Merger Proposal:
City of Botany Bay Council
Rockdale City Council

JANUARY 2016
Figure 1: Proposed new local government area

Proposed merger: Botany Bay and Rockdale

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 Botany and Rockdale.

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 $72 million over a 20-year period that can be reinvested in better services and more infrastructure;
- a projected 22 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 two 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 $20 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:

- managing the Botany Bay Foreshore to repair significant erosion and improve the coordination of planning and response mechanisms to storm events and sand drift; and
- working with the NSW Government on planning for urban renewal in Arncliffe and Banksia.

The savings, combined with the NSW Government’s policy that existing rate paths should be frozen 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

The communities of Botany Bay and Rockdale share common characteristics and connections and will benefit by up to $72 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 the City of Botany Bay and Rockdale City local government areas. 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 have many shared interests including the diverse cultural characteristics of the area and the close proximity to Sydney’s major international gateway at Sydney Airport, and the natural environment of Botany Bay.

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 consistent with IPART’s 2015 assessment that each of these two councils is ‘not fit’ to remain as a standalone entity. IPART determined that Botany Bay and Rockdale councils each satisfies key financial performance benchmarks. However, IPART assessed that operating individually, each council has limited scale and capacity to effectively deliver on behalf of residents and meet future community needs.

The proposed new council 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 undertake coordinated planning for communities on both sides of Sydney Airport, managing efficient freight transport around Sydney Airport and Port Botany and deliver on local infrastructure priorities such as managing and maintaining the Botany Bay foreshore and updating local shopping precincts across the existing Botany Bay local government area, as well as, Arncliffe and Banksia.

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 $52 million in net financial savings over 20 years.

Council performance will also be improved, with a projected 22 per cent increase in annual operating results within 10 years. 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 $4.3 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.

The NSW Government has announced a funding package to support merging councils which would

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 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.
result in $20 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.

Rockdale has recently received approval for SRVs from IPART. For example, IPART has approved:

- an SRV of 3.0 per cent in 2013–14; and
- a cumulative SRV of 26.3 per cent over a four-year period from 2014–15.

The proposed merger is also expected to result in simplified council regulations for residents and businesses in the Botany Bay and Rockdale 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 $22 million infrastructure backlog across the Botany Bay and Rockdale areas;
- improving liveability and boosting housing supply to meet population growth;
- delivering regional priorities of facilitating employment and transport connections;
- meeting the needs of the area’s ageing population by improving accessibility to community infrastructure; and
- supporting economic growth and urban development, while enhancing the standard of living and lifestyle that local 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](http://www.councilboundaryreview.nsw.gov.au)

*Figure 2: Map showing council boundaries for proposed new council with Blacktown City Council highlighted for comparison*
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).

City of Botany Bay and Rockdale City councils each submitted Fit for the Future proposals to remain as standalone councils. In assessing each council’s submission, IPART determined that neither of the two councils is ‘fit’ to stand alone as they do not satisfy the required benchmark for scale and capacity that is needed to meet the needs of residents now and in the future.

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 State and Federal levels of government 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 BOTANY BAY AND ROCKDALE AREA

The proposed new council will be responsible for infrastructure and service delivery to around 153,000 residents across the Botany Bay and Rockdale area of Sydney.

The creation of a new council provides the opportunity to bring together the communities surrounding Botany Bay. These communities have similar industry profiles, similar demographics and are both in close proximity to Sydney Airport, which provides economic opportunities and some environmental challenges.

The new council will be responsible for infrastructure and service delivery to more than 190,000 residents by 2031. This reflects the expected population growth across the area of 1.2 per cent per annum.4

The Botany Bay and Rockdale areas share a need to manage the specific needs of communities around Sydney Airport and Botany Bay, the expected population growth and the changing service and infrastructure needs of these communities. The proposed merger will reduce the number of councils around the foreshores of Botany Bay and help strengthen coordination of foreshore management.

