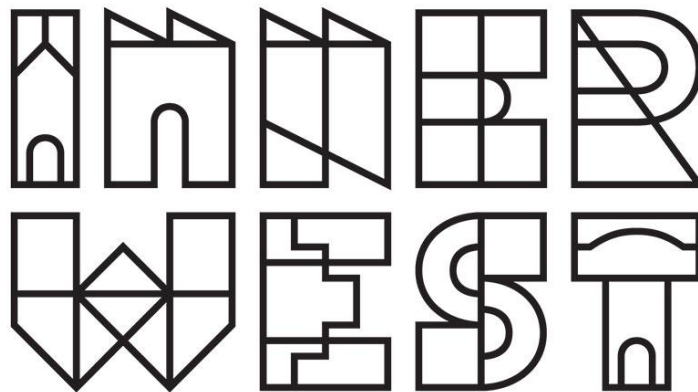


# SUPPLEMENTARY AGENDA 1

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Distributed on 21 May 2021



**EXTRAORDINARY COUNCIL MEETING**

**MONDAY 24 MAY 2021**

**6.00PM**

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Location Ashfield Service Centre, 260 Liverpool Road, Ashfield

## MEETING AGENDA – PRECIS SUPPLEMENTARY ITEMS

The following report appear as late item as information required for the preparation of the report was not available at the time of distribution of the Business Paper.

### 1 Reports for Noting

ITEM	Page
C0521(3) Item 2 Officers Comment relevant to Notice Of Motion: Local Government Act Amendment Bill (Demerger)	3

**Item No:** C0521(3) Item 2  
**Subject:** OFFICERS COMMENT RELEVANT TO NOTICE OF MOTION: LOCAL GOVERNMENT ACT AMENDMENT BILL (DEMERGER)  
**Prepared By:** Peter Gainsford - General Manager

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## RECOMMENDATION

**THAT Council receive and note.**

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## DISCUSSION

The amendments to the LG Act that were passed by both houses of Parliament haven't yet been assented to, so they have not yet commenced and we are unsure of when this is going to commence.

The amendments dealt with the following subjects:

- De-amalgamations
- Rates including harmonisation
- Some minor amendments about elections
- Superannuation for councillors

The main areas of interest for Council are de-amalgamation and rates harmonisation.

### De-amalgamation

Any de-amalgamation proposal (in the form of a written business case) must be submitted to the Minister within 10 years of the constitution the new area. As Inner West Council was constituted by Proclamation dated 12 May 2016, any de-amalgamation proposal would need to be submitted before 12 May 2026.

The process for de-amalgamation is:

1. An amalgamated council sends a proposal with reasons to the Minister
2. The Minister must, within 28 days refer it to the Boundaries Commission
3. The Boundaries Commission makes a recommendation to the Minister
4. The Boundary Commission's report must be publicly released within 48 hours of it being received
5. The Minister must, within 28 days, make a decision
6. The Minister is to ensure that any approved de-amalgamation is fully funded by grants or other funds.

### Rates Harmonisation

1. An amalgamated council can harmonise its rates immediately or gradually over up to 8 years
2. Before resolving to harmonise gradually, the proposed gradual harmonisation must be publicly notified the same way as required for an operational plan (public notification with a 28day submission period)
3. It can be notified with an operational plan or separately
4. After the consultation period, the council can resolve to harmonise over a period of up to 8 years
5. The annual gradual increase or decrease cannot exceed 50% of the difference between the total rate (ad valorem and base amount) at the beginning of the harmonisation period and the rate at the end of the harmonisation period.

Council has previously considered rates harmonisation and will exhibit options showing rates harmonisation in full from 1 July 2021 and transition over 4 and year and 8 year periods as part of the budget process which will be considered by Council at the Extraordinary Meeting on the 29<sup>th</sup> June 2021.

A memo sent by the former General Manager to Councillors on 21<sup>st</sup> March 2019 detailed some of the issues associated with de amalgamation.

