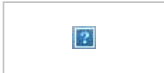


[Redacted]

[Redacted]

[Redacted]



[Redacted]

From: Danielle Parker [Redacted]
Sent: Wednesday, 17 March 2021 2:07 PM
To: [Redacted]
Subject: RE: Georges River Council SVMR Application

I hope our discussion assisted in answering the queries below.

Model 1 is the current situation as at the night the Council adopted the application and the current 2020/21 budget.

Model 3 is currently the staff recommended model to the Council

Model 2 is not ideal as we continue to have ongoing deficits without the savings but with the SRV.

We are currently preparing the 2021/22 draft budget and briefings with Councillors. The 2021/22 budget will be prepared to align to Model 3 and the recommended financial budget forecast of Council.

As highlighted in previous correspondence the alternate recommendation was for 40FTE reductions and operational service cuts. Infrastructure backlog will be reviewed once financial sustainability is secured.

I have a question, are staff representatives permitted to present to the panel when they are assessing, to provide a quick overview?

Also, I wanted to added that further to Item 2 of your email on Monday, as to how Council responded to community feedback. I wanted to highlight that the Mayor and the GM had multiple meetings with community members and we also had 2 videos prepared to assist.

Video link: <http://www.georgesriver.nsw.gov.au/Council/Rates-and-Payments/New-rates-2021/Why-does-Council-need-to-increase-its-rates>

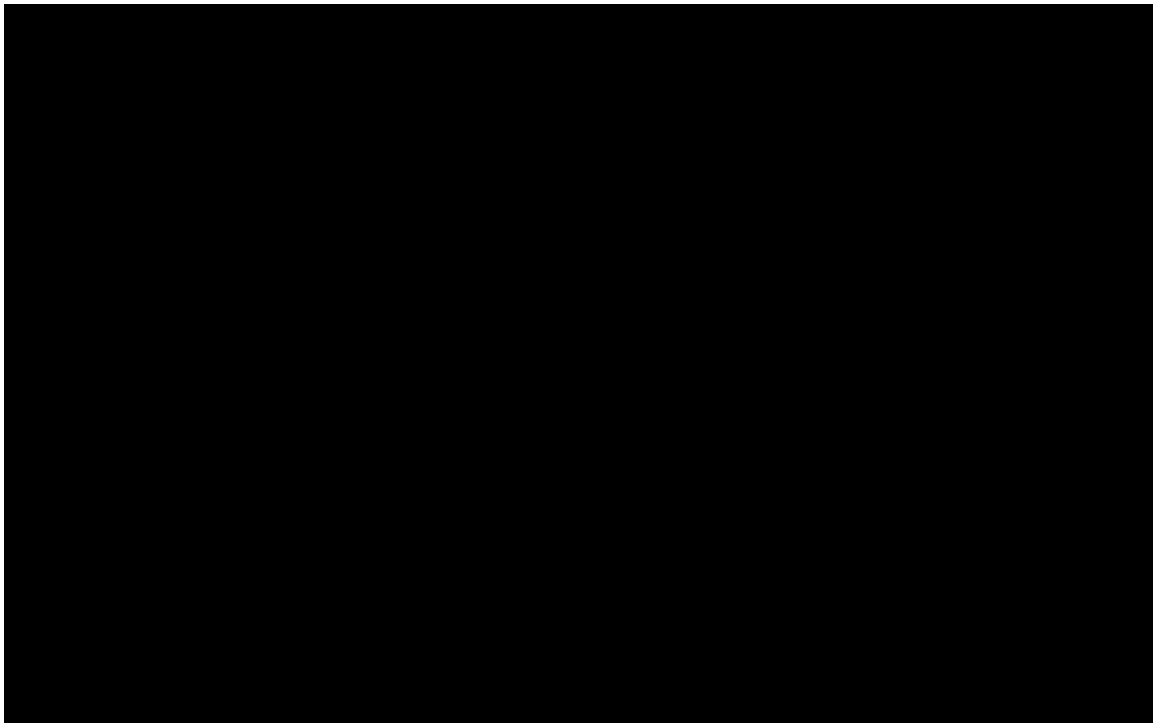
Please let me know if you need any further information

Danielle

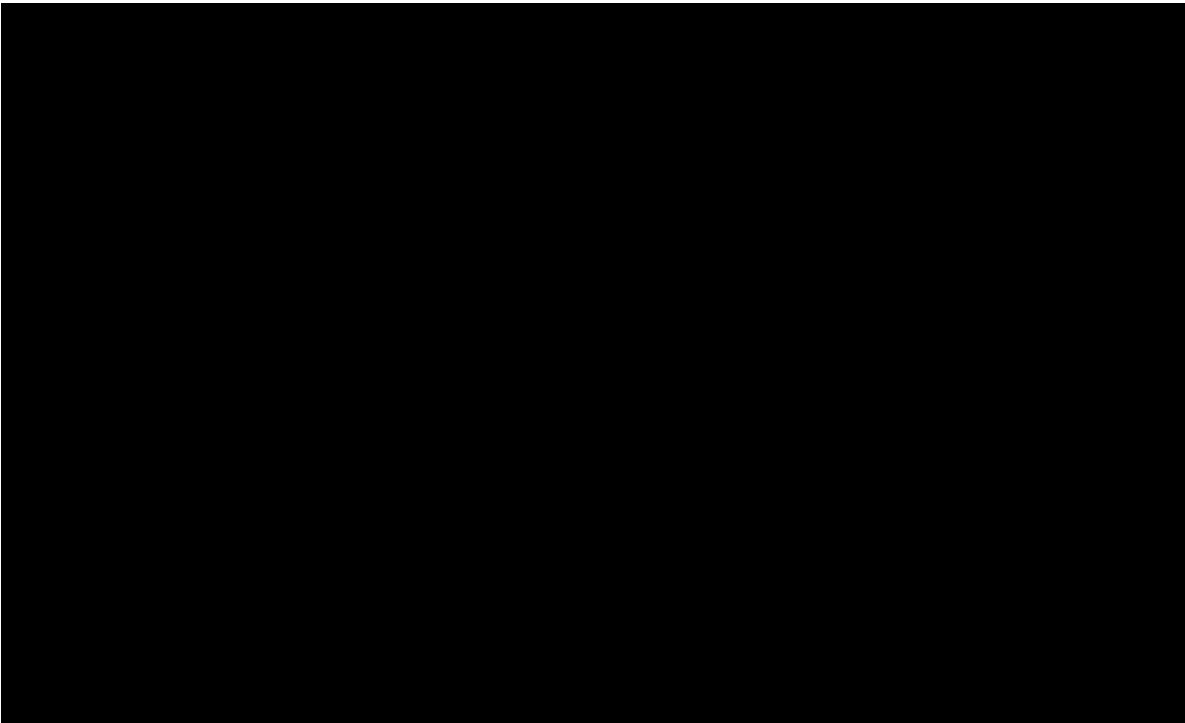
[Redacted]

[Redacted]

[Redacted]



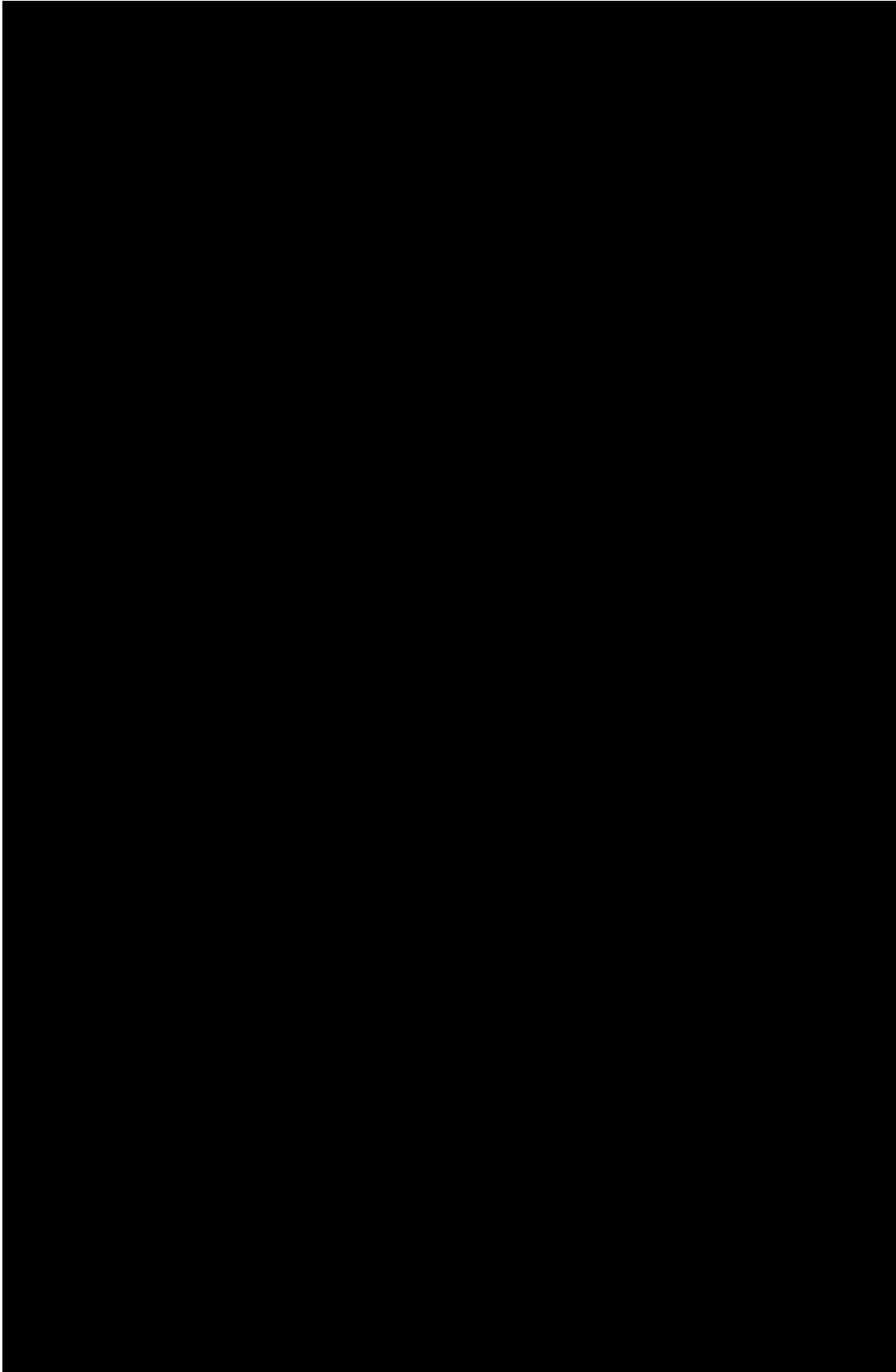
From: Danielle Parker
Sent: Tuesday, 23 March 2021 11:17 AM
To: Jenny Nguyen [REDACTED]
Subject: RE: Georges River Council SVMR Application



3. One of the purposes for minimum rates (MR) increase is to improve the council's financial sustainability. Does the council expect additional revenue from the MR increase?

