

3.1 PROPOSED ANNUAL BUDGET 2020/2021 INCORPORATING THE STRATEGIC RESOURCE PLAN (SW:F18-4448)

Responsible Officer: Danny Wain, Chief Financial Officer

RECOMMENDATION*That Council:*

1. *approves the proposed Annual Budget 2020/21 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 2020/21, to be effective from 1 July 2020 (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 2.0 per cent in 2020/21;*
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. *applies a service charge under Section 162 of the Act, Recycling & Waste Charge of \$27 per rateable property (Net income \$1,899,000); and also provide a \$27 waiver under Section 171 of the Act for eligible pensioners towards the Recycling & Waste Charge. (estimated cost \$310,000);*
6. *in recognition of the adverse impacts of COVID-19 across the whole municipality, and to promote short term economic viability, applies a 10% waiver under Section 171(1)(b) of the Act to all rateable properties on the 2020/21 declared rate as at 1 July 2020, noting that this is in recognition of the impact of COVID-19 on the Monash community and is a gesture of support from us to our community who are hurting, including businesses and vulnerable ratepayers, many who now are without jobs;*
7. *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;*
8. *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 2 July and 30 July 2020 (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;*
 - *Whealers Hill Library, 860 Ferntree Gully Road, Wheelers Hill;*
 - *Glen Waverley Library, Kingsway, Glen Waverley;*
 - *Mulgrave Library, Mackie Road, Mulgrave; and*
 - *on Council's web site: www.monash.vic.gov.au.*
9. *appoints a Committee of Council, in accordance with Section 223 of the Act, comprising all Councillors to consider submissions received on the Draft Annual Budget 2020/21, 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 11 August 2020;

- 10. directs that any written submissions on any proposal contained in the proposed Draft Annual Budget 2020/21 received by the Council by close of business, 30 July 2020, in accordance with Section 129 of the Act, be considered by the Committee;*
- 11. directs that any requests for verbal submissions received in accordance with Section 223 of the Act be heard by the Committee; and*
- 12. 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 2020/21 and at its meeting on 25 August 2020.*

BACKGROUND

A proposed 2020/21 Annual Budget (the Draft 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 Draft Budget also incorporates a revised Strategic Resource Plan (SRP) prepared in accordance with section 126 of the Act.

Having considered the proposed Draft Annual Budget 2020/21 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.

DISCUSSION

Annual Budget

Impacts of COVID-19

In line with Government restrictions due to COVID-19, Council reduced its operating costs at its aquatic and leisure centres, and closed other public facilities such as libraries, halls and golf courses. These facilities are mostly funded from fee-paying clients so our revenues have also been significantly reduced. As we navigate through recovery, there will be financial impacts on the 2020/21 budget and beyond. Due to social distancing restrictions in response to COVID-19, outside of the community grants the draft budget contains no provision for outdoor events in the City of Monash for the remainder of the 2020 calendar year.

Despite these challenges, the majority of important Council services including waste and recycling, road and drain maintenance and, community services continue. These include home care and meals-on-wheels, child immunisation, parks and garden maintenance, and customer service. Previously closed facilities are now reopening as guided by the State Government's easing of restrictions.

The Draft Budget has been prepared on the basis of disclosing the known impacts of COVID-19 and to ensure the Monash community is aware of the financial impacts of the pandemic and the challenges ahead.

Fair Go Rates System Compliance

The Draft Annual Budget 2020/21 has been prepared in accordance with the State Government's *A Fair Go Rates System* (FGRS). The proposed Draft Budget incorporates a rate increase of 2.0 per cent for the 2020/21 year. This represents the 2.0 per cent rate cap determined by the Minister for Local Government in December 2019 to apply to all Councils for the 2020/21 financial year. This rate is a forecast movement of 2.0 per cent in the Consumer Price Index (CPI), as determined by the Department of Treasury & Finance.

