

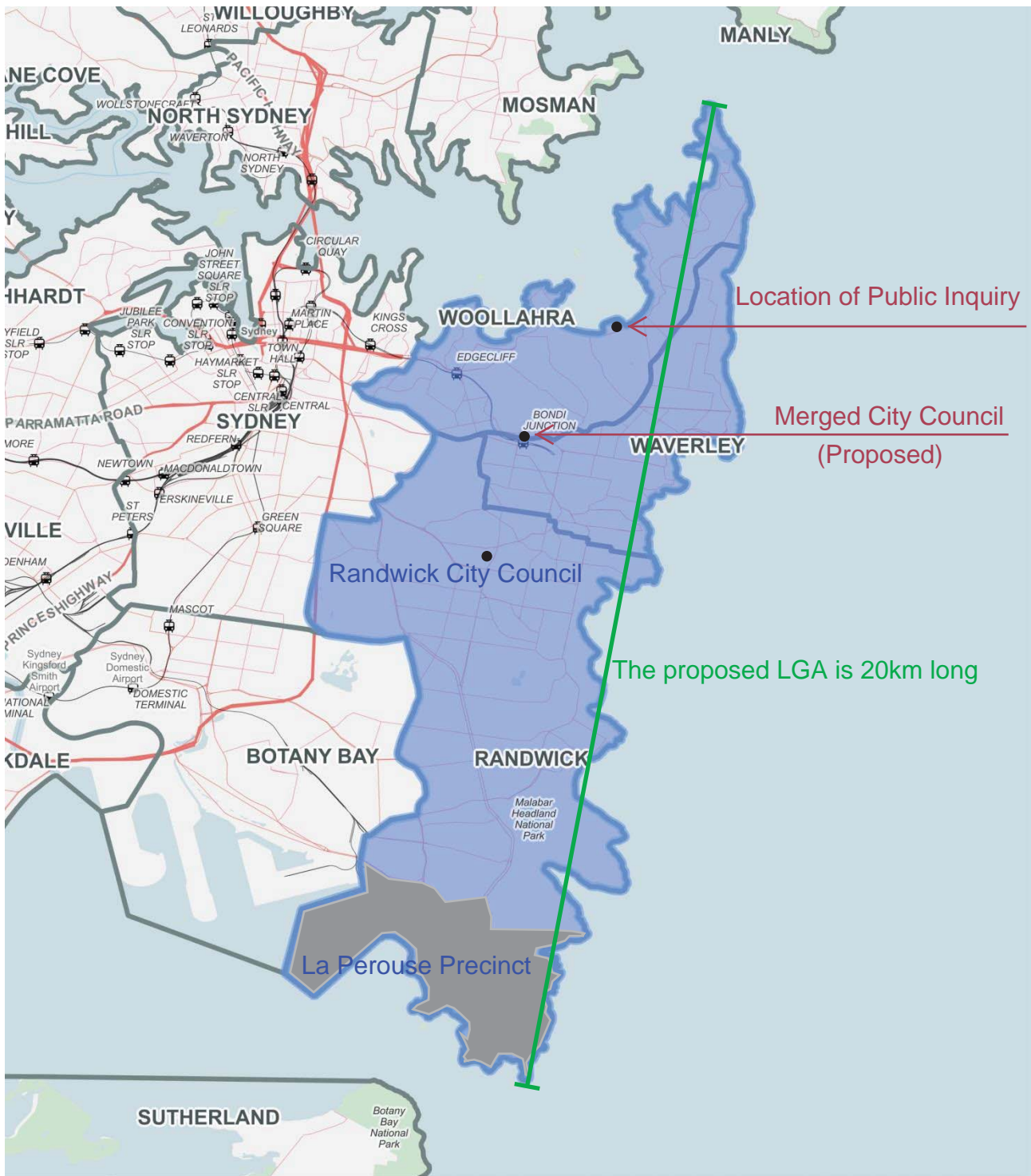
Merger Proposal:

Randwick City Council Waverley Council Woollahra Municipal Council

JANUARY 2016



Figure 1: Proposed new local government area



Proposed merger: Randwick, Waverly and Woollahra

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

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



MINISTER'S FOREWORD

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

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

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

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

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

- a total financial benefit of \$149 million over a 20 year period that can be reinvested in better services and more infrastructure;
- a projected \$22 million improvement in annual operating results;
- potentially reducing the reliance on rate increases through Special Rate Variations (SRVs) to fund local infrastructure;
- greater capacity to effectively manage and reduce the infrastructure backlog across the three councils;
- improved strategic planning and economic development to better respond to the changing needs of the community;
- effective representation by a council with the required scale and capacity to meet the future needs of the community; and
- providing a more effective voice for the area's interests and better able to deliver on priorities in partnership with the NSW and Australian governments.

