

Profile of Wollongong City Council

Background

Location

Wollongong is Australia's ninth largest city. Located 80 kilometres south of Sydney, Wollongong covers 714 square kilometres and occupies a narrow coastal strip bordered by the Royal National Park to the north, Lake Illawarra to the south, the Pacific Ocean to the east and the Illawarra escarpment to the west.

The primary city of the Illawarra region, Wollongong enjoys a magnificent natural environment ranging from rainforests to spectacular sea cliffs and pristine beaches.

Economy

The area was traditionally dependent upon coal mining and steel production. However, since the beginning of the 1980s the region's economic base has become increasingly diversified with tourism now the third largest industry. Other emerging key industries include: hospitality; information technology; health services; and telecommunications. The current Port Kembla expansion development will contribute even further to the city's economic base.

Education has also played a vital role in the city's development. The University of Wollongong was established in 1961 and has recently established an Innovation Campus in partnership with Baulderstone Hornibrook on a 33 hectare site at North Wollongong to promote research and development. The establishment of the University's new Graduate School of Medicine will add to the educational opportunities available.

Population

Wollongong's resident population of 192,000 makes it the biggest council outside the Sydney metropolitan area. Wollongong experienced rapid population growth between the 1940s and early 1970s. A great deal of the City's infrastructure was also developed during this time. Population growth has since slowed and, at the 2001 Census, the population of Wollongong City Council was 181,612 residents, representing an increase of only 2.6% since the 1996 Census, well below the 5.5% for the State.

The Actual and Projected Populations for the Wollongong City Council area are: 2001 (189,780); 2006 (194,260); 2011 (199,780); 2016 (208,170); 2021 (216,630); 2026 (224,510); and 2031 (231,520).

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For the next decade (2006/07 - 2016/17) the average annual rate of population growth for the Wollongong City Council area will be approximately 0.7%. For the next 21 years (2006/07 - 2026/27) the average annual population growth will be 0.73%.

Wollongong City Council's population is ageing in line with national trends. At the 2001 Census, the median age of residents was 36 years. The State median was 35 years. Further, 20.1% of the population was under 14 years of age, in line with the NSW average of 20.7%. However, Wollongong did have slightly more senior residents than the NSW average with 14.2% of its population being 65 and over. The NSW average was 13.1%

Also at the time of the 2001 Census 71.6% of residents surveyed stated that they were Australian born. Of those born overseas: 6.6% were born in the UK; 2.1% in Macedonia; and 2% in Italy. 1.5% of the population identified themselves to be of indigenous origin.

Wollongong experiences higher than average rates of unemployment. ABS statistics released on 15 February 2007 showed unemployment at 7.8% in the Wollongong LGA well above the NSW average of 5.2%.

Wollongong residents also earn below the average income level. At the 2001 Census Wollongong's median weekly individual income was \$321, below the NSW median of \$386.

Council Structure

Wollongong City Council was incorporated in 1947 and the Council Chambers opened in 1956. The Wollongong Local Government Area is divided into six wards with two councillors elected to represent each ward. In addition, the Lord Mayor is popularly elected by Wollongong voters. Hence there are 13 councillors in total.

There are 21 senior Managers. The Executive Management Team is made up of the General Manager and four Group Managers who oversee policy, strategic direction and overall management of the organisation. Sixteen senior managers are each responsible for operational management and day-to-day activities. Council has 1,191 other equivalent full time staff.

Department of Local Government Review

In May 2006 the NSW Department of Local Government (DLG) undertook a review of Wollongong City Council under its Local Government Reform Program. The review process was developed by DLG after extensive research into council performance measurements in Australia and overseas.

The DLG review team was impressed by the sophistication of many of the systems and processes Wollongong Council has established and is currently developing. The following examples of better practice were singled out for mention:

- Council's new strategic plan and the interlinked planning and reporting framework that underpins it, which is designed to achieve its corporate goals;

- Recognition of the importance of an organisational capacity to deliver greater integration between Council’s statutory planning and reporting obligations;
- Formalised meeting framework underpinning Council’s new organisational structure designed to facilitate greater communication and coordination between functional areas and promote a cohesive strategic ownership of issues and activities affecting the whole organization;
- Rigorous and comprehensive risk management and internal audit programs;
- Streamlined development assessment processes that have delivered shorter Development Application turnaround times;
- High quality environmental management and sustainability initiatives;
- Financial management initiatives such as the *Business Improvement Program* and the *Funding Allocation Process*;
- Development of an asset management program reflecting better practice;
- Development of innovative public consultation and community engagement processes;
- Proactive approach to attracting business investment in the region.