No additional revenue but it is about sustainability of the community to pay. The lower the minimum the lower the dollar increase is with a rate peg or SRV and therefore houses have increases greater than the rate peg to reach the permissible income.

In 2020/21 we had house in the former Hurstville having over 25% increases due to the minimum rate in Hurstville being low and the drop in the LGA's land value. The impact in the former Kogarah wasn't as high in terms of a dollar sense as the minimum is higher.



Productivity and Efficiency Items

Business Unit	Past/Future	Project/Activity	Saving\$	Efficiency\$	Increased Revenue\$	Additional Information
All Business Units	Past	Service Delivery Review Program				Service Delivery Reviews involved the documentation of community requirements and real costs of a service for the purpose of making smart improvements or conducting comprehensive service model reviews.
Executive Team	Future	Employee Cost Management	2,000,000			Council has implemented a range of employee cost management initiatives including: Annual close-down period during the festive season. Active management of employee leave liabilities. Overtime management. 16 week freeze on hiring of positions when they become vacant. Utilisation of casuals/contractors to reduce overtime. ET performance measure to ALL ITEMStain employee costs at or below 40% of total costs
Council collaboration - IMT, Commercial Property and CSI	Future	Jubilee Stadium 5G - smart poles				Council is investigating smart poles at Jubilee Stadium. The installation of smart poles which can support 5G connectivity may provide an opportunity for revenue from Telco's who require a foot hold in this area.
Commercial Property	Future	Continued roll-out of footway trading across LGA.			\$30,000 per annum	Includes revenue from commercial use of public footpaths
Commercial Property	Future	Leasing of commercial office space in Hurstville.			\$75,000 per annum	Commercial office space likely to be available from July 2020.
Commercial Property	Future	Leasing of property acquired through Commercial Property Fund			\$100,000 per annum	Includes property at Penshurst and Hurstville.
Commercial Property	Future	Leasing of property acquired through the VPA process			\$100,000 per annum	Commercial property transferred to Council through the development process. Approximately 280 square metres.
Commercial Property	Future	Leasing of the Former Kogarah Council Civic Building			\$258,000 to \$750,000 per annum	Council resolved to retain and lease the former Kogarah Civic Centre. Current annual rent is approximately \$258K. Council has recently signed a Heads of Agreement for another lease for approximately \$332k per annum. Anticipated revenue from total occupation is in the order of \$750k per annum.
Commercial Property	Future	Revision of commercial car parking operations through parking technology implementation			\$1 Million per annum.	Revenue is not being optimised from existing commercial parking assets. Approximate increase of \$1m per annum is likely to be achieved.
Commercial Property	Future	Revision of existing street related advertising contracts.			\$200,000 per annum	Includes digital advertising signage, illuminated street signage, and bus shelter advertising
Children's Services	Past	Council have increased fees from 2018/19 to 2019/20			795,000	Increase in Childcare fees
Children's Services	Past	Opening a new childcare centre in Oatley West			1,000,000	Council is opening a new childcare centre in Oatley West. This will generate additional income of approx. \$1m per annum. Council's aim for all childcare centres is to operate them as a cost neutral business, while providing the service to the community. The additional income will largely be offset by employee costs.
Children's Services	Future	Cultural Inclusion Grants			20,000	Increased grant revenue of \$20,000.
Children's Services	Future	Efficiencies made due to Children's Services Strategy 2021-2030 implementation		400,000		Efficiencies from repurposing of underutilised assets.
Children's Services	Future	Operation of a new childcare centre in Oatley West			1,400,000	Council opened a new childcare centre in Oatley West. This generates additional income of approx. \$1.4m per annum. Council's aim for all childcare centres is to operate them as a cost neutral business, while providing the service to the community. The additional income will largely be offset by employee costs.
Children's Services	Future	Quality Learning Environment Grants			60,000	Increased grant revenue of \$60,000.
City Strategy and Innovation	Future	Digital Communications Strategy				A digital communications strategy will help guide Councils online presence which will provide Council with a more efficient and targeted communication and engagement service.
City Strategy and Innovation	Past	Hurstville CBD Place Governance Group				The establishment of a Place Governance Group for Hurstville CBD will see a collaborative and co-ordinated approach to achieve the vision and actions for the CBD. This will mean more impactful projects and activations and may see cost reductions as a result.
City Strategy and Innovation	Future	Innovation Strategy and Program				Councils Innovation Strategy and Program will seek to develop and capitalise on new ideas. Firstly this will focus on internal opportunities for Council to introduce innovations into the way we operate.
City Strategy and Innovation	Future	Partnerships				Council currently seeking partnerships with government and private agencies to provide efficiencies
City Strategy and Innovation	Future	Proactively seek grant funding opportunities for project delivery		\$600,000 per annum		Council's grant funding received from DPIE Streets as Shared Spaces and Greening our city programs has seen council awarded \$600k
City Strategy and Innovation	Future	Proactively seeking grant funding opportunities		\$700,000 per annum		Council to continue to seek grant funding opportunities to fund projects
City Strategy and Innovation	Past	Smart Cities grant program 2017 - 2020				Council and its partners were awarded Round 1 and 2 Commonwealth Smart Cities and Suburbs program funding. The funding allowed Council to trial smart furniture which will support future efficiencies in asset management
City Strategy and Innovation	Future	Smart Parking - Park and Pay				Council is currently investigating the NSW government Park and Pay application. The app will allow the community to pay for parking via an app.
Community and Cultural Development	Past	Artist in Residence Program				Artist in Residence program incorporated into Cultural Services team, extending reach of Hurstville Museum & Gallery and providing increased cultural opportunities for artists across the LGA
Community and Cultural Development	Past	Chinese Community Development Officer position				New position is implementing proactive community engagement strategies to respond to identified needs and increase engagement with the local Chinese community
Community and Cultural Development	Past	Community Safety Officer position				New position is implementing proactive community safety strategies to respond to identified needs of the Georges River community, to help make the LGA a safer place
Community and Cultural Development	Past	Consolidation of 2 Community Services managers to 1 manager position	120,000			Redundancy of Community Services Manager position

Productivity and Efficiency Items

Business Unit	Past/Future	Project/Activity	Saving\$	Efficiency\$	Increased Revenue\$	Additional Information
Community and Cultural Development	Past	Consolidation of Council's community venue bookings	12,000			Consolidation of 2 venue hire booking systems into one system.
Community and Cultural Development	Future	Cultural services grants for exhibition development			73,500	Increased grant revenue of \$73,500.
Community and Cultural Development	Past	Doing it Differently Grant Funding Partnership			60,000	New partnership with South Eastern Sydney Local Health District and Calvary Hospital increased Council's contribution to community grant funding by an additional \$60,000 in 2018/19
Community and Cultural Development	Future	Efficiencies made in the reduction of Senior Leadership position in the Community and Culture Directorate	30,000			Savings of \$30,000 made due to reduction of Senior Leadership position.
Community and Cultural Development	Past	Increased utilisation of Hurstville Entertainment Centre			20,000	Drawing upon a wider local community to use the Entertainment Centre facilities, combined with the development of combined venue hire packages and additional improved audio/visual packages has increased revenue for Hurstville Entertainment Centre
Community and Cultural Development	Future	Safer Communities Grant			855,000	Increased grant revenue of \$855,000.
Community and Culture	Future	Efficiencies made in cash-handling practices across the organisation		10,000		Efficiencies from practices, training, controls, operational streamlining.
Community and Culture	Past	Harmonisation of Library Management System after amalgamation of Council	7,600			The combined annual cost of Hurstville and Kogarah's systems was \$79,200. The annual cost for Georges River is \$71,600. The system unified two large collections and improved the discovery, lending and administration of library items for the community and staff. The former systems were both due for replacement and the new cloud based system improved cross platform access, online payment functions and integration of digital resources.
Community and Culture	Past	Harmonisation of Library public computer and print system after amalgamation of Council	20,000			The different computer and print models were reviewed and a decision was made to pursue an option that required less administration and licence costs and improved access and self service. The saving is the difference between the cost of implementing the different models across all sites
Community and Culture	Past	Income from Library printing			\$15,000 to \$20,000 additional compared to previous period of uninterrupted services	A year on year comparison indicates that the new printer and print system across the libraries has seen increased use by the community. Prices are benchmarked against similar services available in the community over the last 2 years
Cultural Services	Future	Reduction in casual wages for Museum & Gallery	20,000			Savings of \$20,000 for casual wages.
Customer Service and Events	Past	Consolidation of major events	40,000			Consolidation of Lunar New Year and Australia Day events to one location and 4 events reduced to two, less staff and overtime costs as well as less event production costs
Customer Service and Events	Past	Consolidation of Management role in Customer Service	100,000			Consolidation of managerial staff from 2 to 1
Customer Service and Events	Past	Increase events sponsorship across Council major events			50,000	Focusing on building sponsorship processes and expanding our sponsorship program and relationship to obtain more sponsorship funding
Customer Service and Events	Future	Increased grant funding to support viability of Council-run events			20,000	Increased grant revenue of \$20,000.
Customer Service and Events	Future	Increased sponsorship income to support viability of Council-run events			50,000	Increased annual revenue of \$50,000.
Customer Service and Events	Past	Kogarah Library and Customer Service staff working together to offer service collaboratively	10,000			Extra Officer to be allocated to answer phones from Hurstville. Lessen use of casual resources. One Customer Service Officer working from Kogarah and library staff assisting with busy periods and breaks. Customer Service staff assisting with library customer enquiries
Customer Service and Events	Past	Relocation of Kogarah Customer Service Centre to Kogarah Library to allow commercial leasing of former Kogarah Civic Centre building	152,800			Kogarah CS Centre relocated to the Kogarah Library using existing resources and without disruption to Customer Experience.
Library Services	Future	Book sale			4,300	Increased annual revenue of \$4,300 from book sale.
Library Services	Past	Harmonisation of 5 Coordinators into 4 positions - saving estimated \$95,000	95,000			1 Grade 15 position
Library Services	Future	Increased Public Library funding from the Library Subsidy and Local Priority Grants.			462,863	Increased annual funding of \$462,863.
Library Services	Future	Public Library Infrastructure grant			200,000	Increased grant revenue of \$200,000.
Library Services	Past	Voluntary redundancy of two positions	76,951			Librarian Information Services and Library Officer Information Services
Finance	Future	Automation of Accounts Payable Invoice Scanning	65,000			Automation of processes to reduce manual handling
Finance	Past	Automation of Purchase Cards	10,000			Automation of processes to reduce manual handling
Finance	Past	Elimination of Petty Cash	20,000			
IMT	Past	Consolidation of Digital infrastructure, systems and services	300,000			As per cost benefit realisation provided as agreed in ICT strategy (2016 to 2019) to support Transformation and Change
IMT	Future	Digital Resource Management Plan		150,000		The digital resource management plan will strengthen Council's reputation and maintain community confidence by delivering secure, efficient, easy to use services. For our community, this means greater flexibility dealing with Council. Efficiencies will be tracked annually. Target is \$150K in savings over the term of the plan
IMT	Future	Digital Resource strategy		100,000		The digital resource strategy will strengthen Council's reputation and ALL maintain community confidence by delivering secure, efficient, easy to use services. For our community, this means greater flexibility dealing with Council. Efficiencies will be tracked annually.

