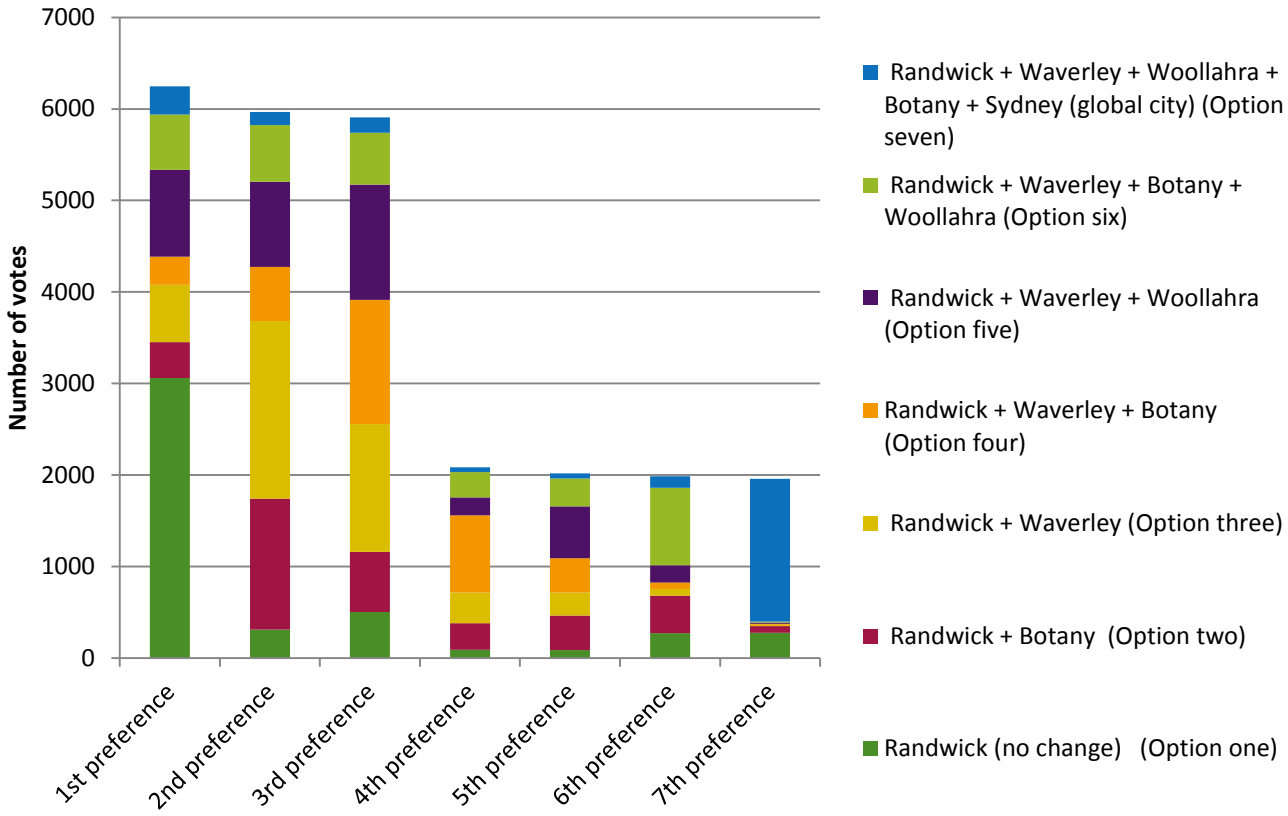
	1st preference	2nd preference	3rd preference
an eastern suburbs council	2842	3165	70
a global city	350	883	4470
no change	3115	1711	1083
	6307	**5759**	**5623**

COMMENT

Similar to question 7, this question shows 49% oppose amalgamation as their first preference and 51% support a level of change (45% eastern suburbs Council and 6% global city).

While no change is still people's most preferred outcome, an eastern suburbs model resonates with 45% of respondents. A global city fails to resonate with respondents as a viable option.

Question 10: Please rank your preferences (by total vote count)

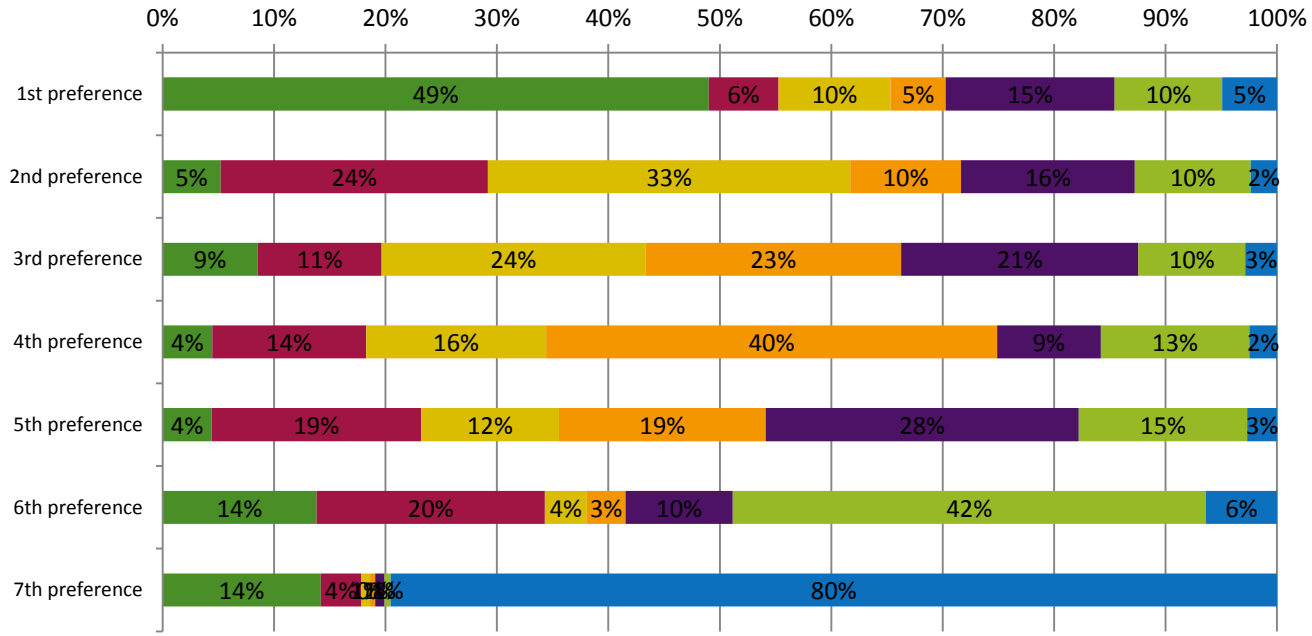


	Randwick (no change) (Option one)	Randwick + Botany (Option two)	Randwick + Waverley (Option three)	Randwick + Waverley + Botany (Option four)	Randwick + Waverley + Woollahra (Option five)	Randwick + Waverley + Botany + Woollahra (Option six)	Randwick +Waverley +Woollahra +Botany +Sydney (global city) (Option seven)
1st preference	3061	390	628	309	947	603	307
2nd preference	311	1431	1940	592	931	620	141
3rd preference	504	657	1398	1356	1257	566	169
4th preference	93	288	337	844	194	278	52
5th preference	89	379	250	374	567	305	54
6th preference	275	407	75	69	191	844	127
7th preference	278	72	15	9	16	11	1559

COMMENT

The above chart shows raw votes stacked by preference. Most respondents marked first, second and third preferences with only about a third of voters marking fourth to seventh preferences. The most selected first preference was Randwick (no change) followed by Randwick + Waverley + Woollahra.

Question 10: Please rank your preferences (by percentage)

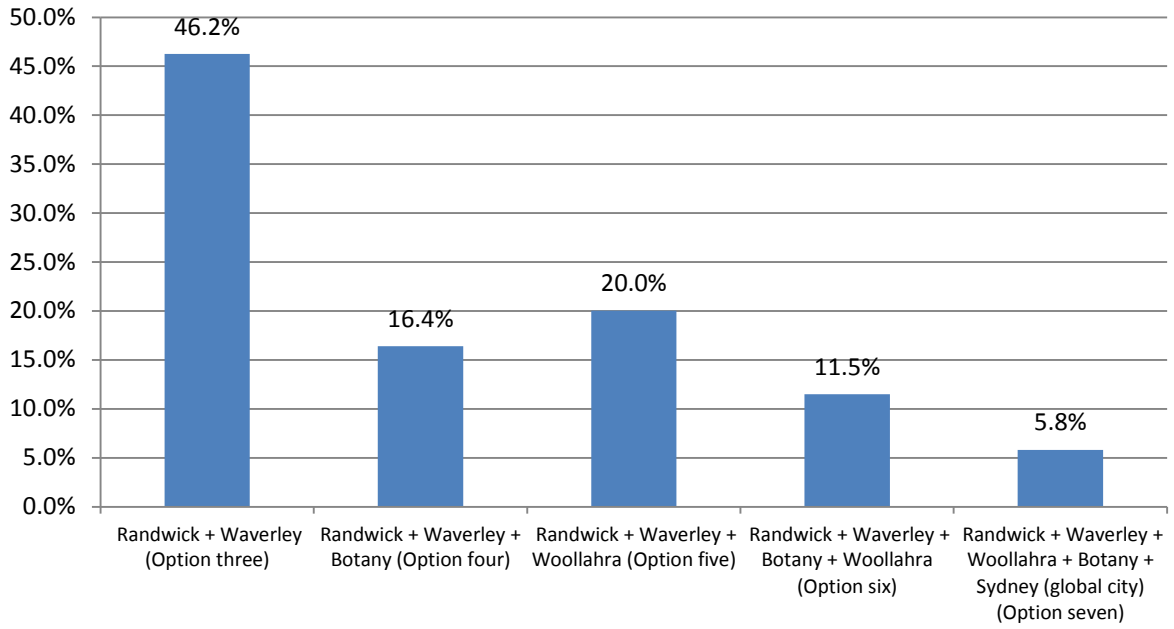


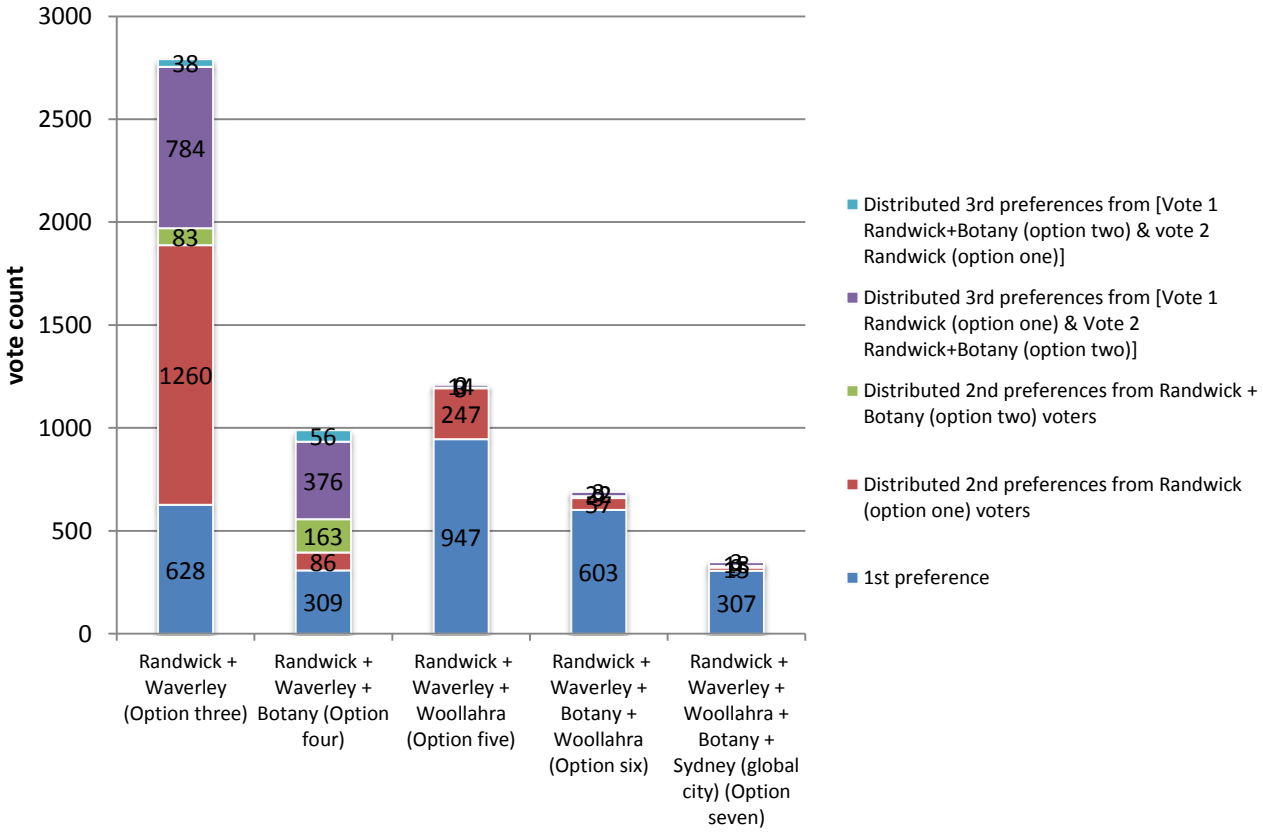
	Randwick (no change) (Option one)	Randwick + Botany (Option two)	Randwick + Waverley (Option three)	Randwick + Waverley + Botany (Option four)	Randwick + Waverley + Woollahra (Option five)	Randwick + Waverley + Botany + Woollahra (Option six)	Randwick +Waverley +Woollahra +Botany +Sydney (global city) (Option seven)
1st preference	49%	6%	10%	5%	15%	10%	5%
2nd preference	5%	24%	33%	10%	16%	10%	2%
3rd preference	9%	11%	24%	23%	21%	10%	3%
4th preference	4%	14%	16%	40%	9%	13%	2%
5th preference	4%	19%	12%	19%	28%	15%	3%
6th preference	14%	20%	4%	3%	10%	42%	6%
7th preference	14%	4%	1%	0%	1%	1%	80%

COMMENT

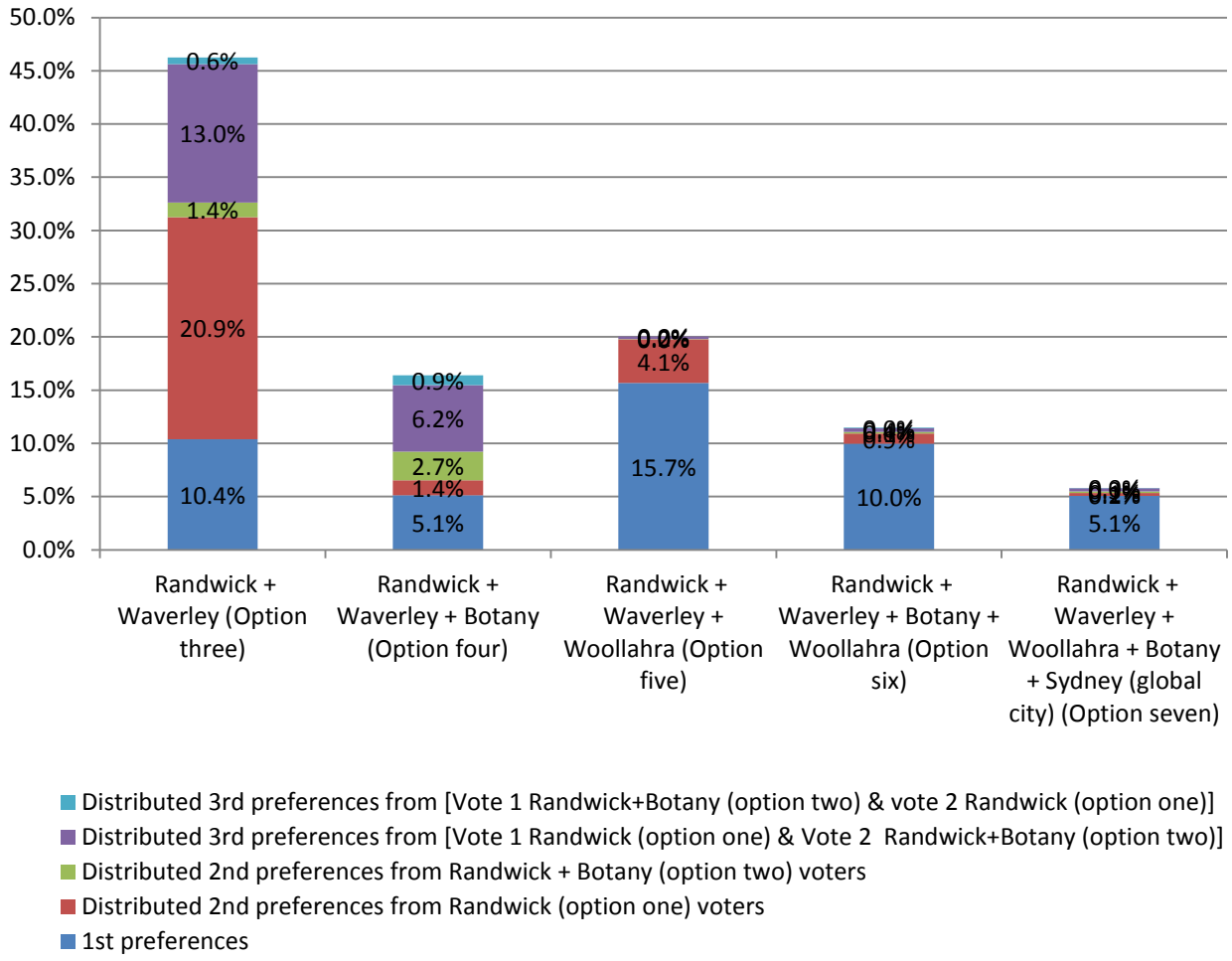
The above chart shows the first preference of 49% of respondents is for no change while 51% voted for a merger option. This result is consistent with responses to question 7 and question 9. The second most chosen first preference is for Randwick + Waverley + Woollahra with 15% followed equally by Randwick + Waverley (10%) and Randwick + Waverley + Botany + Woollahra (10%). Second preferences are Randwick + Waverley (33%) followed by Randwick + Botany (24%). 66% of respondents chose Randwick + Waverley as their 1st, 2nd or 3rd preference compared with 63% for Randwick (no change) and Randwick + Waverley + Woollahra 52%.

Question 10: Please rank your preferences (distributed by first preferences after removing Option One Randwick and Option Two Randwick + Botany)





Question 10: Please rank your preferences (distributed by first preferences after removing Option One Randwick and Option Two Randwick + Botany). Graph showing percentage distribution makeup.



COMMENT

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. For the purposes of community engagement and analysis, a minimum population of 200,000 is considered as meeting the requirements. The rationale for this number can be found in the introductory section of this paper.

Based on this 200,000 figure, an analysis has been conducted on distributed first preferences if options one (no change) and options two (Randwick + Botany) are removed as both these options result in populations of less than 200,000.

The above chart shows distributed first preferences if Randwick (no change) and Randwick + Botany options are discounted. Of the 3061 first preference votes for Randwick (no change), 1,260 preferenced Randwick + Waverley as their second choice which is shown in maroon. Of those who voted 1 Randwick (no change) and 2 Randwick + Botany, 784 voted Randwick + Waverley as their third preference which is shown in purple. This results in a combined distributed first preference vote of 46.2% for the Randwick + Waverley option.

Attachments

Results Analysis Report - Community Survey

(Reply paid letter survey and online survey)

COMMUNITY ENGAGEMENT

Appendix

B

Randwick City Council
a sense of community

RANDWICK CITY'S future

Randwick City Council
30 Frances Street
Randwick NSW 2031
ABN: 77 362 844 121

Phone 1300 722 542
Fax (02) 9319 1510

council@randwick.nsw.gov.au
www.randwick.nsw.gov.au

Find us on:

Have your say on Local Government reform and amalgamations

1 February 2015

Dear resident,

I recently wrote to you with some important information about the future of the City of Randwick.

Hopefully you've had time to review the Information Pack which contained seven options for the future of the City of Randwick – including amalgamating with our neighbouring councils.

Today I write to seek your view and provide you with further updates. I realise that some of this information is repeated from my previous letter, however I feel it is important that all our residents and ratepayers have access to all the necessary information to make an informed decision.

Your opinion on the future of Local Government in our area is vitally important and will help us shape your council and provide the services you want in the future.

Please take five minutes to complete the attached community survey and return it using the reply-paid envelope. Alternatively you can complete the survey online at www.yoursayrandwick.com.au/future.

When completing the survey please refer to the Information Pack which provides additional information about the costs and benefits of merger options. I have included an updated copy of the Pack with this letter.

The State Government requires us to respond to their Fit for the Future amalgamation program by 30 June 2015. The attached community survey is an important part of our community consultation to understand the views of our residents and ratepayers.

Throughout February we'll be conducting a number of community consultation activities including focus groups and a telephone survey of 600 residents. You can also talk directly with Council staff at one of the pop-up information stalls at shopping centres, major events and beaches during February.

Community feedback from our consultation will then be reported to Council in April 2015 to enable Councillors to determine a proposal for public exhibition in May 2015.

If you'd like to discuss this matter with a Council officer please contact Mr Joshua Hay, Manager Communication on 9399-0820 or joshua.hay@randwick.nsw.gov.au or you can also contact my office on 9399-0999 or mayor@randwick.nsw.gov.au

Thank you for your assistance with this important matter.

Yours faithfully

Councillor Ted Seng
Mayor of Randwick



RANDWICK CITY'S future

Randwick City Council
a sense of community

Have your say on the future of the City of Randwick.

All residents, ratepayers and business owners are encouraged to complete this survey and return it to Council. Your feedback is vital to help us understand the community's attitudes to council amalgamations and will help inform Council's position and submission to the State Government.

Alternatively you can complete this survey online at **www.yoursayrandwick.com.au/future**.

Community Survey Randwick City's Future

1. How important is your local council to you?

- ◯ very important
- ◯ important
- ◯ somewhat important
- ◯ not very important
- ◯ not at all important

In late 2014 the State Government released its 'Fit for the Future' program which required most NSW councils to consider amalgamation options with neighbouring councils as the Government looks to reduce the number of metropolitan councils from 41 to 18.

2. Are you aware of the State Government's Fit for the Future amalgamation plans?

◯ yes ◯ no ◯ unsure

The State Government's Fit for the Future program says the first option we should consider is amalgamating Randwick Council with City of Sydney, Botany Bay, Woollahra and Waverley Councils to form a global city. The Government-appointed Local Government Review Panel supports the creation of a large "global city" with a population of more than 500,000 that can "compete with other cities for capital investment and international reputation."

3. How supportive are you of the State Government's option to amalgamate five councils into a global city?

- ◯ completely supportive
- ◯ supportive
- ◯ somewhat supportive
- ◯ not very supportive
- ◯ not at all supportive

3a. Why do you say that?

---

4. Do you feel there will be a loss of local identity if these five councils amalgamate into a global city?

◯ yes ◯ no ◯ unsure

5. Do you feel you will have less say in how your local area develops as part of a global city council?

◯ yes ◯ no ◯ unsure

6. Which of the following do you most strongly associate with?

- ◯ your suburb
- ◯ City of Randwick
- ◯ eastern suburbs
- ◯ global city
- ◯ none of the above

7. Should Randwick City Council be amalgamated?

◯ yes ◯ no ◯ unsure

8. If amalgamations must occur, which would you prefer?

- ◯ an eastern suburbs council
- ◯ a global city
- ◯ unsure

9. Rank your order of preference (write the numbers 1 through 3 in the boxes)

- ☐ an eastern suburbs council
- ☐ a global city
- ☐ no change

10. Rank your top three preferences by writing the numbers '1', '2' and '3' in the boxes next to the options of your choice. You may rank all seven if you wish.

Write 1, 2, 3 below

Refer to the Randwick City's Future Information Pack for further details about benefits and costs of each option to assist in ranking the following options.

☐

Randwick (no change) — Option 1

Population 142,310

- ✔ No increase in rates
- ✔ Protects local eastern suburbs identity
- ✖ Significant long-term cost savings
- ✔ Same level of services provided

Despite Randwick Council's excellent financial and asset management position, the option to stand alone does not meet the requirements of the Government's Fit for the Future program (population size).



☐

Randwick + Botany — Option 2

Population 185,602

- ✔ No increase in rates
- ✔ Protects local eastern suburbs identity
- ✔ Significant long-term cost savings
- ✔ Same level of services provided

A modest size council with some common interests including Port Botany, though the option does not meet the requirements of the Government's Fit for the Future program.



☐

Randwick + Waverley — Option 3

Population 213,016

- ✔ No increase in rates
- ✔ Protects local eastern suburbs identity
- ✔ Significant long-term cost savings
- ✔ Same level of services provided

A modest council size with common interests including beaches, ocean pools and coastal communities in the eastern suburbs.



☐

Randwick + Waverley + Botany — Option 4

Population 256,308

- ✔ No increase in rates
- ✔ Protects local eastern suburbs identity
- ✔ Significant long-term cost savings
- ✔ Same level of services provided

A population of more than 250,000 residents and commonality including eastern suburbs beaches. This option includes Botany growth areas, industrial areas around Port Botany and Sydney Airport in one council.



☐

Randwick + Waverley + Woollahra — Option 5

Population 270,693

- ✔ No increase in rates
- ✔ Protects local eastern suburbs identity
- ✔ Significant long-term cost savings
- ✔ Same level of services provided

A population of more than 270,000 residents with common interests including beaches, ocean and harbour pools and coastal and harbourside communities in the eastern suburbs.



☐

Randwick + Waverley + Botany + Woollahra — Option 6

Population 313,985

- ✔ No increase in rates
- ✔ Protects local eastern suburbs identity
- ✔ Significant long-term cost savings
- ✔ Same level of services provided

A population of more than 300,000 residents taking in the extended eastern suburbs from Sydney Harbour to Port Botany. Includes communities of interest such as coastal communities, beaches, ocean and harbour pools as well as industrial areas, ports and airports.



☐

Randwick + Waverley + Woollahra + Botany + Sydney (global city) — Option 7

Population 505,903

- ✔ No increase in rates
- ✖ Protects local eastern suburbs identity
- ✔ Significant long-term cost savings
- ✖ Same level of services provided

A very large global city with divergent communities across city centre, inner city, beachside and suburban areas. Councils of this size are by nature less representative but have financial capacity.



11. Would you like to make any comments about the future of the City of Randwick?

To help us ensure the integrity of this survey we require some personal information. Personal data collected will remain confidential and will be used for analytical and verification purposes. Your personal details will not be published.

NOTE: If you do not fully complete this section we may not be able to accept your submission.

Name: ---

Unit/house number: --- **Street:** ---

Suburb: --- **State:** ---

Age

- ◯ 18-29
- ◯ 30-39
- ◯ 40-49
- ◯ 50-64
- ◯ 65+
- ◯ prefer not to say

Gender

◯ male ◯ female

What best describes your association with Randwick City?

- ◯ I rent here
- ◯ I own property and live here
- ◯ I don't live in Randwick City, but I own property here
- ◯ I own a business in Randwick City
- ◯ other

Do you want to be kept informed about the outcome of this consultation and other important Council information?

◯ yes ◯ no

Email address:

Thank you for taking the time to complete this survey.

Please fold the survey and use the enclosed reply paid envelope to return the survey to Council. If you did not receive a reply paid envelope, please post it to:

The General Manager
30 Frances Street
Randwick NSW 2031

Alternatively, you can:

- scan and email the completed survey to **council@randwick.nsw.gov.au** or;
- drop the survey into the Council Administration Building, 30 Frances Street, Randwick or deliver it any of our three library branches - Randwick, Maroubra or Malabar.
- complete the survey online **www.yoursayrandwick.com.au/future**

Randwick City Council
a sense of community

FEBRUARY 2015

RANDWICK CITY'S future



Information pack (second edition)

The NSW State Government's Fit for the Future program and what it means for Randwick City

Randwick City Council
a sense of community

www.yoursayrandwick.com.au/future 1300 722 542

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MESSAGE FROM THE MAYOR

The NSW State Government has released its 'Fit for the Future' program which requires most NSW councils to consider amalgamation options with neighbouring councils.

Unfortunately, despite Randwick Council's excellent financial and asset management position, we do not satisfy the NSW Government's requirement for 'scale and capacity' (ie. population size).

The Government wants us to consider an amalgamation with City of Sydney, Woollahra, Waverley and Botany councils – building a global city with more than 500,000 residents.

We don't support amalgamation or the creation of a global city as we value our Randwick identity, local representation and existing quality services and facilities.

However, we are required to show the NSW Government that we can meet their scale and capacity (i.e. population size considered to be above 200,000) requirements in some way, whether it be through their preferred global city option or a merger that is broadly consistent. The Government has made it clear that "doing nothing is not an option".

We want to know what our community wants for the future of your city. This Information Pack provides lots of details about amalgamation options as well information about how you can have your say.

I encourage you to read the information and have your say on this important issue. Your feedback is critical to help us formulate a submission to the NSW Government by 30 June 2015.



Ted Seng
Mayor of Randwick

HAVE YOUR SAY

We are inviting all Randwick City residents, ratepayers and business owners to tell us what you want for the future of the City of Randwick. There are multiple ways you can have your say.

Community survey

Every resident and ratepayer will receive a community survey in the mail. Please complete and return the survey to us using the reply paid envelope. Alternatively you may complete this survey online and take part in forums on our special consultation website **www.yoursayrandwick.com.au/future**.

Focus groups

Throughout February 2015 we'll be conducting consultation sessions with randomly chosen Randwick City residents. These focus groups help us understand the community's attitude and perception of local government reform.

Telephone survey

We have engaged an independent research firm to undertake a community telephone survey about amalgamations and the future of Randwick City. Survey participants are randomly chosen and represent the demographics of the Randwick City community. If you receive a phone call, please consider taking five minutes to tell us your view.

Information sessions

Chat with Council staff at one of our informal pop-up information stalls being held throughout February 2015. We are holding these information stalls at local beaches and shopping centres to make talking with Council more convenient.

Saturday 7 February
10am - midday Coogee Beach

Monday 9 February
midday – 2pm Kingsford, Southern Cross Close

Tuesday 10 February
7am-9am Coogee Beach

Thursday 17 February
3pm - 7pm Royal Randwick Shopping Centre

Tuesday 17 February
4pm - 6pm Clovelly Beach

Wednesday 18 February
4pm - 6pm Matraville Peninsula Shopping Centre

Thursday 19 February
midday – 2pm Pacific Square Shopping Centre, Maroubra

Friday 20 February
9am -11am Maroubra Beach

For more information please contact us on **1300 722 542** or via email **council@randwick.nsw.gov.au**.

COUNCIL AMALGAMATIONS

Since 2011, the future of Local Government across NSW has been on the NSW Government's agenda. On 10 September 2014 the NSW Premier and NSW Local Government Minister announced a $1 billion 'Fit for the Future' package to "give local councils the incentives needed to ensure they are in a position to provide the services and infrastructure their communities need and deserve".

Independent Local Government Review Panel position

The Fit for the Future announcement was in response to the Independent Local Government Review Panel's Final report released 12 months earlier. The Review Panel report included ideas for council mergers and reform and it recommended that Randwick City Council be amalgamated with Botany Bay, City of Sydney, Waverley and Woollahra Councils to form a "Global City".

Fit for the Future proposal

The NSW Government's Fit for the Future package requires all councils to use the recommendations of the Review Panel as their starting point in terms of 'scale and capacity'. For Randwick City Council, this means considering the global city option or a merger option that is 'broadly consistent'. The Government has indicated that only those councils that put in submissions will have a role in any proposed boundary changes that the Government may make.

Randwick City Council's position

Randwick City Council already has a balanced budget and remains debt-free, providing high quality services for our community. Council is opposed to amalgamations. Unfortunately, despite Council's excellent financial and asset management position, the option to stand alone does not meet the requirements of the Government's Fit for the Future program.

Independent Eastern Sydney report

Randwick City Council, over the past several years, has been strenuous in its due diligence around Local Government reform. In June 2012, the Council commissioned a report by SGS Economics and Planning on potential options for structural change within eastern Sydney. Four options were tested based on combinations of merging Randwick, Waverley, Woollahra and Botany councils (pages 6 – 10).

The report used the same model in which Randwick Council currently operates its services across all four options of a merged council in the eastern suburbs. The report concluded that all options for structural change would result in a net surplus over 10 years of up to $482 million. The options are presented on pages 6, 7, 8, 9 and 10 and use this SGS modelling to show the potential financial savings that could be achieved over a 10 year period.

"The starting point for all Fit for the Future proposals is therefore the Independent Panel's final report. You do not have to adopt the exact recommendations of the Panel but your proposal should demonstrate how your council has scale and capacity. If the Panel recommended a merger for your council, this should be the first option you consider."

Fit For the Future Guidance Material, Template 1, page 7.

This Information Pack will assist you in completing the Community Survey.

CURRENT SITUATION

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

	Randwick	Waverley	Woollahra	Botany	Sydney
Population	142,310	70,706	57,677	43,292	191,918
2031 forecast population	174,300	82,150	67,250	56,050	273,500
TCorp Assessment - Current financial sustainability	Sound	Moderate	Moderate	Moderate	Strong
TCorp Assessment - Financial sustainability outlook	Positive	Positive	Positive	Neutral	Positive
OLG - Infrastructure Management assessment	Very Strong	Strong	Strong	Moderate	Strong
Staff	522	601	376	322	1,773
Population per staff	273	118	153	134	108
Councillors	15	12	15	7	10
Population per Councillor	9,487	5,892	3,845	6,185	19,192
Budget	$158M	$144M	$107M*	$66M	$761M
Cost per resident of providing services	$879	$1,405	$1,443	$1,316	$2,664
Land size (km²)	36.3	9.2	12.3	21.7	26.7
Average residential rates	$1,075	$1,058	$1,118	$689	$654
Residential rates	$52M	$30M	$27M	$10M	$59M
Business rates	$13M	$12M	$5M	$16M	$199M
Waste levy	$511	$469	$452	$458	$380
Development applications determined	721	553	512	138	1,840
Development application mean gross processing days	77	101	101	129	67
Debt	$0	$3M	$6M*	$0	$0
Infrastructure backlog	$7M	$12M	$15M	$11M	$67M

** Excludes Kiaora Lands joint venture between Woollahra and Woolworths*

RANDWICK

OPTION 1

Despite Randwick Council's excellent financial and asset management position, the option to stand alone does not meet the requirements of the Government's Fit for the Future program.

Randwick City Council
a sense of community

- ✔ **No increase in rates†**
- ✖ **Significant long-term cost savings#**
- ✔ **Protects local eastern suburbs identity**
- ✔ **Same level of services provided**

142,310
population

174,300
estimated 2031 population

522
council staff

273
residents per staff

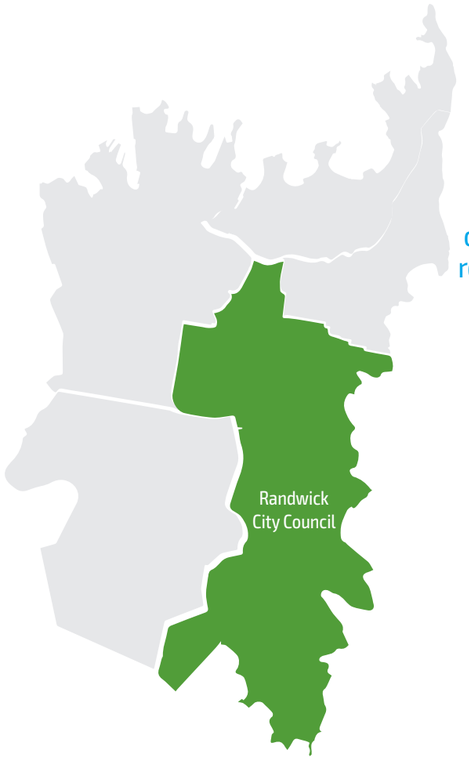
9,487
residents per Councillor*

$52M
residential rates

$13M
business rates

$879
council's cost per resident

60m²
green space per resident



57%
of Randwick City residents are not supportive of amalgamation

– Micromex telephone survey July 2013

"NO CHANGE IS NOT AN OPTION"

– Paul Toole, Minister for Local Government 31 Oct 2014

Benefits

- Maintained operations and services
- Maintained level of Councillor representation – 15
- Status-quo
- Record capital works spend
- 95% of residents at least somewhat satisfied with Council performance
- No debt/borrowings
- Proud 155-year heritage
- Strong local representation
- Meets 6 of the 8 NSW Government Fit for the Future requirements (does not meet scale and debt requirements - Randwick has no debt)
- Very strong infrastructure management assessment
- Positive TCorp financial outlook assessment
- Sound TCorp financial sustainability assessment

Costs

- Does not meet the NSW Government's requirements for scale and capacity under the Fit for the Future program (population size)

** Based on the current maximum number of Councillors allowed - 15*
All longterm cost savings are compared to Randwick stand alone option as modelled in SGS Economics & Planning Eastern Sydney Local Government Review
† As a result of amalgamation

OPTION 2

RANDWICK + BOTANY BAY

A modest size council with some common interests including Port Botany, though the option does not meet the requirements of the Government's Fit for the Future program.

Randwick City Council – a sense of community

City of Botany Bay

- ✔ **No increase in rates†**
- ✔ **Significant long-term cost savings#**
- ✔ **Protects local eastern suburbs identity**
- ✔ **Same level of services provided**

185,602
population

230,350
estimated 2031 population

844
council staff

220
residents per staff

12,373
residents per Councillor*

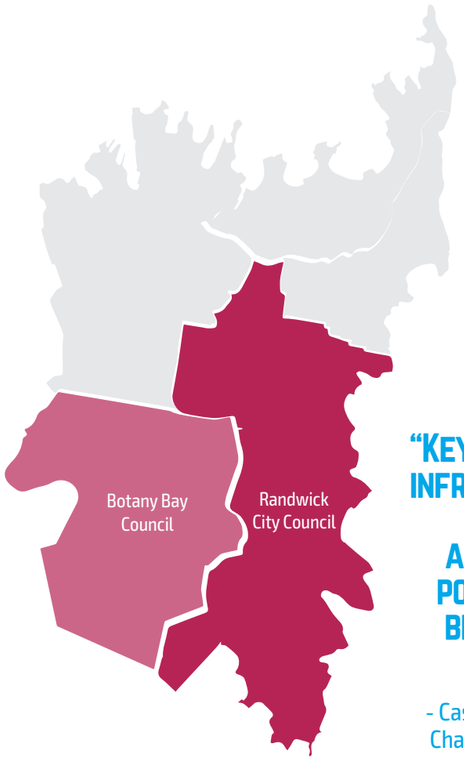
$62M
residential rates

$30M
business rates

$981
council's cost per resident

51m²
green space per resident

$90M#
projected savings over 10 years



"KEY TRANSPORT INFRASTRUCTURE SUCH AS AIRPORTS AND PORTS, SHOULD BE WITHIN THE SAME LGA"

– Case for Sustainable Change, ILGRP report, Nov 2012, pg 29.

Benefits

- No increase in rates for Randwick residents
- No increase in waste charges for Randwick residents
- Maintained operations and services
- Greater funding available for capital works projects
- $90M in cost savings over 10 years
- Debt-free council

Costs

- Not consistent with State Government's scale and capacity requirements
- Fewer Councillors for local representation
- Initial and short-term disruptions
- Loss of Randwick identity

** Based on the current maximum number of Councillors allowed - 15*
Based on data publicly available.
† As a result of amalgamation

OPTION 3

RANDWICK + WAVERLEY

A modest council size with common interests including beaches, ocean pools and coastal communities in the eastern suburbs.

Randwick City Council – a sense of community

WAVERLEY

- ✔ **No increase in rates†**
- ✔ **Significant long-term cost savings#**
- ✔ **Protects local eastern suburbs identity**
- ✔ **Same level of services provided**

213,016
population

256,450
estimated 2031 population

1,123
council staff

190
residents per staff

14,201
residents per Councillor*

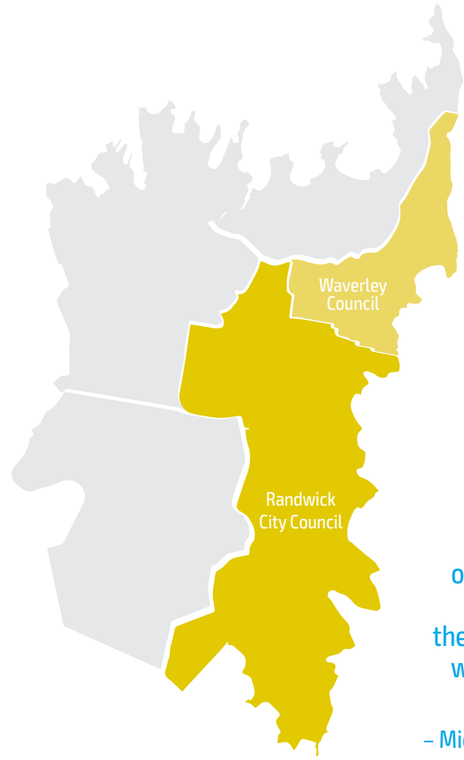
$82M
residential rates

$25M
business rates

$1,054
council's cost per resident

44m²
green space per resident

$241M#
projected savings over 10 years



46%
of Randwick City residents said they most identify with the Eastern Suburbs

– Micromex telephone survey October 2013

Benefits

- No increase in rates for Randwick residents
- No increase in waste charges for Randwick residents
- Maintained operations and services
- Greater funding available for capital works projects
- $241M in cost savings over 10 years
- Debt-free council
- Broadly consistent with State Government's scale and capacity requirements

Costs

- Fewer Councillors for local representation
- Initial short-term disruptions
- Loss of Randwick identity

** Based on the current maximum number of Councillors allowed - 15*
SGS Economics & Planning Eastern Sydney Local Government Review
† As a result of amalgamation

OPTION 4

RANDWICK + WAVERLEY + BOTANY BAY

A population of more than 250,000 residents and commonality including eastern suburbs beaches. This option includes Botany growth areas, industrial areas around Port Botany and Sydney Airport in one council.

- **No increase in rates†**
- **Significant long-term cost savings#**
- **Protects local eastern suburbs identity**
- **Same level of services provided**

256,308
population

312,500
estimated 2031 population

1,445
council staff

177
residents per staff

17,087
residents per Councillor*

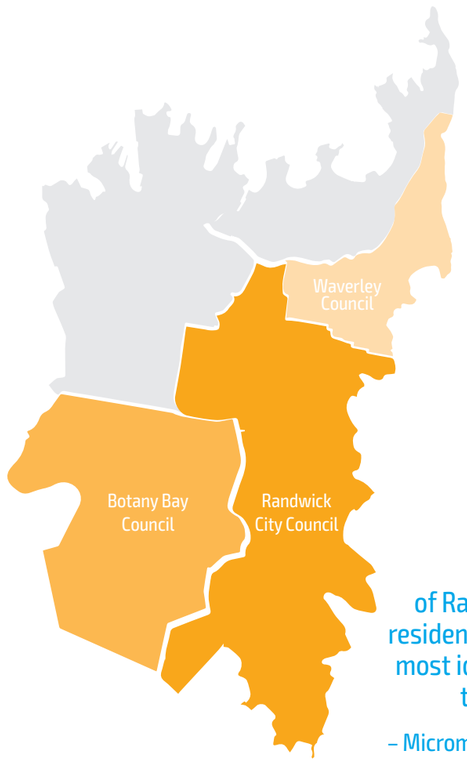
$92M
residential rates

$41M
business rates

$1,098
council's cost per resident

41m²
green space per resident

$338M#
projected savings over 10 years



38%
of Randwick City residents said they most identify with their suburb

– Micromex telephone survey October 2013

Benefits

- No increase in rates for Randwick residents
- No increase in waste charges for Randwick residents
- Maintained operations and services
- Greater funding available for capital works projects
- $338M in cost savings over 10 years
- Debt-free council
- Broadly consistent with State Government's scale and capacity requirements

Costs

- Fewer Councillors for local representation
- Initial short-term disruptions
- Loss of Randwick identity

** Based on the current maximum number of Councillors allowed - 15*
SGS Economics & Planning Eastern Sydney Local Government Review
† As a result of amalgamation

OPTION 5

RANDWICK + WAVERLEY + WOOLLAHRA

A population of more than 270,000 residents with common interests including beaches, ocean and harbour pools and coastal and harbourside communities in the eastern suburbs.

- **No increase in rates†**
- **Significant long-term cost savings#**
- **Protects local eastern suburbs identity**
- **Same level of services provided**

270,693
population

323,700
estimated 2031 population

1,499
council staff

181
residents per staff

18,046
residents per Councillor*

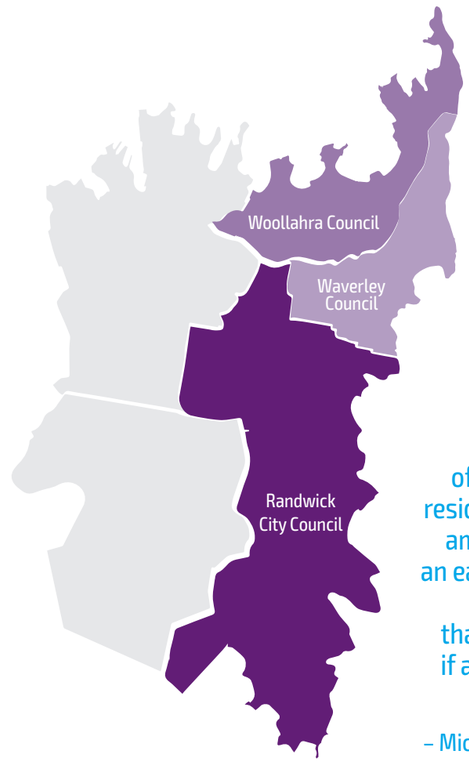
$109M
residential rates

$30M
business rates

$1,137
council's cost per resident

39m²
green space per resident

$393M#
projected savings over 10 years



89%
of Randwick City residents prefer an amalgamation of an eastern suburbs council rather than a Global City if amalgamations occur

– Micromex telephone survey October 2013

Benefits

- No increase in rates for Randwick residents
- No increase in waste charges for Randwick residents
- Maintained operations and services
- $393M in cost savings over 10 years
- Debt-free council
- Broadly consistent with State Government's scale and capacity requirements

Costs

- Fewer Councillors for local representation
- Initial short-term disruptions
- Loss of Randwick identity

** Based on the current maximum number of Councillors allowed - 15*
SGS Economics & Planning Eastern Sydney Local Government Review
† As a result of amalgamation

OPTION 6

RANDWICK + WAVERLEY + BOTANY BAY + WOOLLAHRA

A population of more than 300,000 residents taking in the extended eastern suburbs from Sydney Harbour to Port Botany. Includes communities of interest such as coastal communities, beaches, ocean and harbour pools as well as industrial areas, ports and airports.

Randwick City Council · a sense of community · Waverley · Woollahra Municipal Council · City of Botany Bay

- ✔ No increase in rates†
- ✔ Significant long-term cost savings#
- ✔ Protects local eastern suburbs identity
- ✔ Same level of services provided

313,985
population

379,750
estimated 2031 population

1821
council staff

172
residents per staff

20,932
residents per Councillor*

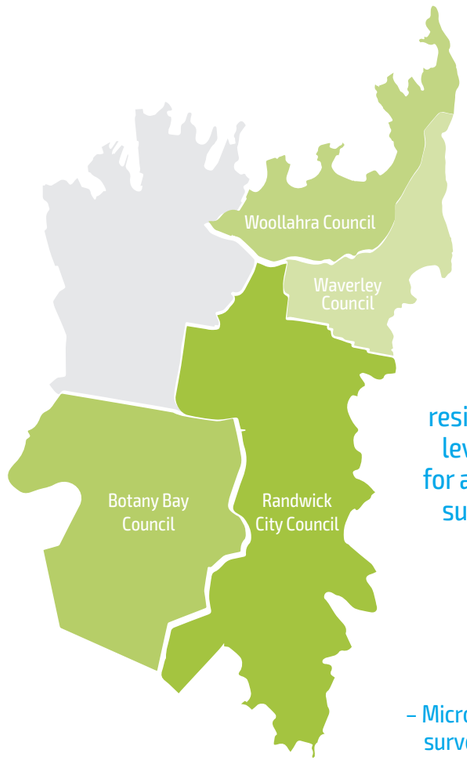
$119M
residential rates

$46M
business rates

$1,162
council's cost per resident

36m²
green space per resident

$482M#
projected savings over 10 years



76%
of Randwick residents show a level of support for a new eastern suburbs council combining Randwick, Woollahra, Waverly and Botany

– Micromex telephone survey October 2013

Benefits

- No increase in rates
- No increase in waste charges
- Maintained operations and services
- $482M in cost savings over 10 years
- Debt-free council
- Eastern suburbs community of interest
- Broadly consistent with State Government's scale and capacity requirements

Costs

- Fewer Councillors for local representation
- Initial short-term disruptions
- Loss of Randwick identity

** Based on the current maximum number of Councillors allowed - 15*
SGS Economics & Planning Eastern Sydney Local Government Review
† As a result of amalgamation

OPTION 7

RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY BAY + SYDNEY

A very large global city with divergent communities across city centre, inner city, beachside and suburban areas. Councils of this size are by nature less representative but have financial capacity.

Randwick City Council · a sense of community · Waverley · Woollahra Municipal Council · City of Botany Bay · City of Sydney

- ✔ No increase in rates†
- ✔ Significant long-term cost savings
- ✖ Protects local eastern suburbs identity
- ✖ Same level of services provided

505,903
population

653,250
estimated 2031 population

3594
council staff

141
residents per staff

33,727
residents per Councillor*

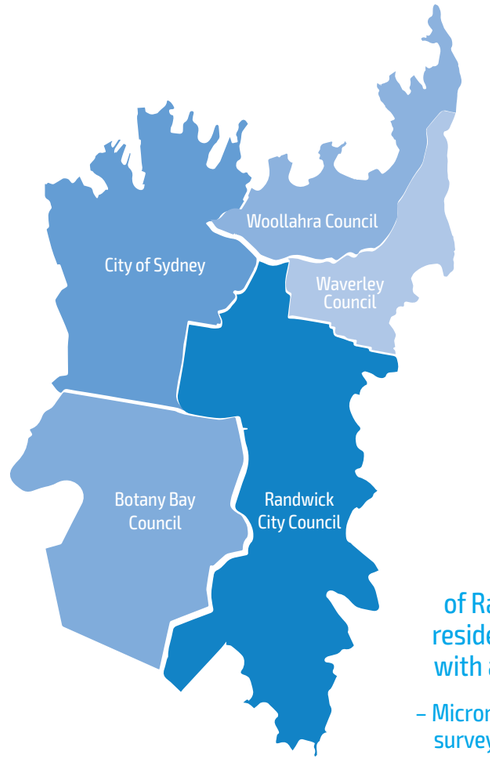
$178M
residential rates

$245M
business rates

$1,731
council's cost per resident

27m²
green space per resident

$not available
diseconomies of scale due to different communities of interest



3%
of Randwick City residents identify with a Global City

– Micromex telephone survey October 2013

Benefits[1]

- Projected 2031 population of 653,250
- Close functional interaction and economic/social links between these areas
- Ability for high-level strategic capacity to promote and support Sydney's ongoing development as Australia's premier global city
- Scope to bring together Sydney's international icons and key infrastructure under a single council

Costs

- Loss of eastern suburbs identity
- Fewer Councillors for local representation
- Initial short-term disruptions
- Diseconomies of scale – the requirements of a metropolitan CBD are distinctly different to those of other Council areas and would require multiple types of services operating parallel
- Loss of Randwick identity
- Loss of 'local' in local government

** Based on the current maximum number of Councillors allowed - 15*
1 As defined in the Independent Local Government Review Panel's Final Report, October 2013
† As a result of amalgamation

RANDWICK CITY'S future

Timeline information

The following information shows how Randwick City Council is responding to the NSW Government's Fit for the Future program requirements.

NOVEMBER 2011

Calls for local government reform at Destination 2036 conference

MARCH 2012

NSW Government appoints the Independent Local Government Review Panel to review council boundaries, operations and structures

JUNE 2012

Randwick City Council commissions independent report on potential options for structural reform within eastern suburbs

OCTOBER 2013

Independent Review Panel recommends Randwick, Woollahra, Waverley, City of Sydney and Botany amalgamate into a global city council.

SEPTEMBER 2014

Randwick City Council resolves to oppose amalgamation

OCTOBER 2014

NSW Government announce Fit for the Future criteria

DECEMBER 2014 - APRIL 2015

Randwick City Council community consultation

APRIL 2015

A preferred option be considered by Randwick City Council

MAY 2015

Council to exhibit response to Fit for the Future for 28 days

JUNE 2015

Council required to respond to State Government deadline for Fit for the Future

OCTOBER 2015

New boundaries determined by Independent Panel and Transitional Committee established

SEPTEMBER 2016

Local Government elections based on new Council boundaries

Community engagement

2. Telephone Survey Report (Micromex)

COMMUNITY ENGAGEMENT

Appendix

B

Randwick City Council

Fit for the Future

Prepared by: Micromex Research
Date: March 2015

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Background

Randwick City Council
a sense of community

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Methodology & Sample

Research Design

This study consisted of a three-stage methodology:

- Stage 1: Initial recruitment of 1,000 Randwick residents via random phone survey, collection of several 'pre' measures
- Stage 2: Mail-out by Council of a brochure (and A4 summary sheet) explaining the various amalgamation options (the brochure had previously been sent to all households in the LGA)
- Stage 3: Recontact telephone interviews with 600 of the initial 1,000 recruits, collection of numerous 'post' measures. The initial interview rounds were unrepresented in Randwick and Little Bay respondents so an additional 43 full interviews were conducted as part of a suburb boost to up weight the representation of Randwick and Little Bay.

Data collection

Micromex Research, together with Randwick City Council, developed the questionnaire. Council developed the information pack (brochure and A4 summary).

Data collection period

- Initial telephone recruitment: 3rd – 7th February 2015
- Council mail-out of information packs: 12th February, 2015
- Telephone recontact interviewing (CATI): 17th – 25th February 2015
- Telephone recontact interviewing (CATI) – Suburb boost: 17th – 19th March 2015.

Methodology & Sample

Interviewing

Interviewing was conducted in accordance with the AMSRS Code of Professional Conduct. Where applicable, the issues in each question were systematically rearranged for each respondent.

Data analysis

The data within this report was analysed using Q Professional.

Percentages

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

Sample

N=643 recontact interviews were conducted.
A sample size of 643 provides a maximum sampling error of plus or minus 3.9% at 95% confidence. This means for example that the answer "important" (35%) to the question of the importance of local council could vary from 31% to 39%.

Weighting

The sample was weighted by age, gender, and location to reflect the 2011 ABS census data.

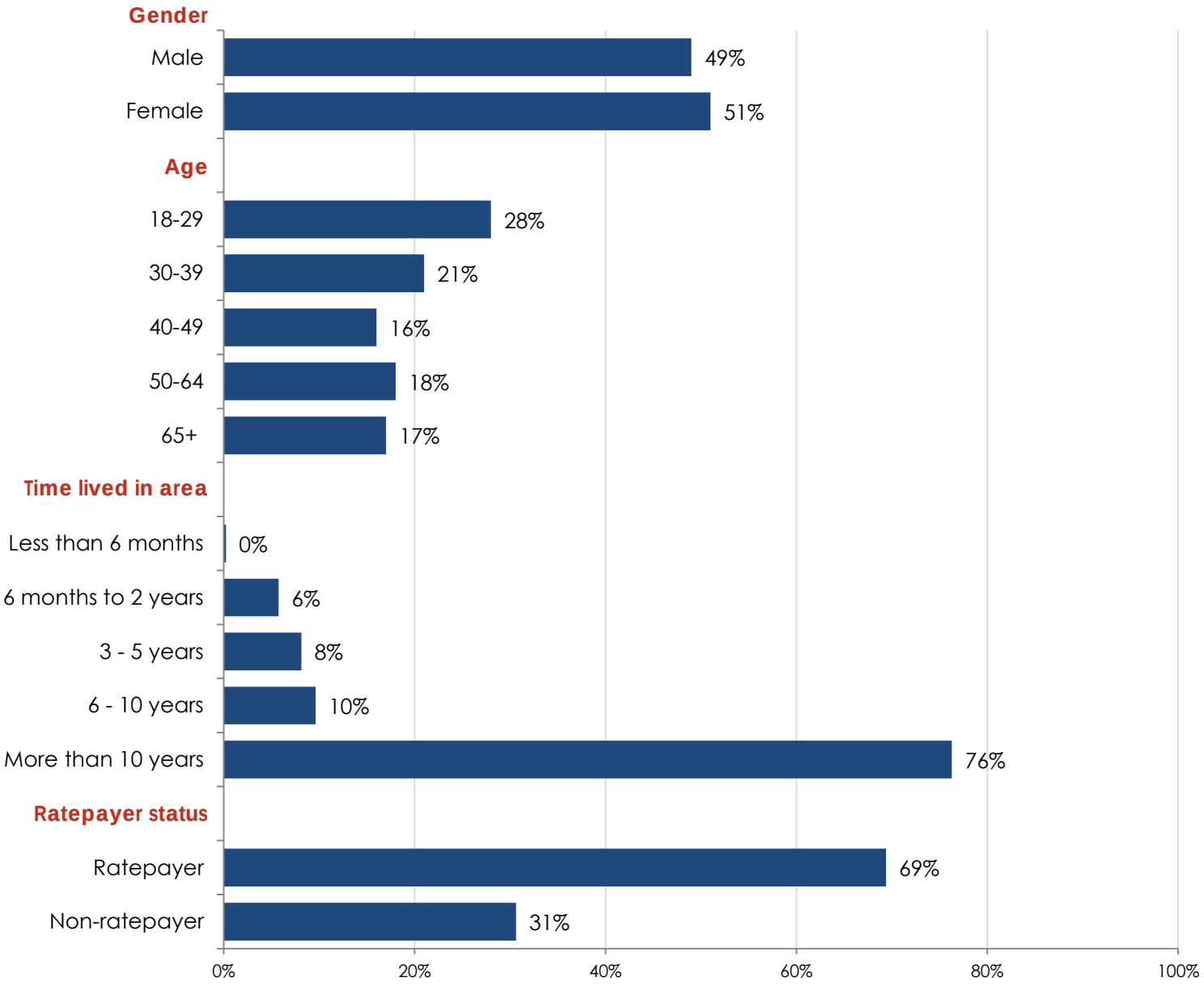
Sample Profile

Randwick City Council
a sense of community

micromex research

Sample Profile

A sample size of 643 provides a maximum sampling error of plus or minus 3.9% at 95% confidence



Base: n = 643

Key Findings

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Key Findings

Awareness of Amalgamations:

- Three quarters of residents were aware of the potential amalgamation of Randwick Council with other councils.
- On average, those aware of amalgamations became aware via an average of two channels – suggesting Council has achieved both reach and frequency in its communications.
- Main channels were 'Council mail-out/flyer' and 'local newspapers'.

Fit for the Future:

- Based on independent ratings of seven options (using a five-point scale), two stood out as being supported by residents:
    - 'Standing alone': 35% of residents committed to the top 'completely supportive' response code, which is more than double the score achieved by any other option. And 58% selected the top two codes. And this is within the context of residents being told this option *"does not meet the requirements of the Government's Fit for the Future program"*
    - 'Amalgamation with Waverley': 50% selected the top two codes.
- For the Global City option, only 3% committed to the top two codes, whereas 87% were 'not very supportive' or 'not at all supportive' – this option was strong rejected.

Key Findings

Fit for the Future (Continued):

- Concerns about size appear to be a factor in the ratings – the two largest amalgamation options (Global City of Randwick with Sydney, Waverley, Botany and Woollahra; Randwick with Waverley, Botany and Woollahra) generated the highest number of 'not very supportive' and 'not at all supportive' ratings.
- In a head-to-head preference comparison of all seven options, 'standing alone' was residents' most preferred option.
- Looking beyond the 'standing alone' option, 'amalgamation with Waverley' attracted the next most support across the total sample of residents:
    - Amongst those who selected 'standing alone' as their first option, their two main other preferences were 'amalgamation with Botany' and 'amalgamation with Waverley'. These are the two smallest amalgamation options.

Key Findings

Attitudes Towards Council:

- Encouragingly:
    - Overall satisfaction with Council as measured during the initial recruitment call was significantly higher than when we asked the same question back in 2014. It is important to note that the 2014 score was at that point in time our second highest Overall Satisfaction category score in over 5 years.
    - Furthermore, resident satisfaction increased significantly from the time of our initial recruitment call to a week or two later when we conducted the recontact interview with the same residents after they had received the information pack. This indicates that engagement from Council will lift overall resident satisfaction.
- 96% of residents were at least 'somewhat satisfied' with the performance of Council in dealing with the NSW Government's Fit for the Future project and the associated issue of possible amalgamation – which is consistent with the above shifts in overall satisfaction with Council.
- 98% of residents indicated that their local Council was at least 'somewhat important' to them – with 83% committing to the top 2 codes.

Key Findings

Communications Effectiveness:

- Residents spent an average of 15 minutes 29 seconds reading or looking through the information pack that was sent to them as part of the research.
- Of more interest is that amongst those residents who recalled having seen the amalgamation brochure prior to the research, they spent an average of 16 minutes 46 seconds reading or looking at the earlier information packs (ie: unrelated to the research). This is an encouraging finding, suggesting the mail out to the entire LGA was not simply discarded upon receipt.
- 59% of residents stated they had previously seen the amalgamation brochures when they were sent to all households in the LGA – this is consistent with the earlier finding that 69% of those aware of amalgamations became aware via Council brochures/ flyers.
- Encouragingly, 98% of residents found Council's brochure at least 'somewhat useful' in explaining the Fit for the Future project and the seven options that Council is considering – which is potentially consistent with the earlier finding that 96% of residents were at least 'somewhat satisfied' with the performance of Council in dealing with the NSW Government's Fit for the Future project.

Conclusions



Randwick City Council
a sense of community

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Conclusions

- Even when told that the 'standing alone' option "*does not meet the requirements of the Government's Fit for the Future program*", it was the preferred option on both the discreet rating and the head-to-head comparison questions.
- An amalgamation with Waverley emerged as the second most preferred option across the total sample.
- Residents do appear to be concerned about creating merged councils that are too large – the two largest amalgamation options (Global City of Randwick with Sydney, Waverley, Botany and Woollahra; Randwick with Waverley, Botany and Woollahra) generated the highest number of 'not very supportive' and 'not at all supportive' ratings.
- The results of the two overall 'satisfaction with Council' questions (asked first in the initial recruitment interview, then repeated in the recontact interview) suggest Councils can positively influence resident satisfaction through engagement programs such as they have conducted around Fit for the Future.

Detailed Findings:

1. Awareness of Amalgamations

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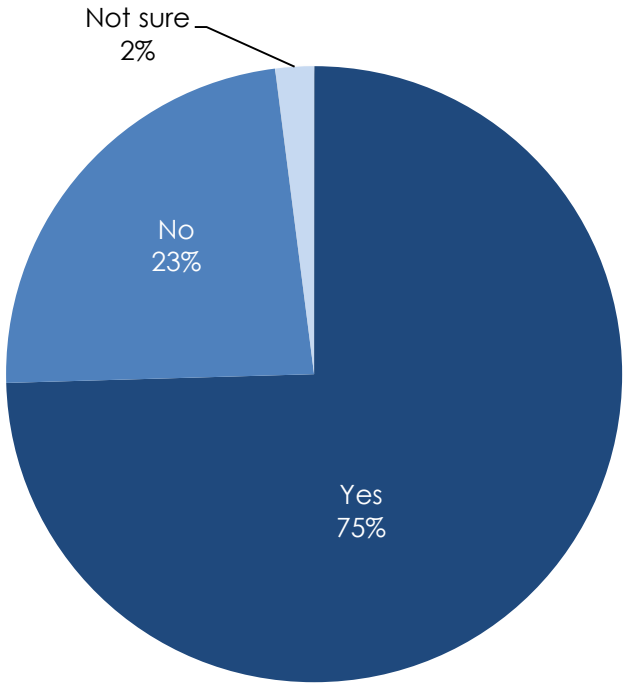
Awareness of Potential Amalgamation

Randwick City Council with other councils

Q1a. (Recruitment survey) Prior to this call, were you aware of the potential amalgamation of Randwick City Council with other councils?

75% of residents were aware of the potential merger prior to our first contact with them.

Awareness is significantly higher amongst older respondents, specifically those aged 50-64



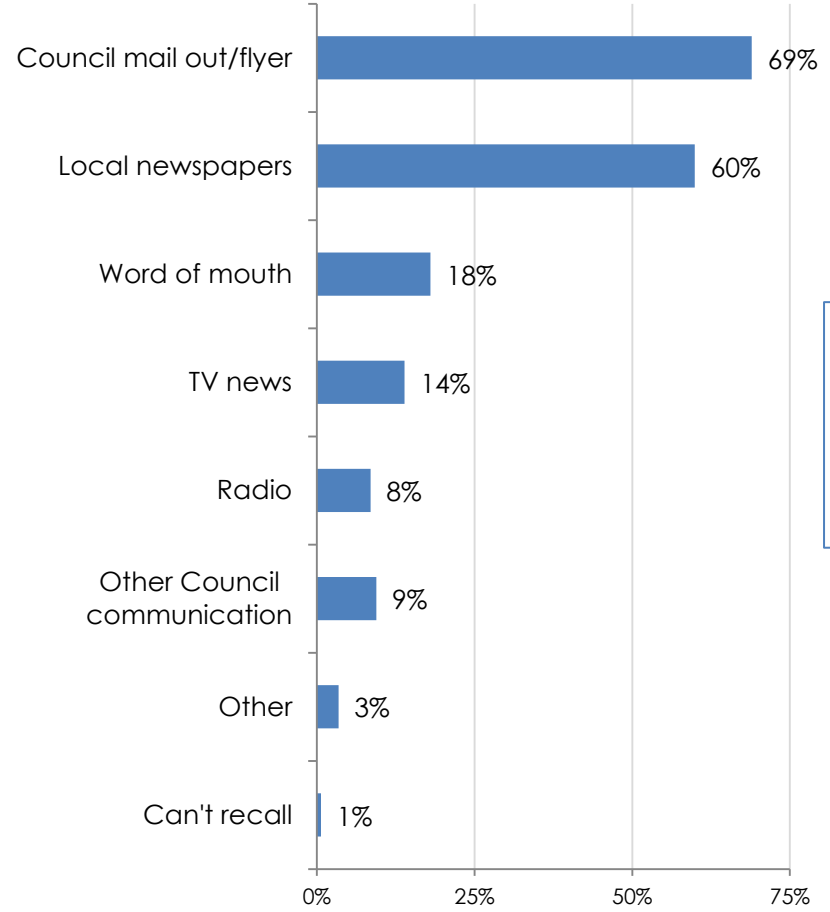
	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Yes	75%	82%	67%	54%▼	63%	87%	95%▲	90%	81%	60%
No	23%	15%	31%	39%	37%	13%	5%▼	10%	19%	34%
Not sure	2%	3%	1%	7%▲	0%	0%	0%	0%	0%	6%▲

▲▼= significantly higher/lower than the overall

Means of Becoming Aware of Amalgamation Proposal

Randwick City Council with other councils

Q1b. (Recruitment survey) Where did you hear about the proposal to potentially amalgamate Randwick City Council with other councils?



*Residents aged 50-64 and ratepayers were significantly more likely to have become aware of the proposed amalgamation through 'radio'

Word of mouth – specified	Count
Friends	47
Neighbour	30
Family member	17
Colleague	10
Community member	8
Council employee	8
Sports club	6
Council meeting	3
Precinct Committee	3
Can't recall	2
Community centre	2
Community group	1
Local tourism association	1
Other Council communication - specified	
Council e-newsletter	26
Direct mail	7
Council website	6
Bus stop advertisements	4
Council survey	4
Advertisement	1
Can't recall	1
Council information package	1
Council public handout	1
Letter from Member	1
Library	1
Precinct meeting	1
UTS Phone survey	1
Other specified	
Sydney Morning Herald	8
Internet browsing	3
Social media	3
Central Ward Precinct Group	2
Metro newspaper	1
Seniors concert	1
State Government Website	1
The Daily Telegraph	1

Base: Aware of amalgamation n = 479

***Note:** For a detailed list/table, please see Appendix

Those aware of amalgamations became aware via an average of two channels – suggesting Council has achieved both reach and frequency in its communications. Dominant channels were 'Council mail-out/flyer' (69%) and 'local newspapers' (60%)

Detailed Findings:
2. Fit for the Future

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Fit for the Future – Preamble

Outlined below is the preamble that was read to residents to explain the Fit for the Future program and its implications for Council:

In late 2014 the State Government released its 'Fit for the Future' program which requires most NSW councils to consider amalgamation options with neighbouring councils as the Government looks to reduce the number of metropolitan councils from 41 to 18.

The argument for amalgamation is that bigger councils could be more economically efficient in the delivery of services, whilst an argument against amalgamation is that bigger councils will be less responsive to the community's needs and local issues.

Randwick City Council is considering seven options, and they would like to obtain your views on each to assist in preparing their submission to the Government.

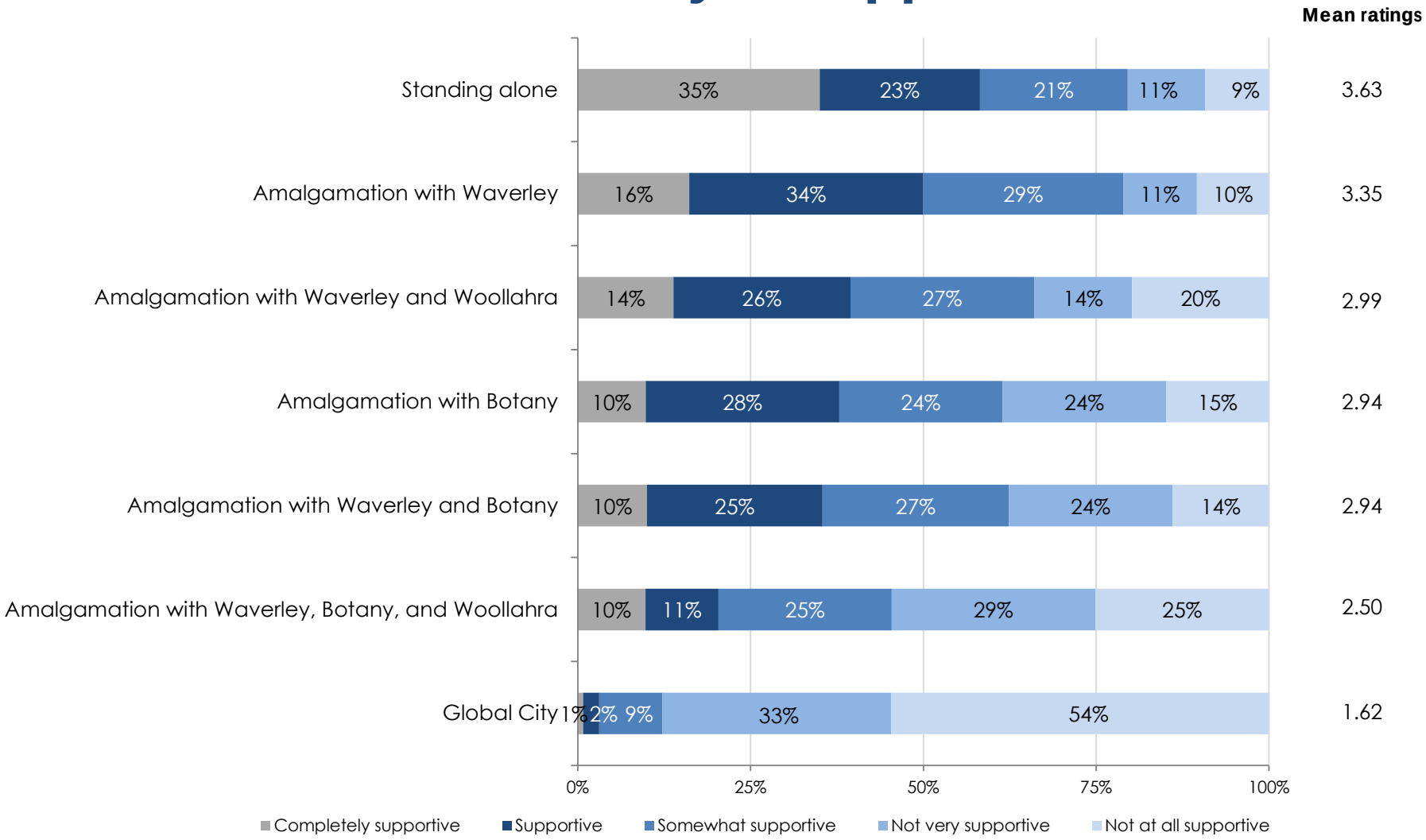
The State Government's Fit for the Future program says the first option Randwick City Council should consider is amalgamating with City of Sydney, Botany Bay, Woollahra, and Waverley Councils to form a global city.

The NSW Government supports the creation of a large 'Global City' with a population of more than 500,000 that can compete with other cities for capital investment and international reputation.

This option would create a very large city with divergent communities across the city centre, inner city, beachside and suburban areas – and that it would have financial capacity - but that councils of this size are by nature less representative.

Seven options were then presented to residents (six involving some form of amalgamation, and one having Council standalone. In most cases, residents also had a summary of the seven options in front of them (the A4 summary sent in the Information Pack). After each one was read out, residents were asked to rate it.