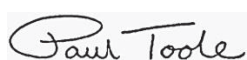
With the merger savings, NSW Government funding of \$25 million – and a stronger voice – the new council will be better able to provide the services and infrastructure that matter to the community, projects like:

- developing safe and accessible pedestrian and cycle links and improving local roads throughout the region;
- asset renewal, upgrades and maintenance programs to ensure public assets are accessible and fit for the long term; and
- providing high quality sporting facilities across the area.

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

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

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



Minister Paul Toole

January 2016

EXECUTIVE SUMMARY

How credible is this claim?

The communities of Randwick, Waverley and Woollahra share common characteristics and connections and will benefit by \$149 million from a merged council with a stronger capability to deliver on community priorities and meet the future needs of its residents.

Introduction

however, IPART assessed that Woollahra



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

The creation of this new council will bring together communities with similar expectations in terms of demands for services, infrastructure and facilities. These communities share a similar lifestyle, given their close proximity to Sydney's Central Business District (CBD) and the iconic Sydney Harbour and Eastern Suburbs' beaches.

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

This proposal is consistent with the 2015 assessment of the Independent Pricing and Regulatory Tribunal (IPART) that a proposed merger between Randwick City and Waverley councils is 'fit' for the future and that Woollahra Municipal Council's proposal to stand alone is 'not fit'.

IPART determined that all three councils satisfy key financial performance benchmarks. The merger proposal submitted by Randwick City and Waverley councils also met IPART's criterion for scale and capacity. Operating on its own,

Municipal Council would have limited scale and capacity to effectively deliver on behalf of residents and meet future community needs.

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

Impacts, Benefits and Opportunities

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

Analysis by KPMG shows the new council has the potential to generate net savings to council operations. The merger is expected to lead to more than \$124 million in net financial savings over 20 years.

Council performance will also be improved with a projected \$22 million increase in annual operating results achieved within 10 years.² This means that there will be a payback period of three years after which the merger benefits will exceed the expected merger costs.

The analysis also shows the proposed merger is expected to generate, on average, around \$10 million in savings every year from 2020

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

² Operating results refers to the net financial position and is calculated as operating revenue less operating costs. It excludes revenue associated with capital grants and expenditure on capital items.

How credible are these claims?

Why is the KPMG report not released?

onwards. Savings will primarily be from the removal of back office and administrative functions; streamlining of senior management roles; efficiencies from increased purchasing power of materials and contracts; and reduced expenditure on councillor fees.³

The NSW Government has announced a funding package to support merging councils which would result in \$25 million being made available should the proposed merger proceed.

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

Each of the three councils has received approval for SRVs from IPART. For example:

- Randwick City Council has an approved cumulative SRV of 7.7 per cent over a three-year period from 2014–15;
- Waverley Council had an approved cumulative SRV of 10.6 per cent over a three-year period from 2011–12; and
- Woollahra Municipal Council had an approved cumulative SRV of 7.2 per cent over a two-year period from 2011–12.

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

The proposed merger will provide significant opportunities to strengthen the role and strategic capacity of the new council to partner with the NSW and Australian governments on major

infrastructure projects, addressing regional socio-economic challenges, delivery of services and focus on regional priorities.

This could assist in:

- reducing the existing \$24 million infrastructure backlog across the Randwick, Waverley and Woollahra region;
- improving liveability and boosting housing supply to meet population growth; and
- supporting economic growth and urban development while enhancing the lifestyle that Randwick, Waverley and Woollahra residents value.

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

Next Steps

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

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

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

Figure 1 Map showing boundaries for the proposed new council with Blacktown City Council highlighted for comparison



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

INTRODUCTION

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

Why were the precincts never consulted?

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

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

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

How and when was the pass/fail criteria established?

Woollahra Municipal Council submitted a *Fit for the Future* proposal to remain as a standalone council. In assessing the council's submission, IPART determined that the council is 'not fit' to stand alone and that a merger was needed to achieve the required **scale and capacity** to meet the needs of residents now and in the future.

Randwick City and Waverley councils submitted a merger proposal and were assessed as a joint entity. Their proposal was found 'fit', meeting both financial and scale and capacity criteria, and was supported by a business case that outlined how the merger will create a council with a stronger financial position, improved ability to deliver infrastructure and maintenance projects, strong regional advocacy, and the capability to provide new and enhanced services.