The NSW Government has identified a number of priorities that are directly relevant to the proposed new council. For example:

- protecting Sydney Airport’s function as an international transport gateway and the Sydney Airport Precinct major employment hub;
- protecting the natural environment and the health of waterways and aquatic habitats;
- preserving corridors for future long-term transport needs – including the potential F6 corridor; and
- identifying suitable locations for housing intensification and urban renewal.

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 two 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 two existing councils and the projected performance of the new proposed entity is provided in Figure 3.

In addition, while IPART found each of the two councils satisfy financial performance criteria, it also found each 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 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.

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4 NSW Department of Planning & Environment (2014), NSW Projections (Population, Household and Dwellings).
Figure 3: Council profiles

<table>
<thead>
<tr>
<th>Source</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>

### Source Notes
- 13-14 operating revenue figures were corrected on 20 January 2016.

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Botany Bay</td>
<td>44,742</td>
<td>22 sq km</td>
<td>NOT FIT</td>
<td>$75.8m</td>
<td>$18.5m</td>
<td>$164.5m</td>
<td>7 per cent</td>
</tr>
<tr>
<td>Rockdale City Council</td>
<td>108,072</td>
<td>28 sq km</td>
<td>NOT FIT</td>
<td>$90.2m</td>
<td>$7.4m</td>
<td>$359.7m</td>
<td>3 per cent</td>
</tr>
<tr>
<td>New Council</td>
<td>152,814</td>
<td>50 sq km</td>
<td></td>
<td>$180.4m (projected 2019-2020)</td>
<td>+$6.6m projected improvement to 2019-20 operating results</td>
<td></td>
<td>4 per cent</td>
</tr>
</tbody>
</table>

This merger proposal is consistent with IPART’s Fit for the Future assessments (2016). The new council will likely have enhanced scale and capacity to better meet the future service and infrastructure needs of the community.
BENEFITS, OPPORTUNITIES AND IMPACTS

The proposed merger has the potential to provide a $72 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 $52 million to the new council over 20 years. Council performance will also be improved with a projected 22 per cent increase in annual operating results achieved within 10 years. The proposed merger is also expected to generate, on average, around $4.3 million in savings from 2020 onwards. 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 two councils.

Figure 4: Projected operating results of City of Botany Bay and Rockdale City councils, with and without a merger

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

- removal of duplicate back office and administrative functions and reducing senior management roles ($50 million);
- efficiencies generated through increased purchasing power of materials and contracts ($10 million); and
- a reduction in the overall number of elected officials that will in turn reduce expenditure on councillor fees (estimated at $500,000).

In addition, the NSW Government has announced a funding package to support merging councils which would result in $20 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

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6 NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.
7 NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.
surpassed by the accumulated net savings generated by the merger within a three-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, including renewing ageing assets and improving accessibility to community infrastructure for the area’s ageing population. Redeplomy of savings could lead to cumulative additional infrastructure expenditure of $50 million over 20 years;
- enhance service delivery – removal of duplicate back office and administration functions and streamlining of senior management roles could provide the basis for employing an additional 60 staff for frontline services. This could include services such as libraries, youth and community care; and/or
- reduce rate pressures – annual savings could be used to reduce Rockdale City Council’s dependency on SRVs to fund community infrastructure and/or avoid future rate increases.

The expected operating performance ratio of each council over the next 10 years is illustrated in Figure 5.\(^8\)

\(^8\) 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.

