

Council financially sound but needs to watch debt

By PETER BARRETT

ARMIDALE Dumaresq Council has been given a tick of approval on its financial standing - with a word of warning.

Auditor Bob Finch of Forsyths told council it was 'in a financially sound position', but added that 'there are warning signs that you need to be aware of when considering budgets and capital expenditure over the next few years'.

Mr Finch made the comment during the presentation of the 2006 financial statements at council's meeting on Monday.

He said council's debt service ratio of 8.7 per cent was 'outside average bands' and 'could move up if you take on significant further debt'.

Cr Bev Roobol asked if, in view of council's long term debt and debt service ratio, there was 'any crisis'.

Mr Finch: Keep in mind that you've got \$8 million in reserves, so you have the capacity, if working capital gets a bit tight, to go to reserves.

He pointed out that, while

council had recorded an operating deficit of \$3.45 million, there had been 'some abnormal expenses' such as the gasworks and shared services.

Council finally adopted the statements - but only after four councillors voted against the move.

Crs Brian Chetwynd, Herman Beyersdorf, Bev Roobol and Margaret Walford had also voted in the negative two weeks earlier when councillors were asked to approve the 'sign off' on the statements.

Cr Ken Waters asked Mr Finch what would be the ramifications of councillors not signing off.

"I'm not aware of that situation ever occurring in local government," he said, pointing out that, if councillors did not sign off, nor could he, as the auditor.

Cr Herman Beyersdorf said that, with its late adoption of the statements (due in November), council had not complied with the Act - 'and that's quite serious'.

"I know there are other pressures on council, but prudent

management would have reassessed those pressures," he said.

"It's a totally unsatisfactory state of affairs."

Cr Brian Chetwynd questioned council's debt service ratio of 8.7 per cent - 'that may end up at 9.1, which puts us in the top five per cent of councils in the State and even higher among rural councils'.

Cr Bruce Whan said the debt was 'not something that has just happened, but has been building for some time', referring to the gasworks remediation, the CBD upgrade, the landfill site, water treatment upgrade and the shared services model.

"A substantial amount of these loans were approved during the reign of our previous mayor (Cr Chetwynd), and only a small amount has been approved since Cr Ducat became mayor," he said.

Cr Jim Maher said 'the citizens of Armidale Dumaresq should hold some confidence that council is being run in an appropriate way and has returned a solid performance'.