



Bridge to Opportunity

The Rural City of
**MURRAY
BRIDGE**

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In response please quote Julie Campbell JC

29 July 2013

Dear Mr Burgess

RE: 2013-14 ANNUAL BUSINESS PLAN AND BUDGET SUBMISSION RESPONSE

Thank you for your written submission in regards to the 2013-14 Annual Business Plan and Budget. In considering your submission, I would like to respond to the points of concern you raised:

1. Council needs to rein in its expenditure and deliver several balanced budgets over the next few years

As per the Annual Business Plan on page 25, The Council has committed to a cost recovery program to reduce operating expenditure. The target for 2013-14 is to reduce expenditure by approximately \$1.2 million. In 2012 the Council also endorsed a Financial Sustainability Policy CP-012 with a target to strive for a balanced operating budget by 2015-16.

2. The wages bill has increased over the last three years considerably. In 2010/11 the wages bill was \$11,397,000.00, then \$12,339,000.00 in 2011/12...and then in 2012/13 it was \$12,963,941.00.

The current estimate for 2012-13 is \$12,482,000 and the final budget for 2013-14 is \$12,265,000. This means that the increase over the past three years is 7.6% and taking into account CPI and wage increases, Council considers this increase is reasonable.

3. I would also like to see closer scrutiny with the purchasing of goods and services from contractors and suppliers.

As per the cost recovery program mentioned in response to point 1 and the Procurement Roadmap that Council is currently developing, there is a very strong focus for stronger controls over purchasing and ensuring that Council delivers value for money for services and projects undertaken.

4. The cost of \$7.5 million to train and develop Councils human resources seems to be an enormous burden

The figure of \$7.5 million was a typographical error and has been corrected for the final Annual Business Plan and Budget.

5. A serious review of all operating expenditure with all information available to the ratepayers.

The Council endorsed the Budget Amendment and Reporting Policy CP-009 in 2012 that ensures that the budget is reviewed formally and any amendments endorsed by Council at least three times a year.

In addition, Council has recently started a Business Improvement Program as per page 23 of the Annual Business Plan that includes a critical review of services provided to the Community.

6. Capital works are important, but only to the extent that it is sustainable and does not put undue pressure on Councils finances.

The requirements for debt funding for Capital Works for 2013-14 has been reviewed and has been reduced from \$5 million to \$3 million which is considered to be an appropriate level of borrowings in the context of Council's current financial position.

7. Ferries McDonald Road.....I was under the impression that the grants pertaining to this project have long ago been provided to Council and money to cover the remaining cost had been set aside in previous years.

Funding for the Ferries McDonald Road project has been received over a long period of time but there is Federal funding in the 2013-14 year for this project from the Roads to Recovery (R2R) Program of approximately \$836,700.

8. ..in particular, the lack of a Profit and Loss accompanying the Balance Sheet.

The Statement of Comprehensive Income is the Local Government version of a Profit and Loss Statement.

Thank you for your proactive suggestions regarding improved Community Engagement. Currently Council administration is drafting a Community Engagement Strategy and will incorporate your ideas into this document.

Yours faithfully,



MICHAEL SEDGMAN
GENERAL MANAGER CORPORATE SERVICES