Summary of Support



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

Two options stand out as generating most support:

- **'Standing alone': Note that 35% committed to the top 'completely supportive' response code, which is more than double any other option. And 58% selected the top two codes. And this is within the context of residents being told this option *"does not meet the requirements of the Government's Fit for the Future program"***
- **'Amalgamation with Waverley': 50% selected the top two codes.**

Support for Amalgamation by Importance of Local Council

	Importance of Local Council to You…			
	Overall	Very important	Important	Somewhat important + Not very important + Not at all important
Standing alone	3.63	4.06▲	3.42	2.89▼
Amalgamation with Waverley	3.35	3.24	3.43	2.82
Amalgamation with Waverley and Woollahra	2.99	2.75	3.19	3.47
Amalgamation with Botany	2.94	3.02	2.90	3.01
Amalgamation with Waverley and Botany	2.94	2.80	3.09	3.28
Amalgamation with Waverley, Botany, and Woollahra	2.50	2.26	2.75	2.67
Global City	1.62	1.45▼	1.67	1.97▲

Scale: 1 = not at all important, 5 = very important

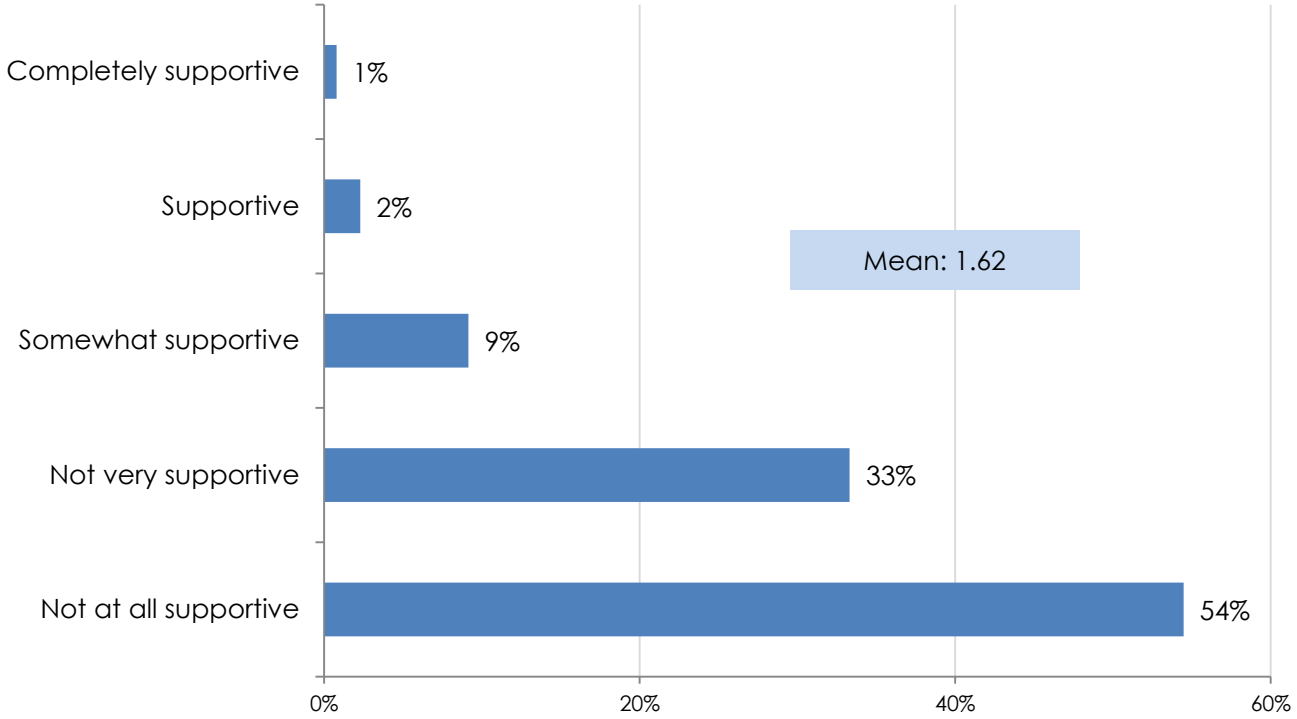
▲▼= A significantly higher/lower level of importance than the overall

Not surprisingly, those who said on a separate question that local council was 'very important to them' were significantly more likely to support the 'Standing alone' option – and less likely to support most of the larger amalgamation options.

Support for the Creation of a 'Global City'

Randwick City Council joining with City of Sydney, Botany Bay, Woollahra, and Waverley Councils

Q4a. How supportive are you of Randwick City Council joining with other councils to form a global city?



	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Mean rating	1.62	1.69	1.55	1.64	1.78	1.79	1.48	1.36▼	1.66	1.52

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

▲▼= A significantly higher/lower level of support than the overall

Support for the Global City option was almost non-existent – only 3% committed to the top two codes, whereas 87% were 'not very supportive' or 'not at all supportive'. Those aged 65+ were significantly less supportive of this option.

Reasons for Preference

Randwick City Council joining with City of Sydney, Botany Bay, Woollahra, and Waverley Councils

Q4a. How supportive are you of Randwick City Council joining with other Councils to form a global city?

Q4b. Why do you say that?

Main reasons for not supporting the global city option included:

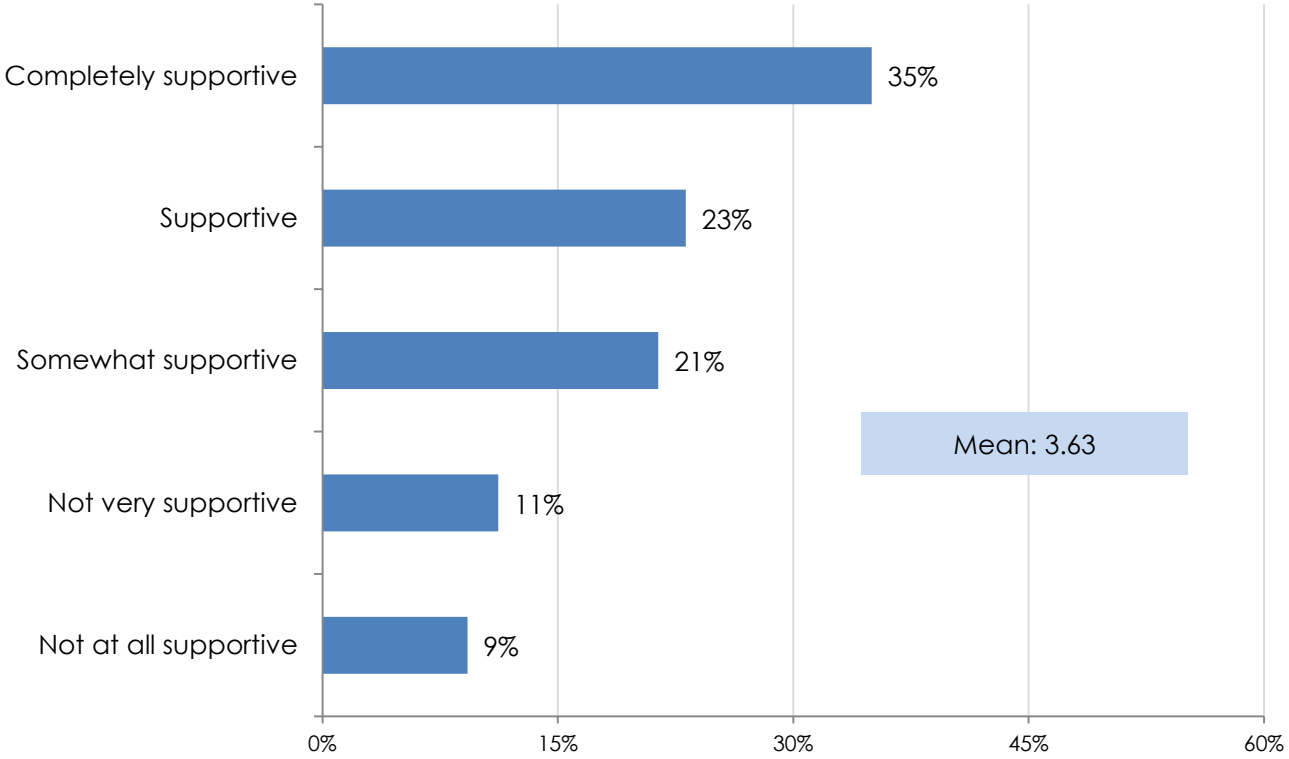
- **Too large**
- **Different needs**
- **Loss of identity**

Supportive/Completely supportive	Count
A larger Council would be more efficient	15
Economically efficient	13
Amalgamation may reduce duplication in smaller councils	5
Better quality services/facilities	4
Like the concept of amalgamating	3
Fewer politicians with a higher standard	2
Enhance local suburbs	1
Help to internationally compete	1
Somewhat supportive	
Prefer to amalgamate on a smaller scale	14
Don't like the concept of joining with the City of Sydney as priorities/planning for smaller areas may be neglected	9
Economically efficient	7
Smaller areas may lose identity	5
Like the concept of amalgamating	5
Could be beneficial to the community but happy with the current situation	4
Amalgamation should be beneficial as there are too many smaller councils	2
Better quality services/facilities	2
Reduced quality of services	2
Need more information before making a definite decision	2
A foregone conclusion	1
Council areas are too diverse	1
Don't like the Mayor of Sydney	1
Fewer politicians with a higher standard	1

Not very supportive/Not at all supportive	
Too large an area/Too many people to account for	243
City of Sydney has different needs/priorities	88
Smaller areas may lose identity/voice	69
Smaller councils are more responsive	65
Council areas are too diverse	49
Don't want to join with City of Sydney	46
Do not believe in a Global City/Will not operate efficiently	44
Priorities/planning for smaller areas can be neglected	43
Satisfied with current situation	31
Loss of local representation	29
Reduced quality of services	27
Randwick will lose its identity and become lost amongst all suburbs	21
Not economically efficient	19
Prefer to amalgamate on a smaller scale	17
Inheritance of debts from other councils	13
Smaller councils are on a more personal level	12
Don't like the Mayor of Sydney	11
Amalgamation will diminish the sense of community	8
City of Sydney will become too powerful	7
Loss of jobs	4
Merge only with either Botany, Randwick, Waverley, or Woollahra	4
Botany has different needs/priorities	3
Damaging to smaller local government areas	3
Higher chance of corruption	3
Need more information before definite decision	3
Already separated by natural geographic boundaries	2
Other councils don't have a good reputation	2
City of Sydney pensioners don't pay rates	1
Easier to deal with one Mayor	1
Greater inequity	1
Historic area	1
Lack of communication with residents	1
Money grab opportunity for City of Sydney Council	1
Previous amalgamations haven't worked	1
Randwick has a separate identity	1
Support amalgamation of other areas	1

Support for Randwick City Council Not Amalgamating

Q5a. How supportive are you of Randwick City Council standing alone and not merging with any other councils?



	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Mean rating	3.63	3.42	3.84	3.77	3.85	3.28	3.26	3.88	3.47	4.02

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

Based on the mean scores above, support for the 'standing alone' option was consistent across the key demographic cohorts.

Reasons for Preference

Randwick City Not Amalgamating

Q5a. How supportive are you of Randwick City Council standing alone and not merging with any other councils?
Q5b. Why do you say that?

Supportive/Completely supportive	Count
Currently the local area is well represented and has a good level of service and performance	303
Randwick is already financially stable	40
Larger council area will lead to less locally effective/responsive council	39
Community based council is better for the local community	21
Amalgamation would force Randwick to take on financial/organisational problems of other councils	20
Supportive of Randwick maintaining their own identity	14
Prefer to stand alone	9
Currently a suitable number of people in the area	4
Able to operate independently	3
Don't want it any further diversified	3
Not convinced that an amalgamation would allow for effective service delivery	3
Population is increasing without merging	3
Certain areas would be prioritised over others in an amalgamated council	3
Insufficient information has been provided to residents concerning the amalgamation	2
Smaller councils perform duties at a higher rate	2
Randwick may benefit from some changes	1
Provides employment to local residents	1
Randwick has very little in common with other council areas	1
Somewhat supportive	
Amalgamation with the right LGA will benefit Council's operations	40
Currently the local area is well represented and has a good level of service and performance	30
Cost effective	24
Amalgamation is needed	17
Amalgamation is inevitable	8
Amalgamation would be beneficial for all areas	7
Larger population would benefit the local community	6
Merger will allow more efficient service delivery from Council	4
Smaller population is easier managed	4
Smaller areas may lose identity/voice	4
Insufficient information has been provided to residents concerning the amalgamation	3
Not satisfied with Randwick	3
Prefer to amalgamate on a smaller scale	3
Not economically efficient	2
Can see both positive and negatives to both options	1
Happy with current council situation but would benefit from a small merge	1
Inheritance of debts from other councils	1
Randwick needs to prove itself as a stand alone Council	1

Satisfaction with the current level of Council service delivery and performance is the main reason why residents supported the 'standalone' option.

Reasons for Preference

Randwick City Not Amalgamating

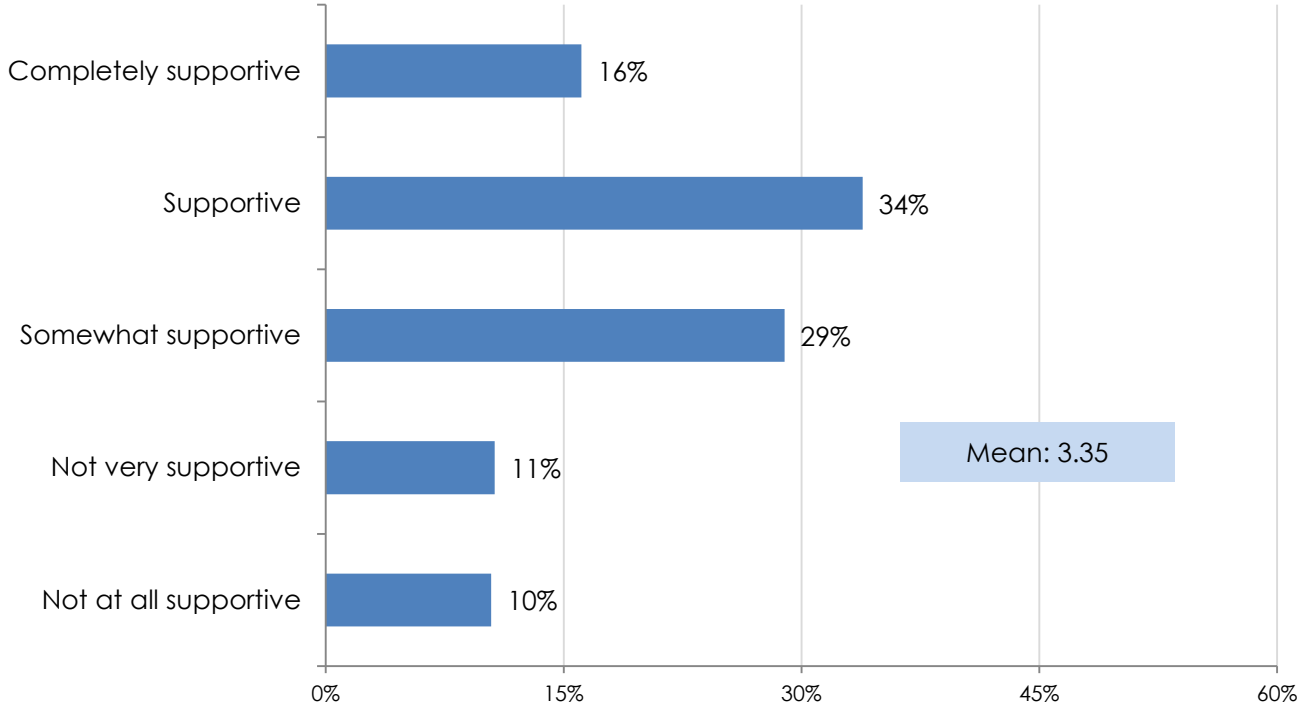
Q5a. How supportive are you of Randwick City Council standing alone and not merging with any other councils?
Q5b. Why do you say that?

Those who didn't support the 'standalone' option could see the benefits of amalgamation in terms of cost-efficiencies and more efficient service delivery. A small proportion felt some form of amalgamation was inevitable.

Not very supportive/Not at all supportive	Count
Cost effective	36
Amalgamation would be beneficial for all areas	33
Amalgamation with the right LGA will benefit Council's operations	30
Merger will allow more efficient service delivery from Council	26
Larger population would benefit the local community	20
Amalgamation is needed	14
Amalgamation is inevitable	11
Smaller council isn't sustainable	5
No real options	4
Would create financial/economical and other problems	4
No benefits	3
Merging needs to happen	2
Not satisfied with Randwick	2
Randwick not merging wouldn't be viable	2
A foregone conclusion	1
Amalgamation is not going to happen	1
No specific reason	1
Less chance of corruption in a larger council	1
Prefer to merge than stand alone	1
Reduce the number of Councillors	1
Smaller councils have more personal issues	1
Currently the local area is well represented and has a good level of service and performance	1
Too many politicians involved with a smaller council	1
Too small an area to handle a population increase	1
Streamlining staff within the Council	1

Support for Randwick City Council Amalgamating with Waverley Council

Q7. How supportive are you of Randwick City Council joining with Waverley Council?



	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Mean rating	3.35	3.17	3.51	3.94▲	3.30	3.53	2.93▼	2.68▼	3.38	3.27

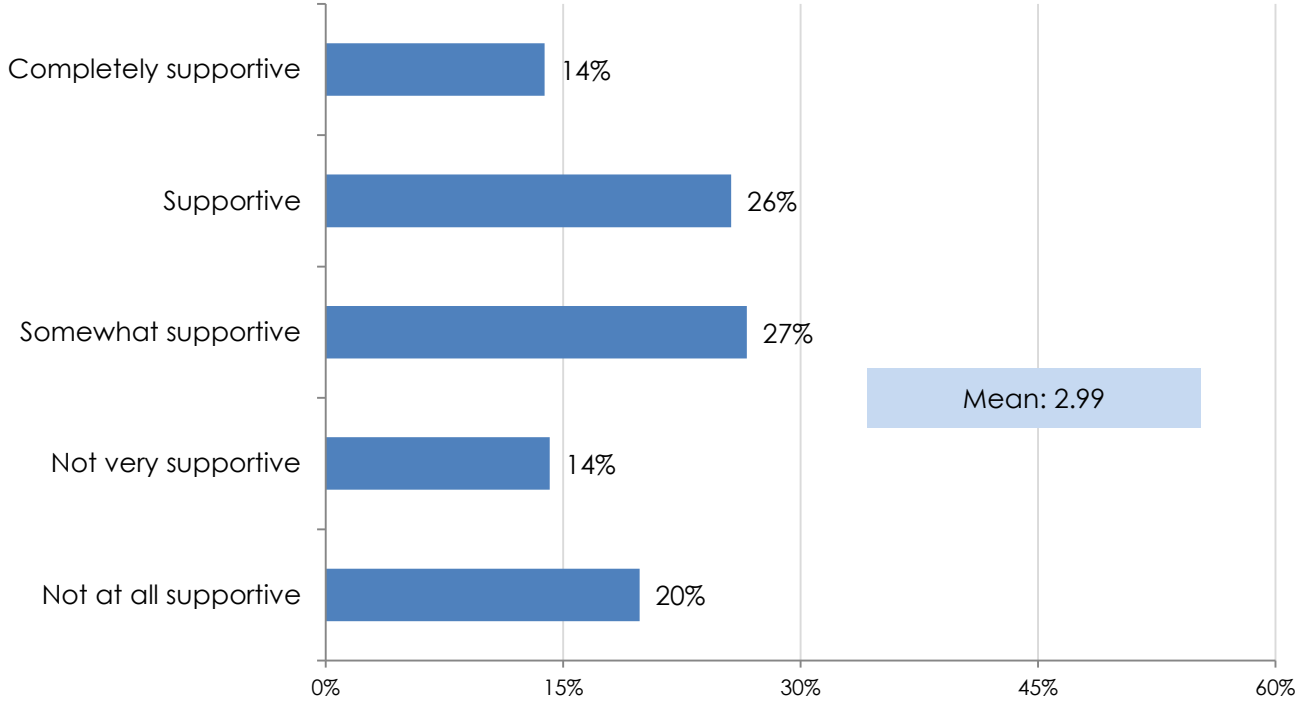
Scale: 1 = not at all supportive, 5 = completely supportive

▲▼= A significantly higher/lower level of support than the overall

79% of residents were at least 'somewhat supportive' of Randwick City Council joining with Waverley Council. As noted earlier, this option has generated some commitment – at least to the second top code – with 50% committing to the top two codes. Residents aged 18-29 were significantly more supportive of this option, whilst those aged 50+ were significantly less supportive

Support for Randwick City Council Amalgamating with Waverley and Woollahra Councils

Q9. How supportive are you of Randwick City Council joining with both Waverley and Woollahra Councils?



	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Mean rating	2.99	3.15	2.85	3.28	2.90	3.26	2.94	2.45▼	3.12	2.71

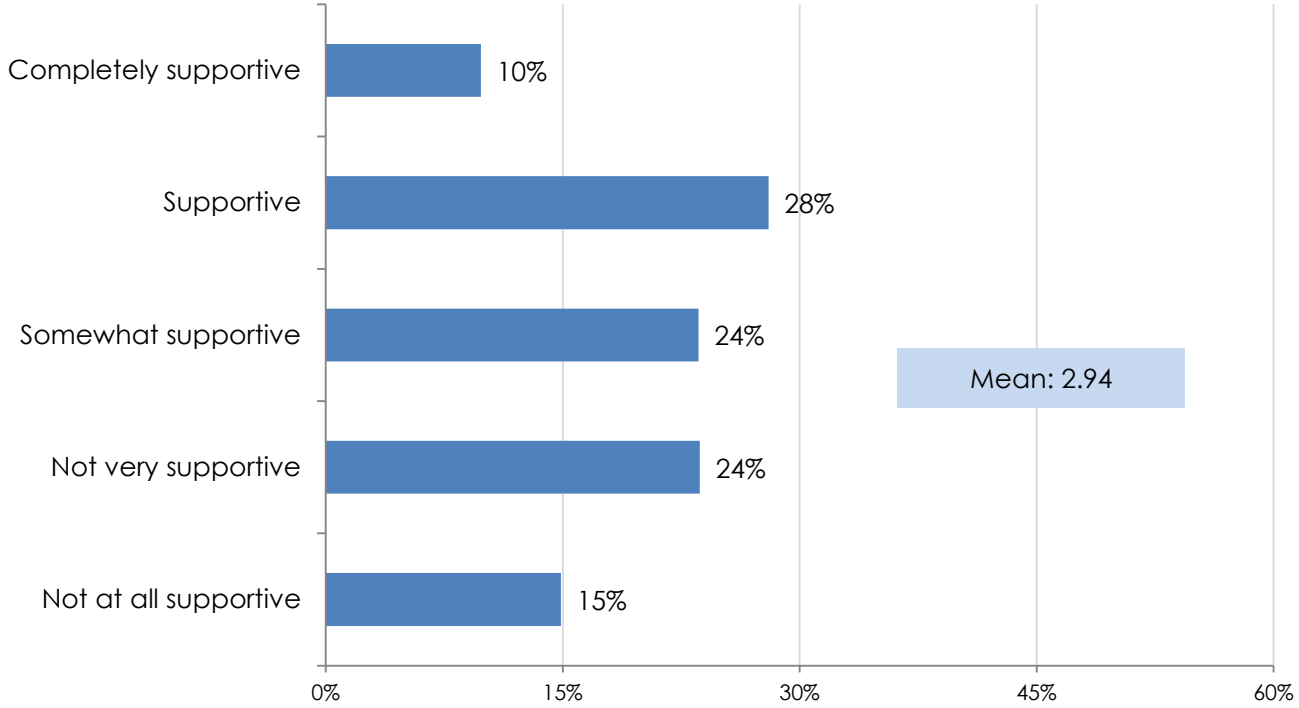
Scale: 1 = not at all supportive, 5 = completely supportive

▲▼= A significantly higher/lower level of support than the overall

67% of residents were at least 'somewhat supportive' of Randwick City Council joining with both Waverley and Woollahra Councils – but commitment to the top two codes was relatively light (40%). Residents aged 65+ were significantly less supportive of this option.

Support for Randwick City Council Amalgamating with Botany Bay Council

Q6. How supportive are you of Randwick City Council joining with Botany Bay Council?



	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Mean rating	2.94	2.89	2.99	3.13	3.10	2.78	2.56▼	2.99	2.87	3.11

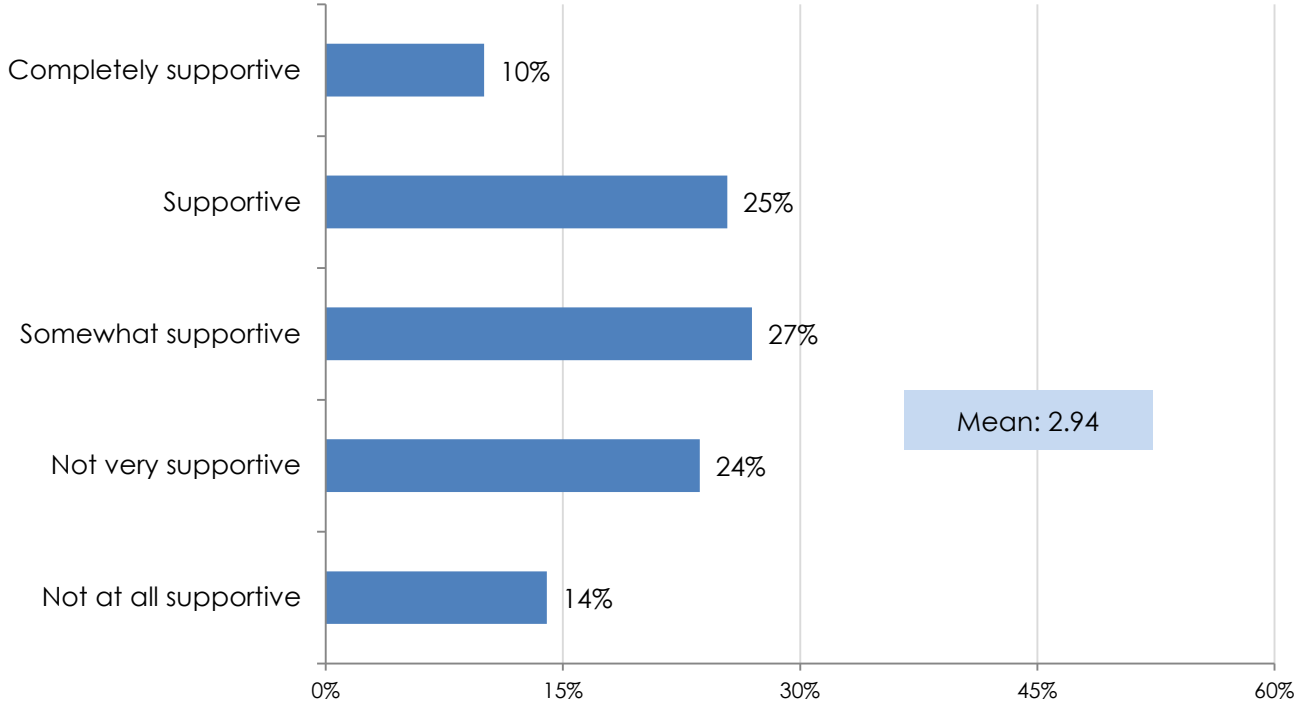
Scale: 1 = not at all supportive, 5 = completely supportive

▲▼= A significantly higher/lower level of support than the overall

62% of residents were at least 'somewhat supportive' of Randwick City Council joining with Botany Bay Council – but commitment to the top two codes was relatively light (38%). It should be noted that residents were told that this option "does not meet the requirements of the Government's Fit for the Future program".

Support for Randwick City Council Amalgamating with Waverley and Botany Councils

Q8. How supportive are you of Randwick City Council joining with both Waverley and Botany Councils?



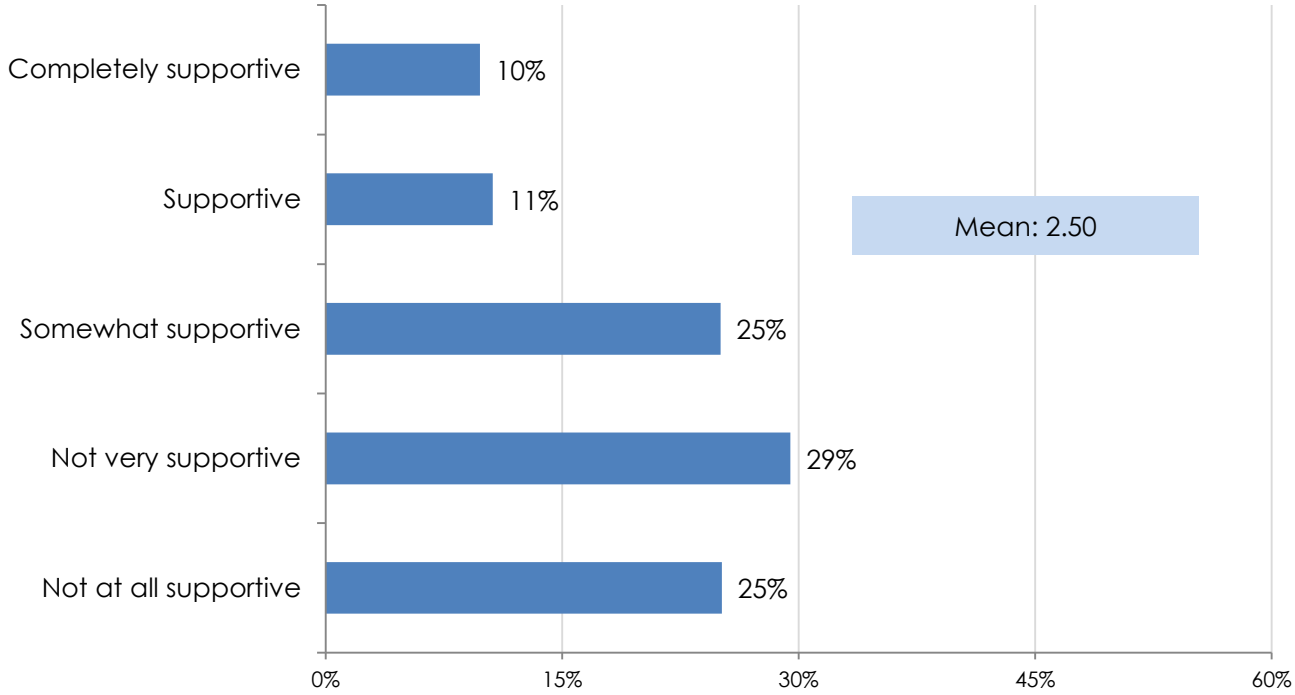
	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Mean rating	2.94	2.99	2.89	3.11	2.81	3.15	2.79	2.77	3.02	2.76

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

62% of residents indicated they were at least 'somewhat supportive' of Randwick City Council merging with both Waverley and Botany Councils – but commitment to the top two codes was relatively light (35%).

Support for Randwick City Council Amalgamating with Waverley, Botany, and Woollahra Councils

Q10. How supportive are you of Randwick City Council joining with Waverley, Botany, and Woollahra Councils?



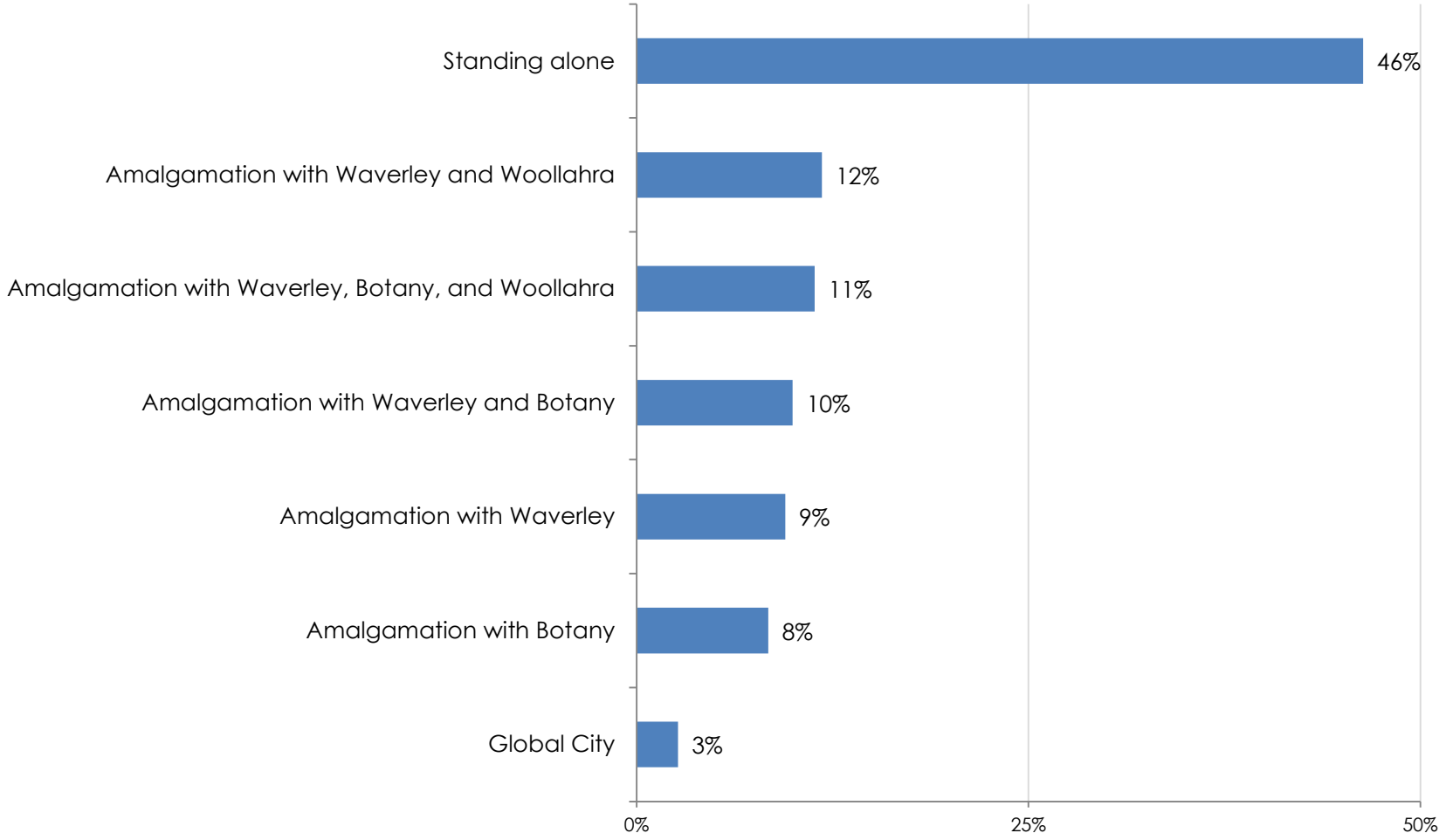
	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Mean rating	2.50	2.66	2.35	2.68	2.54	2.76	2.36	2.09	2.63	2.22

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

Only 46% of residents indicated they were at least 'somewhat supportive' of Randwick City Council merging with Waverley, Botany, and Woollahra Councils – and only 21% committed to the top two codes.

Proposed Options – FIRST Preference

Q11. Which of the seven options is your most preferred option? And which is your next most preferred option? (Etc.)

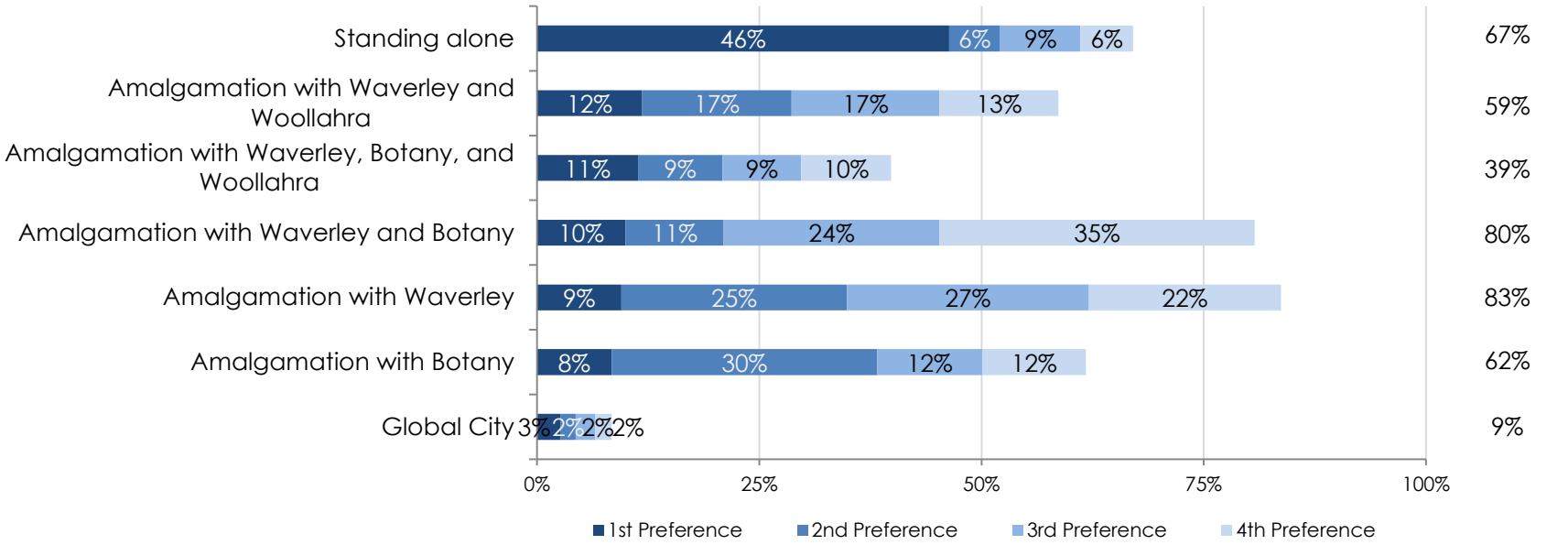


Base: n = 643

In a head-to-head preference comparison of all seven options, 'standing alone' (46%) was residents' most preferred option for Randwick City Council

Preference of Proposed Options

Q11. Which of the seven options is your most preferred option? And which is your next most preferred option? (Etc.)



Preference:	1st	2nd	3rd	4th	5th	6th	7th
Standing alone	46%▲	6%▼	9%▼	6%▼	4%▼	18%▲	11%▼
Amalgamation with Waverley and Woollahra	12%	17%	17%	13%	34%▲	6%▼	1%▼
Amalgamation with Waverley, Botany, and Woollahra	11%▼	9%▼	9%▼	10%▼	14%	44%▲	2%▼
Amalgamation with Waverley and Botany	10%▼	11%▼	24%▲	35%▲	13%	5%▼	0%▼
Amalgamation with Waverley	9%▼	25%▲	27%▲	22%▲	9%▼	6%▼	1%▼
Amalgamation with Botany	8%▼	30%▲	12%	12%	22%▲	14%	2%▼
Global City	3%▼	2%▼	2%▼	2%▼	3%▼	6%▼	83%▲

Base: n = 603

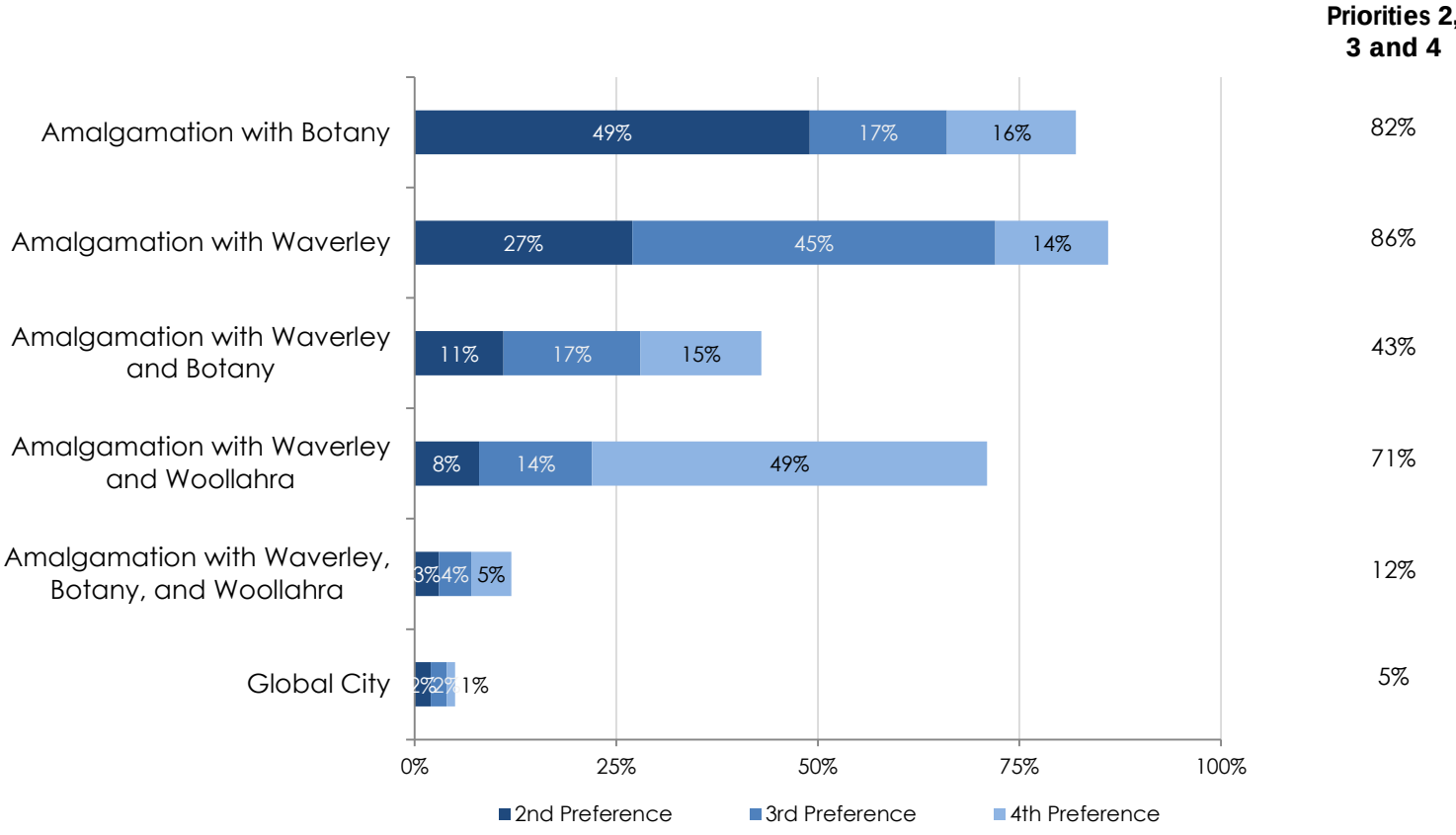
▲▼= significantly higher/lower by preference

Looking beyond the 'standing alone' option, 'amalgamation with Waverley' attracted the broadest general support, with 83% of residents selecting this option as one of their top four preferences – and 61% selecting it as one of their top three preferences.

Preference of Proposed Options

Q11. Which of the seven options is your most preferred option? And which is your next most preferred option? (Etc.)

The chart below shows the preference ratings for those who selected the 'Standing alone' option as their first preference – in other words, apart from 'standing alone', what would be their second/third/fourth preferences?



Base: Those who nominated 'standing alone' as their first preference n = 298

Amongst those who selected 'standing alone' as their first preference, the two main other preferences are 'amalgamation with Waverley' and 'amalgamation with Botany'. These are the two smallest amalgamation options.

Detailed Findings:

3. Attitudes Towards Council

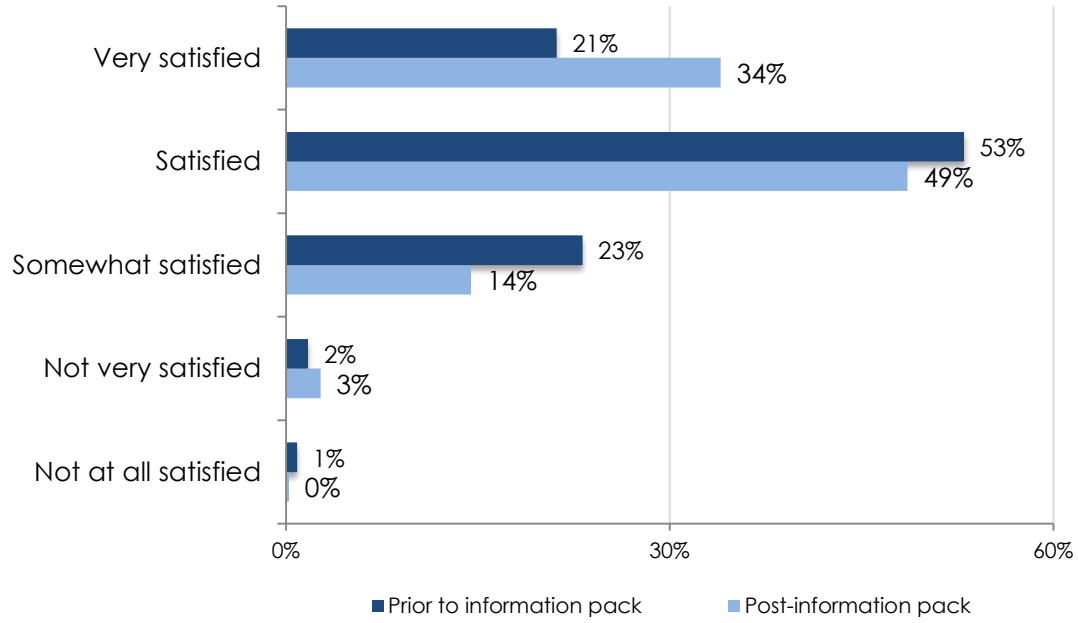
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Overall Satisfaction with the Performance of Council

Prior to receiving the information pack v Subsequent to receiving the information pack

Q2. (Recruitment survey and Recontact survey) In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas?



NSW LGA BRAND SCORES	Overall 2015	Overall 2014	Metro	All of NSW
Prior to information pack	3.92▲	3.80▼	3.45▼	3.31▼

	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Prior to information pack	3.92▼	3.97	3.87	3.93	3.86	3.79	3.88	4.14	3.97	3.81
Post-information pack	4.13▲	4.12	4.14	4.27	4.11	3.90	4.00	4.29	4.09	4.23

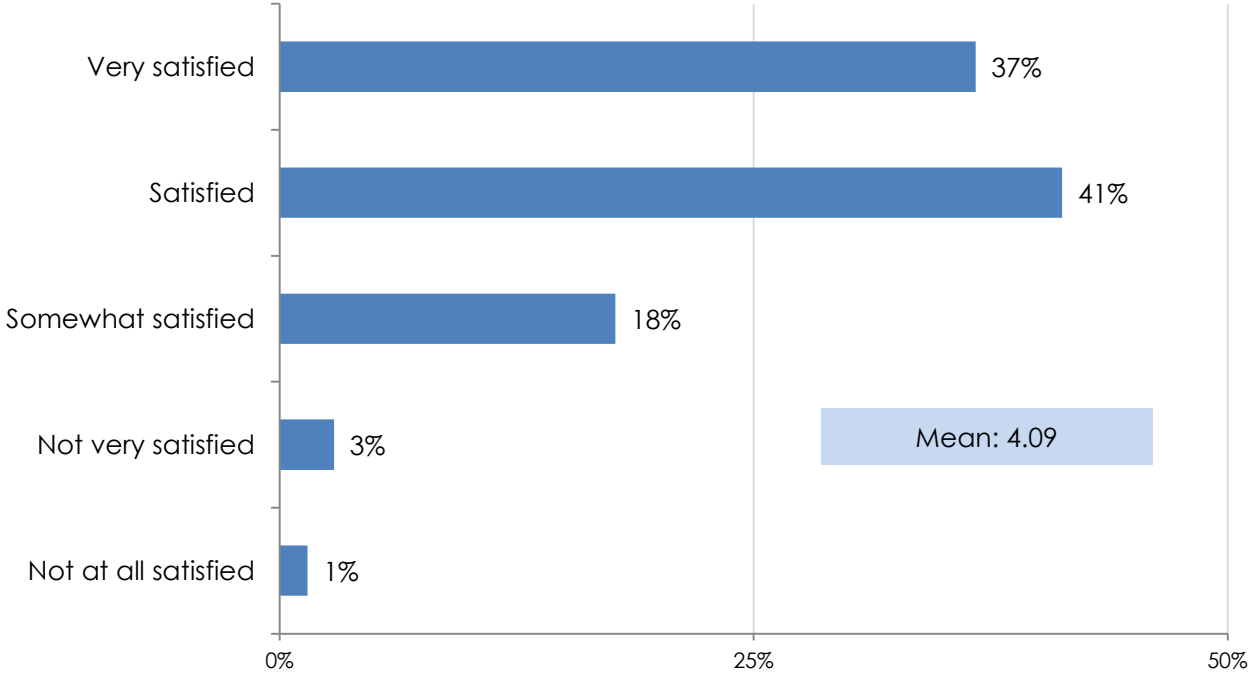
Scale: 1 = not at all satisfied, 5 = very satisfied

▲▼= A significantly higher/lower level of satisfaction

Prior to the information pack, residents displayed a significantly higher level of satisfaction with the performance of Council compared to 2014 (3.92 cf. 3.80). The mean score was also significantly higher than our 'metro' and 'overall' LGA Brand Scores. Resident satisfaction increased significantly subsequent to residents receiving the information pack, indicating that engagement from Council can lift satisfaction.

Satisfaction with Council's Response to the Fit for the Future Project

Q13. Overall, how satisfied are you with the performance of Council in dealing with the NSW Government's Fit for the Future project and the associated issue of possible amalgamation?



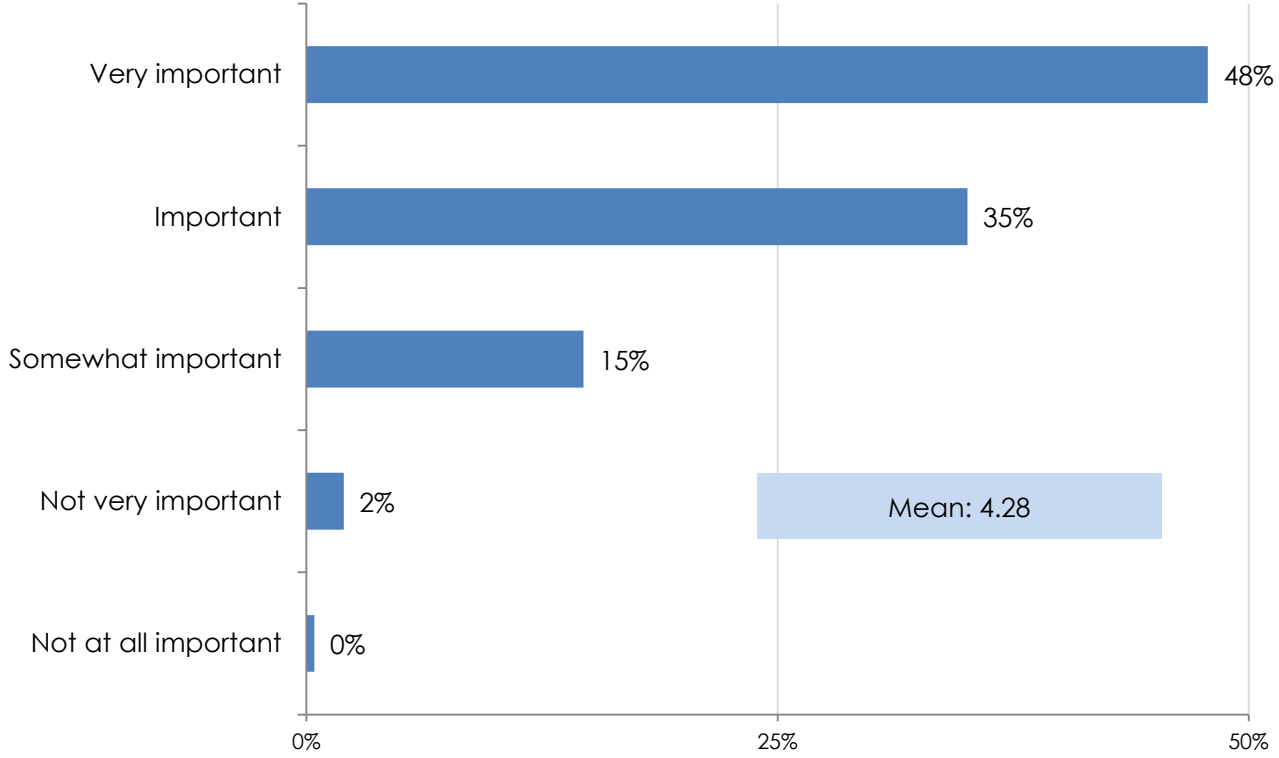
	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Mean rating	4.09	3.96	4.21	4.29	4.18	4.03	3.88	3.92	4.05	4.17

Scale: 1 = not at all satisfied, 5 = very satisfied

Overall, 96% were at least 'somewhat satisfied' with the performance of Council in dealing with the NSW Government's Fit for the Future project and the associated issue of possible amalgamation

Importance of Local Council

Q3. How important is your local Council to you?



	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Mean rating	4.28	4.19	4.37	4.12	4.31	4.23	4.31	4.53▲	4.25	4.34

Scale: 1 = not at all important, 5 = very important

▲▼= A significantly higher/lower level of importance than the overall

98% of residents indicated that their local Council was at least 'somewhat important' to them – with 83% committing to the top 2 codes. Residents aged 65+ rated the importance of their local Council significantly higher.

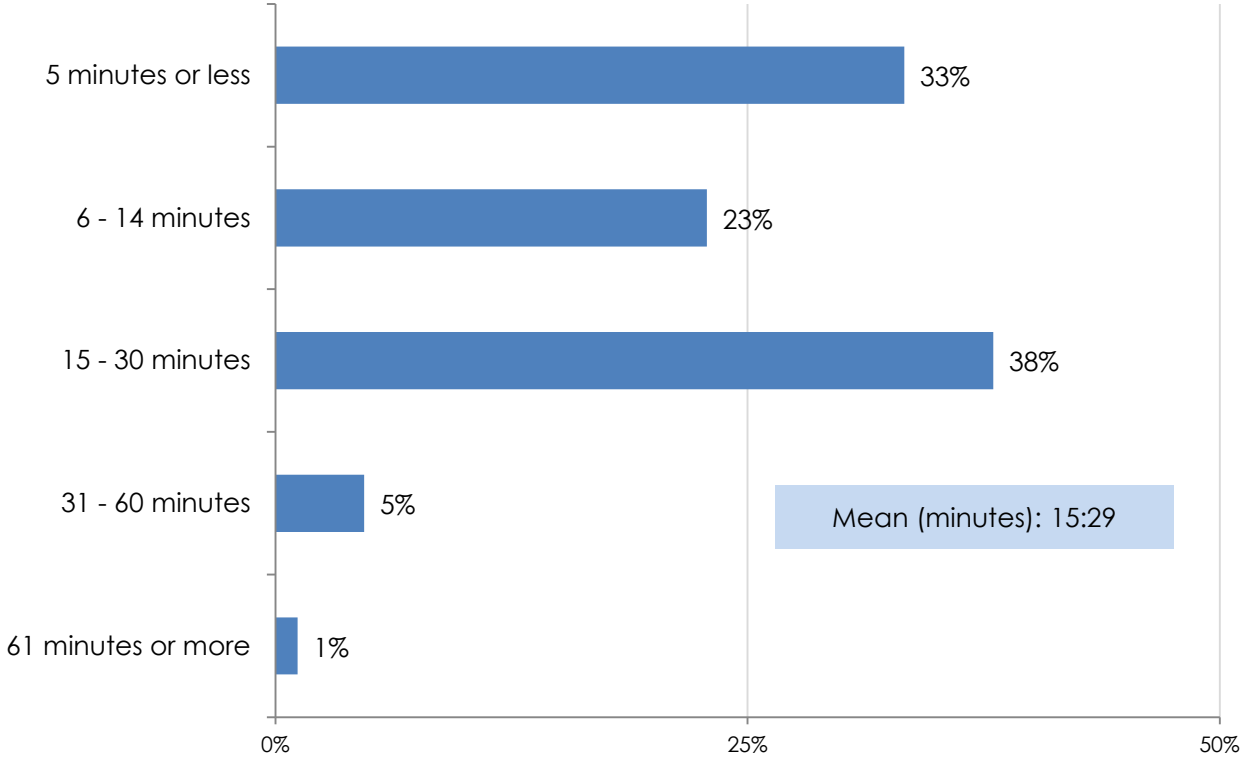
Detailed Findings:
4. Communications

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Time Spent Reading the Information Pack

Q1a. Approximately how long would you have spent reading or looking through the information pack?



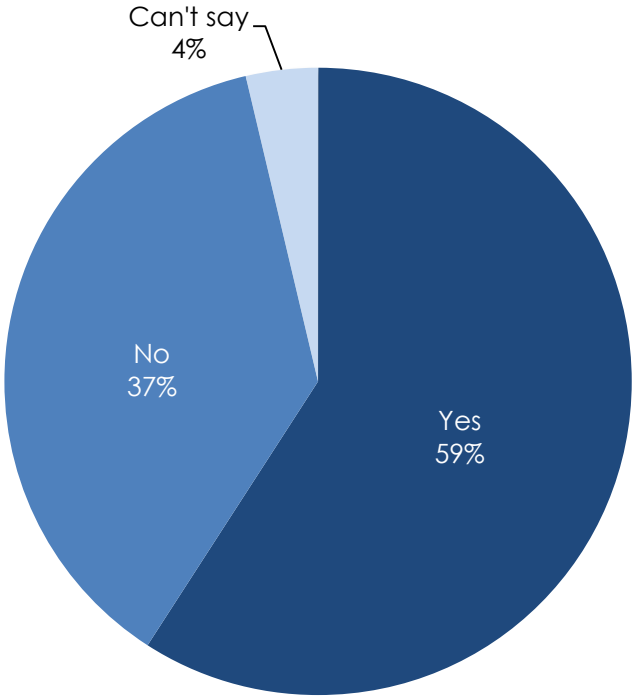
	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Mean (mins:secs)	15:29	16:38	14:23	15:12	17:12	13:20	13:28	19:50	14:32	17:40

Residents spent an average of 15 minutes 29 seconds reading or looking through the information pack that was sent to them as part of the research.

Awareness of "Randwick City's Future" Brochure

Q1b. The information pack we sent you contains a brochure with the words "Randwick City's Future" on the front page. Had you seen these brochures?

59% of residents stated they had previously seen the brochures sent with the information pack (which is consistent with the earlier finding that 69% of those aware of amalga-mations became aware via Council brochures/ flyers).

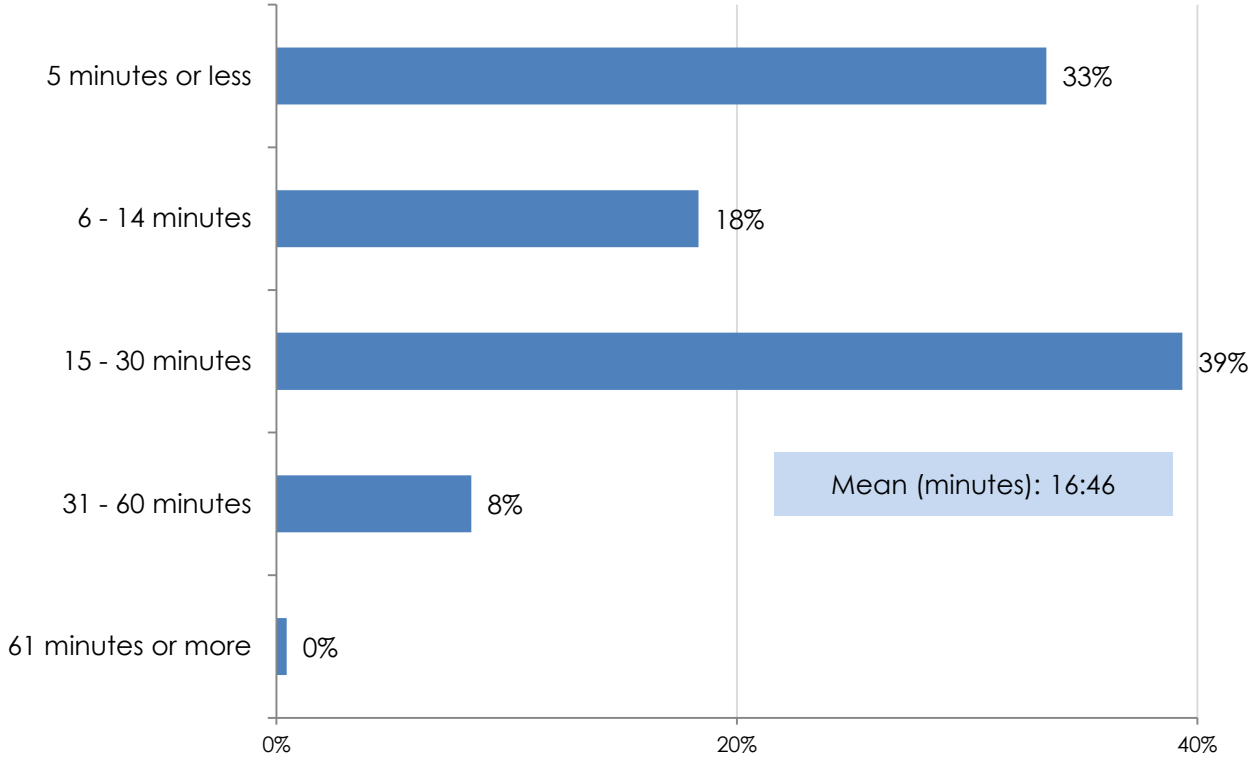


	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Yes	59%	62%	56%	28%▼	76%	69%	73%	66%	65%	47%
No	37%	35%	39%	72%▲	23%	24%	24%	23%	31%	52%
Can't say	4%	3%	4%	0%	1%	7%	4%	11%▲	5%▲	1%▼

▲▼= A significantly higher/lower than the overall

Time Spent Reading the Previous Information Pack

Q1c. In total, how long would you have spent reading or looking at those earlier information packs?



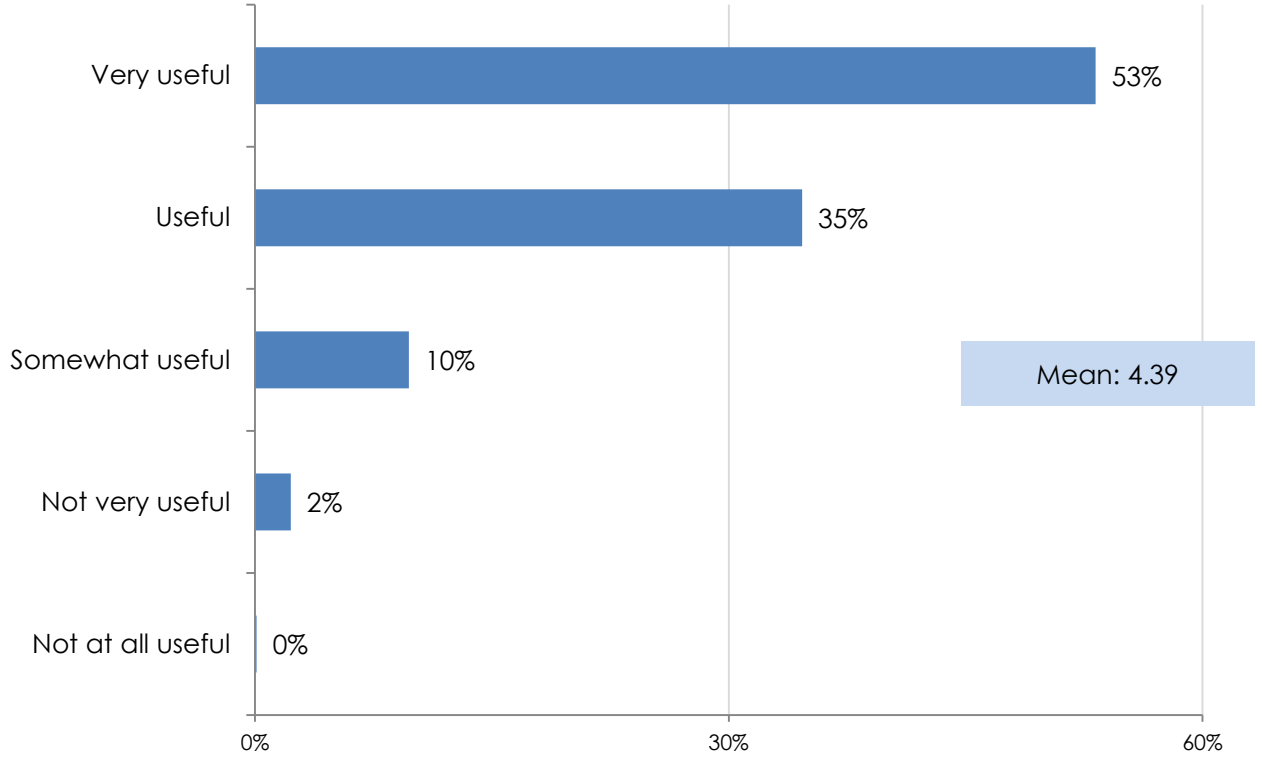
	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**380**	**195**	**185**	**50**	**103**	**71**	**84**	**72**	**288**	**92**
Mean (mins:secs)	16:46	20:40▲	12:40▼	19:57	14:18	13:46	17:45	21:34	18:10	11:50

▲▼= significantly higher/lower than the overall

Of those residents who recalled having seen the amalgamation brochure *prior* to the research, they spent an average of 16 minutes 46 seconds reading or looking at the earlier information packs. This is an encouraging finding, suggesting the mail out to the entire LGA was not simply discarded upon receipt.

Usefulness of Council's Brochures

Q12. Overall, how useful did you find Council's brochure in explaining the Fit for the Future project and the seven options that Council is considering?



	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-Ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Mean rating	4.39	4.34	4.44	4.36	4.40	4.49	4.32	4.39	4.34	4.50

Scale: 1 = not at all useful, 5 = very useful

Encouragingly, 98% of residents found Council's brochure at least 'somewhat useful' in explaining the Fit for the Future project and the seven options that Council is considering.

Appendix

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Suburbs

Weighted by Age, Gender and Location

Q14. (Recontact survey) In which suburb do you live?

	Overall
Base	**643**
Maroubra	23%
Randwick	22%
Coogee	15%
Kingsford	11%
Kensington	10%
Matraville	7%
Clovelly	4%
Malabar	4%
Chifley	2%
Little Bay	2%

Means of Becoming Aware of Amalgamation Proposal

By Age, Gender, and Ratepayer Status

Q1b. (Recruitment survey) Where did you hear about the proposal to potentially amalgamate Randwick City Council with other councils?

	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-ratepayer
Base	**479**	**258**	**221**	**97**	**85**	**89**	**109**	**98**	**362**	**118**
Council mail out/flyer	69%	65%	74%	50%	77%	71%	67%	81%	71%	63%
Local Newspapers	60%	65%	54%	56%	46%	56%	69%	70%	59%	63%
Word of mouth	18%	19%	17%	17%	24%	14%	17%	19%	20%	13%
TV news	14%	16%	11%	4%	18%	11%	20%	16%	16%	8%
Radio	8%	9%	7%	0%	7%	2%	21%▲	10%	11%▲	1%▼
Other Council communication	9%	11%	8%	13%	12%	6%	10%	5%	11%	5%
Other	3%	5%	1%	0%	8%	6%	2%	2%	4%	3%
Can't recall	1%	1%	0%	0%	0%	2%	0%	1%	1%	0%

▲▼= significantly higher/lower (by group)

Preferred Amalgamation Option

By Age, Gender and Ratepayer Status

Q11. Which of the seven options is your most preferred option? And which is your next most preferred option? (Etc.)

% = 1st preference selection	Overall	Male	Female	18-29	30-39	40-49	50-64	65+	Ratepayer	Non-ratepayer
Base	**643**	**315**	**328**	**180**	**135**	**103**	**116**	**109**	**446**	**197**
Standing alone	49%	44%	55%	49%	60%	36%	39%	61%	43%	64%
Amalgamation with Waverley and Woollahra	12%	13%	11%	14%	10%	10%	16%	9%	12%	12%
Amalgamation with Waverley	11%	10%	11%	15%	4%	14%	15%	3%▼	14%▲	2%▼
Amalgamation with Waverley and Botany	9%	9%	10%	9%	7%	16%	12%	5%	11%	6%
Amalgamation with Waverley, Botany, and Woollahra	8%	12%	5%	3%	11%	13%	7%	12%	9%	7%
Amalgamation with Botany	8%	8%	8%	11%	8%	9%	7%	6%	8%	9%
Global City	2%	3%	1%	0%	0%	3%	4%	4%	3%	0%

▲▼= significantly higher/lower (by group)

Recruitment Questionnaire

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Randwick City Council
Fit for Future – Recruitment
January 2015

Good evening, my name is ..... and I am calling on behalf of Randwick City Council, from a company called Micromex.

Council is conducting a community survey to help it better understand community attitudes towards local government reform.

What we'd like to do is mail you an information pack which outlines a range of options that Council would like you to consider. We will then call you back to ask your opinion of those options.

Council is very interested in obtaining your views and this will assist in understanding the community's position regarding the different options.

For demographic purposes we ask if there might be someone in the house aged 18-34 who would be able to assist us?

If no: We encourage everyone 18 years and over to participate, would you be willing to assist with this please?

If no: Thank you anyway for your time.

If yes, Can I please confirm that you do live in the Randwick City Council area?

If no: unfortunately you are not eligible for the research. Thank you for your time.

If yes, I just need to confirm that neither you nor an immediate family member work for Council or are a Councillor for Randwick City Council.

If yes, unfortunately you are not eligible for the research. Thank you for your time.

If no: I just need to get some details from you:

STAFF ARE TO BE GIVEN ALL DETAILS FROM THE RESPONDENT. DO NOT RELY THAT THE INFORMATION ON YOUR SCREEN IS CORRECT!

DO NOT SPECIFY THAT YOU HAVE ANY OF THEIR INFORMATION. THEY ARE TO GIVE YOU EACH DETAIL – DO NOT JUST 'CONFIRM THEIR DETAILS WITH THEM'.

NAME (Include honorific): .....
Postal Address: .....
Confirm contact Number: .....
Preferred recontact time (Morning/afternoon or Evening): .....

QS1. RECORD GENDER

O Male O Female

I just have a few questions

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

- O 18-29
- O 30-39
- O 40-49
- O 50-64
- O 65+

Q1a. Prior to this call were you aware of the potential amalgamation of Randwick City Council with other councils?

- O Yes
- O No **(Go to question 2)**
- O Not sure **(Go to question 2)**

Q1b. Where did you hear about the proposal to potentially amalgamate Randwick City Council with other councils? Please answer yes or no as I read each of the following (MR, Prompt)

- O Council mail out/flyer
- O Other Council communication (please specify) ……..
- O TV news
- O Radio
- O Local Newspapers
- O Word of mouth (please specify) ……..
- O Other (please specify) …….
- O (Do not read) Can't recall

Q2. In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas? Prompt

- O Very satisfied
- O Satisfied
- O Somewhat satisfied
- O Not very satisfied
- O Not at all satisfied

When completed

You should receive the information pack from Council in 3 days from mail-out (12th February, 2015) . Micromex will then call you back to undertake the survey from around the 17th February.

FAQs

What are the questions about? Questions are about your awareness and opinions about the proposed local government reform option.

How long will the survey take? Call-back survey will take approximately 12-15 minutes

A4 Summary Sheet (Part of Information Pack)

Randwick City Council
a sense of community

micromex research

OPTIONS

Randwick (no change) — Option 1

Population 142,310

- ✓ No increase in rates
- ✓ Protects local eastern suburbs identity
- ✗ Significant long-term cost savings
- ✓ Same level of services provided

Despite Randwick Council's excellent financial and asset management position, the option to stand alone does not meet the requirements of the Government's Fit for the Future program (population size).



Randwick + Botany — Option 2

Population 185,602

- ✓ No increase in rates
- ✓ Protects local eastern suburbs identity
- ✓ Significant long-term cost savings
- ✓ Same level of services provided

A modest size council with some common interests including Port Botany, though the option does not meet the requirements of the Government's Fit for the Future program.



Randwick + Waverley — Option 3

Population 213,016

- ✓ No increase in rates
- ✓ Protects local eastern suburbs identity
- ✓ Significant long-term cost savings
- ✓ Same level of services provided

A modest council size with common interests including beaches, ocean pools and coastal communities in the eastern suburbs.



Randwick + Waverley + Botany — Option 4

Population 256,308

- ✓ No increase in rates
- ✓ Protects local eastern suburbs identity
- ✓ Significant long-term cost savings
- ✓ Same level of services provided

A population of more than 250,000 residents and commonality including eastern suburbs beaches. This option includes Botany growth areas, industrial areas around Port Botany and Sydney Airport in one council.



Randwick + Waverley + Woollahra — Option 5

Population 270,693

- ✓ No increase in rates
- ✓ Protects local eastern suburbs identity
- ✓ Significant long-term cost savings
- ✓ Same level of services provided

A population of more than 270,000 residents with common interests including beaches, ocean and harbour pools and coastal and harbourside communities in the eastern suburbs.



Randwick + Waverley + Botany + Woollahra — Option 6

Population 313,985

- ✓ No increase in rates
- ✓ Protects local eastern suburbs identity
- ✓ Significant long-term cost savings
- ✓ Same level of services provided

A population of more than 300,000 residents taking in the extended eastern suburbs from Sydney Harbour to Port Botany. Includes communities of interest such as coastal communities, beaches, ocean and harbour pools as well as industrial areas, ports and airports.



Randwick + Waverley + Woollahra + Botany + Sydney (global city) — Option 7

Population 505,903

- ✓ No increase in rates
- ✗ Protects local eastern suburbs identity
- ✓ Significant long-term cost savings
- ✗ Same level of services provided

A very large global city with divergent communities across city centre, inner city, beachside and suburban areas. Councils of this size are by nature less representative but have financial capacity.



Re-contact Questionnaire

Randwick City Council
a sense of community

micromex research

Randwick City Council
Fit for the Future Phone Recontact

Good morning/afternoon/evening, my name is _____ from Micromex Research – could I speak to [insert name] please?

We spoke to you a week or so ago on behalf of Randwick City Council and you agreed to participate in our research about local government reform.

QS1. Have you received the information pack that was specifically sent to you by Council after our earlier phone call?

O Yes **(Continue)**
O No **(Request that they check with others to see if it was received/reschedule call-back time)**

QS2. Have you had a chance to read the document?

O Yes **(Suggest they have it handy to refer to during survey – Ask Q1a)**
O No **(Offer them time to read and reschedule a call-back)**

Q1a. [If Yes on QS2] Approximately how long would you have spent reading or looking through the information pack that was specifically sent to you after our earlier phone call? *Prompt*

Record minutes: _____

Q1b. The information pack we sent you contains a brochure with the words "Randwick City's Future" on the front page. This brochure was distributed to all households across the Randwick LGA back in December and again in early February. Had you seen these brochures?

