

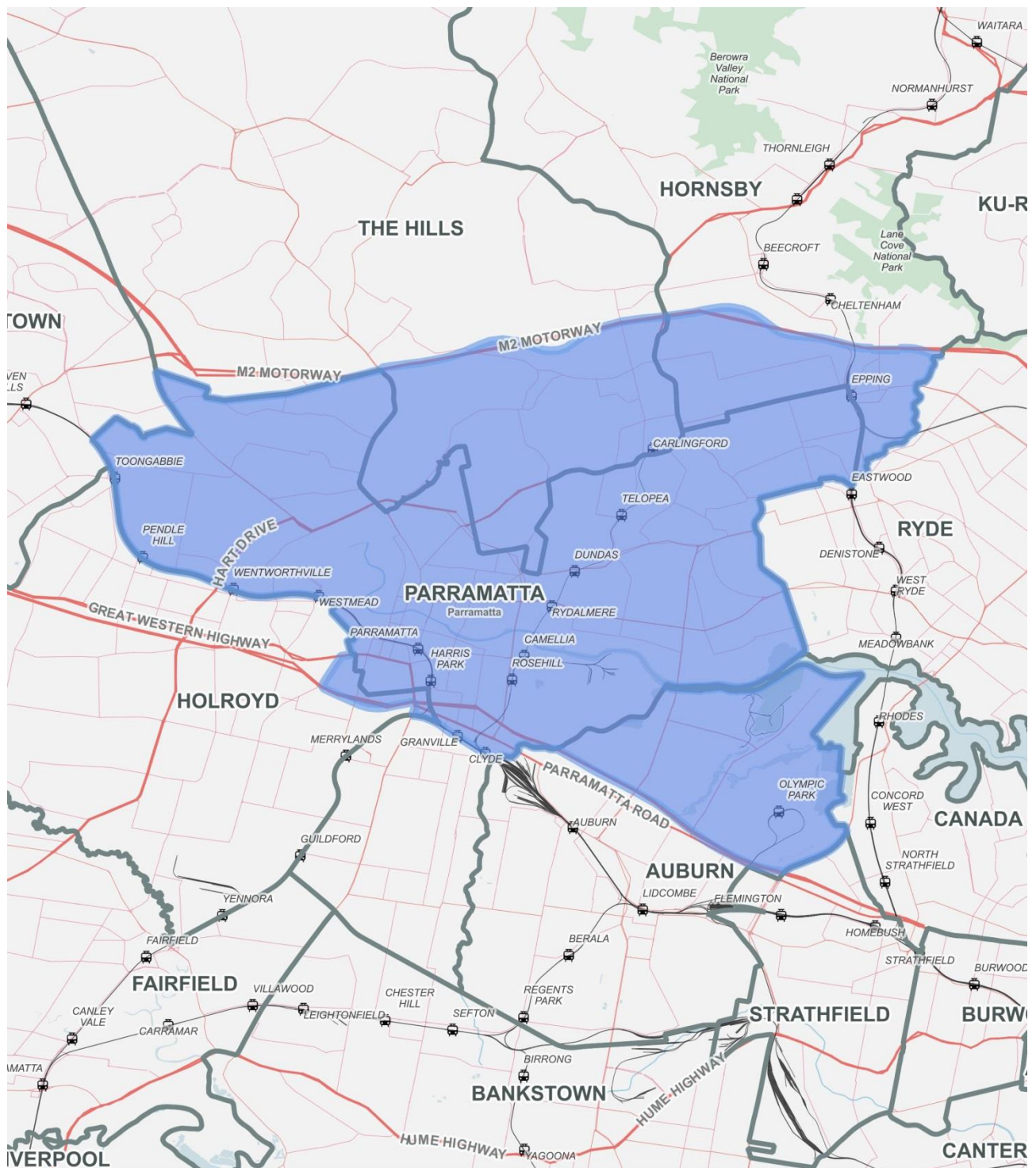
Merger Proposal:

**Parramatta City Council (part)
Auburn City Council (part)
The Hills Shire Council (part)
Hornsby Shire Council (part)
Holroyd City Council (part)**