Is this 'suggestion' a speculation prompted by Government?

IPART's analysis suggested there could be significantly higher benefits if neighbouring councils, including Woollahra Municipal Council, were included in Randwick City and Waverley councils' merger proposal. The NSW Government has included Woollahra Municipal Council in this merger proposal, which has the potential to create a high capacity council that better represents and serves its local communities.

In the consultation period that followed the release of the IPART report, Randwick City Council nominated Waverley Council as a potential merger partner. Waverley Council nominated both Randwick City and Woollahra Municipal councils as potential merger partners.

Box 1 Overview of scale and capacity

Key elements of 'scale and capacity'

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

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

If the 'scale and capacity' was such an important criteria, why is it the Government had no idea what exactly the threshold is before it intimidated weak councils to putting in merger proposals?

A NEW COUNCIL FOR THE RANDWICK, WAVERLEY AND WOOLLAHRA AREA

What is the experience of amalgamation outcomes elsewhere?

The proposed new council will be responsible for infrastructure and service delivery to around 274,000 residents across the Randwick, Waverley and Woollahra area of Sydney.

The creation of a new council provides the opportunity to bring together the communities from across the local government areas of Randwick, Waverley and Woollahra. These communities share similar lifestyles, demand similar services and have a common identity as residents of the region collectively and informally known as the 'Eastern Suburbs'.

The new council will be responsible for infrastructure and service delivery to around 324,000 residents by 2031. This reflects the expected population growth across the region of one per cent per annum.⁴

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

- strengthening strategic centres Bondi Junction and the Randwick Education and Health Precinct as employment hubs and removing barriers to growth;
- delivering improved access to Sydney CBD through the CBD and South East Light Rail project;
- working with the new council to provide opportunities for additional urban renewal and housing along key transport corridors; and
- protect the area's natural attributes and the visual amenity of the coastline and the health of waterways.





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

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

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

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

Figure 3: Council profiles

	Randwick City Council	Waverley Council	Woolahra Municipal Council	New Council	
					
Population (2014)	143,776	71,769	58,619	274,164	
Area	36 sq km	9 sq km	12 sq km	58 sq km	
IPART Rating	NOT ASSESSED INDIVIDUALLY*	NOT ASSESSED INDIVIDUALLY*	NOT FIT	<p>This merger proposal is broadly consistent with the findings of the ILGRP (2013) and IPART's Fit for the Future assessments (2015). The new council will likely have enhanced scale and capacity to better meet the future service and infrastructure needs of the community.</p>	
Operating Revenue (2013–14)	\$134.7m	\$123.1m	\$75.6m		\$385.5m (projected 2019–20)
Operating Result (2013–14)	\$9.6m	\$10.1m	-\$2.9m		+\$15.5m projected improvement to 2019–20 operating results
Asset Base	\$971.3m	\$463m	\$396.6m		\$1.8bn
Infrastructure Backlog	1 per cent	3 per cent	1 per cent		1 per cent

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

Note: Totals may not sum due to rounding. Estimates of the new council's operating performance and financial position is based on an aggregation of each existing council's projected position as stated in respective Long Term Financial Plans (2013–14). In addition, it is assumed efficiency savings are generated from a merger, and this is reflected in the projected 2019–20 operating result for the new council. Further details are available in NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December. *Randwick City and Waverley councils submitted a joint Merger Proposal, so IPART did not assess the councils individually. IPART found that the Merger Proposal was "fit" due to the substantial benefits that would be delivered to local communities compared to the councils continuing to stand alone.

BENEFITS, OPPORTUNITIES AND IMPACTS

How credible is this claim?