Productivity and Efficiency Items

Business Unit	Past/Future	Project/Activity	Saving\$	Efficiency\$	Increased Revenue\$	Additional Information
People and Culture	Future	Learning and Development Investment				Council has financially invested to ensure, learning and development raises the capability of the workforce to increase efficiency and quality of service delivery through a combination of knowledge build, skill development and growing technology competence. Learning and development activities focus on increasing technical expertise and values based behaviour to provide accurate and customer centric services that is supported by effective management of systems and processes as well as responsive interpersonal service delivery. Appropriate training is an implemented risk strategy that ensures Council employees ALL ITEMStain compliance with all legislative requirements in order to provide beneficial community services through safe, efficient and professional practices.
People and Culture	Past	Payroll Cycle Consolidation	34,000			Council operated three pay cycles which have now been consolidated into one. The previous cycles were as follows: a. Fortnightly pay in arrears (new employees and employees of the former Hurstville City Council); b. Weekly pay in arrears (outdoor employees of the former Kogarah City Council); and c. Weekly pay in advance (indoor employees of the former Kogarah City Council)
Development and Building	Past	Development Advisory Service			77,500	Creation of the Development Advisory Service that introduced new services for the community and expanded the pre-lodgment service. The service provides the community with planning and development advice and assists in ensuring the lodgement of complete and compliant applications. The result of this review is efficiencies in process and increased revenue
Development and Building	Past	Improvement of DA processing times				Introduction of procedures and process to assist in reducing DA processing times. Processing times have reduced from 143 days in May 2018 to 100 days in December 2019. The result is increased efficiency and service delivery to customers
Development and Building	Past	Online tracking of the progress of development applications				The result is increased efficiency and service delivery to customers and reduced the need for the customer to contact the Council to access the relevant documents or establish the status of a development application.
Environment, Health and Regulatory Services	Future	Use of Biodegradable paper penalty notices rather than the thermal plastic printed ones (16c each) boipaper (Parking 4c and General 1.4c). Minimising environmental impact through single use plastic				Last financial year \$3791.36 was spent on printed penalty notices using the thermal paper. Since the trial period and phased introduction of the biopaper option on 1 July 2020, a saving of \$402.67 has been made based on \$126.77 for biopaper and the equivalent for thermal paper would have been \$529.44. Based on the number of penalty notices issued last financial year the estimated minimum saving would be \$2843.52. An additional saving is made through the negation of the need for portable thermal printers of which Council had 17. Having a redundancy period of 3 years the replacement value of for the equivalent printer (Zebra ZQ310) is \$685 per unit or \$11,645 every three years (\$3881.60 p.a.). As 6 Pinforce licences have been transferred from mobile devices to a desktop application, having a redundancy period of 3 years the replacement value of for the equivalent devices (Samsung Galaxy 10) about \$799 per device equates to a saving of \$4794 every three years (\$1598 p.a.) Estimated annual savings based on the above figures would be \$8323.12.
Environment, Health and Regulatory Services	Past	Improvement to the Waste Service				Improvements to our service including: Return and Earn initiative, Collection of bins in parks and streets moved to contractors resulting in savings in staff time/expenses, Savings to Green waste collection - negotiated with the development of the new contract
Engineering Operations	Future	Building Management Cost savings	7,816			Solar panel installation in Mortdale Depot forecast to deliver power savings (per annum)
Engineering Operations	Past	Consolidation of stores operations into a single location at Mortdale	82,000			The operational procurement and stores based at Carlton and Mortdale have consolidated into a single stores located at Mortdale. This resulted in the reduction of 1 FTE (Operations Specialist - Stores) facilitated through voluntary redundancy. Position number 3019
Engineering Operations	Past	Effective utilisation of apprentices in premium sporting facilities	66,500			As a result of the implementation of the apprenticeship program within Engineering Operations and effective utilisation of apprentices at key sites, particularly Hurstville Golf Course, a further reduction of 1 FTE (Operator) has resulted, facilitated through voluntary redundancy. Position number 3101
Engineering Operations	Past	Rationalisation of heavy plant	228,700			The review and rationalisation of heavy plant across engineering operations has resulted in annual operational savings associated with the removal of 1 x Flocon asphalt truck (\$62.7k per annum, capital replacement \$216.9k), 1 x large mechanical sweeper (\$87.1k per annum, capital replacement \$278.1k) 1 x backhoe (\$58.9k per annum, capital replacement \$135k) and other miscellaneous small plant (\$20k per annum)
Engineering Operations	Past	Rationalisation of passenger vehicles	225,000			The review and rationalisation of passenger vehicles across all Georges River Council directorates has resulted in a reduction of 27 vehicles, previously at 132 vehicles and currently at 105 vehicles
Engineering Operations	Past	Reorganisation of minor civil works crews	68,800			The way in which minor civil works is delivered across the local government area was reviewed and involved a structural change moving from 3 x 3 person civil crews supported by 2 x 1 plant operators to the current arrangement of 2 x 3 person civil crews and 2 x 2 person dig out crews. This resulted in the reduction of 1 FTE (Operations Specialist - Heavy Plant) facilitated through voluntary redundancy. Position number 3143
Engineering Operations	Future	Review of service level standards associated with cleansing of both Hurstville and Kogarah CBD's	239,000			As part of the Engineering Operations Workforce Planning Strategy implementation, service levels associated with cleansing activities in Hurstville and Kogarah CBD's were adjusted to incorporate 1 pass through during the nightshift and an additional 2 passes throughout the dayshift. Operational savings associated with 5 FTE's and annual runnings expenses associated with 2 x Hako footpath sweeps, 1 x Hako scrubber, 1 x large mechanical sweeper and 1 x Hino truck result from alternate night shift arrangements.