JANUARY 2016



Figure 1: Proposed new local government area



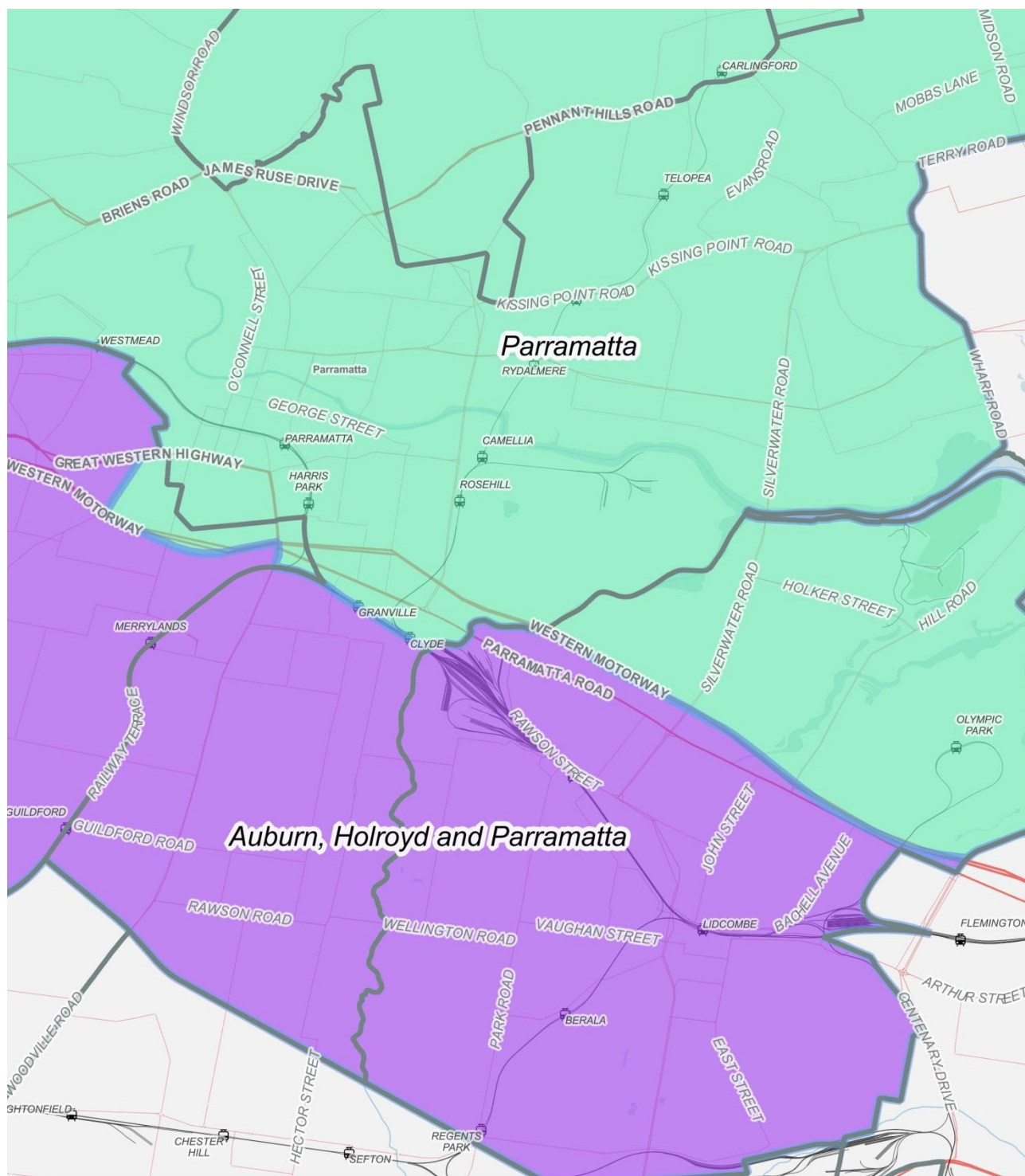
Proposed merger: Parramatta

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



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

Figure 2: Boundaries of new local government area



Proposed New Boundary

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



- ▬ Proposed Boundary
- Current LGA Boundaries
- Suburbs
- Waterbodies
- Open space
- ▬ Roads
- ▬ Rivers
- ▬ Rail

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 expand the Parramatta City local government area through including parts of the local government areas of Auburn City, The Hills Shire, Hornsby Shire and Holroyd City. This will ensure Sydney's second CBD has modern boundaries that align with key infrastructure.

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 \$69 million over a 20 year period that can be reinvested in better services and more infrastructure
- a projected 63 per cent 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 Greater Parramatta area;
- 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, being 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 and partner with the NSW Government on delivering projects like:

- supporting the delivery of Parramatta CBD Planning Strategy adopted by Parramatta City Council in April 2015;
- strengthening the economic corridor of Westmead Biomedical Precinct, Parramatta CBD, Camellia, Rydalmere Technology Park, to Sydney Olympic Park;
- partnering with Government to deliver the Parramatta Light Rail and Westconnex;
- integrated management of the Epping Town Centre, improving car parking, community facilities and traffic management;
- investing in the Parramatta River Foreshore Arts & Entertainment Precinct,
- supporting the delivery of the new housing and infrastructure along the Parramatta Light Rail; and
- improve walking and cycling connections from Sydney Olympic Park train station.

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 of the independent Boundaries Commission.


Minister Paul Toole
January 2016

EXECUTIVE SUMMARY

The communities around Sydney's second CBD at Parramatta share common characteristics and connections and will benefit by up to \$69 million from a merged council with a stronger capability to deliver on community priorities and meet the future needs of its residents.



Introduction

This is a proposal by the Minister for Local Government under section 218E(1) of the *Local Government Act (1993)* for the merger of Parramatta City Council with parts of Auburn City, The Hills, Hornsby Shire and Holroyd City local government areas¹. 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. As Sydney's second Central Business District (CBD), Parramatta provides a number of commercial, administrative, health and education services to its neighbouring council areas. The proposed new council will draw in communities who already access education, employment and community services within Parramatta City.

