

### 3.1 PROPOSED ANNUAL BUDGET 2018/2019 INCORPORATING THE STRATEGIC RESOURCE PLAN (SW:F18-4448)

Responsible Officer: Danny Wain, Chief Financial Officer

#### **RECOMMENDATION**

*That Council:*

1. *approves the proposed Annual Budget 2018/2019 incorporating the Strategic Resource Plan, as presented, for the purpose of giving public notice in accordance with Sections 125 and 129 of the Local Government Act 1989 (the Act);*
2. *adopts the Schedule of Fees & Charges, as detailed in the Annual Budget 2018/19, to be effective from 1 July 2018 (except as otherwise indicated);*
3. *applies differential rating using Capital Improved Value (CIV) as the basis of valuation to all rateable land to raise rates by 3.53 per cent in 2018/19 (pending approval from Essential Services Commission);*
4. *recognising that ratepayers receiving pensions should be given assistance to remain in their homes, maintains the Council funded \$50 rate rebate to assist eligible pensioners with their Council rates;*
5. *notes that in order to comply with Section 129 of the Act, public notice of the preparation of the proposed budget will be published in The Age;*
6. *notes that at the time of publication of the public notice, the information contained in the public notice and the requirements for statutory information set out in the Local Government (Planning and Reporting) Regulations 2014 will be available for public inspection between 28 April and 28 May 2018 (both dates inclusive), during normal business hours at the following locations:*
  - *Civic Centre 293 Springvale Road, Glen Waverley;*
  - *Oakleigh Service Centre, Atherton Road, Oakleigh;*
  - *Oakleigh Library, Drummond Street, Oakleigh;*
  - *Clayton Branch Library, Cooke Street, Clayton;*
  - *Mount Waverley Library, 41 Miller Crescent, Mt Waverley;*
  - *Wheeler's Hill Library, 860 Ferntree Gully Road, Wheeler's Hill;*
  - *Glen Waverley Library, Kingsway, Glen Waverley;*
  - *Wellington Community Centre, Mackie Road, Mulgrave; and*
  - *on Council's web site: [www.monash.vic.gov.au](http://www.monash.vic.gov.au).*
7. *appoints a Committee of Council, in accordance with Section 223 of the Act, comprising all Councillors to consider submissions received on the Annual Budget 2018/2019, and determines that the meeting of the Committee shall be held at the Council Chambers at the Civic Centre, 293 Springvale Road Glen Waverley, at 7.30pm on Tuesday 12 June 2018;*
8. *directs that any written submissions on any proposal contained in the proposed Annual Budget 2018/19 received by the Council by close of business, 28 May 2018, in accordance with Section 129 of the Act, be considered by the Committee;*
9. *directs that any requests for verbal submissions received in accordance with Section 223 of the Act be heard by the Committee; and*

10. *subject to the consideration of any written or verbal submissions received in accordance with Sections 125, 129 and 223 of the Act and any recommendations of the Committee appointed pursuant to Part 7 of this resolution, adopts the Annual Budget 2018/2019 and at its meeting on 26 June 2018.*

### **BACKGROUND**

A proposed 2018/19 Annual Budget (the Budget) for Monash City Council has been prepared in accordance with Section 127 of the *Local Government Act 1989* (the Act) and the Local Government (Planning and Reporting) Regulations 2014 (the Regulations). The Budget also incorporates a revised Strategic Resource Plan (SRP) prepared in accordance with section 126 of the Act.

Having considered the proposed Annual Budget 2018/19 and SRP, Council is required to formally resolve to approve these, as presented to the meeting, and give notice of their preparation by publishing a notice in the 'The Age' and on Council's website. Budget information will also be published in the Waverley Leader and Oakleigh Monash Leader newspapers as soon as practicable.

There are no material changes to the adopted Council Plan 2017-2021.

### **DISCUSSION**

#### **Annual Budget**

##### **Fair Go Rates System Compliance**

The Annual Budget 2018/19 has been prepared in accordance with the State Government's *A Fair Go Rates System* (FGRS). The proposed Budget incorporates a rate increase of 3.53 per cent for the 2018/19 year. This represents a 1.28 per cent increase (to recoup the additional costs of the recycling service) above the 2.25 per cent rate cap determined by the Minister for Local Government in December 2017 to apply to all Councils for the 2018/19 financial year. This rate is a forecast movement of 2.25 per cent in the Consumer Price Index (CPI), as determined by the Department of Treasury & Finance.

Council has applied to the Essential Services Commission (ESC) to seek a variation above the rate cap set under the FGRS for 2018/19. This application has not yet been reviewed by the ESC. The variation in the rate cap will only be used to recoup the additional costs of the recycling service and would not be used for other waste charges. If the request to the ESC for a variation in the rate cap is unsuccessful, Council will consider introducing a separate limited waste charge to meet the increased costs.

##### **Differential Rates**

In 2018/19, Council will raise its rate revenue by the application of differential rating using Capital Improved Value (CIV) as the basis of valuation. Differential rates will apply to all rateable land and include a rate in the dollar to raise rates by an average of 3.53 per cent in 2018/19.