*“...it would be prudent for Council to consider the potential costs and administrative complexities that could result. These include:*

- *The potential for a split result across the three areas*
- *The costs of de-amalgamating one or more of the councils*
- *How the de-amalgamation costs would be split across the councils and how they would be funded*
- *How the assets and liabilities of the IWC would be split across the remaining councils*
- *The financial viability of the remaining councils following de-amalgamation, including the impact on rates and service levels*
- *How the staff would be split across the remaining councils (note: much of the old organisational structures have now been dissolved and staff are in new IWC positions. It would not be a simple case of staff returning to their former councils as they may now be in different roles with different remuneration and conditions)*
- *The logistics and cost of separating information and communications technology platforms that have already been fully or partly integrated*
- *The cost of breaking or amending any IWC contracts*
- *The cost of electing one or more new councils*
- *The appetite of the Minister to proceed with a proposal for de-amalgamation*
- *The need for the State government to enact some form of legislation to enable the de-amalgamation to be implemented*

*In order to estimate the costs of various de-amalgamation scenarios, a due diligence process and complex financial modelling would be required. This exercise would require the engagement of independent specialists”.*

Council has sought advice of a consultant who confirmed that it would be required to develop a business case which would take a minimum of 3 months to complete this work.

If Council elects to conduct a Poll it would be non-binding and have no legal status. Previous estimates indicate that Council would need to provide funding of between \$1,100,000 - \$1,200,000 to cover the cost of the NSW Electoral Commission conducting the Poll and costs for advertising, writing to electors and handing out how to vote material prior to and on polling day. Given that the draft budget for 2021/22 projects an operating deficit of \$7.4M Council would have to reduce expenditure of another program from the draft budget should it wish to proceed.

The Electoral Office have written to Council and confirming that they needed a resolution of Council by 21<sup>st</sup> May in order to conduct a poll at the Local Government Election. They require lead time so they can adequately resource the poll as each question for a poll is a separate count, so additional staff are required for each poll/referendum they conduct.

Regardless of the outcome of the poll and the change of legislation the Minister is the final decision maker when it comes to de-amalgamation.

### **Financial Impacts**

The financial costs of de-amalgamation are extensive a research paper titled De- amalgamation in action: The Queensland Experience published in 2014 quoted estimated the cost of demerger per ratepayer for Noosa at \$260/ratepayer in the first year and \$142 per year/ ratepayer thereafter and for Livingstone Shire at \$429/ratepayer in the first year and \$192 per year/ratepayer there after using figures provided by Queensland Treasury Corp.

Using this information based on 79,300 rateable properties for Inner West Council this would equate to an initial year cost ranging from \$20M to \$34M and an annual cost ranging from \$11M to \$15M / year, these estimates are considered reasonable when considering the Inner West

Council's merger experience. As part of the merger of Inner West Council the Government provided \$10M in a merger implementation fund and \$15M for capital projects which meant that a significant portion of the merger costs were met by the ratepayers.

There have been other financial impacts on Inner West Council over the past five years that have been able to be absorbed as a larger entity these are;

- Marrickville SRV of \$1.5m expired on 30 June 2020 and is no longer received.
- Interest income has reduced \$3.24M from \$7.44M in 2016 to \$4.2M in the draft 21/22 budget.
- \$4M loss of rental revenue for the former Marrickville area due to the sale Tempe Lands and this needs to be replaced through the acquisition of commercial property which won't be realised until the 22/23 financial year.
- Enhanced scope for the redevelopment of Ashfield Pool which was funded by loan funds serviced from the IWC budget.
- Enhanced services detailed later in this report.

The draft 2021- 22 budget has an operating budget deficit of \$7.4M so the acquisition of commercial property is vital in reducing the deficit and failure to maximise this return will result in significant concerns for Inner West Council.

Inner West Council is also undertaking the following actions for the long term budget repair.

- Quantify the cost and staff resources required to deliver all Council services
- Produce performance measures and service level agreements and benchmark these services against other organisations.
- Adopt ongoing commitment to continuous improvement and measure our progress against the Australian Business Excellence Framework.
- Maximise the value in technology to deliver better processes and efficiency improvements.
- Invest in our people to produce a more engaged and productive workforce.
- Maximise strategic procurement
- Enhance asset management practices
- Review opportunities to increase Fees and Charges to improve cost recovery from users of the service to reduce the subsidy paid by the general rate.
- Seek out new revenue generating opportunities that will supplement existing revenue sources.
- Implement Land and Property Strategy

Council is also in the process of engaging a financial consultant to review its Long Term Financial Plan, depreciation and improved budget reporting to help Councillors and the community better understand its long term financial position.