The proposed council area will be consistent with the NSW Government's Sydney Metropolitan Plan (known as *A Plan for Growing Sydney*) which proposes to strengthen the economic corridor of Westmead Biomedical Precinct, Parramatta CBD, Camellia, Rydalmere Technology Park, to Sydney Olympic Park.

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

The proposal is broadly consistent with the 2013 findings of the ILGRP, which recommended combining a number of council areas around

Parramatta to support its development as Sydney's second CBD. The proposal is also consistent with IPART's 2015 assessment that both Hornsby Shire and Parramatta City councils are 'not fit' to remain as standalone entities.

The Hills and Auburn City councils were both found 'fit', noting Auburn's 'fit' rating was as part of a proposed merger with Burwood and City of Canada Bay councils. As Burwood and Canada Bay are the subject of separate merger proposals, the NSW Government has instead proposed to pair the northern part of Auburn (around Sydney Olympic Park) with Parramatta, and the southern part of Auburn with a new grouping comprised of the majority of Holroyd City Council and the southern part of the Parramatta local government area.

This new approach broadens the strategic reach of Sydney's second CBD, and utilises the M4 as a natural boundary that allows the new councils to undertake consistent urban development and precinct planning on either side of the M4 Western Motorway. Parramatta Council's submission to IPART discussed the strategic value of strengthening the second CBD and the benefits this would have for Western Sydney as a whole.

IPART determined that while Parramatta City Council satisfies key financial performance benchmarks, operating individually, it has limited scale and capacity to effectively deliver on behalf of residents and meet future community needs. This proposal suggests mergers with parts of neighbouring councils to bring together communities with similar priorities and create councils with the appropriate 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

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.

characteristics, but will have enhanced scale and capacity to help it partner with the NSW Government on the delivery of local infrastructure priorities, projects like:

- the Parramatta River Foreshore Arts & Entertainment Precinct;
- the urban renewal of the heritage precinct of North Parramatta;
- planning suitable locations for housing and employment growth coordinated with infrastructure delivery, for example at Camellia, Telopea and Epping;
- developing the Westmead biomedical precinct; and
- improving walking and cycling connections around Sydney Olympic Park train station.

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 \$44 million in net financial savings over 20 years. Council performance will also be improved with a projected 63 per cent increase in annual operating results achieved within 10 years.² This means there will be a payback period of two 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 \$4 million in savings every year from 2020 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. For

example, Parramatta City Council had an approved cumulative SRV of 8.9 per cent over a three-year period from 2011-12.

The proposed merger is also expected to result in simplified council regulations for residents and businesses in the Greater Parramatta area 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 across the Greater Parramatta area.

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 \$59 million infrastructure backlog across the Greater Parramatta area;
- improving liveability and boosting housing supply to meet population growth; and
- supporting economic growth and urban development while enhancing the standard of living and lifestyle that local residents value.

While a merged council will marginally 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

² Operating results refer to the net financial position after subtracting total expenditure from total revenue in a given financial year.

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.

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's 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).

The proposal is broadly consistent with the 2013 findings of the ILGRP, in that it recommended combining a number of council areas around Parramatta to support its development as Sydney's second CBD.

In 2015, IPART determined that Parramatta City Council is 'not fit' to remain as a standalone entity. Parramatta's neighbouring councils had mixed assessments, with Hornsby found 'not fit' to stand alone, Auburn found 'fit' as part of a merger and the Hills found 'fit' as a standalone entity.

In the consultation period that followed the release of the IPART report, Parramatta City Council nominated Hornsby Shire, the Hills Shire, and Auburn City councils as potential merger partners.

To allow the creation of a strong, strategic centre around Parramatta, the NSW Government has proposed to pair the northern part of Auburn with Parramatta, along with portions of Hornsby and the Hills that are south of the M2 Motorway and the north-east corner of Holroyd City Council. This new approach broadens the strategic reach of Sydney's second CBD and creates one council around the communities that will emerge along new light rail corridors through the area. This approach also utilises the M4 as a natural southern boundary that allows the new councils to undertake consistent urban development and precinct planning on either side of the M4 Motorway.

Another new local government area comprised of the majority of Holroyd City Council, the remaining southern part of Auburn and the southern tip of Parramatta is proposed to be established to the south of Parramatta CBD, below the M4 motorway. The remaining part of The Hills Shire is proposed to be merged with the Hawkesbury local government area.

Together, the mergers create councils of similar size and with similar communities of interest, while allowing for the expansion of Parramatta supported by its council.

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 community. 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 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.

A NEW COUNCIL FOR THE GREATER PARRAMATTA AREA

The proposed new council will be responsible for infrastructure and service delivery to more than 216,000 residents across the Greater Parramatta area of Sydney.⁴

The creation of a new council provides the opportunity to bring together the communities from across the local government areas of Parramatta City and parts of Auburn City (focused around Sydney Olympic Park), the southern part of The Hills Shire and Hornsby Shire (focused around Epping) and the north-east corner of Holroyd City Council. These communities share commonalities including population growth and other demographic outlooks.

