

Races, rates and rubbery figures



Budgets might be tight at the Warrnambool City Council, but there is still room for its annual May Race Carnival marquee. Judging by this shot, however, it was not an overly crowded affair.

Analysis – Carol Altmann

[dropcap style="font-size: 60px; color: #A5CECD;"] T
[/dropcap]here are two things which always go up each May: the Warrnambool City Council rates, and the council's corporate marquee at the May Racing Carnival.

They make for a painful double.

Painful because ratepayers are again facing a 5.5% increase in their annual rate bill, following on from a 5.5% rise last year, which is more than double the inflation rate and amounts to an 11% increase in two years. (Glenelg Shire Council

recently announced a 1.95% rate rise).

This means, for example, if you were paying \$1700 in rates in 2013-14, you can expect to pay almost \$1900 this financial year.

Cities the size of Warrnambool are not cheap to run and ratepayers collectively contribute around a third of the total \$64 million operational budget, with the remainder coming from grants and user fees and charges, so every cent – and how it is spent – counts.

The council reminded us of this at its monthly council meeting (May 4) when it outlined where it had tried to make savings – by trying a different road building method, for example – and how some of the big-ticket items, like the drainage tunnel for Simpson St, were both necessary and costly.

“Times are tough”, “budgets are tight”, “things will only get harder when rates are capped”, are common mantras around the council at the moment, which is why a corporate tent at the May Racing Carnival seems like a complete waste of money and an insult to ratepayers.

Last year, [the hospitality tent had a budget](#) of around \$25,000, but actually spent \$17,000 on the 90 guests who attended out of 168 that were invited.

While \$17,000 is small in an operational budget of \$64 million, it is the perception that bites: the council’s corporate tent at the races is still considered “non negotiable” when it comes to savings.

(We asked, but have not been told, the budget or guest list for this year. Judging by the photo above, however, it may have at least been scaled back.)

It might be more palatable if the hospitality brought some tangible rewards, but based on last year’s event, the party is

largely made up of council staff, councillors and members of the various boards, bodies and legal firms that the council already works with on a regular basis. In other words, it is a junket.



The “\$10,000 car” provided to the council’s chief executive officer as part of a salary package: in reality it is a luxury Hyundai Genesis valued at around \$60,000.

[dropcap style="font-size: 60px; color: #A5CECD;"] P
[/dropcap]erception also comes into play when we look at the vehicle provided to the Chief Executive Officer as part of a \$288,000 annual salary package.

In the rubbery figure ways of corporate salary packages, this car is valued at \$10,000, but don’t expect a car that is actually *worth* \$10,000 – that is a reflection of the annual leasing cost.

In reality, the council provides its CEO with [a sleek Hyundai Genesis](#) that is worth around \$60,000 and which sucks up 11.2 litres of fuel per 100km. Surely, in these cost-cutting times, something like a Toyota Prius would be a better choice and

more environmentally friendly – if not as “corporate” – and send a message to ratepayers that everyone is doing their bit.

On the subject of rubbery figures, given the forensic nature of setting a budget and justifying where and why each dollar should be spent, it was extraordinary to learn earlier this week that some material provided to councillors has been cut and pasted from previous years.

Cr Peter Hulin made the discovery – which he shared at this month’s council meeting – after comparing what are called “service overviews” from previous budget papers to those provided in this year’s papers.



Rubbery figures provided to councillors as part of budget papers showed attendance figures at Warrnambool’s Aquazone were exactly the same for three years in a row.

Image: sportstock.com

[dropcap style="font-size: 60px; color: #A5CECD;"] T
[/dropcap]hese service overviews detail how an area has performed, and how much money it needs for the coming financial year, so, for example, Aquazone will detail how many people came through its doors, how many people enrolled in learn-to-swim classes etc.

Astonishingly, Cr Hulin found that the service overviews for at least 10 council areas – including Aquazone, Flagstaff Hill, the library, Lighthouse Theatre, art gallery and even environmental health services – had the same figures appearing year after year after year.

In the case of Aquazone, for example, precisely 213,377 people went through the gates and 19,596 people enrolled in learn to swim classes *for three years straight*.

Let's be clear: these are figures presented to councillors as part of official budget documents and, irrespective of how much weight they carry in final deliberations, they are simply false. How does this happen?

CEO **Bruce Anson** could not provide an immediate answer to the meeting, although he did say that he believed the service overview sheets were not updated "for one year".

"I will have to take the question on notice and get back to you," he said.

The answer is certain to be interesting and underscores why, when it comes to budgets, it's always worth reading the fine print.

[box]People can make written submissions on the proposed budget until Wed June 5. The budget will be formally adopted at the WCC meeting on June 22. You can [download the draft budget here](#). [/box]

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