### **Staffing Impacts**

The speculation about de amalgamation creates uncertainty for staff who have undertaken significant change in the past five years.

A strong theme encountered through staff engagement and at the Joint Consultative Committee is that the significant and on-going structural and leadership changes within the organisation has left staff fatigued and that stability is both needed and strongly desired. Further instability is likely to give rise to a lowering of staff morale and may translate to impacts on service delivery to the community.

### Workforce harmonisation

A key focus for the new Inner West Council was the merging of its workforce and the wellbeing of staff over difficult and uncertain periods.

Following considerable staff engagement, new corporate values FIRST – Flexibility, Integrity, Respect and Spirit or Team – were developed and embedded across the organisation.

New organisation structures, salary systems, terms and conditions (including hours of work) have all been established, together with the Workforce plan, Equal Employment Opportunities Management Plan, and an extensive number of staff protocols.

Staff satisfaction

The results of the staff survey conducted during March 2020 demonstrate a significant 20% increase in staff satisfaction when benchmarked to the same data from the 2018 survey. This is now at over 73%.

Significantly, 94% of staff are committed to Inner West Council – this is an increase of 9% from the previous survey and demonstrates the engagement of staff and their emotional attachment to IWC and the work we do.

An additional staff wellbeing survey was undertaken in October 2020, where overall results indicated a high level of wellbeing, and satisfaction with work/team, manager and Council’s response to Covid-19.

Workplace Health & Safety

Inner West now has a consolidated WHS Policy, practice and workers compensation, and active engagement with staff through the WHS Committee.

**Community focus**

Community Engagement

The Inner West Council has a dedicated online engagement hub: Your Say Inner West and dedicated specialist Engagement team with highlights include;

- Community invited to provide feedback on over 300 engagement projects in five years since amalgamation
- Over 500,000 visits to the Your Say Inner West site
- Over 30,000 people have provided online feedback
- Over 46,000 social media followers (up from 18,750 in June 2018)
- Over 190,000 subscribers to our six e-newsletters
- Over 6,000,000 website hits in the last year (up from 2,700,000 in 2017)

The total number of people who have successfully engaged online via Your Say Inner West has increased steadily since amalgamation with online engagement at an all-time high in the current financial year

14 local democracy groups including nine Advisory Committees and five Working Groups with over 150 community members who will provide input into the development of the next Delivery Program based on the local knowledge and subject matter expertise.

Online and face to face methods – we go where the community is and we actively seek out marginalised groups who are less likely to participate in traditional engagement – accessible to people with disabilities and for people for whom English isn’t their first language

A number of Councillors made suggestions to improved community engagement at the local level. It is proposed to report back to the July Council Meeting a number of options for local community engagement such as a ward based community cabinet where the community can come and meet ward councillors and specialist staff to discuss local issues.

Customer Service

Harmonisation of Customer Service functions has led to an overall increase in service levels (contact centre response times, in-person wait times) when compared to performance of three former councils through leveraging economies of scale to maximise utilisation of resources across core functions (contact centre, front counter and back office admin e.g. seasonal impacts.

Investment and implementation of our online customer channel has led to improvements in resolution timeframes for key services as it has eliminated double-handling and manual intervention in high volume requests for service.

Harmonisation of Contact Centres has led to increased first contact resolution of customer enquiries through greater investment in knowledge and skill development and greater emphasis on equipping front line staff with the resources required to resolve customer requests without the intervention of specific service areas.

Community Satisfaction

In September/October 2018, independent social research company Micromex undertook satisfaction research on behalf of Inner West. The key results were that 91% of respondents were at least 'somewhat satisfied' with the overall performance of Council, with significantly more selecting the top box 'very satisfied' in 2018 compared to 2017.

The mean satisfaction rating was 3.58 in 2018, significantly higher than 3.49 in 2017. This rating was on par with the Micromex benchmark for Sydney metropolitan councils. Council is currently undertaking community satisfaction research.

