

# ADMINISTRATOR'S MINUTE

25 May 2017

Minute Number: 26

## **Draft 2017-18 Operational Plan including 2017-18 Budget**

### **1. Introduction**

Georges River Council will tonight consider its first Draft Operational Plan and Schedule of Fees. Last year, Council consolidated the separate Plans and Budgets of the former Hurstville and Kogarah City Councils.

Bringing the financial accounts of the former Councils together under one system has been a complex and time consuming project and will be subject to enhancement over the next 12 months as budgets are aligned with services.

The draft documents will be placed on public exhibition for 28 days and I expect refinements as staff spend more time on the documents and we receive comment from the community.

I must express thanks and appreciation to the General Manager, Gail Connolly, Directors, Chief Financial Officer, Rob Owens and staff Francis Mangru, Carolyn Long and Scott Henwood for the work, at times very challenging, in getting the budget to where it is today and to the Executive Manager, Rebekah Schulz, Jessica Lee and Reanne Potter for the new look of the Operational Plan that includes a range of key performance indicators.

### **2. Georges River Council**

Georges River Council was proclaimed in May 2017.

Establishing your new Council is more than merging and improving services. It is also about creating a positive culture within the organisations, building trust with the community and providing the highest level of customer service.

Currently Council is exhibiting a number of governance and planning policies to firmly establish its commitment to probity, transparency and consistency.

Section 3 of the Operational Plan "Budgets", under the heading "The Merged Budget – A year in review (2016-2017)" (P38), lists a number of the significant achievements, reforms and changes since the merger. Whilst the merger has imposed heavy demands on the organisation, services have been maintained and are being progressively improved.

Examples of those benefits to the community since the merger include:

- An increase in community grants from \$147,000 to \$200,000
- Graffiti removal program extended across Georges River
- Pensioner rate subsidy extended to Kogarah pensioners
- "counter services" now available at Kogarah and Hurstville libraries during opening hours, including Saturday

### 3. Financial Matters

As explained under “The Merged Budget – A year in review (2016-2017)” (P38), financial comparisons with previous years are not possible.

The 2016-2017 budget for Georges River Council was peculiar, in that due to the merger, it reflected all expenditure from 13 May 2016 to 30 June 2017 – a period of 13 ½ months.

However, in accordance with Australian Accounting Standards and State Government direction, the Council can only recognise 12 months of rates and grant income – from 1 July 2016 to 30 June 2017.

As a consequence, Council’s projected financial position is not able to be accurately compared with either the 2015-2016 financial year, nor with the results of the 2016-2017 financial year.

The Budget projects a net operating result (under the Australian Accounting Standards) of \$19.327m at the end of June 2018. This projection is based on a \$47m capital program on top of the allocations to recurrent expenses.

In simple basic cash flow terms, the following table compares your Council budget for 2017/18 to the way a household budget would be structured.

<b>Household Budget</b>	<b>Council Budget 2017/18</b>	
Income – Salary, wages - Interests - Other	Income – Rates - Charges - Operating / Grants - Interest - Fees - Other	\$127m
Less Expenses – Every Day Living - Utilities - Home Maintenance - Mortgage / Rent - Other	Less Expenditure - Recurrent costs - Maintenance - Administration - Regulation - Other	\$111m
Balance – Discretionary Expenditure - Available for holiday - Savings - A new car - Home improvements	Balance – Discretionary Expenditure For Capital Works and Asset Renewals funded from Revenue	\$16m
<i>Note: Other Capital works and Asset renewals funded by Grants, Reserves and Section 94 Contributions. \$31m</i>		

### 4. Capital Projects

The 2017/18 Budget proposes a \$47m Capital program including a number of important projects

- Penshurst Park - Synthetic Field, Indoor Cricket Facilities, Parking and Youth Facility
- Jubilee Park
- Roads and Footpath works, \$14m including Forest Road Footpaths (\$2m)
- Building works (\$8m)

- Environmental projects (\$5m)
- Aquatic facilities refurbishment (\$1m)

## 5. Rating

The NSW IPART has capped the total rate revenue increase across the State at 1.5% (the rate peg).

Property valuations have been re-determined by the Valuer General and will apply for the 2017/18 rating year. The new property values will result in some ratepayers having an increased rate burden (higher than the rate peg). This will occur when an individual's property valuation has increased more than the average valuation increase across Georges River.

