



Special Rate Variation

Community Information August/September/October 2021

Additional information to Background Paper – Assessment of Options

In response to requests for further explanation of what asset rationalisation, service transfer and potential service level reductions **may** be considered by Council to meet the required savings target outlined in the Assessment of Special Rate Variation Options. The following information is provided **by way of example and is neither exhaustive nor confirmed for action.**

It must be noted that any decision to reduce service levels, transfer services or rationalise assets to meet the determined savings targets will be made by Council and supported by appropriate detailed analysis including engagement with the community.

EXAMPLES OF OPTIONS FOR COMMUNITY CONSULTATION

ASSET RATIONALISATION

The process of asset rationalisation is to sell, dispose, or repurpose buildings, structures or land that could be suitable for alternative management, are underutilised or no longer needed. Savings are then made as a result of an initial sell amount if applicable and the ongoing reduction in maintenance, running costs and depreciation charges.

Rationalisation of Council assets will be supported by the development of the following key strategies, in consultation with the community, to ensure Council's assets reflect community needs now and into the future. Strategies will be based on detailed research, evidence and consultation to inform good decision making.

- Public Amenities Strategy (included in Operational Plan 21-22)
- Open Plan Strategy (unfunded)
- Community Buildings Strategy (unfunded)

Council spends approximately 4.5% of each building's value on depreciation and maintenance each year.

As part of the current review and to provide examples for community consultation, Council has identified \$9.7M of building assets that could be considered for selling, suitable for alternative management or repurposing to achieve a possible annual saving of \$437,000.

| POTENTIAL ASSET RATIONALISATION - EXAMPLES | |
|--|---|
| Asset | Options |
| 9 McEwan Court (Investment) | sell |
| Batlow Memorial Park Amenities | informed by public amenities strategy |
| Khancoban Store | sell |
| Khancoban Shopping Centre | sell |
| Roths Corner Medical Centre | sell/lease |
| Tumbarumba Council Chambers | alternative ownership and use – informed by Community Buildings strategy |
| Tumbarumba Retirement Village | alternative operational model and/or ownership – informed by Aged Care Review |
| Tumbarumba Rotary Park | informed by open plan strategy |



| POTENTIAL ASSET RATIONALISATION - EXAMPLES | |
|---|--|
| Tumbarumba Showground/Stadium | informed by open plan and community buildings strategies |
| Tumut Museum | alternative operational model and/or ownership – informed by community building strategy |
| Tumut Neighbourhood Centre | alternative operational model and/or ownership |
| Tumut Railway Precinct | return lease to asset owner – occupants to have a direct arrangement with owner or share alternative facility with another community group |
| Tumut Boys Club | alternative ownership and/or demolition |
| Tumut Community Centre Complex | alternative operational model and/or ownership |
| Tumut Community Centre Complex - Radio Office | alternative operational model and/or ownership |
| Tumut Saleyards | sell/lease |
| Old Tumut Bridge (walk bridge) | demolition |

POTENTIAL SERVICE REDUCTIONS

A service reduction occurs when Council ceases to provide a service or transitions the service to someone else to provide, such as a community group or private operator.

Council currently spends \$2.5M of its general rate income delivering services that are outside Council's legislative obligation, which – with community approval - could be transferred or closed.

As an example, transferring or ceasing 20% of these services would a possible annual saving of \$500,000.

