

3.2 PROPOSED ANNUAL BUDGET 2021/2022

(YN:F18-4448)

Responsible Senior Officer: Danny Wain, Chief Financial Officer

RECOMMENDATION

That Council having prepared and given public notice of the proposed 2021/22 Annual Budget in accordance with Section 94 of the Local Government Act 2020 (the Act), and having conducted a consultative process, including having received and considered submissions, resolves:

- 1. to adopt 2021/22 Annual Budget, in accordance with Section 94 of the Local Government Act 2020 in the same form as the proposed 2021/22 Annual Budget of which Council gave public notice (with additions as outlined in this report);*
- 2. to apply differential rating using Capital Improved Value (CIV) as the basis of valuation to all rateable land to raise rates by 1.5 per cent in 2021/22 and the estimated amount it intends to raise by way of General Rate income is \$133,291,889, comprising:
 - a) an amount of \$131,898,189 which is intended to be raised by the General Rates;*
 - b) an estimated amount of \$1,122,000 of supplementary rate income growth*
 - c) an amount of \$271,700 in lieu of rates in accordance with the Cultural and Recreational Lands Act 1963;**
- 3. to recognise that ratepayers receiving pensions should be given assistance to remain in their homes, maintains the Council funded \$50 rate rebate to assist eligible pensioners ("eligible pensioners" within the meaning of the State Concessions Act 2004) with their Council rates;*
- 4. to apply a service charge under Section 162 of the Act, Recycling & Waste Charge of \$42 per rateable property; and also provide a \$42 waiver under Section 171 of the Local Government Act 1989 for eligible pensioners towards the Recycling & Waste Charge;*
- 5. in recognition of the adverse impacts of COVID-19 across the whole municipality, and to promote short term economic viability extends the COVID-19 Rates & Charges Deferral scheme to all rateable properties on the 2021/22 declared rate as at 1 July 2021, from 30 June 2021 to 30 June 2022 (with Nil interest applied to the deferred amounts). 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;*
- 6. that rates will be raised by the application of Differential Rates:
 - a) the General Residential Rate of 0.00150609 cents in the dollar applied to the Capital Improved Value (CIV) of all residential rateable land;*
 - b) the General Non-Residential Rate of 0.00174938 cents in the dollar applied to the Capital Improved Value (CIV) of all non-residential rateable land;**

7. *that the declaration of the General Residential Rate and General Non-Residential Rate will contribute to the equitable and efficient carrying out of its functions. The Rates will be applied to all rateable properties;*
8. *that the Rates will be separately levied in respect of each portion of rateable land for which Council has as separation valuation (unless Council has determined a charge in lieu of rate in accordance with the Cultural and Recreational Lands Act 1963);*
9. *that Council provides a concession of 60% of the relevant rate for qualifying properties in accordance with the Cultural and Recreational Lands Act 1963 (CRLA);*
10. *in accordance with Section 167 of the Local Government Act 1989, declares the rates and charges must be paid:*
 - a) *in a lump sum on or before 15 February 2022; or*
 - b) *by 4 instalments on or before:*
 - * 30 September 2021*
 - * 30 November 2021*
 - * 28 February 2022*
 - * 31 May 2022; or*
 - c) *by 10 instalments on or before:*
 - * 01 September 2021*
 - * 01 October 2021*
 - * 01 November 2021*
 - * 01 December 2021*
 - * 03 January 2022*
 - * 01 February 2022*
 - * 01 March 2022*
 - * 01 April 2022*
 - * 02 May 2022*
 - * 01 June 2022*
11. *will apply interest to overdue rates and charges payments in accordance with 172 of the Local Government Act 1989, noting that the rate of the interest is payable on the rates and charges which have not been paid by the dates declared, is fixed in accordance with Section 2 of the Penalty Interest Rates Act 1983;*
12. *allows for overdue non-instalment payers, an additional 21 days from the 15 February to pay any overdue rates, before the application of the interest referred to in part 11 of this resolution; and*
13. *give public notice of its decision to adopt the 2021/22 Annual Budget in accordance with the Act.*

BACKGROUND

Council, at its meeting on Tuesday 27 April 2021, approved the proposed 2021/22 Annual Budget for the purpose of giving public notice under Council's Community Engagement Framework. The proposed 2021/22 Annual Budget for Monash City Council has been prepared in accordance with Section 94 of the *Local Government Act 2020* (the Act) and the Local Government (Planning and Reporting) Regulations 2020 (the Regulations). The proposed 2021/22 Annual Budget also incorporates the major initiatives identified by the Council as priorities in the Council Plan, to be undertaken during the next financial year.

