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## **2023/24 Holdfast Bay Council Business Plan**

### **SUBMISSION by HOLDFAST BAY RESIDENTS' ALLIANCE**

#### **Introduction**

This Submission is made to the City of Holdfast Bay (*the Council*) by the Holdfast Bay Residents Alliance Inc. (*HBRA*) as part of the public consultation.

The comprehensive written reply to our last year's submission from Council was greatly appreciated by the committee and members.

The expectation of the homeowners is that council will enhance their investments through prudent delivery of services and management of the Council's assets and liabilities.

HBRA welcomes the opportunity to provide input into the draft Business Plan. This submission seeks to not only provide feedback but to also seek clarification on a number of aspects and details within the Plan.

HBRA acknowledges many positives in the Business Plan and the good work of the dedicated Elected Members, the Council management and employees.

#### **Increase in Rates**

As predicted by HBRA in last year's submission there was a substantial increase to many ratepayers due to the revaluation of properties by the Valuer General. A number of these valuation increases were in double digit percentiles some as high as 40%.

Council information to the public in the 22/23 budget year stated an increase of 3.4% which was misleading. Most residents and businesses paid well above this figure. It should be clearly stated when dealing with the public that the figure did not take into account significant increases to the property values by the Valuer General's Dept. which had a major impact on actual rates paid.

Noting that the amount of revenue raised for the 2022/23 financial year was \$39,113,390, which is \$765,390 over the original budget.

The 23/24 budget states that general rates will be raised by 6.9% however the increase in revenue from General Rates is actually 7.64%. We believe that this is the main

revenue stream that effects rate payers. Why is this not highlighted as the rate increase considering this effects the majority of rate payers?

We provide the following table as an example of the increases that have occurred since 2020 on one individual residence and one investment residence.

Residence (House):

<b>Year</b>	<b>Amount Rate</b>	<b>Increase</b>	<b>Actual % Increase</b>	<b>Council budget</b>
2020	\$5425			
2021	\$5528	\$103	1.9%	2.4%
2022	\$5744	\$216	4%	2.4%
2023	\$6172	\$428	6.9%	3.4%
2024 Estimate at 7.6%	\$6641	\$472	7.64%	6.9%

The increase over 4 years is \$1216 or 22.4%.

Investment Residence (Unit):

<b>Year</b>	<b>Amount Rate</b>	<b>Increase</b>	<b>Actual % Increase</b>	<b>Council budget</b>
2020	\$1201			
2021	\$1225	\$24	2.0%	2.4%
2022	\$1289	\$64	5.2%	2.4%
2023	\$1545	\$256	20%	3.4%
2024 Estimate at 7.64%	\$1663	\$118	7.64%	6.9%

The increase over 4 years is \$462 or 38%.

No capping/ceiling was allowed by council to Investment properties – accordingly along with Land Tax and Interest rate rises, councils increase has had a significant impact on those renting in our community.

We understand that Council has a financial difficulties process available to Rate Payers and we have shared this information with our members.

Last year the Council provided a capping to rate payers whose rates exceeded 6%. On the basis that the Valuer General will revalue properties again this year, will a rate capping still be available? Notification of a capping should be included separately with the rate notice in lieu of the minimalistic advice provided last year.

Figures provided by Council (Marnie Lock 23/5/2023) state that residential rate payers will be paying 7.4% and commercial rate payers will be paying 6.9%. Why is there a difference?

When quoting the cost to residents why does Council quote the cost quarterly in lieu of annually especially as the billing period is for a 12-month period?

## **Council Debt**

HBRA acknowledges that there have been some good capital projects completed within the Council area.

Listed below are the historical debt levels from previous and current budgets.

<b>Year</b>	<b>Debt Level</b>
2017 - 18	\$17.7M
2018 - 19	\$18.1M
2019 - 20	\$24.4M
2020 - 21	\$27.8M
2021 - 22	\$30.3M
2022 - 23	\$28.8M
2023 - 24	\$29.5M

The debt has increased as has the Interest Cover Ratio.

In an environment that has seen interest rates rise substantially including an increase in this year's budgeted Councils Finance Charges, HBRA questions the need for some of the capital and general expenditure which will be addressed in this submission.

## **Major project**

### Former Buffalo Site Amenity Improvements - \$2.2 million

HBRA and a number of residents provided feedback as part of the public consultation process. The feedback was along the lines that the proposals provided were excessive and unwarranted and the proposed road angle parking impractical.