## 6. Fire Emergency Services Levy

The State Government has decided on a new way of funding Fire and Emergency services from 1<sup>st</sup> July 2017. This amount payable to the State Government will be itemised separately on the rate notice. At the time of preparing this minute, the State Government is reviewing aspects of the levy.

**The Levy does not form part of Council's income.**

## 7. Council Subsidies

Council provides financial assistance to numerous community organisations. The former Councils had different approaches to the allocation of those funds which totalled somewhere between \$1.2m and \$2m.

Previously, the only grants which were required to meet the criteria were the Community Grants which were increased in total from \$147,000 to \$200,000 in 2016/17, and a maximum \$10,000 grant applied.

In order to achieve consistency and transparency, Council has adopted a Venue Hire Grants Policy and currently has a Council Sponsorship and Donations Policy on exhibition.

The aim of the suite of policies is to ensure that Council's funding goes to those community organisations which provide the most benefit to our community.

## 8. Budget – Refinements and Further Considerations

Whilst the Operational Plan and Budget are on exhibition I have requested the General Manager undertake work in:

- Refining the presentation of the documents, process and reviews
- Adjusting items in the Budget
- Reviewing/investigating further possible budget inclusions

- Refining presentation of documents, processes and reviews
  - Review and consolidate Reserves

- ii. Report to Council on 29<sup>th</sup> June 2017 on the timing of various stages associated with delivering projects in the Capital Works and Asset Replacement Program and reporting progress to Council quarterly.
- iii. To improve Council's and the communities understanding of Council's recurrent spending.
  - Provide a table which lists the expenditure and income for all services
  - Present Capital works and Asset Replacement Program under relevant headings
  - Prepare a table showing the funding source for capital and asset replacement projects

(b) Adjusting items in the Budget

- i. Add \$300,000 to kick start delivering the Disability Inclusion Action Plan
- ii. Increase Community Grants allocation from \$200,000 to \$400,000
- iii. Consolidate an account from which to fund Council's support to community based events
- iv. Based on changes to be provided by LGNSW reduce membership fees by \$25,000
- v. Include \$193,000 for roundabout Belmore Rd and Clarendon Rd - Peakhurst, funded by the Federal Government Blackspot Program
- vi. Add additional resources towards reducing the DA consideration backlog.
- vii. Urban Forest Strategy & Improvement Plan \$70,000
- viii. Improve safety, upgrade the Gannon's Park laneway access off Forest Rd
- ix. Council has received \$7.853m in dividends from the creditors claim from the liquidation of Lehman Brothers and Class Action proceedings against Standard and Poors. \$3m has been allocated to drainage works in 2016/2017. A further report to be provided to Council on 29 June 2017 to allocate the remainder of the funds to address infrastructure shortfalls and other projects.
- x. Further examine opportunities to utilise the Implementation Fund for the Council Chambers upgrade, which will provide flexible space, accommodate 15 Councillors and a larger public gallery
- xi. Allocate additional funds to address Domestic Violence including a White Ribbon Day March.

(c) Review/investigating further possible budget inclusions

- i. Provide a report to Council on the increases in waste collection cost
- ii. Report to Council on 29<sup>th</sup> June 2017 on the potential to increase the number of trainees, apprentices and people with a disability engaged by Council
- iii. Funding for upgrade to playground and install lighting Boundary Road Reserve
- iv. Review the pre budget request to upgrade the Maintenance and Staff Amenities Building on the Council owned Beverley Park Golf Course
- v. A review be undertaken of Council's current and future energy costs including cost incurred by users other than Council.
- vi. A report be provided on the position reached with completing works approved by the Traffic Committee

**MOTION:**

- 1. That the report CCL080-17 - Draft 2017-18 Operational Plan be considered in conjunction with this minute.

2. That the draft 2017-2018 Operational Plan including the Budget and Schedule of Fees and Charges, attached to the report, be approved for public exhibition for a period of 28 days between 26 May and 23 June 2017.
3. That following the exhibition period referred to in (1) above, a report be presented to a Council meeting prior to 1 July 2017, advising of any submissions received relating to the draft 2017-2018 Operational Plan.
4. That during the public exhibition period, the draft 2017-2018 Operational Plan including the Budget and Schedule of Fees and Charges be referred to the Implementation Advisory Committee for further review and comment.
5. That the refinements and further considerations listed in Section 8 of this Minute be referred to the General Manager for further report.

John Rayner PSM  
**Administrator**