Productivity and Efficiency Items

Business Unit	Past/Future	Project/Activity	Saving\$	Efficiency\$	Increased Revenue\$	Additional Information
Engineering Operations	Past	Review of service level standards associated with large mechanical sweeping in all residential streets				As part of the Engineering Operations Workforce Planning Strategy implementation, service levels associated with the large mechanical sweeping of all residential streets in the local government area have improved from previously 4-6 weeks to the current service level standard of 1 week. This was largely facilitated by the implementation of nightshift CBD cleansing and reorganisation of mobile ALL ITEMStenance crews.
Engineering Operations	Past	Review of service level standards associated with Sporting Field (Tier 2 parks) ALL ITEMStenance				As part of the Engineering Operations Workforce Planning Strategy implementation, service levels associated with the ALL ITEMStenance of sporting fields (Tier 2 parks) has improved from previous standard of 3-5 weeks to the current service standard of 2 weeks maximum
Engineering Operations	Future	Review of service level standards associated with the way in which bushcare and regeneration activities are undertaken	98,400			As part of the Engineering Operations Workforce Planning Strategy implementation, service levels associated with the way in which bushcare and regeneration activities are undertaken across the local government area. This includes more effective utilisation of volunteer groups and administration relating to contracts across bushcare sites
Engineering Operations	Future	Switch lease back vehicles to 100% pool vehicles	\$840,000			*one-off saving for 75* lease back vehicles removed from the fleet (savings on ALL ITEMStenance & Replacement contribution) *This amount was suggested on the ET Report and is currently being discussed in the Fleet direction and conversion to low carbon fleet (Timeframe by 2025)
Engineering Operations	Future	Switch lease back vehicles to 100% pool vehicles	\$128,111			Fuel saving per year per 50* lease back vehicles *This amount was suggested on the ET Report and is currently being discussed in the Fleet direction and conversion to low carbon fleet (Timeframe by 2025)
Engineering Operations	Future	Switch lease back vehicles to 100% pool vehicles	\$49,500			By transitioning from lease backs to pool vehicles Council will be able to move away from leasing Waratah hospital parking with a saving of \$49,500/year (Timeframe by 2025)
Infrastructure	Future	Building Management Cost savings	60,000			Recent Solar panel installs to 3 council buildings forecast to deliver a 70% power savings at each site estimated at \$60,000 cost saving per annum
Infrastructure	Future	Building Management Cost savings	110,000			Improved water usage monitoring and review of wastewater allocation charges at large irrigation sites. Resulting in an estimated \$110,000 cost saving per annum
Infrastructure	Future	Building Management Cost savings	75,000			Installation of advanced Building Management Systems and Air conditioning performance tuning delivering 10-20% savings across the 3 largest usage council facilities. Resulting in an estimated \$75,000 cost saving per annum
Infrastructure	Future	Building Management Cost savings	50,000			Pool heating gas usage reduction as a result of plant and operational controls upgrades at Hurstville Aquatic Leisure Centre. Delivering an estimated annual cost saving of \$50,000
Infrastructure	Future	LED streetlighting upgrade	350,000			In looking to reduce electricity costs and seek a green option to lessen the demand from power plants and decrease greenhouse gas emissions, Council are seeking to join the Ausgrid LED upgrade program and commence the replacement of the reALL ITEMStening 5,591 post- 2009 street lights with LED luminaires. Council will also submit an application to the Department of Planning, Industry and Environment for funding to assist with the replacement of existing street lighting to LED luminaires
Infrastructure	Future	Sportsfield Flood lighting	47,000			Progressive roll out of LED sportsfield lighting. Peakhurst Park and Ken Rosewall Tennis centre completed, Oatley Park programmed for 2019/20. Projected energy usage and ALL ITEMStenance costs saving of 30% for LED compared with existing Metal Halide. Savings across all 136 floodlight towers is estimated to be \$47,000 per annum
Premium Facilities	Future	Hurstville Aquatic Leisure Centre		Contractor provides revenue to Council that includes, management fee, ALL ITEMStenance and utilities. Operating profit.	100,000	HALC is recognised as having the greatest volume of visitations in NSW (1.2 Million) - (Georges River Council Regional Aquatic Centre Site Suitability and Feasibility Study - December 2019 at Clause 2.1 on Page 4)
Premium Facilities	Future	Management of Netstrata Jubilee Stadium - Council from March 2017			1,786,000	Dragons lease in 2016/17 was \$85,000 for exclusive use. 2017 five Dragons games = \$220,000 net event revenue to Council. In 2020 there are 30 major events with total net revenue of \$1,871,000. 2021 = 30 events; 2022 = 30 or 15 events depending on development of Shark Park. Greater use of facility and diversity of football codes. Improved stadium infrastructure with installation of big video screen with asset life of 15 years that is improved game day experience. Annual attendances to the facility in 2017=41,310; 2019=140,000; 2020 projection = 250,000. Major hirers: 2017 = 1 (Dragons); 2018/19 (Dragons & Sydney FC & SGFA) = 3; 2020 =4 (Dragons & Sydney FC & SGFA & Sharks)
Project Delivery	Future	Construction of 4 Synthetic FIFA Quality Sports fields at Peakhurst Park, Poulton Park and Peshurst Park	\$240,000 every 3 years saved which was previously spent on on resurfacing of fields and \$20k annually saved on turf field maintenance		\$135,000 pa	The construction of 4 synthetic sportsfields in the Georges River LGA in response to increasing demand and overuse of grass fields. Synthetic fields allow year round usage, regardless of weather conditions, superior playing surfaces. Also allow Council to host higher grade competition and exhibition games for the community. The fields generate income as the management and use of the fields is contracted out to external sports groups. This generates income that covers the cost of maintenance and allows for the provision of funds into a reserve to pay for the replacement of the synthetic surface every 10 years. As such the fields are cost neutral. Savings are achieved because the fields do not need to be resurfaced every three years as is the case with turf fields or mowed fortnightly and topdressed annually.

Productivity and Efficiency Items

Business Unit	Past/Future	Project/Activity	Saving\$	Efficiency\$	Increased Revenue\$	Additional Information
Project Delivery	Future	Gannons Park Stormwater Harvesting and Water Quality Improvement Scheme commenced in 2017. Construction will be finished in 2020. By 2021 harvested water will be used to irrigate 8 sports fields leading to significant annual potable water cost savings. Estimated to be \$\$ p.a.	Potable water cost saving of \$52,750 / yr			<ul style="list-style-type: none"> Freedom from water restrictions Reducing local peak summer temperatures Protecting healthy waterways by removing gross pollutant loads Greening streets and suburbs <p>*1 See attachments tab for a table of Social and Environmental Benefits and associated monetised value</p>
Project Delivery	Future	Road Resheeting Program - use of up to 15% RAP (reclaimed asphalt pavement) in road resheeting program	120,000			Use of RAP in asphalt saves about \$8 per tone of asphalt. Using RAP material has well-recognized financial and environmental benefits (such as saving virgin material, reducing landfill and reducing greenhouse gas emissions by eliminating the significant fuel consumption required to acquire and process raw materials for virgin mix)
Project Delivery	Future	Schedule of Rates for civil construction works contract done every three years (instead of annually). Current contract applicable from 2018/19 to 2020/21	150,000			Encourage more suppliers to submit tenders with more competitive rates (saves about 3% to 10% of standard market rates) as Council offer a longer contract period. The contract rates are used for capital construction works and ALL ITEMStenance works by Project Delivery and Depot staff reducing tender/quotation administration costs and staff time
Project Delivery	Future	Since 2016 Council has developed 4 new, all abilities adventure playgrounds at Meade Reserve - Allawah, Jubilee Park - Morrdale, Kempt Field - Hurstville and Oatley Park.				These large scale Adventure Playground developments that adopted the NSW Everyone Can Play Inclusive Playspace design guidelines. They encourage participation in play for all children, regardless of ability which promotes healthier lifestyles and fitter kids. These parks have seen exponential growth in usage - particularly Oatley Park and Kempt Field which are considered regional scale parks. Higher visitation rates also brings economic benefits to local business and shopping areas
Project Delivery	Future	The development of standardised designs and construction practices in 2018 for Council buildings has led to significant cost savings per sq/m to build. Georges River Council has been able to reduce the cost associated with amenities replacement from approximately \$4500 sq/m to approximately \$2800 sq/m. This is a saving of \$1700 per square metre. Design cost estimates for the 2978 sq/metres of development built by Council since 2018 equate to a potential saving of \$5,198,600 (before any other additional site related issues / costs were encountered on site)	\$5,198,600 in potential savings from 2016 to 2021	Saving of \$1700 per square metre		In addition to potential savings generated by standardised designs. The use of standardized parts and materials such as taps, sinks, toilet bowls etc within our buildings have also resulted in savings in cleansing and ALL ITEMStenance of the structures because contractors and plumbers know which parts are required to carry out repairs across the LGA and materials are able to be purchased in bulk and call out times are shorter as a result.
Project Delivery/Planning (inserted by Internal Audit)	Future	Recoupment of Project Delivery Costs on Developer Contribution-funded projects			100,000	Previously project management/delivery costs have not been recouped on Section 94-funded capital projects. <u>This is a valid recoupment from restricted s94 funds to General Fund</u>
Strategic Planning	Future	Development Contributions Framework - including improvement on processes and procedures for the collections of contribution funds			1,396,000	Development of a comprehensive development contributions framework for S7.11, 7. 12 and voluntary planning agreements. Significant improvements have occurred to ensure accuracy in the calculations of development contributions in the consent. Actions have commenced regarding the tracking and pursuing of payment of contributions from past development applications. The work has commenced on the introduction of processes for the checking of payments linked to CC and CDCs. A review of the Voluntary Planning Agreement Policy and associated procedures is underway to ensure a efficient, consistent and transparent approach in negotiating planning agreements. The result of this review is efficiencies in process and accuracy in contributions/funds received
Strategic Planning	Past	Electronic ordering/delivery of 10.7 Certificates (formerly s149) and Outstanding Notice Certificates			10,000	99% of customers opt for electronic delivery which has removed manual handling associated with certificate production. The customer handles the payment transaction and data entry. Reduced staff time to process the applications and printing expenditure
Internal Audits - With a robust Audit Program, all audits aim to improve process efficiency and reduce risk. Savings, efficiency and increased revenue will be realised by the functional unit implementing the audit recommendations.						
Internal Audit	Future	Tree Management Audit		5,000		Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Past	Accounts Payable Audit (March 2019)		4,200		Process improvements, from the implementation of Audit recommendations, have resulted in efficiencies/savings within the Business Unit areas
Internal Audit	Past	Accounts Receivable Audit (May 2019)		8,900		Process improvements, from the implementation of Audit recommendations, have resulted in efficiencies/savings within the Business Unit areas
Internal Audit	Past	Asphalt & Footpath Contracts Audit (November 2018)		5,100		Process improvements, from the implementation of Audit recommendations, have resulted in efficiencies/savings within the Business Unit areas
Internal Audit	Future	Bond Refunds Audit		5,000	5,000	Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Future	Cash Management Audit (March 2020)		5,000		Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Past	Certification Unit System & Process Audit Review		5,000	2,000	Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Past	Contract Management Audit (April 2020)	15,000	5,000		Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Past	Credit Card Transactions Audit	1,000			Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Past	Developer Contributions Income Audit (March 2019)		5,600	4,000,000	Process improvements, from the implementation of Audit recommendations, have resulted in efficiencies/savings within the Business Unit areas