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

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


The two councils have very different operating performance ratios. Botany Bay is collecting more in revenue than it is spending, while Rockdale is spending more than it earns. 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 $52 million to the new council over 20 years;
- a forecast 22 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;
- establishing a larger entity with revenue that is expected to exceed $215 million per year by 2025;
- an asset base of approximately $524 million 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.
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 infrastructure backlog across the two councils. Examples of local infrastructure and service priorities that could be supported by merger-generated savings include projects like:

- improving pedestrian facilities and road safety on local roads;
- managing the Botany Bay Foreshore to repair significant erosion and improve the coordination of planning and response mechanisms to storm events and sand drift;
- improving accessibility to community infrastructure for the area’s ageing population;
- ensuring the environmental sustainability of the region’s natural assets, including Botany Bay, and implementing policies to reduce energy consumption and address climate change; and
- delivering local infrastructure to support urban renewal in Arncliffe and Banksia and around Mascot and Wolli Creek train stations.

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.9

It can be expected the proposed merger will result in simplified council regulations for many Botany Bay and Rockdale residents and businesses. City of Botany Bay Council and Rockdale 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 Botany Bay and Rockdale area will have just a single local council regulatory framework to understand and comply with;
- the compliance burden for a restaurant owner with multiple outlets across neighbouring suburbs (currently in different council areas) will be reduced and simplified; 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

Rockdale City Council has recently received approval for rate increases to meet local community and infrastructure needs, including:

- an SRV of 3.0 per cent in 2013-14 to fund infrastructure renewal; and
- a cumulative SRV of 26.3 per cent over a four-year period from 2014-15 to support its ‘Renewing Rockdale’ program of works, improve financial sustainability, and repay borrowings on the Rockdale Aquatic Centre redevelopment.

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 area, providing the new council with a large 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 area.

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

<table>
<thead>
<tr>
<th>Council</th>
<th>Business rating assessments</th>
<th>Residential rating assessments</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Botany Bay Council</td>
<td>1,548</td>
<td>14,288</td>
</tr>
<tr>
<td></td>
<td>10%</td>
<td>90%</td>
</tr>
<tr>
<td>Rockdale City Council</td>
<td>1,775</td>
<td>38,182</td>
</tr>
<tr>
<td></td>
<td>4%</td>
<td>96%</td>
</tr>
<tr>
<td>Merged council</td>
<td>3,323</td>
<td>52,470</td>
</tr>
<tr>
<td></td>
<td>6%</td>
<td>94%</td>
</tr>
</tbody>
</table>


Local Representation

The ratio of residents to elected councillors in each of the two councils is similar, despite the difference in the number of residents. 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 less 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 Rockdale 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 Botany Bay and Rockdale

<table>
<thead>
<tr>
<th>Council</th>
<th>Number of councillors</th>
<th>Number of residents (2014)</th>
<th>Residents per councillor</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Botany Bay Council</td>
<td>7</td>
<td>44,742</td>
<td>6,392</td>
</tr>
<tr>
<td>Rockdale City Council</td>
<td>15</td>
<td>108,072</td>
<td>7,205</td>
</tr>
<tr>
<td>Merged council</td>
<td>15*</td>
<td>152,814</td>
<td>10,188</td>
</tr>
<tr>
<td>Blacktown City Council</td>
<td>15</td>
<td>325,139</td>
<td>21,676</td>
</tr>
</tbody>
</table>

1 Botany Bay and Rockdale 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).


The new council will be in a position to use its larger scale and capacity to advocate more effectively for the needs of the Botany Bay and Rockdale communities. As the new council will represent a 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 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 Botany Bay and Rockdale 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 proposed new council will incorporate the communities currently within the Botany Bay and Rockdale local government areas. These communities are located within the inner south-eastern region of Sydney, which is approximately 13 kilometres from the Sydney Central Business District.

The area contains some of Sydney’s most significant infrastructure, including Sydney Airport and part of Port Botany. Botany Bay is surrounded on the northern and southern headlands by a national park. The Bay was the site of James Cook’s first landing of HMS Endeavour on the continent.

The proposed merger would support better coordination of planning and management of activity on the foreshores of Botany Bay, and reduce the number of local councils around Botany Bay to three. The proposed merger would also allow for better coordination of land use and infrastructure planning on both sides of Sydney Airport, in locations which support the significant economic role of Sydney Airport. The merger would support better coordination of freight transport on roads around Sydney Airport and Port Botany.