The new council will be responsible for infrastructure and service delivery to more than 292,000 residents by 2031.⁵ This reflects the expected strong population growth across the area of 1.8 per cent per annum.⁶

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 Greater Parramatta 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:

- growing Greater Parramatta as Sydney's second CBD and integrating Parramatta CBD with the neighbouring precincts at Westmead, Parramatta North, Rydalmere and Camellia;
- planning for major urban renewal in the Greater Parramatta to Olympic Peninsula Priority Growth Area, including investment in Parramatta Light Rail and other infrastructure improvements;
- growing the specialised health and education precincts at Westmead and Rydalmere;
- working with the new council to provide opportunities for additional urban renewal and housing along key transport corridors;
- enhancing the range of cultural facilities in Greater Parramatta, including building a new sports stadium Parramatta and relocating the Powerhouse Museum to Parramatta; and
- protecting the natural environment and improving the health of waterways, including the Parramatta River

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, some senior executive positions and potentially the many layers of current regulations. Any savings generated by a merger of the existing Parramatta City Council and parts of the three other council areas could be redirected to improving local community infrastructure, lowering residential rates and/or enhancing service delivery. An overview of the current performance of the four existing councils and the projected performance of the new proposed entity is provided in Figure 3.







⁴ The number of residents figure was corrected on 20 January 2016.

⁵ The number of residents figure was corrected on 20 January 2016.

⁶ NSW Department of Planning & Environment (2014), NSW Projections (Population, Household and Dwellings). The population growth figure was corrected on 20 January 2016.

In addition, while IPART found each of the four councils satisfies financial performance criteria, it also found that Hornsby and Parramatta'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.

Figure 3: Council profiles⁷

	Auburn City Council (part)	The Hills Shire Council (part)	Holroyd City Council (part)	Hornsby Shire Council (part)	Parramatta City Council (part)	New Council
						
Population (2014)	9,398	28,861	4,222	19,532	153,711	215,725
Area (status quo)	11 sq km	14 sq km	>1 sq km	7 sq km	50 sq km	82 sq km
IPART Rating	NOT ASSESSED INDIVIDUALLY*	FIT	NOT FIT	NOT FIT	NOT FIT	The new council will likely have enhanced scale and capacity to better meet the future service and infrastructure needs of the community.
Operating Revenue (2013–14)	\$7.4m	\$39.6m	\$3.3m	\$16.5m	\$163.3m	\$249.8m (projected 2019–20)
Operating Result (2013–14)	\$0.8m	\$19.6m	\$0.03	\$2.3m	\$16.8m	+\$6.0m projected improvement to 2019–20 operating results
Asset Base	\$214.2m	\$31.1m	\$15.4	\$12.0m	\$596.5m	\$869.4m
Infrastructure Backlog	5 per cent	3 per cent	2 per cent	1 per cent	8 per cent	7 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. Auburn City Council submitted a joint merger proposal with Burwood and the City of Canada Bay Council so IPART did not assess the council individually. IPART found that the Merger Proposals were "Fit" due to the substantial benefits that would be delivered to their local communities compared to the councils standing alone, and that they were the best available options for the relevant councils.

⁷ 2013–14 operating revenue figures and the map of the new council were corrected on 20 January 2016.

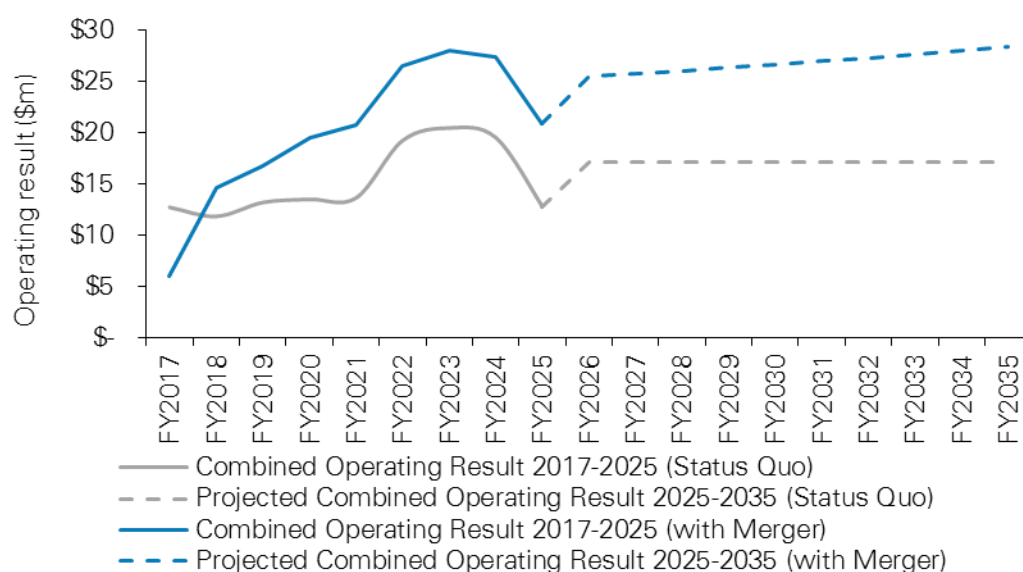
BENEFITS, OPPORTUNITIES AND IMPACTS

The proposed merger has the potential to provide a \$69 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 net financial savings of \$44 million to the new council over 20 years⁸. Council performance will also be improved with a projected 63 per cent increase in annual operating results achieved within 10 years. The proposed merger is also expected to generate, on average, around \$4 million in savings every year from 2020 onwards.⁹ 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 four councils.

