

**Submission
No 10**

INQUIRY INTO ABILITY OF LOCAL GOVERNMENTS TO FUND INFRASTRUCTURE AND SERVICES

Organisation: Leeton Shire Residents and Ratepayers Association Inc.

Date Received: 18 April 2024

Our submission falls into category (g) of the terms of reference; any other related matters.

It is the position of the Association that the lack of corporate governance of Leeton Shire Council's business practices mean that it is unable to fund infrastructure and services. This has resulted, in large part we believe, in the current 5.8 million dollar deficit in Council's budget. We will give examples of poor corporate governance to substantiate our position.

The business plan for the Roxy re-development was based upon optimistic and hopeful projections of revenue (see Council notes). Consequently, the redevelopment of the Roxy theatre was in excess of any revenue it would be able to generate, meaning it ought not to have been initiated and will be a cost to future generations. The actual project has required a lot of remedial work due to initial work practices. For example, the concrete floor had to be ripped up twice; first because three phase power cables had not been installed and secondly, sewage pipes had the wrong types of pipe and inadequate fall to allow the flow of waste. Further, the roof was re-sheeted in two sheets, with the roof batons not being aligned; consequently the curving in the roof will allow dust and water build-up. Simply, if such a roof were put on your house, you would not pay until the roof were repaired. It still hasn't been repaired.

Regarding sound and lighting for the Roxy, the council paid in advance a contractor \$300,000 to install this hardware. Very soon after, the company declared bankruptcy, resulting in another loss. Discussion with Council on this matter indicated that Council could have defined contract conditions to avoid such losses, specifically that Council could have bought the goods itself and paid to have it installed.

On the pool redevelopment, the council purchased a new pool slide without specifying the standards to which the slide was to be constructed. Consequently, the slide was not fit for purpose, needing to be discarded. The construction of the new slide has now resulted in the pool having a million dollar slide. Further, extending the pool to 10 lanes resulted in concrete work being leaky. Unfortunately, Council did not keep adequate written records of communications between all parties, which resulted in more financial loss for the rate payers.

A final and current (but not the last) example is the Chelmsford Place redevelopment. Concrete was put down as a substrate for tiles. However the concrete was not level and had already cracked. It had to be removed and redone.

On the SRV matter, the Leeton shire is not a rich shire. The proposed 60% permanent SRV of November 2022 was resoundingly rejected by the public. The average income of the shire is approximately \$50,000 and such a massive increase in rates would be an unacceptable and an unethical impost upon a regional community. Unsurprisingly, special rate variations are seen by Shire residents as a compensatory mechanism to recoup the money that Council has wantonly disposed of with no public accountability or willingness to be accountable.

On the whole, nothing about project and financial management has been learned by the Council that would give the Shire's rate payers faith in the ability of Leeton Shire Council to fund infrastructure and services. That is, the corporate governance of the Shire's practices has resulted in substantial financial losses to the rate payers of Leeton. To wit, a few weeks ago, Council declared that it was \$5.8 million in deficit in the general fund. Council and Councillors has decided to draw upon our reserves to fund this deficit, not forgetting that it has already taken loans from the sewer fund to pay for other infrastructure projects. Thus, Council is placing an intergenerational debt upon the future residents of Leeton. Nonetheless, the \$5.8 million deficit was blamed upon staff turnover and resourcing limitations that allowed accounting errors to slip through the gaps. To what extent have the numerous organisational restructurings caused high staff turnover and poor corporate memory necessitating the increasing contracting of consultants to do staff jobs?

To finish: Point (a), Council does not need more money. It needs to spend it wisely.

Point (c), services are sustainable if money is spent wisely.

Point (f), the social and economic impact of an SRV would be enormous.

We believe that Leeton Shire Council needs to have an administrator appointed.

Kind regards,

President, for and on behalf of Leeton Shire Resident and Rate Payers Association Incorporated.