O Yes **(Ask Q1c)**
O No **(Go to Q2)**
O Can't say **(Go to Q2)**

Q1c. In total, how long would you have spent reading or looking through those earlier information packs? Please don't include the time spent reading the version that was sent to you after our earlier phone call. *Prompt*

Record minutes: _____

Q2. In general, how satisfied are you with the performance of Council, and their services, not just on one or two issues but across all responsibility areas? *Prompt*

O Very satisfied
O Satisfied
O Somewhat satisfied
O Not very satisfied
O Not at all satisfied

Q3. And how important is your local council to you? Prompt

O Very important
O Important
O Somewhat important
O Not very important
O Not at all important

Fit for the Future - Preamble

In late 2014 the State Government released its 'Fit for the Future' program which requires most NSW councils to consider amalgamation options with neighbouring councils as the Government looks to reduce the number of metropolitan councils from 41 to 18.

The argument for amalgamation is that bigger councils could be more economically efficient in the delivery of services, whilst an argument against amalgamation is that bigger councils will be less responsive to the community's needs and local issues.

Randwick City Council is considering seven options and they would like to obtain your views on each of the seven options to assist in preparing their submission to the Government.

[Ask respondent to refer to the single page A4 summary sheet]

Referring to Option 7 at the bottom of the summary sheet… The State Government's Fit for the Future program says the first option Randwick City Council should consider is amalgamating with City of Sydney, Botany Bay, Woollahra, and Waverley Councils to form a global city.

The NSW Government supports the creation of a large 'Global City' with a population of more than 500,000 that can compete with other cities for capital investment and international reputation.

This option would create a very large city with divergent communities across the city centre, inner city, beachside and suburban areas – and that it would have financial capacity - but that councils of this size are by nature less representative

Q4a. How supportive are you of Randwick City Council joining with City of Sydney, Botany Bay, Woollahra, and Waverley Councils to form a global city? *Prompt*

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

Q4b. Why do you say that?

.....

Referring to Option 1 at the top of the summary sheet… Another option Council is considering is to remain on its own, as it currently is. This would maintain the LGA's current excellent financial and asset management position – although with a current population of just over 140,000, it does not meet the State Government's scale and capacity requirements.

Q5a. How supportive are you of Randwick City Council standing alone and not merging with any other councils? *Prompt*

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

Q5b. Why do you say that?

.....

Council is also considering five other amalgamation options, which are Options 2 to 6 on your summary sheet. These other options are smaller than the 'Global City' option recommended by the NSW Government, and they have an eastern suburbs focus. I'd like to quickly ask you about each one.

Referring to Option 2 at the top of the summary sheet… Randwick City Council could amalgamate with Botany Council. This would create a modest-sized council, with some common interests including Port Botany – although with a population of just over 185,000, it does not meet the State Government's scale and capacity requirements.

Q6. How supportive are you of Randwick City Council joining with Botany Bay Council? *Prompt*

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

Referring to Option 3 of the summary sheet… Randwick City Council could amalgamate with Waverley Council. This would create a modest-sized council of 213,000 residents, with common interests including beaches, ocean pools and coastal communities in the eastern suburbs. This option may be considered 'broadly consistent' with the State Government's scale and capacity requirements.

Q7. How supportive are you of Randwick City Council joining with Waverley Council? *Prompt*

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

Referring to Option 4 of the summary sheet… Randwick City Council could amalgamate with both Waverley and Botany Councils. This would create a council of more than 250,000 residents, with common interests including eastern suburbs beaches. It would also include Botany growth areas, industrial areas around Port Botany and Sydney Airport in one council. This option may be considered 'broadly consistent' with the State Government's scale and capacity requirements.

Q8. How supportive are you of Randwick City Council joining with both Waverley and Botany Councils? *Prompt*

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

Referring to Option 5 of the summary sheet… Randwick City Council could amalgamate with both Waverley and Woollahra Councils. This would create a council of more than 270,000 residents, with common interests including beaches, ocean and harbour pools, and harbourside communities in the eastern suburbs. This option may be considered 'broadly consistent' with the State Government's scale and capacity requirements.

Q9. How supportive are you of Randwick City Council joining with both Waverley and Woollahra Councils? *Prompt*

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

Referring to Option 6 of the summary sheet… Randwick City Council could amalgamate with Waverley, Botany and Woollahra Councils. This would create a council of more than 310,000 residents, taking in the extended eastern suburbs from Sydney Harbour to Port Botany. It would include communities such as coastal communities, beaches, ocean and harbour pools, as well as industrial areas, ports and airports. This option may be considered 'broadly consistent' with the State Government's scale and capacity requirements.

Q10. How supportive are you of Randwick City Council joining with Waverley, Botany and Woollahra Councils? Prompt

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

Q11. I'd now like you to rank all seven options in order of preference. Which of the seven options is your most preferred option? And which is your next most preferred option? (Etc.)

1. Randwick (no change) ____
2. Randwick + Botany ____
3. Randwick + Waverley ____
4. Randwick + Waverley +Botany ____
5. Randwick + Waverley + Woollahra ____
6. Randwick + Waverley + Botany + Woollahra ____
7. Randwick + Waverley + Woollahra + Botany + City of Sydney (Global City) ____

Q12. Overall, how useful did you find Council's brochure in explaining the Fit for the Future project and the seven options that Council is considering? Prompt

- O Very useful
- O Useful
- O Somewhat useful
- O Not very useful
- O Not at all useful

Q13. **And overall, how satisfied are you with the performance of Council in dealing with the NSW Government's Fit for the Future project and the associated issue of possible amalgamations? *Prompt***

- O Very satisfied
- O Satisfied
- O Somewhat satisfied
- O Not very satisfied
- O Not at all satisfied

Finally, some questions about you…

Q14. **In which suburb do you live?**

- O Chifley
- O Clovelly
- O Coogee
- O Kensington
- O Kingsford
- O La Perouse
- O Little Bay
- O Malabar
- O Maroubra
- O Matraville
- O Phillip Bay
- O Randwick

Q15. **How many years have you lived in the Randwick Council Local Government Area? Prompt**

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

Q16. **Do you own or rent your property?**

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

IF TIME PERMITS:

Q17a. Would you like to receive updates on this issue and other important Randwick City Council matters in the future?

- O Yes
- O No

Q17b. (If yes) What are your contact details:

Name……
Telephone……
Email ……

Thank you for your time and assistance. This market research is carried out in compliance with the Privacy Act, and the information you provided will be used only for research purposes. Just to remind you, I am calling from Micromex Research on behalf of Randwick City Council (if respondent wants our number, it is 1800 639 599).

micromex research

Telephone: (02) 4352 2388
Fax: (02) 4352 2117
Web: www.micromex.com.au
Email: stu@micromex.com.au

Community engagement

3. Community Information Stalls Report

COMMUNITY ENGAGEMENT

Appendix

B

RANDWICK CITY'S future

It's your City make your voice count

Randwick City Council
a sense of community

INFORMATION STALLS

SUMMARY REPORT

Sat 17 Jan – Fri 20 Feb 2015

16 sessions **34** hours

508 conversations

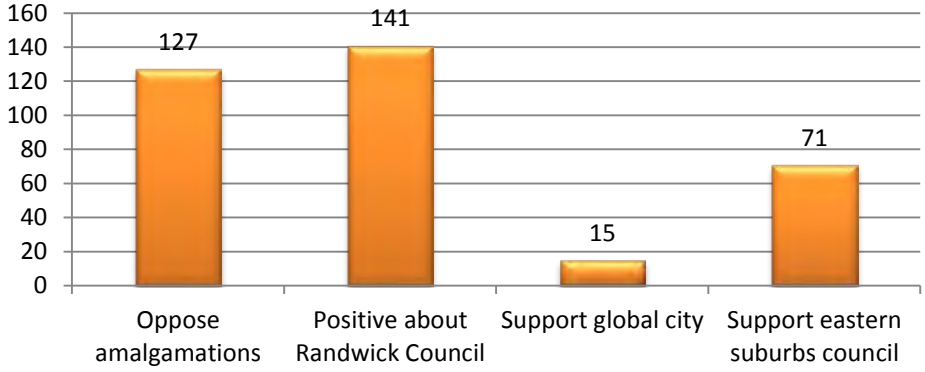








General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public over 16 information sessions. Respondents may have indicated multiple attitudes.

RANDWICK CITY'S future

It's your City make your voice count



Randwick City Council
a sense of community

INFORMATION STALL 1

Saturday 17 January 2015, 9am-11am
Coogee Beach

Conversations 38





RANDWICK CITY'S future

It's your City make your voice count



Randwick City Council
a sense of community

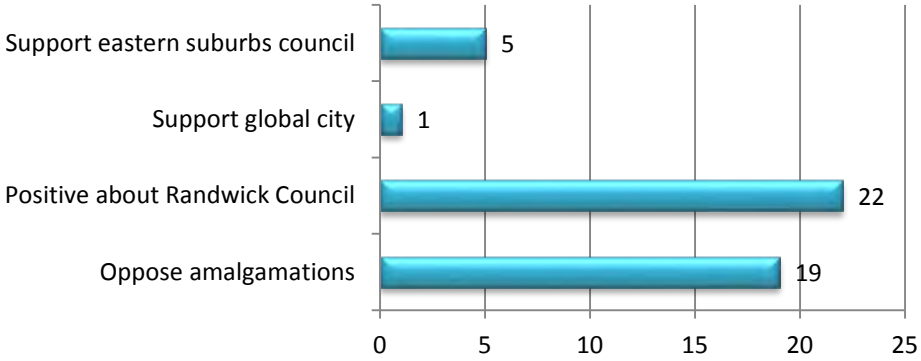
INFORMATION STALL 2

Monday 19 January 2015, 10am-12 midday
Coogee Beach

Conversations **66**



General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.

"Cold and windy morning, but good number of people. Most people are aware of amalgamation proposal and keen to receive survey in the mail. Most people spoken to oppose global city and support Randwick City Council."

RANDWICK CITY'S future

It's your City make your voice count



Randwick City Council
a sense of community

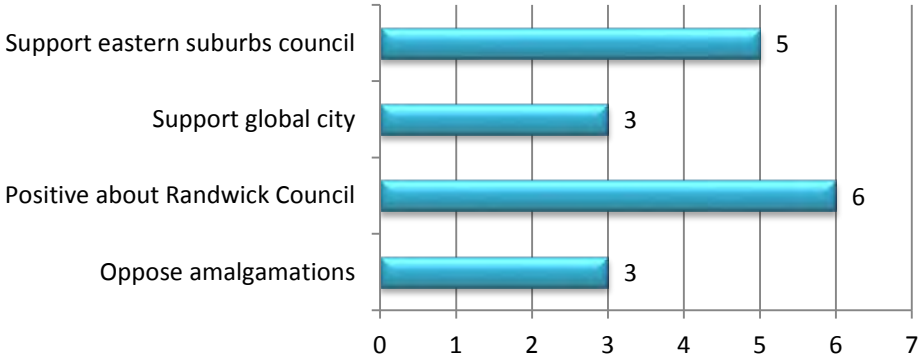
INFORMATION STALL 3

Monday 19 January 2015, 2pm-4pm
Maroubra Beach

Conversations 17



General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.

"Very windy day with lots of students and kids around. Got the opportunity to speak to parents and gym users. Most feedback was positive about Randwick Council. Some support for a merger with Botany and little support for the global city proposal."

RANDWICK CITY'S

future

It's your City make your voice count



Randwick City Council
a sense of community

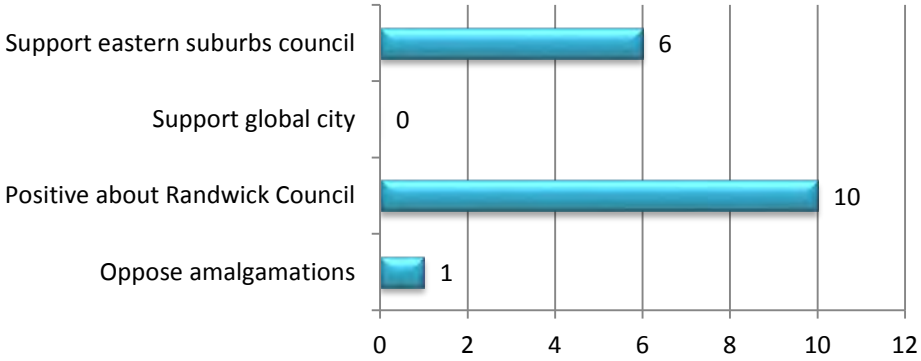
INFORMATION STALL 4

Tuesday 20 January 2015, 10am-midday
Clovelly Beach

Conversations **43**



General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.

"No support for global city. Some supportive of amalgamations with Waverley. High level of visitors. Locals very supportive of Randwick Council. Too windy to do a full stall setup."

RANDWICK CITY'S future

It's your City make your voice count



Randwick City Council
a sense of community

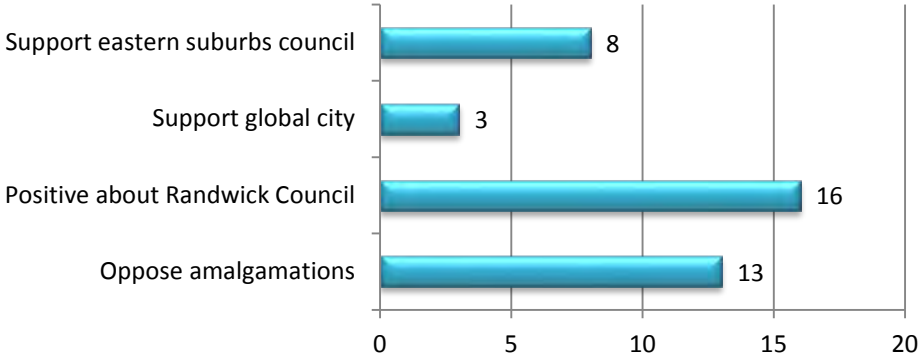
INFORMATION STALL 5

Thursday 22 January 2015, 5pm-7pm
Pacific Square Shopping Centre,
Maroubra Junction

Conversations **31**



General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.

"Lots of people present doing Thursday night shopping. Four people undecided and concerned about rates, one person unhappy about light rail, a lot of support for merging with Botany, concern about Malabar Headland development (in media that day) and three negative comments about Council."

RANDWICK CITY'S
future
It's your City make your voice count



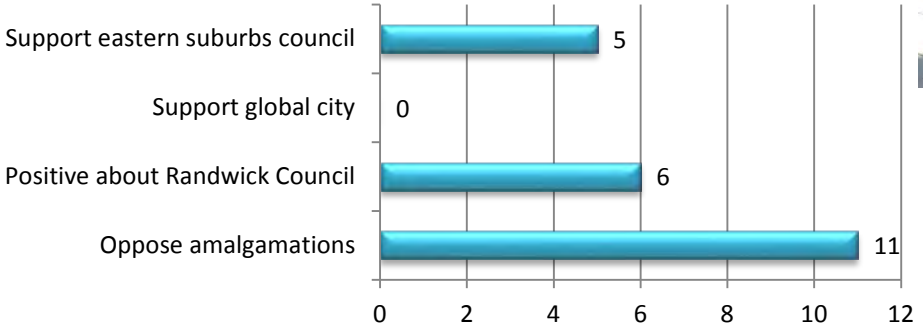
Randwick City Council
a sense of community

INFORMATION STALL 6

Friday 23 January 2015, 4pm-6pm
Southern Cross Close, Kingsford

Conversations **31**

General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.



"Less people and some language barriers. Range of views, people mostly opposed to amalgamations, one particularly vocal person believes rating system needs to be reviewed to create more equity."

RANDWICK CITY'S future

It's your City make your voice count



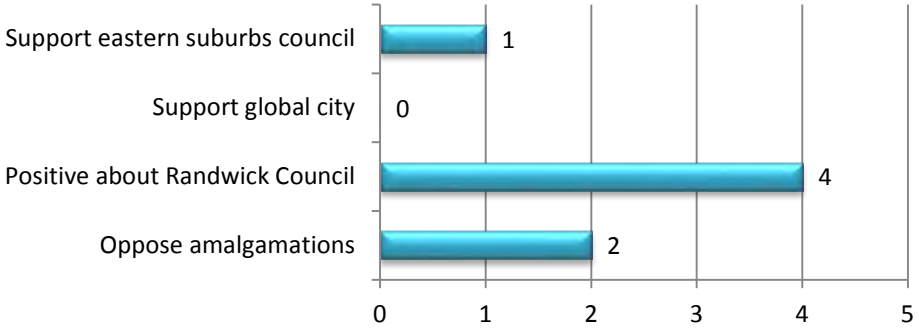
Randwick City Council
a sense of community

INFORMATION STALL 7

Monday 26 January 2015, 12pm-2pm
Prince Henry Community Centre
Litle Bay

Conversations 49

General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.



"Stall setup at Randwick City free family-friendly Australia Day event. Lots of general interest, people generally happy with council but open to change if forced by State Government."

RANDWICK CITY'S future

It's your City make your voice count



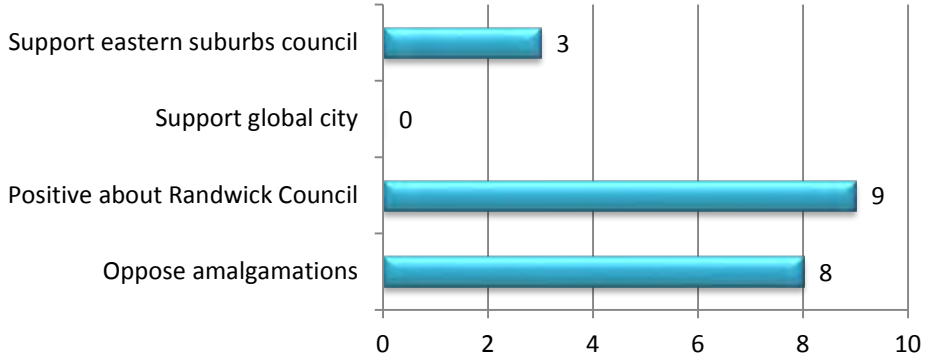
Randwick City Council
a sense of community

INFORMATION STALL 8

Wednesday 28 January 2015, 4pm-6pm
Peninsula Shopping Centre
Matraville

Conversations 23

General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.



"Southern Courier photoshoot and interview with TVS Joy's World. Very quiet in the centre. Rainy day. A few Botany residents hadn't heard about amalgamations. Mostly Randwick City residents and they recalled receiving the booklet. No support for global city."

RANDWICK CITY'S
future
It's your City make your voice count



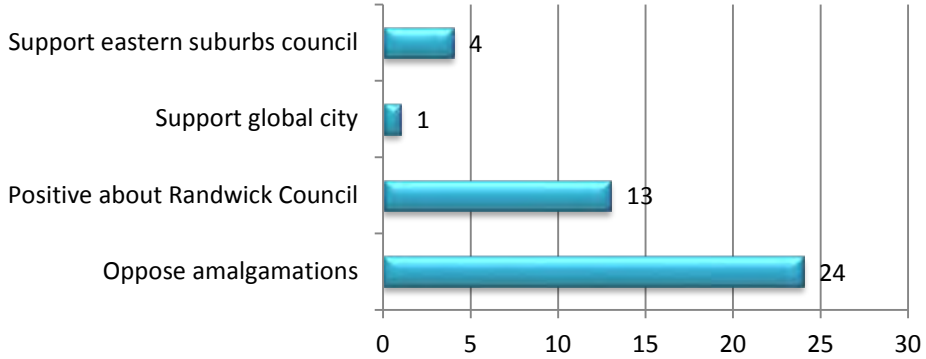
Randwick City Council
a sense of community

INFORMATION STALL 9

Saturday 7 February 2015, 10am-12pm
Coogee Beach

Conversations **51**

General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.





"Very busy morning at Coogee Beach. We were set up by 9.30am and were constantly busy. Margaret Hogg arrived just after 10am with large signs protesting against amalgamations. She attempted to tell everyone who approached the stall how to vote. Overall, most people were opposed to amalgamations, some were positive about Randwick City Council."

RANDWICK CITY'S future

It's your City make your voice count



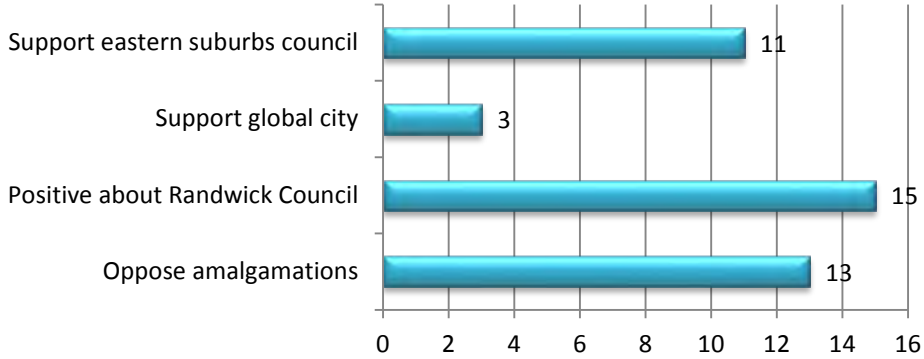
Randwick City Council
a sense of community

INFORMATION STALL 10

Monday 9 February 2015, midday-2pm
Southern Cross Close, Kingsford

Conversations 44

General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.



"Overcast day with light showers at times. Most people oppose amalgamations and were positive about Randwick Council. Ten Botany Bay residents took info books saying they were happy with Botany Council. Some support for global city - see high number of people travelling into UNSW makes them more like the city. Majority in favour of a small merger if required with Botany or Waverley. Light rail and retail issues also raised."

RANDWICK CITY'S future

It's your City make your voice count



Randwick City Council
a sense of community

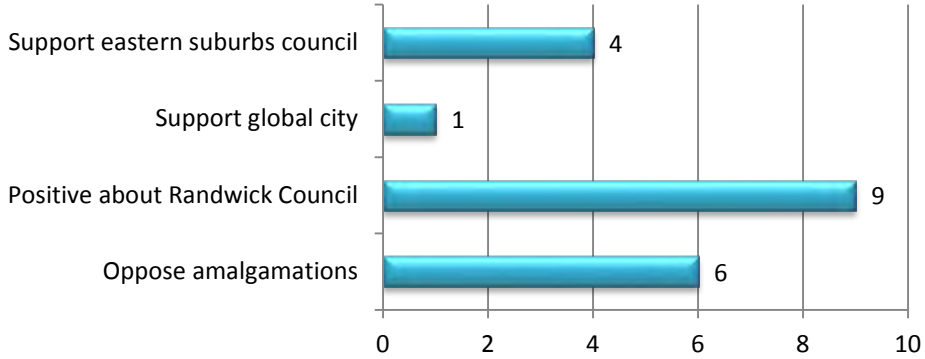
INFORMATION STALL 11

Tuesday 10 February 2015, 7am-9am
Coogee Beach

Conversations 22



General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.

"Most people opposed to amalgamation. Margaret Hogg was present protesting against amalgamations and was directing locals on how to complete the survey. Conversations were longer than usual as people appeared to have more time to chat and ask questions."

RANDWICK CITY'S

future

It's your City make your voice count



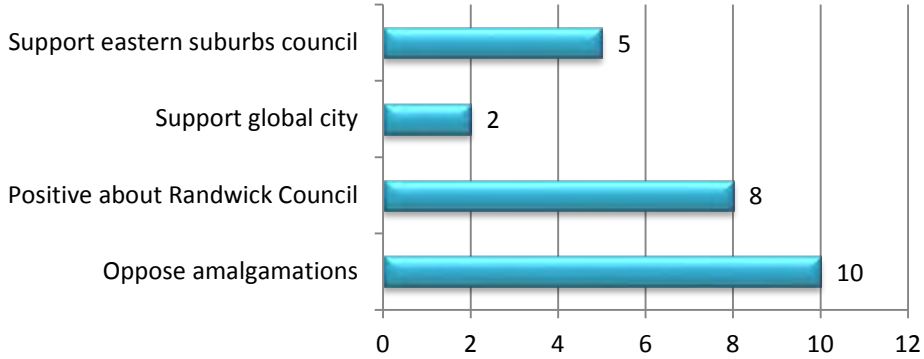
Randwick City Council
a sense of community

INFORMATION STALL 12

Thursday 12 February 2015, 3pm-7pm
Royal Randwick Shopping Centre

Conversations **19**

General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.





"A number wanted more direction and asked how they should complete the surveys. High praise for Council's consultation efforts. Most had seen the information pack. Council was seen as a high performer with excellent service standards and the fear that amalgamations would lead to a decline."

RANDWICK CITY'S future

It's your City make your voice count



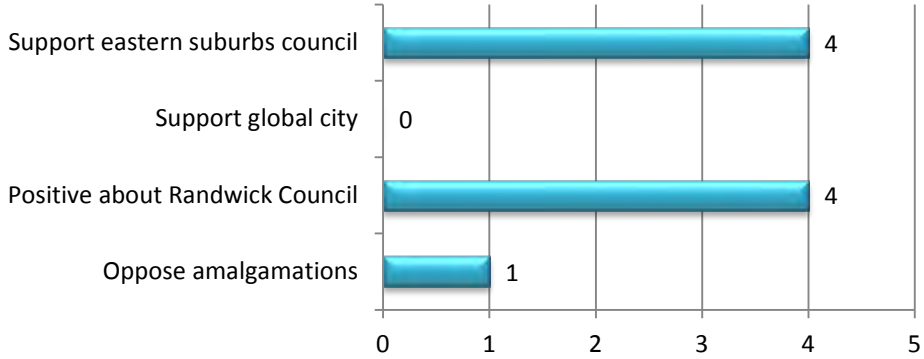
Randwick City Council
a sense of community

INFORMATION STALL 13

Tuesday 17 February 2015, 4pm-6pm
Clovelly Beach

Conversations 16

General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.



"Lots of international visitors and people outside of the eastern suburbs (eg Marrickville Council). Not as many people as earlier sessions (they may have already done the survey)."

RANDWICK CITY'S
future
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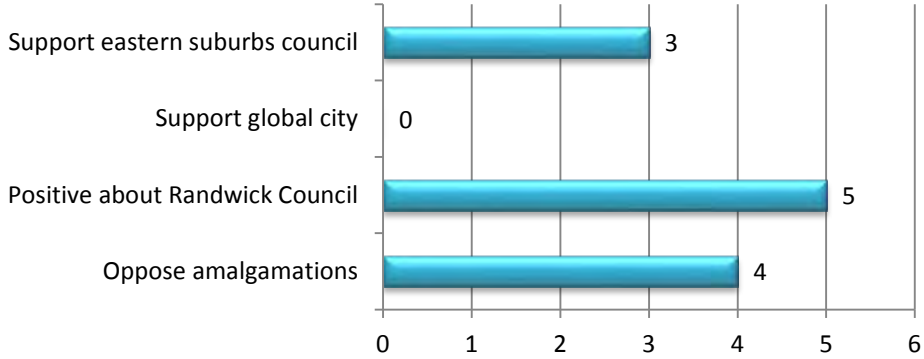
Randwick City Council
a sense of community

INFORMATION STALL 14

Wednesday 18 February 2015, 4pm-6pm
Matraville Peninsula Shopping Centre

Conversations **13**

General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.



"The centre was quiet. We had less conversations that usual, however those we spoke to had valuable insight. We spoke to each person for on average five minutes. Many recalled the Mayor's letter and the recent Southern Courier advertising. Most had already completed and returned the survey."

RANDWICK CITY'S future

It's your City make your voice count

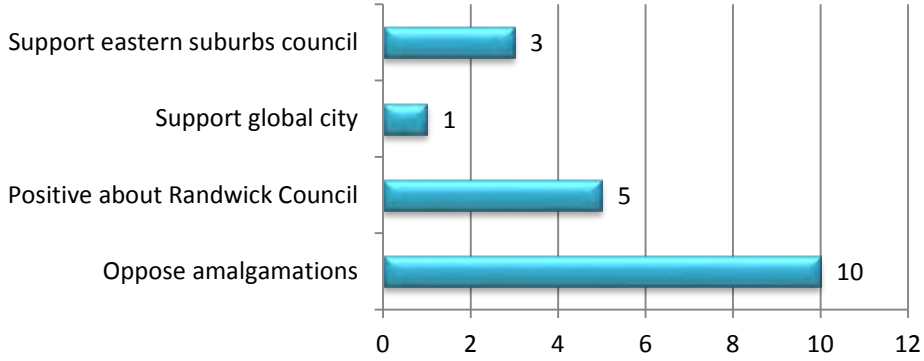
Randwick City Council
a sense of community

INFORMATION STALL 15

Thursday 19 February 2015, 12-2pm
Pacific Square, Maroubra

Conversations 29

General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.



"Very busy lunchtime session. People generally oppose amalgamations, some support for eastern suburbs mergers. One person pro global city because of Clover Moore, some people worried rates might go up, some interest in light rail and route alignment and stations."

RANDWICK CITY'S future

It's your City make your voice count



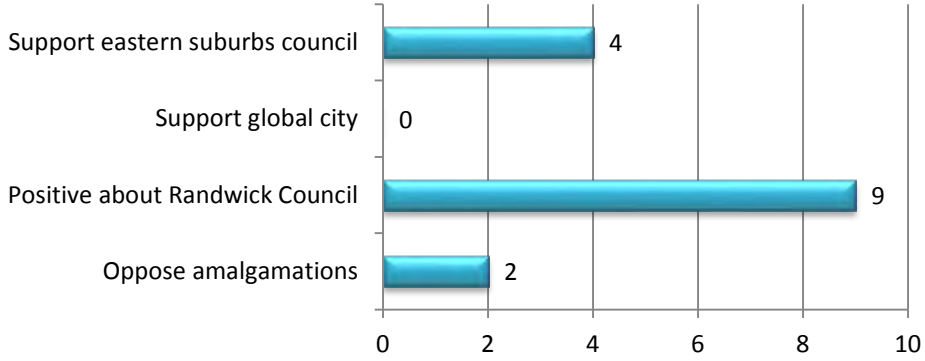
Randwick City Council
a sense of community

INFORMATION STALL 16

Friday 20 February 2015, 9.30am-11.30am
McKeon St, Maroubra Beach

Conversations **16**

General conversation feedback



Note: The above tally reflects general feedback obtained unprompted through conversation with members of the public.



"Final information stall. Held at McKeon St outside shops and cafes. Quieter morning as beach closed, but some good conversations with Maroubra locals. Lots of positive comments about Randwick City Council."

Community engagement

4. Community Focus Groups (hard to reach) Report

COMMUNITY ENGAGEMENT

Appendix

B

straight Talk

hear every voice, know where you stand



Fit for the Future program

Report on the outcomes of hard to reach community focus groups for Randwick City Council

13 March 2015

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Executive summary

In September 2014 the NSW Government released its 'Fit for the Future' program with the aim of ensuring councils across NSW are in the position to provide the services and infrastructure their communities need. The report came of the back of a recommendation from the Independent Local Government Review Panel that Randwick City Council (Council) should consider amalgamating with four other councils - City of Sydney, Woollahra, Waverley and Botany - to create a global city of more than 500,000 residents. Council must respond to the recommendation with a proposal by 30 June

As part of its response Council must demonstrate it has undertaken consultation with key stakeholders and the community. Council has split its Fit for the Future consultation into three distinct stages, over a six month period (December 2014 to May 2015). Straight Talk were engaged as part of Council's second stage of consultation to design, deliver and report on the focus groups with targeted hard to reach groups. The outcomes of the focus groups will be used to inform the draft proposal placed on public exhibition during stage three consultation.

28 people participated in one of the four hard to reach focus groups held on 17 and 18 February 2015. The groups included an Aboriginal and Torres Strait islander (ATSI) communities focus group, a culturally and linguistically diverse (CALD) communities focus group, a people with a disability focus group and a younger people (under 30 years of age) focus group.

Consultation identified that these hard to reach groups were generally not well informed about the proposals beforehand. There was an understanding that the decision making process was complex and many felt as though they did not have enough information to state a preferred option, even after receiving more detail during the sessions. Whilst some commended Council for its proactive approach to the consultation, others expressed their distrust in both NSW Government's motives in promoting the amalgamations and in the information presented by Council.

After discussing the impact of amalgamation on a range of topics there was no consensus within or across the groups on the best amalgamation option. The topics that were seen to be most critical for Council to consider were the overall savings, level of service provision and number of council employees (because this was often seen to translate to service provision). Some participants thought that the cost savings associated with larger council areas could be beneficial to improved longer term service provision, whilst others feared any amalgamation might jeopardise the current level of service provided by Council.

Participants see Council as a service provider more than as a forum for political representation. They see Council staff as playing a more critical role in the delivery of the required infrastructure and services than Councillors. Participants were happy with the current level of service provision – they like the approximate mix of services offered and would like to see any savings realised by the amalgamation process to go into these services.

Of the 28 participants:

- 6 (22%) said they were opposed to the idea of amalgamating – four of these participants were in the ATSI group and two were in the CALD group
- 4 (14%) said they couldn't decide or needed more information – one of these participants was in the people with a disability group and the other three were in the CALD group.

The majority of participants, 18 participants (64%), selected one of the options between 3 and 7. Of these options, options 4, 5 and 6 received the highest level of support.

Whilst there was no consensus on which of the options for amalgamation would be most appropriate for Council, the majority of the participants supported amalgamation where:

- Waverley Council and at least one other council were amalgamated. Waverley Council was identified as having similar values, connections with the coast and a similar demographic to Randwick
- Service provision was still the highest of priorities. For this reason participants were happy with a range of options, providing they were based on similar models for service provision, but did not feel the multi-layered service provision associated with the global city option would be appropriate
- The cost savings for council were positive. For this reason some participants selected some of the options which resulted in larger council areas
- There was no impact on rates
- The number of Council staff was consistent, as participants directly associated Council staff with service provision.

1 Introduction

Fit for the Future program

In September 2014 the NSW Government released its 'Fit for the Future' program with the aim of ensuring councils across NSW are in the position to provide the services and infrastructure their communities need. The program was developed in response to the Independent Local Government Review Panel's (Review Panel) investigation into the future of local government NSW.

The Review Panel's recommendations were released in a report in October 2013. The report included ideas for local government amalgamations, which if realised, would see the number of councils in metropolitan NSW reduce from 41 to 18. It recommended that Randwick City Council (Council) should consider amalgamating with four other councils - City of Sydney, Woollahra, Waverley and Botany - to create a global city of more than 500,000 residents.

A year after the report was released the NSW Local Government Minister released a self-assessment toolkit and templates to assist councils in responding to the Fit for the Future program by 30 June 2015. This requires councils to consider how they can achieve the 'scale and capacity' required to ensure councils can meet the needs of the growing and changing communities they serve.

'The starting point for all Fit for the Future proposals is therefore the Independent Panel's final report. These recommendations should serve as a guide for your Fit for the Future proposal. You do not have to adopt the exact recommendations of the Panel (in some cases, several options were presented) but your proposal ***should demonstrate how your council has scale and capacity.*** *If the Panel recommend a merger for your council, this should be the first option you consider.'*

Position and initial options analysis

Council has a balanced budget, is debt free and provides high quality services for its residents. Whilst Council has publically announced its opposition to the suggestions to amalgamate, the option to operate alone will not meet the scale and capacity requirements stipulated by Fit for the Future.

The NSW Government's proposal template states that one of the options Council must consider is the Review Panel's recommendation to form a global city. The other options put forward in Council's response must be 'broadly consistent' with the global city option.

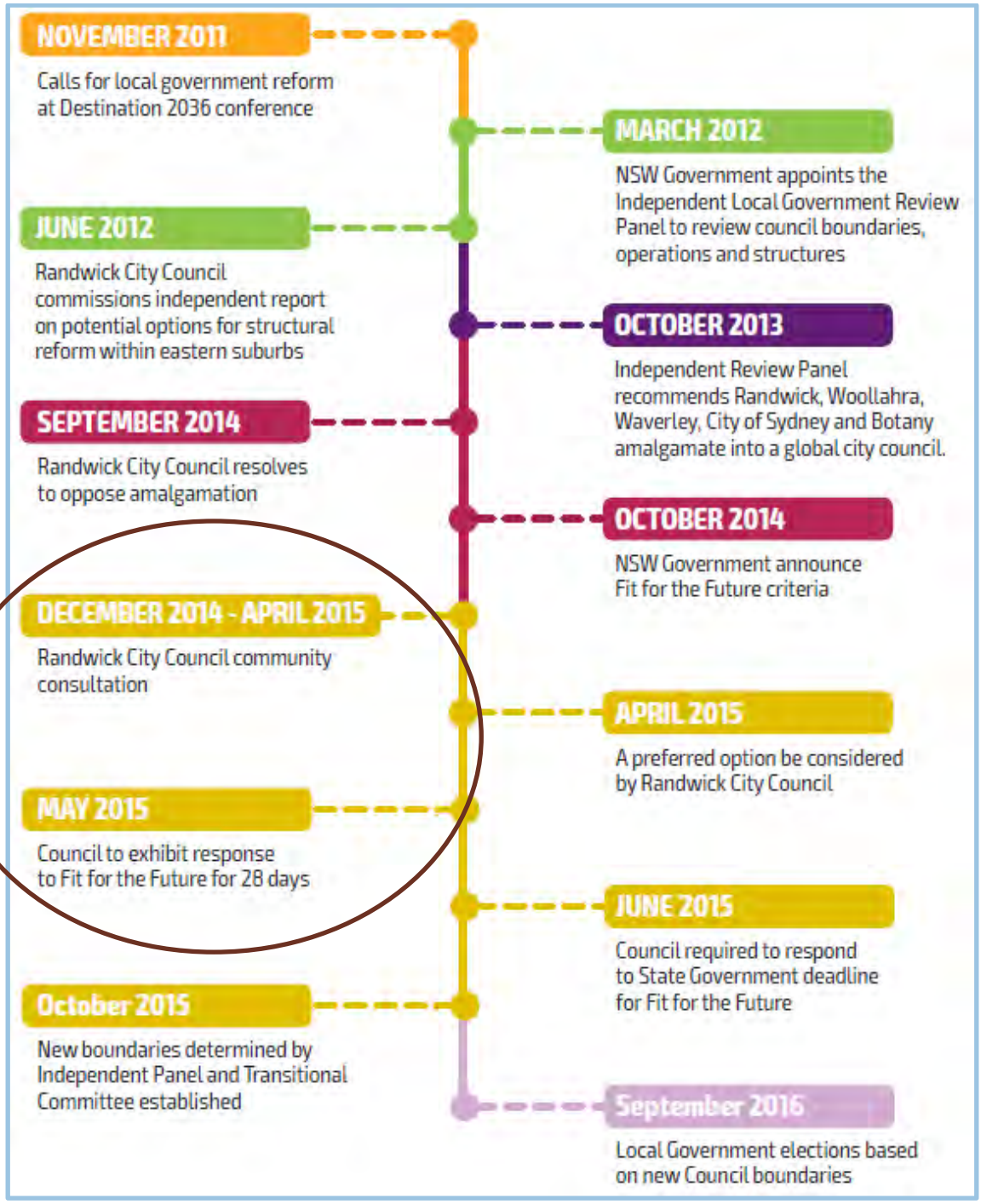
Over the past few years Council has been highly proactive in exploring the potential options for amalgamation, to be sure that it does not get 'caught out' in the review process. In June 2012, SGS Economics and Planning prepared a report on a number of potential options for Eastern Suburbs amalgamation. These options would require the NSW Government to compromise on its global city recommendation and Council to compromise on its 'no amalgamation' position. The report tested five options:

- Randwick and Botany Bay
- Randwick and Waverley
- Randwick, Botany Bay and Waverley
- Randwick, Waverley and Woollahra
- Randwick, Waverley, Botany Bay and Woollahra.

The outcomes of the work has been extremely useful in helping Council 'make sense' of the possible impact of various amalgamation combinations. The work concluded that all options would result in potential long term savings over a ten year period.

Responding to Fit for the Future program

The diagram below shows how Council is responding to the Fit for the Future program. Importantly this demonstrates community consultation is occurring at various points over a six month period, between December 2014 and May 2015.



Randwick City's future, Information pack, The NSW Government's Fit for the Future program and what it means for Randwick City, Page 12

Consultation

Council has split its Fit for the Future consultation into three distinct stages. These stages, along with the timescales, goals and activities associated with each stage are detailed below.

Stage	Timescale	Goal	Activities
One - Communicate	December 2014 to January 2015	**Increase awareness** of the Fit for Future program, government requirements and possible outcomes	Direct mail, custom website, local advertising, signage, information stalls, banners, social media and electronic communications
Two – Involve	February 2015	**Obtain feedback** on Fit for the Future program	Direct survey mail, focus groups, telephone survey, citizens jury, website, survey, information stalls, public meetings, publicity and ongoing communications
Three – Exhibit	May 2015	**Public exhibit** Council's draft proposal for 28 days and **obtain feedback**	Plebiscite, telephone survey, website information, website submissions, exhibition materials, information stalls, public meetings, publicity and ongoing communications

During the first stage of consultation Council released an information pack which provided a background to the program, the NSW Government requirements, Council's position and further information on each of the options. The information pack included information on the impact of amalgamation on a range of topics such as population, the number of council staff and Councillors, rates and overall cost savings. The information pack is very extensive and is therefore being used to support all consultation activities. A copy of the information pack is in Appendix A.

Council has recently completed the second stage of consultation. Council engaged Straight Talk to design, deliver and report on the focus groups with targeted hard to reach groups during this stage. The outcomes of the focus groups will be used to inform the draft proposal placed on public exhibition during stage three consultation.

The objectives of the focus groups were to explore with traditionally hard to reach participants their:

1. Exposure to Council's marketing and communications collateral
2. Previous knowledge of the proposed amalgamations
3. Understanding about what Council does
4. Feelings about the importance of various Issues for consideration in developing a proposal for amalgamation
5. Preferred options for amalgamation.

2 Methodology

The focus groups targeted particular hard to reach groups that are commonly underrepresented in consultation processes. These included:

- Aboriginal and Torres Strait Islanders (ATSI) communities
- Culturally and linguistically diverse (CALD) communities
- People with a disability
- Young people (under 30 years of age).

Details of the time, location and number of participants at each groups is below.

Focus group	Date and time	Location	Number of participants
People with a disability	17 March 2015	Randwick City Council, 30 Frances Street, Randwick	8
CALD	17 March 2015	Bowen Library, Corner of Gale Rd and Anzac Parade, Maroubra	8
ATSI	18 March 2015	La Perouse Local Aboriginal Lands Council, Yarra Bay House, Elaroo Avenue, La Perouse	8
Young people	18 March 2015	Bowen Library, Corner of Gale Rd and Anzac Parade, Maroubra	4
		Total	**28**

Recruitment was conducted by Straight Talk in close collaboration with Council officers to best reach the targeted members of the community. The best way to encourage the participation of hard to reach groups in the consultation is for someone they trust to directly invite their participation, therefore an email was distributed by the relevant Council officers to:

- Members of Council's advisory committees to invite them to attend and to ask them to invite their networks
- Service providers and advocacy organisations to ask them to invite their networks.

The focus groups were designed to capture outputs relating to the five focus group objectives. To do this the two hour session was broken into a series of mini-briefings and feedback sessions, with the majority of the time spent exploring participant's views in depth. The discussions unfolded in a staged approach so that information built on previous information presented.

The focus groups explored opinions on the seven options presented in all of Council's consultation materials. These amalgamation options were:

OPTION 1: No amalgamation – Randwick.

OPTION 2: Randwick and Botany Bay

OPTION 3: Randwick and Waverley

OPTION 4: Randwick, Waverley and Botany Bay

OPTION 5: Randwick, Waverley and Woollahra

OPTION 6: Randwick, Waverley, Botany Bay and Woollahra

OPTION 7: Randwick, Waverley, Woollahra, Botany Bay and Sydney (global city)

An outline of the focus group sessions, activities and timescales follows. In addition, a run sheet for the focus groups is included in Appendix B.

Session	Content	Timing
Introductions and overview	• Welcome and introductions from Straight Talk • Overview of the background to the consultation • Information on the workshop process • Participant introductions, including their name, existing relationship with council and knowledge of the proposed amalgamations	20 minutes
Knowledge about information provision	• Explore exposure and views on Council's Scene magazine • Explore exposure and views on Councils 'Fit for the future' materials	10 minutes
Knowledge about Council	• Explore and educate about what Council does • Explore and educate about how Council funds the work it does	10 minutes
Exploring what is important to consider in developing a proposal for amalgamation	• Present information on the potential impacts of amalgamation on the following: o Population size o Number of residents per Council staff o Number of residents per Councillor o Cost to ratepayers o Overall cost savings for Council o Level of service provision o Identity • Explore how important it is for Council to consider each of the topics	1 hour 10 minutes
Option preferences	• Explore preferences on the seven amalgamation options	15 minutes
Next steps	• Thank participants for attending and ask them to complete a survey of their views on their top three preferences	5 minutes

The information distributed by Council during stage one community engagement (the information pack) was used at the focus groups in addition to:

- An options summary table – to show the potential impacts of amalgamation with each option (see Appendix C)
- A series of seven options cards – to show various options for amalgamation (see Appendix D)
- Information on service/asset provision and Council revenue (see Appendix E).

3 Focus group outcomes

The focus group outcomes are grouped and analysed based on the five objectives that were explored across all of the groups.

1. Exposure to Council's marketing and communications collateral
2. Previous knowledge of the proposed amalgamations
3. Understanding about what Council does
4. Issues for consideration
5. Preferred options for amalgamation.

The outcomes of all the focus groups are combined for objective one. The outcomes of objectives two to five are presented by individual targeted community group.

3.1 Outcomes at a glance

Participants in the focus groups were generally not well informed about the proposals beforehand. There was an understanding that the decision making process was complex and many felt as though they did not have enough information to state a preferred option, even after receiving more detail during the sessions.

There was distrust of both the NSW Government's motives in promoting the amalgamations and in the information presented by Council; several participants felt that the lack of information on service provision and overall savings on the 'global city' option made it difficult to draw comparisons. Other participants that found it easier to select a preferred option felt that the information that was available was clear and easy to follow.

After discussing the impact of amalgamation on a range of topics there was no consensus within or across the groups on the best amalgamation option. This is because some participants thought that the cost savings associated with larger council areas could be beneficial to improved longer term service provision, whilst others feared any amalgamation could jeopardise the current level of service provided by Council.

Of the 28 participants:

- 6 (22%) said they were opposed to the idea of amalgamating – four of these participants were in the ATSI group and two were in the CALD group
- 4 (14%) said they couldn't decide or needed more information – one of these participants was in the people with a disability group and the other three were in the CALD group.

The majority of participants, 18 participants (64%), selected one of the options between 3 and 7. Of these options, options 4, 5 and 6 received the highest level of support. These options would all involve the amalgamation of Randwick with two or three other councils and all include amalgamation with Waverley.

The topics that were seen to be most critical for Council to consider were the overall savings, level of service provision and number of council employees (because this was often seen to translate to service provision). Participants see Council as a service provider more than as a forum for political representation. They see Council staff as playing a more critical role in the delivery of the required infrastructure and services than Councillors. Participants were happy with the current level of service provision – they like the approximate mix of services offered and would like to see any savings realised by the amalgamation process to go into these services.

3.2 Exposure to Council's marketing and communications

Out of the 28 participants, two people (7%) had seen *Scene* magazine, one in the people with a disability group and one in the younger people group. Both said they liked the cover image of the sunset over the swimming pool. One of those people said they read the magazine and it had encouraged them to visit Little Bay.

12 participants (44%) had seen the information pack – five in the people with a disability group, five in the CALD group and two in the young people group. In our experience, this is a high percentage of viewing for hard to reach groups. None of the ATSI group had seen the information pack. Seven of the 28 participants (26%) had read it. These people said they were clear on Council's position after reading the information. There were mixed feelings about the information on the options provided; some mentioned that the information was very informative, whilst others felt it was too much information to digest.

Most participants were aware of the proposed amalgamations, after being exposed to the concept via word of mouth from people connected to politics and reading about it in the press.

Participants had most commonly seen the following communications produced by Council:

- Mayors letter, with details of the information sessions
- Bus shelter advertisements
- Adverts in the paper.

Less had been to one of the pop-up information sessions, read about it on the website or followed the issue on social media.

3.3 Previous knowledge of the proposed amalgamations

Across the groups, knowledge of the proposed amalgamations did not go much further than awareness of the existence of the proposal. Overall, most people had not yet formed an opinion on the best option for amalgamation, although a small number of participants had already formed an opinion for or against the idea of amalgamation.

Young people (under 30 years of age)

Young people did not have a deep previous knowledge of proposed amalgamations; one member had done some reading on the issues, the others were only vaguely aware of the proposals, and aware that there is a negative perception of amalgamation. One young person had previously lived in Brisbane, which has a metropolitan-wide council and didn't see the problem with a larger council.

"Brisbane just has one city council. I remember finding it weird when I moved here at 7 to have so many councils. Having a big council didn't feel like a big problem then. I have lived in a 'global city' and it wasn't a problem."

People with a disability

Two members had not heard at all about proposed amalgamations, four had heard a little bit, two knew about the proposals. The majority had not taken any time to read about the proposal. One participant had read the information booklet and completed a survey.

Aboriginal and Torres Strait Islanders

One member of the group had heard about the proposed amalgamations through an advisory committee they sat on, one had received a survey in the mail, one through an aboriginal land council. Two members were already against amalgamation, the rest had yet to make up their minds.

"I feel this is trying to sell the idea – this is all about becoming bigger, they want blacks support, I don't agree with it – I don't like the State government coming in."

Culturally and linguistically diverse

Most of the group had heard about the proposed amalgamation, they were the most informed of all of the groups. Whilst most did not express an opinion at the start one member was already in favour of amalgamation.

"I know about this program, I was friendly with the last mayor and agree we have too many layers of government. Brisbane has only one council for the whole city. Council shouldn't be political, why can't they just deliver services, they should just service their residents."

3.4 Understanding about what Council does

In general, participants understood Council's role to be a service and infrastructure provider, and commonly mentioned road maintenance, and the provision of libraries, beach services and community programs. Most groups mentioned that Council levied rates and received grants as well as issuing fines and other charges. The younger people and ATSI groups knew less about where Council got its revenue from.

Young people (under 30 years of age)

Responsibilities:

- Lowest tier of government
- Manage public goods, levy fines
- Protect trees
- Libraries
- Beaches and environmental programs
- A lot of councillors are part time
- Some councils are much bigger with bigger budgets, such as City of Sydney.

Revenue:

- NSW Government grants
- Overdue book fines.

People with a disability

Responsibilities:

- Make decisions on behalf of community
- Manage facilities
- Manage infrastructure, roads and parking
- Consult on developments but don't listen, leading to a feeling of not being heard
- Councils caught between people, (State) government and developers, the government can override Council anyway – this happens in Randwick, where the Council is not being heard by the government
- Manage beaches and parks

- Councillors consult with community and seem interested.

Revenue:

- Rates
- Bills
- Fines
- Charges for services
- Investments
- Leasing land and rooms for function.

Aboriginal and Torres Strait Islanders

Responsibilities:

- Beaches
- Pet registration
- Library
- Programs for older people
- Flags for events
- Rubbish
- Reconciliation Day at Bear Island
- Carols
- Fireworks.

Revenue:

- Participants in this group did not know how Council funded its operations.

Culturally and linguistically diverse

Responsibilities:

- Rubbish
- Road maintenance
- Libraries
- Community Centres
- Learning schemes
- Development plans
- Looking after housing.

Revenue:

- Rates
- Grants
- Levies
- Fines
- Charges.

3.5 Issues for consideration

Population size

There was no consensus across the groups on population sizes for councils. Some thought it did not matter, some thought it would increase the importance of Council, whilst others thought it could lead to minority groups and 'pockets of disadvantage' being overlooked.

Young people (under 30 years of age)

The group felt there were too many people in the global city option.

People with a disability

One person felt that a larger council would be able to stand up to the NSW Government more effectively, others felt that there was no need to change, that a larger council would dilute the attention paid to individuals, and that the city folk would end up having too much say under the global city option. There was also a concern that a bigger council would lead to services being further away and that there could be a lack of funding for local services in Randwick– if a larger council was mismanaged, it would mean mismanagement everywhere.

"It's working, why fix it."

"Why can't some of the other people see why Randwick City works so well and take that"

"The higher the population goes the more wheels fall off the wagon"

Aboriginal and Torres Strait Islanders

The group was not concerned with population size.

"High rise situation thankfully isn't here and the light rail will be. We've seen what's happened to Botany."

Culturally and linguistically diverse

Some members of the group felt that the population size didn't matter, others thought it increased the chances that pockets of disadvantage would be neglected as they would disappear within the larger population.

"If the population increases but the roles are still filled and needs are met, and the services stay the same the population increases so it doesn't matter."

"If there's a global city then the little pockets of poverty or need get lost because the area gets so big, they disappear within the larger population and so won't be provided services any more."

Resources – Council staff and Councillors

Across the groups, it was felt that Council staff, especially front-line staff, were the most important consideration – people generally didn't want the number of staff to be cut. Participants were much more ambivalent about councillors, who were often seen as not of central importance to Council service provision.

Young people (under 30 years of age)

The group generally felt that more staff is better, and that therefore larger councils were better on the issue of staffing.

On councillor representation, there was a feeling that people may feel that not enough attention is paid to them if wards become too big/ there are too many people per councillor. It was felt that there is not much difference between the wards in Randwick Council, but if too many councils are merged, the areas will become too general, e.g. the eastern suburbs is too diverse to be a single ward. The global city option has this problem.

"I might feel even less of a connection. It wouldn't necessarily be a loss though. Me not having a connection with councillors doesn't impact me in a big way. It is the feeling of knowing you are represented that is important."

People with a disability

There was much more concern with staffing numbers as opposed to councillors. It was generally felt that more staff was positive, that more staff meant more people to do the job. There was little concern for the role of councillors, it was felt they did not affect service provision significantly.

"Councillors don't really matter cause let's face it the staff do the job – we need the people doing the work – listening and getting someone to do the job."

"Council staff are uniform and they stay regardless of who is elected and who goes, they are not replaced."

Aboriginal and Torres Strait Islanders

Having specialist staff and protecting jobs was seen as vitally important for this group, particularly because they currently feel under-represented in Council issues. The group were concerned that staff that represented their interests within Council might lose their jobs, they were not worried about the number of councillors.

"I care about the staff - I think it's good they won't lose their jobs."

"I'm really concerned about the jobs – they need to stay, we only have one person one day a week."*

** This comment refers to the Indigenous Liaison Officer employed by the City of Botany Bay, one day per week. Randwick City Council employs a fulltime Indigenous Liaison Officer.*

Culturally and linguistically diverse

The group did not believe that staff wouldn't be cut – they believed that there would be positive synergies which would allow for staff reductions without reductions in services. The group felt that the issue was not about staffing levels but in how staff are allocated.

Some members of the group were not concerned about the number of councillors, they felt that Council was there to provide services, not representation. One felt that a merge with the City of Sydney would be a 'disaster'. Another thought that a councillor representing more people would give them a bigger profile.

"There are specific issues that the community needs, it's not about the number of staff but the services provided, I can see that trash et cetera will continue to happen, it's more how staff are used like face to face services."

Costs – Council rates and Council's savings

Of the groups that responded to this question, there was generally skepticism that amalgamations would not lead to changes in rates. In general, participants wanted any extra savings to be put into improving and extending services.

Young people (under 30 years of age)

There was scepticism that amalgamation would lead to cost savings, the group felt that rates could still rise in the future. The group felt that savings should be poured back into services, including libraries, environmental programs, youth programs, bike paths and parks.

"From the last few months of being on the advisory committee, I would put money towards some youth services like the Shack. There are young people in our Council that need a lot of support."

People with a disability

There was no consensus on the savings or the effect on rates. The group had many questions about why some councils were in more debt or had different rates than others.

“It’s stupid to go into debt”

“If we didn’t combine they would stay in debt?”

“Why is Woollahra in so much debt?”

Aboriginal and Torres Strait Islanders

This group were not convinced that amalgamation would result in cost savings for Council and were specifically concerned about the impact of amalgamation on ATSI specific services covering drug and alcohol, mental health, primary health care, the aged and disabled, youth programs, a cultural centre for the La Perouse area and an arts centre..

Culturally and linguistically diverse

This group did not understand how there would be no effect on rates. They felt that savings should be funnelled to existing services, in particular community centres, Kooloora Community Centre, elderly and children’s services, streetscapes, better transport, multiculturalism and scholarships to create stronger links with other countries.

“It sounds scary; it doesn’t make sense to me. The financials don’t make sense; neither does the promise of no increase in rates.”

Service provision

The groups that responded were generally happy with service provision at the moment and concerned that amalgamation may affect service provision. Across all groups this was flagged as the topic that was most essential for Council to consider in determining amalgamation.

Young people (under 30 years of age)

There was a feeling that Randwick was doing a good job on services like libraries and youth services at the moment, and concern this could be lost if the global city option was taken.

“I feel like Randwick dedicates more to services like libraries and youth services, compared to other councils. Maybe there wouldn’t be a local youth council. I don’t want the smaller issues to be forgotten.”

People with a disability

Participants felt that savings should go to services, including disability ramps, reinstating lifeguard services to Malabar, youth employment training and continuation of the access committees for local areas. There was concern that a larger council would make committees inefficient and unable to provide tailored local services.

“It’s not about disabled people– can the ordinary person get access to this service?”

“If we were to merge there probably wouldn’t be an access committee. They would have to find another way. The bigger it gets the more challenging it gets too. Committees are working with a certain number people and they will have to work for half a million people. Every one of those people is represented by all in those committees.”

Aboriginal and Torres Strait Islanders

Participants wanted more ATSI specific services in the Eastern Suburbs. They did not believe that service levels would remain the same after the merge, they felt that minority, grassroots politics would be eclipsed by big party politics, and that this would have a negative effect on ATSI service provision.

Culturally and linguistically diverse

Participants feared that amalgamation will mean that more affluent areas might receive more attention, and therefore poorer areas could suffer as a result. Participants were keen to understand how the existing difference in services across council areas might be balanced – i.e. councils currently have different policies and management models for child care, some have more privately run services, whilst others take a stronger management role.

Some felt that joining services could make it easier to access services because there would more consistent service provision. One participant said that he would be happy for libraries to be provided by one council because he wouldn't need to carry so many library cards and he would have better access to books.

Identity

There was no overall consensus on the issue of whether amalgamations would affect identity. Some were worried that amalgamation could mean a loss of local identity, particularly the Eastern Suburbs identity in the 'global city' option (option 7), however others believed that local identity was based on individual suburbs and that Council had little impact on it.

Young people (under 30 years of age)

Members of the group were split on the issue of a "Randwick identity". Some felt that there was a identity that correlated with the Randwick LGA, some felt that the global city could offer a better identity, whilst another felt that the suburbs of Randwick/Coogee had their own identity separate from that of the council area, so this would be unchanged by any amalgamation.

"If we go with the global city option there will be a loss. Because, like, even with the Randwick, Waverley and Woollahra option, there is an eastern suburbs."

People with a disability

There was a feeling that the Eastern Suburbs has a particular identity, separate from that of the city. Some saw the Eastern Suburbs as the beaches from Botany Bay up to Tamarama and Bondi, whereas others thought of the Eastern Suburbs as separate from South Sydney also. Still others identified with their particular suburb and didn't think local government defined identity, so nothing would change.

"I keep thinking of the rugby -Eastern vs south. I identify as an Eastern Suburbs person."

"The Eastern Suburbs isn't me or Council it's the whole area. I don't see city as the Eastern Suburbs"

Aboriginal and Torres Strait Islanders

The group felt that Council did play an important role in forming local identity. The group thought there could be a potential loss of the Eastern Suburbs identity if the global city option was taken. Participants felt that there needed to be a saltwater connection or coastal connection. Some

members of the group made comments that suggested that amalgamating with Woollahra Council would not be appropriate because it was seen as an area with a different demographic.

Culturally and linguistically diverse

The group was split on whether amalgamation would affect identity. Some believed that changes to festivals and community events would change the sense of identity, others thought Council didn't play a role in identity, that people come from suburbs not councils.

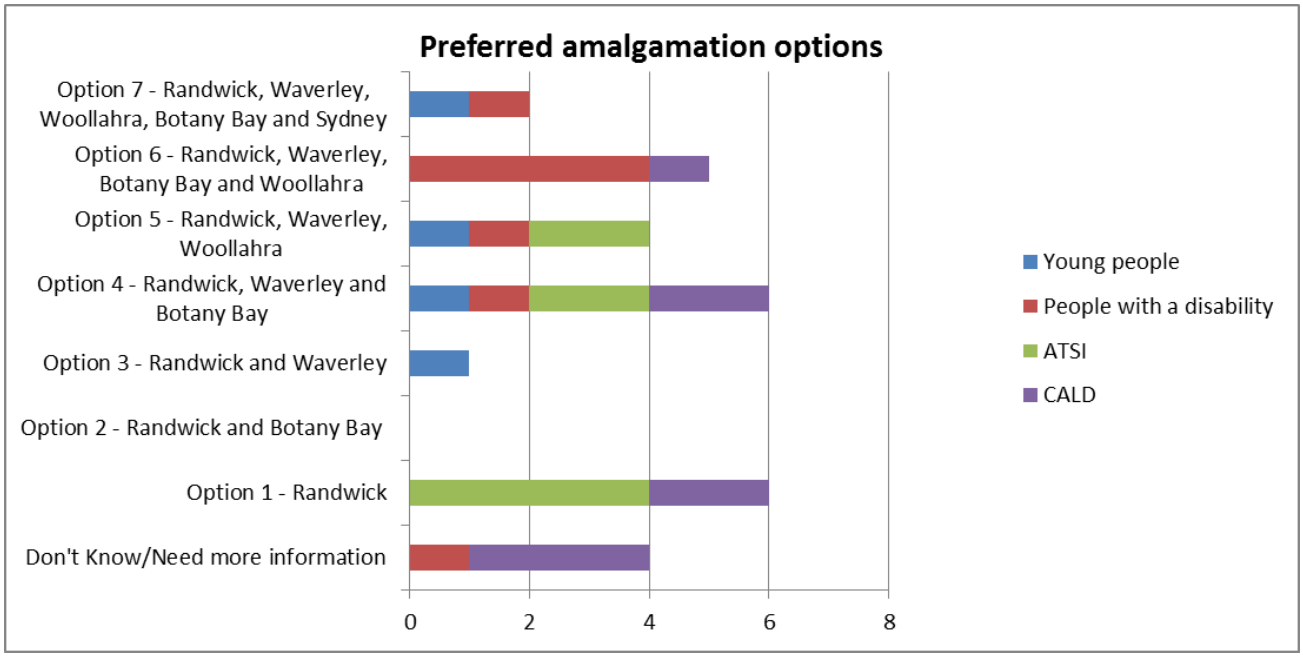
"I'm surprised they have included it at all, but they want to make sure the people are heard but in the financial model it doesn't even come into play. If anything identity blurs this situation and it comes down to a personal view I'm surprised they would even consider it. I don't think identity is defined by Council."

"You come from a suburb not a council."

"Council know it's important, each council has its own identity."

3.6 Preferred options for amalgamation

After discussing the impact of amalgamation on a range of topics there was no consensus within or across the groups on the best amalgamation option. This is because some participants thought that the cost savings associated with larger council areas could be beneficial to improved longer term service provision, whilst others feared any amalgamation could jeopardise the current level of service provided by Council.



Of the 28 participants:

- Six (22%) said they were opposed to the idea of amalgamating – four of these participants were in the ATSI group and two were in the CALD group
- Four (14%) said they couldn't decide or needed more information – one of these participants was in the people with a disability group and the other three were in the CALD group

The majority of participants, 18 participants (64%), selected one of the options between 3 and 7. Of these options, options 4, 5 and 6 received the highest level of support. These options all involve:

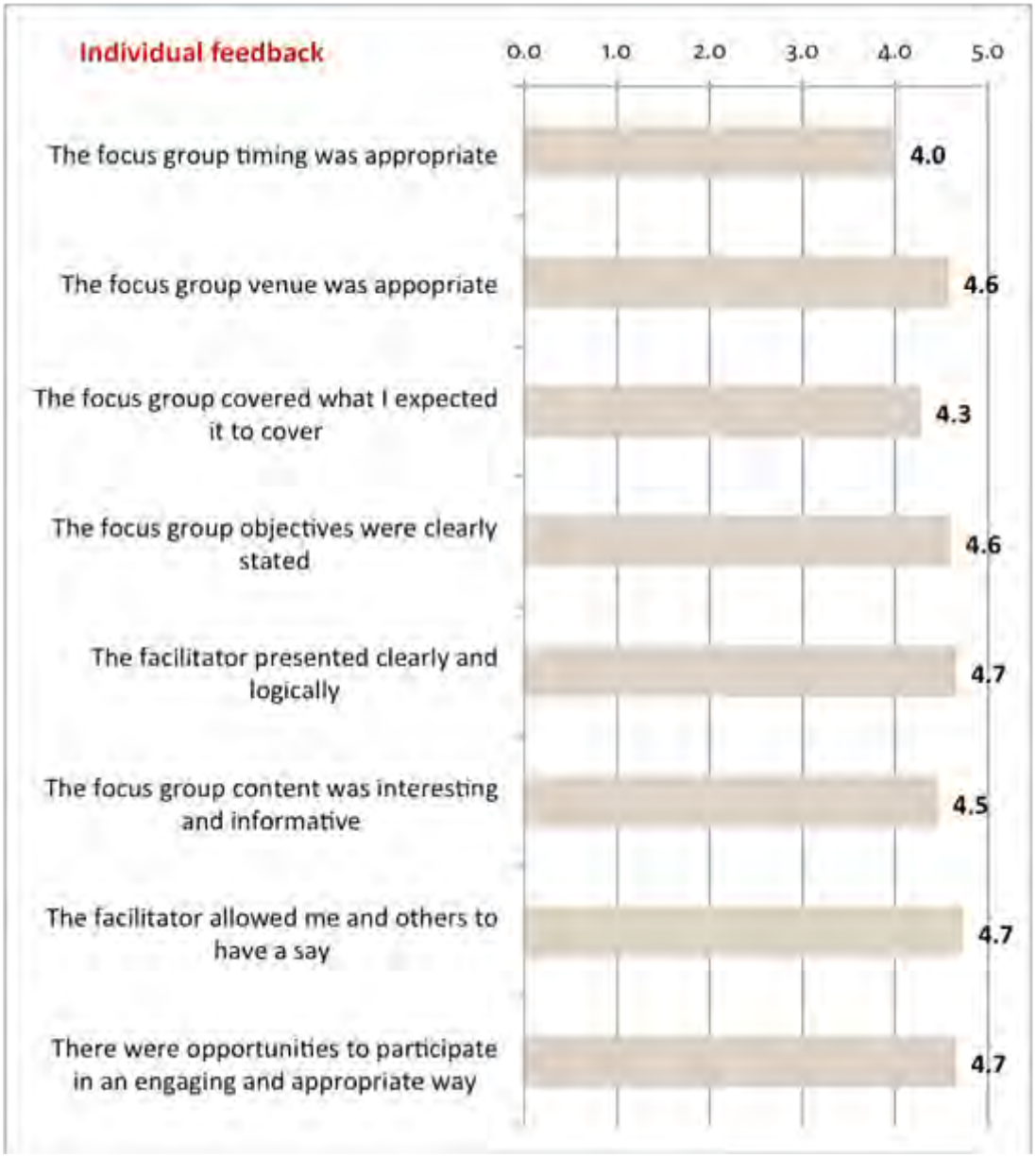
- Amalgamation with either two or three other councils, to result in maximum savings but retain the eastern suburbs identity
- Waverley Council is included in all of the options, with various combinations of Botany Bay and Woollahra. Waverley was most commonly selected because people felt as though the issues affecting the area were similar and that they were most likely to travel up the coast into the Waverley local government area.

4 Evaluation

4.1 Feedback form overview

At the end of the focus groups individual feedback was obtained using a feedback form to explore participant satisfaction with the workshop including suggestions about how the session might be improved. Out of 28 participants, 26 completed the feedback form. A copy of the feedback form is provided in Appendix F.

Overall there was a very high level of satisfaction with the focus group process. This is demonstrated by the graph below.



Participants were complimentary about all aspects of the focus groups but were particularly complimentary about the facilitation and the opportunities to participate during the session. The average ratings for all the statements were all above 4 in a 5 point rating scale where 5 equalled

'strongly agree' and 1 'strongly disagree' and there was very little deviation. The scores ranged from 4.2 – 4.7, with the majority of scores being 4.5 and above.

4.2 Improvements

When asked whether they had any suggestions about how the focus groups could have been improved, participants mentioned the following topics were mentioned:

- Larger focus groups
- More attending, major representatives to answer concerned issues, more advertisements on meetings like these
- Let more people know, such as: posters in the community; bus shelters and on buses, TV/radio advertisement
- Include more numbers of participants and allow more responses
- Needed to be larger and have more time to discuss issues
- More data provided to base our views upon
- Need more information on savings, positions of other cities, potential loss and potential layered service provision
- Video/computer presentation e.g. PowerPoint
- More information/facts to make discussions worthwhile/based on facts
- Shorter time, 1 hour
- Well presented, the amalgamation chart was a very helpful tool and has given me a lot to think about
- No, I think James and Ottilie were very informative and conducted the session in a comfortable and welcoming manner
- I felt I had my say
- Coffee?
- Focus group could be improved by having a more diverse group, young and old
- Starting a bit later, it was hard for me to get there on time
- Setting out the structure of the discussion at the beginning. Just a few sentences so we knew how we would go through the table systematically

4.3 Additional comments

When asked whether they had any additional comments about the project, participants mentioned the following:

- Cultural things for Aboriginal people. Health issues, mental health, drug and health issues
- Aboriginal books and CDs/speakers
- Aboriginal cultural centre – La Perouse
- Aboriginal cultural festival and learning tours and walks
- Road improvements, parks/beaches/rubbish, reduction of rates, preservation and highlighting of Aboriginal sites in RCC area

- Aboriginal cultural centre at La Perouse
- More Indigenous/community programming
- Not much
- D&A rehab, ex-offenders support, support for kids and families involved with DOCs or had kids removed, all koori specific
- Cultural centre at La Perouse
- Services for marginalised families and youth
- Streetscape beautification
- “Multicultural” links/scholarships etc.
- Preserve identity, invest in infrastructure and social programs like multiculturalism
- Extra services – reduced costs (hopefully), better staffing – more creative approaches to community problems – more money to address community needs and concerns
- More staff available for specific programs such as childcare programs and other services provided by Centrelink
- I think this is a lower priority to consider. I am surprised the focus is on how to spend the savings. How about we start saving first?
- Better roads, better equipped services, training the younger people for the future
- Provisions for aged community – this will benefit everyone in all areas
- Domestic violence centres
- Accessible community venues, toilets
- Reopening of police stations and fire stations and elderly care services and funding community centres
- Infrastructure for ageing people and access for mothers with prams
- Our community would most benefit on savings and investments by spending on beach services. Providing lifesavers in Malabar; after they built there it closed service for lifeguards. Providing more community facilities. Citizen centres. Youth centres providing training for youth
- Increase to educational and recreational facilities (i.e. local libraries, youth groups etc.)
- The maintaining of local environment e.g. parks and beaches
- Youth support services e.g. The Shack
- Libraries. Events e.g. Coogee sparklers, festivals
- Youth services – primarily education/housing/mental health based
- Preserving natural landmarks and parks etc.

5 Conclusion and recommendations

Council must consider a range of issues in determining how to respond to the NSW Government's Fit for the Future program. Consultation with hard to reach groups, has identified that these groups understand the complexity of the decision to be made by Council. There was no consensus on which of the options for amalgamation would be most appropriate for Council, however the majority of the participants supported amalgamation where:

- Waverley Council and at least one other council were amalgamated. Waverley Council was identified as having similar values, connections with the coast and a similar demographic to Randwick
- Service provision was still the highest of priorities. For this reason participants were happy with a range of options, providing they were based on similar models for service provision, but did not feel the multi-layered service provision associated with the global city option would be appropriate
- The cost savings for council were positive. For this reason some participants selected some of the options which resulted in larger council areas
- There was no impact on rates
- The number of Council staff was consistent, as participants directly associated Council staff with service provision.

Should Council be required to amalgamate, the success of this will heavily depend on key stakeholders and the community.

Straight Talk recommend that Council undertake the following actions, as soon as possible, to encourage and engender community trust in the process moving forward. Council should consider inviting focus group participants, and others involved in the consultation on Fit for the Future, to continue to be involved in future discussions.

We recommend that Council contact all participants who attended the focus groups and other consultation activities to:

> Thank them for their participation

> Give them a copy of the focus group report (focus group participants only)

> Provide a summary of findings from all consultation activities

> Provide information on the next steps (i.e. exact dates the Fit for the Future response will be placed on exhibition).

Attachments

Community Focus Groups (hard to reach) Report

COMMUNITY ENGAGEMENT

Appendix

B

RANDWICK CITY'S future



Information pack

The NSW State Government's Fit for the Future program and what it means for Randwick City

Randwick City Council
a sense of community

www.yoursayrandwick.com.au/future 1300 722 542

MESSAGE FROM THE MAYOR



Randwick City Council is currently facing its most important decision in the 155-year history of our City.

The NSW State Government has released its 'Fit for the Future' program which requires most NSW councils to consider amalgamation options with neighbouring councils as the Government looks to reduce the number of metropolitan councils from 41 to 18.

The Government wants us to consider an amalgamation with City of Sydney, Woollahra, Waverley and Botany councils – building a global city with more than 500,000 residents.

We don't support the creation of a global city as we value our eastern suburbs identity, local representation and existing quality services and facilities.

However, we are required to show the NSW Government that we can meet their scale and capacity (i.e. population size considered to be above 200,000) requirements in some way, whether it be through their preferred global city option or a merger that is broadly consistent. The Government has made it clear that "doing nothing is not an option".

As Mayor of Randwick, it's now my role to vigorously go through all options for the future of our Council. To do this, I need your help. I want to ensure that our community has every opportunity to participate in the decision making of our future.

I encourage you to take a moment and look through the options and extensive information in this document. Early in 2015, we will be seeking feedback from you on your preferred outcome for the future of our city prior to formulating our submission to the government in June 2015.



Ted Seng
Mayor of Randwick

COUNCIL AMALGAMATIONS

Since 2011, the future of Local Government across NSW has been on the NSW Government's agenda. On 10 September 2014 the NSW Premier and NSW Local Government Minister announced a $1 billion 'Fit for the Future' package to "give local councils the incentives needed to ensure they are in a position to provide the services and infrastructure their communities need and deserve".

Independant Local Government Review Panel position

The announcement was in response to the Independent Local Government Review Panel's Final report released 12 months earlier. The Review Panel report included ideas for council mergers and reform and it recommended that Randwick City Council be amalgamated with Botany Bay, City of Sydney, Waverley and Woollahra Councils to form a "Global City".

Fit for the Future proposal

The NSW Government's Fit for the Future package requires all councils to use the recommendations of the Review Panel as their starting point in terms of 'scale and capacity'. For Randwick City Council, this means considering the global city option or a merger option that is 'broadly consistent'.