**Inner West Council Efficiencies**

In 19/20 \$18.3M in recurrent savings have been realised which have enabled Council to meet these merger costs and described in the table below

<b>2019/20 Savings Tracking Summary</b>	
<b>Initiative</b>	<b>FY20 Realised Savings \$'000</b>
Talent pool & Efficiency savings	6,350
Improvements in operations - process reviews	2,866
Efficiency in employment costs with no impact to the service delivery (reduction in contractors)	2,011
Leadership Team restructure	1,977
DA and Compliance Income - increase in applications & inspections	1,300
Leichhardt Aquatic Centre - increased patronage	1,282
Electricity, Gas & Water favourable variance to budget	969
Materials & contracts expense reduction - service reviews	529
Streetlighting	500
Grant funding distribution change	100
Procurement improvements to purchasing power	145
Marketing/advertising - review of provider charge	63
Improvements to leave management	40
Child Care electronic enrolments	33
Bush regeneration program	30
Software license - reduction in legacy software no	27
Green Living Centre	22
Business chambers programming	15
Rainwater tank scheme	10
Program and events expense review	7
	<b>18,276</b>



### Information Communications and Technology Costs

A key organisational focus over the last 5 years has been the consolidated of ICT networks, systems and infrastructure which is detailed in the following table:

What have we done	Impact of De-merger
1. Consolidated line of business and spatial applications	Break existing contracts Re-implement separate systems <ul style="list-style-type: none"> <li>• <i>Approximately four – five year project</i></li> </ul>
2. Decommissioning Legacy systems and released licences	
3. Migrated all systems to cloud based SaaS providers	
4. Consolidated to single on line portal, Website, intranet	
5. Consolidated workflows to IWC rules, roles and responsibilities	
<b>Data and Information</b>	
1. Consolidated data, Records and Hard Copy files	Split data (from IWC) and re-convert data Migrate history Archive IWC data
<b>Infrastructure</b>	
Consolidated; Infrastructure components including; <ul style="list-style-type: none"> <li>• Identity, Domains, Telephony, Print, Desktop, Call Centre, Microsoft Office, Email</li> </ul>	Break existing contracts Re-implement new entities and migrate data Break existing leases and contracts (infrastructure and services) Establish new data centres
Implemented new Desktop fleet	
Consolidated data centres and decommissioned legacy	
<b>Networks</b>	
Re-designed and implemented new Local, Wide Area and WiFi networks	Break existing contracts / leases Re-implement new entities
<b>Security</b>	
Implemented new Firewall, End point, Multi factor authentication solutions	Break existing contracts Re-design and re-implement new solutions
Established new security governance, risk and compliance management solutions.	Implement new policies
<b>Services and Contracts</b>	
Established new 3/5 year contracts for <ul style="list-style-type: none"> <li>• Hardware, Software, Maintenance services, Data services and support</li> </ul>	Break existing contracts Establish new

Based on the implementation at Inner West Council it is estimated that it would cost in excess of \$11M to establish three separate domains. It has taken five years to establish a single enterprise software solution for Inner West Council and many of the efficiencies with further streamlining of processes within the system are about to be realised over the next five years

### Improved Governance

Council's Audit, Risk and Improvement Committee has focussed on IWC responsibilities for financial reporting, risk management, internal controls, governance and internal and external audit

There is a harmonised approach to risk management including business continuity planning and incident management, together with a consolidated risk profile, framework and controls across one organisation.



All audit activity has been focussed on one organisation as are all forward audit plans. Council has also regularly used its internal audit function to drive business improvements. Council's auditors have undertaken audits in the following areas:

- Audits across IWC to date have included:
  - o Project management framework
  - o Contractor Management and Performance
  - o Rates and banking
  - o Review of Delegations
  - o Ashfield Aquatic Centre
  - o Domestic Waste management Charge
  - o Section 10.7 Certificates
  - o Property Strata Management
  - o Records management
  - o Payroll
  - o Lilyfield Cycleway Project
  - o Key Financial Reconciliations
  - o Corporate Credit Cards
  - o Childcare Centre Financial Payment Process
  - o Fraud and Corruption Plan
  - o Child Safety Risk Management
  - o TechOne Release 4 Post Implementation Review
  - o Strategic Risk Review
  - o Local Infrastructure Contributions
  - o Governance Framework

All of these audits help to build a strong and sustainable Inner West Council. It is also important to note that Council has a consolidated insurance policy portfolio including public liability, professional indemnity, motor vehicles etc.