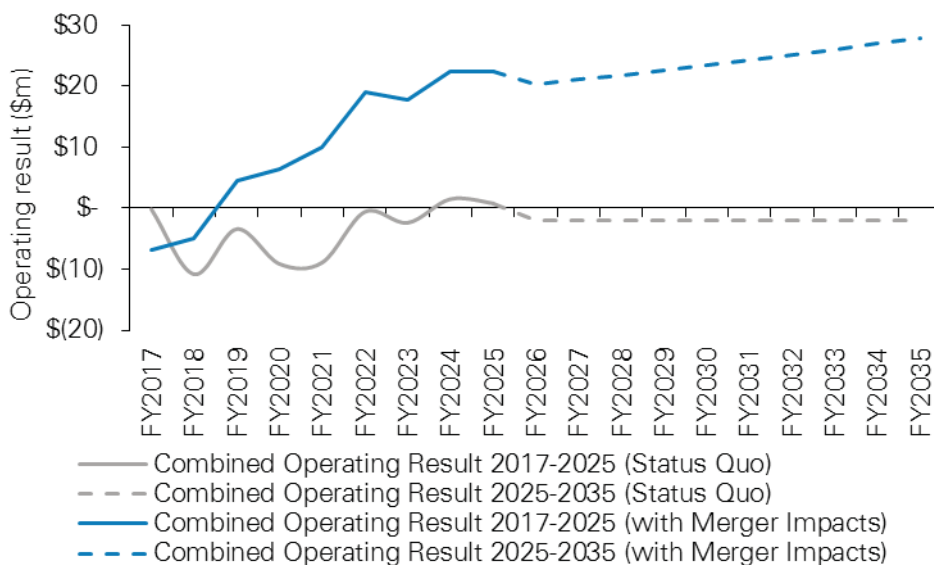
The proposed merger has the potential to provide a \$149 million benefit to communities over 20 years which could support investment in critical local infrastructure and services and/or be utilised to address rate pressures.

Financial Benefits of the Proposed Merger

Analysis by KPMG in 2015 shows the proposed merger has the potential to generate a net financial saving of more than \$124 million to the new council over 20 years. Council performance will also be improved with a projected \$22 million increase in annual operating results achieved within 10 years. The proposed merger is also expected to generate, on average, around \$10 million in net savings from 2020 onwards.⁵ Consequently, the merged council will have a balance sheet that is stronger and in a better position to meet local community needs and priorities.

Figure 4 illustrates how the proposed merger will lead to growing improvements in the operating performance of the new council compared to the current projected operating performance of each of the three councils.

Figure 4: Projected operating results of the Randwick City, Waverley and Woollahra Municipal councils, with and without a merger



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

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

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

- removal of duplicate back office and administrative functions and reducing senior management roles (\$121 million);
- efficiencies generated through increased purchasing power of materials and contracts (\$13 million); and

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

- a reduction in the overall number of elected officials that will in turn reduce expenditure on councillor fees (estimated at \$5 million).⁶

In addition, the NSW Government has announced a funding package to support merging councils which would result in \$25 million being made available should the proposed merger proceed.

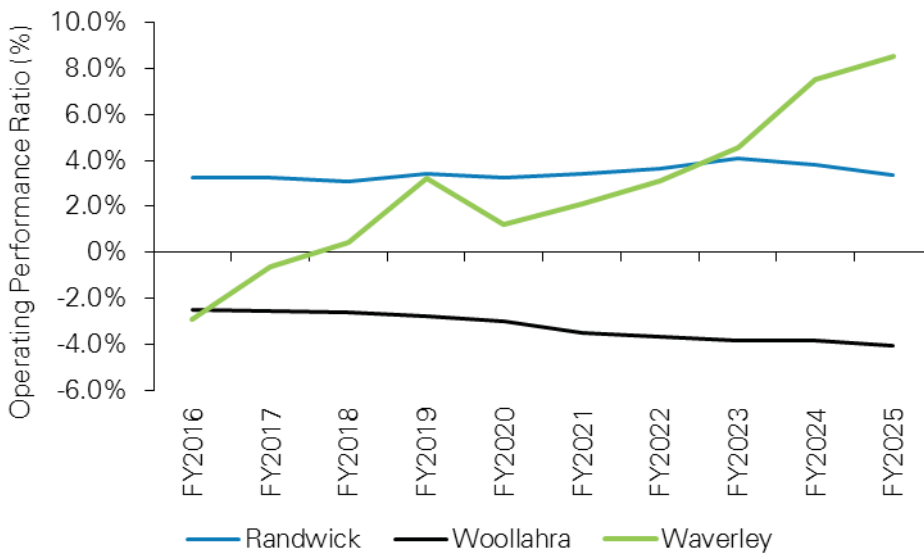
The implementation costs associated with the proposed merger (for example, information and communication technology, office relocation, workforce training, signage, and legal costs) are expected to be surpassed by the accumulated net savings generated by the merger within a three-year payback period.

Merger benefits could be reinvested to:

- improve infrastructure – annual savings could be redirected towards infrastructure renewal or capital works. Redeployment of savings could lead cumulative additional infrastructure expenditure of more than \$124 million over 20 years;
- enhance service delivery – removal of duplicate back office and administration functions could provide the basis for employing an additional 137 staff for frontline services. This could include services such as parks maintenance and library services; and/or
- reduce rate pressures – annual savings could be used to reduce the existing dependency on SRVs to fund community infrastructure and/or avoid future rate increase.