Figure 4: Projected operating results of parts of Auburn City, The Hills Shire and Hornsby Shire Councils and Parramatta City Council with and without a merger¹⁰



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 streamlining senior management roles (\$44 million);
- efficiencies generated through increased purchasing power of materials and contracts (\$9 million); and
- a reduction in the overall number of elected officials that will in turn reduce expenditure on councillor fees (estimated at \$1.6 million).¹¹

⁸ The benefits, opportunities and impacts and local community sections of this proposal have not incorporated analysis of the part of Holroyd City Council local government area proposed to be included in this merger due to its small size.

⁹ NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

¹⁰ This figure was corrected on 20 January 2016.

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.

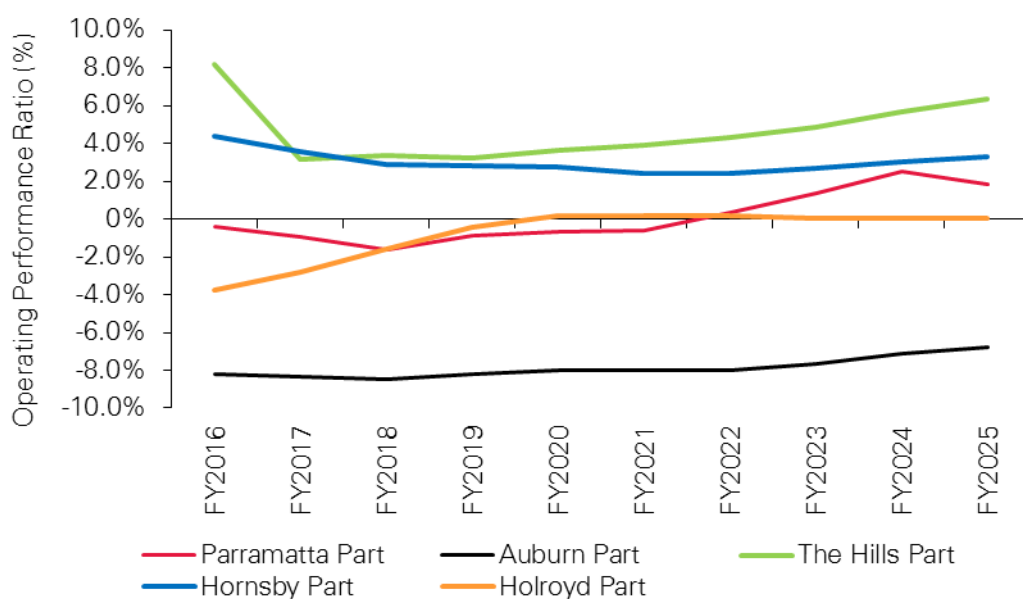
The implementation costs associated with the proposed merger (for example information and communication technology, office relocation, workforce training, signage, and legal costs) are expected to be surpassed by the accumulated net savings generated by the merger within a two-year payback period. The Local Government Act contains protections for three years for all council employees below senior staff level.

Merger benefits could be reinvested to:

- improve infrastructure – annual savings could be redirected towards infrastructure renewal or capital works projects like the urban renewal of Parramatta Square. Redeployment of savings could lead to cumulative additional infrastructure expenditure of \$44 million over 20 years;
- enhance service delivery – removal of duplicate back office and administration functions could provide the basis for employing an additional 37 frontline services. This could include environmental, health and safety, waste and recycling and traffic management services; and/or
- reduce rate pressures – annual savings could be used to reduce use of SRVs to fund community infrastructure and/or avoid future rate increases.

The expected operating performance of each council over the next 10 years is illustrated in Figure 5.¹²

Figure 5: Projected operating performance ratio by council (2016–2025)¹³



Note: Operating performance ratio measures a council's ability to contain operating expenditure within operating income.

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

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 \$44 million to the new council over 20 years;
- a forecast 63 per cent 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 functions and streamlining senior management;

¹¹ NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

¹² 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.

¹³ This figure was corrected on 20 January 2016.

- establishing a larger entity with a broad, regional-based operating revenue that is expected to exceed \$293 million per year by 2025;
- an asset base of approximately \$870 million to be managed by the merged council¹⁴; and
- greater capacity to effectively manage and reduce the \$59 million infrastructure backlog across the Greater Parramatta area by maintaining and upgrading community assets.

