

Message from the General Manager



I am pleased to present Georges River Council's Delivery Program and Operational Plan for 2020/21.

This document supports the ongoing delivery of the Georges River Community Strategic Plan 2018-2028 (CSP), which identifies the priorities and aspirations of the community. The Delivery Program is now in the third year of its three year cycle, and contains a number of significant projects for Council in 2020/21, guided by the six pillars which address Council's social, environmental, economic and civic

leadership responsibilities.

Over the next year we will continue to work with our neighbouring councils to deliver large scale infrastructure projects and work with the NSW Government, business and community groups to facilitate, coordinate and stimulate economic development opportunities in our Local Government Area. We recognise the need to position Georges River and the South District as critical to the future success of Sydney and will work on marketing our City to locals, visitors and investors, focusing on the potential of Kogarah and Hurstville as well as the vibrancy of our villages.

During 2020/21, maintaining the natural environment is a key focus of Council and to this end we will develop and implement a Waste Education Program and educate the community on reducing energy consumption and protecting the environment. We will continue to work to ensure all public parks and open spaces are accessible, well maintained and managed to meet the recreational needs of current and future residents by implementing the recommendations in the 2020/21 Parks and Open Space Improvement Program.

Our focus on strengthening customer service continues and we are committed to making it easier for our customers to do business with Council by creating systems and a culture that supports positive customer experiences.

We will be working towards achieving the net zero emissions target by 2025 by following mitigation initiatives such as energy efficiency, renewable energy, carbon sequestration and changing staff behaviour. In order to strengthen Council's financial position and achieve financial sustainability, we will continue to work on an application to the NSW Government (IPART) to introduce a Special Rate Variation (SRV) in order to create one consistent rating system by 1 July 2021 to ensure a fairer approach for all ratepayers.

A handwritten signature in black ink that reads "G Connolly". The signature is fluid and cursive, with a large loop at the end.

Gail Connolly
General Manager

Financial strength

Responsibility: Chief Financial Officer

Strategy	By 2020/21 we will...	In 2020/21 we will...
<p>6.4.2 Maintain a sustainably strong financial position, balanced with demand for essential services and new projects, and having regard for Section 8B(d) (ii) of the Local Government Act (the current generation funds the cost of its services).</p>	<ul style="list-style-type: none"> a. Continually align the Long Term Financial Plan with the context of Council and Integrated Planning and Reporting documents. b. Develop a rating structure for the LGA by June 2021. c. Continue to review financial policies and processes to ensure integrity of controls, efficiency of service and quality financial data, to reduce risk, deliver quality information for business decisions and improve service delivery. 	<ul style="list-style-type: none"> ai. Refine the Long-Term Financial Plan to incorporate proposed new projects and programs and to facilitate financially sustainable decisions. aii. Incorporate the review of Council's Asset Management Plan (6.4.1.a), including asset life, depreciation and maintenance costs, into Council's Long-Term Financial Plan. bi Engage with Community on a new Georges River Council Rating Structure. bii. Submit a proposed new Georges River Council rate structure to the Independent Pricing and Regulatory Tribunal. biii. Submit a Georges River Council Special Rate Variation request to the Independent Pricing and Regulatory Tribunal. ci. Develop a Georges River Council Revenue Management Policy for public exhibition and Council adoption. (Completed 2019/20) cii. Expand payment options for all revenue activities to minimise risks and costs associated with cash and cheque management. (Completed 2019/20). ciii. Investigate opportunities for a greater proportion of Council's investment portfolio to be directed to ethical and environmentally responsible investments which are low risk and have returns equal to or greater than existing investments.



Financial estimates

About the 2020/21 Budget

The Georges River community, along with the rest of Australia, is facing extraordinary challenges due to the current COVID-19 pandemic. Changes have been moving quickly and this is likely to impact our 2020/21 budget. Over the coming months Council will better understand the longer-term impact of COVID-19 on our community and on our operations. If major changes are required, these will be factored into the final adoption of the 2020/21 budget and/or quarterly reviews.

In light of the current events, Council has prepared a budget ready to deliver valued community services, projects and programs during the 2020/21 financial year.

