

**Standing Committee on State Development  
Inquiry Into the Ability of Local Governments  
to Fund Infrastructure and Services**

The Hon Emily Suvaal, MLC

Standing Committee on State Development  
NSW Parliament House  
6 Macquarie Street  
Sydney, NSW 2000

Dear Committee Chair,

Subject: Submission of Responses to Post-Hearing Inquiries

City of Parramatta appreciates the committee's diligence and the opportunity to contribute to the discussion on the ability of local governments to fund infrastructure and services.

We are writing to submit the attached responses to the inquiries posed by the committee following the hearing held on 3 June 2024.

If you require any additional information or further clarification, please do not hesitate to contact me directly. We are committed to providing any further assistance the Committee may need.

Yours sincerely,

Gail Connolly PSM  
**Chief Executive Officer**

**Standing Committee on State Development  
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to Fund Infrastructure and Services**

- a. Noting your evidence that grants substantially cover many major projects, are your rates sufficient for maintenance and depreciation of Council owned assets and infrastructure?

Council's Response:

Based on the current replacement cost of assets and the industry best practice, Council estimates that a total of approximately \$964 million would be required over the next 10 years for the maintenance and depreciation of Council owned assets and infrastructure.

However, current rate income and other general revenues are only able to fund approximately \$673 million of the above \$964 million, thus leaving the Council with a funding gap of approximately \$291 million.

- b. How much would rates need to be increased by to cover your depreciation and maintenance backlog?

Council's Response:

Council will need to raise annual rates by approximately 6% every year for the next 10 years to cover the above-mentioned depreciation and maintenance backlog.

- c. How much, in total, did Parramatta receive from the State Government in grants in 2021-22 and 2022-23?

Council's Response:

Council received a total of \$74.4 million in 2021-22 and \$67.8 million in 2022-23.

- d. What expenditure review processes are undertaken by your Council to ensure that the money taken in rates are being adequately spent?

Council's Response:

Council undertakes the following expenditure review processes to ensure that ratepayer funds are spent effectively:

- **Annual Budget Review:** Evaluating and approving budget allocations based on community needs, strategic priorities and available funds.
- **Quarterly Forecast Reporting and Review:** Financial reports on income and expenditure against the budget are reviewed by Council on a quarterly basis.
- **Public Consultation:** Engaging with the community to gather input on strategic budget priorities and projects, such as through community ward workshops where the

public is requested to allocate expenditure against services as part of a practical exercise.

- **Internal and External Audits:** Independent reviews of financial statements and processes to ensure accuracy and compliance and good performance.
- **Procurement Policies:** Strict procurement guidelines and competitive bidding processes to ensure value for money in purchasing goods and services.

These processes help maintain transparency and accountability in how public funds are utilised.

e. [How do Councillors oversight your Council's expenditure to ensure your Council's sustainability?](#)

Council's Response:

Councillors oversee Council's expenditure and ensure sustainability through several key mechanisms as listed below:

- **Preparation of the Annual Budget:** Preparing and approving the annual budget to align with long-term strategic plans.

Council officers have implemented one of the most comprehensive Councillor budget training and briefing program in NSW, at the City of Parramatta. For example, between October 2023 and June 2024, Council officers undertook the following Councillor engagement during preparation of the draft budget:

- 10 Councillor workshops/briefing sessions (including a weekend strategy day focused on budget principles)
  - More than 32 hours of detailed discussions with a mix of activities, staff presentations, priority setting, open forum and Q&A sessions
  - The provision of early draft content (e.g. draft project lists, budgets, KPIs and draft documents as available)
  - Over 1,600 pages of reports and contents provided on the Councillor portal, including written responses to queries raised during each workshop
  - Additional opportunities provided for 1:1 meetings/discussions with staff at Councillors' request.
- **Long-Term Financial Planning:** Engaging in planning to forecast future financial needs and obligations, ensuring fiscal sustainability.
  - **Quarterly Forecast Review:** Quarterly examination of financial reports to track expenditure against budget and ensure alignment with priorities.
  - **Audit, Risk and Improvement Committees:** Participating in committees that assess financial risks and audit findings, ensuring robust financial practices.

- Finance Committee: Regular Finance Committee meetings to review financial performance and critical financial matters.
- Community Engagement: Consulting with the community to incorporate feedback into financial decisions, ensuring transparency and accountability.

These oversight mechanisms help ensure that Council's financial practices support long-term sustainability and community goals.

f. [How much do rates amount to in your budget?](#)

Council's Response:

Rates amount to approximately 50% of our annual operational revenue. In FY24/25, Council has budgeted for a total rates revenue of approximately \$179 million.

g. [How much would rates need to be increased to provide for the services your community expects?](#)

Council's Response:

To maintain the status quo (ie: no change to the frequency or quality of services) Council will require a minimum of 5% increase in rates each year.

In 2024/25 Council will be subject to approximately \$25.2 million in uncontrollable cost increases in the following areas:

- Employee costs – Award and superannuation increase of \$5.7 million
- Insurance premiums – Workers Compensation and general insurance increase of \$0.8 million
- Utilities costs – increase of \$0.3 million
- State Emergency Services (SES) - increase of \$12 million in capex
- Material and contracts – eg: increase in waste (residential garbage) services of \$5 million and companion animal fees increase of \$0.3 million
- NSW government Parking Space Levy - \$1.1 million (subject to TfNSW review)

These uncontrollable rising costs need to be considered against the environment of declining Federal and State grant income. Additionally, the practice of NSW government rate capping means that Council's rates income will only increase by \$8.2 million – leaving a gap of \$17 million. This gap needs to be funded by the community through fees and charges and other mechanisms. Many councils struggle to close this gap and as a result, continually operate in a deficit.

[Supplementary Question on Notice](#)

[Breakdown of the Parramatta Aquatic Centre and PHIVE Capital costs.](#)

Council's Response:

A breakdown of the Parramatta Aquatic Centre and PHIVE capital costs by funding source is shown below:

Parramatta Aquatic Centre

Total Capital Cost \$85.2 million funded as below:

- \$40.6m from sale of property,
- \$35.4m from NSW government grant
- \$9.2m from Parramatta CBD Development Contributions Plan 2007.

PHIVE Library

Total Capital Cost of \$135.3 million funded as below:

- \$130m from sale of property,
- \$5m from Council's general reserve and
- \$0.3m from Parramatta CBD Development Contributions Plan 2007.