The expected operating performance ratio of each council over the next 10 years is illustrated in Figure 5.

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



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

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

The individual councils have significantly different operating performance outlooks over the next 10 years. This merger proposal will provide the new council with the opportunity to strengthen its balance sheet and provide a more consistent level of financial performance. Overall, the proposed merger is expected to enhance the financial sustainability of the new council through:

- net financial savings of \$124 million to the new council over 20 years;
- a forecast \$22 million increase in the operating result of the merged entity within 10 years;
- achieving efficiencies across council operations through, for example, the removal of duplicated back office roles and administrative functions, and streamlining senior management;

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

- establishing a larger entity with revenue that is expected to exceed \$450 million per year by 2025;
- an asset base of approximately \$1.8 billion to be managed by the merged council; and
- greater capacity to effectively manage and reduce the infrastructure backlog across the area by maintaining and upgrading community assets.

The Local Government Act contains protections for three years for all council employees below senior staff level.

Opportunities for Improved Services and Infrastructure

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

- developing safe and accessible pedestrian and cycle links and improving local roads throughout the region ;
- asset renewal, upgrades and maintenance programs that ensure public assets are accessible and fit for the long term; and
- providing high quality sporting facilities across the area.

Regulatory Benefits

There are currently 152 separate regulatory and compliance regimes applied across local council boundaries in NSW. These many layers of regulations are making it hard for people to do business, build homes and access services they need. NSW businesses rated local councils as second to only the Australian Tax Office as the most frequently used regulatory body, and highest for complexity in dealings.⁷

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

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

- a tradesperson who operates small businesses across the Randwick, Waverley, and Woollahra area will have just a single local council regulatory framework to understand and comply with;
- the compliance burden will be reduced and simplified for a licensed premises owner with multiple outlets such as restaurants, pubs and clubs across the Randwick, Waverley, and Woollahra area; and
- residents can have greater confidence that development applications will be subject to a more uniform process than the existing variation in regulations that can add to the cost and complexity of home renovations and building approvals.

Impact on Rates

Each of the three councils has received approval for rate increases to meet local community and infrastructure needs. For example:

- Randwick City Council has an approved cumulative SRV of 7.7 per cent over a three-year period from 2014–15;
- Waverley Council had an approved cumulative SRV of 10.6 per cent over a three-year period from 2011–12; and
- Woollahra Municipal Council had an approved cumulative SRV of 7.2 per cent over a two-year period from 2011–12.

⁷ NSW Business Chamber (2012), Red Tape Survey.

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

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

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

Council	Business rating assessments		Residential rating assessments	
Randwick City Council	2,009	4%	48,564	96%
Waverley Council	1,823	6%	28,076	94%
Woollahra Municipal Council	1,415	5%	24,487	95%
Merged council	5,247	5%	101,127	95%

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

Local Representation

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

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

Table 2: Changes to local representation in Randwick, Waverley and Woollahra

Merged council will have 190% more residents per Councillor.

Council	Number of councillors	Number of residents (2014)	Residents per councillor
Randwick City Council	15	143,776	9,585
Waverley Council	12	71,769	5,981
Woollahra Municipal Council	15	58,619	3,908
Merged council	15*	274,164	18,278
Blacktown City Council	15	325,139	21,676

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

Source: Australian Bureau of Statistics, Estimated Resident Population 2014; and NSW Office of Local Government, Council Annual Data Returns (2013–14).

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

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

THE LOCAL COMMUNITY

Largest Sector in Table 3 shows otherwise.

The communities across the Randwick, Waverley and Woollahra area share common characteristics and connections. The proposed new council will have enhanced scale and capacity and be better placed to shape and deliver the economic development, community services, and infrastructure that underpin the lifestyle of these communities.

Geography and Environment

The new council will cover an area with diverse natural features and some of Sydney's most visited coastline. The boundaries of the proposed council will extend from the Tasman Sea in the east, the Sydney CBD to the west, Sydney Harbour in the north, and Botany Bay in the south.

The expansive coastline of the region shapes the lifestyle of its communities and attracts a large number of tourists and weekend visitors. Major features of the region include Sydney Harbour National Park and Malabar Headland National Park, along with many beaches, including Bondi Beach, Tamarama Beach, Bronte Beach, Coogee Beach and Maroubra Beach.