Productivity and Efficiency Items

Business Unit	Past/Future	Project/Activity	Saving\$	Efficiency\$	Increased Revenue\$	Additional Information
Internal Audit	Future	Development Application Fees & Charges Audit		5,000	50,000	Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Past	Development Assessment Controls Audit (November 2018)		5,700		Process improvements, from the implementation of Audit recommendations, have resulted in efficiencies/savings within the Business Unit areas
Internal Audit	Past	Enterprise Risk Management Audit (December 2019)		5,000		Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Past	Fire Safety & Compliance Audit (December 2019)		5,000		Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Future	Payroll Controls Audit (April 2020)		5,000		Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Past	Procurement Audit (April 2019)		6,000		Process improvements, from the implementation of Audit recommendations, have resulted in efficiencies/savings within the Business Unit areas
Internal Audit	Future	Project Governance Audit	15,000	5,000		Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Past	Section 356 Financial Assistance Audit (May 2020)		5,000		Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Past	Structure external audit consultants to perform audits in clusters	20,000			Creating a new Cluster structure for audits undertaken has realised savings of approx. \$20k
Internal Audit	Future	Swimming Pool Compliance Audit		5,000	2,000	Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Past	Time Attendance & Absence Management Audit (December 2019)	20,000	5,000		Anticipated efficiencies/savings arising from the implementation of Audit recommendations are estimated to be, on average, similar to previous audits.
Internal Audit	Past	Voluntary Planning Agreements Audit (October 2019)		4,600		Process improvements, from the implementation of Audit recommendations, have resulted in efficiencies/savings within the Business Unit areas
Merger Program	Past	Service Delivery Review Program				Service Delivery Review Program involved the documentation of community requirements and real costs of a service for the purpose of making smart improvements or conducting comprehensive service model reviews.
Merger Program	Past	Service Delivery Review Program				Involved the documentation of community requirements and real costs of a service for the purpose of making smart improvements or conducting comprehensive service model reviews.
Merger Program	Past	Annual cost of old childcare systems	3,600			
Merger Program	Past	Childcare waiting list application expanded to now include 6 centres as opposed to 3 at Hurstville and 3 at Kogarah. This provides more choice for residents				
Merger Program	Past	Citizenships Ceremonies	17,900			
Merger Program	Past	Combined tender for stormwater pipe relining contract	40,000			
Merger Program	Past	Combining our traffic counter equipment and a larger traffic team	12,000			
Merger Program	Past	Dataworks decommission (KCC version of TRIM)	11,000			
Merger Program	Past	Efficiencies are being developed in the following areas: Hand held devices PDA moving to the cloud - Clearance House for DA allocation - Review of Development Application Determination Delegations - Clarification on the role of staff involved in compliance to reduce repetition of duties between the rangers, compliance officers and Building Supervisors				Complete re use of cloud
Merger Program	Past	Efficiencies are occurring with the processing and clearing development application that are older than 40 days				The Clearance Program commenced in Q3 with a target of determining 100 DAs in 3 months.
Merger Program	Past	Environment and Planning Directorate commenced the program of harmonisation of services and processes across the 3 Department - being Strategic Planning, Development + Building and Environment, Health + Regulatory Services				The program compliments the work of the Transformation and Change Directorate.
Merger Program	Past	EventPro booking system licence	7,600			
Merger Program	Past	Extended library hours at Kogarah Library (as a result of customer service moving in there)				
Merger Program	Past	Foxtel	5,040			

Productivity and Efficiency Items

Business Unit	Past/Future	Project/Activity	Saving\$	Efficiency\$	Increased Revenue\$	Additional Information
Merger Program	Past	Graffiti removal service has been expanded across the local government area				
Merger Program	Past	Hurstville Service Centre closing hours extended to 5pm within existing resources (1 Customer Service staff stays 30min later), to harmonise with Kogarah Service Centre hours. Previously Hurstville closed at 4:30pm. Commenced last May 2016				
Merger Program	Past	id Profiler	5,400			
Merger Program	Past	Improved utilisation of existing facilities by consolidating Council Customer Services at Kogarah Library				The Kogarah Service Centre space at 2 Belgrave St will be leased from 1 May and provide additional revenue stream to Council.
Merger Program	Past	Improved utilisation of existing facilities by consolidating Kogarah Call Centre at Hurstville Civic Centre				This enables leasing of the 2 Belgrave St premise
Merger Program	Past	In-house Surveying capability	20,000			
Merger Program	Past	Insurance Premiums	273,835			
Merger Program	Past	Intranet maintenance	20,000			
Merger Program	Past	Kogarah Library opening hours				Extended by 5 hours per week (starting at 8:30am Monday-Friday) within existing staffing resources (1 Library staff starts 1 hour earlier). Previously Kogarah opened at 9:30am. Commenced 3 April 2017
Merger Program	Past	Legal cost savings comparing year on year	415,815			
Merger Program	Past	Less overheads now that we have a single management source. A merged waitlist.				Hubworks. Staff structure changes leading to less casuals and agency staff (who traditionally cost more than full time employees) and more full time to cover ratios that should result in overall savings.
Merger Program	Past	Local Enforcement Officer Systems - ALL ITEM Stenance/licensing - former HCC	11,367			Complete - however will be going out to EOI later this year as the contract is due for review
Merger Program	Past	Local Enforcement Officer Systems - ALL ITEM Stenance/licensing - former KCC	25,394			Complete - however will be going out to EOI later this year as the contract is due for review
Merger Program	Past	Nearmap - ALL ITEM Stenance/licensing - former HCC	25,000			
Merger Program	Past	Old WHS system - KCC - licencing and support	16,000			
Merger Program	Past	Road resheet Program contract negotiation	250,000			
Merger Program	Past	Single Records Management System				One unified view of all of Councils information and enable a consistent approach to monitor incoming correspondence. Reduce the response and service levels from 10 (KCC) and 15 (HCC) working days to 2 working days. Assist the Governance team in reducing timeframes in sourcing and packaging GIPPA requests (Savings of 30 minute per GIPPA request). Public Insurance claim investigation will also benefit enabling a saving of 80 minutes per claim
Merger Program	Past	SPAM Management - former KCC	17,762			
Merger Program	Past	Strategic Workshop	20,000			

From: Danielle Parker
To: [Jenny Nguyen](#)
Subject: RE: Email Correspondence
Date: Thursday, 6 May 2021 4:39:15 PM

Hi

Any decisions in which there has been a change in the service delivery from FTE to contractors is outlined in the past productivity and efficiency attachment listing.

The reason for the higher expenditure outside of employee costs was that the NSW Government provided the New Council Implementation Fund (NCIF) to assist Council and the community in the transition to a new entity. The NCIF \$10M program was used to fund activities that support the implementation of the new Council, including the establishment of a dedicated team to drive change across the organisation.

Council adopted a detailed program budget as part of the Implementation Plan in November 2016.

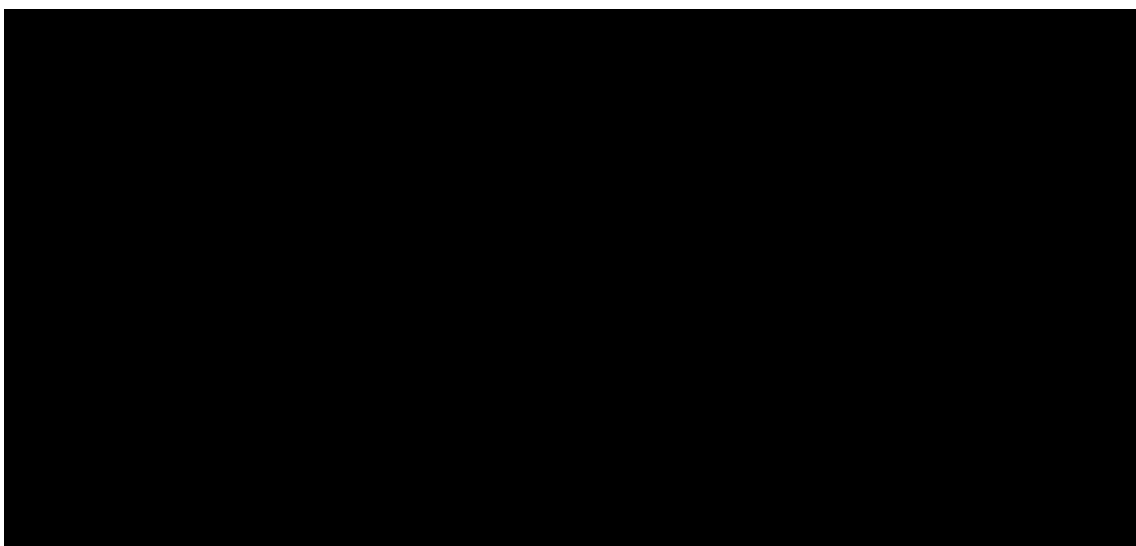
The program was established by service stream, with the NCIF allocated to each, based on the indicative costs of major projects identified for building a strong Council. Interest from the grant was reinvested, resulting in a total program expenditure of just over \$10.8 million. This allowed Council to refine the budget as costs expand the number of transformation projects.

As resourcing for amalgamation activities were additional to current resourcing for prior council service standards. External contractors and/or consultants were engaged to assist in the delivery of project streams. This accounted for the higher contractor costs over the 2016/17 – 2018/19 period.

The table below highlights the expenditure by project stream. Please note the expenditure below was not solely based on contractor or consultant costs.

EXPENDITURE STATEMENT

Project Stream	16/17 Actuals	16/17 Actuals	18/19 Actuals	Total Grant Expenditure
NCIF - Program	1,862,333	2,566,674	312,009	4,541,216
Services - Communications	77,958	115,500	21,460	214,918
Services - Customer Service	6,476	330,988	301,897	639,361
Services - Operations	23,530	366,614	114,923	505,066
Services - Place Services	11,777	98,210	240,625	350,612
Services - Community Services	86,982	214,560	61,229	362,770
Services - Regulatory Services	5,311	92,670	0	97,981
Governance - Finance	373,397	221,607	76,940	671,943
Governance - Governance	225,950	303,851	41,234	571,034
Governance - Info Management	1,085,093	254,007	0	1,339,099
Governance - People and Culture	512,501	584,468	358,387	1,455,355
Governance - Risk and Legal	14,060	51,685	0	65,765
Total	4,085,387	4,712,837	1,528,903	10,815,320



From: Danielle Parker [REDACTED]
Sent: Thursday, 6 May 2021 3:11 PM
To: Jenny Nguyen [REDACTED]
Subject: FW: Email Correspondence
Importance: High

Hi Jenny,

Response below, sorry I left off the table:

IPART QUESTION

4. We use OLG Time Series Data between 2016-17 and 2018-19 to examine the trends in labour costs for the council (table below). We note that while the council's FTE number increased each year, its Employee costs as% of operating expenditure (General Fund only) decreased.