Local Economy

The local government areas of Botany Bay and Rockdale contribute $13 billion to the NSW economy, equivalent to three per cent of the Gross State Product.\(^\text{10}\) The local economy is characterised by:

- the City of Botany Bay has an employment growth rate of 2.1 per cent, while Rockdale’s is 1.4 per cent – both are close to the 1.6 per cent metropolitan NSW average;
- the City of Botany Bay has an average unemployment rate of 6.8 per cent, while Rockdale’s is 4.6 per cent – these are either side of the metropolitan NSW average of 5.4 per cent;
- both the City of Botany Bay and Rockdale have an average household income of $80,000 – slightly below the metropolitan NSW average of $89,000;
- 56 per cent of residents in the City of Botany Bay have a post-school qualification, compared with 57 per cent in Rockdale – both marginally below the Sydney metropolitan average of 59 per cent; and
- the two council areas have similar industry profiles, with health care and social assistance the largest sector, and retail trade the second largest sector in both local government areas.

Table 3 provides a snapshot of the local business profile of each council. More than 13,000 local businesses across the region contribute more than 63,000 jobs to the local economy.

Activity at Sydney Airport is an important economic driver for communities and businesses in both the Botany Bay and Rockdale areas. A Plan for Growing Sydney notes that the transport, postal and warehousing sectors were the largest economic sectors to both the Botany Bay and Rockdale local economies in 2011-12.

The NSW Government’s Household Travel Survey highlighted that most of the working residents in the Botany Bay and Rockdale area travel outside of the area to work.\(^\text{11}\) While residents typically commute to a workplace outside the area, it is relatively self-contained in relation to shopping, restaurants, cafes and outdoor recreation.


Table 3: Local business and employment profile

<table>
<thead>
<tr>
<th>Council</th>
<th>Number of businesses</th>
<th>Local jobs</th>
<th>Largest sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Botany Bay Council</td>
<td>4,423</td>
<td>18,397</td>
<td>Health Care &amp; Social Assistance</td>
</tr>
<tr>
<td>Rockdale City Council</td>
<td>8,886</td>
<td>44,953</td>
<td>Health Care &amp; Social Assistance</td>
</tr>
<tr>
<td>Merged council</td>
<td>13,309</td>
<td>63,350</td>
<td>Health Care &amp; Social Assistance</td>
</tr>
</tbody>
</table>


The business profile and the corresponding workforce across the area 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 more than 190,000 residents by 2031. Like most regions across NSW, the area will also experience the impacts of an ageing population over the next 20 years (Figure 6).

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

Major urban renewal is underway in locations close to Sydney Airport, such as the Mascot Station and Wolli Creek precincts. Further opportunities for urban renewal have been identified in Arncliffe and Banksia. A strong council will be better placed to plan for urban renewal in partnership with the NSW Government and deliver the local infrastructure and services to support these growing communities.

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 Botany Bay and Rockdale communities are slightly disadvantaged 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. Both councils have very similar socio-economic profiles, with SEIFA scores close to the NSW average and slightly below the metropolitan average. This reflects the common characteristics across the Botany Bay and Rockdale communities in relation to, for example, household income, education, and occupation.

Figure 7: Comparison of councils’ socio-economic profile

Table 4 outlines the current mix of housing types across the area. A merged council provides an opportunity to apply a more regional and strategic focus to planning for the additional 13,850 households and associated amenities 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 Botany Bay and Rockdale area (total number and per cent).