Randwick City Council's position

Randwick City Council already has a balanced budget and remains debt-free, providing high quality services for our community. Council is opposed to amalgamations. Unfortunately, despite Council's excellent financial and asset management position, the option to stand alone does not meet the requirements of the Government's Fit for the Future program.

"The starting point for all Fit for the Future proposals is therefore the Independent Panel's final report. You do not have to adopt the exact recommendations of the Panel but your proposal should demonstrate how your council has scale and capacity. If the Panel recommended a merger for your council, this should be the first option you consider."

Fit For the Future Guidance Material, Template 1, page 7.

Independent Eastern Sydney report

Randwick City Council, over the past several years, has been strenuous in its due diligence around Local Government reform. In June 2012, the Council commissioned a report by SGS Economics and Planning on potential options for structural change within eastern Sydney. Four options were tested based on combinations of merging Randwick, Waverley, Woollahra and Botany councils (pages 6 – 10).

The report used the same model in which Randwick Council currently operates its services across all four options of a merged council in the eastern suburbs. The report concluded that all options for structural change would result in a net surplus over 10 years of up to $470 million. The options are presented on pages 6, 7, 8, 9 and 10 and use this SGS modelling to show the potential financial savings that could be achieved over a 10 year period.

Your City your say

We are now asking our residents and ratepayers to take a look at this information and the six options presented in this document to consider how you would like the future of Randwick City to look.

In early 2015, we will seek extensive community feedback on the options presented here and, together with the community, the Council will formulate its response to submit to the NSW Government. This response will be publicly exhibited in May 2015 before being endorsed by Council and submitted to the Government in June 2015.

CURRENT SITUATION

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

	Randwick	Waverley	Woollahra	Botany	Sydney
Population	142,310	70,706	57,677	43,292	191,918
2031 forecast population	174,300	82,150	67,250	56,050	273,500
Staff	522	601	376	322	1,773
Population per staff	273	118	153	134	108
Councillors	15	12	15	7	10
Population per Councillor	9,487	5,892	3,845	6,185	19,192
Budget	$158M	$144M	$107M	$66M	$761M
Cost per resident of providing services	$879	$1,405	$1,443	$1,316	$2,664
Average residential rates	$1,075	$1,058	$1,118	$689	$654
Residential rates	$52M	$30M	$27M	$10M	$59M
Business rates	$13M	$12M	$5M	$16M	$199M
Waste levy	$511	$446	$452	$458	$380
Development applications determined	721	553	512	138	1,840
Development application mean gross processing days	77	101	101	129	67
TCorp Assessment - Current financial sustainability	Sound	Moderate	Moderate	Weak	Strong
TCorp Assessment - Financial sustainability outlook	Positive	Neutral	Neutral	Neutral	Positive
OLG - Infrastructure Management assessment	Very Strong	Strong	Strong	Moderate	Strong
Debt	$0	$3M	$6M*	$0	$0
Infrastructure backlog	$7M	$12M	$15M	$11M	$67M

** Excludes Kiaora Lands joint venture between Woollahra and Woolworths*

OPTION 1

RANDWICK

Despite Randwick Council's excellent financial and asset management position, the option to stand alone does not meet the requirements of the Government's Fit for the Future program.

Randwick City Council
a sense of community

- ✓ No increase in rates
- ✗ Significant long-term cost savings
- ✓ Protects local eastern suburbs identity
- ✓ Same level of services provided

142,310
population

174,300
estimated 2031 population

522
council staff

273
residents per staff

9,487
residents per Councillor*

$52M
residential rates

$13M
business rates

$879
council's cost per resident

60m²
green space per resident

$0#
projected savings over 10 years



"WE KNOW THAT THE STATUS QUO IS NOT SUSTAINABLE"

– Mike Baird NSW Premier SMH, 20 Oct 2014

"NO CHANGE IS NOT AN OPTION"

– Paul Toole, Minister for Local Government 31 Oct 2014

Benefits

- Maintained operations and services
- Maintained level of Councillor representation – 15
- Status-quo
- Record capital works spend
- 95% of residents at least somewhat satisfied with Council performance
- No debt/borrowings
- Proud 155-year heritage
- Strong local representation
- Maintained operations and services
- Meets 6/8 NSW Government requirements (fails size and debt requirements because Randwick has no debt)
- Very strong infrastructure management assessment
- Positive TCorp financial outlook assessment
- Sound TCorp financial sustainability assessment

Costs

- Does not meet the NSW Government's requirements for scale and capacity under the Fit for the Future program (population size)

** Based on the current maximum number of Councillors allowed - 15.*
SGS Economics & Planning Eastern Sydney Local Government Review

OPTION 2

RANDWICK + BOTANY

A modest size council with some common interests including Port Botany, though the option does not meet the requirements of the Government's Fit for the Future program.

Randwick City Council – a sense of community

City of Botany Bay

- ✔ No increase in rates
- ✔ Significant long-term cost savings
- ✔ Protects local eastern suburbs identity
- ✔ Same level of services provided

185,602
population

230,350
estimated 2031 population

844
council staff

220
residents per staff

12,373
residents per Councillor*

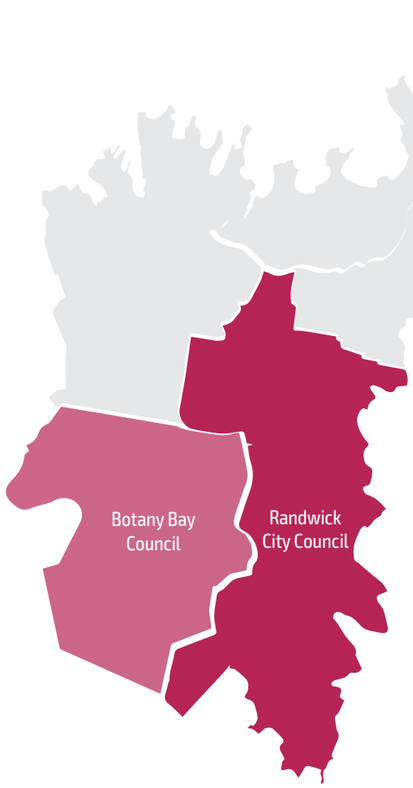
$63M
residential rates

$33M
business rates

$981
council's cost per resident

51m²
green space per resident

$90M#
projected savings over 10 years



"KEY TRANSPORT INFRASTRUCTURE SUCH AS AIRPORTS AND PORTS, SHOULD BE WITHIN THE SAME LGA"

– Case for Sustainable Change, ILGRP report, Nov 2012, pg 29.

Benefits

- No increase in rates for Randwick residents
- No increase in waste charges for Randwick residents
- Maintained operations and services
- Greater funding available for capital works projects
- $90M in cost savings over 10 years
- Debt-free council

Costs

- Not consistent with State Government's scale and capacity requirements
- Fewer Councillors for local representation
- Initial and short-term disruptions
- Loss of Randwick identity

** Based on the current maximum number of Councillors allowed - 15.*
Based on data publicly available.

OPTION 3

RANDWICK + WAVERLEY

A modest council size with common interests including beaches, ocean pools and coastal communities in the eastern suburbs.

Randwick City Council – a sense of community

WAVERLEY

- ✔ No increase in rates
- ✔ Significant long-term cost savings
- ✔ Protects local eastern suburbs identity
- ✔ Same level of services provided

213,016
population

256,450
estimated 2031 population

1,123
council staff

190
residents per staff

14,201
residents per Councillor*

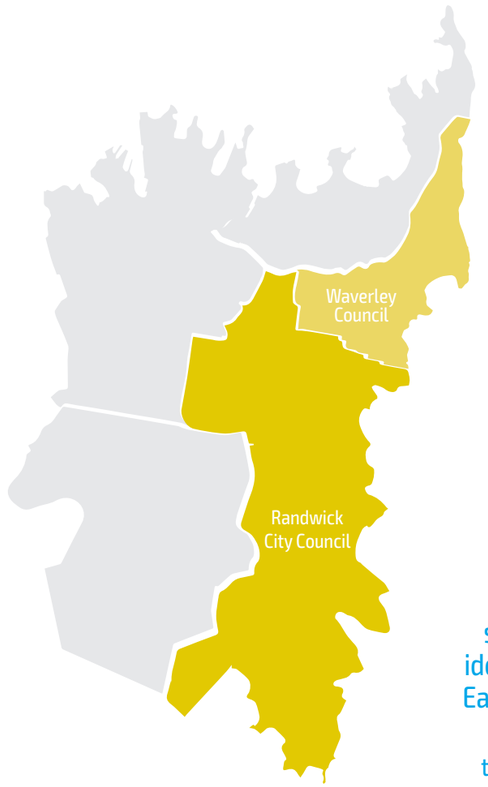
$82M
residential rates

$25M
business rates

$1,165
council's cost per resident

44m²
green space per resident

$241M#
projected savings over 10 years



46%
of Randwick City residents said they most identify with the Eastern Suburbs

– Micromex telephone survey October 2013

Benefits

- No increase in rates for Randwick residents
- No increase in waste charges for Randwick residents
- Maintained operations and services
- Greater funding available for capital works projects
- $241M in cost savings over 10 years
- Debt-free council
- Broadly consistent with State Government's scale and capacity requirements

Costs

- Fewer Councillors for local representation
- Initial short-term disruptions
- Loss of Randwick identity

** Based on the current maximum number of Councillors allowed - 15.*
SGS Economics & Planning Eastern Sydney Local Government Review

OPTION 4

RANDWICK + WAVERLEY + BOTANY BAY

A population of more than 250,000 residents and commonality including eastern suburbs beaches. This option includes Botany growth areas, industrial areas around Port Botany and Sydney Airport in one council.

- **No increase in rates**
- **Significant long-term cost savings**
- **Protects local eastern suburbs identity**
- **Same level of services provided**

256,308
population

312,500
estimated 2031 population

1,445
council staff

177
residents per staff

17,087
residents per Councillor*

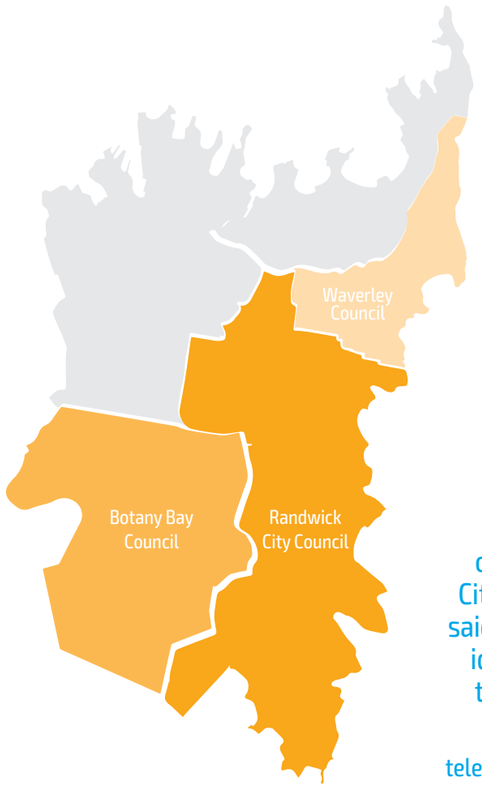
$92M
residential rates

$41M
business rates

$1,188
council's cost per resident

41m²
green space per resident

$338M#
projected savings over 10 years



38%
of Randwick City residents said they most identify with their suburb

– Micromex telephone survey October 2013

Benefits

- No increase in rates for Randwick residents
- No increase in waste charges for Randwick residents
- Maintained operations and services
- Greater funding available for capital works projects
- $338M in cost savings over 10 years
- Debt-free council
- Broadly consistent with State Government's scale and capacity requirements

Costs

- Fewer Councillors for local representation
- Initial short-term disruptions
- Loss of Randwick identity

** Based on the current maximum number of Councillors allowed - 15.*
\# SGS Economics & Planning Eastern Sydney Local Government Review

OPTION 5

RANDWICK + WAVERLEY + WOOLLAHRA

A population of more than 270,000 residents with common interests including beaches, ocean and harbour pools and coastal and harbourside communities in the eastern suburbs.

- **No increase in rates**
- **Significant long-term cost savings**
- **Protects local eastern suburbs identity**
- **Same level of services provided**

270,693
population

323,700
estimated 2031 population

1,499
council staff

181
residents per staff

18,046
residents per Councillor*

$109M
residential rates

$30M
business rates

$1,218
council's cost per resident

39m²
green space per resident

$393M#
projected savings over 10 years



89%
of Randwick City residents prefer an amalgamation of an eastern suburbs council rather than a Global City if amalgamations occur

– Micromex telephone survey October 2013

Benefits

- No increase in rates for Randwick residents
- No increase in waste charges for Randwick residents
- Maintained operations and services
- $393M in cost savings over 10 years
- Debt-free council
- Broadly consistent with State Government's scale and capacity requirements

Costs

- Fewer Councillors for local representation
- Initial short-term disruptions
- Loss of Randwick identity

** Based on the current maximum number of Councillors allowed - 15.*
\# SGS Economics & Planning Eastern Sydney Local Government Review

OPTION 6

RANDWICK + WAVERLEY + BOTANY BAY + WOOLLAHRA

A population of more than 300,000 residents taking in the extended eastern suburbs from Sydney Harbour to Port Botany. Includes communities of interest such as coastal communities, beaches, ocean and harbour pools as well as industrial areas, ports and airports.

Randwick City Council · Waverley · Woollahra Municipal Council · City of Botany Bay

- ✔ No increase in rates
- ✔ Significant long-term cost savings
- ✔ Protects local eastern suburbs identity
- ✔ Same level of services provided

313,985
population

379,750
estimated 2031 population

1821
council staff

172
residents per staff

20,932
residents per Councillor*

$119M
residential rates

$46M
business rates

$1,230
council's cost per resident

36m²
green space per resident

$482M#
projected savings over 10 years



76%
of Randwick residents show a level of support for a new eastern suburbs council combining Randwick, Woollahra, Waverly and Botany

– Micromex telephone survey October 2013

Benefits

- No increase in rates
- No increase in waste charges
- Maintained services
- $482M in cost savings over 10 years
- Debt-free council
- Eastern suburbs community of interest
- Broadly consistent with State Government's scale and capacity requirements

Costs

- Fewer Councillors for local representation
- Initial short-term disruptions
- Loss of Randwick identity

** Based on the current maximum number of Councillors allowed - 15.*
SGS Economics & Planning Eastern Sydney Local Government Review

OPTION 7

RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY BAY + SYDNEY

A very large global city with divergent communities across city centre, inner city, beachside and suburban areas. Councils of this size are by nature less representative but have financial capacity.

Randwick City Council · Waverley · Woollahra Municipal Council · City of Botany Bay · City of Sydney

- ✔ No increase in rates
- ✔ Significant long-term cost savings
- ✖ Protects local eastern suburbs identity
- ✖ Same level of services provided

505,903
population

653,250
estimated 2031 population

3594
council staff

141
residents per staff

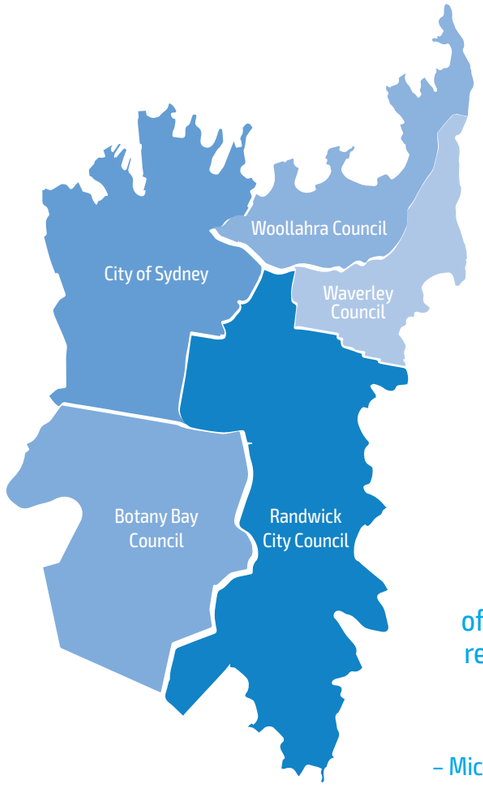
33,727
residents per Councillor*

$178M
residential rates

$245M
business rates

$1,787
council's cost per resident

27m²
green space per resident



97%
of Randwick City residents do not identify with a Global City

– Micromex telephone survey October 2013

Benefits[1]

- Projected 2031 population of 653,250
- Close functional interaction and economic/social links between these areas
- Ability for high-level strategic capacity to promote and support Sydney's ongoing development as Australia's premier global city
- Scope to bring together Sydney's international icons and key infrastructure under a single council

Costs

- Loss of Eastern Suburbs identity
- Fewer Councillors for local representation
- Initial short-term disruptions
- Diseconomies of scale – the requirements of a metropolitan CBD are distinctly different to those of other Council areas and would require multiple types of services operating parallel
- Loss of Randwick identity

** Based on the current maximum number of Councillors allowed - 15.*
1 As defined in the Local Government Review Panel's Final Report, October 2013.

RANDWICK CITY'S future

Timeline information

The following information shows how Randwick City Council is responding to the NSW Government's Fit for the Future program requirements.

NOVEMBER 2011

Calls for local government reform at Destination 2036 conference

MARCH 2012

NSW Government appoints the Independent Local Government Review Panel to review council boundaries, operations and structures

JUNE 2012

Randwick City Council commissions independent report on potential options for structural reform within eastern suburbs

OCTOBER 2013

Independent Review Panel recommends Randwick, Woollahra, Waverley, City of Sydney and Botany amalgamate into a global city council.

SEPTEMBER 2014

Randwick City Council resolves to oppose amalgamation

OCTOBER 2014

NSW Government announce Fit for the Future criteria

DECEMBER 2014 - APRIL 2015

Randwick City Council community consultation

APRIL 2015

A preferred option be considered by Randwick City Council

MAY 2015

Council to exhibit response to Fit for the Future for 28 days

JUNE 2015

Council required to respond to State Government deadline for Fit for the Future

October 2015

New boundaries determined by Independent Panel and Transitional Committee established

September 2016

Local Government elections based on new Council boundaries

Randwick City Council
a sense of community

www.yoursayrandwick.com.au/future

1300 722 542

straight Talk



Hear every voice
Know where you stand

Running order sheet

Project:	**Randwick City's future consultation**
Focus group	• Culturally and linguistically diverse group • People with disabilities group • Young people group • Aboriginal and Torres Strait Islander group
Dates	17 and 18 February 2015
Duration	2 hours each
Team members	James Page and Ottilie Bick Simpson Aboriginal facilitator - John Blair

Time	Session	Content	Materials
30 minutes prior to start	Set-up and sign-in (30mins)	• Room and catering set-up • Participant sign-in, up to 15 minutes prior to start	Sign-in sheet Catering (Council to organise) Tables in one big square 15 chairs Laptop, cord
0 to 10 mins	Purpose and outline	**1** Thank you for coming - we know there are lots of things you could be spending your [afternoon/evening] doing **2** I'm James and this is Ottilie. We're from Straight Talk - Straight Talk is a community and engagement consultancy. We plan and facilitate a range of events for councils across NSW to get feedback from the community on important issues that affect them. Randwick City Council has engaged us to undertake a series of focus groups with the community. **3** You are here today to discuss how Randwick City can be fit for the future **4** In September last year the NSW State Government release its 'Fit for the Future' program with the aim of making sure councils are in the position to provide the services (such as waste collections) and infrastructure(such as pavements, swimming pools and libraries) their communities need	'Background - visual prompt sheet on flip chart paper'

		5 The program requires the majority of NSW councils to consider amalgamating - this would mean that Randwick Council would join up with at least one of its neighbouring councils to form a new council area. Ideally the State Government want reduce the number of councils across metropolitan NSW from 41 to 18 **6** It has been recommended that Council should consider amalgamating with four other councils - City of Sydney, Woollahra, Waverley and Botany - to create a global city of 500,000 residents **7** Randwick Council has a balance budget, is debt free and provides high quality services for its residents. Council has therefore publically announced its opposition to the amalgamation **8** Council has been told that doing nothing (i.e. staying as one council area) is not an option because all councils will be required to cater for a population of above 200,000 residents - Council's population is expected to increase to just under 175,000 by 2031 so it won't be big enough alone to broadly meet the State Government requirements **9** Council must respond to the State Government by 30 June this year to explain their preferred option or options, should amalgamation be required. **10** Council has done a lot of work to explore possible options for amalgamation so it can be sure it has considered all the options. To help Council understand the possible impact of amalgamating with other eastern suburbs councils they employed a specialist organisation to undertake economic analysis. We will present some of their findings later in this session **11** We want your feedback on a range of possible options - from combining with one other eastern suburbs council to creating a global city. We understand that this is a complex discussion so we will work through a number of issues slowly **12** Today is part of a broader consultation to get feedback from the community, council is also undertaking a telephone survey and has issued a survey to 65,000residents and ratepayers to gain feedback on the possible options **13** The reason we have invited you all to participate is we are targeting groups who are commonly underrepresented in engagement processes -including culturally and linguistically diverse communities, Aboriginal and Torres Strait Islander communities, younger people and people with disabilities **14** We don't expect you to know everything - we want you to respond based on the information we provide. There are no right or wrong answers - we are here to capture your views on the future of your local area **15** My role is to make sure you all get a fair opportunity to have a say **16** To help us have a good discussion I ask that just person talks at a time - this will also help Ottilie take notes **17** We have not invited Council to participate in the discussion because	

		we want you to able to talk freely **18** A few bits of housekeeping - please keep your phones on silent, toilets and exits.	
10 to 20 mins	Introductions	Going around the table please tell me: **Name** **Your existing contact with Council** **Did you know anything about the possible amalgamations before today and what are your initial thoughts on the idea?**	
20 to 30 mins	Knowledge about information provision	**Have you seen this publication? (hold up Randwick Scene Magazine). It's Council's new look community magazine and this is the first edition distributed in December. (I just want rough numbers of who got it in the mail)** **Did you read it?** **Prior to today have you seen the 'Randwick City's future information pack? (hold up pack)** **Did you read it?** **If you did - What did you think about the information provided? Was there too much or too little?** **Did you hear about the project anywhere else? (Unprompted first)** Possible responses: • Mayor's letter • Pop-up information sessions • Adverts in the paper • Website • Social media • Bus shelters	Copy of scene magazine Copy of information booklet
30 to 40 mins	Knowledge about Council	**What do you know about what Council does? (unprompted)** Provide information on services Council provides and other responsibilities such as infrastructure maintenance. **What do you know about how Council funds services and infrastructure maintenance? (unprompted)** Provide information on how Council funds its services and infrastructure maintenance	A4 Information sheet - what Council does and how council funds it
40 mins to	Exploring what	Earlier we explained that Council has explored a number of possible	A3 options

1 hr 40 mins	is important to consider when it comes to amalgamation	options for amalgamation. We now want to spend some time exploring some of the pros and cons of each of these options and gain your feedback on some specific concepts in relation to amalgamation. Council is considering seven possible options for amalgamation. Option 1 is the do nothing, this is presented as an option as it provides you with information on how council functions now Option 7 is the global city option, so includes an amalgamation of five councils in total. This is the NSW Government's preferred option. Options 2 to 6 are somewhere in between but all involve amalgamation with eastern suburbs councils. These options are (read all options)* For the majority of this session we will be referring to the comparison table in front of you. Don't worry, it looks like a lot of information - we will pull out the patterns and key information. It is just to help you visualise some of the issues. Council has based all of the options on Council's existing operations - so the options assume council would continue to operate its services and maintain its infrastructures in the same way. Look at Columns A, B and C - **relate to the number of people and resources.** These all relate to amount of people living in the area and the people serving them • Column A, Population: NSW State Government has requested that in the future all councils have a bigger population that 200,000. The first two options don't meet government requirements, options 7 does but options 3-6 may or may not. It depends on what is considered to comply by the state government. • Column B, Number of residents per Council staff: As the number of amalgamated councils increase the number of residents per council staff decreases. This means there would be comparatively more staff to serve the residents • Column C, Number of residents per Councillors: Each councillor would have to represent more people. This means there would be comparatively less Councillors to serve residents **How important is the overall population to you?** **What about the number of Council staff?** **What about the number of Councillors?** **Which options look the best based on this information?** Look at Columns D, E and F - **relate to costs.** These show the impact on rates, cost per resident and overall cost savings for Council • Column D, Cost to ratepayers: With all of the options, there would be no increase in household rates so that can be taken off the table as a concern for Randwick residents • Column E, Overall cost savings for Council: Significant long term cost savings are identified as the number of councils increase	comparison table 7 options cards Visual cards to help explain each column

		How important is the cost per residents? **How about the overall savings for Council? What should Council do with these savings if one of these options eventuates?** **Which options look the best based on this information?** Look at Column F - **relate to services and infrastructure provision**. • Council anticipate that service provision would remain the same with all options apart from the global city option. This is because a global city would require multiple levels of services operating in parallel **How important is the level of service provision?** **Which options look the best based on this information?** Look at Column G - this relates to the **eastern suburbs identity** • It demonstrates that a global city could result in a loss of the eastern suburbs identity **Is identity important for Council to consider?** **What role does Council play in creating this identity?** **Which options look the best based on this information?** Anything else Council should consider? **What else that we haven't discussed are other important factors to consider in determining the best approach to amalgamation?** Additional prompts: • How will it impact on how you have your say?	
1 hr 40 mins to 1 hr 55 mins	Question 2	**Based on what we have discussed which of the seven options do you prefer? Why?** Additional prompts: • Does the number of councils that Council combine with matter? 1,2,3,4 • Which of the other councils do you think Council should combine with if required?	
1 hr 55 mins to 2 hrs	Next steps and close	**1** Thank you for participating in the focus group **2** People can still participate by completing a takeaway survey - please take some copies of the booklets away for your friends and family to complete **3** Council will consider the outcomes when making its submission to NSW State Government **4** Please complete the survey and feedback form **5** We will produce a succinct report to show the issues discussed, if you would like to see a copy of the report please make sure you leave an email address with Ottilie when you collect your stipend.	Copies of information booklet with survey Copy of survey for participants to complete Copy of process feedback form

Randwick City's future – amalgamation options summary

Option	A Combined current population	B Residents per Council staff	C Residents per Councillors	D Cost to ratepayers	E Projected savings over 10 years	F Level of service provision	G Eastern suburbs identity
Randwick (no change) **1 COUNCIL**	142, 310 ✗ Does not comply	273 **BASELINE**	9,487 **BASELINE**	No increase ✓	None **BASELINE**	No change ✓	No change ✓
Randwick and Botany **2 COUNCILS**	185, 602 ✗ Does not comply	220 ↓	12,373 ↑	No increase ✓	$90 million ↑	No change ✓	No change ✓
Randwick and Waverley **2 COUNCILS**	213, 016 ? Broadly complies	190 ↓	14,201 ↑	No increase ✓	$241 million ↑	No change ✓	No change ✓
Randwick, Waverley and Botany **3 COUNCILS**	256, 308 ? Broadly complies	177 ↓	17,087 ↑	No increase ✓	$338 million ↑	No change ✓	No change ✓
Randwick, Waverley and Woollahra **3 COUNCILS**	270, 693 ? Broadly complies	181 ↓	18,046 ↑	No increase ✓	$393 million ↑	No change ✓	No change ✓
Randwick, Waverley, Botany and Woollahra **4 COUNCILS**	313, 985 ? Broadly complies	172 ↓	20,932 ↑	No increase ✓	$482 million ↑	No change ✓	No change ✓
Randwick, Waverley, Woollahra, Botany and Sydney (global city) **5 COUNCILS**	505, 903 ✓ Complies	141 ↓	33,727 ↑	No increase ✓	$ not available ↑	Uncertain – multi-layered service provision ✗	Potential loss ✗

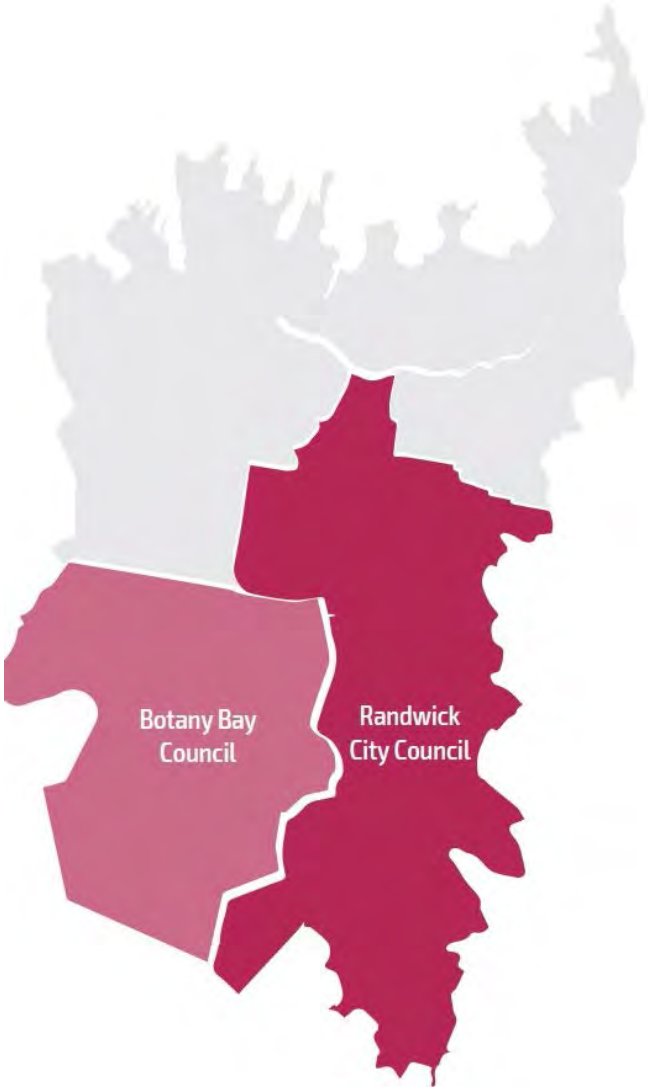
RANDWICK

OPTION 1



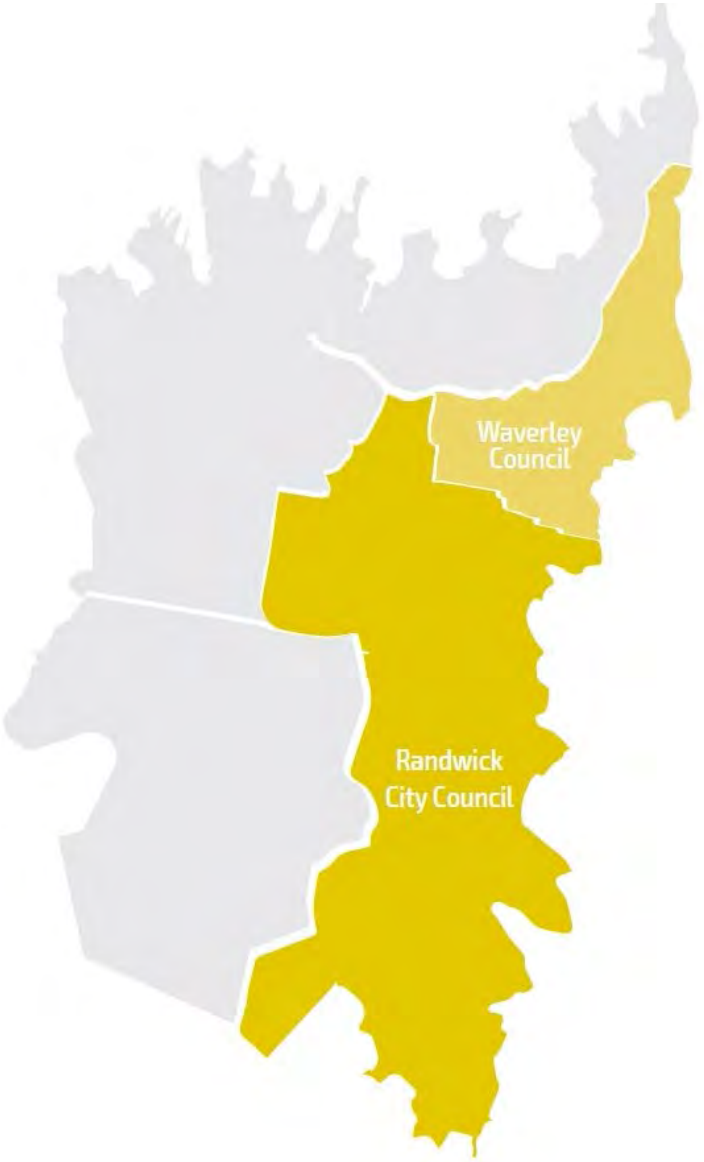
OPTION 2

RANDWICK + BOTANY BAY



RANDWICK + WAVERLEY

OPTION 3



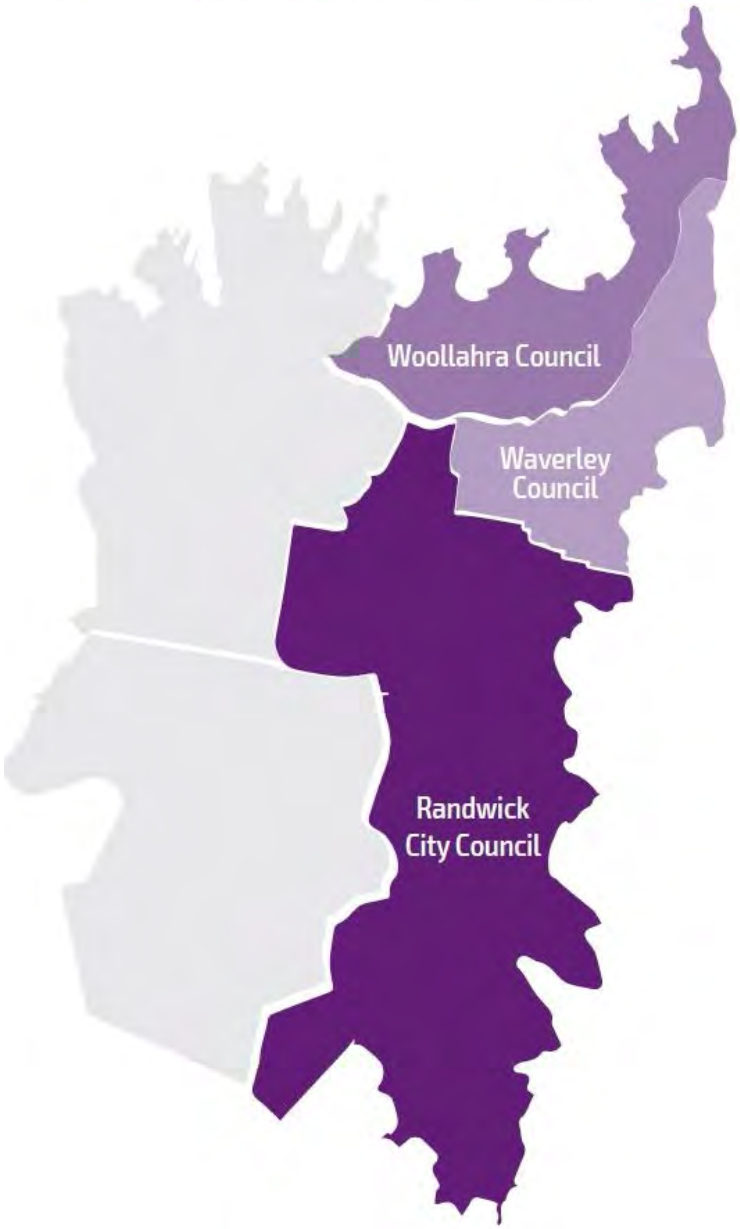
OPTION 4

RANDWICK + WAVERLEY + BOTANY BAY



RANDWICK + WAVERLEY + WOOLLAHRA

OPTION 5



OPTION 6

RANDWICK + WAVERLEY + BOTANY BAY + WOOLLAHRA



RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY BAY + SYDNEY

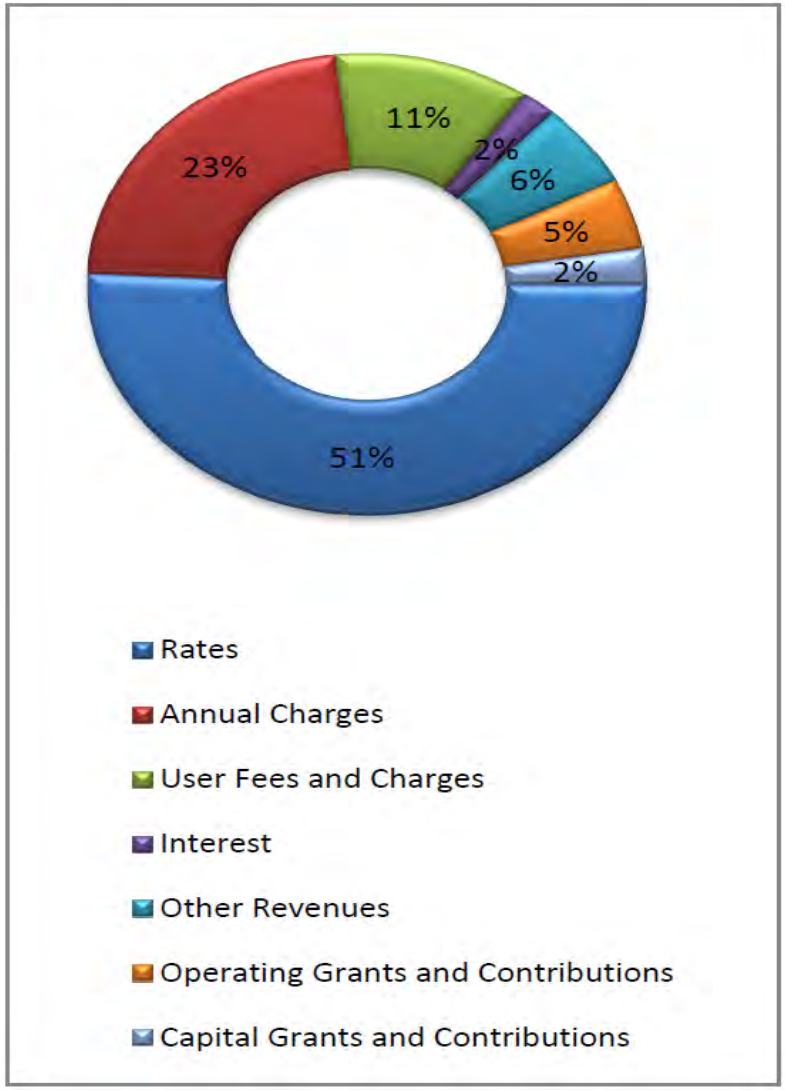
OPTION 7



For every $100 Council spends it on...



Where Council money comes from



Rates	67,962,309
Annual Charges	30,100,473
User Fees and Charges	15,291,786
Interest	2,583,318
Other Revenues	8,032,652
Operating Grants and Contributions	6,599,602
Capital Grants and Contributions	3,322,007
Total	**133,892,147**

Feedback form

Wednesday 18 February 2015 - ATSI

Fit for the Future, Randwick City Council

To help us continually improve the way we engage with the community, we ask you to complete this very short feedback form. All responses will be treated confidentially.

	Strongly disagree		Neutral	Strongly agree	
1. The focus group timing was appropriate	1	2	3	4	5
2. The focus group venue was appropriate	1	2	3	4	5
3. The focus group covered what I expected it to cover	1	2	3	4	5
4. The focus group objectives were clearly stated	1	2	3	4	5
5. The facilitator presented clearly and logically	1	2	3	4	5
6. The focus group content was interesting and informative	1	2	3	4	5
7. The facilitator allowed me and others to have my say	1	2	3	4	5
8. There were opportunities to participate in an engaging and appropriate way	1	2	3	4	5

Do you have any suggestions about how the focus group could be improved?

_____

_____

_____

_____

If Council made savings as a result of the amalgamation and were to invest these savings, what do you think your community would most benefit from?

_____

_____

_____

_____

Thank you for your feedback. Please return this sheet at the end of focus group.

Randwick City Council

a sense of community

Fit for the Future - Options Analysis

Appendix C

FINANCIAL CONTEXT

The following section has been prepared to ensure Randwick City Council has undertaken its due diligence relative to local government reform, in accordance with the Council resolution from the 25th November 2014.



Randwick City Council
a sense of community

MAY 2015

Financial Context -

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Financial context

Executive summary

FINANCIAL CONTEXT

Appendix C

1. Executive Summary

Key findings

The following section has been prepared to ensure Randwick City Council has undertaken its due diligence relative to local government reform, in accordance with the Council resolution from the 25th November 2014. The Council has analysed the financial position and projections of Waverley, Woollahra, Botany and City of Sydney Councils along with Randwick's own position. Modelling has been carried out to determine the financial position of the six amalgamation options including the cost of these amalgamations.

Randwick

Randwick Council is in a strong financial position with a history of generating operating surpluses, strong 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's position has been assessed as "**sound**" by both NSW TCorp and our independent auditor, with TCorp stating the Council's outlook is "**positive**". The Council's infrastructure management has been assessed as "**very strong**" by the Office of Local Government, one of only five councils in NSW to receive the highest rating. This result is further strengthened by the independent audit of the Council's annual report on the condition of public buildings and infrastructure assets (Special Schedule 7) over the past two years which was an industry first. The council's auditor has also issued an Assurance Report on the Long Term Financial Plan.

The Council has a strong result against the Fit for the Future financial, asset and efficiency criteria, with the council meeting all 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.

Amalgamation Options

An in-depth analysis of the current position and projections of each option along with the potential financial benefits and costs of an amalgamation has been carried out, using Randwick's service model as a basis for the eastern suburbs councils. The City of Sydney's operating costs remain at current levels due to their different service requirements.

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 the area is home to numerous international tourist attractions. Costs in areas such as street cleaning, transport and events are significantly higher than those of the Eastern Suburbs councils as they provide services for the one million workers, visitors and residents in the city on any one day.

This analysis revealed that, based on the individual council's asset condition assessments (Special Schedule 7), all amalgamation options meet the Fit for the Future benchmarks within five years and have eliminated debt and the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches within ten years. However some options achieve these results sooner than others and produce a stronger long term result. No loss or reduction in services nor increases in rates were required and each council's ten year planned projects were included in the model. The model was assessed by the Council's independent auditor Hill Rogers Spencer Steer, with an Assurance Report issued (refer to Attachment 6).

An amalgamation of **Randwick, Waverley, Woollahra** and **Botany** Councils (option 6) or **Randwick, Waverley and Woollahra Councils** (option 5) would result in the greatest opportunity to deliver more services or increase service levels to the community both in the medium term (four years) and the long term (ten years). Over four years **Option 6** has the potential to generate an additional **$52m** in services (**$164 per resident**), increasing to **$278m over ten years** (**$884 per resident**) while meeting the seven 'Fit for the Future' ratio benchmarks in **3 years,** eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in **7 years** and repaying **debt**. These results are closely followed by **Option 5** which is projected to result in the ability to increase services by **$40m** over four years (**$149 per resident**), rising to **$235m over ten years** (**$869 per resident**) while meeting the seven 'Fit for the Future' ratio benchmarks in **2 years,** eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in **5 years** and repaying **debt**.

An amalgamation of **Randwick and Waverley** (option 3) may result in increased services of **$15m over four years** (**$73 per resident**) increasing to **$103m over ten years** (**$485 per resident**), while meeting the seven 'Fit for the Future' ratio benchmarks in **3 years**, eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in **5 years** and repaying **debt**. This option is estimated to be the least costly amalgamation at $12m over four years. The information available on Waverley Council's financial position and projections is comprehensive in many areas and additional service level work was undertaken with this Council to better understand the services and levels offered. In addition to being more informed, this option is considered to involve less risk exposure as the council has sufficient cash to fund its future liabilities, in part due to the $82m sale of the council's former depot in Zetland. 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"[1].

The addition of **Botany** (option 4) to the **Randwick and Waverley** amalgamation option increases the value of extra services to **$24m over four years** (**$95 per resident**) and **$143m over ten years** (**$559 per resident**), while meeting the seven 'Fit for the Future' ratio benchmarks in **three years**, eliminating the backlog of works required on roads, footpaths, drains, buildings, parks and beaches in **seven years** and repaying **debt**. It should be noted potential issues in the ratio of Botany's cash to liabilities have not been addressed and the expenditure required on assets as we have little available information on this council.

An amalgamation of **Randwick and Botany** (option 2) would result in a comparatively modest increase in services of **$2m over four years** (**$11 per resident**) rising to **$28m over ten years** (**$153 per resident**) **over ten years** while meeting the six 'Fit for the Future' ratio benchmarks in **all ten years of the analysis** (excluding the debt service ratio as these councils are debt free), eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in **seven years** and remaining **debt free**. Again, it should be noted there is little information available on Botany's liabilities and assets.

An amalgamation of **Randwick with Waverley, Woollahra, Botany and Sydney** (option 7) has greater risk exposure and greater complexity. This option is estimated to result in an increase in services equivalent to **$8m over four years** (**$15 per resident**) and **$146m over ten years** (**$288 per resident**). Sydney's costs are largely driven by their non-resident services, resulting in different service requirements to eastern suburbs councils. This may result in diseconomies of scale with the new council being so complex that inefficiency begins to exceed any amalgamation savings. This is also the most expensive amalgamation estimated to cost $43m over four years[2], increasing to

[1] Grant Thornton, *Waverley Council – Technical Assistance FFTF*, Mar 2015, p28

$107m over ten years. The cost of accommodating staff in existing City of Sydney buildings, including Town Hall House would result in a substantial loss of annual rental income as space within these buildings is currently leased to commercial tenants. These high costs and relatively smaller savings result in this option not meeting the Fit for the Future benchmarks until 2021, **five years** after the amalgamation and eliminating the backlog of works required on roads, footpaths, drains, buildings and in parks and beaches in **7 years**.

[2] According to an article in the Sydney Morning Herald (McKenny, L, *Cost of council rationalisation could significantly exceed $445 million*, 25 Mar 2015), the NSW Parliamentary Budget Office estimated an amalgamation of Randwick, Waverley, Woollahra, Botany and Sydney councils would initially cost **$37.6m**. We assume this cost did not factor in the significant cost of CBD office space for the expanded workforce.

Table 1 Summary of Financial Results – Four Years

	OPTION 1	OPTION 2	OPTION 3	OPTION 4	OPTION 5	OPTION 6	OPTION 7
	RANDWICK	RANDWICK + BOTANY	RANDWICK + WAVERLEY	RANDWICK + WAVERLEY + BOTANY	RANDWICK + WAVERLEY + WOOLLAHRA	RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY
Value of increased/new services over four years*	**$0 M**	**$2 M**	**$15 M**	**$24 M**	**$40 M**	**$52 M**	**$8 M**
Value of increased/new services per resident over four years*	**$0**	**$11**	**$73**	**$95**	**$149**	**$164**	**$15**
# of 'Fit for the Future' ratios met	**6 / 7****	**6 / 7****	**7 / 7**	**7 / 7**	**7 / 7**	**7 / 7**	**6 / 7*****

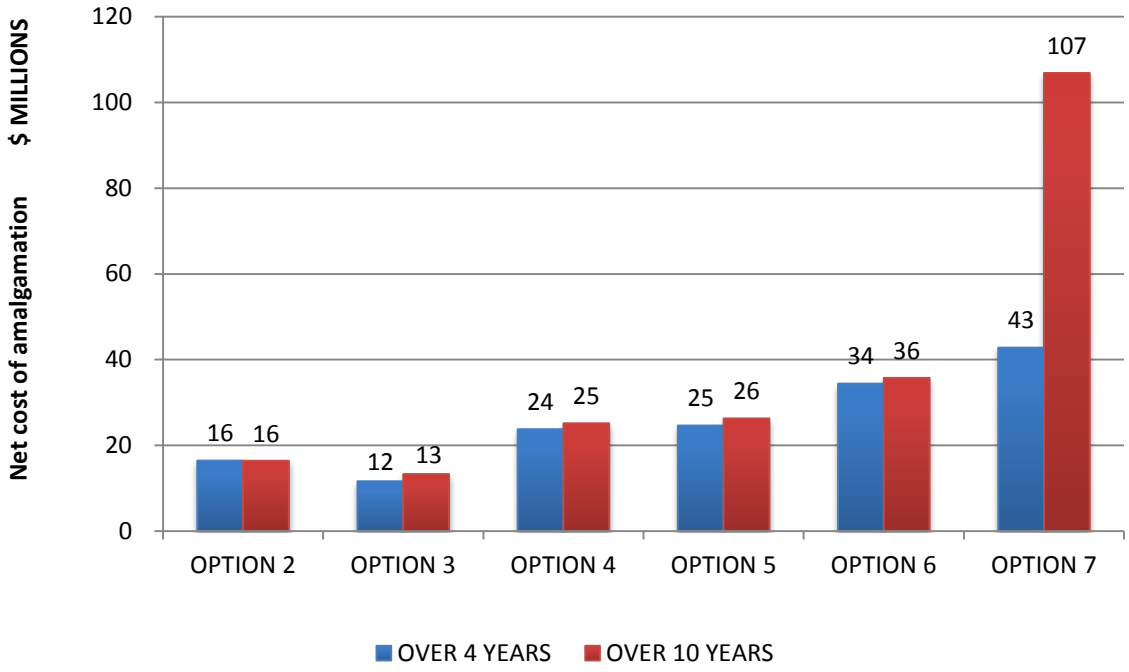
Table 2 Summary of Financial Results – Ten Years

	OPTION 1	OPTION 2	OPTION 3	OPTION 4	OPTION 5	OPTION 6	OPTION 7
	RANDWICK	RANDWICK + BOTANY	RANDWICK + WAVERLEY	RANDWICK + WAVERLEY + BOTANY	RANDWICK + WAVERLEY + WOOLLAHRA	RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY
Value of increased/new services over ten years*	**$0 M**	**$28 M**	**$103 M**	**$143 M**	**$235 M**	**$278 M**	**$146 M**
Value of increased/new services per resident over ten years*	**$0**	**$153**	**$485**	**$559**	**$869**	**$884**	**$288**
# of 'Fit for the Future' ratios met	**6 / 7****	**6 / 7****	**6 / 7****	**6 / 7****	**7 / 7**	**7 / 7**	**7 / 7**

* The value of increased/new services over ten 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 ten 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.
*** Fails building and infrastructure asset renewals ratio (i.e. assets depreciate faster than they are replaced)

The cost of amalgamation ranged from $12m (Randwick and Waverley (option 3)) to $43m (Randwick, Waverley, Woollahra, Botany and Sydney (option 7)) 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 amalgamation grant from the State Government of $10.5m plus $3m for every 50,000 residents over a population of 250,000 has also been deducted from these costs.

Figure 1 Cost of amalgamation - net State Government grant



While a number of challenges and weaknesses along with strengths and opportunities have been identified for each option, some of these issues are better understood than others as the majority of this report has been based only on publically available information. In particular, if the Council was to seek an amalgamation which included Botany Council, additional information would be required to better understand the costs and benefits of amalgamation.

With Randwick City Council already in a strong financial position any amalgamation will impact this position in the short term. A larger eastern suburbs council will create an organisation with a stronger financial position, more capable of delivering the expected level of capital, infrastructure and maintenance investment across the eastern suburbs in the long term.

Fit for the Future Ratios

Table 3 Fit for the Future Ratios

	Number of Fit for the Future benchmarks met			
	2017 (Year 1)	2020 (Year 4)	2026 (Year 10)	Analysis
OPTION 1 RANDWICK	**6/7***	**6/7***	**6/7***	Randwick meets 6 of the 7 benchmarks now and in every year of this analysis, only failing the debt service ratio as the council is debt free. With just $1 of debt the council would also meet this ratio.
OPTION 2 RANDWICK + BOTANY	**6/7***	**6/7***	**6/7***	With deficits and an asset expenditure gap Botany meets 3 of the 7 benchmarks now and is projecting to only meet 2 of the benchmarks from 2016 onwards. The strength of Randwick's financial position in addition to the efficiencies achieved through amalgamation result in this group **meeting all the benchmarks from day one** (excluding the debt service ratio as both councils have no debt) while retaining their debt free position. In order to sustain this result and eliminate the infrastructure backlog of works an additional **$15m** from efficiency gains is used to fund extra capital expenditure.
OPTION 3 RANDWICK + WAVERLEY	**5/7**	**7/7**	**6/7***	With both increasing costs and a deficit in 2013-14 and an asset expenditure gap both now and projected into the future Waverley meets only 2 of the 7 benchmarks now. While their position is forecasted to improve to meet 5 benchmarks in 2015 and 6 benchmarks by 2020, an amalgamation with Randwick will strengthen their position in addition to raising service levels through amalgamation efficiencies and repaying Waverley's debt (currently $3m). While this amalgamation option initially fails the Building and Infrastructure Renewal ratio and the Asset Maintenance ratio with an asset expenditure gap of $0.5m, by **year 3** the group meets all 7 benchmarks. In order to sustain this result and eliminate the infrastructure backlog of works an additional **$10m** from efficiency gains is used to fund extra capital expenditure.

	Number of Fit for the Future benchmarks met			
	2017 (Year 1)	2020 (Year 4)	2026 (Year 10)	Analysis
OPTION 4 RANDWICK + WAVERLEY + BOTANY	**5/7**	**7/7**	**6/7***	An amalgamation of Randwick with Botany and Waverley Councils will initially weaken the performance against the benchmarks with the group failing the Building and Infrastructure Renewal ratio and the Asset Maintenance ratio by $0.9m. However by **year 3** the amalgamated council would meet all 7 of the benchmarks, falling to 6 ratios in year 7 as once Waverley's debt is eliminated the group will fail the debt service ratio. In order to sustain this result and eliminate the infrastructure backlog of works an additional **$25m** from efficiency gains is used to fund extra capital expenditure.
OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA	**6/7**	**7/7**	**7/7**	Woollahra currently fails the Operating Performance ratio due to successive deficits over the past 3 years (average $2.4m each year) and the Building and Infrastructure Renewal ratio with a shortage of $0.9m in expenditure on renewing assets in 2013-14. However, using the proceeds from the sale of two sites, the council is working towards addressing these issues in their Long Term Financial Plan. This amalgamation option would fail the Asset Maintenance ratio in year 1 by $0.1m however by **year 2** all 7 benchmarks are met. In order to sustain this result and eliminate the infrastructure backlog of works an additional **$17m** from efficiency gains is used to fund extra capital expenditure.
OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	**6/7**	**7/7**	**7/7**	This amalgamation option also fails the Asset Maintenance ratio in year 1 by $0.6m but is projected to meet all 7 benchmarks by **year 3**. Efficiency gains fund **$32m** of extra asset expenditure over ten years in order to sustain this result and eliminate the backlog of infrastructure works

	Number of Fit for the Future benchmarks met			
	2017 (Year 1)	2020 (Year 4)	2026 (Year 10)	Analysis
OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY	**6/7**	**6/7**	**7/7**	Initially failing the Asset Maintenance ratio in year 1 by $2m, this option is projected to meet all 7 ratios by **year 5**. However **$92m** from efficiency gains is used to the address the ongoing asset expenditure gap of this group over ten years.

* Fails debt service ratio as no debt is held - however if the council had just $1 of debt it would meet this ratio too.

Current situation

Randwick

Randwick Council is in a strong financial position with a history of generating operating surpluses, strong capital works programs and sound liquidity, while remaining **debt free** for over a decade. The council **meets all 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.

Waverley

With both increasing costs, a deficit in 2013-14 and an asset expenditure gap both now and projected into the future Waverley meets only 2 of the 7 benchmarks now, 5 benchmarks in 2015 and 6 benchmarks by 2020.

Waverley Council was assessed by TCorp in 2014 to have a **moderate** level of financial sustainability with a **positive** outlook. The council's recent sale of their depot in Zetland for $82m has contributed to their positive outlook, with the council considering investing these funds into some of their investment property located in the Bondi Junction commercial centre along with $25m towards a new shared depot with Woollahra Council. The council owns a number of properties including four child care centres (also operated by the council), Eastgate car park, the Spotlight and Officeworks buildings in Ebley Street Bondi Junction and a number of affordable housing properties. The council has traditionally sought debt for annual capital expenditure programs, with a current debt of $3m. Waverley has sufficient cash to cover its liabilities, with 100 per cent of bonds and deposits collected by the council held in a cash reserve ($15.6m).

Woollahra

Woollahra currently fails the Operating Performance ratio due to successive deficits over the past 3 years (average $2.4m each year) and the Building and Infrastructure Renewal ratio with a shortage of $0.9m in expenditure on renewing assets in 2013-14. However, the council is working towards addressing these issues in their Long Term Financial Plan.

Woollahra Council was assessed by TCorp in 2014 to have a **moderate** level of financial sustainability with a **positive** outlook. The council's recent sale of property for $65m (including their Waterloo depot) and a joint venture with Woolworths in Double Bay has contributed to their positive outlook. The council's debt is currently $64m however this includes a loan from Woolworths. The Woolworths development is estimated to be worth $120m on completion with $76.7m borrowed against this development by the council. The council will own the development with Woolworths leasing part of the building for thirty years (the same term as the loan). Excluding this joint venture the council has a debt of **$6m** with no further operational loans forecasted in their Long Term Financial Plan.

Botany

With deficits and an asset expenditure gap Botany meets 3 of the 7 benchmarks now and is projecting to only meet 2 of the benchmarks from 2016 onwards.

Botany Council was assessed by TCorp in 2014 to have a **moderate** level of financial sustainability with a **neutral** outlook, meaning there is no change in their position forecasted over the next three years.

The Council's highest source of income, at just under $18m, is property development contributions. Representing 24 per cent of Botany's income this money can only be used for works detailed in the

Council's Mascot Section 94 Contributions Plan (adopted 2004) and City of Botany Bay Section 94 Contributions Plan 2005-2010 (adopted 2006)

Unlike other councils in the study group, Botany does not raise income through property rent or paid parking. However the council has a $6.3m per annum contract with Sydney Airport to provide maintenance and cleaning services. This council is debt free.

Sydney

With both increasing costs and an asset expenditure gap Sydney currently meets only 2 of the 7 benchmarks. The council was assessed by TCorp in 2013 to have a **strong** level of financial sustainability with a **positive** outlook.

Distinct from other local government organisations, Sydney's largest income source is business rates, representing one third of total income at $190m. In contrast, residential rates are the largest source of income for Randwick, Waverley and Woollahra Councils. However with high rates in the Port Botany area, Botany raises almost double the rates from businesses than residents.

To support these businesses, tourism and promote investment in Sydney City, the council's cost structure is very different to traditional councils (like those in the Eastern Suburbs) with particularly high costs in areas such as street cleaning, parking, traffic management and events.

Sydney's second highest source of funds is developer contributions ($77m), with major developments in Green Square and Harold Park. The council's significant investment property portfolio generates the council's third largest source of income ($54m rental income) closely followed by paid parking ($45m). Sydney is debt free and has allocated 85 per cent of its internally restricted cash to a number of major capital works projects including Green Square Town Centre ($440m project cost) and the George Street/Light Rail integration project ($220m project cost). Sydney are concerned an amalgamation could "potentially have significant financial ramifications" for these projects.[3]

[3] City of Sydney, *Resourcing Strategy 2014,* p4

Table 4 Snapshot of the Current Situation

	Randwick	Waverley	Woollahra	Botany	Sydney
TCorp Assessment – Current financial sustainability	Sound	Moderate	Moderate	Moderate	Strong
TCorp Assessment – Financial sustainability outlook	Positive	Positive	Positive	Neutral	Positive
OLG Infrastructure Audit – Infrastructure Management	Very Strong	Strong	Strong	Moderate	Strong
Staff	522	601	376	322	1,773
Budget – 2014-15	$158m	$144m	$107m*	$66m	$761m
Average residential rates	$1,075	$1,058	$1,118	$689	$654
Residential rates	$52m	$30m	$27m	$10m	$59m
Business rates	$13m	$12m	$5m	$16m	$199m
Cost per resident of providing services - 2014-15 budget	$879	$1,405	$1,443	$1,316	$2,664
Debt	$0	$3m	$6m*	$0	$0
Infrastructure backlog	$7m	$12m	$5m **	$11m	$67m
Asset renewal and maintenance annual expenditure gap	$0	$6m	$1m	$2m	$16m
Fit for the Future ratios met	**6/7** (fails debt service ratio as debt is $0)	**2/7*** **	**5/7**** **	**3/7**	**2/7**

Sources: 2012-13 Comparative Data Return, 2014-15 Operational Plans and 2009 to 2013-14 Financial Statements and Woollahra Council's revised Special Schedule 7 published February 2015.

* Excludes Kiaora Lands joint venture between Woollahra and Woolworths (refer to pages 39-40).
** In Feb 2015 Woollahra Council advised they have reviewed their backlog since the publication of their last financial statements (2013-14), resulting in a reduction in the backlog from the reported $15m to $5m.
***Waverley's ratios are consistent with those calculated by Grant Thornton in their report 'Waverley Council – Technical Assistance FFTF' (Mar 2015).
****Woollahra's ratios are consistent with those published in their draft Long Term Financial Plan (1 Dec 2014 Corporate and Works Committee report).

The Options Analysis Model

Step 1 - Current Position and Projections: The current financial situations and projections of each council have been compiled primarily from publically available documents published by each council. With this information a comparison and review of the revenue and cost structure, asset expenditure and liabilities of each council was carried out. This analysis found no council currently meets the seven Fit for the Future ratios, however Randwick only fails the Debt Service Ratio as the council has no debt. With the exclusion of this ratio, only Randwick and Woollahra meet the six remaining ratios in 2020. By 2024 only Randwick meets the six ratios, with Woollahra's asset renewal expenditure falling below the required level in the later years of their financial plan.

Step 2 - Financial Analysis of Options - Base Case (layer one): In order to compare the results of each amalgamation option, each council's current results and projections were summed together for each option to illustrate if, as a group, those councils would meet the ratios before considering any costs or benefits of amalgamation. The only amalgamation option that would meet the Fit for the Future benchmarks was Botany and Randwick, because the strength of Randwick's results was sufficient to pull that option over the benchmarks. However, overall Randwick's results are weakened through the addition of Botany.

Step 3 - Financial Analysis of Options - Economies of Scale (layer two): Based on a service orientated financial model designed by SGS Economics and Planning in 2013[4], the estimated efficiencies from an amalgamation were projected for each amalgamation option. The model assumes operational costs are based on Randwick's service costs per dwelling for areas such as public order and safety, housing and community amenities, transport and communication and governance and administration. Where other councils offered higher or additional services, adjustments were made to reflect this. Other areas are based on each council's current costs.

This service model did not apply to Sydney as their costs are very different to the mainly residential areas in the eastern suburbs. 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 the area is home to numerous **international tourist attractions**. Costs in areas such as street cleaning, transport and events are significantly higher than those of the Eastern Suburbs councils as they provide services for the **one million** workers, visitors and residents in the city on any one day.

Additional expenditure was made in order to meet the Fit for the Future ratios, eliminate the infrastructure backlog and repay debt for each option. At this point all options met the Fit for the Future ratios within four years, with Option 6 (Randwick, Waverley, Woollahra and Botany) generating the strongest result of $969 per resident increase in service levels and new services over ten years. This does not include amalgamation costs.

Step 4 - Financial Analysis of Options - Amalgamation Cost (layer three): The cost of the amalgamation process, particularly in the first four years of the new council, were estimated as part of this final step in the financial analysis. The costs included information and communication technology, senior officer redundancies and administration and depot costs. Deducting the State Government grant from this, costs ranged from $13m for an amalgamation of Randwick and Waverley to $107m for the Global City option over ten years. These costs included rental income foregone over the same period as council staff would require space currently leased out to tenants by some of these councils.

[4] SGS, *Eastern Sydney Local Government Review*, Feb 2013.

After funding these amalgamation costs and allowing for a payback period, additional funds were allocated to eliminate the infrastructure backlog, meet all the Fit for the Future benchmarks and repay the operational debt of Waverley and Woollahra Councils. Within 4 years all eastern suburbs options met the ratios (excluding debt), however the Global city option failed the asset renewal ratio. By 2026 all options do meet all the ratios, are debt free and have no infrastructure backlog. This is achieved without increasing rates beyond the standard Local Government inflation index (LGCI) or reducing services and programs.

Sensitivity testing: In order to test the robustness of the model and determine the sensitivity of the results four scenarios were tested to understand their impact on the results. The tests involved either increasing Randwick's service costs or decreasing rates. This testing found the model was much more sensitive to the unlikely event that councils would be required to decrease rates rather than an increase in the estimated cost of services.

Financial context

2. Current position and projections

FINANCIAL CONTEXT

Appendix C

2. Current position and projections (STEP 1 OF 4)

This section provides an overview of the revenue and cost structure of each of the five councils and their current and long term financial sustainability under the base case (i.e. if each council continues to operate independently). This high level analysis of the current financial position and projections has been compiled from the most recent public documents published by the five councils.

2.1 Snapshot of the Current Situation

	Randwick	Waverley	Woollahra	Botany	Sydney
TCorp Assessment - Current financial sustainability	Sound	Moderate	Moderate	Moderate	Strong
TCorp Assessment - Financial sustainability outlook	Positive	Positive	Positive	Neutral	Positive
OLG Infrastructure Audit - Infrastructure Management assessment	Very Strong	Strong	Strong	Moderate	Strong
Staff	522	601	376	322	1,773
Population per staff member	273	118	153	134	108
Budget	$158m	$144m	$107m*	$66m	$761m
Cost per resident of providing services - 2014-15 budget	$879	$1,405	$1,443	$1,316	$2,664
Cost per resident of providing services - 2013-14 actual cost	$879	$1,599	$1,360	$1,310	$2,609
Debt	$0	$3m	$6m*	$0	$0
Infrastructure backlog	$7m	$12m	$5m **	$11m	$67m
Asset renewal and maintenance annual expenditure gap	$0	$6m	$1m	$2m	$16m

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

* Excludes Kiaora Lands joint venture between Woollahra and Woolworths (refer to pages 39-40).
** In Feb 2015 Woollahra Council advised they have reviewed their backlog since the publication of their last financial statements (2013-14), resulting in a reduction in the backlog from the reported $15m to $5m.

2.2 'Fit for the Future' Self-Assessment Tool

The Office of Local Government has prepared a self-assessment tool, based on the work of NSW Treasury Corporation and reviewed by the IPART, to assist each council establish if they are fit for the future against seven benchmarks. The following table is a summary of the results for the five councils.

Table 5 Current assessment against Fit for the Future Benchmarks – as at 30 June 2014

	Criteria	Benchmark	Randwick	Waverley	Woollahra	Botany	Sydney
Sustainability	1. Operating Performance Ratio	Greater or equal to 0	● 3.3%	● -3.1%	● -3.5%	● -2.7%	● 4.4%
	2. Own Source Operating Revenue Ratio	Greater than 60%	● 89%	● 87%	● 91%	● 72%	● 85%
	3. Building and Infrastructure Renewals Ratio	Greater than 100%	● 108%	● 51%	● 74%	● 85%	● 77%
Effective Infrastructure and Service Management	4. Infrastructure Backlog Ratio *(SS7)*	Less than 2%	● 0.70%	● 2.62%	● 1.36%	● 6.93%	● 3.83%
	5. Asset Maintenance Ratio *(SS7)*	Greater than 100%	● 139.5%	● 99.6%	● 102.3%	● 130.2%	● 88.3%
	6. Debt Service Ratio	Range 0.01% to 20%	● 0.00%	● 1.4%	● 2.1%	● 0.00%	● 0.00%
Efficiency	7. Change in Real Operating Expenditure Per Capita	No upward trend over 5yrs	● Decreasing	● Increasing	● Decreasing	● Decreasing	● Increasing
		●	6/7	2/7	5/7	3/7	2/7

Source: 2009-10 to 2013-14 Financial Statements and Woollahra Council's revised Special Schedule 7 published February 2015. Waverley's ratios are consistent with those calculated by Grant Thornton in their report 'Waverley Council – Technical Assistance FFTF' (Mar 2015). Woollahra's ratios are consistent with those published in their draft Long Term Financial Plan (1 Dec 2014 Corporate and Works Committee report)

None of the five councils meet all seven benchmarks. Randwick meets six out of the seven benchmarks, failing the Debt Service Ratio as the council has no debt. If Randwick had just $1 of debt it would also meet this benchmark.

2.3 'Fit for the Future' Self-Assessment Tool - Over Forward Projections

Each council in NSW is required to publish a Resourcing Strategy, including a Long Term Financial Plan and Asset Management Plans, under Integrated Planning and Reporting requirements. Each council's most recent, publically available plans have been tested against the Fit for the Future Self-Assessment tool. The plans sourced are listed in the following table.

Table 6 Council documents - Long Term Financial Plan and Asset Management Plans

Council	Long Term Financial Plan	Asset Management Plans
Randwick	2015-16 to 2024-25 "Model 1 Integrated Planning Rate" Published February 2015	2013-14 to 2022-23 Published 2012
Waverley	2013-14 to 2023-24 LTFP4 Published 18 June 2013 And 'Waverley Council – Technical Assistance FFTF March 2015' by Grant Thornton	2012-13 to 2023-24 SAMP 4 March 2013
Woollahra	Draft LTFP 'Non SRV Model' 1 Dec 2014 Corporate and Works Committee – p32-51 2011-12 to 2028-29	2011-12 to 2020-21 Version 1 March 2011
Botany	2014-15 to 2024-25 (comprises an income statement only)	Unavailable Assumed expenditure continues at current rates with conditions and requirements remaining the same.
Sydney	2014-15 to 2023-24 Long Term Financial Plan 2014	2014-15 to 2023-24 Asset Management Plan 2014

Table 7 Source of information and assumptions – Self Assessment Tool projections

Criteria	Council	Source
1. Operating Performance Ratio	Randwick Waverley Woollahra Botany Sydney	Published Financial Statements and Long Term Financial Plans
2. Own Source Operating Revenue Ratio	Randwick Waverley Woollahra Botany Sydney	Published Financial Statements and Long Term Financial Plans

Criteria	Council	Source
3. Building and Infrastructure Renewals Ratio	Randwick Woollahra Sydney	Published Long Term Financial Plans. Assume Sydney's "Programs" Capital Works plan relates to renewal works (LTFP p41)
	Waverley	Grant Thornton report p32.
	Botany	No information available. Assume renewal rate remains at the 3 year average to 30/6/2014 (84.7%).
4. Infrastructure Backlog Ratio	Randwick Woollahra	Published Long Term Financial Plans.
	Waverley	Grant Thornton report p32.
	Botany	No information available. Assume no change to the 2014 ratio of 6.9%.
	Sydney	Asset Management Plan lists the sustainability ratios of major asset classes as 0.96 (roads), 0.93 (drainage, 0.93 (parks), 0.97 (buildings). This equates to a $6.063m shortfall in funding by 2023-24 (p67).
5. Asset Maintenance Ratio	Randwick Woollahra	Published Long Term Financial Plans.
	Waverley	Grant Thornton report p32.
	Botany	No information available. Assume 90% each year as per Grant Thornton report p17.
	Sydney	No Information available. Assume 95% each year as per Grant Thornton report p35.
6. Debt Service Ratio	Randwick Waverley Woollahra Botany Sydney	Published Long Term Financial Plans.
7. Change in Real Operating Expenditure Per Capita	Randwick Waverley Woollahra Botany Sydney	Published Long Term Financial Plans. Population: Current – ABS 'Estimated Resident Population' released 3 April 2014 Projected – NSW Planning and Environment 'New South Wales State and Local Government Area Population Projections' 2014 Deflation index: Current – IPART Local Government Cost Index Projected – Deloitte Access Economics CPI forecasts published December 2014

Attachment 2 details the assessment of each council's projections against the Fit for the Future benchmarks. Excluding the debt service ratio (as Randwick has no debt), only Randwick's projections meet the benchmarks in each year. Woollahra Council meets the benchmarks in the medium term, however expenditure on asset renewals declines in the long term, resulting in the council not meeting the asset renewal ratio from 2021 onwards.

Table 8 Status Quo - Assessment against Fit for the Future Benchmarks – Number of ratios that meet the seven benchmarks

	Actual - 3 year average to 2013-14	Projected - 3 year average to 30 June…									
		Yr 1	Yr 2	**Yr 3**	Yr 4	Yr 5	**Yr 6**	Yr 7	Yr 8	Yr 9	Yr 10
Council	2014	2015	2016	**2017**	2018	2019	**2020**	2021	2022	2023	2024
Randwick	6	6	6	6	6	6	6	6	6	6	6
Waverley	2	5	4	5	5	5	6	6	6	6	6
Woollahra	5	5	5	5	6	7	7	6	6	6	6
Botany	3	4	2	2	2	2	2	2	2	2	2
Sydney	2	2	4	5	4	4	4	4	4	4	4

Table 9 Status Quo - Assessment against Fit for the Future Benchmarks – Number of ratios that meet the six benchmarks (excl the debt service ratio)

	Actual - 3 year average to 2013-14	Projected - 3 year average to 30 June…									
		Yr 1	Yr 2	**Yr 3**	Yr 4	Yr 5	**Yr 6**	Yr 7	Yr 8	Yr 9	Yr 10
Council	2014	2015	2016	**2017**	2018	2019	**2020**	2021	2022	2023	2024
Randwick	6	6	6	6	6	6	6	6	6	6	6
Waverley	1	4	3	4	4	4	5	5	5	5	5
Woollahra	4	4	4	4	5	6	6	5	5	5	5
Botany	3	4	2	2	2	2	2	2	2	2	2
Sydney	2	2	4	5	4	4	4	4	4	4	4

The above tables project Randwick's position is consistently strong over the ten years, with the council continuing to meet all but the Debt Service benchmark (as the council has no plans to seek loans in the future).

There is an improving trend in Waverley and Woollahra's position over the next six years. However from 2021 Woollahra's Building and Infrastructure Renewals Ratio begins to decline. Waverley does not meet the Building and Infrastructure Asset Renewal ratio at any point over the next ten years. Grant Thornton stated in their report "Waverley Council – Technical Assistance FFTF" (Mar 2015, p32) that "historically, Waverley has not been able to service its assets as required and there has been no evidence presented to suggest that will not continue to be the case to FY20".