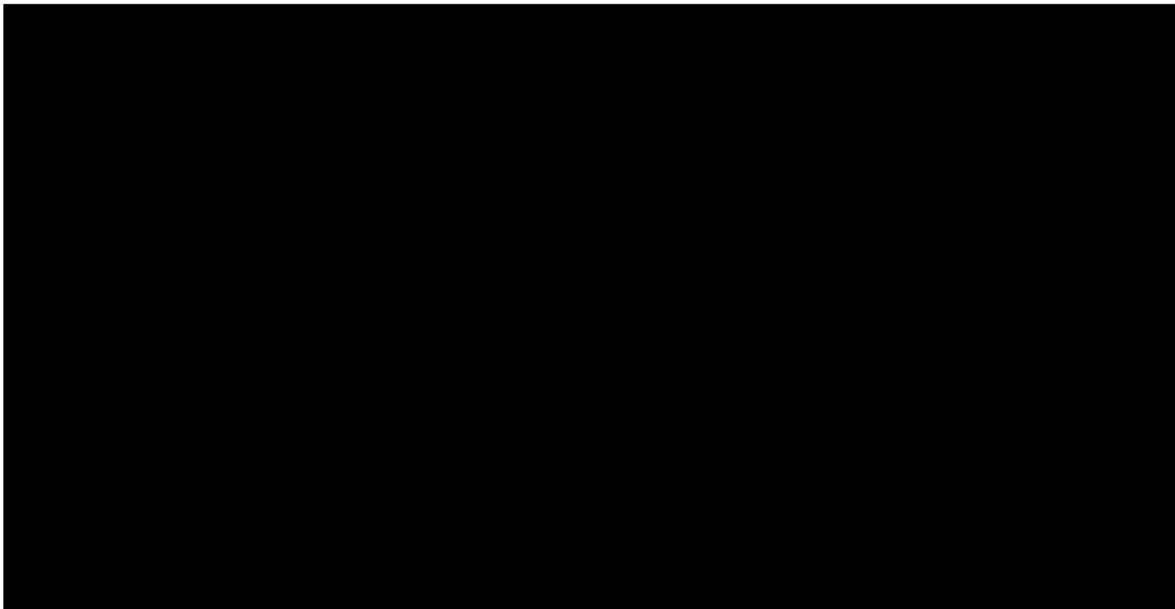
Could you advise if the council had outsourced any of its services to contractors during this period?

RESPONSE

Since 2018/19, the General Manager has implemented a budget strategy whereby draft budgets have capped employee costs below industry benchmarks.

Council has consistently adopted this strategy in regard to employee costs. This approach has resulted in a 1.4% increase in employee costs from 2018/19 up to 2020/21, compared to an industry average of 5%. Council's employee costs as a percentage of its total operating expenditure is also at 40%, the best practice benchmark.

Council	2018/19		2019/20		2020/21		% change from 2018 to 2021
	Employee Costs (\$'000)	% of Operating Expenditure	Employee Costs (\$'000)	% of Operating Expenditure	Employee Costs (\$'000)	% of Operating Expenditure	
Canterbury Bankstown	132,303	41.8%	139,632	42.4%	146,919	42.8%	11.0%
Central Coast	184,210	32.8%	207,600	37.3%	200,900	35.6%	9.0%
Sutherland	106,236	44.6%	108,916	44.4%	110,508	45.5%	4.0%
Bayside	71,917	44.9%	72,080	45.6%	74,421	41.9%	3.5%
Campbelltown	72,298	42.9%	75,570	42.4%	77,170	42.2%	6.7%
Parramatta	114,459	44.2%	120,870	44.1%	121,385	45.5%	6.1%
Northern Beaches	134,415	41.0%	131,697	38.4%	135,923	39.3%	1.1%
Cumberland	83,268	43.5%	87,954	43.3%	86,149	42.2%	3.5%
Georges River	\$58,700	41.2%	\$58,700	41.7%	\$59,500	40.0%	1.4%



AGENDA

Extraordinary Council Meeting

Monday, 08 February 2021

6.00pm

BLENDED MEETING

Dragon Room (Level 1, Georges River Civic Centre, Hurstville)

and

Skype Online Meeting



**EXTRAORDINARY COUNCIL MEETING
ORDER OF BUSINESS**

- 1. OPENING**
 - 2. ACKNOWLEDGEMENT OF COUNTRY**
 - 3. APOLOGIES / LEAVE OF ABSENCE**
 - 4. NOTICE OF WEBCASTING**
 - 5. DISCLOSURES OF INTEREST**
 - 6. PUBLIC FORUM**
 - 7. FINANCE AND GOVERNANCE**
- CCL001-21 New Rates 2021**
(Report by Chief Financial Officer)..... 3
- 8. CLOSE**

Finance and Governance**Item:** CCL001-21 New Rates 2021**Author:** Chief Financial Officer**Directorate:** Business and Corporate Services**Matter Type:** Finance and Governance

CCL001-21

RECOMMENDATION:1. Financial Sustainability

- (a) That Council acknowledge the concerns expressed by the Audit Risk and Improvement Committee at its July 2020 meeting, over the projected operating and cash flow deficits and that the estimates indicate that Council will not be financially sustainable and this will expose Council to significant risks to service delivery, governance and reputation.
- (b) That Council note the Audit Risk and Improvement Committee has recommended that Council consider measures to immediately address the key financial sustainability risk, particularly in regard to increasing revenues to secure Council's immediate and long term future.
- (a) That Council notes the forecast operating financial sustainability issues have accelerated from original estimates due to COVID-19 higher than anticipated costs and reduced income in 2019/20 and 2020/21.
- (b) That Council note the findings of the NSW Productivity Commission December 2020 report, that the average rates per capita in NSW (\$591 in 2019) are significantly lower than the average for all other states (\$835) and for Georges River (\$454).

2. Community Engagement

- (a) That Council notes the outcome of the comprehensive and thorough community engagement program during 2019 and 2020 for the proposed New Rates 2021, which:
 - i. Affirmed strong community support for a single rating system including support for the minimum rates for business and residential as proposed in 2020, including 100% support by members of the Citizen Advice Group and 89% of webinar participants; and
 - ii. Demonstrated a multi-year Special Rate Variation of 5.8% in 2021/22 (3.3% Special Rate Variation and 2.5% assumed rate peg), followed by 5.8% per year for 4 years has considerable community support, including 100% support by members of the Citizen Advice Group and 65% of webinar participants in 2020.
- (b) That Council note the community's lack of support for a reduction in the level or standard of services provided by Council.
- (c) That Council adopt the revised Long Term Financial Plan within the Resourcing Strategy.

3. IPART Applications

- (a) That consistent with community support and desire for a fairer and more equitable rate structure, Council submits a Minimum Rate application to the Independent Pricing and Regulatory Tribunal (IPART) to harmonise the residential minimum rates for rateable

residential properties to \$965.80.

- (b) That consistent with community support and desire for a fairer and more equitable rate structure, Council submits a Minimum Rate application to IPART to harmonise the ordinary business minimum rates for rateable business properties to \$1,100.
- (c) That consistent with community support and desire for a fairer and more equitable rate structure, Council submits a Minimum Rate application to IPART to harmonise the business subcategory minimum rate for the Strategic Centres of Kogarah and Hurstville to \$1,500.
- (d) That consistent with community support and desire for a fairer and more equitable rate structure, Council submits a SRV application to IPART to seek a permanent increase to general permissible rate income of 5.8% per year for 5 years (comprising 3.3% SRV and an assumed IPART rate peg of 2.5% per year).
- (e) That consistent with the adopted Budget Strategy since 2016, and in conjunction with the SRV application, Council continues to identify operating savings and/or additional operating income of \$12 million to establish a financially sustainable future for Georges River Council.
- (f) That Council adopts the submissions to IPART, as attached to this report:
 - IPART Application form Part A Special Variation 2021/22;
 - IPART Application form Part B Special Variation 2021/22;
 - IPART Application form Part A Minimum Rate Increase 2021/22; and
 - IPART Application form Part B Minimum Rate Increase 2021/22.
- (g) That the Council website is updated with a link for community members to continue to provide feedback on the proposed rating system application, while it is being assessed by IPART.
- (h) That Council note that the IPART applications are required to be submitted before 9 February 2021.
- (i) That the General Manager be delegated authority to undertake any necessary minor administrative or editorial changes, to the submission to IPART.

4. Service/Staff Reductions and Deletions

- (a) That should Council not proceed with the IPART application to increase the total rate income the General Manager immediately proceed with the reduction in services including the removal of 40 staff positions across the service areas identified in this report.

5. Exposure Draft Bill

- (a) That Council note the Exposure Draft of a Bill on the local government rating system does not include any options that would resolve Council's financial challenges.
- (b) That the General Manager prepare a report to Council following the introduction of the Draft Bill to Parliament (estimated March/April 2021), on any financial options that may become available for inclusion in Council's draft 2021/22 Budget process.

EXECUTIVE SUMMARY

1. The purpose of this report is to provide information on the New Rates 2021 to support Council in considering the following:

- Establishing a fairer and more equitable new residential rate structure for Georges River Council. (Attachment 3)
 - Establishing a fairer and more equitable new business rate structure for Georges River Council. (Attachment 4)
 - Submission of applications to the Independent Pricing and Regulatory Tribunal on the minimum and Special Rate Variation. (Attachment 2)
2. Accompanying the above items is information on the following:
- The outcomes of a second round of community engagement on the revised New Rates 2021 proposal for a Special Rate Variation (SRV) and new rating system across the Georges River LGA. (Attachment 1)
 - The consequences of not proceeding with a special rate variation to increase rate revenue.
 - Background on the Rate Restructure Program to date that resulted from the Council resolution (FIN057-19 and CCL049-20) of 26 August 2019 and 27 August 2020.