HBRA agrees that the site needs to be improved but questions what appears to be an overall excessive cost. Are the improvements that were initially being proposed being implemented and is the proposed design warranted at an excessive cost to ratepayers? If there has been a change to the original concept has this been through the public consultation process?

In previous Council projects (Kauri Parade) there were substantial cost blow outs due to soil and foundation problems. Has this been investigated and are these costs included in the \$2.2 million?

#### Glenelg Oval Upgrade - \$1.84 million

Over a long period of time the Glenelg Oval has been the recipient of Council funds for various improvements. In order to clarify the cost to ratepayers can you please advise the cost of Council's funds over the last 5 years to improvements for all amenities at the Glenelg Oval complex?

Has this costing been affected by any soil contamination issues?

#### Mural Esplanade Farrell St - \$33,000

Initial feedback from some residents who live close by is that this is not needed and is a waste of money. Did the concept come from consultation with local residents and is there a need to spend monies on improving a site that has magnificent natural sea views? Whilst we are not experts the question has been raised how long will the mural last when exposed to harsh natural elements. Has ongoing maintenance including vandalism been taken into account?

### **Kauri Parade Sports Centre**

Operating expenses have increased by 24.3% to \$137,100`. Why is there a substantial increase in the expenditure? Under Commercial and Club Leases Operating revenue of \$31,000 has dropped to nil and expenses have dropped from \$60,000 to \$12,000. Has there been a restructure of revenue and costs for the complex?

### **City Activity**

It appears that these activities represent some 4.2% of total Council expenditure.

As advised in previous submissions HBRA is not opposed to the expenditure on City Activities however does question the effectiveness of some items of expenditure. Acknowledging that the city's economy is to some extent reliant on visitors.

An example of what we deem to be excessive costs would be the expenditure on the 2022 New Year's Eve event. It is our understanding that last year the total cost was some \$304,500 for which the Jetty Road Traders paid \$10,000 and the State Government contributed \$25,000. This left a liability to the rate payers of \$259,500, a \$10,000 additional cost over budget. This is a heavy bill for the rate payers to meet on an event that encompasses a wider audience than the CHB ratepayers.

Whilst we note that there has been a reduction in this year's budget for New Year's Eve, the liability on the basis that the budget is not exceeded is still \$185,000. Why are the ratepayers expected to meet such an exorbitant cost on an ongoing basis and why is the event not supported by commercially interested parties in particular a major sponsor?

Other items that we question on the basis of return to ratepayers are:

Item	2023 Budget	2024 Budget	Increase \$	Increase %
The Local	\$4,000	\$30,000	\$16,000	650%
Glenelg Film Festival	\$0	\$10,000	\$10,000	100%
Christmas Pageant	\$74,590	\$95,200	\$20,610	27.6%
Glenelg Street Party	\$40,000	\$81,000	\$41,000	84%
#Seafood Festival	\$0	\$50,000	\$50,000	100%
Winter Activity - Jetty Road	\$40,000	\$65,000	\$15,000	62.5%
Summer Activity	\$30,000	\$50,000	\$20,000	66.67%
Events Administration	\$333,912	\$413,800	\$79,888	23.92%

# Noting that the Brighton Street Parties only increased by \$1,500?

Last year the Council provided the background to the Winter Activation and the Glenelg Street Party. Why has the cost of these and a number of the events substantially increased and what substantial benefit do they provide the ratepayers?

We also note that the Council advised last year that the Jetty Road events were partially funded by the Jetty Road Mainstreet Separate Rate. The proposed budget raises some \$660,245 in rates from the group. Bearing in mind the number of services and events provided to Jetty Road this seems disproportionate.

Are events assessed singularly for their effectiveness and value for money and if the events are judged not viable, when is support withdrawn?

## Elected Members

The costs in the 2022 budget were \$386,000, this was increased by \$250,000 for the 2023 budget to cover the election costs. This year the budget is \$510,300 an effective increase in 2 years of \$124,300 or 32%. Why has this substantial cost occurred and what are the breakdown of these costs?

As previously advised HBRA is of the opinion that the Council is clearly overrepresented with a disproportionate number of elected members which incurs an unneeded and additional cost to the ratepayers.

## **Glenelg Football Club**

The financial accounts provided do not detail the current debt owed to the Council. Last year Council advised that the debt was \$1.46m and that a review of the repayment was to be undertaken during 2023. What is the current debt and what was the cost of interest forgone due to the effects of COVID ?

