

Monash higher cap application trimmed

Monash City Council’s application for a rate rise above the government rate cap has been only partially approved by the Essential Services Commission.

The council had applied for a 3.53 per cent increase to raise an extra \$1.5 million each year to deal with increased recycling costs, an extra 1.28 per cent on top of the rate cap.

In making its decision, the commission said while council’s application had assumed the increased costs would be ongoing, it provided no evidence to support this assumption.

Commission chair Ron Ben-David acknowledged the sudden increase in recycling costs but noted this did not yet warrant a permanent rate increase on the scale proposed by the council.

“No-one knows what will happen to recycling costs over the long-term so the case for such a large and ongoing rate increase just isn’t there,” he said.

By spreading the impact of the immediate increase in recycling costs over 10 years, the commission has trimmed the rate increase to 2.57 per cent – or 0.32 per cent above the minister’s 2.25 per cent rate cap (netting council an additional \$367,000 per year).

In reaching its decision, the commission took into account the long-term financial impact of the higher recycling costs on council’s finances as well as its impact on ratepayers.

“Monash City Council can use its very strong financial position to ease the impact on ratepayers,” Dr Ben-David said.

The decision will add around \$4.66 per rateable property from 2018–19.

Council	Result	Year/s	Application details	Estimated impact 2018–19*
Monash	Alternative approved	1 year	2.57% (0.32% above cap) for \$367,000 additional revenue per year from 2018–19	\$4.66

*Estimated impact = the difference in estimated 2018–19 average rates between the approved higher cap and the minister’s 2.25 per cent rate cap. Individual ratepayers may experience higher or lower increases depending on the value of their property in relation to other properties. Changes in property values or changes in local municipal charges and differential rates may affect some ratepayers and not others. Special rates and charges, waste collection charges and the fire services levy are not subject to the rate cap.

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