

**INDEPENDENT PRICING AND
REGULATORY TRIBUNAL
(IPART)**

Special Rate Variation Application

Wollongong City Council 2014-15

**Attachment 5
Citizens Panel Report 2013**

Wollongong City Council Financial Sustainability Review Citizens Panel Report

This report has been compiled by Straight Talk with input and direction from the Citizens Panel to outline the Panel's recommendations for review by the community and Councillors.

The sections of this report written in bold have been added by Straight Talk to provide further explanation for the Panel's recommendations.

This report will form the basis of consultation with the community during November. Submissions and comments on the Panel's recommendations will be considered by Councillors prior to making a decision about whether to adopt the recommendations or not.

Background and context

On 24 June 2013 Wollongong City Council determined to undertake a financial sustainability review that included comprehensive community engagement. In August Council agreed to convene a Citizens Panel to provide advice to Councillors and the community on how to find \$21 million a year to ensure Council is financially sustainable over the long term.

The Panel was tasked with providing recommendations in response to the following three questions:

1. What are the priority services for Council to deliver and to what level should Council deliver these services?
2. What are the opportunities to achieve operational improvements?
3. How should Council fund the delivery of these services to the desired level?

The panel comprised 34 individuals who were randomly selected by a third party, Taverner Research, a specialist market research firm, to provide a representative sample of the Wollongong community in terms of age, gender, geography, level of education, cultural background and housing tenure.

Categories	Description	Demographic profile	Participant profile	
		Percentage	Number	Percentage
Service age groups	18-24 years (Tertiary / independent)	13.4% of 18 yrs+	5	13.9%
	25-34 years (Young workforce)	16.2%	5	13.9%
	35-49 years (Parents / homebuilders)	26.0%	9	25.0%
	50-59 years (Older workers / pre-retirees)	16.3%	6	16.7%
	60-69 years (Empty nesters retirees)	12.9%	6	16.7%
	70+ years (Seniors / elderly)	15.3%	5	13.9%
Ward	North – ward 1	N/A – Council wanted	13	36.1%

	Central – ward 2	the Panel to evenly represent all three wards	11	30.6%
	South – ward 3		12	33.3%
Home tenure	Own/buying	64.4%	27	75.0%
	Renting	29.3%	9	25.0%
Gender	Male	49.5%	21	58.3%
	Female	50.5%	15	41.7%
Ethnicity	Speaks only English	79.4%	28	77.8%
	Speaks another language (NESB) (and English well/ very well/ not well/ not at all)	17.6%	8	22.2%
Qualifications	No education above high school	43.9%	13	36.1%
	Advanced diploma / diploma / vocational certificate	28.7%	14	38.9%
	Bachelor / higher degree	16.8%	9	25.0%

The Panel met four times, as follows:

- Meeting 1 – 26 September 2013 (3 hours) – Focused on the group coming together to understand the task and the panel process
- Meeting 2 – 2 October 2013 (3 hours) – Focused on understanding the issues affecting Council’s financial sustainability
- Meeting 3 – Weekend of 11/12 October 2013 (11 hours) – Focused on reviewing technical information and identifying preliminary recommendations
- Meeting 4 – Weekend of 26/27 October 2013 (11 hours) – Focused on reviewing and refining recommendations and reaching agreement as a group.

Panel meetings were independently facilitated by Straight Talk, a specialist community engagement firm.

Council’s Executive team provided support and information to the Panel but did not lead any of the discussion sessions.

All information provided to the Panel has been made publicly available by Council and can be accessed from their Internet site (<http://haveyoursaywollongong.com.au/projects/financial-sustainability>). **Only one fact sheet was not provided publicly based on the commercial in confidence nature of the information it contained.**

Securing financial sustainability is an important public issue that will, to some extent, impact everyone in Wollongong, however, Council could not undertake in-depth consultation with the whole community. As part of an extensive community consultation program that involves multiple

opportunities for the wider community to provide feedback, Council opted to appoint a smaller diverse, but representative, randomly selected group of citizens and give them time and support to review information and deliberate together to enable them to provide considered and informed feedback about service delivery and associated options for financial sustainability.

Members of the Panel were everyday citizens who committed to spend a significant amount of time learning about issues affecting Council's budget. They were no more, or less, politically motivated than average citizens and unlike active citizens or representatives of special-interest groups, who routinely lobby Council, they had no vested interests. They worked together as a group, and not as individuals, to identify recommendations that would serve the common good and minimise impact on the community as a whole.