## **Holdfast Bay Community Centre**

It is interesting to note the costs of Kauri Parade Sports and Community Centre and the lack of support by council of the Holdfast Bay Community Centre. However, there are many people who would benefit from social and other activities at the centre, resulting in improved health and wellbeing thus reducing the cost and pressure on our health system.

On this basis is council planning to increase support to the Holdfast Bay Community Centre?

## **Employee Costs**

In previous years HBRA expressed an opinion that Council staffing appears to be top heavy and suggested that a proactive review of a structure be completed.

Last year's reply to HBRA from Council included the statement "It is considered that this approach is not reactive, rather enables an agile organisation structure which can adapt to changing community needs and expectations."

The process of reviewing positions when they become vacant is reactive. We are of the firm position that the structure of the Council and its employee costs needs to have a holistic approach. Will the Council undertake a full review of its structure?

It would be more transparent to include the total number of staff employed by Council, including hierarchal structure indicating the positions of senior managers, managers, and other employees.

## **Alwyndor**

In order to provide a clearer picture of the financials can future reporting include a current ratio and an explanation of its negative position to ratepayers?

## **Summary**

We thank the Council for the opportunity to review the Annual Budget and look forward to a reply to the matters raised.

Annexure "A" raises a number of questions by item number. Could you please provide explanations of the increased or new costs.

As previously highlighted in this submission we look forward to a final budget that will have reduced costs and provide ratepayers with a viable, prudent, and frugal value for their ever-increasing annual rates.

Holdfast Bay Residents Alliance

31 May 2023

## **Annexure “A”**

### **City Clean Rapid Response**

Item 416 – Moseley Square – increase of 72%

Item 445 – Street Cleaning – increase of 86%

Item 464 – Rapid Response – increase of 100%

### **Depot Operations**

Item 459 – Events Preparation (Depot Costs) – an increase from \$6,000 to \$45,000 (plus 650%). The cost of events is seemingly becoming excessive and overall should be re-assessed as a financial burden on rate payers. Should this be included in the City events budget?

## **COMMUNITY AND BUSINESS**

City Activation – a proposed increase of \$257,000 represents a 13% increase?

Other Expenditure – a figure of \$969,000 has been noted representing an increase of 13.6%. This is a substantial amount for an item called “Other Expenditure” and clarification would be appreciated.

## **CITY ACTIVATION**

Item 313 – Local History Centre – could we be advised further on the expenditure of \$230,000 against an income of \$3,000.

Item C66 – Kaurua meeting and support?

Item C94 – Shopfront Character Grant Scheme – we request an explanation on the expenditure of \$75,000. We would state that this promotion is out of line and has no correlation with supporting residents.

Jetty Road Mainstreet/Community Events.

Item 321 – Australia Day – this item highlights a proposed income of \$10,000 against Item 321 – Australia Day expenses that has been increased by 94% to \$26,000.

Item 324 – Glenelg Film Festival – like so many proposed events, it has to be questioned why such an event of this nature is necessary at a cost of \$10,000 and what benefit to residents does it provide?

We are unable to understand the comment in the foreword page that “This Council department’s expenditure of \$2,975,000 with revenue of \$2,157,000” against the operating budget and expense figures detailed below. An overall increase in operating expenses of 17.79% and community events of 19.25% needs addressing on the basis of effectiveness and financial viability.



## City Clean Rapid Response

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Item 445 – Street Cleaning – increase of 86%

Item 464 – Rapid Response – increase of 100%

An explanation would be appreciated.

## **COMMUNITY AND BUSINESS**

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## **COMMUNICATIONS AND ENGAGEMENT**

Can we please have an explanation as to why this department has increased in its operating expenses from an original 2021/22 \$367,093 to 2023/24 \$583,390, representing a 59% increase over two years.

## **COMMUNITY SAFETY**

Item 345 – On Street Parking - \$1,382,100 – does this represent council fines?

Item 349 – Public Safety and Security - \$400,000 – please explain procedures against costs.

## **STRATEGY AND CORPORATE**

An overall increase of 43.35% seems excessive?

## **PEOPLE AND CULTURE**

An operating increase of approximately 17% seems excessive?

## **STRATEGY AND GOVERNANCE**

An operating increase of approximately 18% seems excessive?

Annexure ends.