

3.1 PROPOSED DRAFT ANNUAL BUDGET 2022/23

(YN:F22-8378)

Responsible Senior Officer: Danny Wain, Chief Financial Officer

RECOMMENDATION*That Council:*

1. *approves the proposed Draft Annual Budget 2022/23, as presented, for the purpose of giving public notice of the consultation process;*
2. *adopts the Schedule of Fees & Charges, as detailed in the Draft Annual Budget 2022/23, to be effective from 1 July 2022 (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 1.75 per cent in 2022/23;*
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 \$46 per rateable property; and also provide a \$46 rebate under Section 171 of the Local Government Act 1989 for eligible pensioners towards the Recycling & Waste Charge;*
6. *notes that in order to comply with Council's Community Engagement Framework, public notice of the preparation of the proposed budget will be published in The Age;*
7. *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 2020 will be available for public inspection between 27 April and 3 June 2022 (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;*
 - *Mulgrave Library, Mackie Road, Mulgrave; and*
 - *on Council's web site: www.monash.vic.gov.au, and shape.monash.vic.gov.au*
8. *appoints a Committee of Council, comprising all Councillors to consider submissions received on the Draft Annual Budget 2022/23, 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 7.00pm on Tuesday 14 June 2022;*
9. *directs that any written submissions on any proposal contained in the proposed Draft Annual Budget 2022/23 received by the Council by close of business, Friday 3 June 2022, be considered by the Committee;*
10. *directs that any requests for verbal submissions received be heard by the Committee; and*

11. *subject to the consideration of any written or verbal submissions received and any recommendations of the Committee appointed pursuant to Part 7 of this resolution, adopts the Annual Budget 2022/23 at its meeting on 28 June 2022.*

BACKGROUND

A proposed 2022/23 Annual Budget (the Draft 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 Draft Budget also incorporates the major initiatives identified by the Council as priorities in the Council Plan, to be undertaken during the next financial year.

Having considered the proposed Draft Annual Budget 2022/23, 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

Fair Go Rates System Compliance

The Draft Annual Budget 2022/23 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 1.75 per cent for the 2022/23 year. This represents the 1.75 per cent rate cap determined by the Minister for Local Government in December 2021 to apply to all Councils for the 2022/23 financial year. This rate is a forecast movement of 1.75 per cent in the Consumer Price Index (CPI), as determined by the Department of Treasury & Finance.

Recycling & Waste Charge

For 2022/23 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 2022/23 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 \$42 to \$46 with provision to provide a rebate (\$46) for every eligible pensioner ratepayer.

Recycling & Waste Charge – Pensioner Rebate

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 2022/23 Council will again provide a rebate under Section 171 of the *Local Government Act 1989* to all eligible pensioner ratepayers from paying the Recycling & Waste Levy (\$46) which has been applied to all ratepayers to recover the additional costs of recycling & the State's Waste Levy.

Differential Rates

In 2022/23, 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 1.75 per cent in 2022/23.

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 0.132524% (0.00132524 cents in the dollar of CIV) for all rateable residential properties; and
- A Non-Residential Rate of 0.153478% (0.00153478 cents in the dollar of CIV) for all non-residential rateable properties.
 - *These rates are based on preliminary valuation data provided by the Valuer General and are subject to final confirmation of the valuation figures and signed by the Minister as generally true and correct.*

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.

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 10,715 eligible pensioner ratepayers; approx 14 per cent of total residential ratepayers in Monash. It is proposed that the \$50 rebate for eligible pensioners will continue for the 2022/23 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 2022 (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 has reviewed the Cultural Recreation Lands policy and changes have been included and will take effect from the 2022/23 Budget.

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 2022/23 and intends to enter into new lease agreements. The list of tenants is included in the Draft Budget. Subject to mutual agreement, the new tenancy arrangements will be in place for the financial year 2022/23.

Capital Works Programs

The Draft 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 Draft 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 2022/23 totals \$88.7M (new and carry forward projects), with proposed funding for renewal capital works of nearly \$55.19M. The total Capital Works funding has been increased by \$30.1M compared to the 2021/22 forecast budget.

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 Draft 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*.

Monash City Council is committed to meaningful progress through the completion of Gender Impact Assessments. We are in the beginning stages of this work to develop a systematic way to consider the impact of Council's budget, and whether it will have equitable outcomes. We will continue to learn and evolve through the process. The Gender Equality Commissioner will provide more guidance around Gender Responsive Budgeting in the future.

We have made some progress towards promoting gender equality such as through the introduction of the GIA Fees and Charges Checklist, but more work in this area needs to be completed over time.

A Gender Impact Assessment (GIA) was undertaken on the draft Budget 2022-2023, which highlighted the importance of continued reflection on available data, and consultation processes. A process including Gender Impact Assessment Review, as part of the setting of annual fees and charges by services, such as libraries, has been implemented. As an example, the new Active Monash pricing model has assisted in improving accessibility for the aged, older, disabled, women and families, by reducing pricing as a barrier.

CONSULTATION

The proposed Annual Budget 2022/23 will be available for public inspection between 27 April and 3 June 2022 (both dates inclusive) at the following locations, during normal advertised business hours:

- Civic Centre 293 Springvale Road, Glen Waverley
- Oakleigh Service Centre, Atherton Road, Oakleigh
- 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
- on Have Your Say via Council's web site: www.monash.vic.gov.au. And
- on <https://shape.monash.vic.gov.au/draft-budget-2022-2023>

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 2022/23 on Tuesday 14 June 2022. Council must receive written submissions by close of business on 3 June 2022.

Council will adopt its Annual Budget 2022/23 at the ordinary meeting of Council on 28 June 2022, 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 or lodged on the Shape Monash website by the closing date and time.

CONCLUSION

The proposed Draft Annual Budget 2022/23 has been prepared in accordance with legislative requirements. Council should now resolve to give notice of its proposed draft Annual Budget 2022/23 for public consultation in accordance with the Act.