

Have your say

Inner West Council Draft De-amalgamation Business Case



Inner West Council acknowledges the Gadigal and Wangal peoples of the Eora Nation who are the traditional custodians of the lands of the Inner West local government area.

The NSW Government formed Inner West Council in 2016 by bringing together Ashfield, Leichhardt and Marrickville Councils. In December 2021, a non-binding poll was conducted in which the Inner West community voted to de-amalgamate the existing Council and return to the three former Councils. The result was carried with 62.5 per cent in favour, in a poll with 80.7 per cent turnout.

Now, Inner West Council is preparing a de-amalgamation business case for the NSW Minister for Local Government, who is responsible for the final decision.



Please read the following important information – your views will be key to Council's next steps.

What would de-amalgamation mean for the community of the Inner West?

De-amalgamation may bring a number of benefits, such as:

- ▶ improved local representation, with more Councillors per resident
- ▶ a right to self-determination and the removal of forced amalgamation
- ▶ some perceived service level improvements
- ▶ better alignment of Council priorities to communities of interest.

De-amalgamation also presents significant costs and potential risks, including:

- ▶ increases in rates for each de-amalgamated Council to cover funding shortfalls
- ▶ increased costs in staffing, services and program delivery through the loss of efficiencies gained from the amalgamation. De-amalgamation would, for example, add an estimated \$2.25 million per year in executive staff and councillor costs.
- ▶ service disruption for the community during the de-amalgamation process
- ▶ staff redundancies, loss of corporate knowledge and the appointment of an interim administrator.

Understanding and managing the risks of de-amalgamating

Our commitment is to support the Inner West community so it can thrive.

With this in mind, it is critical the community understands that de-amalgamating the Council is a highly complicated process which poses significant risks. Council has engaged independent experts to advise on these risks so that they can be managed if the de-merger proceeds.

Ernst & Young identified 11 risks posed by the de-amalgamation. These include the 'extreme' risks of major operational disruptions during the transition and the creation of financially unsustainable Councils.

Potential 'high' risks include a failure to put in place effective arrangements to oversee the change, to quickly identify hidden liabilities or to quickly establish new organisational structures and cultures.

The next step, if de-amalgamation proceeds, is to develop a plan to minimise or mitigate against the impact of these risks on the community.

Service delivery under a de-amalgamated model

Council engaged Morrison Low to prepare a business case that weighs-up a range of options to support the future provision of services and service levels that would be delivered by the three Councils under a de-amalgamated model.

Two options were modelled, while a third – to share services across all three Councils – was discounted after a review of the literature indicated there was little demonstrated benefit for NSW local government.

Both options project deficits for all three Councils that would slowly reduce over ten years, with the largest expected for Marrickville, followed by Ashfield and then Leichhardt.

These deficits would arise from increased costs for new facilities in each Council area, salaries for increased staffing, and higher costs involved in delivering some services. Based on the facilities and services currently being delivered, the existing Inner West Council is projected to deliver modest surpluses from 2022–23.

How were these options developed?

The data used by Morrison Low to prepare the business case was largely based on publicly available information, including financial statements, long-term financial plans, annual reports, asset management plans and Council reports. Inner West Council also provided additional information that was tested and validated through staff interviews and comparisons with the local government industry across Australia and New Zealand.



Option A: return to the service levels provided prior to amalgamation

This option would see each de-amalgamated council return to the services and service levels that were provided prior to the 2016 amalgamation, where feasible.

Points to think about for option A:

- ▶ This option presents additional ongoing annual costs for each council of approximately:
 - \$3.8 million for Ashfield
 - \$2.8 million for Leichhardt
 - \$3.2 million for Marrickville
- ▶ Some services that were created post-amalgamation cannot be undone; for example, the Ashfield pool expansion, the new Leichhardt Park, the Yirran Gumal childcare centre, and the introduction of the Emergency Services Levy.
- ▶ Each de-amalgamated Council would determine how to bring their council into a financially sustainable position, for example, by improving cost recovery of services, increasing annual charges or rates and/or reviewing the levels and types of services they are able to provide.
- ▶ If all of the identified ongoing costs were to be absorbed through rate increases, the approximate average increase per rate assessment would be an estimated:
 - \$217 for Ashfield residents
 - \$111 for Leichhardt residents
 - \$87 for Marrickville residents



Option B: maintain the service levels provided by the current Inner West Council

This option would see the three de-amalgamated Councils continue with the same services and service levels currently being provided by the Inner West Council.

Points to think about for option B:

- ▶ This option presents additional ongoing annual costs for each Council of approximately:
 - \$8.2 million for Ashfield
 - \$5.7 million for Leichhardt
 - \$10.9 million for Marrickville
- ▶ The scale of these costs is greater than for option A due to the work done by Inner West Council since amalgamation to harmonise and deliver higher service levels. As a result, each of the de-amalgamated Councils would be required to provide and deliver some services to a higher level than before amalgamation.
- ▶ As with option A, each de-amalgamated Council would determine how to bring their Council into a financially sustainable position. If all of the identified ongoing costs were to be absorbed through rate increases, the approximate average increase per rate assessment would be an estimated:
 - \$471 for Ashfield residents
 - \$224 for Leichhardt residents
 - \$297 for Marrickville residents

Next step: share your views

Inner West Council is preparing documents for the NSW Minister for Local Government to make the final decision on the de-amalgamation.

To inform the proposal, Inner West Council wants to hear your views on:

1. Whether to proceed with the de-amalgamation
And, if we do proceed:
2. Which options for service provision under a de-amalgamated model are preferred by the community.

View the Morrison Low business case on public exhibition:

- Council's service centres at Ashfield, Leichhardt and Petersham
- Balmain, Haberfield, Marrickville and St Peters libraries
- Online

Complete a survey:

Online – scan the QR code
 Hard copy – download from our website or call 9392 5870 to request a copy by mail
 Survey closes 31 July



Attend an online forum
 Thursday 21 July 6.00-7.30pm at
<https://tinyurl.com/yckvzyzs>

For more information please visit
innerwest.nsw.gov.au/Deamalgamation

Call a FREE Interpreter or the National Relay Service, Monday to Friday between 9am-4pm and provide our phone number 02 9392 5870.

- Free Interpreter call TIS National on 131 450
- Voice relay call 1300 555 727
- TTY call 133 677
- SMS relay call 0423 677 767