Botany Council's position deteriorates over the 10 year plan, with the council only meeting two of the seven criteria from year two of their Long Term Financial Plan onwards. There is limited information available publically on the council's asset and financial plans, however the Income Statement in their Long Term Financial Plan does forecast a deficit before capital grants and contributions in each year of the ten year plan. Given this deficit, there is no evidence to suggest the council will raise the necessary funds required to meet the asset management benchmarks. In 2013 NSW Treasury Corporation assessed the council's financial sustainability and, with reference to their 2011-22 Long Term Financial Plan, commented "Council's Capital Expenditure Ratio is well below benchmark for the entire forecast period. In 2013 IPP&E purchases have been forecast to decrease by $3.2m to $1.7m which is what has been approved by Council."[5]

Sydney's Asset Management Plan forecasts the council's backlog will reduce from $66.6m in 2014 to $6m in 2024. This improves the council's performance against the benchmarks over the projected period. However, from the information available, expenditure on building and infrastructure asset renewals continues to be lower than annual depreciation of these assets.

2.4 Infrastructure and Financial Sustainability Assessments

In 2013 the Office of Local Government (OLG) undertook an infrastructure audit of every council in NSW and engaged NSW Treasury Corporation (TCorp) to review the financial sustainability of each council. In 2014 the 4 eastern suburbs councils engaged TCorp to update their review. Table 10 sets out the latest results of these reviews.

Table 10 External Infrastructure and Financial Sustainability Assessments

Assessment	Randwick	Waverley	Woollahra	Botany	Sydney
TCorp Assessment - Current financial sustainability	**Sound (May 2014)**	Moderate (May 2014)	Moderate (Feb 2014)	Moderate (July 2014)	Strong (Jan 2013)
TCorp Assessment - Financial sustainability outlook	**Positive (May 2014)**	Positive (May 2014)	Positive (Feb 2014)	Neutral (July 2014)	Positive (Jan 2013)
OLG Audit - Infrastructure Management (June 2013)	**Very Strong**	Strong	Strong	Moderate	Strong

[5] NSW Treasury Corporation, "City of Botany Bay Council – Financial Assessment, Sustainability and Benchmarking Report" 9 April 2013 p23

2.5 Service costs[6]

The following table compares the service costs, broken down by function and activity, for the financial year 2013-14. In this period **Randwick incurred the lowest service cost of $879 per resident** while Sydney's service cost of $2,609 is distorted by the services they provide to visitors and working non-residents.

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 the area is home to numerous **international tourist attractions**. Costs in areas such as street cleaning, transport and events are significantly higher than those of the Eastern Suburbs councils as they provide services for the **one million** workers, visitors and residents in the city on any one day.

Table 11 Service costs by function and activity – 2013-14

Service costs $'000	Randwick	Waverley	Woollahra	Botany	Sydney
Governance	**3,782**	0	2,790	0	5,756
Administration	**2,318**	10,045	18,372	9,045	202,534
Public Order and Safety	**7,314**	6,943	5,671	1,343	28,548
Health	**75**	972	359	57	13,110
Environment and Street Cleaning	**14,963**	7,096	4,373	2,807	27,618
Solid Waste Management	**26,754**	16,273	9,235	6,609	27,558
Community Services and Education	**6,076**	10,504	3,058	4,338	15,823
Housing and Community Amenities	**13,733**	9,997	6,710	2,255	35,550
Recreation and Culture	**29,414**	21,769	12,155	13,467	68,416
Mining, Manufacturing and Construction	**2,807**	938	1,324	3,151	0
Transport and Communication	**13,557**	13,010	11,123	6,578	28,148
Parking Areas	**3,765**	14,428	1,498	5	9,481
Economic Affairs	**493**	1,051	1,800	7,045	38,196
TOTAL $'000	**125,051**	**113,026**	**78,468**	**56,700**	**500,738**
Total service costs per resident ($)	**879**	**1,599**	**1,360**	**1,310**	**2,609**
Population	**142,310**	**70,706**	**57,677**	**43,292**	**191,918**

Source: 2013-14 Financial Statements (please note the "cost per resident of providing services" printed in the 'Randwick City's Future' Information Pack (Feb 2015) is based on each council's 2014-15 Original Budget).

The highest costs for eastern suburbs councils are waste management and recreation and culture activities including libraries, pools, parks and gardens. While Sydney reported over 40 per cent of their costs relate to administration, this may be partly due to the method of allocation of attributable administrative costs across service provision areas. The City of Sydney's costs are

[6] Based on Special Schedule 1 of the 2013-14 Financial Statements of each council – note this section of each Council's statements is not audited and there is some inconsistency in the way this statement is prepared across councils, in particular the distribution of directly attributable administration costs.

largely influenced by the services required by the 0.8 million workers and visitors travelling into the City each day[7]. Businesses are the most significant source of income for Sydney and the council has a responsibility to ensure major events and public facilities and spaces are of a high standard expected by these businesses, tourists and the broader Sydney population. Maintaining this level of expenditure within the CBD is essential to maintaining Sydney's competitive global position. Recognising the administrative and economic importance of the central business district of Sydney and its unique position in holding events of local, regional, national and international significance[8], Sydney is the only council in NSW that operates under its own act (City of Sydney Act 1988) with particular planning, traffic and transport management and election legislation related to this council.

Table 12 compares the service costs for each function and activity net of any income the council receives attributable to those services. This does not include general purpose income such as council rates, interest on investments and the Financial Assistance Grant and capital grants and contributions. **Randwick's net cost of services is the lowest in the group at $451 per resident** and Sydney's the highest at $1,272 per resident.

Table 12 Service costs by function and activity net attributable operating income – 2013-14

$'000	Randwick	Waverley	Woollahra	Botany	Sydney
Governance	**3,782**	0	2,770	0	5,756
Administration	**856**	7,155	17,714	5,535	169,616
Public Order and Safety	**7,170**	4,184	(2,225)	1,180	(4,923)
Health	**75**	679	264	(578)	5,902
Environment and Street Cleaning	**9,985**	6,886	3,262	2,804	27,000
Solid Waste Management[9]	**(4,176)**	(630)	(4,263)	(175)	(6,328)[10]
Community Services and Education	**4,276**	2,278	2,016	261	10,367
Housing and Community Amenities	**10,888**	3,886	4,631	1,725	22,878
Recreation and Culture	**21,354**	20,148	10,572	11,628	61,707
Mining, Manufacturing and Construction	**1,810**	741	393	772	0
Transport and Communication	**10,803**	10,502	5,946	4,704	13,709
Parking Areas	**(1,502)**	(12,388)	(119)	5	(35,560)
Economic Affairs	**(1,179)**	(729)	(740)	663	(25,972)
TOTAL $'000	**64,142**	**42,712**	**40,221**	**28,524**	**244,152**
Net service costs per resident ($)	**451**	**604**	**697**	**659**	**1,272**
Population	**142,310**	**70,706**	**57,677**	**43,292**	**191,918**

Source: 2013-14 Financial Statements

[7] City of Sydney "About Us". http://www.cityofsydney.nsw.gov.au/about-us. Accessed 21 Feb 2014.
[8] Local Government Acts Taskforce, *A New Local Government Act for NSW and Review of the City of Sydney Act* 1988, Oct 2013, p10.
[9] The waste management service is funded by a Domestic Waste Charge paid by residents. In addition to funding the operating cost of the service, it also funds the purchase of plant and equipment and the remediation of former landfill sites. This capital expenditure is not included in the net service costs table. City of Sydney are also setting aside funds from this levy to establish a 'waste to energy' facility.
[10] Sydney's Domestic Waste Charge income of $33.494m was reported in their 2013-14 Financial Statements as General Purpose Revenue. This income has been deducted from the waste management cost in this table to ensure consistency with the reporting of this income by the other four councils.

The largest sources of income directly attributable to services for these councils include domestic waste charges, on street and off street car parking fees, regulation enforcement fines (primarily parking related), rental income from properties and business activities such as leisure centres, child care centres and airport contract services.

Waverley Council, in particular, operate a number a business units including four child care centres, trade waste and cemetery services along with generating $6m from property rental agreements, $16m from paid parking and $11m from fines. Offsetting this income against costs brings the council's net cost of services closer to other councils in the eastern suburbs, as illustrated below.

Figure 2 Cost and Net Cost of Services - 2013-14

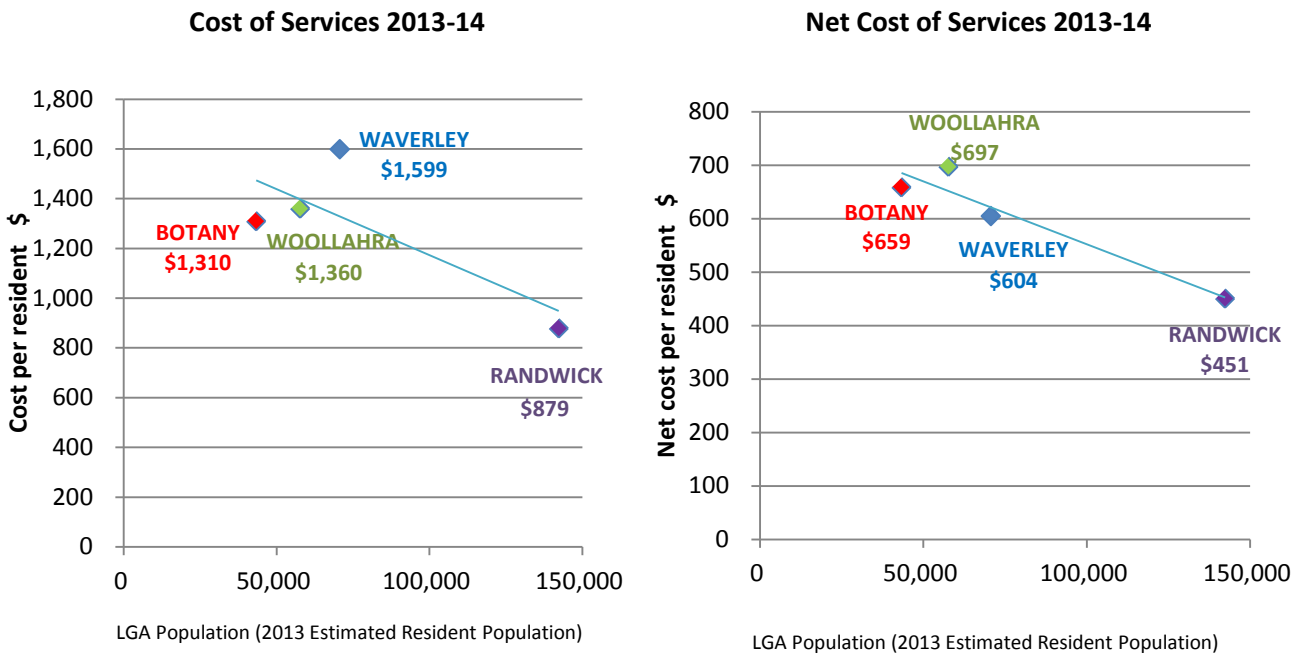


Figure 2 suggests that around 60% of the variation in operating expenditure per resident amongst eastern suburbs councils is inversely associated with their population and that operating expenditure per resident is lower the larger the population of the LGA. This variation increases to 91% on a net cost per service basis. Sydney has been excluded from this analysis as their costs are primarily influenced by non-resident services.

"Economies of scale and scope refer to the reductions in average costs that may be associated with higher output of a many-product organisation, including a local council" (IPART, 'Review of Criteria for Fit for the Future', Sept 2014). This high level analysis demonstrates both economies of scale and scope should be achievable in an amalgamation scenario where the **services required are similar**.

Incorporating the City of Sydney into an amalgamation group may result in diseconomies of scale due to their different service requirements, with the operation becoming "so large and complex that inefficiency begins to outstrip productive gains".[11]

2.6 Income

The following table compares the 2013-14 sources of income for the five councils.

11 Michel, Thomas, *'Who Defines 'Sustainability'? Perspectives on the recent transition from Community Councils to Regional Shires in the Northern Territory*', 2011, p4.

Table 13 Income – 2013-14

Income $'000	Randwick	Waverley	Woollahra	Botany	Sydney	TOTAL
Residential rates	**49,462**	28,295	26,632	9,270	54,262	**167,921**
Business rates	**12,788**	11,022	4,540	15,882	190,076	**234,308**
Special rate	**3,612**	0	3,622	190	0	**7,424**
TOTAL RATES	**65,862**	**39,317**	**34,794**	**25,342**	**244,338**	**409,653**
Domestic waste charge	**27,900**	13,504	11,412	6,660	33,494	**92,970**
Stormwater charge	**1,132**	0	484	691	1,849	**4,156**
s611 charges	**139**	46	48	0	0	**233**
TOTAL ANN. CHARGES	**29,171**	**13,550**	**11,944**	**7,351**	**35,343**	**97,359**
Parking meters and car parks	**637**	16,010	1,763	0	45,045	**63,455**
Other fees and charges	**14,519**	15,967	8,005	14,713	50,119	**103,323**
TOTAL USER FEES AND CHARGES	**15,156**	**31,977**	**9,768**	**14,713**	**95,164**	**166,778**
TOTAL INTEREST AND INVESTMENT INCOME[12]	**2,913**	**2,307**	**1,588**	**1,920**	**23,500**	**32,228**
Rental income	**2,761**	5,979	5,591	0	54,442	**68,773**
Enforcement of regulations fines	**4,161**	10,853	5,918	631	33,792[13]	**55,355**
Other income[14]	**1,137**	794	1,537	605	2,540	**6,613**
TOTAL OTHER INCOME	**8,059**	**17,626**	**13,046**	**1,236**	**90,774**	**130,741**
Financial Assist. Grant*	**1,972**	927	803	823	2,620	**7,145**
Other operating grants and contributions	**5,087**	5,859	1,698	5,925[15]	8,358	**26,927**
TOTAL OPERATING GRANTS AND CONTRIBUTIONS	**7,059**	**6,786**	**2,501**	**6,748**	**10,978**	**34,072**
TOTAL OPERATING INCOME	**128,220**	**111,563**	**73,641**	**57,310**	**500,097**	**870,831**
Developer capital contri	**3,938**	4,637	1,939	17,788	76,828	**105,130**
Other capital income[16]	**2,265**	285	1,425	404	4,956	**9,335**
TOTAL CAPITAL GRANTS AND CONTRI	**6,203**	**4,922**	**3,364**	**18,192**	**81,784**	**114,465**
TOTAL INCOME[17]	**134,423**	**116,485**	**77,005**	**75,502**	**581,881**	**985,296**

Source: 2013-14 Financial Statements

* Financial Assistance Grant - in 2013-14 the FAG payment schedule was changed for all councils. The grant is no longer paid in advance by up to 50% each year. The Department of Infrastructure and Regional Development has advised the following 2014-15 estimated entitlement for each council:

2014-15 $'000	Randwick	Waverley	Woollahra	Botany	Sydney	**TOTAL**
FAG	**3,848**	1,877	1,608	1,178	5,279	**13,790**

[12] Excludes fair value movements in investments

[13] Note 1, page 21 - 50 per cent of net profits generated from parking enforcement within the CBD are payable to NSW Police ($6m in 2013-14 - recognised as an operating expense)

[14] Excludes fair value movements in investment property

[15] Includes $3.1m payment from Sydney Airport in lieu of rates

[16] Excludes capital dedications of assets (roads, stormwater drainage, etc usually from new developments)

[17] Excludes gain from the disposal of assets

Figure 3 Income sources % - 2013-14



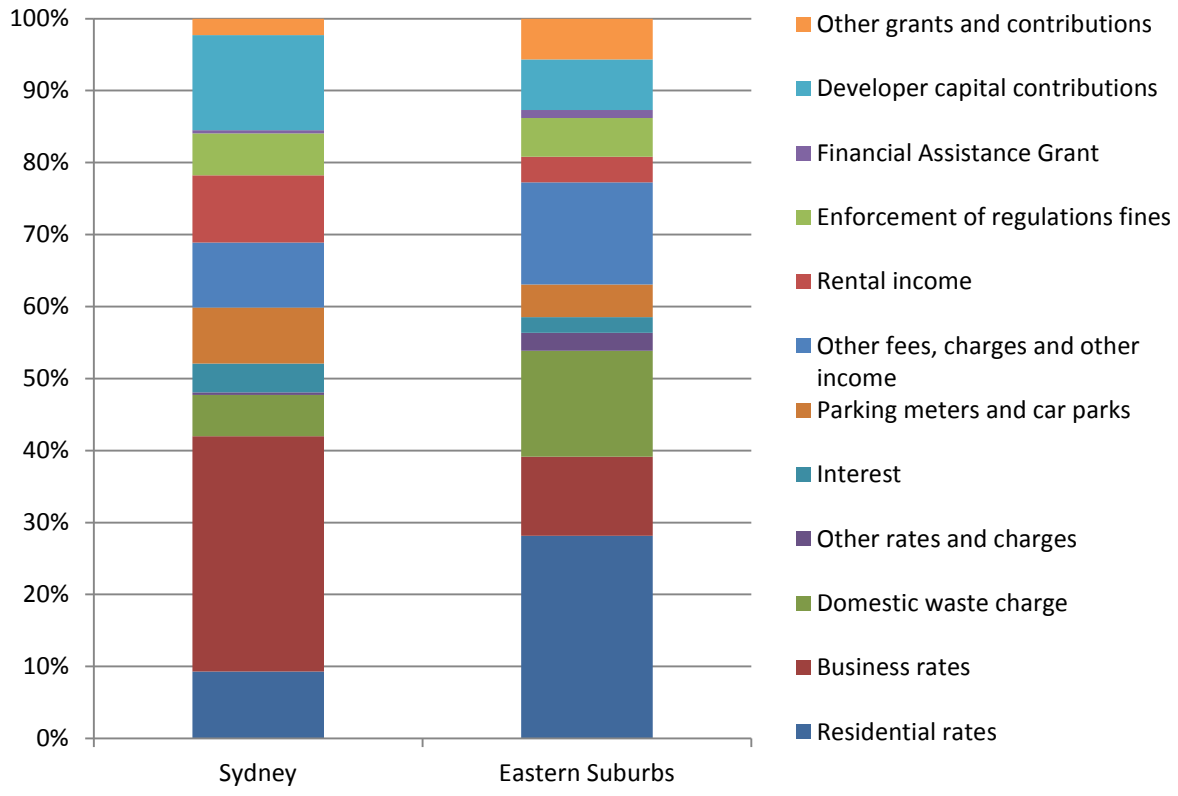
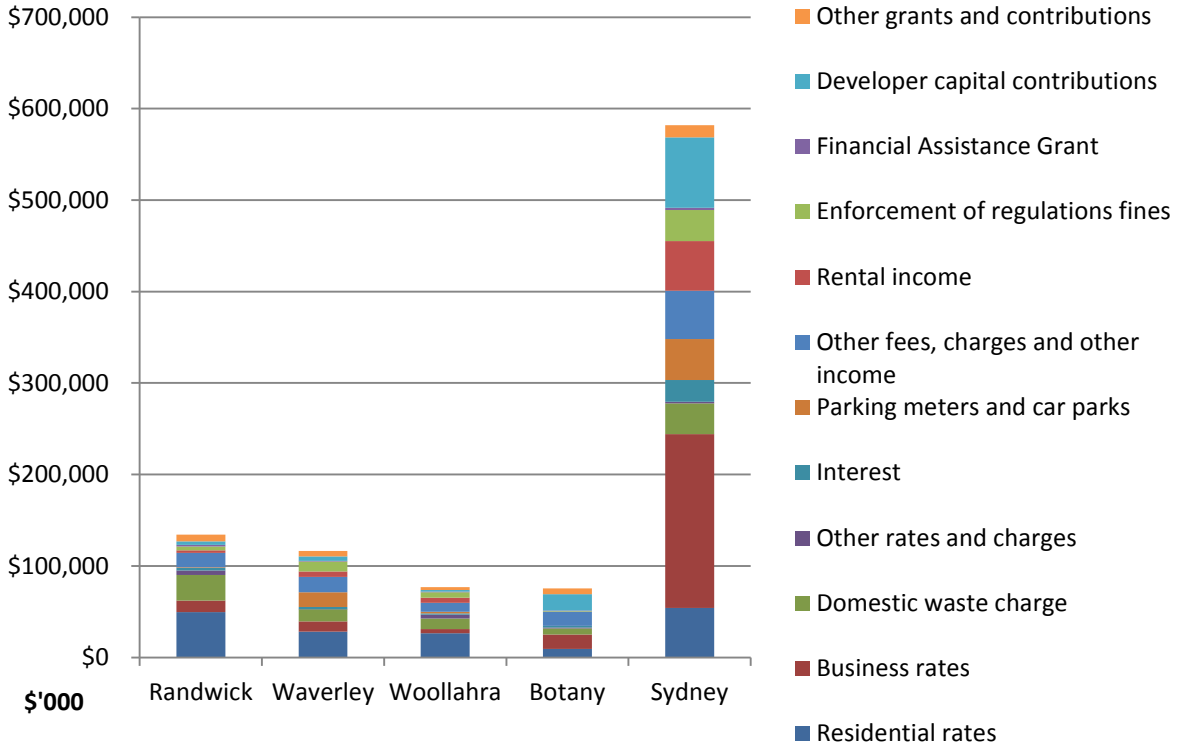
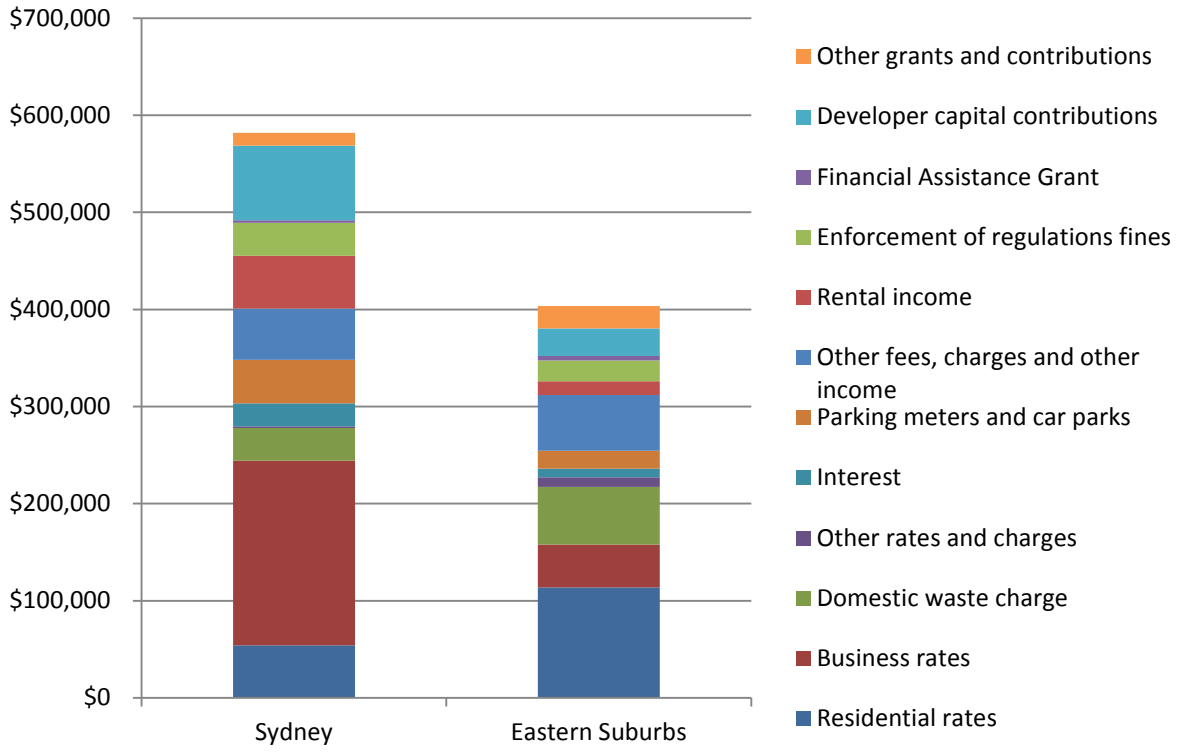


Figure 4 Income $'000 - 2013-14





Business rates are Sydney's largest source of income, representing one third of total income at $190m. Their business rates income is greater than the total rates income of the four eastern suburbs councils combined ($165m). In contrast, residential rates are the largest source of income for Randwick, Waverley and Woollahra Councils. Botany raises 21 per cent of their income from business rates ($16m), with particularly high rates for properties in the Port Botany area (77 per cent higher than the business rate charged to Port Botany properties in the Randwick LGA).

Botany's highest source of income, at just under $18m, is property development contributions due to significant development around Mascot Train Station. Representing 24 per cent of Botany's income this money can only be used for works detailed in the Council's *Mascot Station Precinct Section 94 Contributions Plan* (adopted 2004) and *City of Botany Bay Section 94 Contributions Plan 2005-2010* (adopted 2006). Development contributions are Sydney's second highest source of funds, with significant developments in Green Square and Harold Park. In 2013-14 Sydney raised $50.3m in cash and was given assets valued at $26.5m. Cash received must be spent in accordance with the relevant City of Sydney s94 development contribution plans. Cash received under the Ultimo-Pyrmont Section 94 Contributions Plan must be paid to the Sydney Harbour Foreshore Authority.

Sydney's significant investment property portfolio generates the council's third largest source of income ($54m rental income). "The Council has primarily invested within the CBD and the major 'gateways' leading into the city centre, including a significant investment property in 343 George Street. This category of income also includes revenue generated from the ninety-nine year lease of the Queen Victoria Building, which has a residual revenue share entitlement"(City of Sydney Long Term Financial Plan 2014 p11). Waverley and Woollahra Councils also generate over 5 per cent of their income from property rent.

Attachment 5 details the commercial activities and property interests of each council. The key characteristics of each council's income mix are:

Randwick - High proportion of residential rates ($49m – 75% of rates), Des Renford Leisure Centre ($5m), environment levy ($3.6m) and rental income ($2.7m).

Waverley - fines through the enforcement of regulations ($10.9m), parking fees ($16m), and rental income ($6m) and child care ($6.8m). No stormwater service charge.

Woollahra - Rental income ($5.6m), fines ($5.9m), environment and infrastructure levy ($3.6m).

Botany - High business rates ($15.9m - 63% of rates income), Sydney airport ex gratia rates ($3.2m) and airport service contract ($6.3m). Significant developer contributions ($17.8m).

Sydney - Parking fees ($45m), fines ($33.8m), rental income ($54m). One third of total income from business rates ($190m) and 13% from developer contributions ($76.8m).

2.7 Financial result - net surplus / deficit

The actual and forecast net operating result for the councils is set out in the following figures, both including and excluding capital grants and contributions (primarily these are s94 development contributions).

Randwick

Randwick has forecasted surpluses both including and excluding capital grants and contributions over the ten year period of the Long Term Financial Plan. The results are steady over the forecast period with a general trend upwards.

Waverley

Waverley Council's forecasted capital contributions within their ten year LTFP are significantly lower than the contributions they have received in previous years. In 2013-14 the council received $9.9m in capital contributions (including a $5m dedication of the North Bondi Surf Club). The 2014-15 forecast is $2m. This is the cause of a large dip in their operating result including capital grants and contributions. After eliminating capital grants and contributions, the council continues to generate surpluses over the ten year plan.

Woollahra

From 2016 onwards Woollahra Council has forecasted a shift from consecutive operating deficits to surpluses for the remainder of their plan. The income received from a new lease agreement with Woolworths for a site under construction in Double Bay has boosted the financial position of the council, in addition to the proceeds from the sale of a former bowling green ($9m) and their Zetland depot ($56m less $12m relocation costs) in 2014.

Botany

Botany Council is forecasting an operating deficit in each year of their LTFP. When grants and contributions for capital expenditure are taken into account, the council does generate a surplus, which is halved from 2017 as s94 development contributions decline. In recent years Botany Council has received significant s94 development contributions with intense growth in the Mascot area.

Sydney

City of Sydney is projecting significantly lower operating surpluses both including and excluding capital grants and contributions over the next ten years in contrast to the results they have generated over the past three years. The main differences are a $9m reduction in materials and expenses from 2015 onwards, $9m reduction in interest and investment income and $33.5m reduction in capital contributions and grants. The reasons for these differences are not disclosed, however the operating position of the city remains strong with surpluses generated into the future.

Figure 5 Operating surplus / (deficit) $'000 – 2012 to 2014 actual result and 2015 to 2024 forecasts – including grants and contributions received for capital expenditure

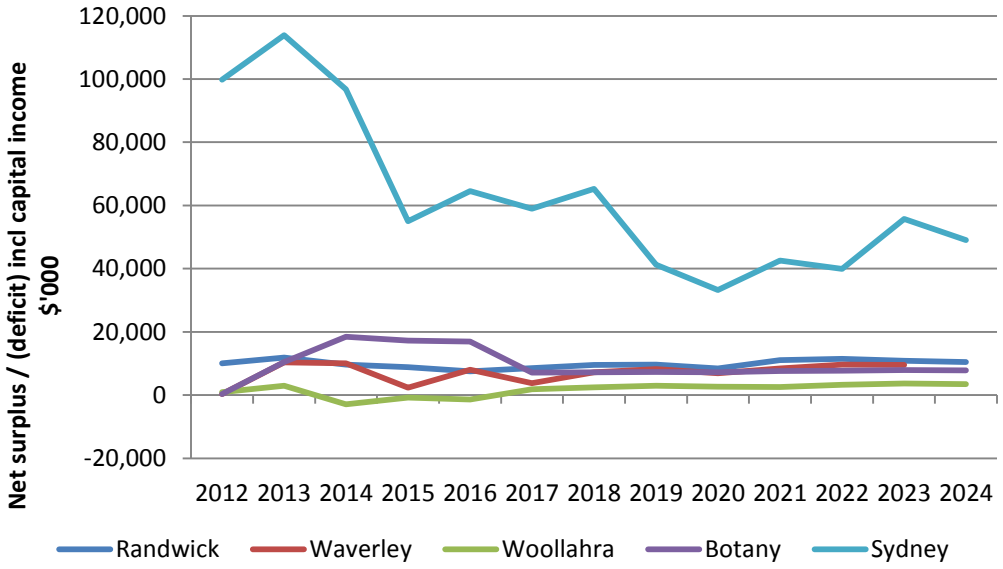


Figure 6 Operating surplus / (deficit) $'000 – 2012 to 2014 actual result and 2015 to 2024 forecasts – including grants and contributions received for capital expenditure – Excluding Sydney

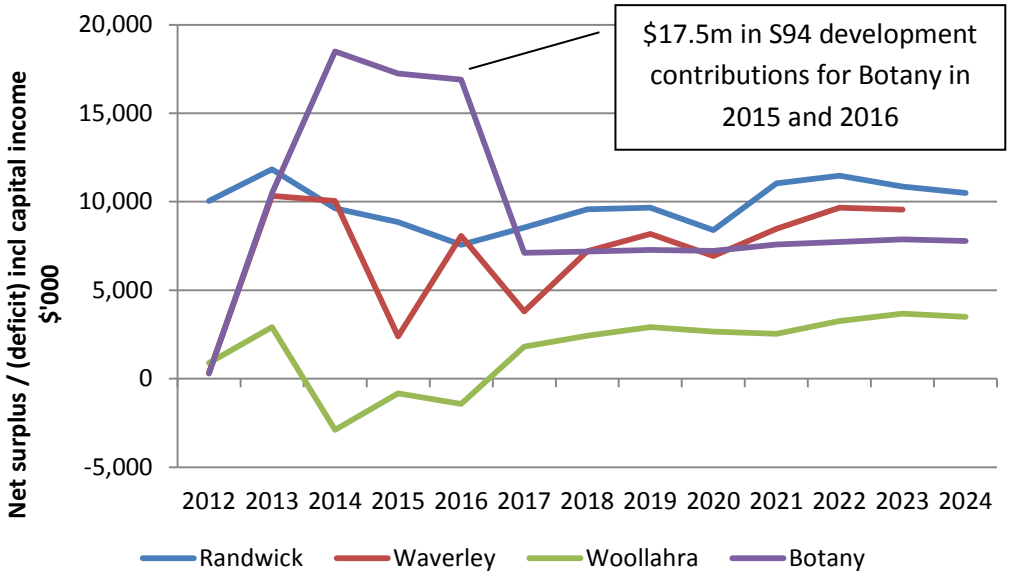


Figure 7 Operating surplus / (deficit) $'000 – 2012 to 2014 actual result and 2015 to 2024 forecasts – excluding grants and contributions received for capital expenditure

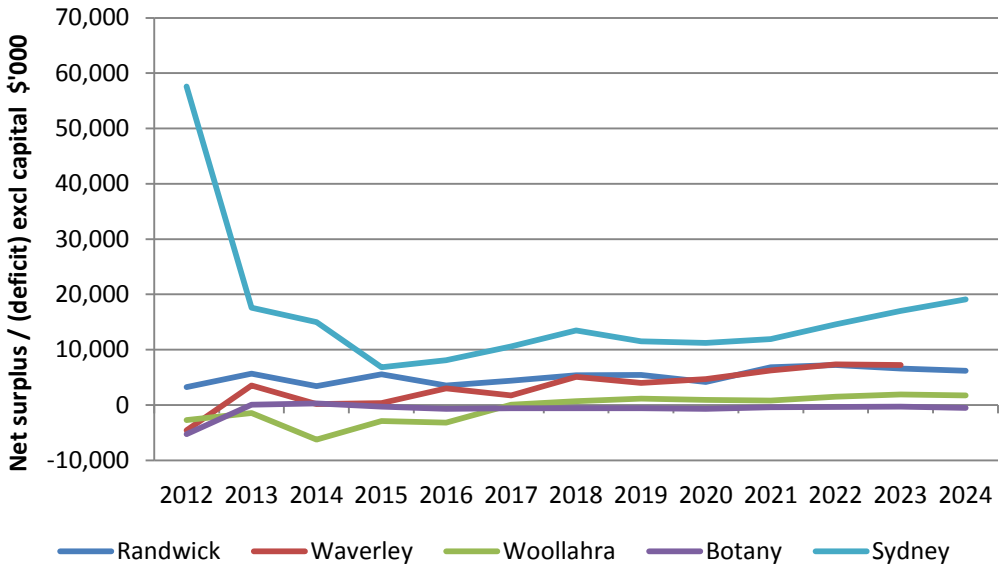
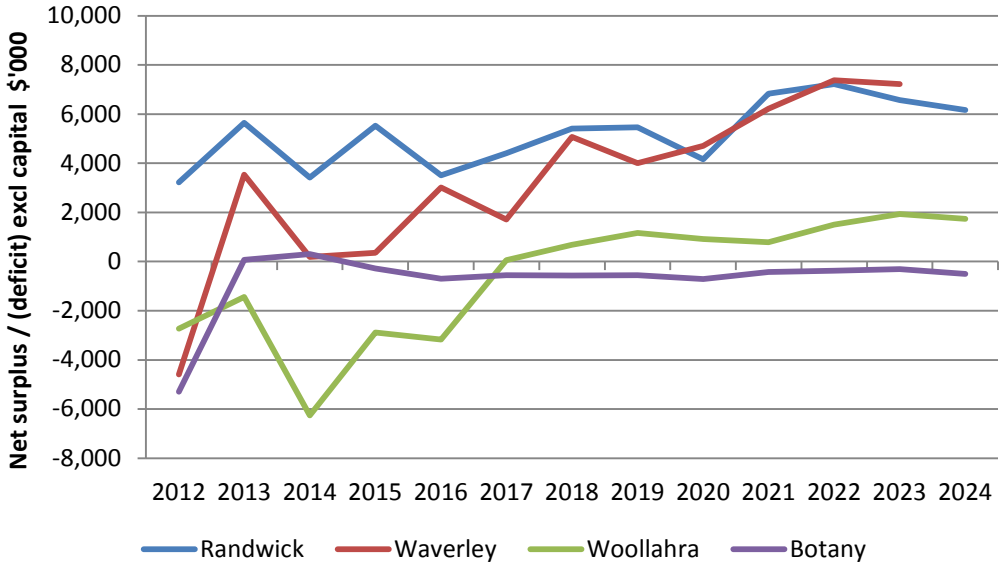


Figure 8 Operating surplus / (deficit) $'000 – 2012 to 2014 actual result and 2015 to 2024 forecasts – excluding grants and contributions received for capital expenditure – Excluding Sydney



2.8 Capital expenditure and infrastructure backlogs

The following table compares the capital expenditure and reported infrastructure and building asset expenditure shortfalls for the 5 councils in 2013-14. Randwick has the highest capital expenditure as a percentage of operating expenditure at 30 per cent with Botany Council's expenditure at almost one third of this at 11 per cent.

All councils reported infrastructure backlogs, with Randwick and Woollahra's backlog under the IPART recommended threshold of 2 per cent of the value of infrastructure assets. Botany's backlog ratio is the largest at 6.93 per cent, with Sydney reporting the largest backlog at $66.6m.

Table 14 Capital expenditure, asset expenditure gaps and depreciation – 2013-14

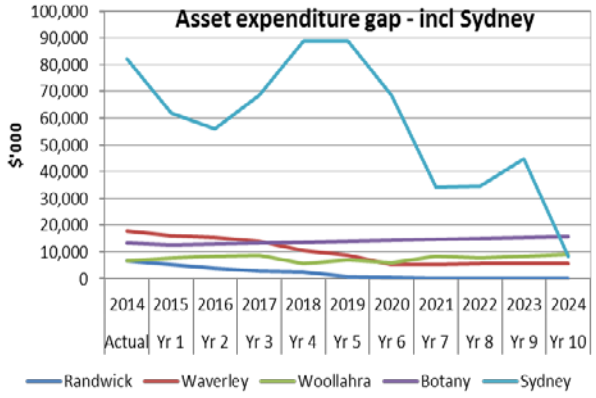
$'000	Randwick	Waverley	Woollahra	Botany	Sydney	TOTAL
Capital expenditure	37,717	29,199	13,135	6,529	138,100	224,680
Operating expenditure	125,051	113,026	78,468	57,295	500,739	874,579
% capex/opex	**30%**	**26%**	**17%**	**11%**	**28%**	**26%**
Depreciation of building and infra assets	18,969	15,308	8,506	5,102	73,546	121,431
Value of building and infra assets (FV)	1,540,458	777,756	636,625	259,740	3,572,386	6,786,965
% depreciation/infra assets	**1.2%**	**2.0%**	**1.3%**	**2.0%**	**2.1%**	**1.8%**
Infrastructure backlog (A)	**6,764**	**12,124**	**5,395**	**11,407**	**66,619**	**102,309**
Value of infra assets (WDV)	971,313	463,027	396,628	164,490	1,740,668	3,736,126
% backlog/infra assets	**0.7%**	**2.6%**	**1.4%**	**6.9%**	**3.8%**	**2.7%**
Capital expenditure on building and infra renewals	23,192	9,711	7,622	3,814	59,095	103,434
Depreciation of building and infra assets	18,969	15,308	8,506	5,102	73,546	121,431
renewal/dep'n bld and infra assets	**122.3%**	**63.4%**	**89.6%**	**74.8%**	**80.4%**	**85.2%**
Annual capital renewal expenditure gap (B)	**0**	**5,597**	**884**	**1,288**	**14,451**	**22,220**
Actual asset maintenance	9,780	12,209	5,312	3,299	24,767	55,367
Required asset maintenance	7,563	10,392	5,567	4,057	25,966	53,545
renewal/dep'n bld and infra assets	**129.3%**	**117.5%**	**95.4%**	**81.3%**	**95.4%**	**103.4%**
Annual maintenance expenditure gap (C)	**0**	**0**	**255**	**758**	**1,199**	**2,212**
TOTAL ASSET EXPENDITURE GAP IN 2013-14 (A+B+C)	**6,764**	**17,721**	**6,534**	**13,453**	**82,269**	**126,741**

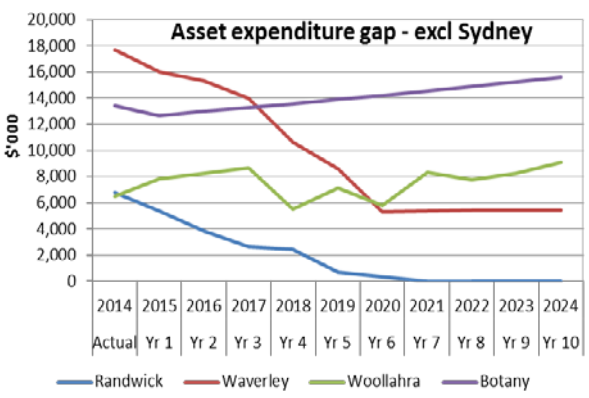
Source: 2013-14 Financial Statements

The total asset expenditure gap in 2013-14 reported by the five councils was **$127m**, with Sydney reporting the highest gap of $82m. The ten year projected position of each council to 2024 forecasts increased expenditure on infrastructure and building assets, with a reduction in the asset expenditure gap to **$39m**, which includes a $28m backlog of infrastructure and building works.

Table 15 Asset expenditure gap forecast - 30 June 2024

$'000	Randwick	Waverley	Woollahra	Botany	Sydney	TOTAL
Infrastructure backlog (A)	**0**	**0**	**7,283**	**14,319**	**6,063**	**27,665**
Value of infra assets (WDV)	1,556,440	545,475	536,381	207,517	3,367,568	6,213,381
% backlog/infra assets	**0.0%**	**0.0%**	**1.4%**	**6.9%**	**0.2%**	**0.4%**
Capital expenditure on building and infra renewals	31,238	9,318	7,654	4,332	138,000	190,541
Depreciation of building and infra assets	25,877	14,790	9,493	5,114	138,794	194,067
renewal/dep'n bld and infra assets	**120.7%**	**63.0%**	**80.6%**	**84.7%**	**99.4%**	**98.2%**
Annual capital renewal expenditure gap (B)	**0**	**5,472**	**1,839**	**782**	**794**	**8,887**
Actual asset maintenance	14,536	12,669	6,467	4,451	30,070	68,192
Required asset maintenance	13,091	12,668	6,124	4,945	31,652	68,481
renewal/dep'n bld and infra assets	**111.0%**	**100.0%**	**105.6%**	**90.0%**	**95.0%**	**99.6%**
Annual maintenance expenditure gap (C)	**0**	**0**	**0**	**495**	**1,583**	**2,077**
TOTAL ASSET EXPENDITURE GAP IN 2023-24 (A+B+C)	**0**	**5,472**	**9,122**	**15,596**	**8,439**	**38,629**

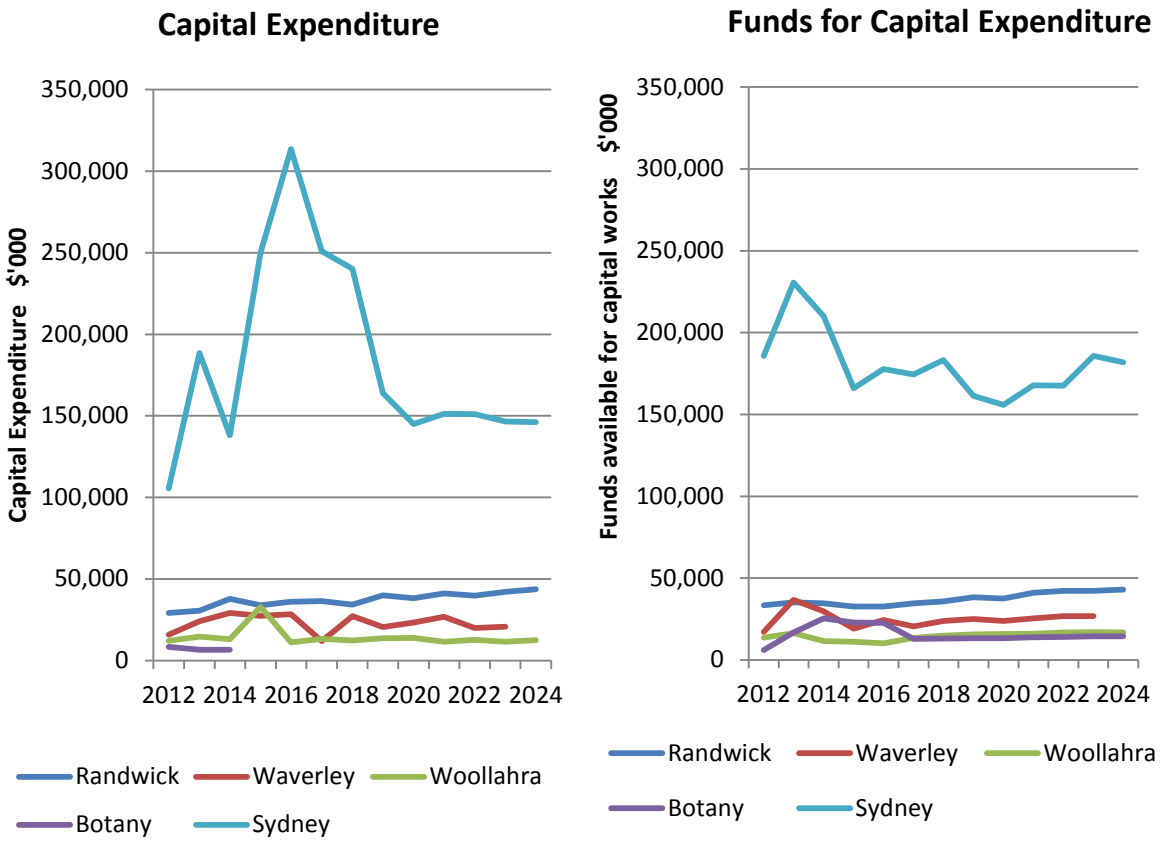




While Waverley advice their infrastructure backlog will be eliminated by 2020, according to Grant Thornton, it is assumed the asset renewal rate will remain 63 per cent over the next ten years. Grant Thornton states "it should be noted that this ratio is based upon very broad brush assumptions as there is no publicly available data that forecasts this figure forwards. Historically, Waverley has not been able to service its assets as required and there has been no evidence presented to suggest that will not continue to be the case to FY20." [18] If the council's renewal ratio is correct at 63 per cent this will contribute to a future backlog of infrastructure works as this level of expenditure is significantly under the annual depreciation of these assets.

The following figures compare annual expenditure on capital works versus the funds available to spend on capital works.

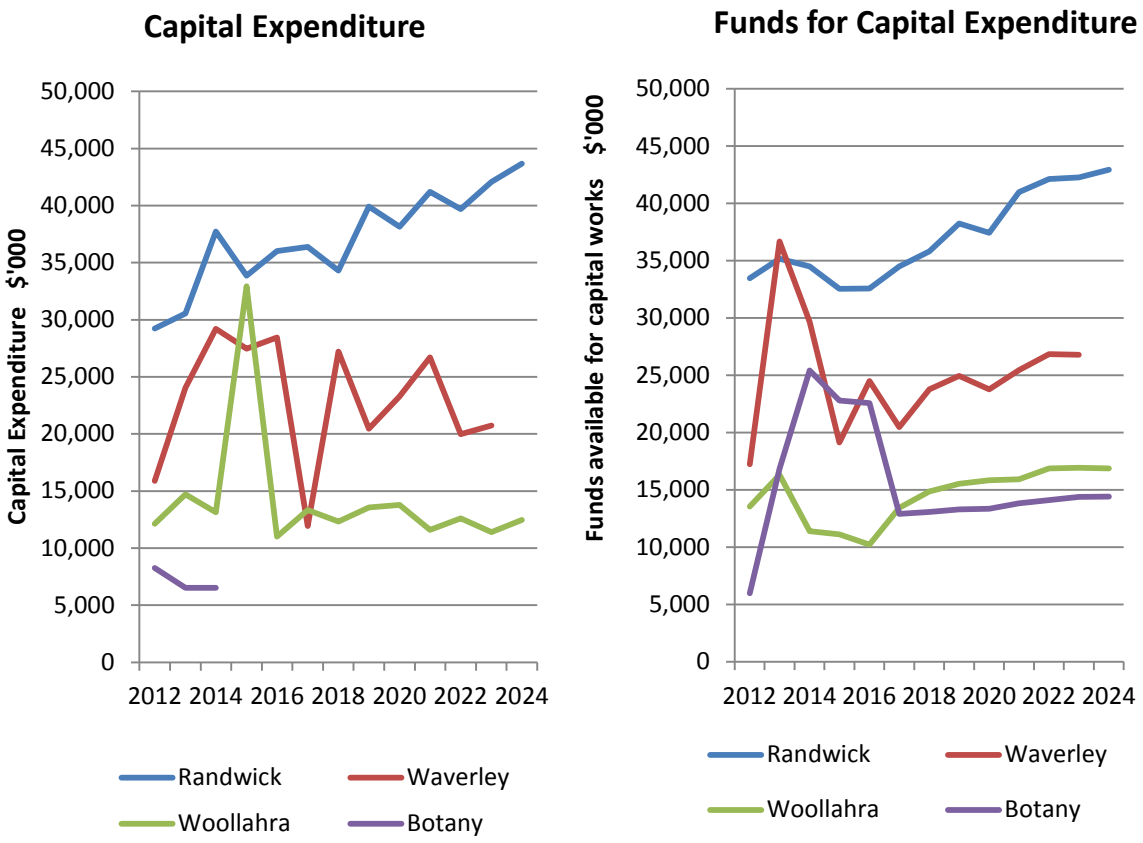
Figure 9 Capital expenditure versus operating result funds available for expenditure on capital works $'000 2012 to 2014 actual expenditure and 2015 to 2024 forecasts



There is a considerable spike in Sydney's expenditure from 2015 to 2018 with expenditure on major projects forecasted for this period including light rail support infrastructure ($178.9m in 4 years ($220m over 7 years)) and Green Square community facilities, open space, streets and drainage ($338m).

[18] Grant Thornton, '*Waverley Council - Technical Assistance FFTF*', Mar 2015, p32.

Figure 10 Capital expenditure versus operating result funds available for expenditure on capital works - EXCLUDING SYDNEY $'000
2012 to 2014 actual expenditure and 2015 to 2024 forecasts



2.9 Additional financial information

Cash reserves

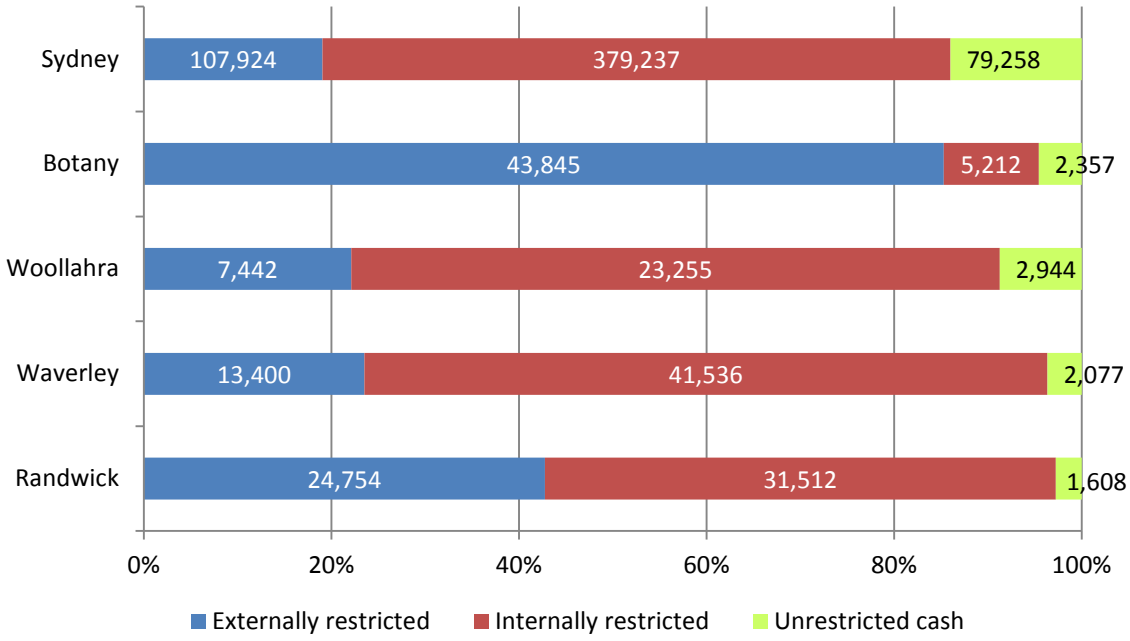
The following table outlines the cash held by each council and the reserves for these funds. Externally restricted cash must be spent in accordance with the purpose for which the funds were obtained. Internally restricted cash has been set aside at the council's discretion, usually as a provision for liabilities and to fund future projects. Eastern suburbs councils hold $9 million in unrestricted cash. Randwick holds the lowest level of unrestricted cash as 97 per cent of its cash is held for specific purposes in accordance with the council's cash reserves management strategy. At the end of each financial year the council allocates surplus funds to a specific purpose. No funds are left unallocated.

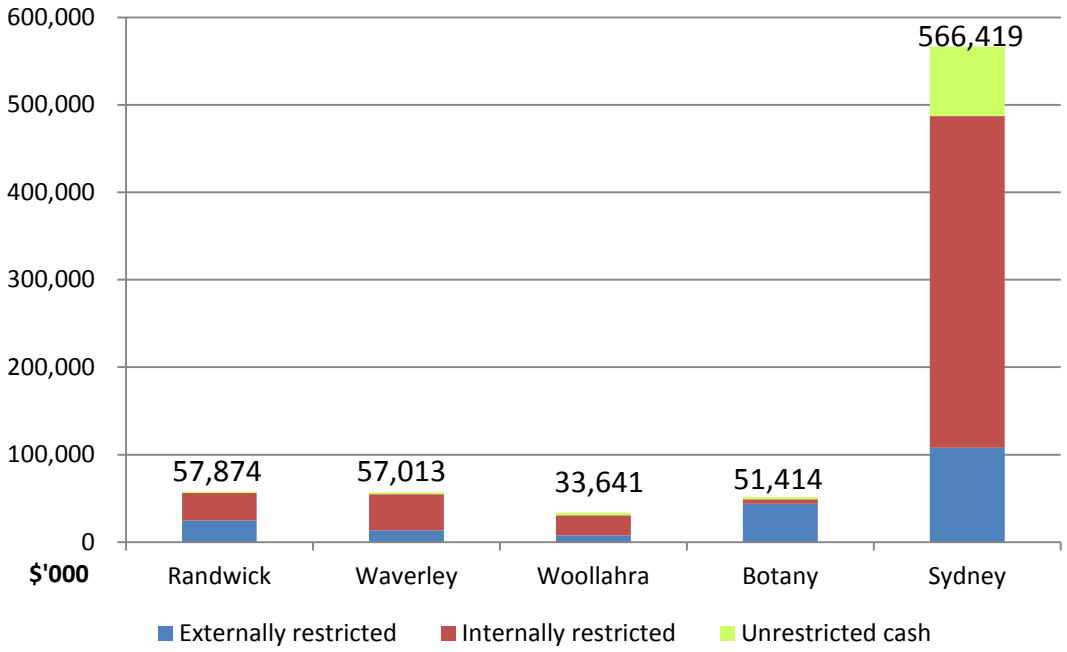
Table 16 Cash reserves $'000 – 2013-14

$'000	Randwick	Waverley	Woollahra	Botany	Sydney	TOTAL
Developer contributions	**10,680**	9,427	4,455	38,023	92,935	**155,520**
Domestic waste	**9,549**	3,112	1,991	1,148	12,904	**28,704**
Other externally restricted	**4,525**	861	996	4,674	2,085	**13,141**
TOTAL EXTERNALLY RESTRICTED	**24,754**	**13,400**	**7,442**	**43,845**	**107,924**	**197,365**
Plant and vehicle replacement	**1,849**	1,970	289	700	0	**4,808**
IT	**2,089**	1,191	75	200	0	**3,555**
ELE	**6,655**	4,796	188	1,200	5,806	**18,645**
Workers comp provision	**0**	0	0	0	19,274	**19,274**
Carry over works	**6,047**	4,445	1,872	0	0	**12,364**
Bonds, deposits and retentions	**2,995**	15,634	9,816	2,000	11,782	**42,227**
City projects - George St, Green Square, etc.	**0**	0	0	0	333,560	**333,560**
Infrastructure levy	**2,394**	7,029	7	0	8,276	**17,706**
Property development	**1,144**	0	7,351	0	0	**8,495**
Other internally restricted	**8,339**	6,471	3,657	1,112	539	**20,118**
TOTAL INTERNALLY RESTRICTED	**31,512**	**41,536**	**23,255**	**5,212**	**379,237**	**480,752**
TOTAL RESERVES	**56,266**	**54,936**	**30,697**	**49,057**	**487,161**	**678,117**
Unrestricted cash	**1,608**	2,077	2,944	2,357	79,258	**88,244**
TOTAL CASH	**57,874**	**57,013**	**33,641**	**51,414**	**566,419**	**766,361**

Source: 2013-14 Financial Statements

Figure 11 Cash Reserves by Type $'000 - 2013-14





Waverley - the council has restricted $15.6m in funds to cover a corresponding liability for deposits, bonds and retentions held by the council. An $8.2m deposit from the sale of their former depot in Zetland in held in this reserve. The balance of the $82m depot sale was paid in December 2014.

Woollahra – Over the next two financial years Woollahra Council is expecting to receive $65m in proceeds from the sale of their former Waterloo depot and a vacant block.

Botany **-** In recent years Botany Council has received considerable funds from development contributions. These funds are externally restricted and must be spent in accordance with the associated plans for these contributions.

Sydney - While the City of Sydney's cash reserves are significantly larger than eastern suburbs councils, 85% of their internally restricted funds have been allocated to a number of major capital works projects included within the Sustainable Sydney 2030 plan[19]. These include:

- $180m George Street - shared pedestrian zone incorporating Light Rail ($220m total project cost)
- $86m Green Square Town Centre ($440m project cost)
- $55m Green infrastructure and renewable energy

City of Sydney's submission to the Independent Local Government Panel July 2013 stated:

"We have a publicly endorsed strategic plan with a funded 10-year infrastructure program to implement it. We provide leadership at the metropolitan, national and international levels. Our major events and festivals are open for visitors Sydney wide and draw tourists internationally. We invest in regional and state projects such as light rail, urban renewal and cycleways." (p5)

…"Faced with the demands of amalgamation, the City of Sydney would not be able to deliver on commitments in our publicly endorsed Sustainable Sydney 2030 program. Future projects for the global city would be risked by an amalgamation aimed at "sharing the revenue base of the Sydney CBD across a much wider area" (p.45).

In addition, as the City of Sydney is a self-insurer of its workers compensation liability, it is required to hold $19.3m in reserve.

Debt

The following table outlines the debt position of each council on 30 June 2014. Debt levels for Woollahra have been listed both inclusive and exclusive of a significant loan the council has received to fund a major development in the Double Bay Town Centre.

[19] City of Sydney, "Future Directions for NSW Local Government – Twenty Essential Steps: Submission to the Independent Local Government Review Panel" July 2013. p9

Table 17 Debt $'000 – 2013-14

2013-14 $'000	Randwick	Waverley	Woollahra	Botany	Sydney	TOTAL
Debt on 30 June 2014	**0**	3,035	64,370	0	0	**67,405**
Debt on 30 June 2014 *excl Kiaora Lands joint venture between Woollahra and Woolworths*	**0**	3,035	6,120	0	0	**9,155**
Interest on loans (A)	**0**	186	677	0	0	**863**
Principal paid on loans (B)	**0**	1,252	1,015	0	0	**2,267**
Total debt servicing (A+B)	**0**	1,438	1,692	0	0	**3,130**
Income from operating activities	**134,670**	123,078	75,571	75,794	597,481	**1,006,594**
Debt costs / income	**0.0%**	1.2%	2.2%	0.0%	0.0%	**0.3%**

Source: 2013-14 Financial Statements

Randwick, Botany and Sydney are debt free, while Waverley and Woollahra use an average 1.7 per cent of their operating income to service debt.

Randwick has a debt free policy and, given its low infrastructure backlog, does not consider it necessary to borrow for infrastructure renewal projects. The Council has significant internal reserve funds, including an Infrastructure Reserve. Should the Council need to bring forward a project or undertake emergency works the funds can be borrowed internally from these reserves. In terms of scope to undertake new functions and planned major projects, Council has embraced the Integrated Planning & Reporting (IPR) process and is confident that the functions and major projects detailed in its IPR framework provide for, and are in line with, the expectations of the community.

Waverley Council's Long Term Financial Plan is part funded by an additional $9.7m in external loans over the first four years of the plan and a $1.7m internal loan from the externally restricted cash reserve for domestic waste management. The council intends to repay the internal loan in full by 30 June 2015 once the proceeds from their Zetland depot land sale are received.[20]

Woollahra Council have entered into a $115m joint venture with Woolworths to develop several land parcels in Double Bay, including a council owned car park, into a library, car park, plaza and commercial and retail space including a supermarket to be leased to Woolworths. Known as the Kiaora Lands development, once complete the site will be wholly owned by Woollahra Council. The agreement includes a thirty year loan from Woolworths at a fixed interest rate, including an initial two year interest free period.

Extract from NSW Treasury Corp 'Woollahra Municipal Council – Financial Assessment and Sustainability Report' 10 February 2014 (page 4-5):

[20] Waverley Council 2014-15 Operational Plan, p8.

In the LTFP provided to TCorp, Council has included the expense and corresponding revenue for the Kiaora Lands Redevelopment/Woolworths PPP.

Under the terms of the PPP, Council proposes to borrow $58.2m in 2014 and $18.5m in 2015 ($76.7m total) from Woolworths at a fixed interest rate for 30 years. On completion, Council will own the entire development. Market valuations of the completed development estimate a value of between $115m-$120m.

We are advised by Council that the proposed lease agreement with Woolworths includes an off-set arrangement in respect of Woolworths rental payments for the supermarket site and Council's debt obligations to Woolworths. The legal agreements provide that in the event that Woolworths fails to

meet any rent payments for the supermarket, (being $3.6m p.a. from year two onwards), then Council is not obliged to make loan repayments to the amount of the unpaid rent payment. This has the effect of protecting this level of expense from risk.

It is assumed that Woolworths will pay the full agreed rental amount and Council will fulfil their debt obligation to Woolworths. For the purpose of this report, TCorp has included the full repayment amount and the full rental income forecast.

In the event of the termination of the lease by Council (as landlord) as a result of a breach or default by Woolworths, Council's payment obligations to Woolworths would be suspended from the commencement of the termination for a period of 12 months or until such time as Council re lets the premises. In this situation, Council could be at risk if a new tenant could not be found at a comparable rental.

With the inclusion of these borrowings in the LTFP, Council's DSCR and Interest Cover Ratio fall below benchmark during their 10 year forecast. However, as noted above, the contractual conditions of the Woolworth's arrangement substantially protects Council from the risk of payment default on its debt obligations to Woolworths. The benefits to Council from this development are long term. Council has calculated that between 2015 and 2028 they will receive over $100.0m in rental income from the long term leases in place. Council also anticipate over 289 full time positions will be created in the area on commencement of the operation of the development.

With an estimated value on completion of the entire development of $120m and $76.7m borrowed against this development, the facility is geared at 63.9%. In the event of a termination this level of gearing could make Council more vulnerable to a downturn in the market and will need to be monitored.



Kiaora Lands Redevelopment, Double Bay

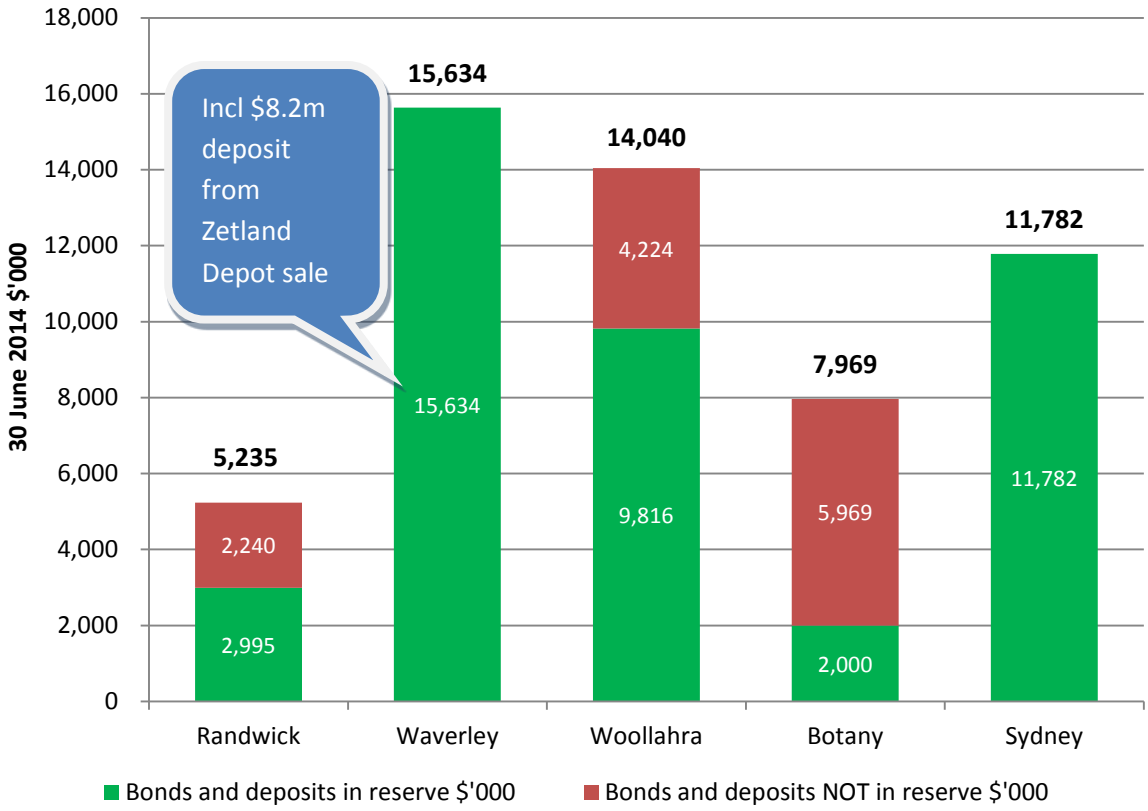
Security bonds, deposits and retentions

One of the largest liabilities for any council are security bonds, deposits and retentions held as a security measure for any potential or unexpected damage to council assets. These funds are held for a specified period of time and then refunded once specified conditions have been met.

Randwick's Reserves Strategy (2010) states "all bonds and deposits not expected to be paid out in the next 12 months are to be held in a cash reserve."

The following graph sets out the value of deposits, bonds and retention funds held by each council and the cash set aside to fund them on 30 June 2014.

Figure 12 Security bonds, deposits and retentions liability and cash reserve as at 30 June 2014 ($'000)



Source: 2013-14 Financial Statements

Both Waverley and Sydney Councils hold 100% of these funds in a cash reserve. Woollahra appears to have a similar reserve management policy to Randwick.

Further information would be required on Botany Council's reserve policy with respect to this liability as the cash held only represents 25 per cent of the deposits, bonds and retentions held, whereas Randwick holds 57% in reserve based on an analysis of the types of bonds, deposits and retentions held. Botany's total unrestricted and internally restricted cash is less than this $8m liability, at $7.6m. The council holds $2m in reserve to fund $8m in bonds, deposits and retentions. If Botany were to hold the same level as Randwick in reserve an additional $2.6m would be required.

Employee costs

The following tables compare staff levels and costs across councils. Waverley council has the second largest number of staff after the City of Sydney as they operate their own waste service, employ a large number of regulation enforcement staff and operate four child care centres.

Randwick has the highest average cost per staff member after the City of Sydney; however employee costs only represent 44 per cent of operating costs, compared to 47 per cent of Botany's costs.

Table 18 Employee costs – 2013-14

	Randwick	Waverley	Woollahra	Botany	Sydney	TOTAL
Staff (Full-time equivalent)	**522**	601	376	322	1,773	**3,594**
Population per staff member (FTE)	**273**	118	153	134	108	141
Staff members per sq km	**14**	65	31	15	66	34
Employee costs $'000	**54,626**	54,229	34,867	26,548	194,633	**364,903**
% of operating costs	**44%**	48%	44%	47%	39%	42%
Average costs per FTE $'000	**105**	90	93	82	110	**102**

Source: 2013-14 Financial Statements

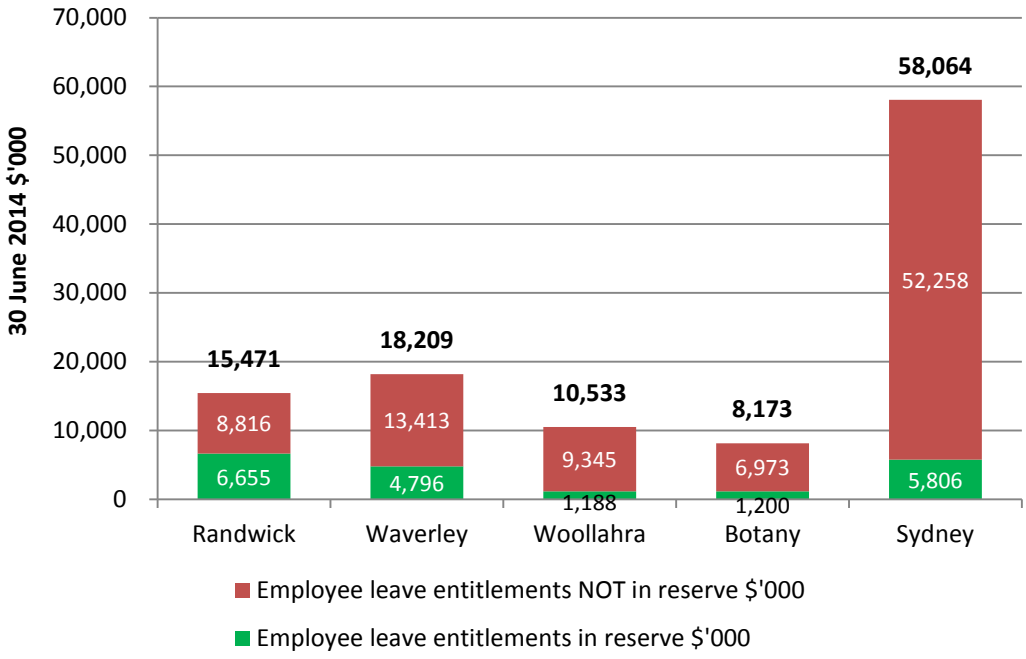
Table 19 Employee leave entitlements – 2013-14

	Randwick	Waverley	Woollahra	Botany	Sydney	TOTAL
Employee leave entitlements $'000	**15,471**	18,209	10,533	8,173	58,064	**110,450**
Employee leave entitlements in reserve $'000	**6,655**	4,796	1,188	1,200	5,806	**19,645**
% ELE in reserve	**43%**	26%	11%	15%	10%	**18%**
Average ELE per FTE $'000	**30**	30	28	25	33	**31**
Boost reserve to 43% - additional cost	**0**	**3,037**	**3,343**	**2,316**	**19,171**	**27,866**

Source: 2013-14 Financial Statements

Randwick has the highest cash reserve in place to manage its employee leave entitlements liability. The amount required in this reserve is based on an age profiling method. If the same method was applied to another council and the workforce profile were similar, an additional $2.3m to $28m would be required to be held in reserve.

Figure 13 Employee leave entitlements – liability and cash reserve on 30 June 2014 $'000



Councillor costs

The following table compares the number of councillors and structure between the five councils. In total there are 59 councillors across the 5 councils, with ward structures in place in all councils with the exception of City of Sydney.

Table 20 Mayors and councillors – 2013-14

	Randwick	Waverley	Woollahra	Botany	Sydney	TOTAL
Mayoral fees $'000	60	38	38	unavailable	192	**328**
Councillor fees $'000	334	210	259	unavailable	356	**1,297**
Mayoral + councillor fees $'000	394	248	297	138	548	**1,625**
Number of councillors	15	12	15	7	10	**59**
Number of wards	5	4	5	6	-	**n/a**
Number of councillors per ward	3	3	3	1	-	**n/a**
Population per councillor	9,487	5,892	3,845	6,185	19,192	**8,575**
Sq km per councillor	2.42	0.77	0.82	3.10	2.67	1.80

Source: 2013-14 Financial Statements and Annual Reports

For more information on councillors please refer to section 4.4 of the *Options Analysis Paper* - "Councillor Representation".

Financial context

3. Financial analysis of options

FINANCIAL CONTEXT

Appendix C

3. Financial Analysis of Options

This section analyses the financial position of each option over a ten year period, both before and after the economies of scale and scope anticipated from an amalgamation.

3.1 Financial Analysis - Base Case (Long Term Financial Plan layer) - (STEP 2 OF 4)

As a starting point, the Long Term Financial Plan and associated documents discussed in **section 2** have been combined for the six amalgamation options, along with the Randwick standalone option, to determine if a grouping of those councils would meet the Fit for the Future benchmarks before considering any economies of scale and scope or other costs or savings resulting from an amalgamation.

Assumptions and observations

- The same sources of information for the projections detailed in **section 2** have informed this section
- The ten year forecast period is 2014-15 to 2023-24

Attachment 3 sets out the results of these combined plans against each Fit for the Future benchmark over ten years. No council grouping meets all seven of the benchmarks, however the Randwick stand-alone option and an amalgamation of Randwick and Botany meet all but the debt service ratio, as these councils have no debt. While meeting the six ratios, the Botany-Randwick amalgamation option results are weaker than a Randwick standalone position. It is the strength of Randwick's position which pulls this amalgamation option over the benchmark threshold for the ratios.

The following tables summarise the number of Fit for the Future benchmarks met in each year for each amalgamation option and Randwick's stand-alone position based only on a sum of each council's projections. No costs and benefits of amalgamation have been factored into these ratios – this is simply a sum of each council's projections.