Public notice of the proposed 2021/22 Annual Budget was published in 'The Age' newspaper on Thursday 29 April 2021, as well as being advertised in Council's 'Bulletin' distributed to all Monash residences, and published on the Council's website.

A copy of the 2021/22 Draft Budget was put on display at eight locations throughout the municipality and made available for public inspection between 29 April and 28th May 2021 (both dates inclusive).

Council must declare its rates and charges in accordance with Section 158 of the *Local Government Act 1989*. Council needs to declare, amongst other things, that the rates will be raised by the application of a "uniform rate" or "differential rate", applied to the Capital Improved Value (CIV) applicable to all rateable land within its municipal district. The 2021 valuation data is subject to approval by the Valuer-General Victoria. In addition, this declaration is in accordance with Part 8A (RATE CAPS) of the Act (noting that the Minister has set the rate cap for 2021/22 at 1.5 per cent).

DISCUSSION***Fair Go Rates System Compliance***

The proposed Annual Budget 2021/22 has been prepared in accordance with the State Government's *A Fair Go Rates System* (FGRS). The proposed Annual Budget incorporates a rate increase of 1.5 per cent for the 2021/22 year. This represents the 1.5 per cent rate cap determined by the Minister for Local Government in December 2020 to apply to all Councils for the 2021/22 financial year. This rate is a forecast movement of 1.5 per cent in the Consumer Price Index (CPI), as determined by the Department of Treasury & Finance.

Recycling & Waste Charge

For 2021/22 Council will again apply a service charge under Section 162 of the *Local Government Act 1989* to recover the additional costs of recycling, e-waste contracts 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 2021/22 Council will continue to charge a "Recycling & Waste Charge" which is a service charge to meet those increased costs and also cover significant increases to the State's Waste levy. The current contract with Visy Recycling is in place until April 2023. 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 and waste levy, a service charge introduced to meet increased costs in recycling and the State Government's landfill levy, will increase from \$27 to \$42 with provision to provide a waiver (\$42) for every eligible pensioner ratepayer. This increase also reflects the need to secure e-waste contracts following the State Government's

ban on any e-waste going to landfill and a major processor no longer accepting e-waste from Councils, triggering increased costs.

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 1989* Section 169 or 171.

For 2021/22 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 Levy (\$42) which has been applied to all ratepayers to recover the additional costs of recycling & the State's Waste Levy.

Differential Rates

In 2021/22, 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 1.5 per cent in 2021/22. The final valuation certification signed by the Minister has resulted in an amendment to the rate in the dollar to ensure compliance with the rate cap requirements for 2021/22.

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 0.150609 per cent (0.00150609 cents in the dollar of CIV) for all rateable residential properties; and
- A Non-Residential Rate of 0.174938 per cent (0.00174938 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 six 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 *Local Government Act 1989* requires that councils must have regard to the Ministerial Guidelines on Differential Rates (the Guidelines) before declaring a differential rate for any land.

The foundational criteria for differential rating category of “Residential Rate” and Non-Residential Rate” is based on the Valuer General Victoria (VGV) Australian Valuation Property Classification Code (AVPCC) categorisation, submitted by the VGV annually with each revaluation return and throughout the rating year.

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 10,500 eligible pensioner ratepayers; approximately 14 per cent of total residential ratepayers in Monash. It is proposed that the \$50 rebate for eligible pensioners will continue for the 2021/22 year.

Covid-19 – Additional Assistance to All Ratepayers

As in 2020/21 the COVID-19 pandemic will continue to have 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.

For 2021/22 Monash Council will continue to help ratepayers who are experiencing difficulties due to the Coronavirus /COVID-19 pandemic as it impacts lives and businesses and will continue to provide assistance via its hardship policy to support our community. At a Special Meeting of the Council on 27 March 2020, it was resolved to provide additional assistance to any ratepayer impacted by COVID-19 and experiencing hardship and difficulty with paying rates and/or other charges. This covered any remaining balance of rates for 2019/20 and any continuing difficulty in meeting payment of rates in 2020/21. The assistance was by way of a rates payment deferral, without any penalty interest being charged (from the date of approved application) up to 30 June 2021. This scheme will be extended until 30 June 2022.

There will be no interest charged on approved rate and/or charge deferrals up until 30 June 2022. Up until 30 June 2022, Council will not require that the property which is the subject of a deferral application be the ratepayer’s principal place of residence for an application.

To qualify, ratepayers will need to make an application declaring how COVID-19 has impacted their ability to pay their rates and/or other charges. However, ratepayers who are already opted into the deferral scheme will be automatically eligible for the extension.