Community Satisfaction

Council last surveyed its Community in 2005 using IRIS Research Limited. This was the fifth major survey undertaken since Council began monitoring community opinion in 1997.

Impressively, Wollongong City Council does not only survey 500 of its own residents but also 500 of residents of two other Councils in DLG Group 5, Newcastle City Council and Lake Macquarie City Council, to not only allow for direct comparison but to also develop benchmark standards. Within the final report Wollongong results are assessed against this composite benchmark group named the Urban Regional Very Large (or URVL Group).

Wollongong City Council residents rated the following Council services in terms of their importance and their general satisfaction with them:

1. HIGHER IMPORTANCE LOWER SATISFACTION	2. HIGHER IMPORTANCE HIGHER SATISFACTION
<ul style="list-style-type: none"> • Community involvement in council decision making • Encouragement of industry and business • Management of residential development • How Council employees deal with the public • The standard of service to ratepayers • Councils overall performance • Environmental monitoring and protection • Council responsiveness to community needs • Regulation of traffic flow • Long term planning and vision for the city • Road maintenance 	<ul style="list-style-type: none"> • Greening and tree preservation • Parks and recreation areas • Maintenance of beaches and beach facilities • Garbage collection and disposal

3. LOWER IMPORTANCE LOWER SATISFACTION	4. LOWER IMPORTANCE HIGHER SATISFACTION
<ul style="list-style-type: none"> • Heritage conservation • CBD Management • Youth facilities and services • Aged facilities and services • Environment management through Council Environment Fund (NEW) • Informing residents about council activities (↓) 	<ul style="list-style-type: none"> • Art Gallery • Arts entertainment and culture • Council community halls • Council swimming pools • The promotion of tourism • Sporting facilities • Library services

Major Challenges

Council lists itself as having the following challenges and priorities:

Strengths:

- Financial capacity, cash flows;
- New planning instruments;
- Management capability.

Weaknesses

- Future funding for capital works;
- Asset renewal.

Council lists itself as having the following major external opportunities and threats:

Opportunities:

- Private sector partnerships;
- Employment creation;
- Tourism industry growth.

Threats:

- Market cyclical activities;
- Political.

Priorities

- Financial sustainability;
- City Centre Revitalisation;
- West Dapto greenfields development.

Revenues

The following table breaks down Wollongong's operating and capital revenues and shows the average growth rates between 2001 and 2006:

Total Operating & Capital Revenue by Source		
	2005/06	Ave Annual Growth
	\$'000	2000/01 - 2005/06
Rates & Annual Charges		
Ordinary Rates	84,750	4.8%
Special Rates	736	3.8%
Annual Charges	14,604	5.2%
	100,090	4.7%
User Charges & Fees		
User Charges	4,410	7.6%
Fees	14,586	1.2%
	18,996	2.4%
Grants & Contributions - Operating		
FAG	12,926	5.0%
Pensioner Subsidies	1,753	-3.5%
Specific Purpose	3,638	-7.8%
Contributions & Donations	2,291	5.0%
	20,608	1.1%
Other Revenues	5,224	24.5%
Interest Received	5,375	10.5%
Profit on Sales of Assets	0	N/A
Profit from Joint Venture & Associates		
Total Operating Revenue	150,293	4.3%
Grants & Contributions - Capital		
Grants	3,936	22.8%
Developer Contributions	2,461	9.8%
Other Contributions	1,045	-3.9%
	7,442	6.9%
Total Revenue	157,735	4.2%

Wollongong City Council charged the following average rates by residential, commercial, farming and business land in 2006:

- Farmland – 216 farms paid an average rate of \$1,519.31;
- Residential – 70,643 households paid an average rate of \$860.41;
- Mining – 22 mines paid an average rate of \$31,343.05;
- Commercial – 3,724 businesses paid an average rate of \$7,863.67.

According to Department of Local Government Comparative Data Wollongong City Council rates were comparatively high in 2004/05.

In 2004/05 Wollongong City Council's average residential rate assessment was \$754.30 up 4.5% from 2003/04 putting it way above the Department of Local Government (DLG) Group 5 average which \$659.41 with an average increase of 2.8% from 2003/04. This was also well above the NSW council mean of \$642.