Panel's findings and recommendations

We the Panel encourage the community to review the information located on Council's Have Your Say page, <http://haveyoursaywollongong.com.au/projects/financial-sustainability> in order to understand issues affecting Council's financial sustainability and our decisions.

We encourage the community to read our report and provide comment to Council on our recommendations.

We identified the following principles to guide us in making our decisions, and for Council to follow to ensure financial sustainability going forward:

- Spend the community's money wisely
- Do everything possible to avoid a rate rise – 'Tighten the belt' through efficiencies and service level changes
- Focus on maintaining existing assets before building new assets
- Focus investment on assets for highest and best use
- Make decisions that benefit the whole community over vested localised interests
- Make financially responsible decisions
- Ensure staff and Councillors are accountable to the community
- Ensure staff and Councillors are competent
- Ensure staff and Councillors do not engage in corruption.

Our decisions were made based on the information and time made available to us. Council staff and Straight Talk staff had no untoward influence over our decisions. We did everything possible to identify savings and efficiencies to minimise the impact on rates.

The Panel reached consensus on the following recommendations for changing the level of service, improving the efficiency and/or changing the way specific delivery streams are funded. They were aware that some of these recommendations may be unpopular and may impact groups in the community who use the services, but in reviewing services the Panel realised there is no easy way to find millions of dollars in savings without an impact. Accordingly, the Panel made its recommendations in an effort to minimise the impact on the least number of people and to mitigate the impact on rates.

Notwithstanding this, our recommendations include that Council:

- Implement a minimum of \$10 M (of the \$13 M identified by the Panel) of suggested savings within 3 years
- Cap a rate rise at a maximum of 7-7.5% (excluding CPI), to be introduced over 3 years
- Challenge Council to bridge the gap by stretching for further efficiencies and savings.

The Panel recognise that there is a gap and have set this ‘stretch target’ so Council can continue to demonstrate to the community how it is doing its bit to minimise impacts of a rate rise on the wider community.

- Maintain good faith with the community and not renege on the Panel’s recommendations or be influenced by special interest groups or political affiliations. **The Panel made its recommendations because it believed they were the fairest way for everyone to do their bit to ensure Council’s long term financial sustainability.**
- Ensure they do not get into this position again:
 - Ensure that depreciation of capital expenditures is fully funded
 - Change the financial strategy to maintain the budget to break-even or better in each financial year.
- Communicate transparently to the community about the impact on rates – express the rate rise as a percentage and in dollars (both in terms of increase per year and per week) and clarify that the increase is on top of the expected Consumer Price Index (CPI) rise to be announced shortly by NSW Government.
- Negotiate a more cost effective Enterprise Agreement for new staff that is more in line with the market with regards to – wage/salary levels and terms/conditions.
- Ensure all savings and funds generated through the Panel’s recommendations and the rate rise are fully directed to renewal of assets.
- Ensure Councillors are fully accountable and report back to the Panel on the implementation of recommendations and savings, in particular recommendations that are not implemented. **The Panel would like Councillors to meet with Panellists, as a group, if they are going to change or not implement any or all of its recommendations.**

We reviewed all of the services provided by Council including the 117 delivery streams. It should be noted that we have not eliminated any services outright, but instead have reviewed service levels in order to identify savings.

Specific recommendations and associated savings are listed below. In total the Panel identified approximately \$13 M in savings through a mix of reduction to service levels, service delivery efficiencies and increased user fees and charges. It should be noted that the magnitude of savings

is an estimate only and has not been tested or verified with detailed costing analysis. The estimates represent those amounts that were available to the Panel at the time.