Table 21 Fit for the Future Benchmarks Met – Long Term Financial Plans Only – Layer One

	Actual - 3 year average to 2013-14	Projected - 3 year average to 30 June…									
		Yr 1	Yr 2	**Yr 3**	Yr 4	Yr 5	**Yr 6**	Yr 7	Yr 8	Yr 9	Yr 10
		2015	2016	**2017**	2018	2019	**2020**	2021	2022	2023	2024
Option 1 Randwick	6	6	6	6	6	6	6	6	6	6	6
Option 2 Randwick + Botany	6	6	6	6	6	6	6	6	6	6	6
Option 3 Randwick + Waverley	6	6	6	5	5	6	6	6	6	6	6
Option 4 Randwick + Waverley + Botany	5	6	5	5	5	6	6	6	6	6	6
Option 5 Randwick + Waverley + Woollahra	5	6	6	5	6	6	6	6	6	6	6
Option 6 Randwick + Waverley + Woollahra + Botany	5	6	6	5	5	6	6	6	6	6	6
Option 7 Randwick + Waverley + Woollahra + Botany + Sydney	4	3	6	6	5	5	6	6	6	6	6

Table 22 Fit for the Future Benchmarks Met – Long Term Financial Plans Only – Layer One (excluding the debt service ratio)

	Actual - 3 year average to 2013-14	Projected - 3 year average to 30 June…									
		Yr 1	Yr 2	**Yr 3**	Yr 4	Yr 5	**Yr 6**	Yr 7	Yr 8	Yr 9	Yr 10
		2015	2016	**2017**	2018	2019	**2020**	2021	2022	2023	2024
Option 1 Randwick	6	6	6	6	6	6	6	6	6	6	6
Option 2 Randwick + Botany	6	6	6	6	6	6	6	6	6	6	6
Option 3 Randwick + Waverley	5	5	5	4	4	5	5	5	5	5	5
Option 4 Randwick + Waverley + Botany	4	5	4	4	4	5	5	5	5	5	5
Option 5 Randwick + Waverley + Woollahra	4	5	5	4	5	5	5	5	5	5	5
Option 6 Randwick + Waverley + Woollahra + Botany	4	5	5	4	4	5	5	5	5	5	5
Option 7 Randwick + Waverley + Woollahra + Botany + Sydney	3	2	5	5	4	4	5	5	5	5	5

3.2 Financial Analysis – SGS Economics and Planning 'Economies of Scale Model' – Layer Two (STEP 3 OF 4)

SGS Economics and Planning 'Eastern Sydney Local Government Review' Feb 2013

Randwick Council engaged SGS Economics and Planning (SGS) to undertake a strategic and financial assessment of the potential options for amalgamation of councils within eastern Sydney. The 2013 review identified four options:

- Option 1 - the amalgamation of Randwick with Waverley and Woollahra
- Option 2 - the amalgamation of Randwick with Waverley and Woollahra and a boundary adjustment with Botany Council to include Port Botany and associated industrial areas
- Option 3 - the amalgamation of Randwick with Waverley and Woollahra and a boundary adjustment with Botany Council to include all areas with the exception of Sydney airport and associated industrial areas connected to south Sydney
- Option 4 - the amalgamation of Randwick with Waverley, Woollahra and Botany

The analysis included a financial model over each option which projected operating results over a ten year period. This model was set on the premise that larger councils are more sustainable because of improved administrative capacity and cost savings from increased economies of scale where there is similarity in the services required.

The model assumed that the majority of services would adopt the Randwick service delivery model from year 4 of the new council. A summary of the results of this modelling is presented in the following table.

Table 23 Present value comparison of options – 10 year period (2011-20)

	All figures are Present Value (thousands)				
	Base Case	**Option 1**	**Option 2**	**Option 3**	**Option 4**
Operating income and expenditure					
Total rates and charges	$1,880,787	$1,703,967	$1,754,628	$1,880,787	$1,933,155
Other operating income	$1,090,962	$964,716	$998,282	$1,090,962	$1,172,075
Total operating income	$2,971,749	$2,668,683	$2,752,910	$2,971,749	$3,105,230
Total operating expenditure (excl. depreciation)	$2,506,659	$1,883,571	$1,942,832	$2,098,898	$2,151,424
Net surplus/deficit - operating only	$465,091	$785,112	$810,078	$872,851	$953,806
Capital income and expenditure					
Total capital income	$154,219	$190,767	$193,223	$200,003	$201,989
Total capital expenditure	$595,994	$530,958	$548,250	$595,994	$609,980
Net surplus/deficit - capital only	($441,774)	($340,191)	($355,027)	($395,991)	($407,991)
Net surplus/deficit - operating and capital	$23,316	$444,921	$455,051	$476,860	$545,815
Others					
Asset quality upliftment cost	$70,813	$40,440	$48,516	$70,813	$77,345
Net surplus/deficit - after upliftment	($42,554)	$407,303	$409,922	$410,989	$473,868
Net surplus/deficit - after debt repayment	($51,720)	$398,137	$400,756	$401,823	$464,702

Source: SGS, "Eastern Sydney Local Government Review" Feb 2013, p6

This analysis indicated that all options would generate significant savings over a ten year period, ranging from $398m generated through an amalgamation of Randwick, Waverley and Woollahra Councils to $465m with the addition of Botany Council to the amalgamating group. This included repaying Waverley and Woollahra Councils' loans and carrying out the backlog of infrastructure and building asset works to bring them up to a satisfactory standard.

This model has been updated and further refined to assist in analysing the financial performance of the six amalgamation options considered in this report. Additional costs have been included to address the asset expenditure gaps in annual maintenance and capital renewal along with including amalgamation cost projections.

Assumptions and observations

Following are the overarching assumptions adopted in the financial modelling:

Overall

- The period of the financial analysis is 2016-17 to 2025-26 (10 years). It has been proposed the actual start date of any amalgamated council would be after the local government election in Sept 2016. However, for simplicity, in this model it is assumed the new entity starts operating on 1 July 2016.

- A discount rate of 4.5 per cent (10 years) and 4.2% (4 years) (10 and 5 year Australian Treasury Bond rate for 2016-17 as forecasted by Deloitte Access Economics in Dec 2014) has been used to calculate the Net Present Value (NPV) of future cash flows for this financial analysis.

Revenue

- With the exception of Rates and Annual Charges, all income (including grants and contributions for capital expenditure) is based on projections within the current Long Term Financial Plan (LTFP) of each council for each available financial year. Thereafter income has been indexed at 2.9% per annum (LGCI forecast for 2025 and 2026).

- The Local Government Cost Index (LGCI) has been forecasted on the same basis as the formula applied by IPART – 60% materials and contracts expenses (based on Deloitte Access Economics Business Outlook Dec 2014: House building materials) and 40% labour costs (based on Deloitte Access Economics Business Outlook Dec 2014: Average Weekly Ordinary-Time Earnings).[21] The average annual increase in the LGCI over 10 years is 3.1%.

- Rates increase at the IPART Local Government Cost Index[22] based rate peg of 2.40 per cent in 2016, with future years based on a forecasted LGCI. The rate peg is not applied (generally LGCI less 0.2% productivity factor) as it is assumed the new council would be deemed 'Fit for the Future' by the NSW State Government, and thereby entitled to set rates based on streamlined rating guidelines. These guidelines are scheduled for released in June 2015. The streamlined rating process recommended by the Independent Local Government Review Panel permitted councils to set their rates within 5 per cent of the rate peg, in accordance with their four year Delivery Program[23]. The rate increase proposed in this plan only follows the forecasted LGCI – there are no additional increases beyond this.

- The number of new residential dwellings has been forecasted based on NSW Planning and Environment's projections published in "New South Wales State and Local Government Area Household and Implied Dwelling Projections: 2014 Final".

- It is assumed all new residential dwellings attract the minimum rate.

[21] IPART, 'Local Government Cost Index Information Paper', December 2010, p3
[22] IPART, 'Rate peg for NSW councils 2015-16 - Fact Sheet', December 2014.
[23] Independent Local Government Review Panel, 'Revitalising Local Government', Oct 2013 p44

- It is assumed business rateable properties grow in accordance with the "Employment forecasts by Local Government Area (LGA) and year – Sept 2014" as published by Transport for NSW with an adjustment made for the largely non-rateable sectors of 'Health and Social Assistance' and 'Education and Training'.

- All new business properties attract the average business rate.

- The domestic waste levy increase is based on the projected increases in Randwick's 2015 LTFP, which average 3.1% over the ten years.

- Increases in stormwater levy revenue are only based on the number of new dwellings - the fee remains the same. Waverley rate payers are currently not charged this levy, nor operate the matching expenditure program. No change has been made to this arrangement.

Operating Expenses

- It is assumed that the amalgamation process takes 3 years, being the transition year (2015-16) and the first two years operating as a new entity (2016-17 to 2017-18). Initially the amalgamated entities will maintain their current operational structure and integration into a revised operational structure will occur progressively. As a result there is no change in service costs for the first year. In the second year 50% of service costs are based on existing cost structures and 50% are based on the new service cost model.

- Borrowing costs are based on LTFP projections with adjustments made for loan repayments proposed in this analysis.

- Operating costs for the City of Sydney are based on their LTFP for all years of this model, with projections made for years 9 and 10 (as their current LTFP does not project out to these years). Their operating costs are very different as they provide services to more than 5 times their population on a daily basis. Their service delivery model would not be comparable with eastern suburbs councils.

- The asset maintenance figure is based on current forecasts as detailed in section 2.

Depreciation Expense

- Depreciation expense is based on the LTFP projections of each council with adjustments made to align the depreciation rate with Randwick's rates for infrastructure and building assets and adjustments made for additional capital works proposed in this analysis to address asset renewal and infrastructure backlog issues.

- In 2013 councils from the Southern Sydney Regional Organisation of Councils (SSROC) analysed the depreciation rates and methods of each participating council in the group. The SSROC group includes Botany, City of Sydney, Waverley, Woollahra and Randwick Councils. Randwick is in the process of implementing the agreed SSROC depreciation rates to ensure consistency and comparability across councils in the group.

- The depreciation rates utilised in the 2013-14 financial year are based on Randwick's original rates. However an analysis of these rates against the SSROC rates has revealed Randwick's rates are either similar or shorter in years:

    - Roads - very similar rates

- Buildings - Randwick depreciates the two major components of a building at a faster rate than the SSROC rate (Structure - SSROC 100 years/Randwick 60 years and Roof - SSROC 80 years/Randwick 60 years). The rates for other components are similar
- Drainage - Randwick depreciates pipes over 120 years, whereas the agreed SSROC rate is 150 years. The rates for other assets in this class are similar.

- This model is based on Randwick's current depreciation rates. However, it is likely a new council would depreciate these major asset classes at a slower rate based on the SSROC rates. This is a conservative approach, which may be offset by possible adjustments to asset works required if further information becomes available on each council's asset conditions.

Service cost model - Eastern suburbs councils' operating expenses

- Service costs for eastern suburb councils are based on the operating costs published in Special Schedule 1 of each council's 2013-14 Financial Statements.

- Depreciation and borrowing costs have been excluded from these costs.

- Costs have been annually inflated by the projected Local Government Cost Index.

- The modelling has used Randwick's current per dwelling service costs for the following expenditure areas:

    - governance - (no dwelling growth factor)
    - administration
    - public order and safety
    - community services and education
    - housing and community amenities
    - mining, manufacturing and construction
    - transport and communication

- The modelling has used each council's current per dwelling service costs for the following expenditure areas:

    - health
    - environment
    - street cleaning
    - solid waste management
    - recreation and culture
    - parking areas - (no dwelling growth factor)
    - economic affairs - (no dwelling growth factor)

- It is assumed that one and a half years after amalgamation, governance costs would be changed at Randwick's per dwelling rates, however these expenses will not increase with the growth in the number of dwellings. LGCI increases are applicable.

- Parking areas expenditure does not grow with the increase in the number of dwellings. It is assumed that there is no expansion of metered-zones in the next 10 years. However, it does grow in line with the LGCI.

- Economic affairs expenditure is related to business activities and investment property expenditure that does not fit into any other category. This expenditure is not driven by dwelling growth but has been inflated annually by the LGCI.

- The administration costs of many councils are significantly higher than Randwick's costs, perhaps indicating a different method of distributing directly attributable costs to service areas. To harmonise this effect, a portion of administration costs has been reallocated to each council's service areas (excl solid waste management as this is 100% funded by the domestic waste levy) based on the size of expenditure on each service area.

- An analysis of services levels was undertaken by Randwick, Waverley and Woollahra Councils in 2013 to ensure adopting the Randwick service delivery model would not result in any loss of service to Waverley or Woollahra residents. This review found the services provided by the councils were very similar. Only two services were identified that would need to be included within the SGS financial model: Waverley's Meals on Wheels service and their council run childcare centres. Randwick supports the Meals on Wheels service through subsidised rent and operates one child care centre, with the remaining centres leased to not for profit community organisations. The income associated with the grants and fees that fund these services have already been included in the model. Further analysis found an adjustment is required for Botany Council as they also operate child care centres.

Capital expenditure

- Capital expenditure is based on the projections within each council's LTFP. Botany Council's LTFP does not include a capital expenditure forecast. It has been assumed their expenditure will continue at the reported 2013-14 level of $6.529m indexed by the LGCI.

- The infrastructure backlog and asset renewal figures have followed through from section 2 of this report. Please refer to that section for more information on the sources of these figures.

Loans and reserves

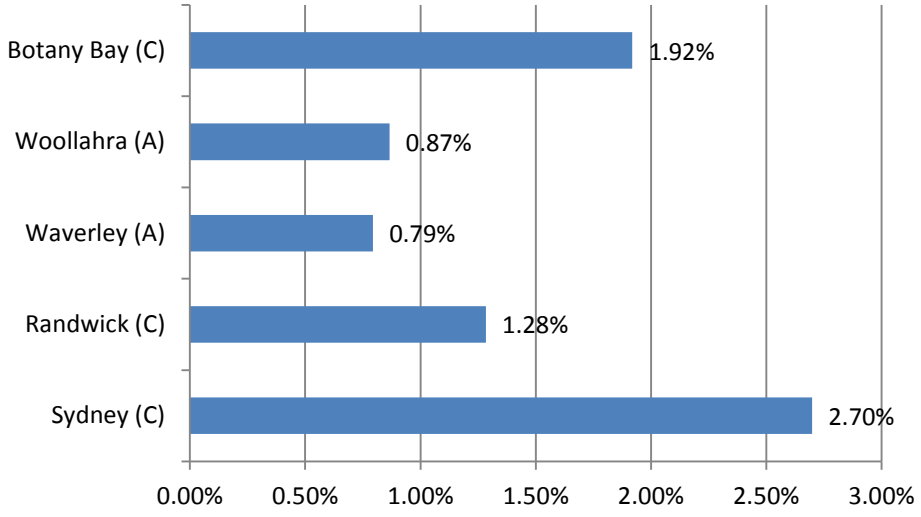
- Loan principal repayments and new loans are based on the projections within each council's LTFP

- Net reserve movements are also based on each council's LTFP. Where this movement is not disclosed, the funding difference has been assumed to be the reserve movement. I.e. it is assumed all LTFPs are projecting a balanced budget.

Dwelling and employment projections

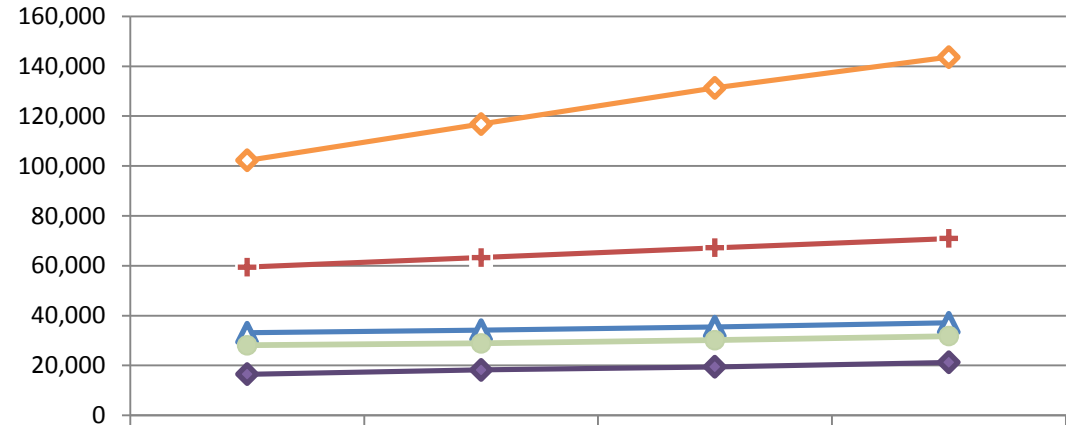
NSW Planning and Environment **dwelling projections** (2014) are used to calculate the residential rate base and the relevant service cost required. The following figures illustrate growth within the City of Sydney area is anticipated to grow at a faster rate than any eastern suburbs council between 2011 and 2026.

Figure 14 Growth in the number of dwellings – 2011 to 2026 projections



Source: NSW Planning and Environment, 'New South Wales State and Local Government Area Household and Implied Dwelling Projections: 2014 Final'

Figure 15 Dwelling projections - 2011 to 2026



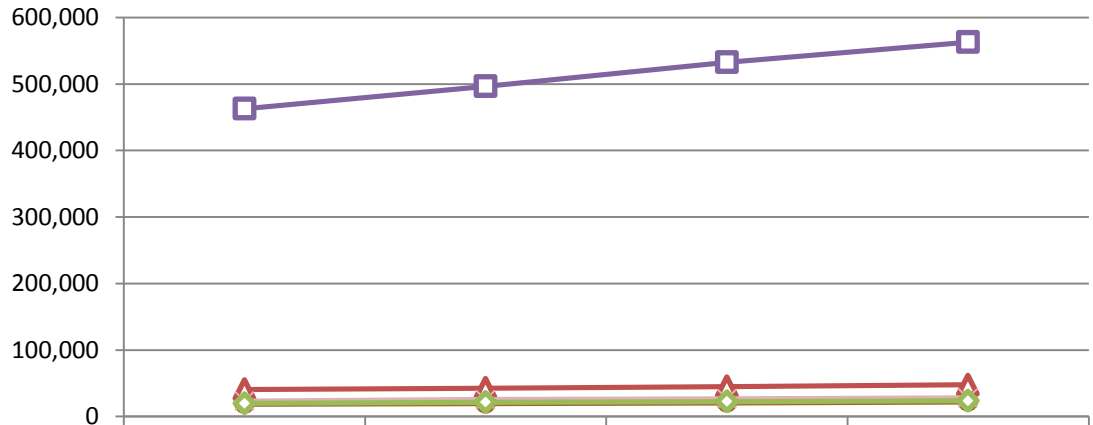
	2011	2016	2021	2026
Sydney (C)	102,250	116,800	131,300	143,650
Randwick (C)	59,450	63,300	67,200	70,900
Waverley (A)	33,150	34,150	35,500	37,100
Woollahra (A)	28,100	28,900	30,200	31,750
Botany Bay (C)	16,500	18,200	19,450	21,250

Source: NSW Planning and Environment (2014), 'New South Wales State and Local Government Area Household and Implied Dwelling Projections: 2014 Final'

Transport for NSW Bureau of Transport Statistics' **employment projections** (Sept 2014) are used to calculate the growth in the business rate base. Employment at the airport and the majority of the

health and education sectors is excluded as these activities are exempt from rates. However the ex gratia rates payment from Sydney Airport is included as an operating grant as forecasted by Botany Council in their LTFP.

Figure 16 Employment projections - 2011 to 2026



	2011	2016	2021	2026
Botany Bay	19,063	19,643	20,897	22,437
Randwick	40,764	42,667	45,073	47,694
Sydney	462,831	496,608	532,548	562,981
Waverley	22,809	24,935	26,127	27,388
Woollahra	19,645	21,466	22,485	23,578

Source: Transport for NSW Bureau of Transport Statistics (2014), Employment forecasts by Local Government Area (LGA) and year

It should be noted that the use of these growth projections results in higher rate projections than those in the LTFP of the four eastern suburbs councils. This is because the projections imply a higher growth in the rate base (dwellings and jobs) than the varying rates assumed in the LTFPs. Using the projections results in common growth assumptions across the options. These factors are also used to drive increases in service costs. City of Sydney is the exception in this financial analysis as they will continue to operate under their existing service model, their income is based only on the projections in their LTFP.

Results of Financial Analysis of Amalgamation Options – Randwick Service Model

As expected, the results before addressing issues with meeting the 'Fit for the Future' financial and asset criteria for both Option 6 and Option 7 are very similar at just over $340m surplus generated over ten years (as the City of Sydney's LTFP has only been incorporated into the model, without any service changes).

However, after increasing capital and maintenance expenditure on infrastructure and building assets in order to meet the 'Fit for the Future' ratios, the highest surplus achieved is Option 6, with almost double the result on a per resident basis at $969 compared to Option 7's $532 per resident surplus over ten years. All amalgamation options generate surpluses over ten years, starting at $39m for Option 2. The Randwick stand-alone option (Option 1) does not generate surplus funds as the council's LTFP is already in a balanced position, with works planned for the next ten years based on that plan's forecasted income. This model is based on rolling out Randwick's service model across the options, as Randwick already operate under this model, there is no change in the council's financial result. The following tables set out the financial results and ratios forecasted.

Table 24 Comparison of options - Randwick service model – 10 year period (2017-26) net present value (Excl amalgamation costs)

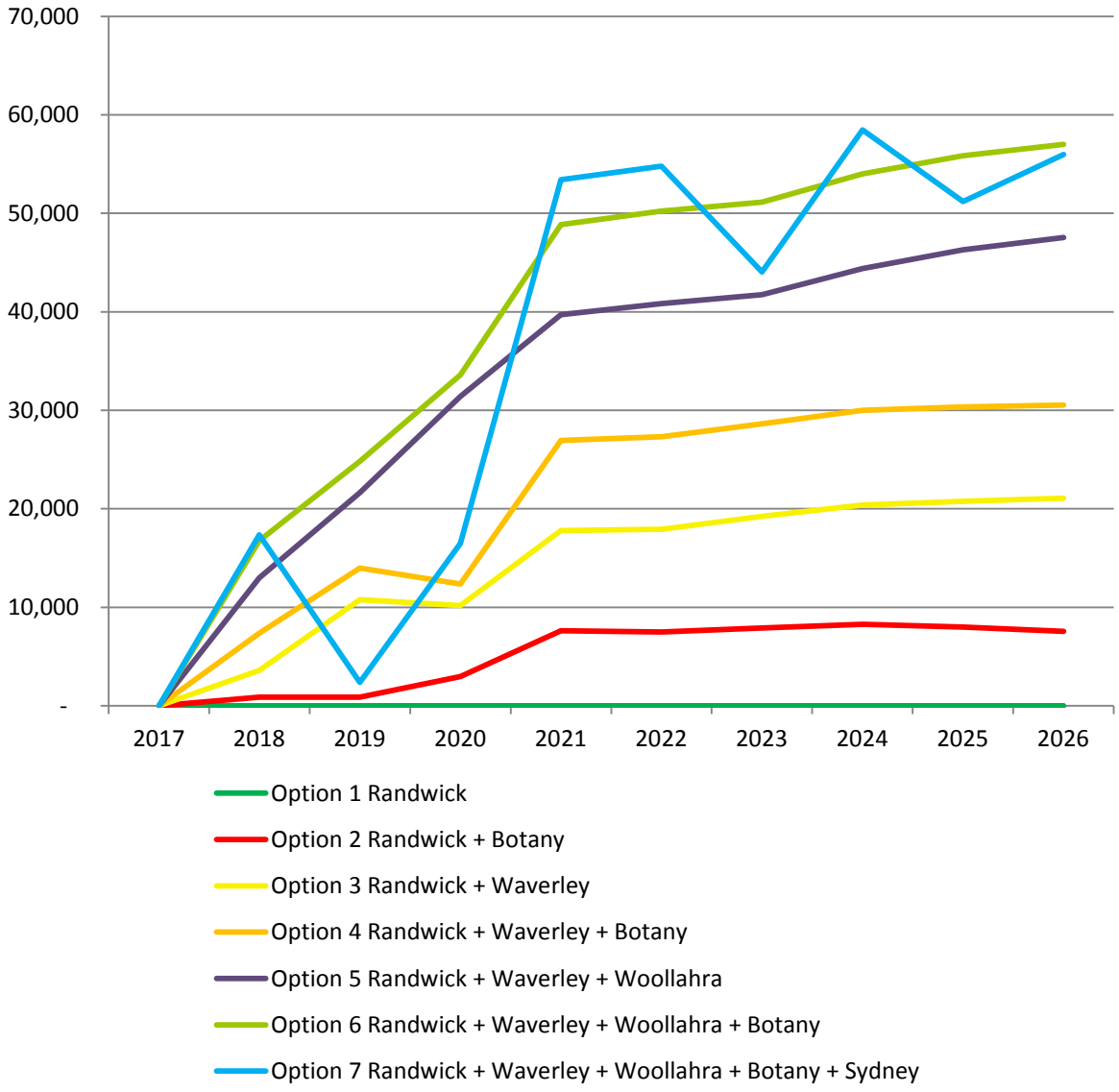
	OPTION 1 RANDWICK (LTFP 2016-25) $'000	OPTION 2 RANDWICK + BOTANY $'000	OPTION 3 RANDWICK + WAVERLEY $'000	OPTION 4 RANDWICK + WAVERLEY + BOTANY $'000	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA $'000	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY $'000	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY $'000
Rates and annual charges	1,159,885	1,426,939	1,644,116	1,999,081	2,191,223	2,546,188	5,537,978
Other operating income	363,436	570,562	954,752	1,210,352	1,281,161	1,536,762	3,699,929
TOTAL OPERATING INCOME	1,523,321	1,997,501	2,598,868	3,209,433	3,472,384	4,082,950	9,237,907
TOTAL OPERATING EXPENDITURE (EXCL DEPRECIATION)	(1,200,361)	(1,612,180)	(2,010,389)	(2,506,075)	(2,613,783)	(3,109,469)	(7,096,624)
NET OPERATING RESULT - SURPLUS / (DEFICIT)	**322,960**	**385,322**	**588,479**	**703,358**	**858,602**	**973,481**	**2,141,283**
Capital income	41,221	102,046	55,962	122,669	70,582	137,289	422,626
Capital expenditure	(370,015)	(380,435)	(482,845)	(543,792)	(588,017)	(648,964)	(2,083,667)
NET OPERATING + CAPITAL RESULT - SURPLUS / (DEFICIT)	**(5,834)**	**106,932**	**161,596**	**282,236**	**341,167**	**461,806**	**480,242**
Less planned reserve movements (LTFPs) - (in) / out of reserve and loan repayments	5,834	(51,220)	(39,685)	(93,147)	(66,657)	(120,119)	(139,450)
FUNDING RESULT - SURPLUS / (DEFICIT)	**0**	**55,712**	**121,911**	**189,089**	**274,510**	**341,687**	**340,793**
Application of funds to meet FFF ratio benchmarks and eliminate debt:							
Capital works - infrastructure backlog	0	(13,738)	(92)	(13,799)	(7,097)	(20,804)	(28,594)
Capital works - close the annual asset renewal gap	0	0	(11,747)	(11,747)	(11,948)	(11,948)	(27,613)
Opex - Increase asset maintenance to required level	0	(3,261)	(1,069)	(4,330)	(1,069)	(4,330)	(14,766)
Opex - Reduced interest expense due to early loan repayment	0	0	4,401	4,401	4,817	4,817	4,817
Early repayment of loans	0	0	(4,147)	(4,147)	(5,266)	(5,266)	(5,266)
TOTAL FUNDS REQUIRED TO MEET RATIOS + REPAY LOANS	0	(16,999)	(12,653)	(29,622)	(20,563)	(37,531)	(71,422)
FUNDING RESULT AFTER MEETING BENCHMARKS AND REPAYING DEBT - SURPLUS / (DEFICIT)	**0**	**38,713**	**109,258**	**159,467**	**253,947**	**304,156**	**269,370**
Funds Surplus / (Deficit) per resident $ over 10 years	$0	$209	$513	$622	$938	$969	$532

Table 25 Fit for the Future 2017 and 2020 Ratios - Comparison of options - Randwick service model (where applicable) (Excl amalgamation costs)

	OPTION 1 RANDWICK (LTFP 2016-25) $'000	OPTION 2 RANDWICK + BOTANY $'000	OPTION 3 RANDWICK + WAVERLEY $'000	OPTION 4 RANDWICK + WAVERLEY + BOTANY $'000	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA $'000	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY $'000	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY $'000
Ratios - 2017 - with Randwick depreciation rates							
1. Operating Performance Ratio	3.22%	2.09%	2.72%	2.11%	2.09%	1.69%	2.27%
2. Own Source Operating Revenue Ratio	92.15%	86.29%	92.10%	88.38%	92.53%	89.60%	89.15%
3. Building and Infrastructure Renewals Ratio	117.24%	112.97%	97.91%	97.29%	103.74%	102.70%	110.80%
4. Infrastructure Backlog Ratio (SS7)	0.23%	1.12%	0.55%	1.17%	0.85%	1.32%	1.64%
5. Asset Maintenance Ratio (SS7)	110.33%	104.10%	94.66%	93.86%	97.06%	96.04%	95.54%
6. Debt Service Ratio	0.00%	0.00%	0.74%	0.60%	3.05%	2.56%	1.10%
7. Change in Real Operating Expenditure Per Capita	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Ratios - 2020 - 4 years progressing to Randwick service model							
1. Operating Performance Ratio	3.25%	5.06%	8.46%	9.01%	11.77%	11.71%	8.19%
2. Own Source Operating Revenue Ratio	92.29%	89.66%	92.79%	90.94%	93.28%	91.74%	91.85%
3. Building and Infrastructure Renewals Ratio	122.99%	133.59%	111.11%	122.79%	120.52%	129.64%	100.84%
4. Infrastructure Backlog Ratio (SS7)	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5. Asset Maintenance Ratio (SS7)	118.98%	112.07%	112.34%	109.64%	111.30%	109.20%	104.00%
6. Debt Service Ratio	0.00%	0.00%	1.33%	1.07%	3.37%	2.87%	1.26%
7. Change in Real Operating Expenditure Per Capita	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease

The following figure demonstrates while the eastern suburbs councils progressively move towards strong annual surpluses, the impact of the demands of the City's extensive infrastructure and building asset classes require large injections of cash in several years.

Figure 17 Annual funding result - surplus / (deficit) - Progressing to a Randwick service model, addressing 'Fit for the Future' ratios and eliminating debt - 2017 to 2026 - $'000 (Excl amalgamation costs)



The costs of the amalgamation process are not included in the above projections. Estimates of these costs have been made and their impact on the above results is detailed in the following section.

3.3 Financial Analysis – Amalgamation Costs – Layer Three (STEP 4 OF 4)

Over the last twenty years the majority of Australian states have undertaken local government reform, most commonly in the form of amalgamations. Research has been undertaken to investigate the potential costs of this major process of organisational restructuring. This section outlines the estimated direct financial costs of an amalgamation.

Analysis by Queensland Treasury Corporation (2012) found that the costs of the 2008 amalgamations in that state averaged $8.1m per new council ($2m net costs), with Central Highlands Regional Council claiming the highest cost $21.5m (Sunshine Coast Regional Council incurred the highest net cost at $4.1m). Almost half of costs related to one-off information and communication technology costs (43.8%)[24] and a further 28% related to senior staff redundancies and recruitment and councillor allowances. These areas were also identified as the most significant sources of future ongoing savings. The reported net costs deducted identified savings in areas such as councillor and senior remuneration and ICT costs over the first four years of the new council.

Toowoomba Regional Council reported their amalgamation costs over a four year period were $19m, although $5m of this related to councillor transition arrangements and $1.8m for new directors' remuneration of the period. Net costs were $3.7m.

The NSW State Government has offered an untied grant of $10.5m to each newly amalgamated council with a further $3m for each additional 50,000 in population above 250,000, capped at $22.5m. This grant is more than sufficient to cover the expected direct financial costs of an amalgamation under any option investigated in this report.

The direct and essential costs of an amalgamation have been estimated for each proposed option, with a particular focus on costs incurred during the transition period and the first four years of operation of the proposed new council.

Table 26 Description of amalgamation cost categories

Cost Item	Description
New information and communication technology	New systems and communication costs that are directly attributable to the requirements of the new council including telephone systems, computer systems, financial systems, mapping systems, and internet based systems and network upgrades.
Recruitment of senior staff	Recruitment agency fees for general manager and directors.
Redundancy costs - senior staff	Amalgamation specific redundancy costs for senior staff in accordance with the definition of senior officers in the Local Government Act 1993. 38 weeks pay in accordance with the standard employment contract for general managers and other senior officers.
Redundancy costs - other staff	No forced redundancies for a minimum 3 years (Local Government Act 1993 (354(F)) with an extension to 5 years under negotiation between Randwick City Council and the unions. No redundancies

[24] Queensland Treasury Corporation, 2009, "Review of Local Government Amalgamation Costs Funding Submissions - Final Summary Report." p15. http://services.dip.qld.gov.au/opendata/RTI/dlgcrr/rti137/Documents%20for%20release%20-%20RTI137.PDF Accessed 25/1/2015.

Cost Item	Description
	required.
Training	With a large number of experienced and skilled staff coming together, it is anticipated training would be delivered in-house.
Transition committee and general reform costs	Governance, planning, change management and implementation costs - expected to be carried out in-house. The State Government will fund the remuneration of non-salaried members of the transition committee (councillors).
Community and staff consultation	Communication with the community and staff during the transition period.
New buildings, renovations, and relocations	With the exception of Botany Council, all councils reported their council administration offices were in satisfactory condition with no backlog of work required. (SS7 2013-14 Financial Statements). The new entity would be able to accommodate all staff and equipment in existing facilities without the need to fund new administration and customer service centres and depots. In the long term the new organisation may choose to centralise the administration centre. The cost of this is further detailed in this report.
Legal and audit services	Legal and assurance services during the transition period including planning documentation assurance.
Statutory planning integration	Cost of new and updated plans for the new council that are a direct requirement of the amalgamation. This includes surveys, mapping, LEPs, DCPs and s94 plan reviews, and pricing assessments to combine the business activities of the new council. Changes required in the short term would be carried out in-house. No change would be required in the short term to planning controls. The existing documents for each council would be integrated over 5 years.
Branding / Visual identity - Logo, signage, uniforms, letter head, etc	Cost of new logo, uniforms, signage and stationery. Letterhead and uniform stock levels will be managed during the 11 month transition period to ensure excessive stock levels are not held by the first day of operation of a new entity. With the exception of gateway markers, suburb markers, and council buildings signs would be replaced as needed. Decals would be produced to update park, beach and vehicle signage.

Table 27 Direct costs - incurred in the transition period and within the first 12 months of amalgamation:

Cost	OPTION 2 RANDWICK + BOTANY $'000	OPTION 3 RANDWICK + WAVERLEY $'000	OPTION 4 RANDWICK + WAVERLEY + BOTANY $'000	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA $'000	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY $'000	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY $'000	Comment
New information and communication technology (ICT)	3,703	3,678	4,657	4,756	6,412	7,587	Initial server environment, establish data and voice systems, integration systems, website, app, rates, receipting, CRM, finance and payroll, business intelligence, libraries, assets, document management, GIS, call centre communication system, power trees for budget overview and ancillary systems. Capital expenditure on the replacement and upgrade of ICT within each council's Long Term Financial Plans have already been included in the financial model. It is assumed at least 5% of these funds could be redirected to fund ICT amalgamation costs. To ensure this expenditure is not duplicated, these funds have been deducted from ICT amalgamation costs.
ICT amalgamation costs	*4,040*	*4,197*	*5,176*	*5,275*	*6,931*	*8,106*	
Less LTFP funding	*(337)*	*(519)*	*(519)*	*(519)*	*(519)*	*(519)*	

Cost	OPTION 2 RANDWICK + BOTANY $'000	OPTION 3 RANDWICK + WAVERLEY $'000	OPTION 4 RANDWICK + WAVERLEY + BOTANY $'000	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA $'000	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY $'000	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY $'000	Comment
Recruitment of senior staff	160	190	220	220	250	370	Recruitment agency fees for general manager and directors
Redundancy costs - senior staff	664	476	1,107	1,296	1,905	3,488	38 weeks pay in accordance with the standard employment contract for general managers and other senior officers.
Redundancy costs - other staff	0	0	0	0	0	0	No forced redundancies for a minimum 3 years (LG Act) with an extension of this period under negotiation with unions. No redundancies anticipated.
Training	0	0	0	0	0	0	With a large number of experienced and skilled staff coming together, it is anticipated training would be delivered in-house.
Transition committee and general reform costs	0	0	0	0	0	0	Governance, planning, change management and implementation costs - expected to be carried out in house. The State Government will fund the remuneration of non-salaried members of the transition committee (councillors).

Cost	OPTION 2 RANDWICK + BOTANY $'000	OPTION 3 RANDWICK + WAVERLEY $'000	OPTION 4 RANDWICK + WAVERLEY + BOTANY $'000	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA $'000	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY $'000	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY $'000	Comment
Community and staff consultation	250	288	312	350	363	401	Communications with the community and staff during the transition period.
New buildings, renovations, and relocations	0	0	0	0	0	0	The new entity would be able to accommodate all staff and equipment in existing facilities without the need to fund new administration and customer service centres and depots in the short term.
Legal services	50	50	75	75	100	125	
Audit services	144	147	183	183	219	303	
Statutory planning integration	0	0	0	0	0	0	No change would be required in the short term. The existing documents for each council would be integrated over 5 years.

Cost	OPTION 2 RANDWICK + BOTANY $'000	OPTION 3 RANDWICK + WAVERLEY $'000	OPTION 4 RANDWICK + WAVERLEY + BOTANY $'000	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA $'000	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY $'000	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY $'000	Comment
Branding / visual identity - logo, signage, uniforms, letter head, etc	849	1,108	1,362	1,430	1,704	2,998	Letterhead and uniform stock levels will be managed during the 11 month transition period to ensure excessive stock levels are not held by the first day of operation of a new entity. So no additional costs beyond design anticipated. With the exception of gateway and suburb markers and building signage, signs would be replaced as needed.
TOTAL AMALGAMATION COSTS	**5,820**	**5,937**	**7,915**	**8,310**	**10,953**	**15,273**	
State Government Amalgamation Grant	(10,500)	(10,500)	(10,500)	(10,500)	(13,500)	(22,500)	$10.5m + $3m for every 50k pop'n over 250k - max $22.5m
Population	*185,602*	*213,016*	*256,308*	*270,693*	*313,985*	*505,903*	
NET COST / (SURPLUS) FUNDS	**(4,680)**	**(4,563)**	**(2,585)**	**(2,190)**	**(2,547)**	**(7,227)**	

Administration and Customer Service Centres

With the exception of Botany Council, all councils reported their council administration offices were in satisfactory condition with no backlog of work required. This is derived from each council's publically available 2013-14 Annual Reports (Special Schedule 7, 2013-14 Financial Statements). Botany Council reported $1.243m was required to bring their council offices to a satisfactory standard and this has been provided for in the financial model detailed in this report. While the new entity would be able to accommodate all staff and equipment in existing facilities, it is likely a central administration building will be required in the longer term, with several Customer Service Centre points located throughout the area.

The net cost of new premises and/or renovations to existing premises including relocation costs are estimated in the following table. The cost of accommodating additional staff in existing City of Sydney buildings, including Town Hall House would result in a substantial loss of annual rental income as these buildings are currently leased to commercial tenants. The estimated loss of revenue for all options is also set out in the following table. After taking into account rental income foregone, the most costly option is Option 7 'Global City'.

Table 28 Administration and Customer Service Centre Amalgamation Costs

	OPTION 2 RANDWICK + BOTANY $'000	OPTION 3 RANDWICK + WAVERLEY $'000	OPTION 4 RANDWICK + WAVERLEY + BOTANY $'000	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA $'000	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY $'000	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY $'000
New buildings, renovations, and relocations – net cost	23,158	25,065	27,597	36,101	38,633	7,080
Less surplus funds from the State Govt's grant	(4,680)	(4,563)	(2,585)	(2,190)	(2,547)	(7,227)
NET COST / (SURPLUS) FUNDS	**18,478**	**20,502**	**25,012**	**33,911**	**36,086**	**(147)**
Loss of rental income from council owned properties now occupied by council staff (over 4 years)*	0	1,317	1,096	1,317	1,096	49,330[25]
NET COST / (SURPLUS) FUNDS	18,478	21,819	26,107	35,228	37,182	49,183

* The impact on rental income is recurring and will impact the LTFP forecasts. This impact is set out in the following table.

[25] Level 18 of Town Hall House was leased by City of Sydney for **$0.36m** per annum commencing 1 Feb 2013 with a **3.75% fixed annual increase** (City of Sydney Corporate, Finance, Properties and Tenders Committee, *Lease – Level 18 Town Hall House to JTB Pty Ltd*, 18 June 2012). Town Hall House comprises 23 levels and 5 levels of parking with over 23,000m2 allocated for corporate workspace (City of Sydney Corporate, Finance, Properties and Tenders Committee, *Tender – Refurbishment of Town Hall House – Levels 7 and 13-16*, 19 August 2013). The rent foregone is calculated on the space required by staff relocating to the CBD (16m2 per person) at a rate based on $0.36m plus 3.75% per annum divided by 1000m2 (assumed space per level in Town Hall House) to accommodate the additional staff within this building and other buildings owned by City of Sydney within the CBD.

Table 29 Administration and Customer Service Centre Amalgamation Costs – Loss of annual rental income from council owned properties proposed to be occupied by council staff

Cost	OPTION 2 RANDWICK + BOTANY $'000	OPTION 3 RANDWICK + WAVERLEY $'000	OPTION 4 RANDWICK + WAVERLEY + BOTANY $'000	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA $'000	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY $'000	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY $'000
Loss of annual rental income from council owned properties now occupied by council staff	0	300	250	300	250	11,257
x 4 years - Amalgamation Transition Period*	0	1,317	1,096	1,317	1,096	49,330
x 10 years - Long Term Financial Plan impact*	0	3,686	3,067	3,686	3,067	138,090

*Includes indexation: Rent has been indexed by 3.74% - the average increase in commercial rents applied by Randwick City Council in their 2015 Long Term Financial Plan.

Depots

There is a potential to rationalise the number of depot sites located throughout the area, without compromising service delivery or function, should there be an amalgamation of councils. This model has assumed any sites surplus to need would be sold and the proceeds invested in other community facilities.

This is a high level analysis of possible options guided by travel times analysis. Further investigation of options would be required to ensure productivity, resource sharing, capability, safety, wellbeing, access and security, compliance and environmental factors are addressed and unions and staff are consulted.

Table 30 Depot site works net any proceeds on the sale of depots no longer required

	OPTION 2 RANDWICK + BOTANY $'000	OPTION 3 RANDWICK + WAVERLEY $'000	OPTION 4 RANDWICK + WAVERLEY + BOTANY $'000	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA $'000	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY $'000	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY $'000
New buildings, renovations, and relocations - depots - net cost / (surplus)	(1,370)	(9,600)	(1,370)	(9,600)	(1,370)	(1,370)

Proceeds from recent depot sales

As discussed earlier, Woollahra and Waverley Councils sold their inner Sydney depots in recent years. Waverley Council purchased land at 67A Bourke Street Alexandria and constructed a shared depot with Woollahra Council. Part of the proceeds from the sale of the two councils' depots funded the new depot.

Woollahra
Woollahra is yet to receive the full proceeds from the sale of their 52-54 O'Dea Avenue Waterloo depot. The site was sold for $56m with proceeds due as follows:

$5.6m	On exchange of contracts Aug (paid August 2014)
$7.4m	Paid December 2014
$9.4m	Due June 2015
$33.6m	Due June 2016
$56.0m	TOTAL[26]

Woollahra Council also recently sold vacant land located at 9A Cooper Park Road for $9.143m in the 2014-15 financial year. The total proceeds from the two sales is $65.143m. In addition to funding the new shared depot with Waverley Council ($11.79m), the council also allocated $3.2m to their 2014-15 capital works budget. After deducting selling fees, the council anticipates holding $52m in a Property Reserve. Their draft LTFP has allocated $13.8m of these funds to infrastructure and buildings projects, with a projected **$36.1m** remaining unallocated in the Property Reserve from the proceeds of these two properties. These remaining funds have not been allocated to any works in this model.

Waverley
Waverley sold their depot at 105-115 Portman Street Zetland for $82m in Sept 2013 with settlement occurring in December 2014. In addition to allowing $9.5m for the purchase of a new depot site and $15.5m to construct the new facility, the council has allocated these funds towards investment and operational projects including:

$1m	Remediation of the Portman Street depot (sale contract condition)
$0.5m	Satellite depots within the Waverley area (2014-15)
$1.7m	New SES depot (shared with Woollahra) in Bondi Junction (2014-15)
$1.67m	Employee gratuity entitlements

[26] Woollahra Council Corporate and Works Committee Agenda, 1 Dec 2014, p34.

Waverley's remaining proceeds from the sale of their Zetland depot have also not been allocated to any works in this model. The council has committed these funds to a number of projects within their LTFP in line with their Investment Strategy.

Unknown amalgamation costs

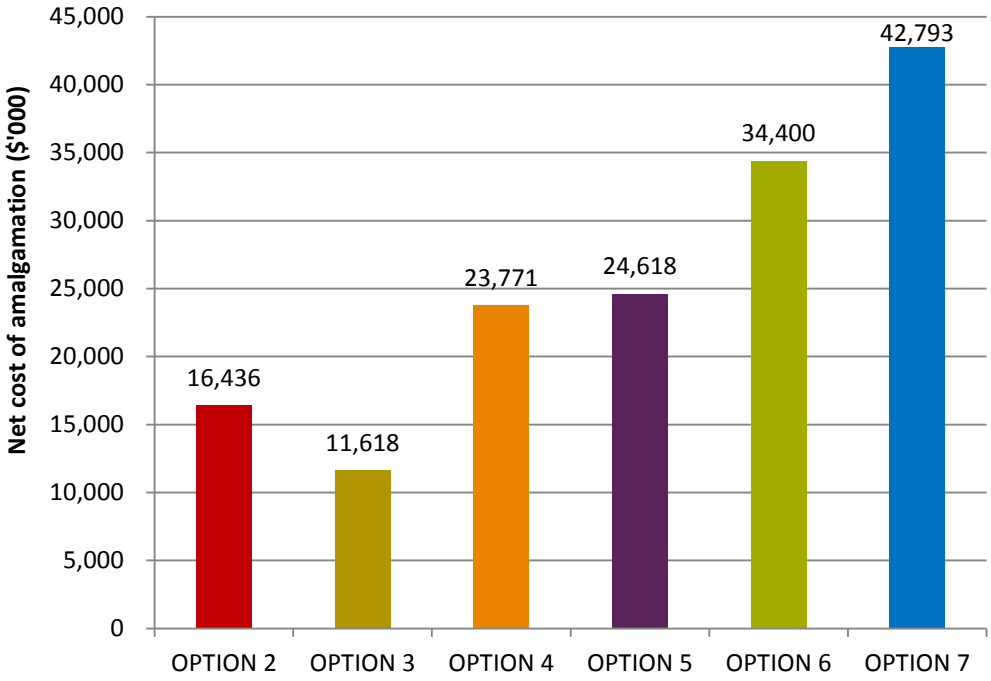
At the date of preparation of this report, April 2015, the government has not released details on transitional arrangements and the framework any amalgamation must follow. These arrangements may result in higher or lower costs than those set out above.

This report has been prepared primarily with publically available information. Areas such as salary structures and service delivery standards are not detailed in the information available. Harmonising these areas may result in additional costs such as wage equalisation and new plant and equipment requirements.

Summary of amalgamation costs and projected financial surplus for each option

The costs of amalgamation will be incurred before the new council can address asset expenditure gaps and repay any debt. The net cost of amalgamation, including administration, customer service and depot facilities is summarised in the following graph.

Figure 18 Summary of estimated costs of an amalgamation over four years – Net present value



The most costly amalgamation option is understandably the largest, most complex option; option 7 'Global City'. It is also the highest risk option because the complexity is magnified by the scale.

An amalgamation of Waverley and Randwick (option 3) is considered a less costly option in contrast to Option 2, an amalgamation of Botany and Randwick Councils. Should Randwick and Botany amalgamate it may be possible to consolidate the depot operations of both councils into the existing Maroubra depot. This depot is spread across two levels, with the upper level currently underutilised. In a Randwick and Waverley amalgamation scenario this upper level would remain surplus to requirements as Waverley council's current depot would be retained.

Table 31 Summary of estimated costs of an amalgamation over four years – Net present value

Cost	OPTION 2 RANDWICK + BOTANY $'000	OPTION 3 RANDWICK + WAVERLEY $'000	OPTION 4 RANDWICK + WAVERLEY + BOTANY $'000	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA $'000	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY $'000	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY $'000
Direct and essential costs	5,646	5,742	7,693	8,061	10,641	14,898
Net cost of administration and customer service centres *	22,597	25,589	27,884	36,269	38,565	51,701
Net cost of depot facilities	(1,306)	(9,213)	(1,306)	(9,213)	(1,306)	(1,306)
Total amalgamation process cost / (surplus)	**26,936**	**22,118**	**34,271**	**35,118**	**47,900**	**65,293**
Less NSW State Government grant	(10,500)	(10,500)	(10,500)	(10,500)	(13,500)	(22,500)
Total amalgamation process net cost / (surplus)	**16,436**	**11,618**	**23,771**	**24,618**	**34,400**	**42,793**

* The impact on rental income is recurring and will impact the Long Term Financial Plan forecasts for the councils. This impact is incorporated into this analysis within this layer of the model. The above table only represents four years of rental income foregone.

These amalgamation costs have been incorporated into the model and required infrastructure and maintenance works pushed into later years along with early debt repayments. The following table sets out the revised financial results of each option.

Table 32 Comparison of options - Randwick service model and amalgamation costs – 10 year period (2017-26) net present value

	OPTION 1 RANDWICK (LTFP 2016-25) $'000	OPTION 2 RANDWICK + BOTANY $'000	OPTION 3 RANDWICK + WAVERLEY $'000	OPTION 4 RANDWICK + WAVERLEY + BOTANY $'000	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA $'000	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY $'000	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY $'000
Rates and annual charges	1,159,885	1,426,939	1,644,116	1,999,081	2,191,223	2,546,188	5,537,978
Other operating income	363,436	570,562	954,752	1,210,352	1,281,161	1,536,762	3,699,929
TOTAL OPERATING INCOME	1,523,321	1,997,501	2,598,868	3,209,433	3,472,384	4,082,950	9,237,907
TOTAL OPERATING EXPENDITURE (EXCL DEPRECIATION)	(1,200,361)	(1,607,841)	(2,006,050)	(2,501,736)	(2,609,444)	(3,105,130)	(7,092,285)
NET OPERATING RESULT - SURPLUS / (DEFICIT)	**322,960**	**389,661**	**592,818**	**707,697**	**862,941**	**977,820**	**2,145,622**
Capital income	41,221	102,046	55,962	122,669	70,582	137,289	422,626
Capital expenditure	(370,015)	(380,435)	(482,845)	(543,792)	(588,017)	(648,964)	(2,083,667)
NET OPERATING + CAPITAL RESULT - SURPLUS / (DEFICIT)	**(5,834)**	**111,271**	**165,935**	**286,575**	**345,506**	**466,145**	**484,581**
Less planned reserve movements (LTFPs) - (in) / out of reserve and loan repayments	5,834	(51,220)	(39,685)	(93,147)	(66,657)	(120,119)	(139,450)
FUNDING RESULT - SURPLUS / (DEFICIT)	**0**	**60,051**	**126,251**	**193,428**	**278,849**	**346,026**	**345,132**
NSW State Government amalgamation grant	0	10,500	10,500	10,500	10,500	13,500	22,500
Less amalgamation costs (incl rent foregone)	0	(26,891)	(23,797)	(35,636)	(36,769)	(49,235)	(129,389)
Less funds required to meet 'Fit for the Future' ratios and repay loans	0	(15,337)	(9,609)	(24,946)	(17,318)	(32,654)	(92,676)
FUNDING RESULT AFTER MEETING BENCHMARKS AND REPAYING DEBT - SURPLUS / (DEFICIT)	**0**	**28,323**	**103,344**	**143,346**	**235,262**	**277,637**	**145,566**
Funds Surplus / (Deficit) per resident $	$0	$153	$485	$559	$869	$884	$288

Figure 19 Funds remaining after amalgamation costs, meeting 'Fit for the Future' ratios and repaying debt over 10 years per resident – Net present value

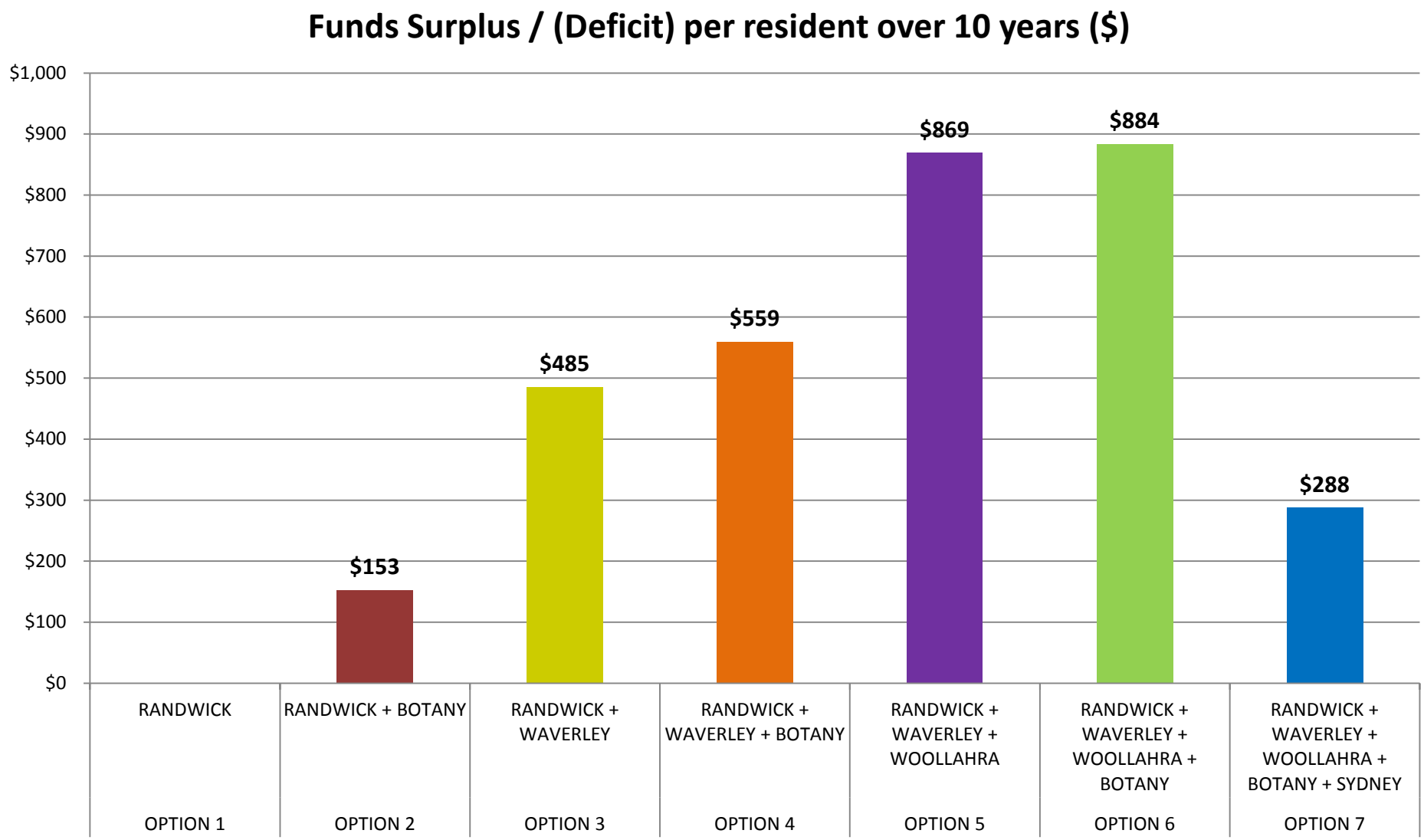


Table 33 Fit for the Future 2017 and 2020 Ratios - Comparison of options - Randwick service model and amalgamation costs

	OPTION 1 RANDWICK	OPTION 2 RANDWICK + BOTANY	OPTION 3 RANDWICK + WAVERLEY	OPTION 4 RANDWICK + WAVERLEY + BOTANY	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY
Ratios - 2017 - with Randwick depreciation rates							
1. Operating Performance Ratio	3.22%	3.46%	3.71%	2.82%	2.72%	2.38%	2.39%
2. Own Source Operating Revenue Ratio	92.15%	84.89%	90.87%	87.47%	91.60%	88.65%	88.45%
3. Building and Infrastructure Renewals Ratio	117.24%	112.97%	97.91%	97.29%	103.74%	102.70%	110.80%
4. Infrastructure Backlog Ratio (SS7)	0.23%	1.12%	0.55%	1.17%	0.85%	1.32%	1.64%
5. Asset Maintenance Ratio (SS7)	110.33%	104.10%	94.66%	93.86%	97.06%	96.04%	95.54%
6. Debt Service Ratio	0.00%	0.00%	0.73%	0.59%	3.02%	2.53%	1.10%
7. Change in Real Operating Expenditure Per Capita	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Ratios - 2020 - 4 years progressing to Randwick service model							
1. Operating Performance Ratio	3.25%	8.95%	11.43%	11.42%	13.94%	13.56%	8.11%
2. Own Source Operating Revenue Ratio	92.29%	90.02%	92.99%	91.14%	93.42%	91.88%	91.82%
3. Building and Infrastructure Renewals Ratio	122.99%	116.76%	108.64%	108.93%	118.55%	117.98%	97.58%
4. Infrastructure Backlog Ratio (SS7)	0.03%	0.89%	0.02%	0.67%	0.02%	0.54%	0.79%
5. Asset Maintenance Ratio (SS7)	118.98%	109.98%	110.57%	107.01%	109.87%	107.01%	101.25%
6. Debt Service Ratio	0.00%	0.00%	1.29%	1.05%	3.30%	2.82%	1.26%
7. Change in Real Operating Expenditure Per Capita	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease

Indicates strongest ratio across the options for that ratio (debt free assumed a strong position, despite being outside of the benchmark for this ratio)

Table 34 Fit for the Future - Comparison of options - Randwick service model and amalgamation costs

Ratios met:	Yr 1 2017	Yr 2 2018	Yr 3 2019	Yr 4 2020	Yr 5 2021	Yr 6 2022	Yr 7 2023	Yr 8 2024	Yr 9 2025	Yr 10 2026
Option 1 - R	6	6	6	6	6	6	6	6	6	6
Option 2 - R + B	6	6	6	6	6	6	6	6	6	6
Option 3 - R + Wav	5	6	7	7	7	7	6	6	6	6
Option 4 - R + B + Wav	5	6	7	7	7	7	6	6	6	6
Option 5 - R + Wav + Wool	6	7	7	7	7	7	7	7	7	7
Option 6 - R + B + Wav + Wool	6	6	7	7	7	7	7	7	7	7
Option 7 - Global city	6	5	5	6	7	7	7	7	7	7

Figure 20 Summary of surplus / (deficit funds) available after amalgamation costs and meeting 'Fit for the Future' ratios

Ratios met EXCL DEBT:	Yr 1 2017	Yr 2 2018	Yr 3 2019	Yr 4 2020	Yr 5 2021	Yr 6 2022	Yr 7 2023	Yr 8 2024	Yr 9 2025	Yr 10 2026
Option 1 - R	6	6	6	6	6	6	6	6	6	6
Option 2 - R + B	6	6	6	6	6	6	6	6	6	6
Option 3 - R + Wav	4	5	6	6	6	6	6	6	6	6
Option 4 - R + B + Wav	4	5	6	6	6	6	6	6	6	6
Option 5 - R + Wav + Wool	5	6	6	6	6	6	6	6	6	6
Option 6 - R + B + Wav + Wool	5	5	6	6	6	6	6	6	6	6
Option 7 - Global city	5	4	4	5	6	6	6	6	6	6

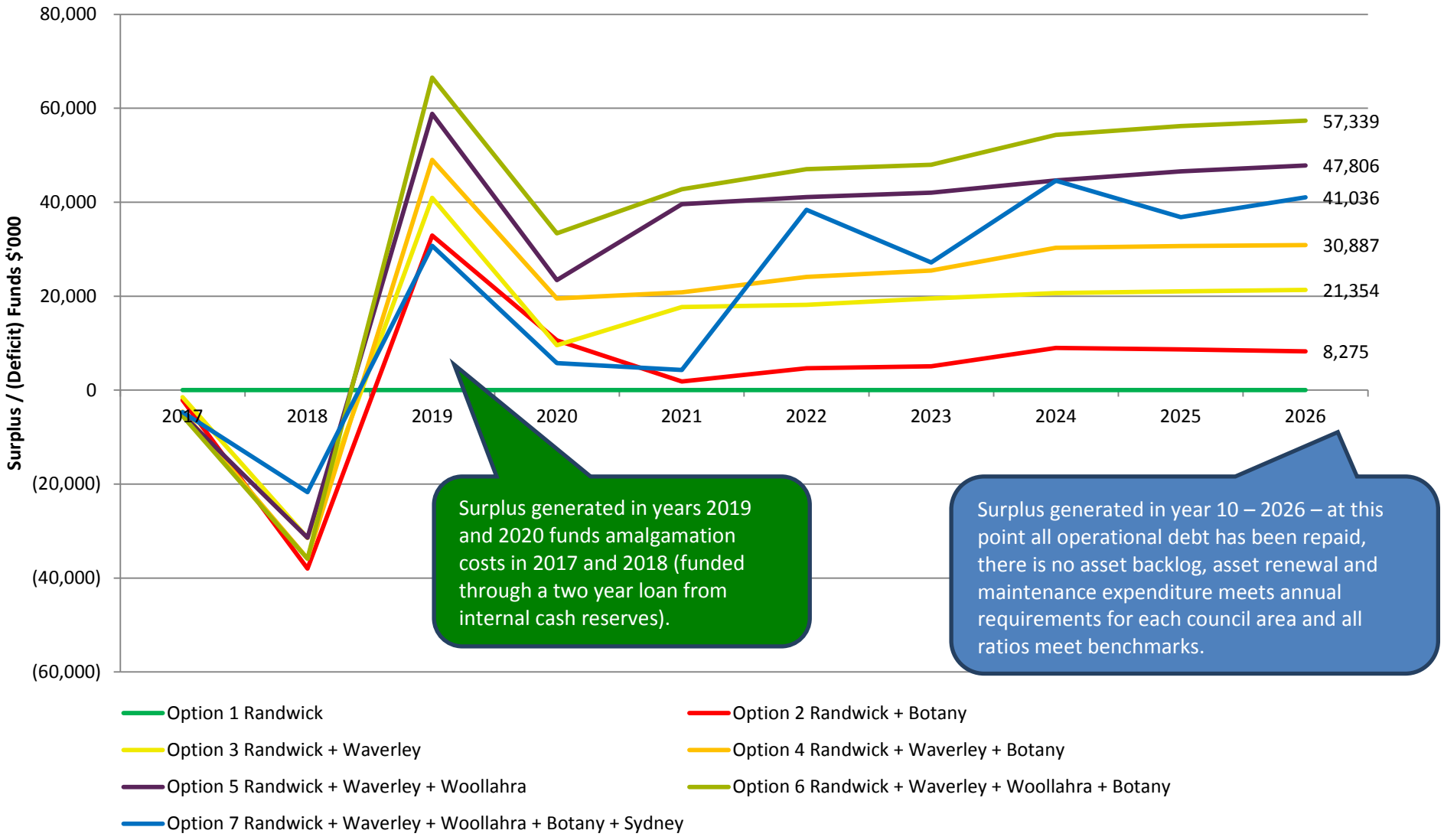
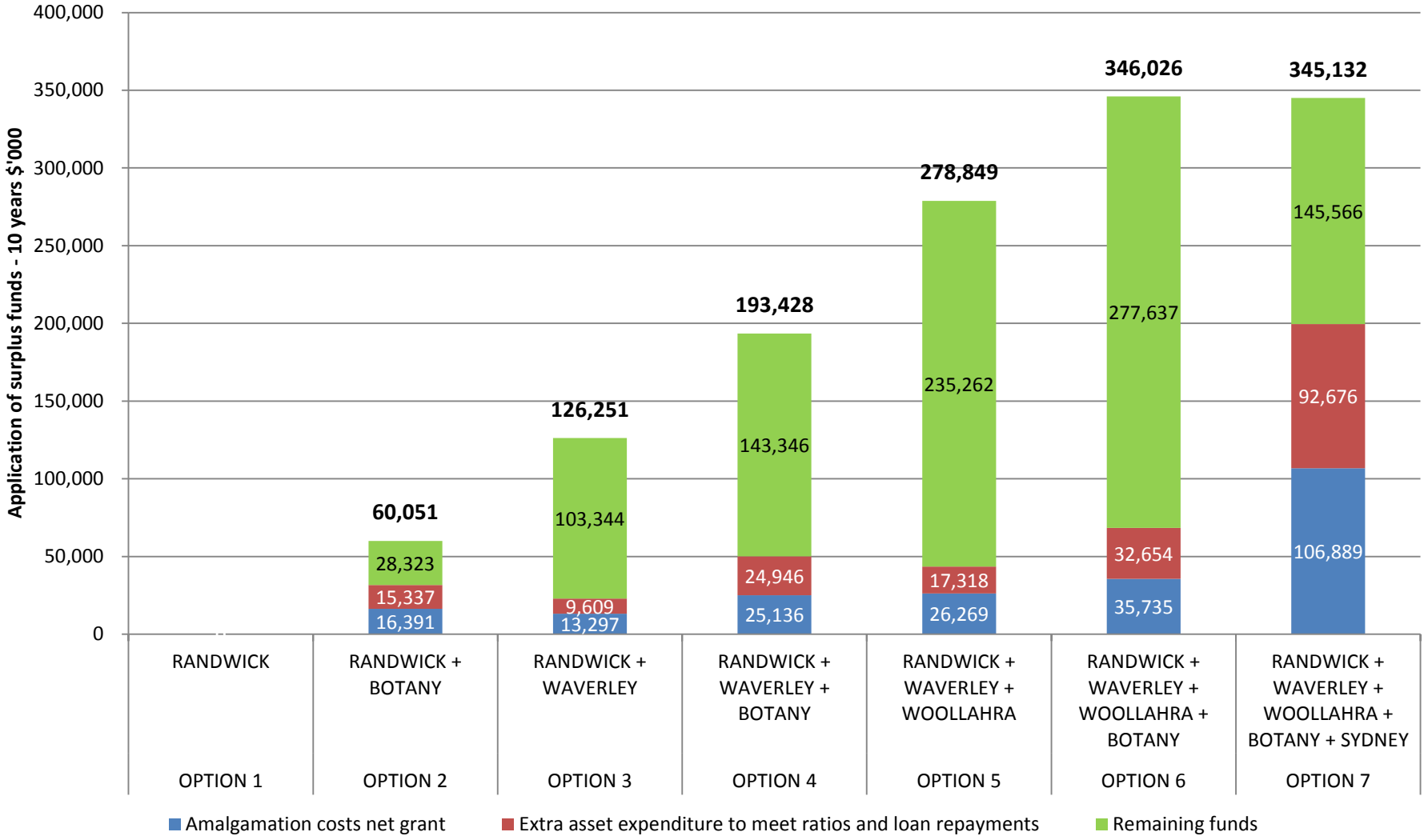

80,000
60,000
40,000
20,000
0
(20,000)
(40,000)
(60,000)
Surplus / (Deficit) Funds $'000
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
57,339
47,806
41,036
30,887
21,354
8,275
Surplus generated in years 2019 and 2020 funds amalgamation costs in 2017 and 2018 (funded through a two year loan from internal cash reserves).
Surplus generated in year 10 – 2026 – at this point all operational debt has been repaid, there is no asset backlog, asset renewal and maintenance expenditure meets annual requirements for each council area and all ratios meet benchmarks.
Option 1 Randwick
Option 2 Randwick + Botany
Option 3 Randwick + Waverley
Option 4 Randwick + Waverley + Botany
Option 5 Randwick + Waverley + Woollahra
Option 6 Randwick + Waverley + Woollahra + Botany
Option 7 Randwick + Waverley + Woollahra + Botany + Sydney

Figure 21 Application of surplus operating funds over ten years from 2017 to 2026



Results of Financial Analysis of Amalgamation Options – Randwick Service Model with amalgamation costs

Each amalgamation option has the capacity to generate surplus funds over ten years after funding the cost of the amalgamation process, closing the asset expenditure gap and repaying operational loans.

An amalgamation of Randwick, Waverley and Woollahra with (Option 6) or without Botany (Option 5) has the potential to generate the highest surplus over ten years on a per resident basis ($884 and $869 respectively). Option 6 generates $278m while Option 5 generates $235m over ten years. The inclusion of Botany in Option 6 creates a greater risk exposure as there appears to be a shortage of cash to cover Botany's longer term liabilities and there is a risk required asset expenditure is under-estimated due to the limited information available on Botany.

An amalgamation of Randwick with Waverley (Option 3) or with the inclusion of Woollahra (Option 4) are also strong options, generating a surplus of $485 and $559 per resident over ten years respectively. A surplus of $103m is generated over ten years by Option 3 while Option 4 generates $143m over the same period.

While an amalgamation of Randwick and Botany (Option 2) generates a comparatively moderate surplus of $28m ($153 per resident over ten years), there is a risk this option may require additional asset expenditure as very little information is available on Botany's assets. There is also a considerable gap between cash reserves and liabilities (employee leave entitlements and bonds and deposits) that has not been addressed in this model.

Option 7, the Global City generates a surplus of $146m over ten years, which is only slightly more than an amalgamation of Randwick, Waverley and Botany (Option 4 $143m). This equates to $288 per resident over ten years.

The Randwick stand-alone option (Option 1) does not generate surplus funds as the council's LTFP is already in a balanced position, with works planned for the next ten years based on that plan's forecasted income. This model is based on rolling out Randwick's service model across the options, as Randwick already operate under this model, there is no change in the council's financial result.

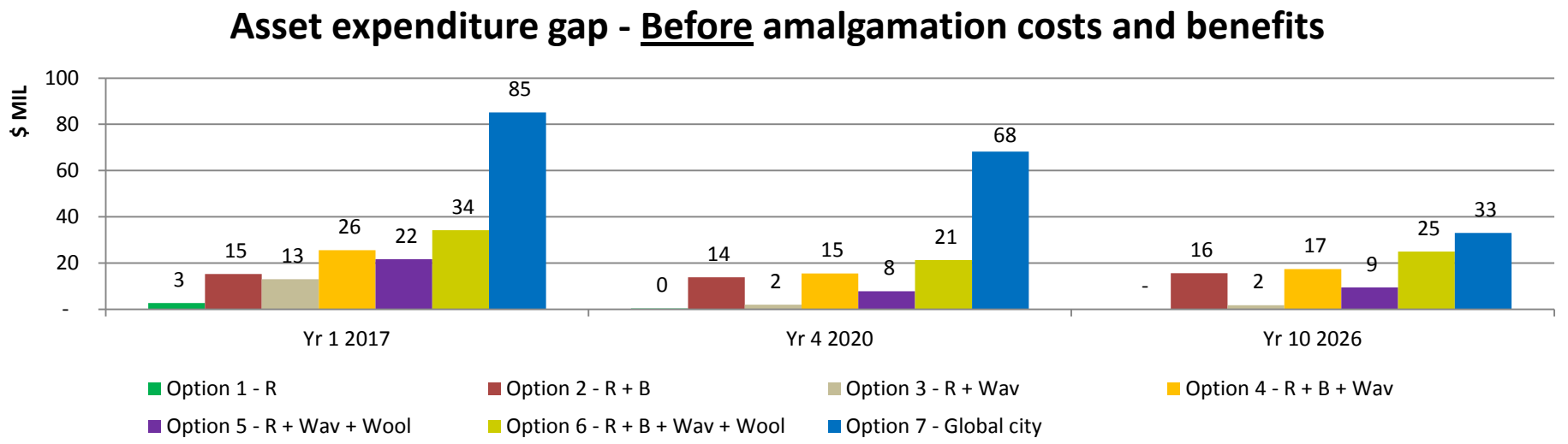
Closing the asset expenditure gap

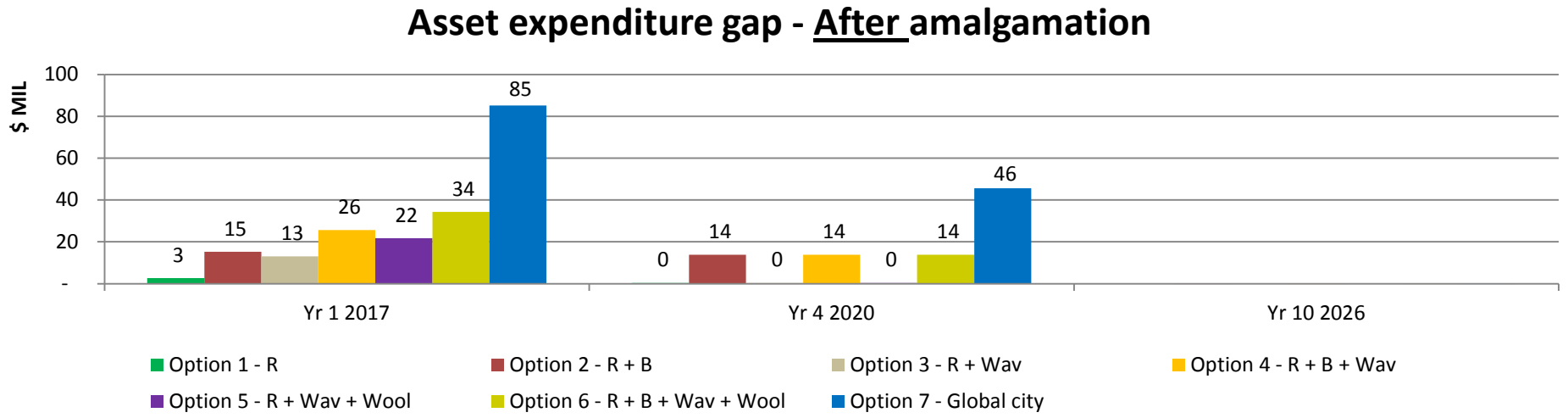
The asset expenditure gap consists of the shortfall in asset maintenance and capital renewal required on an annual basis in addition to the backlog of works required to bring building and infrastructure assets to a satisfactory standard. Every council currently has a gap as discussed in Section 2.

Each council's projections show there is a gap in funding in 2017, although the gap diminishes over many councils' ten year projections. The following two figures illustrate the asset expenditure gap in the first year of the model (2017), the fourth year (2020) and the tenth year (2026).

Based only on the projections of the councils that make up each amalgamation option, no group eliminates the gap by 2020, although all show improvement. Randwick's gap is eliminated by 2021. However, after applying surplus funds generated by the amalgamation of these councils towards this gap all options have eliminated the gap by 2026. In addition options 3 and 5 achieve this by 2020.

Figure 22 Asset expenditure gap - before and after amalgamation costs and benefits - $ MILLION





Financial context

4. Sensitivity testing of financial model

FINANCIAL CONTEXT

Appendix C

4. Sensitivity testing of financial model

In order to test the robustness of the modelling results, two separate (mutually exclusive) scenarios have been established. Each scenario is outlined below:

Scenario 1A – 10 per cent lower rates income
Scenario 1B – 20 per cent lower rates income
Scenario 2A – 10 per cent higher service costs
Scenario 2B – 20 per cent higher service costs

Sensitivity testing has not been applied to Option 1, the Randwick stand-alone option, as the Council's LTFP already includes sensitivity testing and this option is not impacted by the amalgamation assumptions in this model.