The coastal environment is an important tourism attraction for the region, but also poses challenges for the three councils. Current issues associated with coastal catchment areas, parklands and other important environmental assets (that are in close proximity to densely population residential areas) span council boundaries.

The joint merger proposal submitted by Randwick and Waverley councils emphasised that a merged council will be well placed to manage the common environmental issues across the Eastern Suburbs. This included improved management of the region's urban coastal environment (such as beach cleanliness and erosion) and storm response planning as well as more effective coordination of regional resources.

Local Economy

The local government areas of Randwick, Waverley and Woollahra contribute almost \$14 billion to the NSW economy, equivalent to three per cent of the Gross State Product.⁸ The local economy is characterised by:

- average household incomes that are higher than the metropolitan average of \$89,210 – Randwick City Council \$96,777, Waverley Municipal Council \$109,867, and Woollahra Municipal Council \$123,001;
- strong growth in total employment that exceeds the metropolitan average of 1.6 per cent – Randwick City Council 2.1 per cent, Waverley Council 2.0 per cent, and Woollahra Municipal Council 2.1 per cent;
- low rates of unemployment compared to the metropolitan unemployment rate of 5.4 per cent – Randwick City Council 4.7 per cent, Waverley Municipal Council (3.3 per cent, and Woollahra Municipal Council 2.4 per cent;
- a highly educated population, with 66 per cent of adults in Randwick City Council with post-school qualifications compared to 75 per cent in Waverley Council and 75 per cent in Woollahra Municipal Council. This compares favourably with the metropolitan average of 59 per cent; and
- a similar industry composition, with health care and social assistance, and professional, scientific and technical services being the largest overall industries, accounting for approximately 51 per cent of all businesses across the three local government areas.

Table 3 below provides a snapshot of the local business profile of each council. More than 29,000 local businesses across the region contribute more than 123,000 jobs to the local economy. All three local government areas have strong employment growth and provide the area with sufficient local employment opportunities. This is indicative of a healthy local economy. Workers in professional, scientific and technical

⁸ Regional Development Australia, Sydney Metropolitan Region economic Baseline Assessment – Update, August 2015; and Australian Bureau of Statistics – Australian National Accounts: State Accounts 2013–14, Canberra.

services dominate the Waverley and Woollahra employment market. Health care and social assistance workers dominate the Randwick labour force (followed by professional, scientific and technical workers). The new council will be well positioned to continue to support economic growth in the Eastern Suburbs.

Table 3: Local business and employment profile

Council	Number of businesses	Local jobs	Largest sector
Randwick City Council	11,287	63,019	Health Care & Social Assistance
Waverley Council	8,944	34,031	Professional Scientific & Technical Services
Woollahra Municipal Council	9,283	26,543	Professional Scientific & Technical Services
Merged council	29,514	123,593	Professional Scientific & Technical Services

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

The NSW Government's Household Travel Survey highlighted that Eastern Suburbs residents commute within the region for a variety of purposes including education, employment and leisure.⁹ The most popular reasons for travel were social and recreational purposes and shopping. This was common across all three council areas. The majority of residents commute outside of the region to work, and mostly to Sydney's CBD.¹⁰

While residents typically commute to a workplace outside the area, it is relatively self-contained in relation to the majority of other services, including:

- education and training, especially through the University of New South Wales (UNSW) and private training colleges;
- health care and social assistance, for example through the Sydney Children's Hospital, the Royal Hospital for Women and Prince of Wales Private Hospital.
- parks and open spaces, for example Watsons Bay, Bondi Park, Bronte Reserve, Queens Park, Waverley Park, Coogee Reserve, Centennial Park and Heffron Park;
- leisure facilities, for example Randwick Racecourse, Randwick Golf Club, New South Wales Golf Club, St Michael's Golf Club, The Australian Golf Club, The Royal Sydney Golf Club, Bondi Golf Club and Bondi Pavilion Community Cultural Centre; and
- commercial and retail outlets, such as Double Bay commercial centre, the Paddington retail area on Oxford Street, Rose Bay retail areas, Bondi Junction Business District, Eastgate Shopping Centre and Westfield Bondi Junction Shopping Centre.

The common business profile across the region, and the corresponding workforce, will require relatively similar services and infrastructure. A merged council will be better placed to deliver these services and infrastructure in a coordinated manner.