CCL001-21

BACKGROUND

3. Council resolved in 2018 to develop a program for the preparation of a new residential and business rates structure for the Georges River Council Local Government area (LGA), which was also to include options that would strengthen Council's financial sustainability and replace the cessation of the former Hurstville City Council's Special Rate Variation (SRV) from July 2021.
4. At the Extraordinary Council Meeting held on Monday 10 February 2020, Council considered the results of the community consultation which outlined there were more than 6,000 responses received from residents. The consultation found that 78% of respondents were supportive of introducing a consistent minimum rate across the city and 66% supported a minimum rate increase to \$965.80. Additionally, 54% of respondents were supportive of Council applying to IPART for a SRV to improve Council's financial sustainability and replace the expiration of the former Hurstville Council SRV. The SRV application was prepared to reduce Council's operating deficit by \$8 million.
5. At that meeting, Council resolved not to proceed with the application for the SRV or the harmonisation of rates in 2020/21 and instead to investigate staff reductions and salary savings as part of future cost saving measures. Following the adoption of the budget in June 2020 and the presentation of the revised LTFP, Council resolved to recommence consultation with the community on a New Rates 2021 proposal.

Applications to IPART

6. The relevant attachments and appendices to this report will be submitted to IPART if Council adopts the recommendations. IPART will announce the tribunal's decisions in May 2021. All applications are available for viewing on IPART's website.
7. The minimum rate application is composed of two documents, one being a written submission and the other a rate data workbook. The written submission requires the following points to be addressed:
- Rationale for increasing the minimum rates above the statutory limit.
 - Impact on ratepayers.
 - Consultation on the proposal.

8. The Special Rate Variation (SRV) application is composed of two documents, one being a written submission and the other a rate data workbook. The written submission requires the following points to be addressed:
 - Need for the variation.
 - Community awareness and engagement.
 - Impact on ratepayers.
 - Exhibition of IP&R documents.
 - Productivity improvements and cost containment strategies.
9. Application submission to IPART is due 8 February 2021. Not proceeding to this deadline would mean delaying for the 2022/23 financial year submissions cycle to open and additional modelling and community consultation costs.
10. The application to IPART cover the following items:
 - A SRV to permanently increase general permissible rate income by a multiyear increase of 5.8% per year for the next 5 years (cumulative increase of 29%, inclusive of 16.5% SRV and assumed rate pegs of 2.5% per year or total of 12.5%).
 - Resolve the widening operating deficit by increasing rate revenue by approximately \$23 million and retaining that in the base on a permanent basis.
 - Adopt the proposed rating structure of:
 - A Minimum Residential Rate of \$965.80.
 - A new Business Minimum Rate of \$1,500.00 for the “Major Commercial Centres of Hurstville and Kogarah” sub-category.
 - A new Business Minimum Rate of \$1,100.00 for the “Other Business” sub-category.
 - A new Ad valorem Business Rate for the “Major Shopping Complex” sub-category.

Rate Path Harmonisation Obligations

11. The existing provisions of the Local Government Act 1993 limit the ability for metropolitan and urban councils to apply differential residential rates.
12. Due to existing obligations for residential sub-categorisation options (refer to Section 529 of the Act), following the end of the rates path protection councils will be required to equalise residential rates by setting the same rate in the dollar (ad valorem rate), minimum and/or base.
13. The Minister has temporarily delegated her powers under s.548 of the Act to the Deputy Secretary, Local Government, Planning and Policy, Department of Planning Industry and Environment (the Deputy Secretary) to determine minimum rates applications from those newly merged councils that have yet to harmonise their rates. Previously this delegation was assigned to the Independent Pricing and Regulatory Tribunal (IPART).
14. New councils are only eligible to apply under this temporary, alternative pathway if it seeks to set a harmonised minimum rate for ordinary rates across its new council area that is higher than the current statutory limit of \$554 but is no higher than the highest minimum rate of any one of the former councils or part of a former council area that was previously approved by IPART (plus the 2021-22 rate peg).

15. The New Rates 2021 proposal that is currently on community consultation includes a Special Rate Variation to increase Council's rate total income, a harmonised and equitable residential minimum rate and various changes to the business rating structure that also include higher business minimum rates than any of the former Councils.
16. Therefore, as our proposal for the New Rates in 2021 is more comprehensive than establishing a new minimum residential rate, the changes announced by the Minister do not align to the entire proposal or resolve Council's financial challenges and the entire proposal is recommended to be submitted to IPART. Councils seeking to utilise the new temporary provisions are required to submit their applications and supporting documentation directly to Office of Local Government by no later than 26 February 2021.
17. In late December 2020, the NSW Government released an exposure draft of a Bill on the local government rating system. A section of the exposure draft relates to the possibility of allowing merged councils to gradually harmonise residential rates over 4 years. The exposure draft does not propose any changes that would assist in resolving Council's financial challenges. The timing and outcome of the proposed draft bill is unknown.

Councillor Workshops/Briefings

18. Over the past three years, 15 workshops have been held, providing details and financial modelling on a range of topics relating to the New Rates program. The following policy items have been covered, but are not limited to:
 - 10 Year Long Term Financial Plan and the impact of the cessation of the former Hurstville City Council's SRV from July 2021
 - Legislated rate calculation options
 - Council's current income split by residential and business rates
 - Comparison of average unit and average single dwelling rates
 - The impact of different minimum rates scenarios
 - Comparisons of metropolitan Council rate structures
 - Business sub-category development based on centres of activity
 - Rate income yield split across categories and sub-categories
 - Outcome and consideration of options based on community feedback
 - Refinement of the Long-Term Financial Plan based on 2018/2019 results
 - IPART application submission timeframes
 - Rating reform updates
 - Target rate revenue required to assist in resolving Council's financial sustainability challenges
 - Service reduction figures and corresponding rate revenue increases
 - Historical information of operating deficits prior to amalgamation
 - Options of a lower SRV and the impact on sustainability
 - Differences between a one-off and multiyear SRV
 - Different minimums and their impact on different groups
 - Updates on the consequences of any proposed rating system legislative changes
 - Community consultation approach for the past two years
 - Community consultation outcomes for the past two years

19. A significant outcome of these workshops included a proposed new minimum rate to present to the community during the two engagement periods. Councillor feedback during workshops indicated support for one consistent, harmonised, fair and equitable minimum rate across the LGA (FIN057-19 and CCL049-20) being \$965.80:
- Former Hurstville Council minimum changing from \$585.72 to \$965.80
 - Former Kogarah Council minimum changing from \$966.73 to 965.80

Community Feedback on Proposed SRV and Minimum Rate

20. The outcome of the comprehensive and thorough community engagement program in 2019 and 2020 for the proposed SRV and harmonisation of the rates (including changes to the minimum rates demonstrated across both years:
- strong community support for a single rating system including support for the minimum rates for business and residential as proposed in 2019 and 2020, this included 100% support by members of the Citizen Advice Group, and 89% of webinar participants in 2020 and 78% of all participants in 2019.
 - a multi-year Special Rate Variation of 5.8% in 2021, followed by 5.8% per year for 4 years has considerable community support, including 100% support by members of the Citizen Advice Group, and 65% of webinar participants in 2020 and 54% of all participants for a similar proposal in 2019.

Community Feedback on Service Reductions/Maintenance

21. One of the objectives of the 2020 community engagement was to test community sentiment around preferred areas of savings, should services need to be cut to meet budget needs.
22. Input around preferred savings was gathered from four sources:
- Citizens Advice Group (CAG)
 - Online survey on Your Say
 - Follow-up survey to webinar participants
 - Phone survey respondents.
23. Overall, there was strong sentiment in the community in favour of service maintenance and there are similarities in the key areas for preservation as well as those which could be potentially targeted for savings across the four groups.
24. Based on the service engagement information; Parks, street lighting, amenities, footpaths and street cleaning had the most consistent and high support in each engagement channel for maintaining the current service level.
25. Whereas Community centres, halls and aquatic and recreation had consistently the least support for retention across most of the engagement channels.

Service Reductions

26. Georges River Council has embraced the fresh start that the merger of the former Hurstville City and Kogarah City Councils presented; building the foundations for a strong and sustainable organisation that will deliver outstanding results to our community and city.
27. Council has been provided with a clear, strategic direction that has enabled Council to deliver larger capital programs, improved services, greater transparency, capacity and consistency in evidence-based decision-making.
28. Our focus has been on expanding services across the whole area and harmonising inconsistent services, as well as developing the framework necessary for open and

transparent governance on subsidies, donations and community grants to ensure sustainable decision-making.

29. Council has, for many years, been developing efficiencies through process improvement and the implementation of cost containment strategies, whilst being restricted for the first four years of the merger being prohibited from any forced redundancies and having a frozen rates system.

	Items	Estimated Operating Impact
2016/17	<ul style="list-style-type: none"> • Mayoral / Councillor Allowances and Costs • Councillor Meeting and catering costs • Councillor travel and expenses amendments • Senior Management Savings • Voluntary redundancies • Materials and Contracts and other items • Operating and Capital Grant sourcing • Implementation of Community grants program 	\$8.6m
2017/18	<ul style="list-style-type: none"> • Senior Management Savings • Voluntary redundancies • Materials and Contracts and other items • Consolidation of administration centres • Implementation of Community Sponsorship program framework 	\$6.5m
2018/19	<ul style="list-style-type: none"> • Establishment of the Financial Sustainability Working Group (review of asset sales and revenue generation) • Voluntary redundancies • Commencement of the New Rates program • Partnership with NSW Department of Education for the joint use of public space • Council adopted a consolidated Grants, Sponsorship and Donations program 	\$6.0m
2019/20	<ul style="list-style-type: none"> • Employee costs budget frozen at 2018/19 level, with the Award increase absorbed • Materials, contracts and consultants reduced by \$3.8m • Eligible Fees and Charges frozen at 2018/19 increase of 3% • Structuring of the Capital Works Program expenditure consistent with the 4 year program and aligned to grant and reserve funding sources • Continuation of the Councillor Discretionary Ward Fund • The additional voluntary pensioner rebate up to a maximum of \$150, to be applied against the domestic waste management annual charge for the 2019/20 financial year (increased from a maximum of \$75 for 	\$8.5m