Service level changes = anticipated up to \$4.351 M **(recurrent annually)**

- Lakeside Leisure Centre – close centre and sell land \$300K due to utilisation and availability of other providers
- Pensioner interest – remove interest exemption for full payment by May from Pensioner Policy \$50K
- Unanderra Library – close due to proximity to other services and level of utilisation \$200K
- Coalcliff/Scarborough beach season- due to level of visitation reduce from 7 to 3 hours per day \$40K
- Events- reduce to 1 night of fireworks per year \$20K, and reduce Viva La Gong contribution by \$50K
- Urban Renewal and Civic Improvement- halve the current program \$300K
- Playgrounds- move towards improved centralised facilities rather than lots of little ones - minimum 10% reduction across 151 playgrounds based on utilisation, location and condition \$105K
- Community Pools- reduce pool season by 2-4 weeks \$67K - \$133K
- Community Pools- Berkeley pool reduce from 96 hours per week to 55 hours per week due to level of utilisation \$60K
- Ocean Rock Pools- reduce those close to other aquatic facilities and run to fail –Average \$45K depreciation per pool \$135K (2-3 pools)
- Community Facilities - rationalise 10-15% (reduce or sell) existing assets with a focus on those that are underutilised - move towards improved centralised facilities rather than lots of little ones, average \$30K depreciation per building \$120 – 150K
- Community Facilities - Coalcliff Hall - due to level of utilisation demolish \$33K
- Pensioner waste exemptions – remove exemption \$200K
- Charitable waste exemptions – remove exemption \$200K
- Learning & Development- halve the Cadet, Apprenticeships and Trainee program \$1M
- Crematorium - exit
- Parks- divest in small parks – reduce number by 10% based on utilisation, location
- Mechanical Street Sweeping – reduce level of service
- Community Engagement - reduce \$50K
- Crown Street Façade - no further work beyond existing applications with current commitment \$300K for 2 years (note: one off savings, not a recurrent program)
- Community Development - review
- Environmental Programs & Partnerships – review
- Environmental Assessment & Compliance – review
- Social Planning- reduce \$25K
- Footpaths- expand lifespan to 80 years saving \$1M

Efficiencies- anticipated \$7M (recurrent annually)

Direct budget minimum reduction across the organisation of 5% of discretionary operational spend (excluding assets) - which may include, or be in addition to the following:

- Beaton Park- increase income from third party operators- \$25K
- Russell Vale Golf Course -outsource - \$150K (temporary option to increase fees \$33K)
- Tourist Parks- lease- outsource all \$1M saving
- Supply Management- reduce- \$600K and potential for further efficiency in service areas
- Community Development- reduce production of service directories \$20K
- Community Safety & Graffiti- reduce staff \$50K reduction
- Cultural development- reduce/review spend \$20K reduction
- IPAC/Town Hall - integrate management \$50K saving
- Environment Community Programs & Partnerships- review- \$20K mix of revenue and budget reduction
- Legal Services- review- \$20K reduction
- Tourism – Increase investment in tourism assets but reduce tourism marketing \$100K
- Nursery- - conservation focus, reduce staff x 1 \$80K
- Marketing, sign shop, printing- outsource- requires market testing. Reduce \$20K advertising
- Infrastructure Information & Systems Support- reduce staff numbers, cut waste- \$80K reduce staff x 1 and review systems
- Design & Technical services - reduce staff - apply efficiency target
- Roads & bridges- outsource- reduce staff- apply efficiency target
- Customer Service – reduce - apply an efficiency target
- Corporate & Councillor support- reduce- apply an efficiency target
- Vehicles - reduce non-operational vehicles, explore hire vehicles
- GM & executive- reduce – efficiency
- Human Resources - reduce staffing levels across the organisation (indoor and outdoor staff) – shift to more temporary less permanent staff, do not replace staff that exit the organisation - average cost per employee between \$80 - \$100K
- Economic Development- reduce – efficiency
- Public Toilets - outsource cleaning
- Enterprise Agreement – change
- Library – shift to more electronic books - efficiency - reduce annual book vote contribution by \$200K

Revenue sources-anticipated \$1.7 M (recurrent annually)

- Commercial Heated Pools- Increase fees by 10% over next 3 years \$44K
- Community Pools – gold coin donation at entry (non-staffed) - \$800K
- Gleniffer Brae- integrate with Botanic Gardens- seek rental return on Gleniffer Brae - potential rental \$50K
- City Gallery- reduce- \$20K increase in revenue- could also review
- Sports fields - 25% increase in fees \$87K
- Fitness Trainers - 25% increase fees
- Youth Services - revenue
- Libraries- increase late fees
- Environmental Assessment and Compliance- review- increase tree permit fees and charges \$25K
- Car parking- extend metered parking- all day Stewart Street car park \$80K, increase parking fees in City Centre by 50% \$600K



\$13.051 M/\$21 M

None of the Panel welcomed a rate rise, but given that the magnitude of savings was not sufficient to ensure financial sustainability, the majority of Panellists accepted a maximum 7 – 7.5% rate rise over 3 years on condition that a minimum of \$10 M in savings as identified by the Panel were achieved and that Council delivered further efficiencies. The rate rise would generate \$8.4 M in additional funds. It was noted that City Centre and Heavy Industrial rate payers already pay high rates as a result of special levies and that they should be exempt from further rises given the current economic climate.



\$13.051 M + \$8.4 M = \$21.451 M