

In a matter of weeks 9 people will walk into this chamber charged with the responsibilities of leading this organisation for the next 4 years.

My concerns in relation to this budget document and the reason I will be voting against this budget are constrained to the modelling that has been used to frame the general fund budget. I recognise the problems faced by staff in providing council with this document as I will detail later, and the constraints under which they have had to arrive at this model.

I don't have concerns with the water and sewerage budgets. They have been refined over the years and in my belief have been managed in a businesslike manner and very professionally.

By way of background. In 2002 the income to the general fund was \$9.146m. By 2005 it had risen to \$10.396m an average increase of \$416,000 per year. In the period between 2005 and 2012 the \$10.396m was lifted to \$17.575m, an increase of over \$1m per year and by 2016 the general rates income had lifted to \$21.581m.

However, the reason for the significant rise in income relates directly to the special variations which totalled \$3.893m in 2012 and increasing to \$5.21m in 2016. In other words, the actual general fund income in 2016 was actually \$16.36m without the addition of the special variations.

By way of explanation, it quickly became evident around 2004/5 that the income into the general fund was significantly short of what was required to maintain the community's assets e.g. roads, bridges, etc in an appropriate manner and to meet community expectations.

Subsequent to 2005, council determined to address the shortfall in terms of the backlog of work to be done as identified by staff. This backlog was further highlighted by the independent review in 2006 which led council to adopt two strategies in relation to the shortfall.

The first was to identify special needs areas – be they libraries, sporting infrastructure, summer lifesaving guards etc. These special variations were to allow better use of the general fund for its core responsibilities.

A series of special variations were applied for with, in the main, community support.

The second strategy was to engage that army of volunteers that we all recognise play such an important role in all community activities within this shire. The first evidence of this was the community support for the Commonwealth Government funding which saw council and community bodies working closely together to provide outcomes arguably worth up to three times the actual seed funding. The sporting infrastructure funding was used in the same manner until around 2012-2013.

However, in 2012 these strategies were replaced at virtually the first meeting of the new council.

To my knowledge at present there is not a community based project involving council and community volunteers working anywhere in the shire with seed funding from the general fund.

The new strategy has clearly been one of spending millions from the general fund, lifting the borrowings to an all-time high in the general fund from an average borrowing between 2006 and 2012 (inclusive) of \$1.09m per year to \$5.172 m per year for the last 4 years. In other words, in the last 4 years the general fund has been asked to fund borrowings of \$20.687m, bringing the total borrowings to \$22.16m in the general fund which had a total rating income in 2016 of \$21.581m.

The issue that concerns me most is that under this model because of these borrowings there has to be a reduction and clear cut back in quality and amount of service provision.

For example, on page 4 of the operational plan and budget there is reference to the 2012 Iris Research stating that the results of the research indicate that the management of roads was a no. 1 priority for shire residents. But because of the need to fund Principal and interest components of these significant borrowings – guess what service is going to be cut most dramatically – roadworks.

Council has approved a policy of improving the road network highlighting the collector roads. These roads will not now receive any new section of bitumen and, in addition, the advice of the engineers is that the quality of our grading of the gravel road network will be reduced by 20%.

In the meantime, tens of thousands of dollars have been spent from the general fund preparing master plans and doing reviews of community assets.

All of this work has built huge community expectations that will have to be addressed by the new council. But, my concern is that the general fund capacity to borrow to fill one, let alone many, of the expectations which have been created by this consultancy work will not be able to be met as the general fund's capacity to borrow has been all but exhausted.

The cardinal rule for any level of government be it local, state or federal is not to build community expectations beyond that which can be fulfilled.

In addition to this shock, for the new councillors, this council also approved, that council would not be applying for any new special variations for the next six years over the annual rate pegging allowances.

So what have we left in the cupboard for the new council - Is it akin to Mother Hubbard's cupboard. BARE!!!!

It is quite apparent from information provided by staff at workshops that the income to this Council is not meeting the costs of running the organisation under this budget model. If this template is adopted as the guide to the financial sustainability of this organisation into the future, the only forecast one can make as the fiscal problems exacerbate over the next six years, is that this budget model will only lead to a further reduction of services and quality of services into the future.