The rating structure comprises differential rates that Council believes will contribute to a more equitable distribution of the rating burden. Differential rating allows particular classes of properties to be assessed at different levels from the general rate set for the municipality. The rate and amount of rates payable in relation to land in each category of differential are:

- A Residential Rate of 0.144295% (0.00144295 cents in the dollar of CIV) for all rateable residential properties; and
- A Non-Residential Rate of 0.189619% (0.00189619 cents in the dollar of CIV) for all non-residential rateable properties.

Underpinning the rationale for differential rates is the recognition that rates are becoming increasingly harder for people to pay and this tends to hit residents the hardest – particularly residents like pensioners who are living off low, fixed incomes. Given the shift in rate burden over the past five years away from commercial and industrial ratepayers and to the disadvantage of residential ratepayers, it is fair and reasonable that Council should use a differential to address that trend.

When declaring general rates, Council must consider how the use of differential rating contributes to the equitable and efficient carrying out of its functions compared to the use of uniform rates. Such a determination and its rationale must be disclosed in the Council's proposed budget. Section 161(2A) of the Act requires that councils must have regard to the Ministerial Guidelines on Differential Rates (the Guidelines) before declaring a differential rate for any land.

#### ***Eligible Pensioner Rebate***

In 2015/16 Council introduced a new initiative to assist eligible pensioners, with a \$50 rebate on their council rates. The key rationale for introducing a pensioner rate rebate of \$50 was because the level of rate increases in Monash (like other councils) has risen above the cost of living since the mid-1990s. Monash Council has approximately 11,746 eligible pensioner ratepayers; nearly 15 per cent of total residential ratepayers in Monash. It is proposed that the \$50 rebate for eligible pensioners will continue for the 2018/19 year.

#### ***Fees & Charges***

Following approval by Council, the schedule of fees and charges, contained within the budget document, will be implemented as from 1 July 2018 (except as otherwise indicated). Fees and charges are regularly reviewed in accordance with a range of factors including variations in costs. This will continue throughout the coming year.

#### ***Cultural and Recreational Land (CRL) Properties***

Council is required to undertake a separate process to assess the charges applicable in lieu of rates for Cultural & Recreational land use properties. Adoption of the budget will incorporate the charges in lieu of rates for those properties. Council is also considering a review of the Cultural Recreation Lands policy which, if adopted prior to the adoption of the 2018/19 Budget, may change the "charges in lieu of rates" applied as at 1 July 2018.

#### ***Capital Works Programs***

The Four Year SRP identifies the financial and resource requirements including provision for funding of capital works programs as part of Council's financial planning considerations. A major element of the SRP is the 4 year Renewal and New/Upgrade/Expansion Capital Works Programs.

The Renewal Capital Program provides annual funding for a broad range of works necessary to preserve and maintain the functionality and serviceability of Council's growing and ageing asset base. The Renewal Capital Program is reviewed and updated annually to reflect revised priorities, refurbishment need, compliance obligations, changes in external funding and updated cost estimates.

The Capital Works Program in 2018/19 totals \$43.0M, with proposed funding for renewal capital works of nearly \$30.7M. The total Capital Works funding has been increased by \$171K compared to the 2017/18 forecast budget. Council's funding contribution in 2018/19 reflects the increased cost of projects within the program in line with the financial plan forward projections.

### **CONSULTATION**

The proposed Annual Budget 2018/19 will be available for public inspection between 28 April and 28 May 2018 (both dates inclusive) at the following locations, during normal advertised business hours:

- Civic Centre 293 Springvale Road. Glen Waverley  
(between the hours of 8.15am to 5.00pm weekdays);
- Oakleigh Service Centre, Atherton Road. Oakleigh  
(between the hours of 8.45am to 5.00pm weekdays);
- Mount Waverley Library, 41 Miller Crescent. Mt Waverley;
- Wheelers Hill Library, 860 Ferntree Gully Road. Wheelers Hill;
- Oakleigh Library, Drummond Street. Oakleigh;
- Clayton Library, Cooke Street. Clayton;
- Glen Waverley Library, Kingsway. Glen Waverley;
- Wellington Community Centre, Mackie Road. Mulgrave; and
- on Council's website at [www.monash.vic.gov.au/budget](http://www.monash.vic.gov.au/budget).

Budget information will also be published in the Waverley Leader and Oakleigh Monash Leader newspapers as soon as practicable.

### **PUBLIC SUBMISSIONS**

A Committee of Council (the Committee) will consider any written or verbal submissions received on the proposals contained in the proposed Annual Budget 2018/19 on Tuesday 12 June 2018. Council must receive written submissions by close of business on 28 May 2018.

Council will adopt its Annual Budget 2018/19 at the ordinary meeting of Council on 26 June 2018, following consideration of submissions by the Committee.

Any person wanting to make a submission to the Council should advise of this requirement in their written submission, giving a name and contact number.

Written submissions marked "Budget Submission" should be addressed to:

**Dr Andi Diamond**  
**Chief Executive Officer**  
**Monash City Council**  
**PO Box 1**  
**Glen Waverley 3150,**

or be hand delivered to the Civic Centre, 293 Springvale Road, Glen Waverley 3150, or be forwarded by email to [mail@monash.vic.gov.au](mailto:mail@monash.vic.gov.au) by the closing date and time.

***CONCLUSION***

The proposed Annual Budget 2018/19 has been prepared in accordance with legislative requirements. Council should now resolve to give notice of its proposed Annual Budget 2018/19 for public consultation in accordance with the Act.