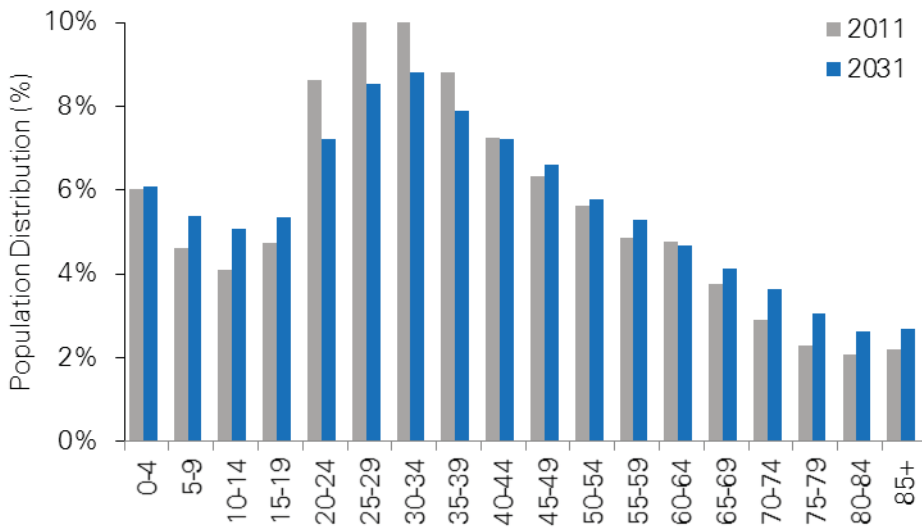
Population and Housing

The new council will be responsible for infrastructure and service delivery to around 324,000 residents by 2031. Like most regions across NSW, the Randwick, Waverley and Woollahra region will experience the impacts of an ageing population over the next 20 years, though the growth in the proportion of younger residents will also be significant (Figure 6).

⁹ Transport for NSW, Bureau of Transport Statistics, Household Travel Survey Data 2012–13, released November 2014.

¹⁰ Source: Australian Bureau of Statistics (2014), Business Counts and Employment by Industry.

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

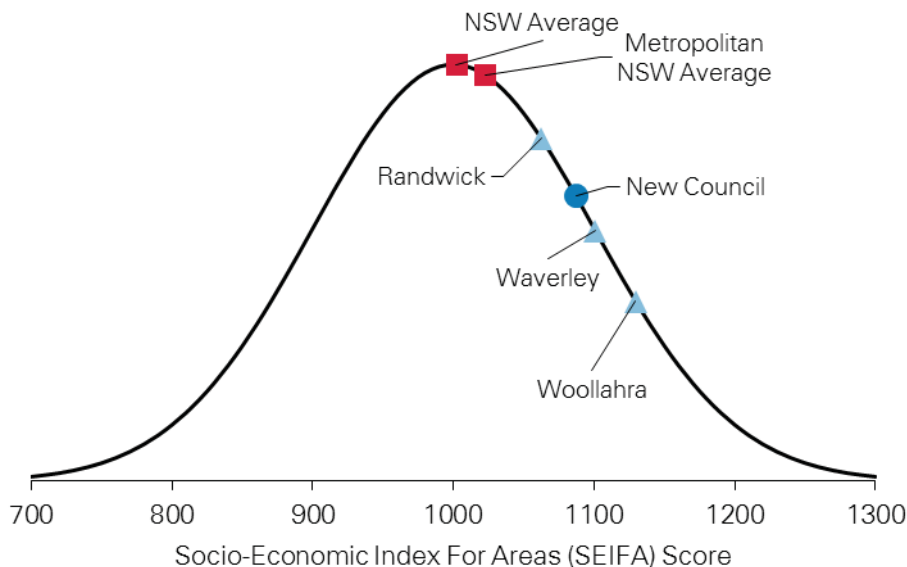


Source: NSW Department of Planning & Environment, 2014 NSW Projections (Population, Household and Dwellings).

A strong council with the appropriate scale and capacity is needed to respond and adapt to the changing service needs of the community. An ageing population is likely to increase demand for community health services, creation and maintenance of accessible parks and leisure areas, and community outreach services.

In comparison with the rest of Sydney, the Randwick, Waverley and Woollahra communities are relatively advantaged from a socio-economic standpoint. The Socio-Economic Index for Areas (SEIFA), illustrated in Figure 7, measures a range of factors to rate an individual council's relative socio-economic advantage..

Figure 7: Comparison of councils' socio-economic profile



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

The councils in the Randwick, Waverley and Woollahra area have similar socio-economic profiles, with SEIFA scores that are above the NSW and metropolitan averages. This reflects the common characteristics across the Randwick, Waverley and Woollahra community in relation to, for example, household income, education, employment and occupation

Table 4 outlines the current mix of housing types across the region. A merged council provides an opportunity to apply a more regional and strategic focus to planning for the additional 20,700 households and

associated amenities that are predicted to be required by 2031. This approach can also help to ensure any pressures and challenges associated with population growth and housing development are not unreasonably concentrated in particular neighbourhoods.