4.1 Scenario 1 – Lower rates income

The base line modelling applies the current rate structure to each option, allowing for some growth in the number of assessment based on NSW State government projections. This scenario tests a 10 per cent and 20 per cent reduction in rates.

Scenario 1A – 10 per cent lower rates income

The table below shows the modelling results if rates were reduced by 10 per cent. This simulation shows that Options 3 to 6 can maintain a surplus in the event of a 10 per cent decline in rates. While the 'Fit for the Future' ratios are weaker, they do meet the benchmarks by 2020 in all cases.

Botany and Sydney have a larger reliance on rates income, in particular from business rates than the other three councils. As a result an amalgamation under Option 2 (Randwick and Botany) or Option 7 (Global City) would not be financially feasible if rates are 10% lower than projections. These options have annual funding deficits, an inability to pay back the cost of the amalgamation process and no funding available to address asset expenditure gaps. The potential service efficiencies achieved through this amalgamation are not sufficient to cover a 10 per cent reduction in rates, making these options particular sensitive to a change in rates income.

	OPTION 1 RANDWICK	OPTION 2 RANDWICK + BOTANY	OPTION 3 RANDWICK + WAVERLEY	OPTION 4 RANDWICK + WAVERLEY + BOTANY	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY
Funding result after amalgamation cost (+ closing asset expenditure gap and repaying debt where feasible) - SURPLUS / (DEFICIT) $'000	0	(56,508)	1,016	28,817	95,570	125,727	(225,489)
Funds Surplus / (Deficit) per resident $	$0	($304)	$5	$112	$353	$400	($446)

Table 35 Scenario 1A 10 per cent reduction in rates – Surplus / (Deficit)

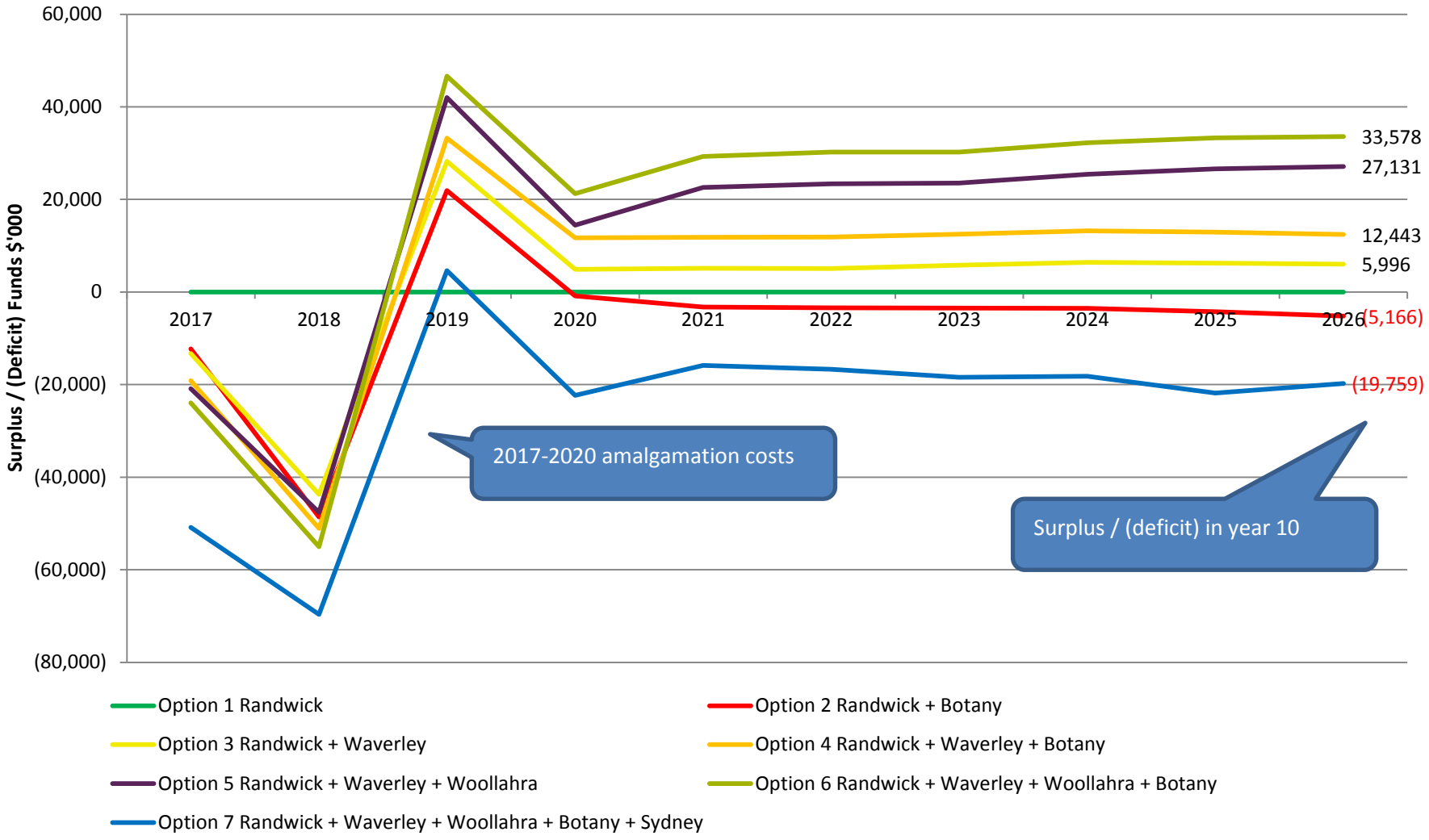


Table 36 Scenario 1A 10 per cent reduction in rates - Fit for the Future 2017 and 2020 Ratios

	OPTION 1 RANDWICK	OPTION 2 RANDWICK + BOTANY	OPTION 3 RANDWICK + WAVERLEY	OPTION 4 RANDWICK + WAVERLEY + BOTANY	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY
Ratios - 2017 - with Randwick depreciation rates							
1. Operating Performance Ratio	3.22%	1.78%	2.22%	1.31%	1.20%	0.88%	0.76%
2. Own Source Operating Revenue Ratio	92.15%	84.65%	90.74%	87.28%	91.47%	88.49%	88.27%
3. Building and Infrastructure Renewals Ratio	117.24%	112.97%	97.91%	97.29%	103.74%	102.70%	110.80%
4. Infrastructure Backlog Ratio (SS7)	0.23%	1.12%	0.55%	1.17%	0.85%	1.32%	1.64%
5. Asset Maintenance Ratio (SS7)	110.33%	104.10%	94.66%	93.86%	97.06%	96.04%	95.54%
6. Debt Service Ratio	0.00%	0.00%	0.74%	0.60%	3.07%	2.57%	1.11%
7. Change in Real Operating Expenditure Per Capita	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Ratios - 2020 - 4 years progressing to Randwick service model							
1. Operating Performance Ratio	3.25%	4.38%	7.48%	7.42%	10.11%	9.68%	3.46%
2. Own Source Operating Revenue Ratio	92.29%	89.54%	92.69%	90.75%	93.13%	91.53%	91.43%
3. Building and Infrastructure Renewals Ratio	122.99%	116.76%	106.99%	107.44%	117.18%	116.72%	87.15%
4. Infrastructure Backlog Ratio (SS7)	0.03%	0.89%	0.02%	0.67%	0.02%	0.54%	0.79%
5. Asset Maintenance Ratio (SS7)	118.98%	109.98%	110.57%	107.01%	109.87%	107.01%	101.25%
6. Debt Service Ratio	0.00%	0.00%	0.54%	0.44%	2.84%	2.42%	1.09%
7. Change in Real Operating Expenditure Per Capita	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease

Scenario 1B – 20 per cent lower rates income

When rates income is reduced by 20 per cent, no option generates a surplus over the ten year period. All options with the exception of Option 5 (Randwick, Waverley and Woollahra) and Option 6 (Randwick, Waverley, Woollahra and Botany) are not financially viable, with annual deficits in funding in each year of the model.

Option 5 and Option 6 do generate annual funding surpluses ($5.5m and $8m respectively by year 10), however the payback period for the amalgamation costs exceeds the 10 years of the model (Opt 5 - 18 years and Opt 6 - 14 years).

	OPTION 1 RANDWICK	OPTION 2 RANDWICK + BOTANY	OPTION 3 RANDWICK + WAVERLEY	OPTION 4 RANDWICK + WAVERLEY + BOTANY	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY
Funding result after amalgamation cost (+ closing asset expenditure gap and repaying debt where feasible) - SURPLUS / (DEFICIT) $'000	0	(155,757)	(113,389)	(113,028)	(48,304)	(45,586)	(666,795)
Funds Surplus / (Deficit) per resident $	$0	($839)	($532)	($441)	($178)	($145)	($1,318)

Table 37 Scenario 1B 20 per cent reduction in rates – Surplus / (Deficit)

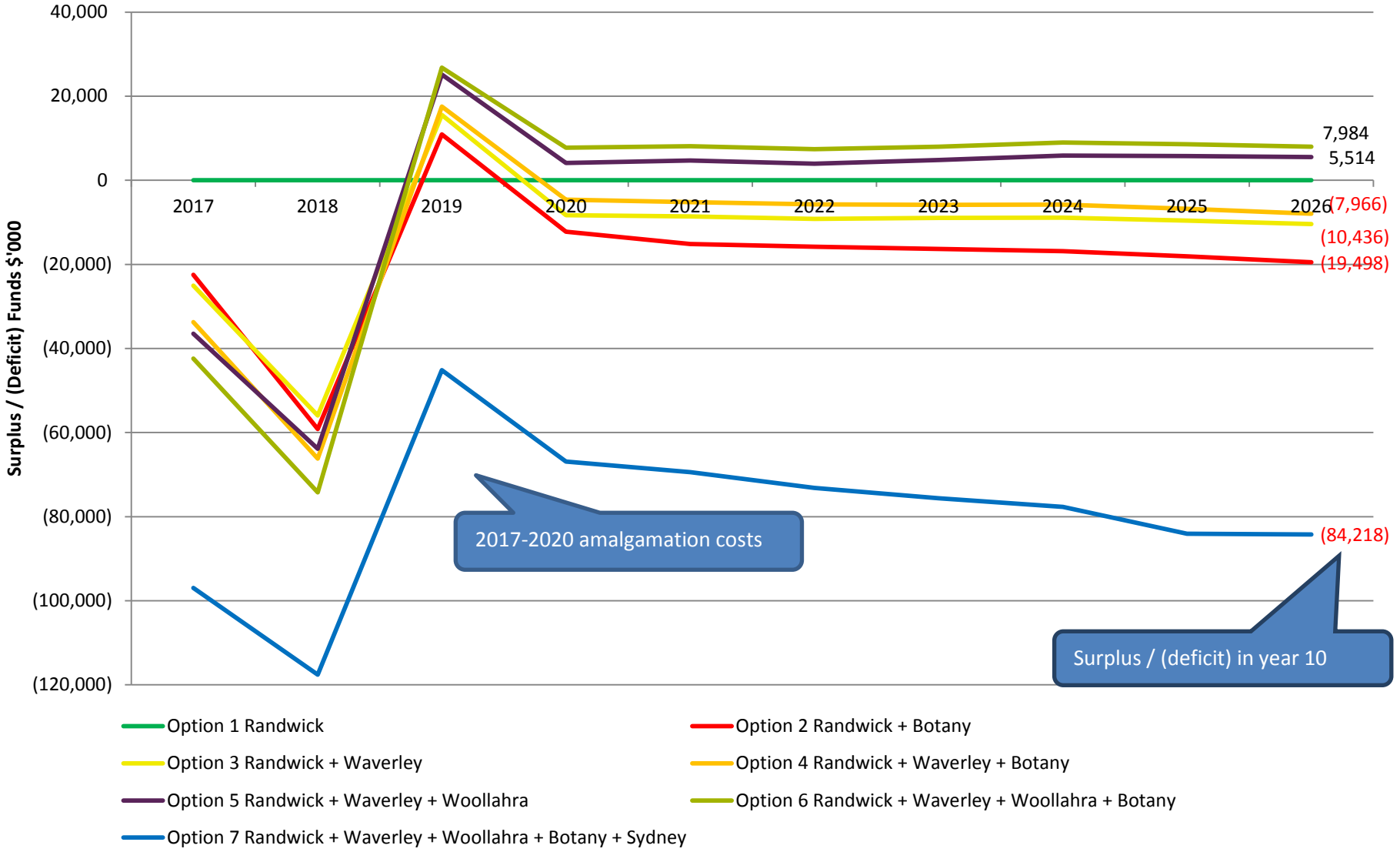


Table 38 Scenario 1B 20 per cent reduction in rates - Fit for the Future 2017 and 2020 Ratios

	OPTION 1 RANDWICK	OPTION 2 RANDWICK + BOTANY	OPTION 3 RANDWICK + WAVERLEY	OPTION 4 RANDWICK + WAVERLEY + BOTANY	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY
Ratios - 2017 - with Randwick depreciation rates							
1. Operating Performance Ratio	3.22%	0.04%	0.67%	-0.25%	-0.36%	-0.67%	-0.93%
2. Own Source Operating Revenue Ratio	92.15%	84.41%	90.59%	87.10%	91.34%	88.32%	88.09%
3. Building and Infrastructure Renewals Ratio	117.24%	112.97%	97.91%	97.29%	103.74%	102.70%	110.80%
4. Infrastructure Backlog Ratio (SS7)	0.23%	1.12%	0.55%	1.17%	0.85%	1.32%	1.64%
5. Asset Maintenance Ratio (SS7)	110.33%	104.10%	94.66%	93.86%	97.06%	96.04%	95.54%
6. Debt Service Ratio	0.00%	0.00%	0.75%	0.61%	3.11%	2.61%	1.13%
7. Change in Real Operating Expenditure Per Capita	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Ratios - 2020 - 4 years progressing to Randwick service model							
1. Operating Performance Ratio	3.25%	-0.67%	3.15%	3.05%	5.93%	5.44%	-1.68%
2. Own Source Operating Revenue Ratio	92.29%	89.02%	92.36%	90.33%	92.82%	91.15%	90.99%
3. Building and Infrastructure Renewals Ratio	122.99%	116.76%	106.99%	107.44%	112.30%	112.25%	85.65%
4. Infrastructure Backlog Ratio (SS7)	0.03%	0.89%	0.02%	0.67%	0.27%	0.77%	0.89%
5. Asset Maintenance Ratio (SS7)	118.98%	109.98%	110.57%	107.01%	109.87%	107.01%	101.25%
6. Debt Service Ratio	0.00%	0.00%	0.56%	0.46%	2.85%	2.44%	1.11%
7. Change in Real Operating Expenditure Per Capita	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease

5.3.1. Scenario 2 – Higher service costs

The model applies Randwick's service costs to seven of the thirteen service areas to simulate the realisation of efficiencies due to an amalgamation. The potential cost-effectiveness from amalgamation can be eroded if there are unforeseen fixed costs in these service areas. Such large fixed costs could push the average service cost above Randwick's current cost for these service areas. This scenario tests a 10 per cent and 20 per cent increase in average service costs for these seven services in an attempt to assess the robustness of each option to unforeseen increases in average costs due to higher fixed costs.

Note that these increases do not apply to the first 18 months of the proposed amalgamated councils as each council maintains its current cost structure during this period of transition. They also do not apply to the City of Sydney as they continue to operate under their current cost structure for the ten years of the model due to a difference in service models. Given the majority of financial savings are attributable to the change in service costs, the scenario is important to understanding the robustness of the results.

Scenario 2A – 10 per cent higher service costs

The table below shows the modelling results if seven of the thirteen service costs identified in Section 3.2 were increased by 10 per cent. This simulation shows that Options 3 to 7 can maintain a strong surplus in the event of a 10 per cent increase in service costs. However this does impact the council's ability to meet the 'Fit for the Future' ratio benchmarks by 2020.

An amalgamation of Randwick and Botany would generate an average $2m annual surplus from year 4 of model; however this is not sufficient to cover the costs of amalgamation over the ten years forecasted in the model. A payback period of fourteen years is required before this amalgamation option could address Botany's asset expenditure gap.

	OPTION 1 RANDWICK	OPTION 2 RANDWICK + BOTANY	OPTION 3 RANDWICK + WAVERLEY	OPTION 4 RANDWICK + WAVERLEY + BOTANY	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY
Funding result after amalgamation cost (+ closing asset expenditure gap and repaying debt where feasible) - SURPLUS / (DEFICIT) $'000	0	(3,280)	47,479	92,019	161,982	208,879	84,602
Funds Surplus / (Deficit) per resident $	$0	($18)	$223	$359	$598	$665	$167

Table 39 Scenario 2A 10 per cent increase in service costs – Surplus / (Deficit)

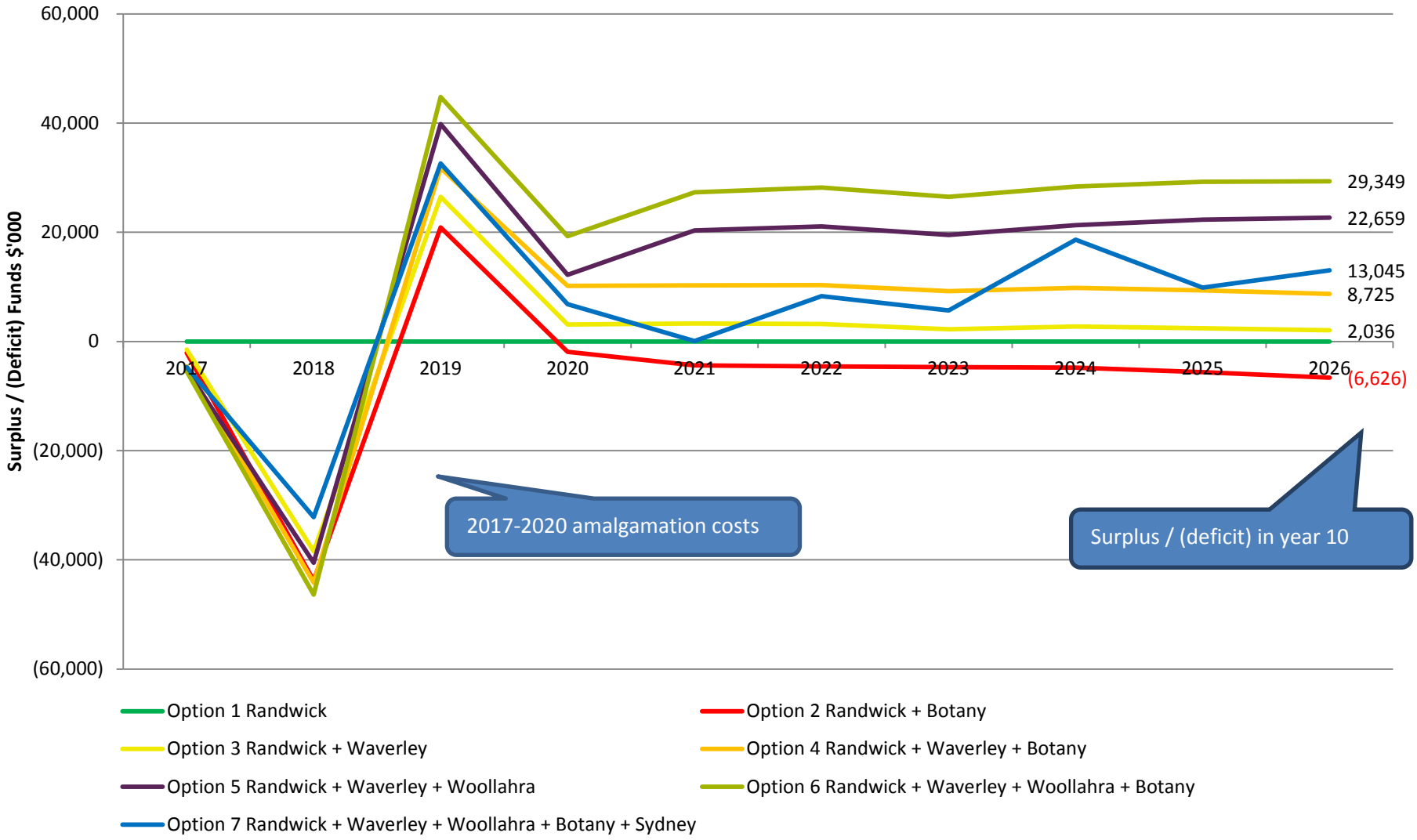


Table 40 Scenario 2A 10 per cent increase in service costs - Fit for the Future 2017 and 2020 Ratios

	OPTION 1 RANDWICK	OPTION 2 RANDWICK + BOTANY	OPTION 3 RANDWICK + WAVERLEY	OPTION 4 RANDWICK + WAVERLEY + BOTANY	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY
Ratios - 2017 - with Randwick depreciation rates							
1. Operating Performance Ratio	3.22%	3.46%	3.71%	2.82%	2.72%	2.38%	2.39%
2. Own Source Operating Revenue Ratio	92.15%	84.89%	90.87%	87.47%	91.60%	88.65%	88.45%
3. Building and Infrastructure Renewals Ratio	117.24%	112.97%	97.91%	97.29%	103.74%	102.70%	110.80%
4. Infrastructure Backlog Ratio (SS7)	0.23%	1.12%	0.55%	1.17%	0.85%	1.32%	1.64%
5. Asset Maintenance Ratio (SS7)	110.33%	104.10%	94.66%	93.86%	97.06%	96.04%	95.54%
6. Debt Service Ratio	0.00%	0.00%	0.73%	0.59%	3.02%	2.53%	1.10%
7. Change in Real Operating Expenditure Per Capita	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Ratios - 2020 - 3 years under Randwick service model							
1. Operating Performance Ratio	3.25%	6.76%	9.39%	9.44%	11.92%	11.59%	7.22%
2. Own Source Operating Revenue Ratio	92.29%	90.02%	92.99%	91.14%	93.42%	91.88%	91.82%
3. Building and Infrastructure Renewals Ratio	122.99%	116.76%	108.61%	108.90%	118.53%	117.96%	92.89%
4. Infrastructure Backlog Ratio (SS7)	0.03%	0.89%	0.02%	0.67%	0.02%	0.54%	0.79%
5. Asset Maintenance Ratio (SS7)	118.98%	109.98%	110.57%	107.01%	109.87%	107.01%	101.25%
6. Debt Service Ratio	0.00%	0.00%	1.29%	1.05%	3.30%	2.82%	1.26%
7. Change in Real Operating Expenditure Per Capita	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease

Scenario 2B – 20 per cent higher service costs

When service costs are increased by 20 per cent, Options 3 to 7 have sufficient capacity to continue to generate a surplus, however the council's ability to address asset expenditure funding gaps and repay loans is impeded by the longer payback period required to meet the costs of the amalgamation process. For Option 2 the entire ten years of the model are required as a payback period.

Following through from the 10 per cent service level increase test, an amalgamation of Botany and Randwick Councils is particularly sensitive to a change in service costs forecasted. This option generates a significant loss of $6.6m by year ten with no scope to fund the amalgamation costs.

	OPTION 1 RANDWICK	OPTION 2 RANDWICK + BOTANY	OPTION 3 RANDWICK + WAVERLEY	OPTION 4 RANDWICK + WAVERLEY + BOTANY	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY
Funding result after amalgamation cost (+ closing asset expenditure gap and repaying debt where feasible) - SURPLUS / (DEFICIT) $'000	0	(49,302)	309	34,151	97,585	133,783	28,900
Funds Surplus / (Deficit) per resident $	$0	($266)	$1	$133	$361	$426	$57

Table 41 Scenario 2B 20 per cent increase in service costs – Surplus / (Deficit)

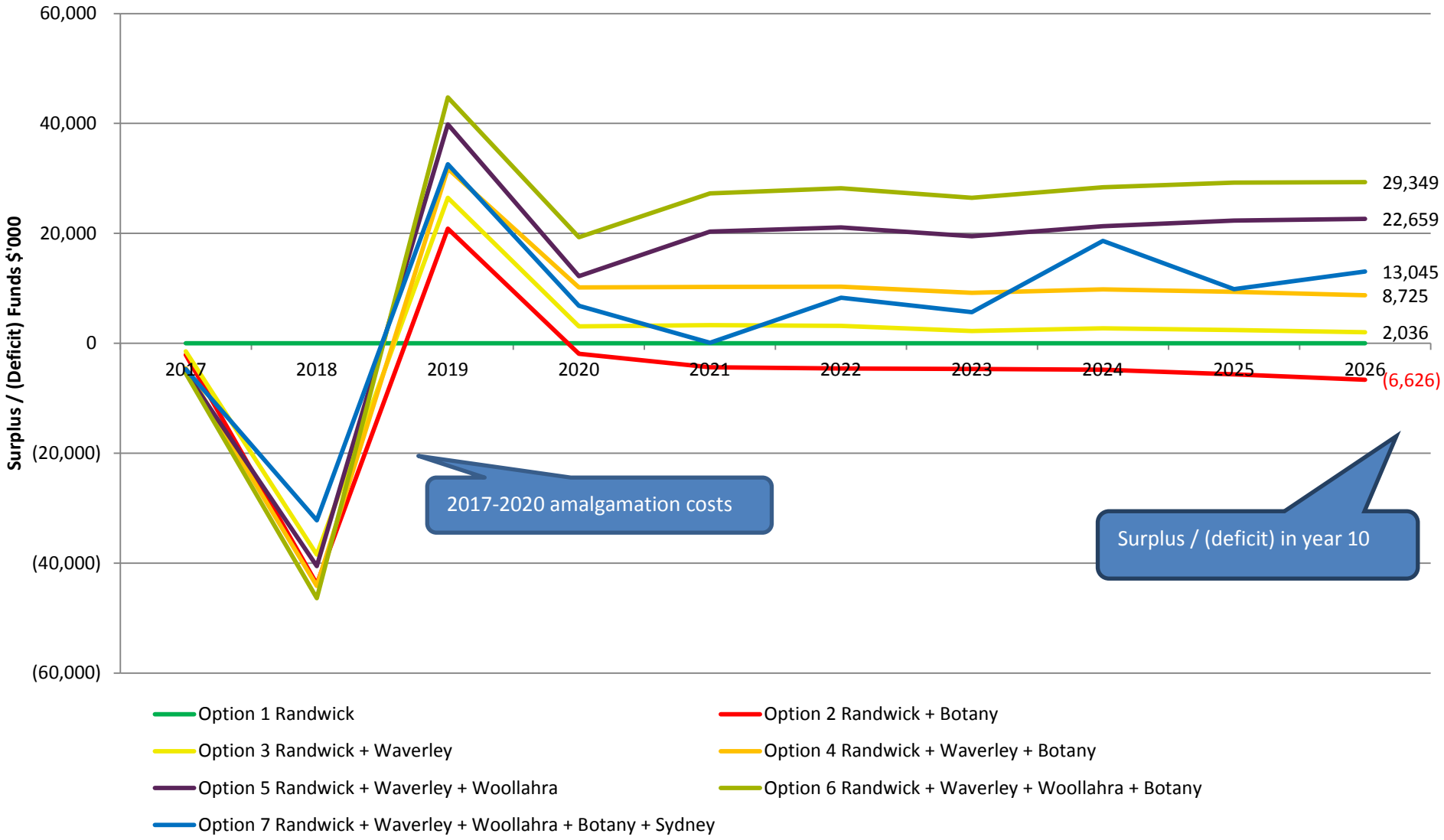


Table 42 Scenario 2B 20 per cent increase in service costs - Fit for the Future 2017 and 2020 Ratios

	OPTION 1 RANDWICK $'000	OPTION 2 RANDWICK + BOTANY $'000	OPTION 3 RANDWICK + WAVERLEY $'000	OPTION 4 RANDWICK + WAVERLEY + BOTANY $'000	OPTION 5 RANDWICK + WAVERLEY + WOOLLAHRA $'000	OPTION 6 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY $'000	OPTION 7 RANDWICK + WAVERLEY + WOOLLAHRA + BOTANY + SYDNEY $'000
Ratios - 2017 - with Randwick depreciation rates							
1. Operating Performance Ratio	3.22%	3.46%	3.71%	2.82%	2.72%	2.38%	2.39%
2. Own Source Operating Revenue Ratio	92.15%	84.89%	90.87%	87.47%	91.60%	88.65%	88.45%
3. Building and Infrastructure Renewals Ratio	117.24%	112.97%	97.91%	97.29%	103.74%	102.70%	110.80%
4. Infrastructure Backlog Ratio (SS7)	0.23%	1.12%	0.55%	1.17%	0.85%	1.32%	1.64%
5. Asset Maintenance Ratio (SS7)	110.33%	104.10%	94.66%	93.86%	97.06%	96.04%	95.54%
6. Debt Service Ratio	0.00%	0.00%	0.73%	0.59%	3.02%	2.53%	1.10%
7. Change in Real Operating Expenditure Per Capita	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Ratios - 2020 - 4 years progressing to Randwick service model							
1. Operating Performance Ratio	3.25%	4.56%	7.35%	7.46%	9.90%	9.61%	6.35%
2. Own Source Operating Revenue Ratio	92.29%	90.02%	92.99%	91.14%	93.42%	91.88%	91.82%
3. Building and Infrastructure Renewals Ratio	122.99%	116.76%	106.99%	107.44%	117.18%	116.72%	87.15%
4. Infrastructure Backlog Ratio (SS7)	0.03%	0.89%	0.02%	0.67%	0.02%	0.54%	0.79%
5. Asset Maintenance Ratio (SS7)	118.98%	109.98%	110.57%	107.01%	109.87%	107.01%	101.25%
6. Debt Service Ratio	0.00%	0.00%	0.52%	0.42%	2.72%	2.32%	1.04%
7. Change in Real Operating Expenditure Per Capita	Decrease	Increase	Decrease	Decrease	Decrease	Decrease	Decrease

A comparison of Scenario 1 to Scenario 2 shows that the results are more sensitive to reductions in rate revenues than increases in service costs.

Financial context

5. Analysis of financial modelling results

FINANCIAL CONTEXT

Appendix C

5. Analysis of Financial Modelling Results

5.1 Randwick Stand-alone position (Option 1)

FFF Benchmarks met by 2017 (excl debt ratio) - 1 year	**6**
FFF Benchmarks met by 2020 (excl debt ratio) - 4 years	**6**
FFF Benchmarks met by 2026 (excl debt ratio) - 10 years	**6**
Amalgamation cost - 10 years - NPV	**n/a**
Surplus funds applied to early loan repayments over 10 years (NPV)	**n/a**
Surplus funds applied to the asset expenditure gap over 10 years (NPV)	**n/a**
Asset expenditure gap - short, medium and long term	
Asset expenditure gap in 2017 (Year 1) - to meet ratios $'000	$0
Asset expenditure gap in 2017 (Year 1) - cost to reduce to $nil - $'000	$2,665
Asset expenditure gap in 2020 (Year 4) - to meet ratios $'000	$0
Asset expenditure gap in 2020 (Year 4) - cost to reduce to $nil - $'000	$357
Asset expenditure gap in 2026 (Year 10) - to meet ratios $'000	**$0**
Asset expenditure gap in 2026 (Year 10) - cost to reduce to $nil - $'000	**$0**

Position
Randwick Council is in a strong financial position with a history of generating operating surpluses, strong 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.

Independent Assessments and Assurance
In May 2014 NSW Treasury Corporation assessed the council's financial position as "**sound**" with a "**positive**" outlook. In August 2014 the council's independent auditor also concluded their review of the Council's 2013-14 financial statements with the comment that council's financial position is "**sound**". Furthermore the council's asset management was assessed as "**very strong**" by the Office of Local Government in June 2013.

The council's annual report on the condition of public buildings and infrastructure (Special Schedule 7) has been independently audited over the past two years. Assurance reports have also been received from the council's auditors on both the 2015-24 LTFP and the Amalgamation Model detailed in this report.

Fit for the Future Benchmarks
The centrepiece of the Council's programmed and disciplined approach to financial management is the Long Term Financial Plan (LTFP). The purpose of the LTFP is to enable the Council to better plan and understand long term financial requirements. This includes consideration of sustainability, service provision levels and the creation, upgrading and renewal of infrastructure.

In 2005 Randwick Council adopted its first Long Term Financial Plan, setting down a number of objectives and benchmarks to monitor the sustainability of the council. This planning has set the foundation for a strong result against the Fit for the Future financial, asset and efficiency criteria, with the council meeting all benchmarks now and into the future (with the exception of the debt service ratio, as the council has not debt).

5.2 Amalgamated positions (Options 2 to 7)

While each of the amalgamation options considered will face considerable amalgamation costs in the short term, according to modelling, this will create a strong foundation for future improvements in efficiency and service delivery and the ability to deliver larger projects, with annual surpluses by the tenth year of operation of between $8m and $57m.

Option 2 Randwick + Botany

Funding result after amalgamation cost (+ closing asset expenditure gap and repaying debt where feasible) - SURPLUS / (DEFICIT) $'000	**$28,323**
Funds Surplus / (Deficit) per resident $	**$153**
FFF Benchmarks met by 2017 (excl debt ratio) - 1 year	**6**
FFF Benchmarks met by 2020 (excl debt ratio) - 4 years	**6**
FFF Benchmarks met by 2026 (excl debt ratio) - 10 years	**6**
Amalgamation cost - 10 years - NPV	**$16,391**
Surplus funds applied to early loan repayments over 10 years (NPV)	**$0**
Surplus funds applied to the asset expenditure gap over 10 years (NPV)	**$15,337**
Asset expenditure gap - short, medium and long term	
Asset expenditure gap in 2017 (Year 1) - to meet ratios $'000	$0
Asset expenditure gap in 2017 (Year 1) - cost to reduce to $nil - $'000	$15,263
Asset expenditure gap in 2020 (Year 4) - to meet ratios $'000	$0
Asset expenditure gap in 2020 (Year 4) - cost to reduce to $nil - $'000	$13,859
Asset expenditure gap in 2026 (Year 10) - to meet ratios $'000	**$0**
Asset expenditure gap in 2026 (Year 10) - cost to reduce to $nil - $'000	**$0**

As expected, the addition of the smallest council of the five, generates the smallest surplus over ten years of $28m. The size and strength of Randwick pulls this amalgamation option over the Fit for the Future benchmarks, however Randwick's results are weaker with the addition of Botany.

The level of cash Botany has set aside to fund the large liabilities for employee leave entitlements and bonds and deposits is much lower than is considered acceptable by Randwick Council's Cash Reserves Strategy. To bring these cash reserves up to the same level approximately $2.6m would be required for bonds and deposits and $2.3m for employee leave entitlements. This $4.9m shortfall in cash may need to be funded from the surplus above as the council's internal and unrestricted cash reserves represent only half of the total liability.

It has been difficult to investigate the asset expenditure requirements of Botany Council as there is little information available publically. If this option was to be pursued additional information would be required from Botany Council in order to further understand the financial implications of this amalgamation.

Option 3 Randwick + Waverley

Funding result after amalgamation cost (+ closing asset expenditure gap and repaying debt where feasible) - SURPLUS / (DEFICIT) $'000	**$103,344**
Funds Surplus / (Deficit) per resident $	**$485**
FFF Benchmarks met by 2017 (excl debt ratio) - 1 year	**4**
FFF Benchmarks met by 2020 (excl debt ratio) - 4 years	**6**
FFF Benchmarks met by 2026 (excl debt ratio) - 10 years	**6**
Amalgamation cost - 10 years - NPV	**$13,297**
Surplus funds applied to early loan repayments over 10 years (NPV)	**$4,147**
Surplus funds applied to the asset expenditure gap over 10 years (NPV)	**$9,746**
Asset expenditure gap - short, medium and long term	
Asset expenditure gap in 2017 (Year 1) - to meet ratios $'000	$497
Asset expenditure gap in 2017 (Year 1) - cost to reduce to $nil - $'000	$13,024
Asset expenditure gap in 2020 (Year 4) - to meet ratios $'000	$0
Asset expenditure gap in 2020 (Year 4) - cost to reduce to $nil - $'000	$357
Asset expenditure gap in 2026 (Year 10) - to meet ratios $'000	**$0**
Asset expenditure gap in 2026 (Year 10) - cost to reduce to $nil - $'000	**$0**

With over three times the surplus per resident generated over ten years than an amalgamation of Botany and Randwick Councils, this two-council amalgamation is considerably stronger. While this option only meets 4 of the 6 ratios (excl debt service ratio) due to asset renewal and maintenance expenditure levels in 2017, by 2020 all the benchmarks have been met. With more scope for savings, this option is able to almost eliminate the asset expenditure gap by 2020 and completely by 2026.

Waverley's debt is repaid once the asset expenditure gap is addressed. This equates to $9.7m in loan repayments.

Waverley's cash reserve for Employee Leave Entitlements is $3m lower than it would be under Randwick's strategy for funding this liability. This shortfall may need to be funded from the above surplus, however the council does have sufficient internally restricted cash reserves to shift cash to this reserve if required.

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"[27].

[27] Grant Thornton, *Waverley Council – Technical Assistance FFTF*, Mar 2015, p28

Option 4 Randwick + Waverley + Botany

Funding result after amalgamation cost (+ closing asset expenditure gap and repaying debt where feasible) - SURPLUS / (DEFICIT) $'000	**$143,346**
Funds Surplus / (Deficit) per resident $	**$559**
FFF Benchmarks met by 2017 (excl debt ratio) - 1 year	**4**
FFF Benchmarks met by 2020 (excl debt ratio) - 4 years	**6**
FFF Benchmarks met by 2026 (excl debt ratio) - 10 years	**6**
Amalgamation cost - 10 years - NPV	**$25,136**
Surplus funds applied to early loan repayments over 10 years (NPV)	**$4,147**
Surplus funds applied to the asset expenditure gap over 10 years (NPV)	**$25,083**
Asset expenditure gap - short, medium and long term	
Asset expenditure gap in 2017 (Year 1) - to meet ratios $'000	$928
Asset expenditure gap in 2017 (Year 1) - cost to reduce to $nil - $'000	$25,622
Asset expenditure gap in 2020 (Year 4) - to meet ratios $'000	$0
Asset expenditure gap in 2020 (Year 4) - cost to reduce to $nil - $'000	$13,859
Asset expenditure gap in 2026 (Year 10) - to meet ratios $'000	**$0**
Asset expenditure gap in 2026 (Year 10) - cost to reduce to $nil - $'000	**$0**

While this option initially fails to meet the 6 benchmarks as both Botany and Waverley's asset renewal and maintenance levels are lower than required, by 2020 the ratios are met. While the asset expenditure gap is still significant in 2020 at $13.8m, it is eliminated by 2026.

Waverley's debt is repaid once the asset expenditure gap is addressed. This equates to $4.1m in loan repayments.

$7.9m of the $142m surplus may need to be allocated to cash reserves under this option to cover the potential shortfall in funds for Botany and Waverley's employee leave entitlements and bonds and deposits liabilities.

As discussed earlier, it has been difficult to investigate the asset expenditure requirements of Botany Council as there is little information available publically. If this option was to be pursued additional information would be required from Botany Council in order to further understand the financial implications of this amalgamation.

Option 5 Randwick + Waverley + Woollahra

Funding result after amalgamation cost (+ closing asset expenditure gap and repaying debt where feasible) - SURPLUS / (DEFICIT) $'000	**$235,262**
Funds Surplus / (Deficit) per resident $	**$869**
FFF Benchmarks met by 2017 (excl debt ratio) - 1 year	**5**
FFF Benchmarks met by 2020 (excl debt ratio) - 4 years	**6**
FFF Benchmarks met by 2026 (excl debt ratio) - 10 years	**6**
Amalgamation cost - 10 years - NPV	**$26,269**
Surplus funds applied to early loan repayments over 10 years (NPV)	**$5,266**
Surplus funds applied to the asset expenditure gap over 10 years (NPV)	**$16,751**
Asset expenditure gap - short, medium and long term	
Asset expenditure gap in 2017 (Year 1) - to meet ratios $'000	$144
Asset expenditure gap in 2017 (Year 1) - cost to reduce to $nil - $'000	$21,671
Asset expenditure gap in 2020 (Year 4) - to meet ratios $'000	$0
Asset expenditure gap in 2020 (Year 4) - cost to reduce to $nil - $'000	$357
Asset expenditure gap in 2026 (Year 10) - to meet ratios $'000	**$0**
Asset expenditure gap in 2026 (Year 10) - cost to reduce to $nil - $'000	**$0**

This is the strongest 3-council amalgamation option, with the surplus per resident over 50 per cent higher than a Randwick, Waverley and Botany amalgamation. Woollahra Council recently sold their old works depot within the Green Square development area for $56m. Within their draft LTFP they have utilised these funds, along with another $9.1m from the sale of another site, to boost their capital expenditure on assets over the next ten years. This increase in expenditure and a review of the asset backlog balance in 2015 have reduced the council's asset expenditure gap considerably.

At the start of this model, Option 5 fails the asset maintenance ratio, however by 2020 all ratios are met and the asset expenditure gap is almost eliminated. An additional $5.3m in loan repayments is made from the surplus to repay the operational loans of Waverley and Woollahra Councils. This excludes Woollahra's loan from Woolworths under their joint venture in Double Bay.

As Woollahra and Waverley already share a newly constructed depot in Alexandria, the costs of amalgamation are comparatively lower considering this would be a larger organisation than Option 4.

Woollahra has acknowledged their employee leave entitlements cash reserve needs to be reviewed and is planning this as part of their LTFP review this year. At present the gap between their reserve and what would be required under Randwick's strategy is $3.3m. In addition to Waverley's potential $3m shortfall, a $6.3m top up of this reserve may be required. However both of these councils have sufficient capacity within their own internal cash reserves to address this potential issue.

Option 6 Randwick + Waverley + Woollahra + Botany

Funding result after amalgamation cost (+ closing asset expenditure gap and repaying debt where feasible) - SURPLUS / (DEFICIT) $'000	**$277,637**
Funds Surplus / (Deficit) per resident $	**$884**
FFF Benchmarks met by 2017 (excl debt ratio) - 1 year	**5**
FFF Benchmarks met by 2020 (excl debt ratio) - 4 years	**6**
FFF Benchmarks met by 2026 (excl debt ratio) - 10 years	**6**
Amalgamation cost - 10 years - NPV	**$35,735**
Surplus funds applied to early loan repayments over 10 years (NPV)	**$5,266**
Surplus funds applied to the asset expenditure gap over 10 years (NPV)	**$32,088**
Asset expenditure gap - short, medium and long term	
Asset expenditure gap in 2017 (Year 1) - to meet ratios $'000	$575
Asset expenditure gap in 2017 (Year 1) - cost to reduce to $nil - $'000	$34,269
Asset expenditure gap in 2020 (Year 4) - to meet ratios $'000	$0
Asset expenditure gap in 2020 (Year 4) - cost to reduce to $nil - $'000	$13,859
Asset expenditure gap in 2026 (Year 10) - to meet ratios $'000	**$0**
Asset expenditure gap in 2026 (Year 10) - cost to reduce to $nil - $'000	**$0**

There is very little change in the surplus generated per resident in the amalgamation of these four councils compared to an amalgamation excluding Botany. The Fit for the Future ratios are met by 2020 and the asset expenditure gap eliminated by 2026. Early repayments of Waverley and Woollahra's debts are made totalling $5.3m.

However, at $32m, almost double the funds are required to address the asset expenditure gap over ten years.

A shortfall in liability related cash reserves of $11.2m may need to be funded from the above surplus, however both Waverley and Woollahra Councils do have considerable internally restricted cash reserves to address their share.

As discussed earlier, it has been difficult to investigate the asset expenditure requirements of Botany Council as there is little information available publically. If this option was to be pursued additional information would be required from Botany Council in order to further understand the financial implications of this amalgamation.

Option 7 Randwick + Waverley + Woollahra + Botany + Sydney

Funding result after amalgamation cost (+ closing asset expenditure gap and repaying debt where feasible) - SURPLUS / (DEFICIT) $'000	**$145,566**
Funds Surplus / (Deficit) per resident $	**$288**
FFF Benchmarks met by 2017 (excl debt ratio) - 1 year	**5**
FFF Benchmarks met by 2020 (excl debt ratio) - 4 years	**5**
FFF Benchmarks met by 2026 (excl debt ratio) - 10 years	**6**
Amalgamation cost - 10 years - NPV	**$106,889**
Surplus funds applied to early loan repayments over 10 years (NPV)	**$5,266**
Surplus funds applied to the asset expenditure gap over 10 years (NPV)	**$91,752**
Asset expenditure gap - short, medium and long term	
Asset expenditure gap in 2017 (Year 1) - to meet ratios $'000	$1,952
Asset expenditure gap in 2017 (Year 1) - cost to reduce to $nil - $'000	$85,129
Asset expenditure gap in 2020 (Year 4) - to meet ratios $'000	$0
Asset expenditure gap in 2020 (Year 4) - cost to reduce to $nil - $'000	$45,607
Asset expenditure gap in 2026 (Year 10) - to meet ratios $'000	**$0**
Asset expenditure gap in 2026 (Year 10) - cost to reduce to $nil - $'000	**$0**

City of Sydney has a considerable asset portfolio with a matching sizeable asset renewal and maintenance obligation. The demands of these assets have a large impact on the surplus generated by this model with over $91m required over ten years to top up the council's asset expenditure. This is over three times the amount required by Option 6.

While meeting all the ratios, repaying Waverley and Woollahra's debt and eliminating the asset expenditure gap over ten years, the ongoing demands of Sydney's assets result in a much lower annual surplus by year 10 ($41m) than that achieved by Option 6 ($57m). Furthermore, no economies or diseconomies of scale have been factored into this model for the addition of Sydney into the amalgamation group. There is a concern the difference in service requirements and the complexity that would result may actually result in diseconomies of scale, which would erode the benefits generated through the amalgamation of the eastern suburbs councils seen in Option 6.

Of the group, Sydney has set aside the lowest amount of cash to fund employee leave entitlement of the five councils. At $5.8m, only 10% of the liability, this reserve is $19.1m lower than it would need to be under Randwick's strategy. However Sydney has $79.3m in unrestricted cash which could be used to top up their ELE reserve.

As discussed earlier, it has been difficult to investigate the asset expenditure requirements of Botany Council as there is little information available publically. If this option was to be pursued additional information would be required from Botany Council in order to further understand the financial implications of this amalgamation.

5.3 Fit for the Future benchmarks comparison

Operating performance ratio

The operating performance result meets the benchmark in all years modelled for all options. However the result for the larger amalgamation options (three or more councils) are comparatively lower during the first two years than the status quo or the amalgamation of two councils due to the much larger amalgamation costs. The result for the Global City amalgamation is only two thirds the size of the largest eastern suburbs amalgamation (option 6) in part due to lost rental income as additional council staff would occupy property currently leased commercially by the City of Sydney.

Own source revenue result

All options continue to meet the own source revenue result as these councils are not highly dependent on grants and contributions.

Building and Infrastructure Asset Renewal Result

After adjusting each council's depreciation rate to Randwick's rate only two councils required additional expenditure on asset renewals in order to meet this ratio - Waverley ($16.5m shortfall over ten years) and Sydney ($83.5m). The amalgamation of Randwick and Botany was marginally stronger than the Randwick stand alone position. Other options were weakened by the inclusion of Waverley and Sydney in the short term, with surplus funds closing this renewal gap in later years.

Infrastructure Backlog

All councils have focussed on their infrastructure backlogs in recent years with further works planned in future years. No amalgamation option fails to meet this benchmark at any point in the ten years.

Asset Maintenance

Similar to the asset renewal ratio, maintenance is also a weak ratio for many councils, although the gap in expenditure is not as high. Over ten years Botany's maintenance gap is $4.7m while Sydney's is $15.1m. Any amalgamation brings the ratio down from Randwick's current position. In the first year of the model only Randwick or a Randwick/Botany amalgamation would meet this benchmark. By 2020 all options meet this ratio.

Debt Service

Assuming a debt free position is a strong position, the only options that are debt free from day one are an amalgamation of Botany and Randwick or Randwick's stand alone position. However, the only councils with debt (Waverley and Woollahra) have very low levels of operational debt. Woollahra's loan related to their joint venture with Woolworths is not considered an operational loan as it is related to an income generating activity (refer to pages 39-40).

Real Operating Expenditure per Capita

All options result in a decrease in operating expenditure per capita in every year of the model.

5.4 Additional costs to consider

It has not been possible to forecast all costs as not all information is available for each council (for example wage equalisation, service delivery details, asset conditions and plant and equipment status) and information on transition arrangements is not available. Furthermore, potential shortfalls in cash reserves for bonds and deposits and employee leave entitlements will need to be addressed.

5.5 Financial benefits and costs - how will these be achieved/addressed

Extensive research has been undertaken on both the financial costs and benefits of an amalgamation. Some areas where costs savings are anticipated include:

- Governance and senior management - Reduction in the number of senior staff and councillors.
- Staff redeployment - With an average 8.5%[28] turnover per year, it is assumed a new council would replace core frontline staff, and redeploy other positions to new or increased service levels.
- Procurement and operational expenditure savings due to the size and increased capacity of the amalgamated council.
- Rationalisation of administration and depot buildings and plant and equipment.
- Information and Communication Technology (ICT).

These cost savings will provide an opportunity to enhance existing services and provide new services.

The costs of an amalgamation will be funded through an internal loan from internally restricted cash reserves over the first two years of the new council's operation. These funds will be paid back over the preceding two years from surplus funds generated through operating efficiencies.

[28] Based on the turnover rate reported in each council's publically available Workforce Strategy.

5.6 What does each Council 'bring to the table' in terms of finances?

Randwick

Strengths	Weaknesses
1. Meets 6 of the 6 'Fit for the Future' benchmarks (excl Debt Ratio) 2. 'Sound' financial assessment with a 'positive' outlook – TCorp May 2014 3. No debt 4. Infrastructure backlog eliminated by 2021 in current LTFP. 5. Internally restricted and unrestricted cash reserve $33m 6. Strong employee leave entitlements reserve linked to liability 7. Commercial property in Maroubra and Randwick along with residential investment properties.	1. A considerable proportion of council's major contributors to the economy are non-rateable (including the university and hospital precinct)
Opportunities	**Threats**
1. Further development of the council's strong property portfolio.	1. The council is paid the minimum Financial Assistance Grant ($3.8m) - this may be reduced or lost under a planned review of the distribution of these grants across the state.

Botany

Strengths	Weaknesses
1. No debt	1. Currently only meets 3 of the 6 Fit for the Future ratios (excl debt ratio). 2. Insufficient expenditure on assets, with a backlog of works at $11.4m on 30 June 2014. 3. 'Moderate' financial assessment with a 'neutral' outlook – TCorp July 2014 4. Bonds, deposits and retentions liability ($8m) exceeds total unrestricted and internally restricted cash by $400k 5. Over 65% of the current workforce is aged 46 and over and 31% of the workforce is over 55[29]. TCorp reported "this will lead to high attrition rates"[30], yet the council holds only 15% of its employee leave entitlements (ELE) in a cash reserve. ELE is currently $8m, also exceeding the council's total unrestricted and restricted cash ($7.6m). 6. No investment property owned 7. $6.4m airport cleaning and maintenance commercial contract is currently generating a loss ($663k in 2013-14)[31] 8. Availability of public information is poor, so asset expenditure assumptions may be understated

Continued over page

[29] Office of Local Government, 'Promoting Better Practice Report – The Council of the City of Botany Bay', May 2013, pp41-42.
[30] NSW Treasury Corporation, 'City of Botany Bay – Financial Assessment, Sustainability and Benchmarking Report', 9 April 2013, p19
[31] Office of Local Government, 'Promoting Better Practice Report – The Council of the City of Botany Bay', May 2013, p72 also raised this as an issue and was advised it was due to the way internal transactions were being recorded.

Botany continued…

Opportunities	Threats
1. Review the airport business unit, possibly incorporating it with Randwick's existing commercial waste service.	1. Annual contribution in lieu of rates ($3.1m in 2013-14) from Sydney Airport Corporation is required under SACL's 50 year lease from the Commonwealth (expires 2052 with a 49 year extension option), however the amount payable has been subject to dispute in recent years.[32] 2. Maintenance and cleaning contract with the airport has been signed for six years[33] but this revenue (and expenditure) has been assumed to be in the Council's revenue base for the entire 10 years of the LTFP. There is a risk the contract may not be extended when it is due to expire in 2019. 3. Soil and groundwater contamination resulting from the legacy of former industries within the area (TCorp p19) may cause significant costs to the council in terms of monitoring, management and any groundworks undertaken in parks, etc. 4. Metropool - Member of an insurance pool with eight other councils - may expose the council to the cost of claims against pool member councils 5. Defined benefits super scheme - high exposure to the risk of a deficiency in the scheme's fund - required to pay an additional $522k to the fund in 2013-14 to address the scheme's deficit (considering Randwick was required to pay $581k, yet has 60% more staff, it is assumed a larger percentage of Botany's workforce is in this scheme). 6. Risk the Financial Assistance Grant may reduce or be lost as part of the reform of Local Government.

[32] The Daily Telegraph, 'Sydney Airport Corporation accused of not paying $500k rates bill by Rockdale City Council', 2 Sept 2013, http://www.dailytelegraph.com.au/news/nsw/sydney-airport-corporation-accused-of-not-paying-500k-rates-bill-by-rockdale-city-council/story-fni0cx12-1226708595798, accessed 11 March 2015.
[33] NSW Treasury Corporation, 'City of Botany Bay – Financial Assessment, Sustainability and Benchmarking Report', 9 April 2013, p24

Waverley

Strengths	Weaknesses
1. 'Moderate' financial assessment with a 'positive' outlook – TCorp May 2014 2. Infrastructure backlog eliminated by 2020 in current LTFP. 3. Internally restricted and unrestricted cash reserve $44m included 100% funded bonds and deposits liability of $15.6m on 30 June 2015. $82m sale of former depot occurred in December 2014. 4. Commercial property within Bondi Junction and Waverley 5. New operational depot (shared with Woollahra– land owned by Waverley)	1. Currently only meets 1 of the 6 Fit for the Future ratios (excl debt ratio) 2. Debt - $3m on 30 June 2014 with an additional $9.7m in external loans planned + $1.7m borrowed from the domestic waste cash reserve
Opportunities	**Threats**
1. Further development of the council's strong property portfolio 2. Do not currently charge a Stormwater Management Charge – their AMP (2013) identified there is a need to build up a reserve fund for drainage works (p9) with an annual shortfall in required expenditure of $300k (p100).	1. 24% ($27m) of operating income comes from parking meters, car parks and fines – this is subject to market volatility and community and political issues. 2. The council is paid the minimum Financial Assistance Grant ($1.9m) - this may be reduced or lost under a planned review of the distribution of these grants across the state.

Woollahra

Strengths	Weaknesses
1. 'Moderate' financial assessment with a 'positive' outlook – TCorp Feb 2014 2. Internally restricted and unrestricted cash reserve $26m plus depot sale proceeds due in 2015 (approx. $36m of the proceeds is uncommitted) 3. New operational depot (shared with Waverley – land owned by Waverley) 4. Woolworths development (refer to 2.9)	1. Currently only meets 4 of the 6 Fit for the Future ratios (excl debt ratio) 2. Debt $6m on 30 June 2015 (excl the Woolworths joint venture). 3. Infrastructure backlog is below the 2% ratio benchmark at $5.4m. While remaining under the benchmark, the current LTFP forecasts this backlog will grow to $7.2m by 2024. 4. ELE - Only $1.2m is held in reserve for the $10.5m ELE liability (11%) (although the council has sufficient cash to increase this reserve).
Opportunities	**Threats**
1. Further development of the council's strong property portfolio	1. The Woolworths development is geared at 63.9% (value of $120m with $76.7m borrowed). TCorp stated "in the event of termination (of the lease with Woolworths) the level of gearing could make Council more vulnerable to a downturn in the market" should a "new tenant not be found at a comparable rental"[34]. 2. 10% ($8m) of operating income comes from parking meters, car parks and fines – this is subject to market volatility and community and political issues. 3. The council is paid the minimum Financial Assistance Grant ($1.6m) - this may be reduced or lost under a planned review of the distribution of these grants across the state.

[34] NSW Treasury Corporation, 'Woollahra Municipal Council – Financial Assessment and Sustainability Report', 10 February 2014, pp4-5.

Sydney

Strengths	Weaknesses
1. 'Strong' financial assessment with a 'positive' outlook – TCorp Jan 2013 2. No debt 3. Infrastructure backlog reduced from $67m to $6m by 2024 in current AMP. 4. In the process of constructing a new operational depot (adjacent to the Waverley-Woollahra Alexandria depot) 5. Significant property portfolio 6. Internally restricted and unrestricted cash reserve $458m ($118m excl funds committed to major projects and workers comp)	1. Currently only meets 2 of the 6 Fit for the Future ratios (excl debt ratio) 2. Asset renewal - expenditure not sufficient to cover depreciation ($14.5m gap in 2013-14). 3. Asset maintenance - Expenditure is below required levels ($1.1m gap in 2013-14). 4. ELE - Only $5.8m is held in reserve for the $58m ELE liability (10%) (this is only a policy conflict with Randwick - this council has sufficient cash to increase this reserve)
Opportunities	**Threats**
1. Further development of the council's strong property portfolio	1. 15% ($73m) of operating income comes from parking meters, car parks and fines – this is subject to market volatility and community and political issues. 2. TCorp stated the council is vulnerable in the instance of an economic downturn[35] as over 77% of rates income comes from businesses, in addition to the council's own commercially leased properties. 3. Risk the Financial Assistance Grant may reduce or be lost as part of reform of Local Government.

[35] NSW Treasury, 'City of Sydney Financial Assessment, Sustainability and Benchmarking Report', Jan 2013, p17

Financial context

6. Assurance report

FINANCIAL CONTEXT

Appendix C

6. Assurance Report

Council's independent external auditors, Hill Rogers Spencer Steer, have reviewed the financial modelling presented in this report. An Assurance Report, issued by the auditors, is contained within the Attachment 6 of this report.

Furthermore, assurance testing and auditing have been conducted on the Randwick documents which underpin this model. An Assurance Report has been issued by the auditors on Randwick's Long Term Financial and Audit Reports on the Financial Statements including the Special Schedule 7 Report on the Condition of Infrastructure Assets.

Financial context

7. Attachments

FINANCIAL CONTEXT

Appendix

C

7. ATTACHMENTS

ATTACHMENT 1: Fit for the Future Benchmarks[36]

This is an extract from the NSW State Government's Fit for the Future Self-Assessment Tool released in October 2014.

1. Operating performance ratio

Total continuing operating revenue (exc. capital grants and contributions) less operating expenses

Total continuing operating revenue (exc. capital grants and contributions)

Description and Rationale for Criteria:

- TCorp in their review of financial sustainability of local government found that operating performance was a core measure of financial sustainability.
- Ongoing operating deficits are unsustainable and they are one of the key financial sustainability challenges facing the sector as a whole. While operating deficits are acceptable over a short period, consistent deficits will not allow councils to maintain or increase their assets and services or execute their infrastructure plans.
- Operating performance ratio is an important measure as it provides an indication of how a Council generates revenue and allocates expenditure (e.g. asset maintenance, staffing costs). It is an indication of continued capacity to meet on-going expenditure requirements.

Description and Rationale for Benchmark:

- TCorp recommended that all councils should be at least break even operating position or better, as a key component of financial sustainability. Consistent with this recommendation the benchmark for this criteria is greater than or equal to break even over a 3 year period.

2. Own source revenue ratio

Total continuing operating revenue less all grants and contributions

Total continuing operating revenue inclusive of capital grants and contributions

Description and Rationale for Criteria:

- Own source revenue measures the degree of reliance on external funding sources (e.g. grants and contributions). This ratio measures fiscal flexibility and robustness. Financial flexibility increases as the level of own source revenue increases. It also gives councils greater ability to manage external shocks or challenges.
- Councils with higher own source revenue have greater ability to control or manage their own operating performance and financial sustainability.

[36] Office of Local Government Fit for the Future Self-Assessment Tool

Description and Rationale for Benchmark:

- TCorp has used a benchmark for own source revenue of greater than 60 per cent of total operating revenue. All councils should aim to meet or exceed this benchmark over a three year period.
- It is acknowledged that many councils have limited options in terms of increasing its own source revenue, especially in rural areas. However, 60 per cent is considered the lowest level at which councils have the flexibility necessary to manage external shocks and challenges.

3. Building and infrastructure asset renewal ratio

Asset renewals (building and infrastructure)

Depreciation, amortisation and impairment (building and infrastructure)

Description and Rationale for Criteria:

- The building and infrastructure renewals ratio represents the replacement or refurbishment of existing assets to an equivalent capacity or performance, as opposed to the acquisition of new assets or the refurbishment of old assets that increase capacity or performance. The ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration.
- This is a consistent measure that can be applied across councils of different sizes and locations. A higher ratio is an indicator of strong performance.

Description and Rationale for Benchmark:

- Performance of less than one hundred percent indicates that a council's existing assets are deteriorating faster than they are being renewed and that potentially council's infrastructure backlog is worsening. Councils with consistent asset renewals deficits will face degradation of building and infrastructure assets over time.
- Given that a ratio of greater than one hundred percent is adopted, to recognise that capital expenditures are sometimes lumpy and can be lagged, performance is averaged over three years.

4. Infrastructure backlog ratio

Estimated cost to bring assets to a satisfactory condition

Total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets

Description and Rationale for Criteria:

- The infrastructure backlog ratio indicates the proportion of backlog against the total value of the Council's infrastructure assets. It is a measure of the extent to which asset renewal is required to maintain or improve service delivery in a sustainable way. This measures how councils are managing their infrastructure which is so critical to effective community sustainability.

- It is acknowledged, that the reliability of infrastructure data within NSW local government is mixed. However, as asset management practices within councils improve, it is anticipated that infrastructure reporting data reliability and quality will increase.
- This is a consistent measure that can be applied across councils of different sizes and locations. A low ratio is an indicator of strong performance.

Description and Rationale for Benchmark:

- High infrastructure backlog ratios and an inability to reduce this ratio in the near future indicate an underperforming Council in terms of infrastructure management and delivery. Councils with increasing infrastructure backlogs will experience added pressure in maintaining service delivery and financing current and future infrastructure demands.
- TCorp adopted a benchmark of less than 2 per cent to be consistently applied across councils. The application of this benchmark reflects the State Government's focus on reducing infrastructure backlogs.

5. Asset maintenance ratio

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

Description and Rationale for Criteria:

- The asset maintenance ratio reflects the actual asset maintenance expenditure relative to the required asset maintenance as measured by an individual council.
- The ratio provides a measure of the rate of asset degradation (or renewal) and therefore has a role in informing asset renewal and capital works planning.

Description and Rationale for Benchmark:

- The benchmark adopted is greater than one hundred percent, which implies that asset maintenance expenditure exceeds the council identified requirements. This benchmark is consistently adopted by the NSW Treasury Corporation (TCORP). A ratio of less than one hundred percent indicates that there may be a worsening infrastructure backlog.
- Given that a ratio of greater than one hundred percent is adopted, to recognise that maintenance expenditure is sometimes lumpy and can be lagged, performance is averaged over three years.

6. Debt service ratio

$$\frac{\textit{Cost of debt service (interest expense \& principal repayments)}}{\textit{Total continuing operating revenue (exc. capital grants and contributions)}}$$

Description and Rationale for Criteria:

- Prudent and active debt management is a key part of Councils' approach to both funding and managing infrastructure and services over the long term.

- Prudent debt usage can also assist in smoothing funding costs and promoting intergenerational equity. Given the long life of many council assets it is appropriate that the cost of these assets should be equitably spread across the current and future generations of users and ratepayers. Effective debt usage allows councils to do this.
- Inadequate use of debt may mean that councils are forced to raise rates that a higher than necessary to fund long life assets or inadequately fund asset maintenance and renewals. It is also a strong proxy indicator of a council's strategic capacity.
- Council's effectiveness in this area is measured by the Debt Service Ratio.

Description and Rationale for Benchmark:

- As outlined above, it is appropriate for councils to hold some level of debt given their role in the provision and maintenance of key infrastructure and services for their community. It is considered reasonable for councils to maintain a Debt Service Ratio of greater than 0 and less than or equal to 20 per cent.
- Councils with low or zero debt may incorrectly place the funding burden on current ratepayers when in fact it should be spread across generations, who also benefit from the assets. Likewise high levels of debt generally indicate a weakness in financial sustainability and/or poor balance sheet management.

7. Real operating expenditure per capita

Description and Rationale for Criteria:

- At the outset it is acknowledged the difficulty in measuring public sector efficiency. This is because there is a range of difficulty in reliably and accurately measuring output.
- The capacity to secure economies of scale over time is a key indicator of operating efficiency. The capacity to secure efficiency improvements can be measured with respect to a range of factors, for example population, assets, and financial turnover.
- It is challenging to measure productivity changes over time. To overcome this, changes in real per capita expenditure was considered to assess how effectively councils:
    - can realise natural efficiencies as population increases (through lower average cost of service delivery and representation); and
    - can make necessary adjustments to maintain current efficiency if population is declining (e.g. appropriate reductions in staffing or other costs).
- Assuming that service levels remain constant, decline in real expenditure per capita indicates efficiency improvements (i.e. the same level of output per capita is achieved with reduced expenditure).

Description and Rationale for Benchmark:

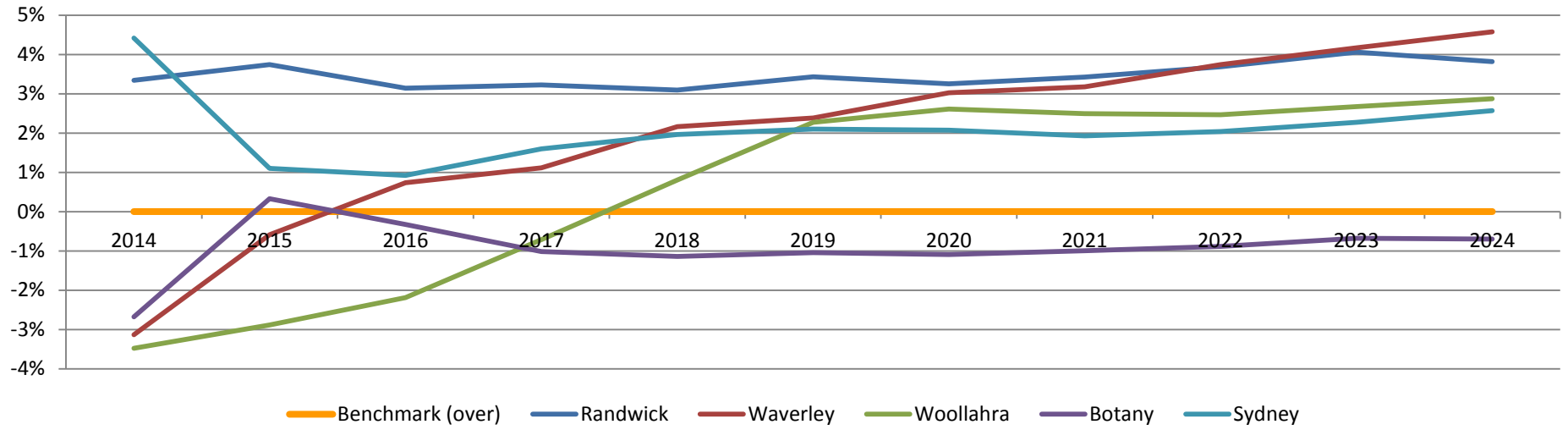
- The measure 'trends in real expenditure per capita' reflects how the value of inflation adjusted inputs per person has grown over time. In the calculation, the expenditure is deflated by the Consumer Price Index (for 2009-11) and the Local Government Cost Index (for 2011-14) as published by the Independent Pricing and Regulatory Tribunal (IPART). It is acknowledged that efficiency and service levels are impacted by a broad range of factors, and that it is unreasonable to establish an absolute benchmark across councils. It is also acknowledged that council service levels are likely to change for a variety of reasons however, it is important that councils prioritise or set service levels in conjunction with their community, in the context of their development of their Integrated Planning and Reporting.

- Councils will be assessed on a joint consideration of the direction and magnitude of their improvement or deterioration in real expenditure per capita. Given that efficiency improvements require some time for the results to be fully achieved and as a result, this analysis will be based on a 5-year trend.