**New or expanded service delivery since amalgamation**

Council continues to pursue excellence in its delivery of services to the community. All key service areas have undergone service reviews to optimise efficiencies in the delivery of services to the community and present value for ratepayers. Since amalgamation the following services have either been introduced (new) or been expanded across the LGA:

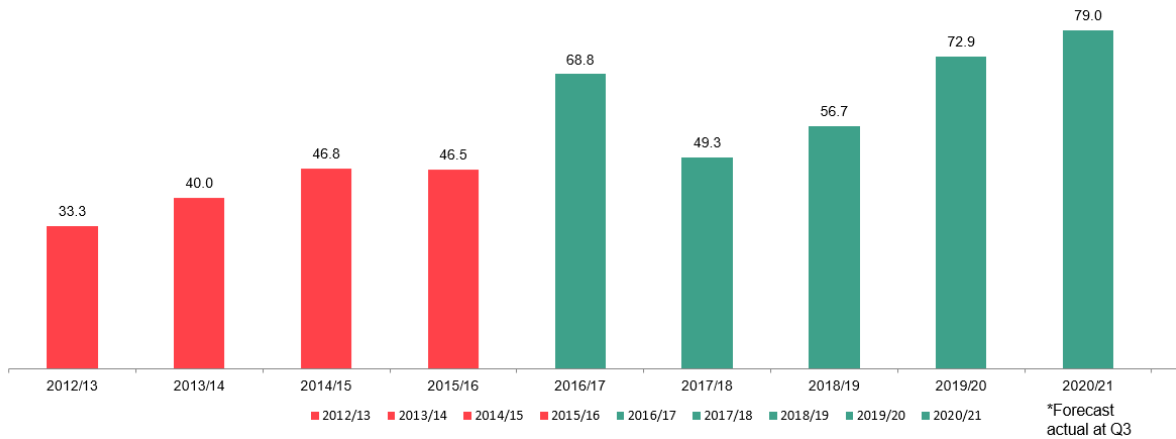
Services either new or expanded; or with improved service levels	Marrickville	Ashfield	Leichhardt
Online customer request system with tracking capability, including parking permits, certificates and customer requests	X	X	X
Online booking systems for community venues and parks	X	X	X
Expanded verge mowing service		X	
Mainstreet cleaning (new to Ashfield with improved service levels to Marrickville)	X	X	
New Marrickville Library & Pavilion (expanded service)	X		
Introduction of night shift for Resource Recovery	X		
New Ashfield Aquatic Centre with gym, creche and expanded Learn to Swim classes		X	
Steam weed management near sensitive areas (eg. playgrounds)	X	X	
Free mattress collection			X
Food organics collection service	X	X (soon)	

Comprehensive audits of Council's Trees		X	X
Development application processing times in former Marrickville LGA were 111 days in November 2016 and Inner West's processing times were 77 days in January 2021	X		
Architectural Excellence Panel providing expert design advice on development applications		X	X
Expansion of Local Planning Panel enabling expert and independent decisions on development applications	X	X	
On-line development application lodgement tracking system	X	X	X
Free development applications for solar installations	X	X	
Building Certification services		X	
Development compliance service levels halved from 42 days to 21 days	X		
Expanded wellness programs and services in aquatics and the gyms to serve a broader spectrum of the community	X	X	X
Duty Building Certification Advice Service	X	X	
Pre- Complying Development Certificate Advice Service	X	X	
Pro-active Companion Animal patrols in parks		X	X
Provision of Companion Animal Education Services including microchipping and free pet tags		X	X
Pro-active auditing of awnings over public land	X	X	
Environmental Auditing of petrol storage and other identified industries (mechanics, spray painters, panel beaters etc)	X	X	
Audit and response to external combustible cladding across the LGA	X	X	X
Opening of two new Long Day Centres	X		X
Opening of new Emanuel Tsardoulis Community Library Dulwich Hill	X		
Significant Refurbishment of Haberfield Library		X	
Installation of new technologies across library network including a floating collection	X	X	X
Expansion of Perfect Match program into Ashfield		X	
Establishment of 'Edge' arts program	X	X	X
Expansion of wellbeing and community grants and creation of multicultural grants	X	X	X
Expansion of free programs for seniors	X	X	X
Improved access / installation of lifts at Marrickville, Petersham and St Peters Town Halls	X		

### Capital works delivery

Since 2016, the value of capital works delivered by Inner West Council has been consistently and significantly greater than that able to be delivered by the legacy Councils:

### Capital Works Program Actual Delivery



This has included the delivery of projects such as the Ashfield Aquatic Centre, Marrickville Library, Haberfield Library and Dawn Fraser Pool which were the largest new community assets ever delivered in the Inner West.