Council plays a significant role within the community as demonstrated within the Operational Plan 2020/21, which includes Council's operational and capital expenditure budget of \$180 million.

Key aspects of the budget include:

- New or renewed community assets to the value of \$40 million. Highlights include:
 - » Construction of Penshurst Park Sporting Hub Stage 2
 - » Road Re-sheeting Program
 - » Ormonde Parade Streetscape
 - » Poulton Park Remediation
 - » Hurstville Golf Course
 - » Hurstville Oval Players Pavilion
 - » Harold Fraser Oval (Parkside Drive) Waterway
 - » Mortdale Town Centre Upgrade
 - » Remediation of the former Oatley Bowling Club
 - » Oatley Park Sporting Amenities
 - » Playground and Building Critical Safety Program
 - » Storm water Drainage Critical Program
 - » Footpath Critical Safety Program
- No reduction in grants or subsidies to community groups
- Development of the Georges River Council Local Environmental Plan
- Application of the 2.6% Independent Pricing and Regulatory Tribunal (IPART) approved rate peg increase to rate income
- Application of Council hardship payment support options
- Segregation of funds to ensure footpaths, playgrounds, building, roads, stormwater and other key assets are repaired and renewed.
- No new loan borrowings

- Frozen employee costs budget and application of savings strategy
- Reduction in consultancies through a greater investment in-house skills
- Strict application of the pricing methodology to fees and charges with an aim of cost recovery
- Residential Domestic Waste Management Charges harmonised
- Depreciation increase due to the construction of new assets and rising cost of replacement
- Continued obligation to repay the Mortdale Jubilee Community Centre external loan (\$500,000 annual repayment from general revenue)
- Election cost of \$900,000 has been transferred to 2021/22
- Sale of commercial properties in line with the adopted Commercial Property Strategy will be pursued
- Ongoing intention to implement productivity improvements and cost efficiencies identified in the draft IPART application
- Removal of staff benefits such as the all-staff conference, Learning and Development program and removal of the Christmas period grant days
- Removal of the Councillor Discretionary Ward fund
- Removal of the additional voluntary Pensioner Rebate
- Deferral of capital projects such as the new skate park, public art program, synthetic fields program, San Souci Bathers Pavilion construction, Hurstville Civic Precinct development, etc).

Based on this approach the adopted forecast deficit of \$13 million has been reduced to a projected deficit of \$2.4 million.

The action to reduce Council's adopted forecast operating deficit of \$13 million, is to ensure Council's financial position does not further deteriorate from potential impacts of COVID-19. It is essential that Council manage any potential adverse impacts on Council's operating result and protect cash reserves, so they remain available to fund essential operational activities and services, if required.

In preparing the draft 2020/21 Budget some difficult decisions have been required during this unpredictable time.

Prior to the events of COVID-19, Council has an adopted forecasted operating deficit (before capital grants) for 2020/21 of \$13 million. On 10 February 2020, Council considered whether to proceed with a Special Rate Variation (SRV) and Rate Harmonisation application. The SRV application was prepared to reduce Council's operating deficit by \$8 million. At the meeting, Council resolved to defer the SRV and Rate Harmonisation. Therefore, in order to minimise Council's projected operating deficit, protect cash reserves and weather any adverse impact of COVID-19, programs, services and projects have been reduced, deferred or deleted. The approach to these decisions has been balanced, in that they have been made across all areas of Council's operations, including employee costs, Councillor costs and community assets.

The draft budget and operational plan as considered by Council on 27 April 2020 was updated to include the additional expenditure relating to retaining the grant days and the cost of the community engagement for the rates harmonisation project. This has resulted in the draft operating deficit increasing to \$3.2 million.

Full details of Council's 10 years Long Term Financial Plan (LTFP), which includes the new draft budget result, are outlined in the Resourcing Strategy.

In order to significantly reduce the adopted operating deficit and address financial sustainability, reductions include \$9 million worth of operational programs project, services and \$350 million in capital projects being deferred, reduced or deleted. Major items include:

- Reduction in employee costs, i.e. no increase budgeted for the mandated annual Award increase, increased vacancy rate, extensions to vacancy holding periods