	<p>previous financial years).</p> <ul style="list-style-type: none"> • 2019/20 festive period annual close down for non-essential services • Seeking an increase to Council's rate revenue • Closing the gap between expenditure and income. 	
2020/21	<ul style="list-style-type: none"> • Employee costs budget frozen at 2018/19 level, with the mandatory Award increase absorbed • Reduction in employee costs, i.e. increased vacancy rate, extensions to vacancy holding periods • Reductions of consultancies and professional services. • Removal of staff benefits such as the all-staff conference, Learning and Development program • Removal of the Councillor Discretionary Ward fund • Removal of the additional voluntary Pensioner Rebate • Sale of underperforming commercial properties • 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.) 	\$9m

CCL001-21

30. Each budget cycle since the amalgamation of Georges River Council has presented challenges for officers to maintain the expected services levels, comply with mandated costs whilst also delivering the Community Strategic Plan aspirations.
31. The budget process has grown increasingly difficult with the pre-merger deficits continuing to widen due to the income declining and expenditure growing. Management strategies over the years have been balanced, in that they have been made across all areas of Council's operations, including employee costs, Councillor costs and community assets.
32. Based on the immediate and long-term financial position of Council, if the SRV does not proceed, significant service cuts to all Council services will be required to commence immediately with a reduction of up to 10% of Council's workforce in year one (up to 58 staff).
33. Should Council not adopt the Special Rate Variation as proposed, service reductions will be implemented across the following service areas:

Proposed Service/Staff Reductions from March 2020

Directorate	Service Areas	FTE Reduction
OGM	Councillor Support Services, Internal Audit	1
Legal Services	Local Court Prosecutions and Compliance	1
Assets and Infrastructure	Cleansing (street sweeping/litter removal), cleansing, graffiti removal, sports fields/turf management, bushcare and regeneration, civil maintenance and footpath renewal, utility restorations, traffic engineering/civil design, roads	23

	program, tree inspections, removal/pruning.	
Community and Culture	Children's Services, Libraries, Community Events, Customer Service, Community Development (aged, safety, diversity, artist in residence programs), Community Properties Management, Grants and Sponsorship Programs	11
Business and Corporate Services	People and Culture (recruitment, training, health and wellbeing programs), Rates, Records Management, Information Technology, GIPA applications, Governance, Insurance Claims, Accounts Receivable/Payable (Debt Recovery,	5
Environment and Planning	Regulatory (Parking, Rangers, compliance), Waste, Sustainability, Environment, Development Assessment and Advisory Service, Building Certification, Strategic Planning (plans of management, reclassifications, masterplans, heritage)	15
City Strategy and Innovation	Economic Development, Communications and Media (Your Say, website maintenance, media enquiries)	2
Total	\$5.8 million	58

CCL001-21

34. Other items that reduce Council's income via subsidies would also be proposed to cease to generate additional funds. For example discontinuing the annual subsidy of community leases would generate more than \$500,000 per year in additional income to Council. Though impacts would be seen across a variety of groups including Narwee Preschool, Jubilee Community Services, Kingsgrove Community Aid, 3 Bridges and others. There are 59 Council properties currently receiving subsidies.
35. Discretionary community support for funding and events would be proposed to cease, or be significantly reduced including Donations (\$50,000), Community Grants (\$410,000), Sponsorship (\$110,000) and Community decorations/events (\$700,000).
36. Service reductions are difficult to manage across the range and diverse service portfolio of Council. The complexity is based on the diverse customer base that drives Council's service portfolio and the mix of mandatory and discretionary/essential drivers of a service.
37. As an indication over two thirds of Council's service portfolio is classed as discretionary/essential. The mandatory services are smaller in number but the mandatory costs are uncontrollable. Council has been briefed on the continued increases in mandatory costs that include, but are not limited to:
- Public Liability Insurance
 - Workers Compensation Insurance
 - Emergency Services Levy

- Government Levies (e.g. waste)
- Annual Employee Award increase
- Superannuation increase
- Mandatory Pensioner Rebate
- Utilities increases
- Planning Panels (2)
- Audit Risk and Improvement Committee
- SES
- Maintenance and Safety Standards of Assets

FINANCIAL IMPLICATIONS

38. The New Rates program costs to date are approximately \$350,000, which includes the financial modelling and community engagement work undertaken throughout 2019 and 2020. \$350,000 does not account for the internal resourcing costs, further communication on the outcome and the Councillors time in participating in over 15 briefings, since 2018.
39. If IPART approve Council's SRV application, Council will receive an additional \$4 million - \$5 million per year, for the next five years, in additional non-budgeted operating revenue to commence in 2021/22. This will make a major contribution to placing Council in a position to make operating surpluses, which will contribute towards the securing the continuation of services, maintenance of assets and investment into new local community assets. This is critical to making a positive contribution towards improving the Net Operating Results and therefore the Operating Ratio of Council, without which operational financial commitments, loans, capital/infrastructure, will be disadvantaged and at risk.
40. If the Council's total rate income does not increase over the next 5 years as proposed by this rate increase, Council will be forced to reduce or cease many services. Council will be unable to respond to the needs of future population growth which will continue to strain service quality. This will result in higher use/overuse of current assets and poorer condition standards.
41. The elimination and/or reduction of services will involve reducing the number of hours libraries are open, reduction of total employee numbers by 120 (over three years), the closure of child care centres, reduction of the frequency and extent of maintenance of open spaces, parks, sporting fields, reduced maintenance of council assets leading to their deterioration etc. These may however still be insufficient to address the problem to a meaningful extent.
42. The current NSW rating system, which does not allow for increased rate revenue in line with increased population growth, leaves councils with two options, these being service cuts with increase population or an application to IPART to achieve rate revenue growth. Many in the community incorrectly believed that rate revenue increases in line with population growth or would prefer this to be the case. There is in principle support for rates revenue growth to support population growth.
43. The recent recommendations of the NSW Productivity Commission review into infrastructure contributions support a shift to rate revenue growth in line with population growth. The report further notes that average rates per capita in NSW (\$591 in 2019) are significantly lower than the average for all other states (\$835).

44. The Georges River Council per capita rate figure has been calculated at \$454 (or \$448 with the pensioner rebate) which is more than 20% lower than the current NSW average rate, further reinforcing the appropriateness of the New Rates 2021 proposal.
45. Based on the proposed rate revenue increase over 5 years and assuming 7% population growth, the Georges River Council per capita projection will still be below the NSW average of \$591, with an increase from \$454 to \$545 projected in 5 years.
46. The table below highlights the disparity between Georges River Council, even with the proposed SRV.

	Georges River Council current	Average Other States	Average NSW	Proposed with the SRV
Per Capita Rate Revenue	\$454	\$835	\$591	\$545

47. Based on the outcomes of the community consultation, there was strong community sentiment for maintaining services levels rather than reduction.
48. At its July 2020 meeting the ARIC comprehensively reviewed and discussed Council's Budget for 2020/21 and the Long Term Financial Plan projections to 2028-2029.
49. The ARIC expressed concern over the projected operating and cash flow deficits and that the estimates indicate that Council will not be financially sustainable and this will expose Council to significant risks to service delivery, governance and reputation.
50. The current and continuing economic, financial and social impact of COVID-19 will further exacerbate these risks. The ARIC noted that Management had implemented plans for cost savings measures. Whilst such measures are important, the ARIC is concerned that they will be inadequate to address financial sustainability which may threaten the significant progress achieved since merger in harmonising Council's processes, systems, risk management, governance and service delivery.
51. In this regard, the ARIC recommended that Council consider measures to immediately address the key financial sustainability risk, particularly in regard to increasing revenues to secure Council's immediate and long term future.

RISK IMPLICATIONS

52. Councillors have been apprised of Council's poor and deteriorating financial outlook over the 10 year period of the Long Term Financial Plan over the past three years. Failure to address the unsustainable financial position places Council in contravention of S.8b of the Local Government Act 1993 and will compel Council to cut and/or reduce services to ease the unfavourable gap between income and expenditure.
53. Council must comply with Section 8B of the Act - Principles of sound financial management; and in particular the following sub sections of section 8B:
- “(a) Council spending should be responsible and sustainable, aligning general revenue and expenses...*
- (d) Councils should have regard to achieving intergenerational equity, including ensuring the following:*
- (i) policy decisions are made after considering their financial effects on future generations,*
- (ii) the current generation funds the cost of its services.”*
54. Not proceeding with the proposed SRV to increase rate revenue, will result in the widening of the deficit and a gap of over \$20 million having to be resolved.

55. The options to resolve in the long terms are limited, in that the only way to resolve is either increasing revenue or reducing expenditure through the reduction of services and employees. The other options for Council are one off and would require the continued disposal of underperforming assets.
56. As highlighted to Council in previous reports, the financial operating position of Council was high risk and the implications of COVID-19 has aggravated an already weak foundation. The measures taken to mitigate the financial challenges in 2020/21 were one-off and are not sustainable.
57. Council not proceeding to seek an immediate increase in rate revenue or an immediate reduction in expenditure through service and job cuts will place Council in a highly probable position of not being able to meet operational cash commitments, such as salaries and weekly contractor payments. Forcing Council into a position, to liquidate assets.
58. As highlighted across the industry, borrowing from restricted cash reserves to fund operations is prohibited and external borrowing options are limited with continued decline of the operating performance ratio, which is now also negatively impacting unrestricted cash ratios.

COMMUNITY ENGAGEMENT

59. Extensive community engagement was conducted both in 2019 and 2020 and this is discussed in detail within Attachment 1 and the relevant appendices.
60. Upon submitting the applications to IPART, members of the community are able to make a submission to IPART until 1 March 2021, for the tribunal to consider in determining the outcomes of Council's applications.
61. No submissions were received on the amended Long Term Financial Plan, within the Resourcing Strategy. This was on exhibition from 15 December 2020 to 4 February 2021.

FILE REFERENCE

D21/16080

ATTACHMENTS

Attachment [↓](#)1 Community Engagement Report (with Appendices) - New Rates 2021



Attachment [↓](#)2 IPART Application (with Appendices) - New Rates 2021



Attachment [↓](#)3 Residential - New Rates 2021



Attachment [↓](#)4 Business - New Rates 2021



Attachment [↓](#)5 Special Rate Variation - New Rates 2021



Attachment [↓](#)6 Revised Resourcing Strategy - FINAL DRAFT