<table>
<thead>
<tr>
<th>Dwelling type</th>
<th>City of Botany Bay Council</th>
<th>Rockdale City Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Separate house</td>
<td>6,036</td>
<td>18,664</td>
</tr>
<tr>
<td>Medium density</td>
<td>3,338</td>
<td>7,315</td>
</tr>
<tr>
<td>High density</td>
<td>6,160</td>
<td>12,387</td>
</tr>
<tr>
<td>Other</td>
<td>119</td>
<td>439</td>
</tr>
<tr>
<td>Total private dwellings</td>
<td>15,653</td>
<td>38,805</td>
</tr>
</tbody>
</table>


Shared Community Values and Interests

These communities are bound by their cultural diversity, access to the coast, and a sense of place on Botany Bay. Box 2 provides examples of community organisations, services and facilities that have a presence across the area, which indicates strong connections between the communities in the existing council areas.
Box 2: Examples of common community services and facilities

Shared regional services and facilities
Examples of community services which operate across the area include:

- Zonta Club of Botany Bay Inc., which sits across both council areas. Zonta International is a leading global not-for-profit organisation of professionals empowering women through information, advice, projects and advocacy;
- Botany Bay Business Enterprise Centre is a not-for-profit organisation that delivers advisory services to businesses in the South Sydney region of NSW, including the Botany Bay and Rockdale area; and
- Ability Links NSW South East Sydney, which provides support for people with a disability, their families and carers to help them plan for their future, build skills, and develop networks. The South East Sydney service operates across the local government areas of Botany Bay, Rockdale, Hurstville and Kogarah.

The City of Botany Bay Council and Rockdale City Council have already been collaborating in a number of ways, for example both councils:

- are members of the Southern Sydney Regional Organisation of Councils (SSROC). SSROC is an association of 16 councils, which helps to support councils by undertaking regional projects and offering advice, training and advocacy;
- participate in SSROC’s Street Lighting Improvement Program to reduce the cost and increase the energy efficiency of street lights;
- are members of the Sydney Coastal Councils Group, which coordinates on environmental issues relating to the coast and waterways of Sydney; and
- participate in ‘Underwater Sydney’ – a project of Underwater Earth, a not-for-profit organisation based in Sydney. The project aims to protect and raise awareness of ‘hidden’ marine life.

The connections between the councils and communities are evident in the existing partnerships and collaborations. A new council will be better placed to deliver these services and projects 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 $72 million in 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 per cent improvement in annual operating results within 10 years that will strengthen the council’s balance sheet and free up revenue for critical infrastructure;
- NSW Government funding of $20 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;
- greater capacity to effectively manage and reduce the $22 million infrastructure backlog across the two 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

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.

<table>
<thead>
<tr>
<th>Legislative criteria</th>
<th>Section reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>(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</td>
<td>Benefits, Opportunities and Impacts</td>
</tr>
<tr>
<td>(b) the community of interest and geographic cohesion in the existing areas and in any proposed new area</td>
<td>The Local Community</td>
</tr>
<tr>
<td>(c) the existing historical and traditional values in the existing areas and the impact of change on them</td>
<td>The Local Community</td>
</tr>
<tr>
<td>(d) the attitude of the residents and ratepayers of the areas concerned</td>
<td>There is a public consultation process which includes a public inquiry allowing for the views of residents and ratepayers to be considered.</td>
</tr>
<tr>
<td>(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</td>
<td>Local Representation</td>
</tr>
<tr>
<td>(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</td>
<td>Benefits, Opportunities and Impacts</td>
</tr>
<tr>
<td>(e2) the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned</td>
<td>Financial Benefits of the Proposed Merger</td>
</tr>
<tr>
<td>(e3) the impact of any relevant proposal on rural communities in the areas concerned</td>
<td>The Local Community</td>
</tr>
<tr>
<td>(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</td>
<td>Local Representation</td>
</tr>
<tr>
<td>(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</td>
<td>Next Steps</td>
</tr>
<tr>
<td>(f) such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas</td>
<td>Benefits, Opportunities and Impacts</td>
</tr>
</tbody>
</table>
For more information visit:
www.councilboundaryreview.nsw.gov.au

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