As part of Council’s Covid-19 Stimulus package Council has also allocated additional funds to the renewal of infrastructure to accelerate the replacement of the infrastructure backlog.

### Strategy and planning

Over the last three years, Council has been planning for the Inner West community’s needs to 2036. Underpinning our commitment to delivering on the community’s aspirations in the Community Strategic Plan (CSP) – *Our Inner West 2036* - is a series of strategies and plans developed with extensive community input:

- Local Strategic Planning Statement
  - Housing Strategy adopted 28 May 2019
  - Going Places Integrated Transport Strategy adopted 3 March 2020
  - Employment and Retail Lands Strategy adopted 8 September 2020
- Inner West’s first consolidated LEP adopted by Council in June 2020
- Inner West Council Land and Property Strategy adopted 13 August 2019
- Inner West Council Public Toilet Strategy adopted 13 October 2020
- Companion Animal Action Plan adopted 3 March 2020
- Climate and Renewables Strategy adopted 10 December 2019
- Zero Waste Strategy adopted 13 April 2021
- Inclusion Action Plan (People with Disability) adopted 23 May 2017
- Draft Gender Equity Strategy – on public exhibition
- Draft Recreation Needs Strategy
- Draft Healthy Ageing Strategy
- Draft Cultural Strategy
- Draft Public Domain Strategy

### Leadership & innovation

Inner West Council continues to provide community leadership and has been acknowledged in a number of sectors as best-practice. Recent awards include:

Sport & recreation

2020 Sport NSW Council of the Year

Environment

2018 Keep Australia Beautiful Award – Overall Sustainable Cities Award

2020 Cities Power Partnership Climate Awards Winner: Community Engagement Award

2021 Parramatta River Catchment Group (PRCG) Stormwater National Awards for Excellence

NSW Sustainable Cities Awards – Overall winner, Recycled Organics Award (winner) and Waste Less Recycle More Award (highly commended) in Strategic or Master Planning.

NSW Sustainable Cities Awards - Recycled Organics Award - Composters of the Inner West (highly commended)

2019 NSW Local Government Excellence Awards as part of the SSROC buying group undertaking the energy efficiency and renewable energy project “Program for Energy and Environmental Risk Solutions”

Achieved the highest level in the 2020 Local Government Procurement Sustainable Choice program i.e. “Advanced Sustainable Procurement Level”

Finalists in the 2021 NSW Local Government Excellence Awards as part of the SSROC buying group undertaking the recycled road project “Paving the Way” (awards announced in June 2021)

Community

2021 Australian Library Design Awards – Marrickville Library (winner Public Libraries and Members’ Choice awards)

2019 Local Government Excellence Awards - Community Partnerships and Collaboration Excellence award -Council’s homelessness outreach program.

Heritage

2019 & 2020 NSW National Trust Awards for the following works and programs:

- Fenwick Building
- Leichhardt Town Hall restoration
- Inner West Built Environment Awards
- Marrickville Library & Pavilion

Planning & Architecture

2020 Australian Institute of Architects (RAIA) NSW Chapter - Architecture Awards - Marrickville Library (winner NSW Premier’s Prize, Milo Dunphy Award for Sustainable Architecture, People’s Choice Award for Life, Award for Public Architecture and NSW Landscape Architecture Award for Civic Landscape)

2020 Australian Timber Design Awards – Marrickville Library (Overall winner and Excellence in Timber Applications Public Buildings awards)

2020 Australian Interior Design Awards - Marrickville Library (shortlisted Public Design Award Sustainability and Best Adaptive Reuse awards)

2020 ALIA NSW Landscape Awards - Marrickville Library (winner Landscape Architecture Award for Civic Landscape)

2019 Australian Institute of Landscape Architects National Awards – GreenWay - Award of Excellence for Urban Design

2018 Planning Institute of Australia - GreenWay ‘Hard Won Victory’ Commendation Award.

**ATTACHMENTS**

Nil.