

72 Doc Rocks Road  
BATESFORD 3213  
28<sup>th</sup> May 2017

Mr Rod Nicholls  
CEO GPS  
Bannockburn

Dear Rod,

**Subject: The Draft Budget 2017-2018**

I would like to make the following observations concerning the subject draft budget. I also seek leave to speak to Council on these observations at the special meeting on the 13<sup>th</sup> July inst.

**Council Borrowings:**

I am extremely concerned with the level of borrowings detailed in the Draft Budget for 2017-2018.

It would seem that borrowings are scheduled to increase from the current level of \$7.5M to \$14.8M in 2019-2020 despite repayments of over \$3.0M in that intervening period.

This means that the overall INCREASE in debt will be close to \$10.3M.

\$14.8M represents 65% of the Rates and charges revenue scheduled for 2019-2020. Page 8 of the draft budget suggests that the prudent limit and best practice is 60% and that the Council target is 30%

At the moment we have 10846 rateable properties. Let us assume an increase of 200 per year. That means by 2019 there would be 11246 rateable properties.

This means that the borrowings will be \$13160 per property. However, there will also be interest to pay on these loans.

The budget assumes long term borrowing will be at 4% interest.

I would suggest the borrowings as detailed would be repaid over a period of 25 years or even 30 years. A review of interest rates over the past 25 to 30 years period averages as over 7%.

I calculate that even if interest rates only increase to average 6% the overall cost of these borrowings will be in excess of \$20.0M or close to \$18,000 per assessment.

Most ratepayers cannot afford this impost.

**Why are the borrowings required:**

There is nothing in the budget to explain what these forward borrowings are for. Certainly there is no suggestion that it is to buy land so that Batesford can have the 5 acres it requires to facilitate a public space for a sports oval or community centre or a men's shed. Or even to re-establish forgotten and overgrown footpaths in the area.

I can only suppose that these huge borrowings comprise the second tranche for the proposed service centre expansion. And I suggest that is precisely what it is intended for.

Does that mean the Council staff want to build a new service centre at a cost in excess of \$10.0M?

If so, how have they arrived at this figure? Have they already decided what they are proposing to build without public consultation?

Any new project that I have ever been involved in as a Chartered Engineer of some 55 years standing commences with a list of needs and wants. Has Council seen such a list?

Before Council spends any of our rates money, and that includes the \$500,000 in this year's budget, we want to see a list of the basic needs required to meet those perceived as being necessary to house all Council staff under one roof.

I urge Council not to release any funds from the first tranche of \$500,000 until these basic needs are reviewed, underwritten by the ratepayers and approved by Council.

I also urge Council to make it a condition that any design of an extension to the existing service centre is based on the identified needs and is sent out to tender so that competitive assessments can be determined.

Thank you for the opportunity to comment on the subject draft budget

Yours Sincerely

signed

David Head  
Ratepayer