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2024/25 BUDGET SUBMISSION

Indigo Community Voice (ICV) have serious concerns following a review of Indigo Shire Council's draft 2024/25 budget and in consideration of Councils associated documents, the Draft 10-year financial, Draft 2021-2025 Year 4 review and Draft Revenue and Rating plan.

Executive Summary

Council's significant capital expansionary program for non-essential infrastructure over several years has resulted in financial and declining services for the community. Over many years via multiple surveys and budget submissions the community has consistently requested a focus on Roads, Drainage, Footpaths and Community facilities.

Scrutiny of Council's draft budget has identified substantive community impacts from;

- Significant reduction in maintaining existing infrastructure.
- \$11.3M Capital works 2023/24 not delivered and ability to deliver 2024/25 \$18.5M
- Environmental Management Contribution continues, bypassing rate cap.
- Fair rating system – Current outdated, unfair and unequitable system

Council's ability to maintain community infrastructure is being called into question with current and long-term funding dropping, on average, to 66% of that required. \$2.75 million of failing assets will not be renewed in 2023/24 adding further to the decline. Infrastructure services decline is also reflected in the annual downward trend that has occurred since 2018.

Council's ability to deliver the 2024/25 budget of \$18.5 million needs to be questioned. With \$11.3 million capital works projects carried over and not completed last financial year.

Council's charge scheme, called the Environmental Management Contribution (EMC) is questionable following Local Government Victoria announcing that such charge schemes bypassed the rate cap.

A fairer rating system for rate payers is available methodology as noted by the Indigo Community Rating Reference Group submission. A primary obligation under the Act is to: "endeavour to achieve the best outcomes for the local community" and "ensure the equitable imposition of rates and charges."

Capital Works

In 2022/23 Council's building and infrastructure was \$21.3 million however a significant carry over of approaching 50% of \$11.3M Capital works will not be delivered. It is estimated that over 50 projects are due to be carried over for potential completion in 2024/25.

It is highly unlikely that Council will be able to deliver the capital works program of \$18.5 million in 2024/25. The recent federal funding of \$9.4 million over the next five years will also add additional pressure on council to deliver the works program.

Council's focus on non-essential infrastructure via federal and state grants public funding has created a future debt legacy for local rate payers. Maintenance and repair costs will be required to be funded by rate payers and budget over runs, which has occurred on several cycle projects. Funding for pump tracks and cycling infrastructure has been prioritized over core assets which the community has identified as essential needs.

The major reoccurring theme is that Council cannot complete Projects on time and on Budget. Record high staff turnover in 2022/23 of 26.39% over double the turnover experienced in 2016/17 of 13.04% calls into question Council management and their ability to deliver projects.

Several examples attest to:

1. Beechworth to Yackandandah Rail Trail:

Original completion date 2019, then 31/12/2021 as advised to Better Building Regionals Fund, now maybe sometime this year.

2. Chiltern Hub Project:

In the 21/22 budget the project cost was \$2,050,000 which included the relocation of the SES shed. The capital works monitor as at March 2024 states the total expenditure to date being \$4,316,916

3. Rutherglen Skate Park Extension

In 21/22 Budget project cost was \$120,000, Council Contribution \$40,000
In 22/23 Budget project cost now \$274,913, Council contribution \$93,740

4. Traton Street, Wahgunyah Footpath

In 22/23 Budget project cost was \$130,000, Fully Grant Funded
In 23/24 Budget project cost now \$170,00, Council Contribution \$40,000

Declining Service Levels

A significant reduction in renewal of core community assets has been slated by Council for the next 10 years.

The recent additional funding of \$9.4 million for Roads over the next 5 years will partially offset some of the declining infrastructure. However, Council is obligated to typically provide its own adequate level of funding and cannot rely solely on Federal grant funding.

Key Findings:

- Substantial underfunding for renewing vital community assets.
- Community service levels is expected to remain low for the next 10 years.
- Current and past expansionary programme has set the stage for future rate rises.

Community dissatisfaction with service levels over the past five years has been an ongoing concern and the situation is expected to deteriorate even further.

The Renewal gap indicator measures how well Councils are replacing worn-out assets. The ratio should be above 1.0 (or 100%), so replacement funds exceed the cost of renewing the declining.

Critical infrastructure like roads, footpaths and flood mitigation works will be underfunded by Council as identified by the Renewal gap, which over the long term is at only 66% of that required.

In 2024/25 Council will only fund \$5.06M, only 64% of its building and infrastructure depreciation of \$7.97M.

Areas of Community Concern

Indigo Shire Council's 2024-25 draft budget has identified significant discontent among the community, according to a comprehensive review by Indigo Community Voice (ICV).

The council's annual budget has historically faced criticism, and this year is no different, with concerns over transparency and allocation of funds taking centre stage. Unfortunately, yet again, this budget doesn't deliver for the community.

Community Discontent Grows - For the past 3 years, Indigo Shire Council has conducted pre-budget surveys to gauge resident's priorities. Despite initial enthusiasm, participation has drastically decreased, from over 300 respondents in the past 2 years to just 87 this year. This decline in engagement is mirrored in the Victorian Community Satisfaction Survey results, which have hit an all-time low of 50% in overall satisfaction.