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 a greater range of services and address the current infrastructure backlog across the four councils. Examples of local infrastructure and service priorities that could be funded by merger-generated savings include projects like:

- the Parramatta River Foreshore Arts & Entertainment Precinct which will improve the entertainment and recreational offerings of the area. The Foreshore will bring together employment precincts, community centres and tourist and visitor attractions;
- developing suitable locations for housing and employment growth coordinated with infrastructure delivery, for example at Camellia, Telopea and Epping;
- developing the Westmead biomedical precinct; and
- the delivery of public domain improvements in Parramatta CBD and in other local centres.

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.¹⁵

It can be expected that the proposed merger will result in simplified council regulations for many Greater Parramatta area residents and businesses. Parramatta City Council, Auburn City Council, The Hills Shire Council, Hornsby Shire Council and Holroyd City Council 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 a business across the Greater Parramatta area will have just a single local council regulatory framework to understand and comply with;
- the compliance burden for a café owner with multiple outlets across neighbouring suburbs (in different council areas) will be reduced and simplified;
- integrated management of the Epping Town Centre, currently split across two council areas; and
- residents can have greater confidence that development applications will be subject to a more uniform process than the existing variations in regulations, which can add to the cost and complexity of home renovations and building approvals.

Impact on Rates

Parramatta City Council had an approved cumulative SRV of 8.9 per cent over a three-year period from 2011-12. The savings generated by a merger may enable the new council to reduce the need for rate increases to fund community infrastructure. In addition, the proposed merger will bring together a range of residential and business premises across the area providing the new council with a large rate base on which to set ratings policies and improve the sustainability of council revenue. Consistent with the current

¹⁴ Asset base apportioned based on square kilometres in the proposed new council areas.

¹⁵ NSW Business Chamber, 2012 Red Tape Survey.

distribution of the rate base across the current local government areas, the new council will earn the majority (more than 90 per cent) of its rates from residential properties with a small proportion (less than 10 per cent) from local businesses. Table 1 outlines the mix of business and residential rating assessments that underpin current rate revenue across the existing four council areas.

Table 1: Comparison of rateable businesses and residential properties (total and percentage share)¹⁶

Council	Business rating assessments		Residential rating assessments	
Auburn City Council	2,448	9%	24,768	91%
The Hills Shire Council	3,782	6%	54,188	93%
Holroyd City Council	2,006	5%	34,925	95%
Hornsby Shire Council	2,573	4%	54,464	95%
Parramatta City Council	4,428	7%	59,566	93%

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

Local Representation

The current ratio of residents to elected councillors in each of The Hills Shire, Hornsby Shire and Parramatta City councils is comparable. Auburn City Council currently has a lower ratio, reflecting its smaller population. While the proposed merger will change 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 Parramatta City Council, as this has 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 the Greater Parramatta area¹⁷

Council	Number of councillors	Number of residents (2014)	Residents per councillor
Auburn City Council	10	85,446	8,545
The Hills Shire Council	12	187,703	15,642
Holroyd City Council	12	111,100	9,258
Hornsby Shire Council	10	168,614	16,861
Parramatta City Council	15	189,932	12,662
Merged council	15*	215,725	14,382
Blacktown City Council	15	325,139	21,676

* The Auburn City, The Hills Shire, Hornsby Shire and Parramatta City communities will have an opportunity to shape how a new merged council will be structured, 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 2013; and NSW Office of Local Government, Council Annual Data Returns (2013–14).

¹⁶ The figures in this table were corrected on 20 January 2016.

¹⁷ This table was corrected on 20 January 2016.

The new council will be in a position to use its larger scale and capacity to advocate more effectively for the needs of its 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

The communities across the Greater Parramatta area share many 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 City of Parramatta is situated 24 kilometres west of Sydney at the head of the Parramatta River. Parramatta is the economic hub of Western Sydney and is regarded as Sydney's second CBD. The new council will cover a predominantly residential and commercial area, with substantial institution, industrial and commercial land use.

The new council will extend east from Parramatta City and take the M4 as a physical southern boundary. The proposed new council will include Sydney Olympic Park including the Sydney Showground, the ANZ stadium and the Allphones Arena.

A number of large parks and recreational spaces will be included in the new area including Rosehill Gardens, Millennium Parklands, Bicentennial Parks and Parramatta Park.

To the north, the new council will have the M2 as a physical boundary. This will bring in suburbs, including Epping which is currently split between Parramatta City and Hornsby Shire Council, and the suburb of Carlingford which is currently split between The Hills and Hornsby shire councils.

The merged council will take in a much greater proportion of the catchment of Lake Parramatta and the upper reaches of the Parramatta River, and make the council better placed to deliver environmental programs to improve vegetation and water quality in these areas.

Major features of the Greater Parramatta area include Westfield Parramatta, Westmead Hospital, Western Sydney University, Old Government House, Rosehill Gardens Racecourse, Parramatta Park, Parramatta River, ANZ Stadium, Bicentennial Park and Wetlands, North Rocks Shopping Centre, Muirfield Golf Club, Sydney Speedway, Royal Institute for Deaf and Blind Children, James Ruse Agricultural School and a number of other schools, Parramatta Swimming Centre and Epping Aquatic Centre.

A map depicting the detail of the boundaries of the new council can be found on page 2 of this Proposal.

