



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