Table 4: Dwelling types in the Randwick, Waverley and Woollahra area (total number and per cent)

Dwelling type	Randwick City Council		Waverley Council		Woollahra Municipal Council	
Separate house	16,179	29%	5,653	18%	5,834	23%
Medium density	14,278	26%	9,768	32%	7,615	29%
High density	24,634	44%	15,082	49%	12,273	47%
Other	330	1%	291	1%	154	1%
Total private dwellings	55,421		30,794		25,876	

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

Shared Community Values and Interests

These communities are bound by their sense of place as coastal suburbs and a shared Eastern Suburbs identity. Box 2 below provides examples of community organisations, services and facilities that have a presence across the region.

Box 2: Examples of common community services and facilities

Shared regional services and facilities

Examples of community services which operate across the area include:

- The Sydney Roosters are the Eastern Suburbs' District Rugby League Football Club, and has a strong following across the three council areas;
- The Inner Sydney Regional Council for Social Development is a not-for-profit organisation which provides information, advocacy, support and community development to community organisations, groups and residents. This organisation works across the local government areas of Randwick, Waverley and Woollahra, as well as the Botany, Leichhardt and City of Sydney council areas;
- The Home and Community Care (HACC) Eastern Suburbs and the City of Sydney which supports older people, people with disabilities, and their carers to continue living independently in their own home and community. The service coordinates transport, food, home help, community nursing and social activities across the Randwick, Waverley and Woollahra council areas, as well as the Botany and City of Sydney council areas;
- The Eastern Suburbs Business Enterprise Centre, which provides information, advice and guidance for small business operators, and liaises closely with the chambers of commerce across the three council areas;
- Permaculture East, which is an active community group that operates in the region to share learning about permaculture; and
- BIKEast, which is a bicycle user group representing cyclists in the Eastern Suburbs which lobbies councils, the NSW Government and Roads & Maritime Services. They have worked with Woollahra Municipal and Waverley councils to create bike plans and on projects to improve bike lanes and create cycling maps.

The Randwick City, Waverley and Woollahra Municipal councils have already been collaborating in a number of ways, for example through:

- supporting the Eastern Region Local Government Torres Strait Islander Forum for the past eight years. The Forum aims to develop policies and strategies at a regional level that further local government commitment to Aboriginal and Torres Strait Islander peoples. The Forum enables networking and the sharing of information, issues and ideas and a regional or coordinated approach when appropriate;

-
- developing the *Sustainable Demonstration House*. The establishment of *Barrett House* as a sustainable demonstration house provides a dedicated venue for residents, visitors and students to see working examples of practical sustainability measures including energy and water efficiency, sustainable transport options, and productive gardens; and
 - working in partnership to deliver the 3-Council Ecological Footprint Program to build a more sustainable future for residents. The program has supported the growth of projects such as water-sensitive urban design installations, and The Compost Revolution to combat unnecessary food waste in the region.

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

CONCLUSION

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

- a \$149 million net financial benefit over a 20 year period that may be used to deliver better community services, enhanced infrastructure and/or lower rates;
- a projected \$22 million improvement in annual operating results that will strengthen the council's balance sheet and free up revenue for critical infrastructure;
- NSW Government funding of \$25 million to meet merger costs and provide a head start on investing in services and infrastructure that the savings from mergers will ultimately support;
- greater efficiencies through the removal of back office and administrative functions, increased purchasing power of materials and contracts, and reduced expenditure on councillor fees all of which are expected, on average, to generate savings of around \$10 million every year from 2020 onward;
- greater capacity to effectively manage and reduce the \$24 million infrastructure backlog across the three councils by maintaining and upgrading community assets;
- reducing the reliance on rate increases through SRVs to fund local community infrastructure projects and services;
- better integrating strategic planning and economic development to more efficiently respond to the changing needs of the community;
- building on the shared communities of interest and strong local identity across the area;
- providing effective representation through a council with the required scale and capacity to meet the future needs of the community; and
- being a more effective advocate for the area's interests and better able to deliver on priorities in partnership with the NSW and Australian governments.

NEXT STEPS

We have not been given an opportunity thus far. Why should we believe this now?

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

Community Engagement

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

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

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

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

Appendix

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

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



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

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