Local Economy

The existing Parramatta local government area contributes \$17.6 billion to the NSW economy, equivalent to 3.6 per cent of the Gross State Product.¹⁸ The local economy is characterised by:

- above average household income across each of the five councils areas compared to the Greater Sydney average of \$57,192 – Auburn (\$75,597), The Hills (\$113,103), Holroyd (\$76,525), Hornsby (\$105,056) and Parramatta (\$80,638);
- varied rates of unemployment across each of the five councils areas relative to the Greater Sydney unemployment rate of 5.4 per cent – Auburn (7.4 per cent), The Hills (3.7 per cent), Holroyd (6.5 per cent), Hornsby (5.3 per cent) and Parramatta (5.6 per cent);
- moderate to strong growth in total employment across each of the five councils areas over the period 2008 to 2013 relative to the Greater Sydney employment growth rate of 1.6 per cent – Auburn (3.3 per cent), The Hills (1.1 per cent), Holroyd (2.5 per cent), Hornsby (1.5 per cent) and Parramatta (3.0 per cent); and

¹⁸ Regional Development Australia (2015), Sydney Metropolitan Region economic Baseline Assessment – Update, August; and Australian Bureau of Statistics (2014), Australian National Accounts: State Accounts 2013-14, Canberra.

- post-school qualifications held by residents across each council area similar to the Greater Sydney average of 60 per cent – Auburn (53 per cent), The Hills (63 per cent), Holroyd (55 per cent), Hornsby (67 per cent) and Parramatta (60 per cent).¹⁹

The economy of the Greater Parramatta area is diversifying. Health care and social assistance is a major contributing industry to the economy of the Greater Parramatta area. A new council for the area would be well-placed to support this both new and established industries and identify and make greater investments in growth industries.

The NSW Long Term Transport Master Plan shows that Parramatta CBD is an employment location of metropolitan-wide significance, drawing commuters from right across Sydney. The NSW Government's Household Travel Survey highlighted that residents commonly travel outside the Greater Parramatta area to the Sydney CBD and other areas along the global economic corridor, such as North Sydney, Macquarie Park and Botany Bay, for work or work-related business.²⁰ The area is well-connected with the Greater Sydney area facilitated by multiple public transport services such as the Parramatta Transport Interchange, Westmead Train Station, Bus-only Transit Ways (T-ways), Sydney Olympic Park Ferry Wharf.

While residents typically commute to a workplace outside the area to work and study, the area is self-contained in relation to health care and social assistance, especially with both Westmead Hospital and Westmead Children's Hospital within the area. The area is also relatively self-contained with regard to:

- educational institutions: including Western Sydney University (Parramatta and Rydalmere Campus), TAFE Western Sydney Campus, James Ruse Agricultural School and a number of other schools;
- shopping and entertainment facilities: such as Westfield Parramatta, Carlingford Shopping Centre and Westfield Shoppingtown North Rocks; and
- sporting and recreational facilities: including Rosehill Gardens Racecourse, Sydney Speedway Parramatta Park, Epping Aquatic Centre, Parramatta River, Parramatta Stadium, ANZ Stadium, Bicentennial Park and wetlands.

A merged council will be better placed to deliver services and infrastructure across this area in a coordinated manner.

Population and Housing

The new council will be responsible for infrastructure and service delivery to more than 292,000 residents by 2031.²¹ Like most areas across NSW, the Greater Parramatta area will experience the impacts of an ageing population over the next 20 years (Figure 6).

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.

The Greater Parramatta area is continuing to experience major urban renewal in precincts like Parramatta CBD and Wentworth Point. Over time other areas, such as Camellia and Sydney Olympic Park will experience urban renewal into the future. A merged council will be in a stronger position to plan for and deliver local infrastructure to support growing communities in these areas.

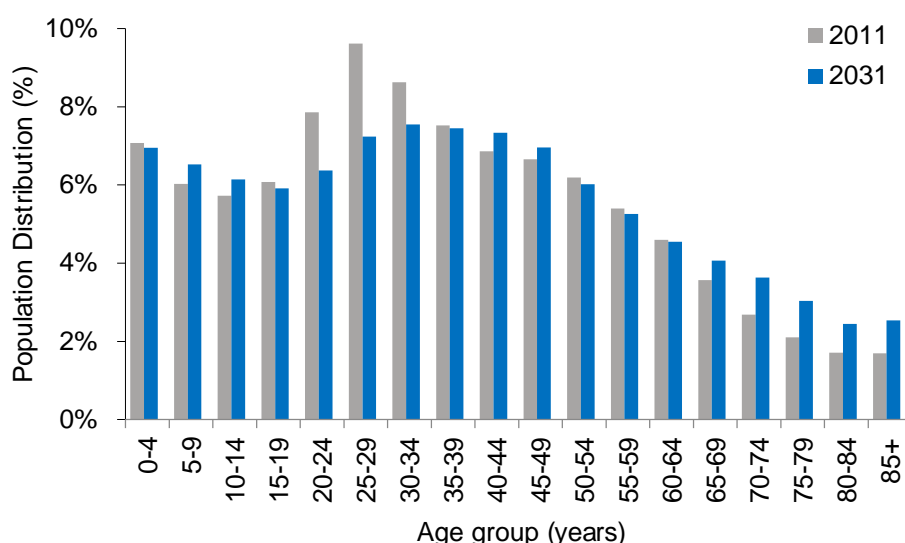
The area is extremely culturally and linguistically diverse and has a high proportion of individuals from a non-English speaking background compared to the Sydney average. The high level of cultural and linguistic diversity requires community services and initiatives tailored to different cultural and linguistic groups to increase accessibility and reduce barriers to social and economic participation. Each of the councils already offers English conversation classes and other language support services at various locations across the area including Granville Library, Newington Community Centre, Carlingford Library and Hornsby Community Migrant Resource Centre. Initiatives such as this show the established sense of community and acceptance of migrant communities that exists in the area and highlights the potential for further initiatives to be carried out effectively on a regional rather than council-by-council basis.