| POTENTIAL SERVICE REDUCTIONS - EXAMPLES | | |
|---|--|--|
| Activity | Description | Options |
| Community grants | Grants to community groups | stop doing |
| Council donations | Donations to community groups | stop doing |
| Community transport | Transport offerings for vulnerable and elderly residents | facilitate another provider take over |
| Aged & Disabled Support | Home care | facilitate another provider take over |
| Aged Housing | Providing low-cost housing options for elderly residents | stop doing and/or hand to another provider |
| Children Services | Early childhood education, childcare, holiday care | commercialise/privatise |
| Tumbarumba Caravan Park | Accommodation provision | Lease – informed by Caravan Park Strategy |
| Community Development | Events, Museums, Youth | Alternative delivery model (e.g. community led) or reduction in level of service |
| Economic Affairs | Business Support/Economic Development | Alternative delivery model (e.g. community led) or reduction in level of service |



| POTENTIAL SERVICE REDUCTIONS - EXAMPLES | | |
|---|---|--|
| Activity | Description | Options |
| Tourism & Area Development | Visitor economy support and promotion incl. VIC | Alternative delivery model or reduction in level of service |
| Rural Transaction Centre | Centrelink Agency/RTC | stop doing and hand back to State |
| Road Safety | Education and promotion | stop doing or reduce level of service |
| Saleyards | Stock saleyards | lease |
| Swimming Pools | Public swimming pools | lease to private operators |
| Aerodrome | Tumbarumba Airstrip | Lease arrangement |
| Aerodrome | Tumbarumba Airstrip | Close and redirect to alternative site or return site to Crown |

POTENTIAL CHANGES TO SERVICE LEVELS

A service level describes the frequency, quality and quantity of each service provided to community by Council. An example of changing current service levels to achieve savings is to reduce opening hours of Council facilities. It costs approximately \$100 per hour to keep these services open and accessible to the community. Council's customer centres, community services, libraries and visitor information centre are open a combined 380 hours per week.

Other service level changes include:

| POTENTIAL CHANGES TO SERVICE LEVELS - EXAMPLES | |
|--|--|
| Functional Area | Possible Service Level Change |
| Efficiency Savings | Improved productivity and efficiency gains from Council operations - \$600,000 (6 positions) |
| Libraries, Customer Service Centres, MSO, Pools, Childcare, Visitor Centre, Events, Community Facilities | Reduction to operating hours and review of serviced locations |
| Roads | Maintenance programs based on asset condition only |
| Pools | Re-introduce entry fee |
| Pools | Reduce supervised hours and/or season, and review serviced locations |
| Rates and Charges | Reduction to half-yearly water billing and meter readings |
| Parks and Cemeteries | Reduce maintenance - mowing, cleaning, general maintenance |
| Corporate support/Organisation structure | Reduce service levels and staffing to prior merger |
| Community Services | Reduce service levels and staffing to prior merger |
| Program Management | Remove project development budget |



Snowy Valleys Council

Financial Sustainability – Options Summary

Council has identified three possible options, with option A requiring productivity savings within Council operations and options B and C requiring, in addition to productivity savings, increasing amounts of service savings and/or additional revenue to reduce the amount of any SRV.

| | Option A | Option B | Option C |
|--|--|--|--|
| | No service changes, with a productivity saving of \$600,000. | \$600,000 productivity savings + operational savings of \$700,000 over three years | \$600,000 productivity savings + operational savings of \$1.7 million over three years |
| Special rate variation | 30% Spread over two years (32.25% compounded). | 25% Spread over two years (26.66% compounded). | 15% Spread over two years (15.56% compounded). |
| Productivity Savings (internal operational savings) | \$600,000 | \$600,000 | \$600,000 |
| Asset rationalisation | - | Rationalising \$4.8 million of underutilised asset to reduce costs by \$220,000 | Rationalising \$7.3 million of underutilised asset to reduce costs by \$330,000 |
| Change service levels | - | Six hours per week of service reductions to reduce costs by approximately \$30,000 | 12 hours per week of service reductions to reduce costs by approximately \$60,000 |
| Reduced services | - | Transfer/cease services to reduce net costs by \$400,000 | Transfer/cease services to reduce net costs by approximately \$1.2 million |
| Increased fees and charges | - | 8% additional increase in fees and charges to generate a further \$50,000 in revenue | 18% additional increase in fees and charges to generate a further \$110,000 in revenue |