Budget Highlights and Lowlights - While the Council highlights significant Capital Works of \$18.5m it is noted that a large portion ie \$11.3m is carried over from the previous year. Plus take out large projects like the Rutherglen Wine, Walk, Ride Cycle trail - \$3,465,000 (grant funds), the actual spending drops significantly.

Winners and Losers - Local community - Sporting facilities have emerged as a winner in this budget. Many things are included such as Pump Tracks, flood lights, change rooms, tennis courts etc. Long overdue improvements to club rooms and halls would be welcomed by Indigo communities who have received funding. Another winner are Contractors who now appear in many of the Council budget sectors.

More funds for over budget cycle trails – Beechworth to Yackandandah Rail Trail – section 7 - Kibell Lane \$100,000. This trail has now cost over \$6.9 million in combination of grants and Council funds. It is attracting high maintenance cost, as is the Indigo Epic Mountain Bike trail – users do not pay a fee to use it. Ratepayers pay the maintenance.

Throughout the budget it is difficult to understand how much is going to cycleways /pathways/shared pathways. At the end of the day, it mounts up figures include \$283,000, \$125,000, \$296,000, \$259,000 and \$100,000.

ICV notes with concern that areas like Ageing Well/Inclusion/Access, which cater to seniors, individuals with disabilities plus marginalised groups, receive only a small increase, from \$107,107 to \$125,894.

ABS census data from 2021 shows that Indigo has 8,152 residents aged over 50 years, this represents 47% of its population with this sector ever increasing. It is well above the state average of 35%.

Council is part of the WHO Global Network for Age Friendly Cities and Communities with a plan to become Age Friendly.

Council endorsed the Ageing Well Strategy in 2019, why hasn't more funding been secured to support this strategy? Being part of the WHO network requires that services to the seniors is meant to increase annually.

Unfortunately, the Tangambalanga-Kiewa Men's Shed doesn't get a mention for funding – they are going to be moved from the Kiewa River shed to Coulston Park. Their new home will be in 2 shipping containers with a cover over the top, no on-site power and toilets are a long walk away, over 100 metres. Not a nice way to treat these senior men, some of whom have health and access issues. Not a good way to spend winter, they are well and truly left out in the cold in this budget.

The budget allocates \$114,000 for public access improvements to the Kiewa River land site, where the current Men's Shed is. However, there is a steep drop to the river and the need for a high safety fence (6ft high) renders the site impractical for its intended use. This area is subject to flooding.

Meanwhile, \$300,000 is earmarked for a new shelter at the Beechworth Mountain Bike Park – funds are a mix of Council plus a grant and local support. Why hasn't the Council chased funding for the Men's Shed?

Budget for Toilet Renewals, Shire wide for the year is \$20,000 plus \$220,000 for public toilets which is totally inadequate given the poor condition of many toilet blocks across the Shire.

Operational Costs Under Scrutiny

ICV highlights several budgetary allocations that warrant further examination.

Communications – Engagement Communications team costs \$361,000. Too much money is being spent on spin doctoring media releases and weekly updates that need to be questioned as far as their content goes.

Governance - \$363,333 (previous year \$185,9123). Why the big jump in budget – because there are so many governance breeches?

Information Technology - \$1,683,593. A hefty budget, with notable inefficiencies. Especially when they can't issue a new full rate notice when they make an error with the original notice.

Community development - \$387,175 to \$533,250. Why bother when the community and its wishes are not acted upon.

Tourism Development - \$758,410 Too much funding goes to Contractor Tourism Northeast (TNE) at the expense of marketing local businesses and working directly with operators. No consultation with the tourism industry, no local tourism operators on the Board, no accountability to anyone, no submissions are available for public scrutiny.

Visitor Experience & Museums - \$1,327,167

Pathways, Future Plans - \$267,653 includes such things as 'sweep, spray and maintain rail trails. Footpaths and Cycle

Roads and Bridge Maintenance - \$2,418,242 to \$2,517,872 – hardly a big increase given it is the most requested item in the pre-budget survey.

Waste Management \$3,965,697 - \$3,876,665 hardly a reduction for ratepayers – re Mayor's media comments.

Environmental Management Charge

Council since 2009 has collected over \$7.5 million in charges which sits outside the rate cap. In 2024/25 this charge will rise to \$88.15 and a total funding for 2024/25 of \$778,276

Council wishes to maintain the charge until 2025/26 which has the Local Government Victoria identified has been used by many Councils to bypass the rate cap.

FINAL Recommendations

Serious consideration of Council's direction needs to be examined after multiple surveys and community concerns have been ignored. Councillors are not working in the best interest of the community after 3 years of prebudget surveys being ignored.

It is patently obvious that being representative of the communities it is meant to serve, listen to and act on behalf of, is clearly not being achieved by Councillors and management.

A lack of investment in projects valued by the community and not investing in the local community at the behest of tourists needs to change.

An external independent financial and service review is long overdue and with particular emphasis on management.

The overall strategic direction of Council and its activities needs to be questioned. At the end of the day, are rate payers getting value for their rates.

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