

Deputation to Rural City of Murray Bridge

Annual Budget Community Consultation

22/6/2015

Firstly I would like to welcome Michael Sedgman as our new CEO to our fine city and wish him all the best in his endeavours to steer the Rural City of Murray Bridge into prosperous territory and continues the reinvigoration within this organisation that has come about due to the new incoming Mayor and Councillors. I hope that he is the consultative type, as this has not been the hallmark of this organisation for the past couple of terms. I personally would like to see more and better communication with its ratepayers. Finding ways to better encourage participation from all its ratepayers, possibly through the use of technology, is one of its greatest priorities. There has been a huge lack of participation to most of the Community Consultation undertakings in recent years, thereby giving this organisation a very narrow community viewpoint to the issues being discussed and hence, decisions made that did not seemingly have widespread support and were roundly criticized after the decisions were announced. I have previously offered up suggestions on some ways this problem may be overcome and am willing to provide them again.

Anyway, on with the matter of the Annual Business Plan.

The Document

I have previously criticised the Draft Annual Business Plan document for being difficult for the average ratepayer to read and to easily understand its contents and I'm not sure as to whether it is that I have now read several over the course of the last 4 years that this document was a little easier to navigate. Or it may simply be, that this year I emailed Anthony Brown for seek clarification on some information in the document to assist me prior to this deputation. I wish to thank Anthony Brown and Jenine Daniels, who were able to provide me with these clarifications swiftly and comprehensively, despite a very limited timeframe.

As mentioned, I have previously criticised the Business Plan document for its difficulty in digesting its contents easily and a previous response I have received on this matter has been that the document was constructed in such a way as to comply with the LGA guidelines. My argument is that the front cover states that it is for "Public Consultation", hence the focus must be on its accessibility to the public and it should be constructed in such a way as to satisfy both these guidelines and provide more easier understanding of the information within the document by those ratepayers not well versed in financial documents. For example, can there be a "Refer to Page X" inclusion in the summary, so that the Summary paragraphs are cross referencing the more comprehensive and important detail? Ensuring also that the amounts in the Summary paragraphs match the corresponding detail. Given that the information is scattered across many pages and varies in values, this I believe would help.

I perhaps would also like to see last year's costings inserted next to this year's costings in the pages headed Service Statement, Key Projects and Capital Projects. There are other improvements I would like to see and I am willing to speak with Anthony at a later date to discuss this, if he is willing.

Asset Sustainability

The Asset Sustainability Ratio has been forecast to improve to 98% from 54% only one year ago. This increase is referred to as commendable on Page 20 and I would not disagree. It is certainly heading in the right direction. However, I note that the reason for such a turnaround is because of further borrowings. Borrowings are projected to rise from \$6.8m to \$9.0m to ensure planned capital works are undertaken, mostly to improve or replace ageing assets. I agree that action to improve or replace ageing assets is necessary, but I wonder if there is not a better way to finance this action as the interest on borrowings increases the total cost of asset sustainability. Is it not possible to get the Council finances into positive territory to fund this, possibly creating something like a Futures Fund and leave any borrowings for new asset acquisition? Sometimes I feel we have developed “tunnel vision” to the idea that the only way to get things done is by borrowing, probably because it is easier, but fail to see other ways of achieving goals.

On Page 20, under the heading “Our commitment to financial sustainability”, it states that Council intends to fully fund the cost of its services, including depreciation of its assets, stating further in the same paragraph and I quote “insufficient funding shifts the cost burden of today’s services to future users in the form of higher rates, reduced services or degraded assets”. I believe borrowing also shifts the cost burden to future users. What happened to the old fashioned way of planning and saving for those things not needed immediately and borrowing for those things that have to be acquired or done more immediately? It would be an interesting statistic to see exactly how much has been spent paying the interest on borrowings, say over the last ten years, as this year 1.1m has been allocated for debt repayments. I understand that an average of \$1.1m has been allocated for debt repayments for several years now.

Borrowings

So to borrow or not to borrow, that is a good question. As a business owner, I understand the need to borrow to maintain and also improve infrastructure, efficiencies and the business model. I believe this council has adopted a more sober approach on both the amount it is borrowing and why it is borrowing. For instance, I am happy for Council to borrow money to complete the Stormwater Harvest and Reuse Scheme, as this is vital to further drought proof the town as much as possible.

I am also happy that the significant expenditure on the Bridge and Sixth Street upgrade has been put on hold and hopefully a new discussion will spring up as to how to reinvigorate this precinct without the need for a massive spend. I believe that the right mix of tenants in the various premises of these streets would be a better approach and maybe the Council could offer reduced rates and other assistance to the right type of business to help facilitate this reinvigoration. A discussion amongst Councillors would be the first step in determining the “right business”. Retail seems to have moved away from these streets and so what should they be replaced with? Perhaps tourism ventures or professional offices. Bridge Street has long been the central commercial hub of this town and it is a shame to see so many empty shops, which does have an unconscious negative effect on this town’s residents.

Mayor Brenton Lewis in his address on Page 10 states that economic development will be a high priority, specifically tourism and education development. Luring successful niche tourism operators and giving assistance to local start-up businesses, together with an influx of students from afar could provide that vibrant mix needed for future prosperity. Maybe even a Wohler’s Furniture(of Tanunda) type store could be enticed here, giving breath to satellite shops. Vibrancy comes from the people and also our ability to

position ourselves for better outcomes, not necessarily infrastructure improvements or just throwing money at a problem.

I commend this Council for budgeting for a small operating surplus over the next year. This is the first surplus the Rural City of Murray Bridge has seen since, I believe, 2009. On the back of only a small increase in rates, this demonstrates much better governance than the weary ratepayers have seen in a long while. I would like to see a concerted effort to ensure this Council keeps a firm grasp on the matter of employment expenses and to avoid substantial increases seen in recent budgets. As its greatest financial liability, it has the ability to impact more heavily on the Councils finances and fortunes. I note that these costs have stabilised for 2015/16 and are one of the reasons why we are seeing a small surplus. We have previously seen increases of \$900,000 in one year, which is unacceptable.

Similarly, ratepayers would not like to see the size of rates increases of recent years again, viewed as necessary by the last administration to bring debt and operating expenses under control.

In summary, this has been my fourth deputation in four years and has been a pleasant change to the last three I have delivered, as I can see a much improved financial accountability. I commend the Mayor and Councillors for their scrutiny and diligence in assisting in the delivery of a much improved Budget.