Recycling & Waste Charge

For 2020/21 Council will again apply a service charge under Section 162 of the Local Government Act 1989 to recover the additional costs of recycling and increases to the State's Waste Levy. Monash Council has secured its household recycling service with Visy, despite the volatility of the recycling industry in the wake of the global crisis triggered by China's ban on recycling. However, this has come at a significant cost. For 2020/21 Council will continue to charge a "Recycling & Waste Charge" which is a service charge to meet those increased costs and also cover the increase to the State's Waste levy. The current contract with Visy Recycling is in place until April 2023. It is expected that the levy and offsetting pensioner rebate will cover the costs for the remainder of the contract. Monash Council has been able to ensure recyclable kerbside collections have not ended up as landfill and will work to ensure that continues. The recycling & waste charge has been set at \$27 per rateable property with provision to provide a waiver (\$27) for every eligible pensioner ratepayer.

Recycling & Waste Charge – Pensioner Waiver

Council acknowledges that some ratepayers may experience difficulty from time to time in meeting the recycling & waste charge due to the effect of rising costs, cost of Council services and personal circumstance. Council further understands that relief measures have a cost to Council which must be borne by other ratepayers either short or long term. It is for this reason that Council provides limited assistance, rates waivers and rebates to assist persons or classes of person in accordance with *Local Government Act* Section 169 or 171.

For 2020/21 Council will again provide a waiver under Section 171 of the *Local Government Act* 1989 to all eligible pensioner ratepayers from paying the Recycling & Waste Charge which has been applied to all ratepayers to recover the additional costs of recycling & the State's Waste Levy.

Differential Rates

In 2020/21, 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 (across all rateable properties) of 2.0 per cent in 2020/21.

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 0.151350% (0.00151350 cents in the dollar of CIV) for all rateable residential properties; and

- A Non-Residential Rate of 0.174115% (0.00174115 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 11,500 eligible pensioner ratepayers; just over 14 per cent of total residential ratepayers in Monash. It is proposed that the \$50 rebate for eligible pensioners will continue for the 2020/21 year.

Covid-19 – Additional Assistance to All Ratepayers

The COVID-19 pandemic has had a significant impact on our residents, businesses and organisations. It has required us to reframe our hardship policy to provide support to our community, including deferral, on application, for rate payments and fees and charges that will help sustain residents who are living in a new reality.

In light of these challenges, and in a gesture of support for the Monash community, Council has made the unprecedented decision to introduce a 10% waiver on Council rates for the 2020/21 financial year (on the grounds of financial hardship under section 171(1)(b) of *the Local Government Act 1989*).

It's a decision that recognises the impact of COVID-19 on the whole Monash community and is a gesture of support from us to those in our community who are hurting, including business and vulnerable ratepayers, many who now are without jobs. This rate waiver applies to all 81,319 ratepayers in Monash as we know the impacts of the COVID-19 pandemic are affecting everyone in some way.

Fees & Charges

Following approval by Council, the schedule of fees and charges, contained within the budget document, will be implemented as from 1 July 2020 (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. For 2020/21 Council has decided, as part of its response to Covid-19 impacts, decided to retain the majority of 2020/21 Fees & Charges at 2019/20 levels.

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 has reviewed the Cultural Recreation Lands policy and changes have been included and will take effect from the 2020/21 Budget.

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 2020/21 totals \$46.2M (new and carry forward projects), with proposed funding for renewal capital works of nearly \$37.9M. The total Capital Works funding has been decreased by \$17.9M compared to the 2019/20 forecast budget. Council's funding contribution in 2020/21 reflects the reduction in the investment in the capital works program and is a departure from the financial plan forward projections. This is due to the impacts of COVID-19.

CONSULTATION

The proposed Annual Budget 2020/21 will be available for public inspection between 2 July and 30 July 2020 (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;
- Mulgrave Library, Mackie Road. Mulgrave; and
- on Council's website at www.monash.vic.gov.au/budget.

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 2020/21 on Tuesday 11 August 2020. Council must receive written submissions by close of business on 30 July 2020.

Council will adopt its Annual Budget 2020/21 at the ordinary meeting of Council on 25 August 2020, 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 by the closing date and time.

CONCLUSION

The proposed Annual Budget 2020/21 has been prepared in accordance with legislative requirements. Council should now resolve to give notice of its proposed Annual Budget 2020/21 for public consultation in accordance with the Act.