¹⁹ The wording and figures in these dot points were corrected on 20 January 2016.

²⁰ Transport for NSW (2014), Bureau of Transport Statistics, Household Travel Survey Data 2012-13.

²¹ The number of residents figure was corrected on 20 January 2016.

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).

The current mix of housing types within Auburn and Parramatta is fairly evenly spread across separate, medium and high density housing while The Hills and Hornsby have a larger proportion of separate dwelling types. Given the expected increase in population across the Greater Parramatta area, a merged council provides an opportunity to apply a more regional and strategic focus to planning for the additional households and associated amenities that are expected to be required by 2031. The new council will be better placed to manage this challenge of increased housing density and subsequent need to sporting, entertainment and leisure infrastructure. A more strategic focus can also help to ensure any pressures and challenges associated with population growth and housing development are not unreasonably concentrated in particular neighbourhoods.

Shared Community Values and Interests

These communities are bound by their sense of place as part of the Greater Parramatta area. The proposed merger will draw in communities already closely connected to, affiliated with and reliant on Parramatta City for workforce, social and community services.

Residents from the west of Auburn (Sydney Olympic Park, Newington and Silverwater), south of The Hills (North Rocks, Carlingford, Northmead and Oatlands) and south of Hornsby Council (Epping) frequently visit the Parramatta area due to the short commute and wide range of amenities available. Lying on the fringes of their current council areas, these suburbs could be better serviced by a new council with the resources to provide improved infrastructure and services. The merger will also create a larger and stronger area that is better placed to advocate for regional priorities in partnership with NSW and Australian governments.

These suburbs already enjoy a close connection with the area and have the potential to further their development by merging with Sydney's second CBD, an area where the NSW Government is prioritising for strategic infrastructure and service investments. As the second CBD, Parramatta is the economic and social hub of Western Sydney and provides a number of commercial, administrative, health and education services to its neighbouring council areas.

Box 2 provides examples of community organisations, services and facilities that have a presence across the area, which indicate strong connections between communities in the existing council areas.

Shared regional services and facilities

The Greater Parramatta area is well serviced with regards to:

- retail - including a number of significant shopping and entertainment centres, such as Westfield Parramatta and smaller retail precincts like Harris Park. Parramatta also has a dedicated car and motorcycle retail precinct known as 'Auto Alley';
- arts and cultural venues - including the Riverside Theatre, a number of creative production spaces and a program of public art in the city commissioned by the council;
- sport complexes - including the Parramatta Swimming Centre, PH Jeffrey Tennis Complex and a number of city sports and training fields;
- recreational parks - including Parramatta Park and Bicentennial Park and Wetlands;
- notable sport venues - including Parramatta Stadium, ANZ Stadium, Rosehill Racecourse and Sydney Speedway. Parramatta is the home of several professional sports teams including the Parramatta Eels and the Western Sydney Wanderers who are both based at Parramatta Stadium;
- shared media - including the *Parramatta Advertiser* and *The Parramatta Holroyd Sun* weekly local newspapers, and Alive 90.5 – 2CCR a local community radio station serving Parramatta, Holroyd and The Hills;
- migrant support - the Community Migrant Resource Centre in Parramatta is a not-for-profit community based organisation established to support and advocate for recent migrants to the area, offering advice, information and training; and
- annual events that draw visitors from the wider region, including celebrations for Australia Day, Winterlight and Parramasala (a festival celebrating Parramatta's connection to South Asian cultures and multiculturalism).

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 \$69 million net financial benefit over a 20 year period that may be used to deliver better community services, enhanced infrastructure and lower rates;
- a projected 63 per cent improvement in annual operating results that will strengthen the council's balance sheet to 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 \$4 million every year from 2020 onward;
- greater capacity to effectively manage and reduce the \$59 million infrastructure backlog across the Greater Parramatta area by maintaining and upgrading community assets;
- reducing the need for 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 interests by drawing inward communities already closely connected to, affiliated with and reliant on Parramatta City for education, employment, social and community links and satisfying their demand for commercial, administrative, health and education services;
- 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, being better able to deliver on priorities in partnership with the NSW and Australian governments.

NEXT STEPS

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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