In 2004/05 Wollongong City Council's average business rates were \$6,875.29 with an increase of 4.3% from 2003/04. Once again this was substantially over the DLG Group 5 average of \$4,196.80 with an actual average decrease from the previous year of -11.2%. The NSW council mean for business rates in 2004/05 was \$3,535.

In 2004/05 the increased revenue Wollongong City Council received in rates and annual charges was comparatively high at 9.46%. In 2003/04 the increase was only 1.3% and in 2002/03 it was only 3.7%. This put Wollongong well over the DLG Group 5 average increase for 2004/05 of 4.9% and the NSW council mean of 4.8%.

Wollongong City Council's user charges and fees were also comparatively higher according to the Department of Local Government's Comparative Data. Council received an extra 7.7% in user charges and fees in 2004/05. The DLG Group 5 average for that year was 6.8% and the NSW council mean was 3.5%.

In recent years, Council has introduced the following major operational measures:

- Internal efficiency dividend Program [costs];
- Deployment of commercial strategic business plans [costs, revenues];
- Creation of a property based Future Fund [revenues];
- Fees and Charges [revenues];
- Traffic Infringement [revenues];
- Five Year Rate Variation Program [revenues];
- Stormwater Levy [revenues].

Council sees the following possible future operational revenue raising options:

- Further rate variation;
- Commercial business performance improvement.

Operations

The following outlines Wollongong Council's total operating expenditure by major functions; average annual operating expenditure growth for 2006 and average annual services growth:

By Function	2005/2006	Ave Annual Growth
	\$'000	2000/01-2005/06 %
Administration	78.9	N/A
Public Order & Safety	6.2	5.2
Health	0.6	-11.3
Community Services & Education	3.9	0.6
Housing & Community Amenities	33.2	9.8
Water Supplies	N/A	N/A
Sewerage Services	N/A	N/A
Recreation & Culture	26.6	-0.75
Mining, Manufacturing, Construction	N/A	N/A
Transport & Communications	11.0	-0.6
Economic Affairs	2.5	6.9
Total Expenditure - Functions	162,823	3.7
<i>Less:</i>		
Borrowing Costs	2,824	268.2
Depreciation & Amortization	33,045	2.2
Maintenance	19,996	21.8
Total Expenditure - Services	106,958	1.69

Council has introduced the following major operational measures:

- Introduction of the Business Improvement Program;
- Establishment [staffing] Management;
- Funding Allocation Processes;
- Review of Investment Policy and Strategy;
- Implementation of Skills and Performance Management System.

Strategic business plans have been developed and endorsed by Executive for key commercial business areas, correlated to an organisational Financial Strategic Plan.

Infrastructure

The following table show's Council's total infrastructure expenditure by categories and their growth rates since 2000/01:

Infrastructure Expenditure By Year		
	2005/06	Ave Annual Growth 2000/01-2005/06
By Function		
	\$'000	%
Purchase of Infrastructure assets	17,072	2.3
<i>Plus:</i>		
Maintenance	19,996	21.8
Total Infrastructure Expenditure	37,068	9.6%

Wollongong City council's major asset groups are:

- **Roads and Bridges** (including footpaths, kerbs and gutters, cycleways, guardrails etc) \$1,381m;
- **Buildings and Car parks** \$567m;
- **Stormwater and Drainage** \$403m;
- **Recreational Facilities** (e.g. parks and sports grounds) \$123m.

The total replacement value of Council's infrastructure is estimated at **\$2,473m**.

There have been no major changes to Council's infrastructure between 2001 and 2006.

Future operating expenditure savings measures include the possibility of retiring some building assets, either through sale, redevelopment and demolition, as well as the sale of land assets.

Performance

Council reports against a number of key indicators of the effectiveness of Council service delivery in their Annual Report each year. The Department of Local Government Comparative Data is also used.

Operational efficiency is measured through the Department of Local Government Comparative Data, the Metrics Program and Council's Financial Strategic Plan.

Independent performance and audit review has been conducted by Mercer CED and Council's Standard and Poor's rating.

Council manages its finances, business performance and investment performance since 2006 against a Financial Strategic Plan which has key goals to achieve fiscal balance within 5 years [10 years post capital income], and overall to manage City assets on a sustainable basis.

This Financial Strategic Plan is oversighted biannually by Executive Management and annually by Council. In addition Standard & Poor's conduct annual credit rating reviews and provide further insight into current and forecast fiscal settings. Council currently maintains a AA+ credit rating and has targeted a AAA rating within 2 years.

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