The deferral period and cessation of interest applies from date of approved application.

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.

Leases over Council Properties

Under the Act, Council is required to include any proposal to lease land in a financial year in the budget, where the lease is for;

- a) one year or more and
 - i. the rent for any period of the lease is \$100 000 or more a year; or

- ii. the current market rental value of the land is \$100 000 or more a year; or
- b) for 10 years or more.

Council has a number of leases due to expire in the financial year 2021/22 and intends to enter into new lease agreements. The list of tenants is included in the 2021/22 Annual Budget. Subject to mutual agreement, the new tenancy arrangements will be in place for the financial year 2021/22.

Capital Works Programs

The 2021/22 Annual Budget 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 Annual Budget 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 2021/22 totals \$61.9M (new and carry forward projects), with proposed funding for renewal capital works of nearly \$50.8M. The total Capital Works funding has been increased by \$15.5M compared to the 2020/21 forecast budget.

New Regional Tennis Facility in Monash

In December 2020 Council resolved to proceed with a new project - New Regional Tennis Facility. Design work is underway on a new \$26.7M 18-court public tennis centre in Glen Waverley, with \$21 million in funding from the State Government and a \$5.77M commitment from Council. It is planned to deliver this exciting project on an area zoned Public Park and Recreation that is adjacent to the Glen Waverley Golf Course and includes the 3.4 hectare golf driving range.

The tennis centre will add another facility to this well-known sporting precinct, which already offers netball, softball and golf. The tennis centre is anticipated to be ready for play by early 2024. Detailed costings, including spending on design will be incorporated into the final Budget document proposed to be adopted in June.

SOCIAL IMPLICATIONS

Under the *Local Government Act 2020* (the Act), Council has to give effect to overarching governance principles and supporting principles, including that; the community is to be engaged in strategic planning and strategic decision making; and that the ongoing financial viability of the Council is to be ensured. Under the *Local Government Act 1989* (the Act), Council must also ensure the equitable imposition of rates and charges (Section 3C (f)).

Keeping these statutory provisions in mind, the purpose of the Annual Budget is therefore to advise the proposed rating options, fee setting and spends by Council and how these contribute towards meeting those supporting principles.

HUMAN RIGHTS & GENDER EQUITY CONSIDERATIONS

Officers have conducted a review of the proposed Budget and determined that there are no implications arising from the *Charter of Human Rights and Responsibilities Act 2006*.

A Gender Equity Impact Analysis has been undertaken, in line with *Gender Equity Act 2020* and this identified that further information and data be collated to assist with decision making when using the price setting mechanisms for fees and charges.

CONSULTATION

Council invited the Monash Community to participate in a 2021/22 online Budget Survey, i.e. participate in shaping our 2021/22 Monash Budget. For people that could not access the Survey online were given the option of telephoning the Co-ordinator Corporate Performance & Reporting. The Survey opened online, i.e. Shape Monash, on the 9 November 2020 and closed on 18 December 2020. A total of 137 people contributed to the Survey and the results were presented to Council during their Budget workshops. The results of the Budget Survey can be found on Council's website; [Participate in shaping our 2021/22 Monash Budget](#)

SUBMISSIONS

Council appointed a Committee of Council, comprising all councillors to consider submissions received on the proposed 2021/22 Annual Budget. Council received fifteen (15) written submissions in response to the proposed budget.

The submission hearing was held on Tuesday 8 June 2021. The committee gave consideration to the matters raised by the submitters. A report from the committee is presented to council at this council meeting for consideration.

BUDGET CHANGES

Since the adoption of the Draft Budget for consultation the following immaterial changes will be incorporated into the Budget document;

- Operational budget changes:
 - Clayton South Regional Landfill additional costs for rehabilitation management of \$0.2M;
 - Increased gate fee costs of \$0.04M associated with the Victorian landfill levy;
 - Reduced costs of approximately \$0.14M to convert to renewable energy; and
 - Additional Councillor approved budget additions which include:
 - Feasibility study for outdoor dining at Oakleigh \$0.06M;
 - Future use of Oakleigh Golf Club \$0.1M; and
 - Traffic management treatments at Stockdale Av, Clayton \$0.04M.
- Capital Works budget changes:
 - Additional \$0.6M of capital works budget across a number of projects were recognised to be carried forward to 2021/22.

CONCLUSION

The proposed Annual Budget 2021/22 has been prepared in accordance with legislative requirements. Council should now resolve to give notice of its proposed Annual Budget 2021/22 for public consultation in accordance with the Act.