ATTACHMENT 2 Assessment against Fit for the Future Benchmarks - Status Quo

Status Quo

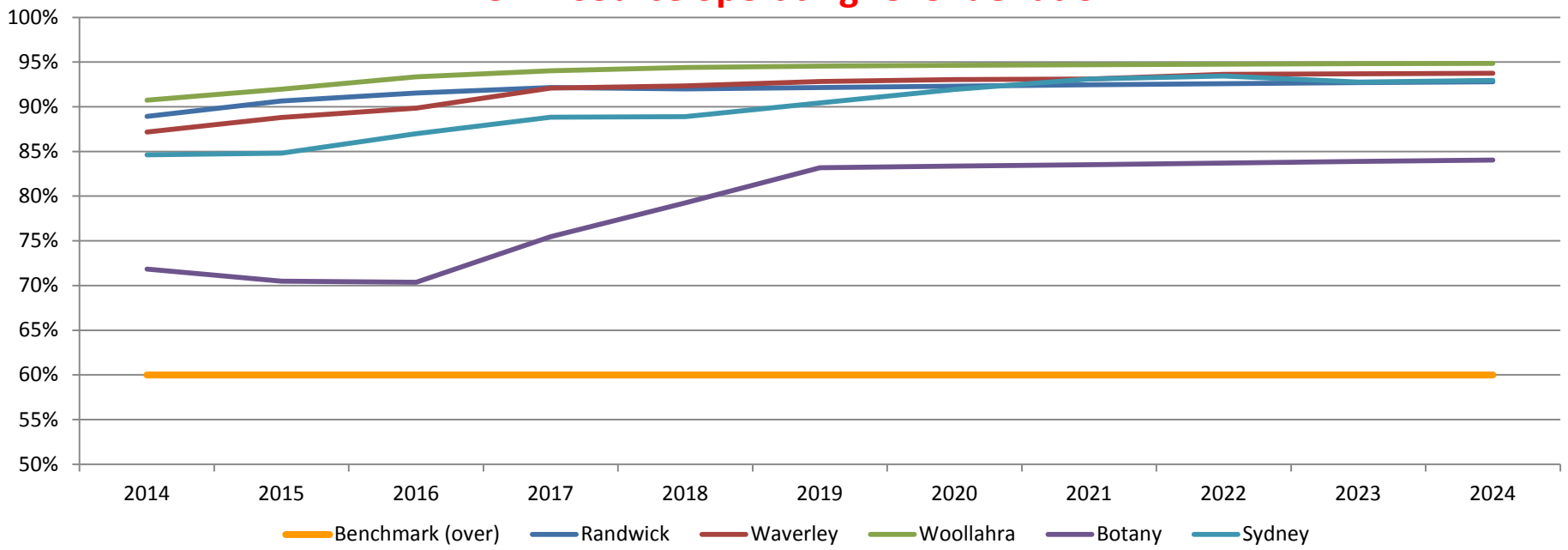
Operating performance ratio



Council	Benchmark 3 year average		Actual 2014	Yr 1 2015	Yr 2 2016	**Yr 3 2017**	Yr 4 2018	Yr 5 2019	**Yr 6 2020**	Yr 7 2021	Yr 8 2022	Yr 9 2023	Yr 10 2024
Randwick	Greater or equal to 0	0%	**3.3%**	**3.7%**	**3.1%**	**3.2%**	**3.1%**	**3.4%**	**3.3%**	**3.4%**	**3.7%**	**4.1%**	**3.8%**
Waverley		0%	**-3.1%**	**-0.6%**	**0.7%**	**1.1%**	**2.2%**	**2.4%**	**3.0%**	**3.2%**	**3.7%**	**4.2%**	**4.6%**
Woollahra		0%	**-3.5%**	**-2.9%**	**-2.2%**	**-0.7%**	**0.8%**	**2.3%**	**2.6%**	**2.5%**	**2.5%**	**2.7%**	**2.9%**
Botany		0%	**-2.7%**	**0.3%**	**-0.3%**	**-1.0%**	**-1.1%**	**-1.0%**	**-1.1%**	**-1.0%**	**-0.9%**	**-0.7%**	**-0.7%**
Sydney		0%	**4.4%**	**1.1%**	**0.9%**	**1.6%**	**2.0%**	**2.1%**	**2.1%**	**1.9%**	**2.0%**	**2.3%**	**2.6%**

Status Quo

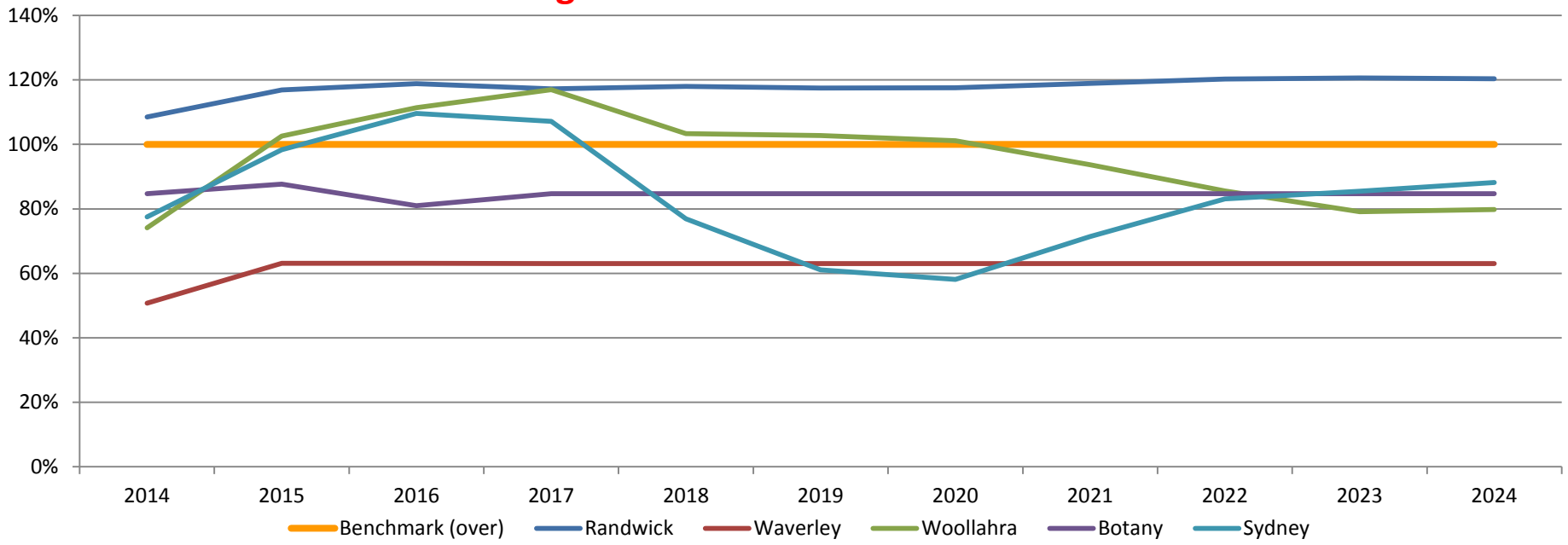
Own source operating revenue ratio



Council	Benchmark 3 year average		Actual 2014	Yr 1 2015	Yr 2 2016	**Yr 3 2017**	Yr 4 2018	Yr 5 2019	**Yr 6 2020**	Yr 7 2021	Yr 8 2022	Yr 9 2023	Yr 10 2024
Randwick	Greater than 60%	60%	**88.9%**	**90.7%**	**91.5%**	**92.1%**	**92.0%**	**92.1%**	**92.3%**	**92.4%**	**92.6%**	**92.7%**	**92.8%**
Waverley		60%	**87.2%**	**88.8%**	**89.8%**	**92.1%**	**92.3%**	**92.8%**	**93.0%**	**93.1%**	**93.6%**	**93.7%**	**93.7%**
Woollahra		60%	**90.7%**	**92.0%**	**93.4%**	**94.0%**	**94.4%**	**94.5%**	**94.6%**	**94.7%**	**94.8%**	**94.8%**	**94.9%**
Botany		60%	**71.8%**	**70.5%**	**70.4%**	**75.5%**	**79.2%**	**83.2%**	**83.4%**	**83.5%**	**83.7%**	**83.9%**	**84.0%**
Sydney		60%	**84.6%**	**84.8%**	**87.0%**	**88.8%**	**88.9%**	**90.4%**	**91.9%**	**93.1%**	**93.4%**	**92.8%**	**93.0%**

Status Quo

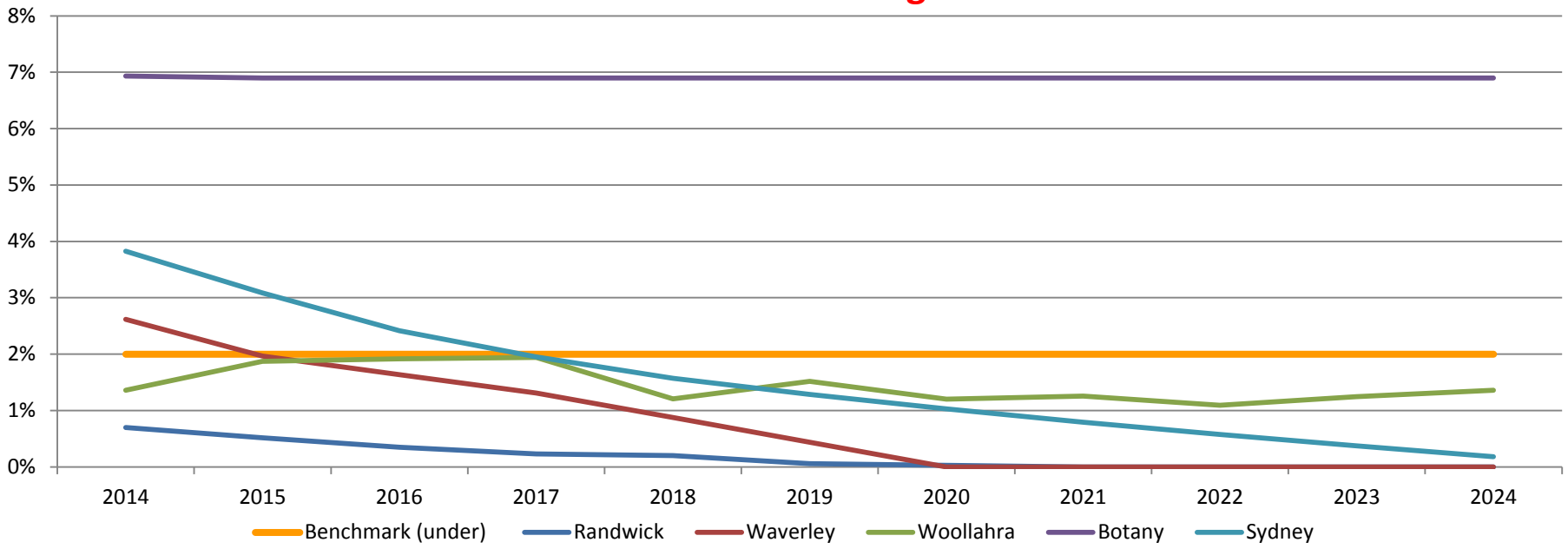
Building and infrastructure renewals ratio



Council	Benchmark 3 year average		Actual 2014	Yr 1 2015	Yr 2 2016	**Yr 3 2017**	Yr 4 2018	Yr 5 2019	**Yr 6 2020**	Yr 7 2021	Yr 8 2022	Yr 9 2023	Yr 10 2024
Randwick	Greater than 100%	100%	**108.5%**	**116.9%**	**118.8%**	**117.2%**	**118.0%**	**117.5%**	**117.6%**	**119.0%**	**120.3%**	**120.6%**	**120.3%**
Waverley		100%	**50.8%**	**63.1%**	**63.1%**	**63.0%**	**63.0%**	**63.0%**	**63.0%**	**63.0%**	**63.0%**	**63.0%**	**63.0%**
Woollahra		100%	**74.2%**	**102.6%**	**111.4%**	**117.0%**	**103.3%**	**102.7%**	**101.2%**	**93.7%**	**85.6%**	**79.1%**	**79.8%**
Botany		100%	**84.7%**	**88.1%**	**81.4%**	**84.7%**	**84.7%**	**84.7%**	**84.7%**	**84.7%**	**84.7%**	**84.7%**	**84.7%**
Sydney		100%	**77.5%**	**98.3%**	**109.6%**	**107.2%**	**76.9%**	**61.1%**	**58.1%**	**71.5%**	**83.1%**	**85.5%**	**88.2%**

Status Quo

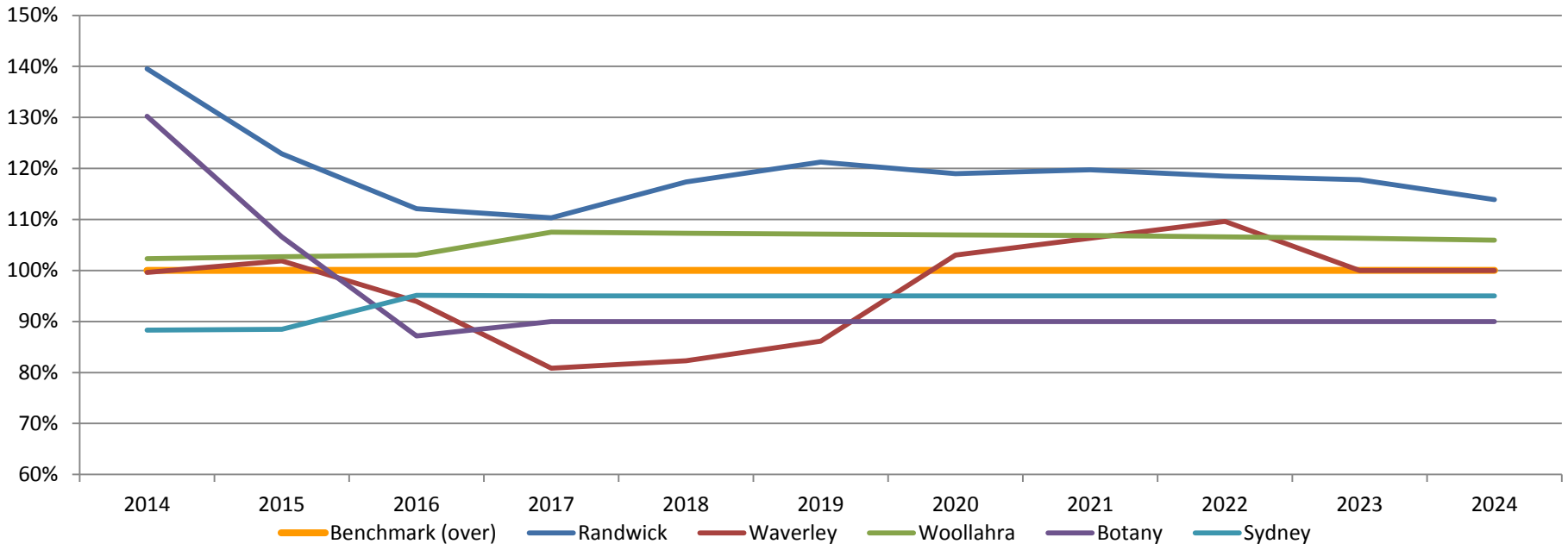
Infrastructure backlog ratio



Council	Benchmark as at 30 June		Actual 2014	Yr 1 2015	Yr 2 2016	**Yr 3 2017**	Yr 4 2018	Yr 5 2019	**Yr 6 2020**	Yr 7 2021	Yr 8 2022	Yr 9 2023	Yr 10 2024
Randwick	Less than 2%	2%	**0.7%**	**0.5%**	**0.3%**	**0.2%**	**0.2%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Waverley		2%	**2.6%**	**2.0%**	**1.6%**	**1.3%**	**0.9%**	**0.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Woollahra		2%	**1.4%**	**1.9%**	**1.9%**	**1.9%**	**1.2%**	**1.5%**	**1.2%**	**1.3%**	**1.1%**	**1.2%**	**1.4%**
Botany		2%	**6.9%**	**6.9%**	**6.9%**	**6.9%**	**6.9%**	**6.9%**	**6.9%**	**6.9%**	**6.9%**	**6.9%**	**6.9%**
Sydney		2%	**3.8%**	**3.1%**	**2.4%**	**2.0%**	**1.6%**	**1.3%**	**1.0%**	**0.8%**	**0.6%**	**0.4%**	**0.2%**

Status Quo

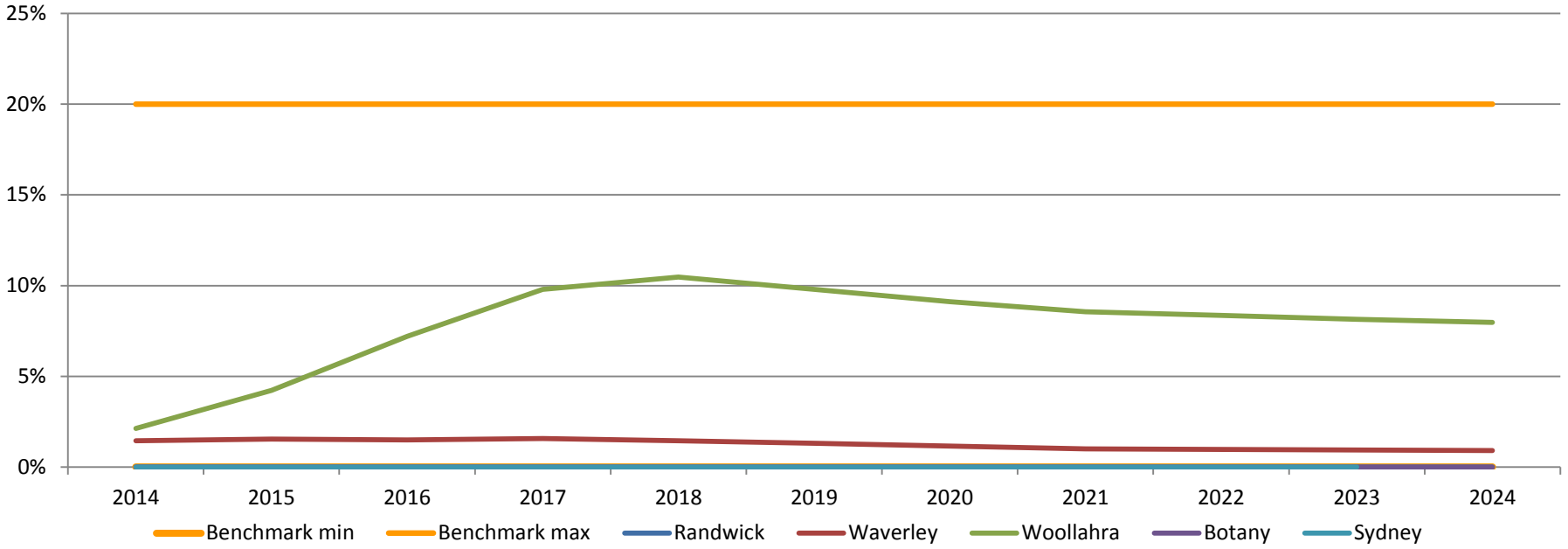
Asset maintenance ratio



Council	Benchmark 3 year average		Actual 2014	Yr 1 2015	Yr 2 2016	**Yr 3 2017**	Yr 4 2018	Yr 5 2019	**Yr 6 2020**	Yr 7 2021	Yr 8 2022	Yr 9 2023	Yr 10 2024
Randwick	Greater than 100%	100%	**139.5%**	**122.9%**	**112.1%**	**110.3%**	**117.4%**	**121.2%**	**119.0%**	**119.7%**	**118.5%**	**117.8%**	**113.9%**
Waverley		100%	**99.6%**	**101.9%**	**93.9%**	**80.9%**	**82.3%**	**86.2%**	**103.0%**	**106.3%**	**109.6%**	**100.0%**	**100.0%**
Woollahra		100%	**102.3%**	**102.7%**	**103.0%**	**107.5%**	**107.3%**	**107.1%**	**107.0%**	**106.8%**	**106.6%**	**106.3%**	**105.9%**
Botany		100%	**130.3%**	**116.3%**	**87.1%**	**90.0%**	**90.0%**	**90.0%**	**90.0%**	**90.0%**	**90.0%**	**90.0%**	**90.0%**
Sydney		100%	**88.3%**	**88.5%**	**95.1%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**

Status Quo

Debt service ratio



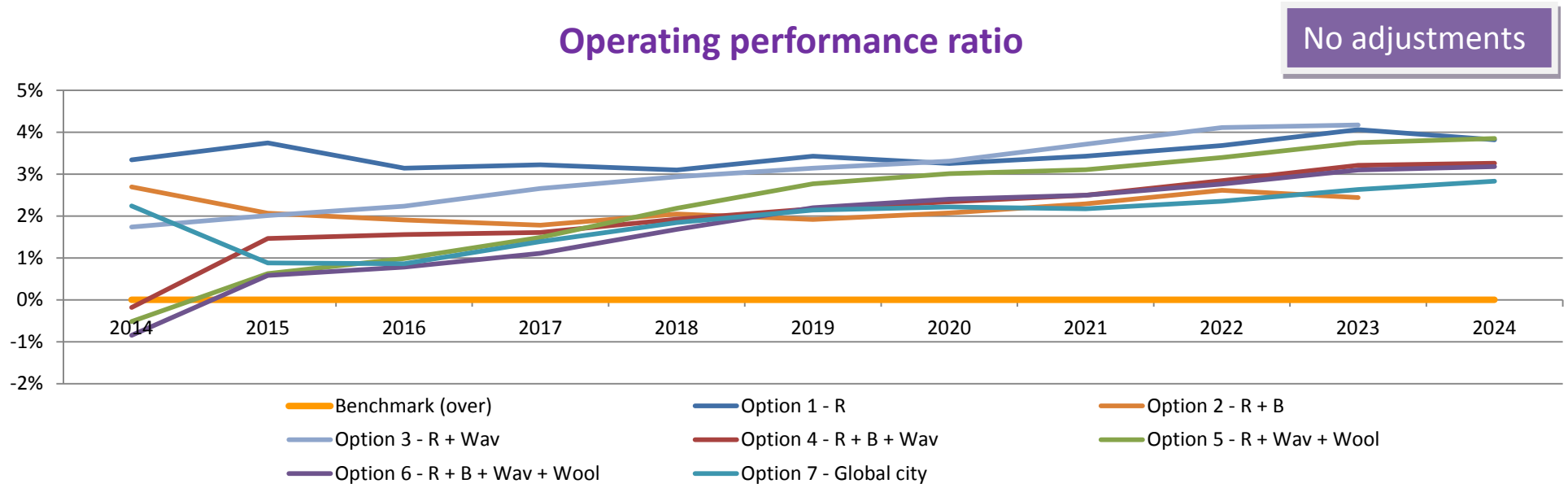
Council	Benchmark 3 year average		Actual 2014	Yr 1 2015	Yr 2 2016	**Yr 3 2017**	Yr 4 2018	Yr 5 2019	**Yr 6 2020**	Yr 7 2021	Yr 8 2022	Yr 9 2023	Yr 10 2024
Randwick	Greater than 0% up to 20%	0.01% to 20%	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Waverley			**1.4%**	**1.5%**	**1.5%**	**1.6%**	**1.4%**	**1.3%**	**1.2%**	**1.0%**	**1.0%**	**0.9%**	**0.9%**
Woollahra			**2.1%**	**4.2%**	**7.2%**	**9.8%**	**10.5%**	**9.8%**	**9.1%**	**8.6%**	**8.4%**	**8.1%**	**8.0%**
Botany			**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Sydney			**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Status Quo

Change in real operating expenditure per capita

Council	Benchmark		Actual 2014	Yr 1 2015	Yr 2 2016	**Yr 3 2017**	Yr 4 2018	Yr 5 2019	**Yr 6 2020**	Yr 7 2021	Yr 8 2022	Yr 9 2023	Yr 10 2024
Randwick	No upward trend over 5yrs	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Waverley		Decrease ↘	Increase ↗	Decrease ↘	Increase ↗	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Woollahra		Decrease ↘	Decrease ↘	Increase ↗	Increase ↗	Increase ↗	Increase ↗	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Botany		Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Sydney		Decrease ↘	Increase ↗	Increase ↗	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘

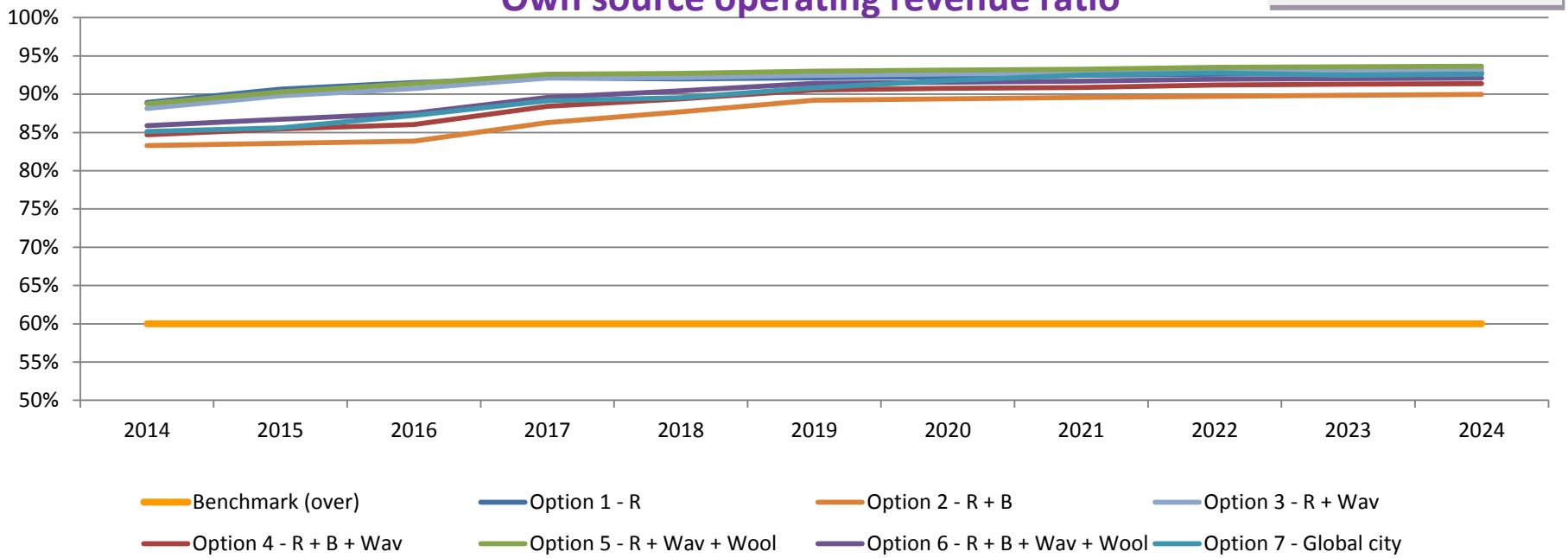
ATTACHMENT 3 Assessment against Fit for the Future Benchmarks - Options (sum of individual council projections only)



Criteria for Fit for the Future			Actual - 3 year average to 2013-14	Projected - 3 year average to 30 June...									
				Yr 1	Yr 2	**Yr 3**	Yr 4	Yr 5	**Yr 6**	Yr 7	Yr 8	Yr 9	Yr 10
	BENCHMARK	**Benchmark**	2014	2015	2016	**2017**	2018	2019	**2020**	2021	2022	2023	2024
1. Operating Performance Ratio													
Option 1 - R	Greater or equal to 0	0%	3.3%	3.7%	3.1%	3.2%	3.1%	3.4%	3.3%	3.4%	3.7%	4.1%	3.8%
Option 2 - R + B		0%	1.5%	2.7%	2.1%	1.9%	1.8%	2.0%	1.9%	2.1%	2.3%	2.6%	2.4%
Option 3 - R + Wav		0%	0.4%	1.7%	2.0%	2.2%	2.7%	2.9%	3.1%	3.3%	3.7%	4.1%	4.2%
Option 4 - R + B + Wav		0%	-0.2%	1.5%	1.6%	1.6%	1.9%	2.2%	2.3%	2.5%	2.8%	3.2%	3.3%
Option 5 - R + Wav + Wool		0%	-0.5%	0.6%	1.0%	1.5%	2.2%	2.8%	3.0%	3.1%	3.4%	3.8%	3.8%
Option 6 - R + B + Wav + Wool		0%	-0.8%	0.6%	0.8%	1.1%	1.7%	2.2%	2.4%	2.5%	2.8%	3.1%	3.2%
Option 7 - Global city		0%	2.2%	0.9%	0.9%	1.4%	1.8%	2.1%	2.2%	2.2%	2.4%	2.6%	2.8%

No adjustments

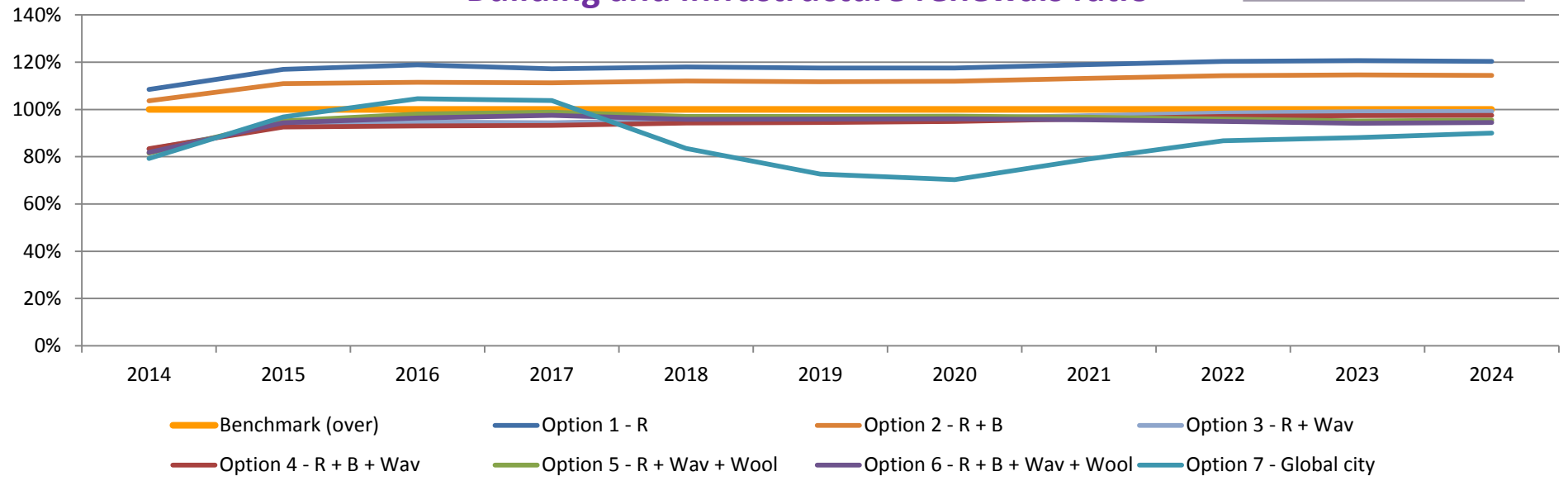
Own source operating revenue ratio



Criteria for Fit for the Future			Actual - 3 year average to 2013-14	Projected - 3 year average to 30 June...									
				Yr 1	Yr 2	**Yr 3**	Yr 4	Yr 5	**Yr 6**	Yr 7	Yr 8	Yr 9	Yr 10
	BENCHMARK	**Benchmark**	2014	2015	2016	**2017**	2018	2019	**2020**	2021	2022	2023	2024
2. Own Source Operating Revenue Ratio													
Option 1 - R	Greater than 60%	60%	88.9%	90.7%	91.5%	92.1%	92.0%	92.1%	92.3%	92.4%	92.6%	92.7%	92.8%
Option 2 - R + B		60%	83.3%	83.6%	83.9%	86.3%	87.7%	89.2%	89.4%	89.6%	89.7%	89.9%	90.0%
Option 3 - R + Wav		60%	88.1%	89.8%	90.7%	92.1%	92.2%	92.5%	92.6%	92.8%	93.1%	93.2%	93.2%
Option 4 - R + B + Wav		60%	84.7%	85.5%	86.0%	88.4%	89.4%	90.6%	90.8%	90.9%	91.2%	91.3%	91.4%
Option 5 - R + Wav + Wool		60%	88.7%	90.3%	91.4%	92.6%	92.7%	93.0%	93.1%	93.2%	93.5%	93.6%	93.6%
Option 6 - R + B + Wav + Wool		60%	85.9%	86.7%	87.5%	89.6%	90.5%	91.4%	91.6%	91.7%	91.9%	92.0%	92.1%
Option 7 - Global city		60%	85.1%	85.6%	87.2%	89.1%	89.5%	90.9%	91.8%	92.5%	92.8%	92.5%	92.6%

No adjustments

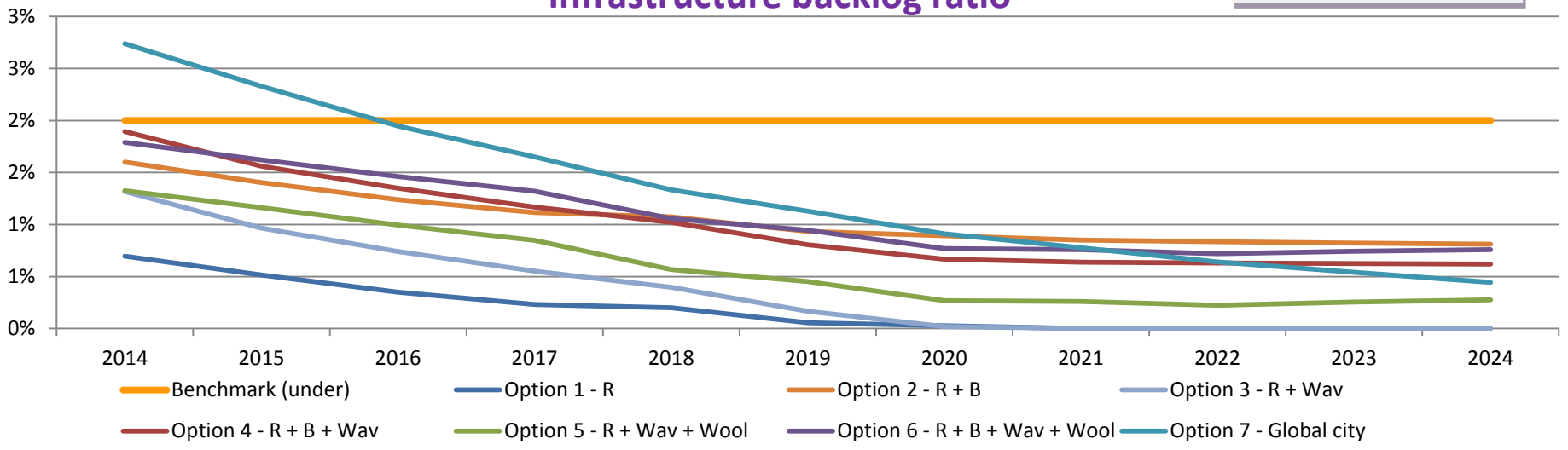
Building and infrastructure renewals ratio



Criteria for Fit for the Future			Actual - 3 year average to 2013-14	Projected - 3 year average to 30 June...									
				Yr 1	Yr 2	**Yr 3**	Yr 4	Yr 5	**Yr 6**	Yr 7	Yr 8	Yr 9	Yr 10
	BENCHMARK	**Benchmark**	2014	2015	2016	**2017**	2018	2019	**2020**	2021	2022	2023	2024
3. Building and Infrastructure Renewals Ratio													
Option 1 - R	Greater than 100%	100%	108.5%	116.9%	118.8%	117.2%	118.0%	117.5%	117.6%	119.0%	120.3%	120.6%	120.3%
Option 2 - R + B		100%	103.6%	111.0%	111.5%	111.3%	112.0%	111.7%	111.9%	113.1%	114.3%	114.6%	114.4%
Option 3 - R + Wav		100%	83.2%	93.3%	94.7%	94.4%	95.5%	95.7%	96.2%	97.4%	98.5%	99.0%	99.1%
Option 4 - R + B + Wav		100%	83.4%	92.6%	93.0%	93.2%	94.3%	94.4%	94.9%	96.0%	97.0%	97.4%	97.5%
Option 5 - R + Wav + Wool		100%	81.4%	95.2%	98.0%	98.9%	97.0%	97.0%	97.2%	96.7%	95.9%	95.1%	95.4%
Option 6 - R + B + Wav + Wool		100%	81.8%	94.4%	96.4%	97.5%	95.8%	95.9%	96.0%	95.6%	94.9%	94.1%	94.4%
Option 7 - Global city		100%	79.2%	96.8%	104.6%	103.7%	83.4%	72.6%	70.3%	79.0%	86.7%	88.1%	90.0%

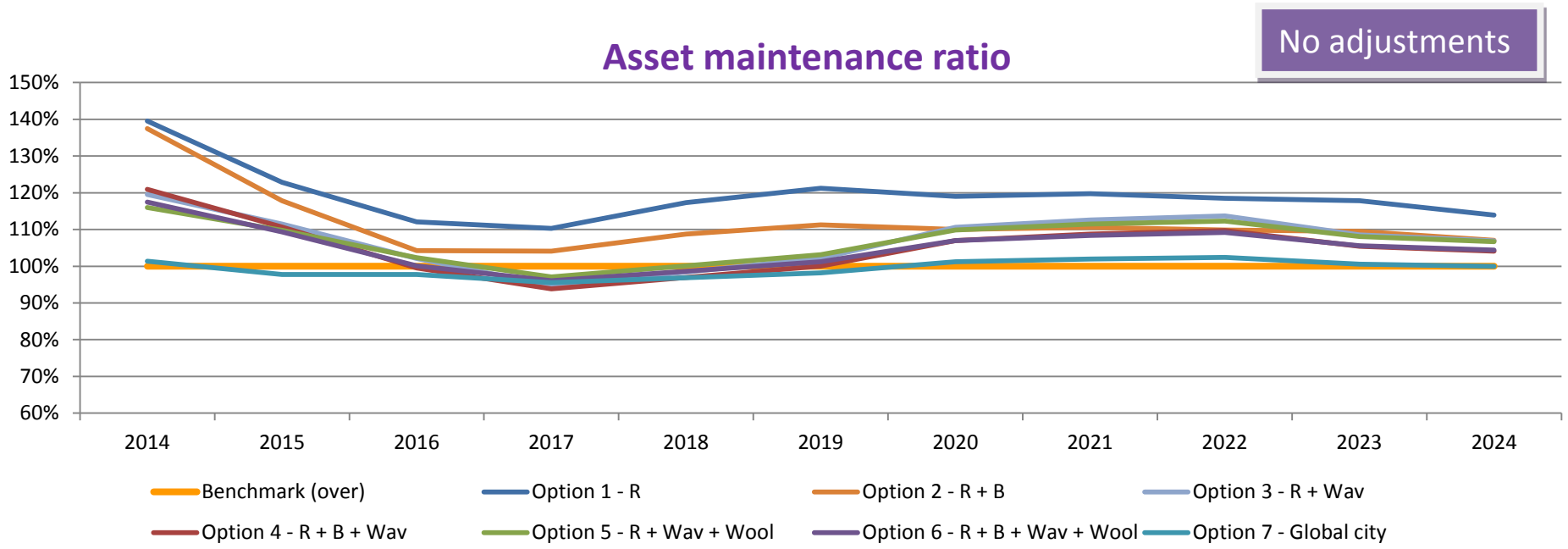
No adjustments

Infrastructure backlog ratio



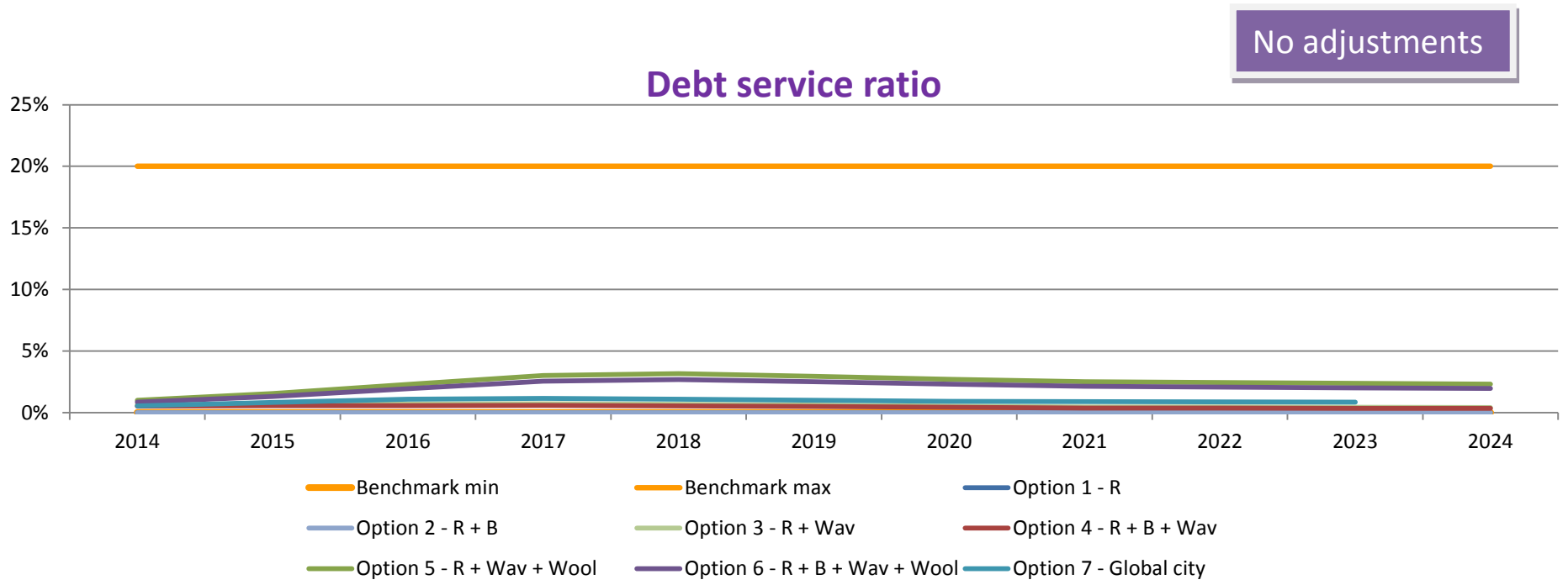
Criteria for Fit for the Future			Actual - 3 year average to 2013-14	Projected - 3 year average to 30 June...									
				Yr 1	Yr 2	**Yr 3**	Yr 4	Yr 5	**Yr 6**	Yr 7	Yr 8	Yr 9	Yr 10
	BENCHMARK	**Benchmark**	2014	2015	2016	**2017**	2018	2019	**2020**	2021	2022	2023	2024
4. Infrastructure Backlog Ratio *(SS7) (data is not averaged over 3 years - backlog as at 30 June of each year)*													
Option 1 - R	Less than 2%	2%	0.7%	0.5%	0.3%	0.2%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Option 2 - R + B		2%	1.6%	1.4%	1.2%	1.1%	1.1%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%
Option 3 - R + Wav		2%	1.3%	1.0%	0.7%	0.6%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Option 4 - R + B + Wav		2%	1.9%	1.6%	1.3%	1.2%	1.0%	0.8%	0.7%	0.6%	0.6%	0.6%	0.6%
Option 5 - R + Wav + Wool		2%	1.3%	1.2%	1.0%	0.8%	0.6%	0.5%	0.3%	0.3%	0.2%	0.3%	0.3%
Option 6 - R + B + Wav + Wool		2%	1.8%	1.6%	1.5%	1.3%	1.1%	0.9%	0.8%	0.8%	0.7%	0.7%	0.8%
Option 7 - Global city		2%	2.7%	2.3%	1.9%	1.7%	1.3%	1.1%	0.9%	0.8%	0.6%	0.5%	0.4%

No adjustments



Criteria for Fit for the Future			Actual - 3 year average to 2013-14	Projected - 3 year average to 30 June...									
				Yr 1	Yr 2	**Yr 3**	Yr 4	Yr 5	**Yr 6**	Yr 7	Yr 8	Yr 9	Yr 10
	BENCHMARK	Benchmark	2014	2015	2016	**2017**	2018	2019	**2020**	2021	2022	2023	2024
5. Asset Maintenance Ratio *(SS7)*													
Option 1 - R	Greater than 100%	100%	139.5%	122.9%	112.1%	110.3%	117.4%	121.2%	119.0%	119.7%	118.5%	117.8%	113.9%
Option 2 - R + B		100%	137.5%	117.8%	104.3%	104.1%	108.7%	111.3%	110.0%	110.6%	109.9%	109.5%	107.1%
Option 3 - R + Wav		100%	119.6%	111.5%	102.1%	94.7%	98.4%	102.2%	110.6%	112.6%	113.7%	108.5%	106.9%
Option 4 - R + B + Wav		100%	120.9%	110.7%	99.5%	93.9%	97.0%	100.0%	107.0%	108.7%	109.7%	105.4%	104.1%
Option 5 - R + Wav + Wool		100%	116.0%	109.8%	102.3%	97.1%	100.1%	103.1%	109.9%	111.5%	112.3%	108.1%	106.7%
Option 6 - R + B + Wav + Wool		100%	117.5%	109.3%	100.1%	96.0%	98.7%	101.2%	107.0%	108.4%	109.2%	105.6%	104.4%
Option 7 - Global city		100%	101.4%	97.7%	97.7%	95.5%	96.9%	98.2%	101.2%	102.0%	102.4%	100.6%	100.0%

No adjustments



Criteria for Fit for the Future			Actual - 3 year average to 2013-14	Projected - 3 year average to 30 June...									
				Yr 1	Yr 2	**Yr 3**	Yr 4	Yr 5	**Yr 6**	Yr 7	Yr 8	Yr 9	Yr 10
	BENCHMARK	**Benchmark**	2014	2015	2016	**2017**	2018	2019	**2020**	2021	2022	2023	2024
6. Debt Service Ratio													
Option 1 - R	Range 0.01% to 20%	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Option 2 - R + B			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Option 3 - R + Wav		to	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.5%	0.5%	0.5%	0.4%	0.4%
Option 4 - R + B + Wav			0.5%	0.6%	0.6%	0.6%	0.6%	0.5%	0.4%	0.4%	0.4%	0.4%	0.3%
Option 5 - R + Wav + Wool		20%	1.0%	1.6%	2.3%	3.0%	3.2%	3.0%	2.7%	2.5%	2.4%	2.4%	2.3%
Option 6 - R + B + Wav + Wool			0.9%	1.3%	1.9%	2.6%	2.7%	2.5%	2.3%	2.1%	2.1%	2.0%	2.0%
Option 7 - Global city			0.4%	0.6%	0.8%	1.1%	1.2%	1.1%	1.0%	0.9%	0.9%	0.9%	0.9%

No adjustments

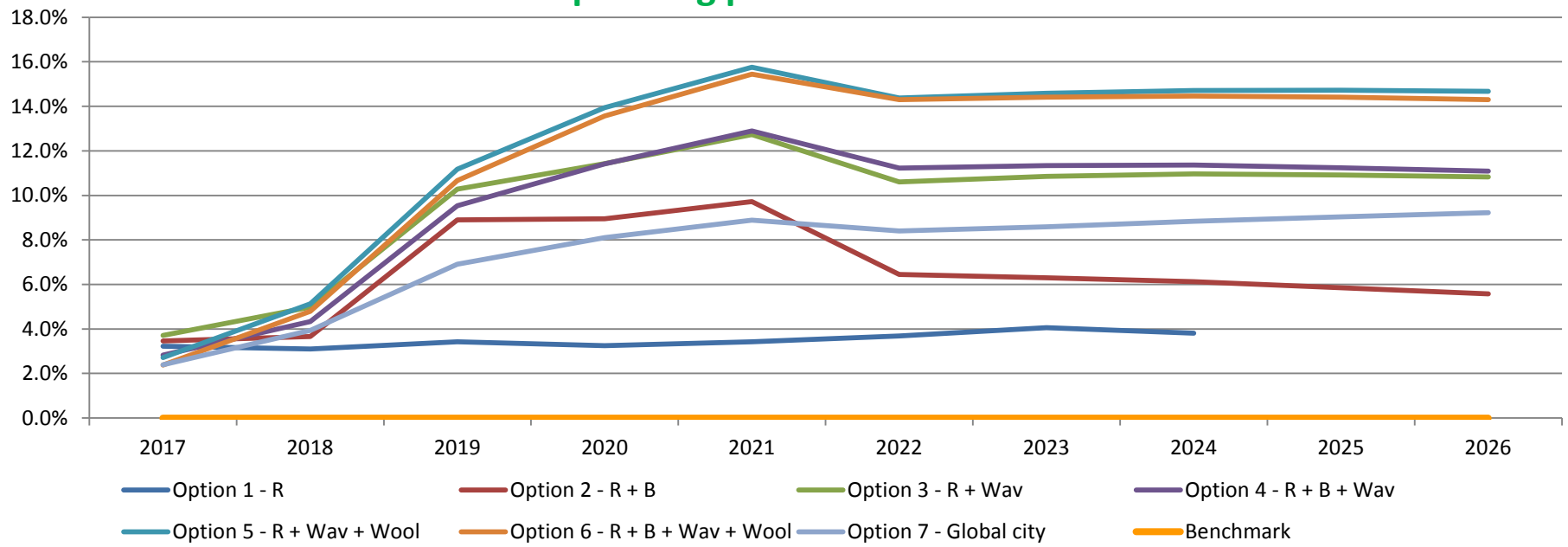
Change in real operating expenditure per capita

Council	Benchmark		Actual 2014	Yr 1 2015	Yr 2 2016	**Yr 3 2017**	Yr 4 2018	Yr 5 2019	**Yr 6 2020**	Yr 7 2021	Yr 8 2022	Yr 9 2023	Yr 10 2024
Randwick	No upward trend over 5yrs	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Waverley		Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Woollahra		Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Botany		Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Sydney		Decrease ↘	Increase ↗	Increase ↗	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘

ATTACHMENT 4 Assessment against Fit for the Future Benchmarks - Options (includes costs and benefits of amalgamation, early loan repayments and closure of the asset expenditure gap)

Model

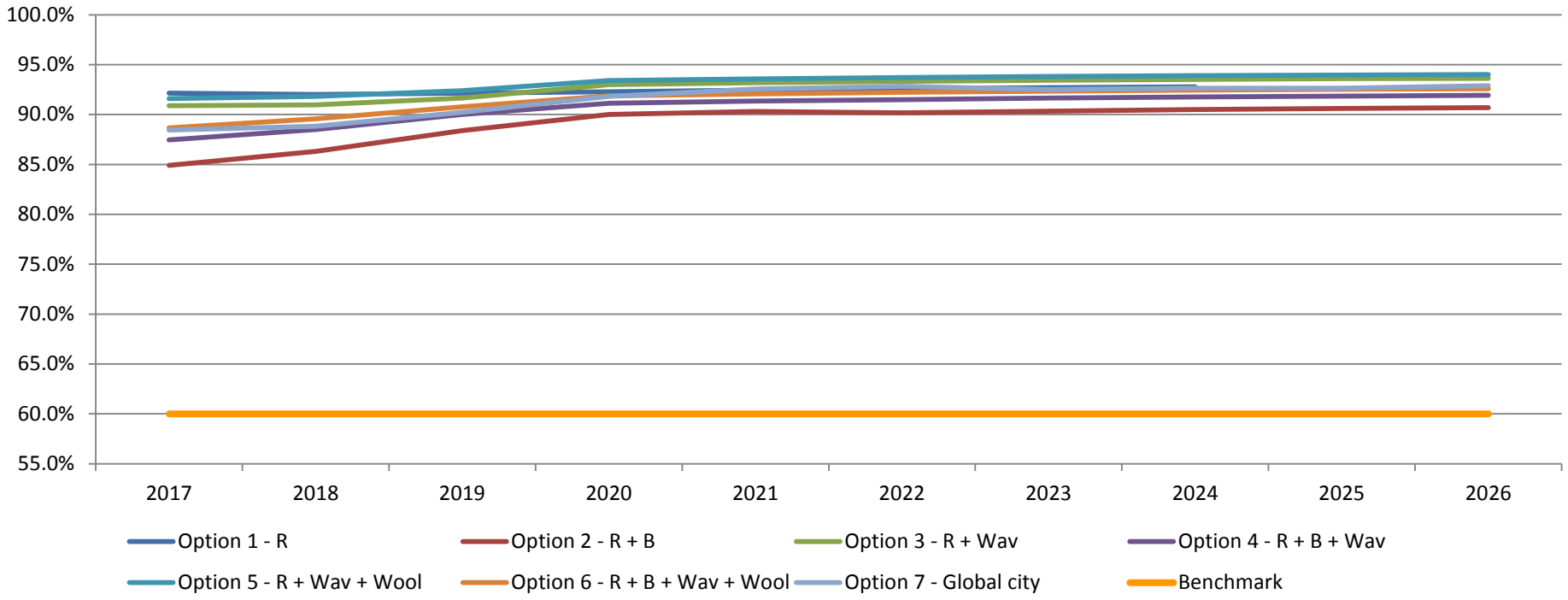
Operating performance ratio



3 year average	benchmark	Yr 1 2017	Yr 2 2018	Yr 3 2019	Yr 4 2020	Yr 5 2021	Yr 6 2022	Yr 7 2023	Yr 8 2024	Yr 9 2025	Yr 10 2026
Option 1 - R	0.00%	3.2%	3.1%	3.4%	3.3%	3.4%	3.7%	4.1%	3.8%		
Option 2 - R + B	0.00%	3.5%	3.7%	8.9%	9.0%	9.7%	6.4%	6.3%	6.1%	5.9%	5.6%
Option 3 - R + Wav	0.00%	3.7%	5.0%	10.3%	11.4%	12.7%	10.6%	10.9%	11.0%	10.9%	10.8%
Option 4 - R + B + Wav	0.00%	2.8%	4.3%	9.5%	11.4%	12.9%	11.2%	11.3%	11.4%	11.2%	11.1%
Option 5 - R + Wav + Wool	0.00%	2.7%	5.1%	11.2%	13.9%	15.8%	14.4%	14.6%	14.7%	14.7%	14.7%
Option 6 - R + B + Wav + Wool	0.00%	2.4%	4.8%	10.7%	13.6%	15.4%	14.3%	14.4%	14.5%	14.4%	14.3%
Option 7 - Global city	0.00%	2.4%	3.9%	6.9%	8.1%	8.9%	8.4%	8.6%	8.8%	9.0%	9.2%

Own source revenue ratio

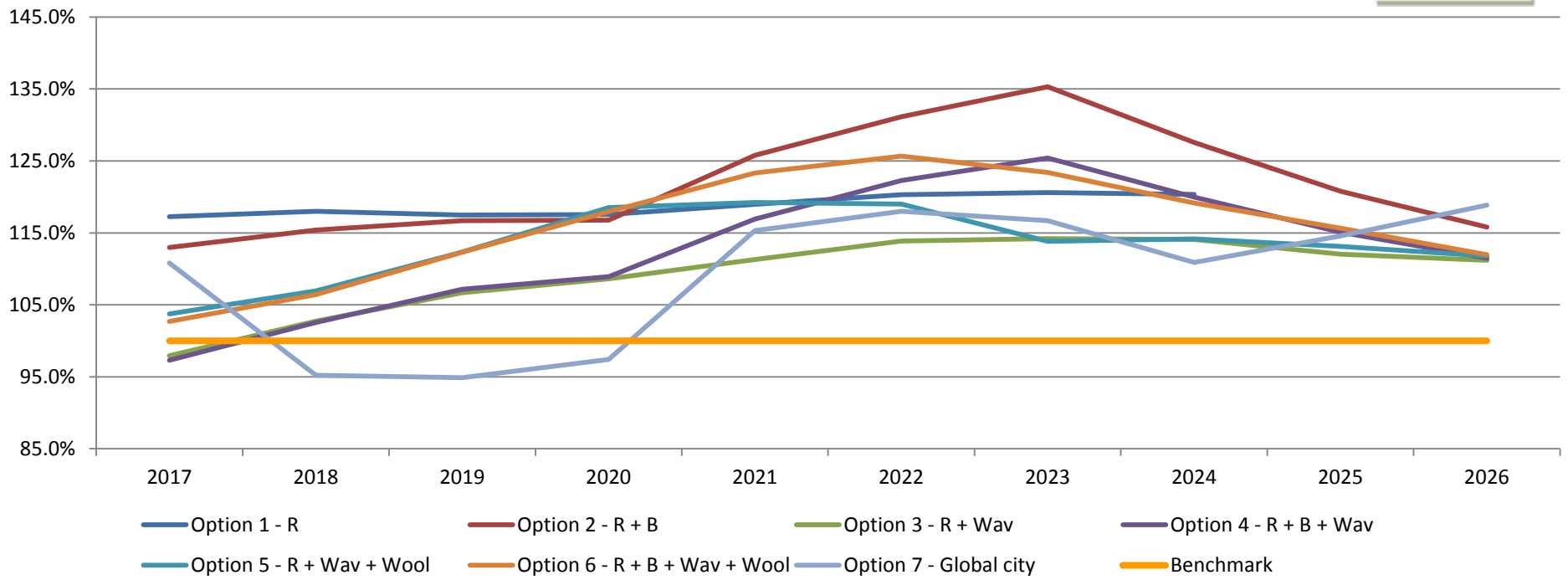
Model



	3 year average	benchmark	Yr 1 2017	Yr 2 2018	Yr 3 2019	Yr 4 2020	Yr 5 2021	Yr 6 2022	Yr 7 2023	Yr 8 2024	Yr 9 2025	Yr 10 2026
Option 1 - R		60.00%	92.1%	92.0%	92.1%	92.3%	92.4%	92.6%	92.7%	92.8%		
Option 2 - R + B		60.00%	84.9%	86.3%	88.4%	90.0%	90.3%	90.2%	90.3%	90.5%	90.6%	90.7%
Option 3 - R + Wav		60.00%	90.9%	91.0%	91.7%	93.0%	93.2%	93.3%	93.4%	93.5%	93.6%	93.6%
Option 4 - R + B + Wav		60.00%	87.5%	88.5%	90.0%	91.1%	91.4%	91.5%	91.6%	91.8%	91.9%	91.9%
Option 5 - R + Wav + Wool		60.00%	91.6%	91.8%	92.4%	93.4%	93.6%	93.7%	93.8%	93.9%	94.0%	94.0%
Option 6 - R + B + Wav + Wool		60.00%	88.7%	89.6%	90.8%	91.9%	92.1%	92.2%	92.3%	92.5%	92.5%	92.6%
Option 7 - Global city		60.00%	88.4%	88.8%	90.2%	91.8%	92.6%	92.8%	92.5%	92.7%	92.6%	92.9%

Building and infrastructure asset renewals ratio

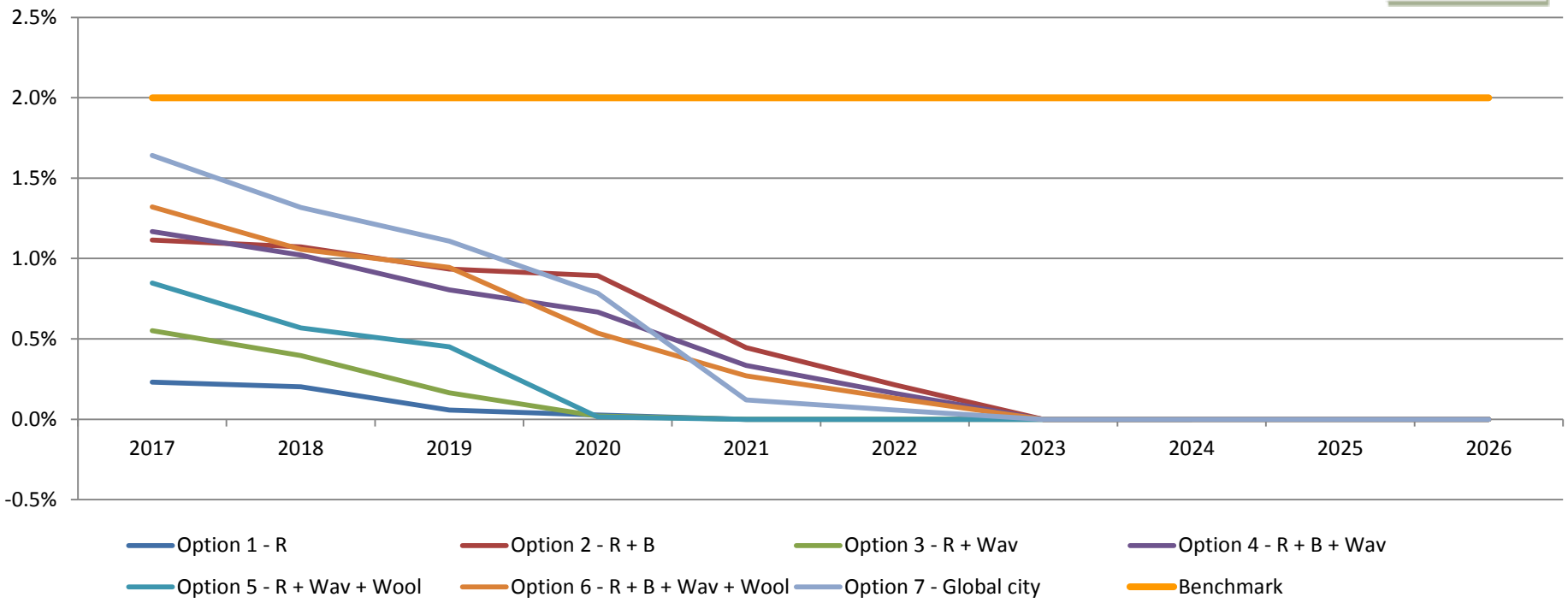
Model



	3 year average	benchmark	Yr 1 2017	Yr 2 2018	Yr 3 2019	Yr 4 2020	Yr 5 2021	Yr 6 2022	Yr 7 2023	Yr 8 2024	Yr 9 2025	Yr 10 2026
Option 1 - R		100.00%	117.2%	118.0%	117.5%	117.6%	119.0%	120.3%	120.6%	120.3%		
Option 2 - R + B		100.00%	113.0%	115.4%	116.7%	116.8%	125.8%	131.1%	135.3%	127.6%	120.8%	115.8%
Option 3 - R + Wav		100.00%	97.9%	102.7%	106.7%	108.6%	111.3%	113.9%	114.3%	114.2%	112.1%	111.2%
Option 4 - R + B + Wav		100.00%	97.3%	102.6%	107.1%	108.9%	117.0%	122.3%	125.5%	120.0%	115.2%	111.6%
Option 5 - R + Wav + Wool		100.00%	103.7%	106.9%	112.3%	118.5%	119.3%	119.1%	113.9%	114.2%	113.2%	111.8%
Option 6 - R + B + Wav + Wool		100.00%	102.7%	106.4%	112.3%	118.0%	123.4%	125.7%	123.4%	119.2%	115.7%	112.0%
Option 7 - Global city		100.00%	110.8%	95.2%	95.0%	97.6%	115.4%	118.0%	116.7%	110.9%	114.6%	118.8%

Infrastructure backlog ratio

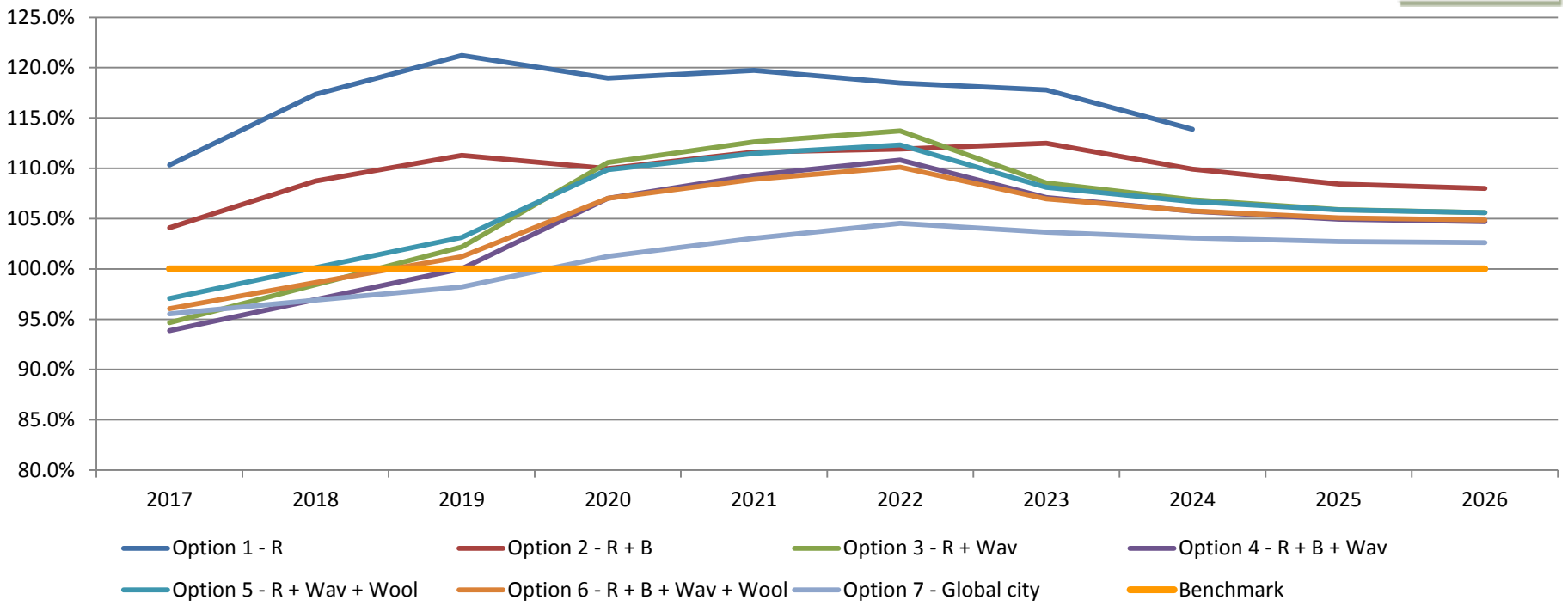
Model



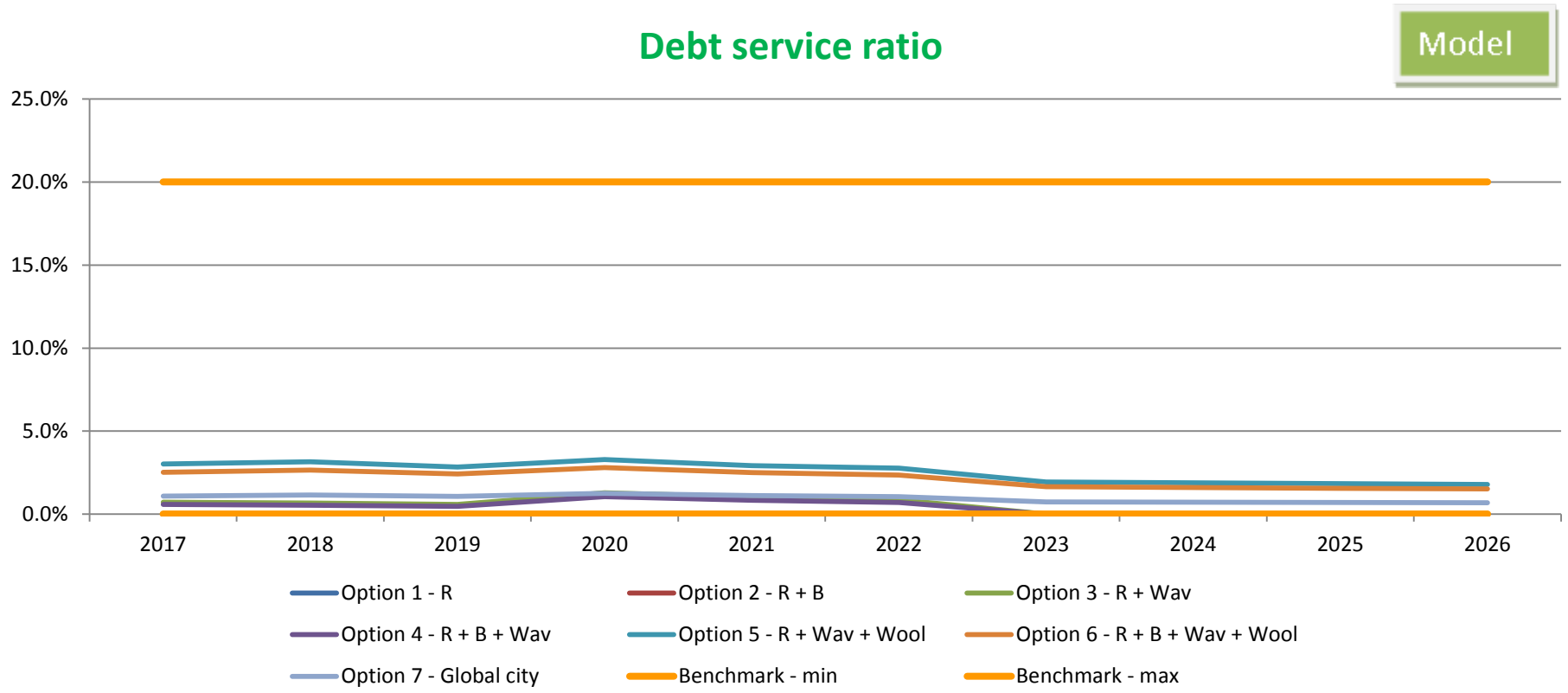
30 June	benchmark	Yr 1 2017	Yr 2 2018	Yr 3 2019	Yr 4 2020	Yr 5 2021	Yr 6 2022	Yr 7 2023	Yr 8 2024	Yr 9 2025	Yr 10 2026
Option 1 - R	2.00%	0.2%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%		
Option 2 - R + B	2.00%	1.1%	1.1%	0.9%	0.9%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%
Option 3 - R + Wav	2.00%	0.6%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Option 4 - R + B + Wav	2.00%	1.2%	1.0%	0.8%	0.7%	0.3%	0.2%	0.0%	0.0%	0.0%	0.0%
Option 5 - R + Wav + Wool	2.00%	0.8%	0.6%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Option 6 - R + B + Wav + Wool	2.00%	1.3%	1.1%	0.9%	0.5%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%
Option 7 - Global city	2.00%	1.6%	1.3%	1.1%	0.8%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%

Asset maintenance ratio

Model



	3 year average	benchmark	Yr 1 2017	Yr 2 2018	Yr 3 2019	Yr 4 2020	Yr 5 2021	Yr 6 2022	Yr 7 2023	Yr 8 2024	Yr 9 2025	Yr 10 2026
Option 1 - R		100.00%	110.3%	117.4%	121.2%	119.0%	119.7%	118.5%	117.8%	113.9%		
Option 2 - R + B		100.00%	104.1%	108.7%	111.3%	110.0%	111.6%	111.9%	112.5%	109.9%	108.5%	108.0%
Option 3 - R + Wav		100.00%	94.7%	98.4%	102.2%	110.6%	112.6%	113.7%	108.5%	106.9%	105.9%	105.6%
Option 4 - R + B + Wav		100.00%	93.9%	97.0%	100.0%	107.0%	109.3%	110.8%	107.1%	105.7%	104.9%	104.7%
Option 5 - R + Wav + Wool		100.00%	97.1%	100.1%	103.1%	109.9%	111.5%	112.3%	108.1%	106.7%	105.9%	105.6%
Option 6 - R + B + Wav + Wool		100.00%	96.0%	98.7%	101.2%	107.0%	108.9%	110.1%	107.0%	105.8%	105.1%	104.9%
Option 7 - Global city		100.00%	95.5%	96.9%	98.2%	101.2%	103.1%	104.5%	103.7%	103.1%	102.7%	102.6%



	3 year average	benchmark	Yr 1 2017	Yr 2 2018	Yr 3 2019	Yr 4 2020	Yr 5 2021	Yr 6 2022	Yr 7 2023	Yr 8 2024	Yr 9 2025	Yr 10 2026
Option 1 - R		0.01%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Option 2 - R + B		to	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Option 3 - R + Wav		20.00%	0.7%	0.7%	0.6%	1.3%	1.0%	0.9%	0.0%	0.0%	0.0%	0.0%
Option 4 - R + B + Wav			0.6%	0.5%	0.5%	1.0%	0.8%	0.7%	0.0%	0.0%	0.0%	0.0%
Option 5 - R + Wav + Wool			3.0%	3.2%	2.8%	3.3%	2.9%	2.8%	1.9%	1.9%	1.8%	1.8%
Option 6 - R + B + Wav + Wool			2.5%	2.7%	2.4%	2.8%	2.5%	2.4%	1.7%	1.6%	1.6%	1.5%
Option 7 - Global city			1.1%	1.2%	1.1%	1.3%	1.1%	1.1%	0.7%	0.7%	0.7%	0.7%

Model

Change in real operating expenditure per capita

No upward trend over 5 years	Yr 1 2017	Yr 2 2018	Yr 3 2019	Yr 4 2020	Yr 5 2021	Yr 6 2022	Yr 7 2023	Yr 8 2024	Yr 9 2025	Yr 10 2026
Option 1 - R	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘		
Option 2 - R + B	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Option 3 - R + Wav	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Option 4 - R + B + Wav	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Option 5 - R + Wav + Wool	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Option 6 - R + B + Wav + Wool	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘
Option 7 - Global city	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘	Decrease ↘

ATTACHMENT 5 Property interests and commercial activities

Each Council must declare Business Activities for National Competition Policy purposes. The nature and size of businesses declared varies vastly between the 5 Eastern Suburbs councils. A summary has been produced of those business activities declared, and also a listing of non-declared business activities where other councils have declared them for NCP purposes.

NCP Declared Business Activities

Randwick	Botany	Waverley	Woollahra	Sydney City
Property Management	Contract Services	Property Management		Parking Stations
Trade Waste	Golf Course	Cemetery		
Childcare Centre		Commercial Trade Waste Service		
Leisure Centre				
Plant Nursery				

Waverley Council

Waverley Council has declared three (3) business activities for National Competition Policy purposes.

1. Commercial Trade Waste Service with a turnover of $2,798k per annum
2. Cemetery Business (Waverley Cemetery) with a turnover of $1,351k per annum; *and*
3. Property Portfolio with a turnover of $8,342k per annum.

Property Portfolio

Waverley Council has a large diverse property portfolio across its LGA. This portfolio includes a large amount of affordable housing, aged care accommodation and child care centres.

Waverley Council has a strong real estate presence in Bondi Junction with ownership of a variety of key locations including:

- 65 Ebley St Bondi Junction (Spotlight)
- 14-26 Ebley Street (Office Works)
- Mill Hill Centre (Spring Street)
- 55 Spring Street (Customer Service Centre)
- Level 5 Eastgate Carpark

Other significant properties include:

- 1 Bondi Road
- 276 Bronte Road Waverley
- Bondi Pavilion Commercial Section

Waverley also operate 4 Child Care Centres with an annual turnover of $3,679k

Woollahra Council

Woollahra Council has not declared any business activities for National Competition Policy purposes.

However, Woollahra does undertake activities that are similar to other Eastern Suburb councils declared businesses:

1. Commercial Trade Waste Service with a turnover of $1,994k per annum;
2. Property Portfolio with rental revenue of $5,591k per annum;

This property portfolio includes both investment properties and Council owned properties which would include operational sites such as libraries, community centres, etc.

City of Sydney Council

City of Sydney Council has declared one (1) business activity for National Competition Policy purposes.

1. Parking Stations with a turnover of $9,262k per annum.

However, City of Sydney does undertake activities that are similar to other Eastern Suburb councils declared businesses:

1. Property Portfolio with rental revenue of $54,442k per annum;

Property Portfolio

The City of Sydney Council has a large real estate portfolio consisting of *224* real properties around their LGA. They are located in the following suburbs:

Alexandria	27	Newtown	4
Annandale	6	Paddington	2
Beaconsfield	2	Potts Point	4
Camperdown	3	Pyrmont	9
Chippendale	3	Redfern	10
Darlinghurst	20	Rosebery	3
Darlington	1	Rushcutters Bay	3
Dawes Point	1	St Peters	2
Elizabeth Bay	6	Surry Hills	10
Erskineville	8	Sydney	30
Eveleigh	1	The Rocks	3
Glebe	18	Ultimo	10
Haymarket	8	Waterloo	6
Millers Point	8	Woolloomooloo	7
		Zetland Count	9

While many of these properties also include facilities such as aquatic centres, community centres, and libraries; where they are being leased out this revenue is contributing to the $54,442k per annum turnover. It appears that their aquatic and leisure centres are managed by third parties.

City of Botany Bay Council

Botany Bay Council has declared two (2) business activities for National Competition Policy purposes.

Contract Services with a turnover of $6,382k per annum; *and*

Golf Course with a turnover of $413k per annum.

As part of the Contract Services Business Unit, Council is contracted by Sydney Airports Corporation Limited (SACL) to undertake works in and around Sydney's Kingsford Smith Airport. This contract with SACL is for a six year period. In addition the business unit has secured numerous contracts with other organisations for maintenance and cleaning including Centennial Parklands.

Botany Golf Course is a 2,411 metre 9-hole public golf course located off Botany Road. A privately managed club house is located at the course.

Botany Bay Council also operates other business activities including an Aquatic Centre with a turnover of $537k per annum.

ATTACHMENT 6 Assurance Report

RANDWICK CITY COUNCIL

MERGER OPTIONS FINANCIAL MODEL

INDEPENDENT ASSURANCE REPORT

We have been engaged by Randwick City Council ("Council") to report on the Merger Options Financial Model ("Model") to assist in formulating a submission in respect of the NSW State Government's "Fit for the Future" reform package ("submission"). As agreed in our engagement letter dated 28 January 2015, this report is prepared solely for the submission by Council.

Scope

You have requested Hill Rogers Spencer Steer to review the Model included in the submission. The stated basis of preparation used in the preparation of the Model is the accounting policies in the Local Government Code of Accounting Practice and Financial Reporting (Update No.22) issued by the Office of Local Government.

Responsibility of Council for the Model

Council is responsible for the preparation of the Model included in the submission, including the best-estimate assumptions underlying the Model. This includes responsibility for such internal controls as Council determines are necessary to enable the preparation of the Model that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility, based on our work performed is to express limited assurance on the best-estimate assumptions underlying the Model and on the reasonableness of the Model, and reasonable assurance on whether the Model is prepared based on those assumptions and the stated basis of preparation. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

A review is substantially less in scope than an reasonable assurance engagement conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Independence

In conducting the assurance engagement, we followed applicable independence requirements of Australian professional ethical pronouncements.

Assurance Partners

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Practising as Hill Rogers Spencer Steer Assurance Partners

ABN 56 435 338 966

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Conclusion

- Based on our limited assurance procedures, nothing has come to our attention which causes us to believe that Council's best estimate assumptions do not provide reasonable grounds for the preparation of the Model included in the submission prepared by Council;
- Based on our reasonable assurance procedures, the Model is, in all material respects, prepared on the basis of Council's best-estimate assumptions as described in the Model; and is presented fairly in accordance with the stated basis of preparation, being the accounting policies in the Local Government Code of Accounting Practice and Financial Reporting (Update No.22) issued by the Office of Local Government; and
- Based on our limited assurance procedures, nothing has come to our attention which causes us to believe that the Model is unreasonable.

Prospective financial information relates to events and actions that have not yet occurred and may not occur. While evidence may be available to support the assumptions on which prospective financial information is based, such evidence is generally future oriented and therefore speculative in nature.

Council's best-estimate assumptions on which the Model are based relate to future event(s) and/or transaction(s) that Council expects to occur and actions that Council expects to take and are also subject to uncertainties and contingencies, which are often outside the control of the Council. Evidence may be available to support Council's best-estimate assumptions on which the Model is based; however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to obtain the level of assurance necessary to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly provide a lesser level of assurance on the reasonableness of Council's best-estimate assumptions. The limited assurance conclusion expressed in this assurance report has been formed on the above basis.

Readers of the document should be aware of the inherent uncertainty relating to the Model. Accordingly, readers should have regard to the risks and sensitivities as described in Model. The sensitivity analysis as described in the Model demonstrates the impact on the Model of changes in key best-estimate assumptions. We express no opinion as to whether the Model will be achieved.

This report has been prepared for distribution to the Council for the purpose of the submission. We disclaim any assumption of responsibility for any reliance on this report or on the matter to which it relates to any person other than the Council, or for any purpose other than that for which it was prepared.

We have assumed, and relied on representations from Council that all material information concerning the Model has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Hill Rogers Spencer Steer

Emphasis of Matter

Without modification to the conclusion expressed above, the Council's best-estimate assumptions as described in the Model are fundamental to the users' understanding of the financial models and assessments.

HILL ROGERS SPENCER STEER
Assurance Partners



Gary Mottau
Partner

Dated at Sydney this 8th day of April 2015

Randwick City Council

a sense of community