



Mt Barker & District Residents' Association Inc.

PO Box 19 Mount Barker, South Australia 5251

For the Community

19 May 2020

CEO
Mt Barker District Council
Dutton Road Mt Barker 5251

Re: Submission to the Mt Barker Council's Long-Term Financial Plan 2020 to 2030

The Mount Barker and District Residents' Association (MBDRA) welcomes the opportunity to comment on the *Long-Term Financial Plan 2020/21 to 2029/30* distributed by Mount Barker District Council for public consultation.

The MBDRA notes in the Mayor's opening remarks that "*As the long-term impacts of the virus to our community, business and Council are indefinite, we can't afford to not revise the draft Long-Term Financial Plan following public consultation.*" The MBDRA believes that the impact of COVID-19 will be one of the key issues that rate payers will focus on in the short term.

While the plan does forecast an overall surplus, it is difficult to determine exactly what the impact is on rate payers as there is no published table of forecast increases of the indexes. Nor is there an explanation as to how the forecast increases were obtained. Both would help clarify how the plan was compiled.

The plan notes that it does not set rates but the MBDRA does believe that it sets expectations.

Specific questions on how the increases have been applied:

1. **Wastewater Annual Service Charges** have been increased by 5% per year plus growth for the first few years of the plan. *Exactly how many years has the growth factor been applied?*
2. **Council Operations User Charges (excluding Wastewater and Recycled Water)** have been indexed in line with forecast CPI in the first year and LGPI increases over the remaining 9 years. *Why hasn't the LGPI been used for the whole period as it is a more realistic estimate of price increases of these operations?*
3. **Refuse Charges** have been indexed by LGPI plus growth in the first financial year, with increases for the remaining period of the plan matching the general rate assumptions. *Again, why isn't the LGPI used for the whole period?*

The plan relies on growth and two key indexes to manage increased revenue required to maintain viability. While the growth estimate is provided by the id. "The population experts", there is no

explanation on how the forecast for the two indexes were obtained/calculated.

An explanation would clarify the increases over the life of the plan. Additionally, it would be helpful to list the forecast CPI and LGPI increases for each year, rather than readers having to calculate it themselves. Transparency would also be increased if an explanation of how the growth factor has been applied was included.

An explanation would clarify how, in the table *Statement of Comprehensive Income* (EXCLUDING WASTEWATER & RECYCLED WATER) on page 10, the calculation of the "Rates" increase from 2020/21 to 2021/20 resulted in an increase of 4.7%. This is slightly higher than applying the CPI of 1.9% and Growth of 2.5%.

COVID-19 will affect the CPI and possibly growth which might have a significant impact on the revenue projections in the short term. While there are surpluses forecast to handle risk and pay down debt MBDC might need to carry the debt for a longer period or revise the renewal of assets and new capital works.

The MBDRAs appreciate the opportunity to comment on the Council's *Long-Term Financial Plan 2020/21 to 2029/30* and would like to acknowledge and thank MBDC for this opportunity.

Yours sincerely

DE van Eck

Dianne van Eck
Chairperson
Mt Barker & District Residents' Association (MBDRAs)