

7.6 Proposed Budget 2021-22 and Revenue and Rating Plan 2021-25 for Public Notice

Abstract

This report presents to Council the proposed Budget 2021-22 and proposed Revenue and Rating Plan 2021-25 for public review and comment.

The proposed Budget has been prepared in accordance with the requirements of the *Local Government Act 2020* and in line with Council's commitment to sustainable budgeting, responsible financial management and the State Government's rate cap for 2021-22. The Budget also includes Council's services, initiatives and major initiatives to be delivered to the Boroondara community during 2021-22. The Budget and Revenue and Rating Plan report will be circulated publicly at the Council meeting on 26 April 2021.

The proposed Revenue and Rating Plan has been prepared in accordance with the requirements of the *Local Government Act 2020* and is to cover a minimum period of four years following each Council election. The Revenue and Rating Plan establishes the revenue raising framework within which the Council proposes to work.

The proposed Budget 2021-22 has been prepared on the basis of a post COVID-19 recovery of normal activity levels. Due to the dynamic health and economic crisis created by the global COVID-19 pandemic, Council will continue to monitor the impacts and be responsive to the city's changing needs with the latest advice and guidance being received from State and Federal Governments in relation to the management of COVID-19.

As part of the development of the Budget, Council works diligently to balance the competing priorities and needs of our residents to provide appropriate infrastructure and services that will contribute to delivering community priorities and place our customers at the centre of everything we do.

In 2021-22, Council will continue to progress significant major projects which are to be completed over the next few years. Some of these projects include the Kew Recreation Centre redevelopment and the completion of the Canterbury Community Precinct in 2021-22.

A series of environmental initiatives are also planned in order to continue to minimise Council's impact on the environment and work towards a healthier, more sustainable future for our City.

The proposed Budget will ensure Boroondara continues to be in a strong financial position. The Budget will enable Council to deliver residents' priorities outlined in the Boroondara Community Plan and continue to provide the services and infrastructure that contribute to Boroondara being a highly desirable place to live.

Officers' recommendation

That Council resolve to endorse the proposed Budget 2021-22 and proposed Revenue and Rating Plan 2021-25 for public exhibition and community consultation as follows:

1. That the proposed Budget 2021-22, included in **Attachment 1**, circulated separately and annexed to the meeting minutes, be the proposed Budget 2021-22 developed by Council for the purposes of sections 94 and 96 of the *Local Government Act 2020*.
2. That the proposed Revenue and Rating Plan 2021-25, included in **Attachment 2**, circulated separately and annexed to the meeting minutes, be the proposed Revenue and Rating Plan for the purposes of section 93 of the *Local Government Act 2020*.
3. That Council invites submissions on the proposed Budget 2021-22 in accordance with its Community Engagement Policy 2021-26.
4. That Council invites submissions on the proposed Revenue and Rating Plan 2021-25 in accordance with its Community Engagement Policy 2021-26.
5. That Council invites submissions on the proposed levels of Mayoral and Councillor allowances in accordance with sections 74(1) and 223 of the *Local Government Act 1989*.
6. That Council notes all submissions relating to the proposed Budget, proposed Revenue and Rating Plan and proposed levels of Mayoral and Councillor allowances will be considered at a meeting of Council to be held on Monday, 7 June 2021 commencing at 6.30pm.
7. The Chief Executive Officer be authorised to effect any minor administrative changes which may be required to the proposed Budget 2021-22.
8. That the proposed:
 - a. Revenue and Rating Plan be presented for adoption in accordance with section 93 of the *Local Government Act 2020*;
 - b. Budget 2021-22 also be presented for adoption as Council's Budget for 2021-22, in accordance with section 94 of the *Local Government Act 2020* and;
 - c. Mayoral and Councillor allowances also be presented for determination, in accordance with section 74 of the *Local Government Act 1989*at a meeting of Council to be held on Monday, 28 June 2021.

Responsible director: Phillip Storer, Chief Executive Officer

1. Purpose

The purpose of this report is to present to Council for resolution the proposed Budget 2021-22 (**Attachment 1**) and proposed Revenue and Rating Plan 2021-25 (**Attachment 2**) - *to be circulated publicly at the Council meeting on 26 April 2021*) for public exhibition and comment commencing 28 April - 26 May 2021.

2. Policy implications and relevance to community plan and council plan

Budget

The proposed Budget has been prepared in accordance with Council policies and the Victorian Government's rate capping legislation.

The Budget is structured around the seven themes of the Boroondara Community Plan 2017-27 and Council Plan 2017-21, and describes the outcomes Council aims to achieve during its term, and the allocation of resources required to achieve those outcomes.

The budget has been prepared utilising the Council Plan 2017-21 and the Stage 1 deliberative engagement results from the Boroondara Community Plan refresh consultation with the community.

Revenue and Rating Plan

Under the *Local Government (Planning and Reporting) Regulations 2020*, Schedule 1 of the regulations requires the governance and management checklist included in the report of operations in Council's Annual Report to include the Revenue and Rating Plan as an item. The checklist confirms whether the Revenue and Rating Plan has been adopted by Council, and if so on what date.

This report is consistent with the Council Plan 2017-21 and the Boroondara Community Plan. In particular, the Council Plan theme of Civic Leadership & Governance, Strategic Objective 7 - "Ensure sound financial management while allocating resources to deliver strategic infrastructure and services that meet community needs".

3. Background

Budget

The proposed Budget 2021-22 (**refer Attachment 1 circulated separately**) has been prepared in accordance with the requirements of the *Local Government Act 2020 and Council's Community Engagement Policy 2021-26*. The budget is in-line with Council's commitment to sustainable budgeting, responsible financial management and the Victorian Government's rate cap for 2021-22. It will ensure Council continues to deliver those facilities and services identified through the extensive consultation undertaken to develop the Boroondara Community Plan.

The proposed Budget 2021-22 is based on the assumption of a post COVID-19 recovery of normal activity levels. Due to the dynamic health and economic crisis created by the global COVID-19 pandemic, Council will continue to monitor the impacts and be responsive to the city's changing needs with the latest advice and guidance being received from State and Federal Governments in relation to the management of COVID-19.

As part of the development of the Budget, Council works diligently to balance the competing priorities and needs of our residents to provide appropriate infrastructure and services that will contribute to delivering community priorities and place our customers at the centre of everything we do.

In 2021-22, Council will continue to progress with significant major projects which are to be completed over the next few years. Some of these projects include the Kew Recreation Centre redevelopment (\$68 million over four years, completed in 2022-23) and Canterbury Community Precinct (total cost \$11.3 million) to be completed in 2021-22.

Council's commitment to providing quality infrastructure remains a high priority, with the delivery of \$99 million of renewed and new community assets in the coming year.

Some other exciting commitments include:

- \$3.61 million on a range of environmental initiatives including:
 - \$2.2 million to implement our Sustainable Council Building Policy requirement to deliver a minimum 5 Star Green Star equivalent standard for all new buildings and applicable retrofits.
 - \$400,000 to reduce greenhouse gas emissions including LED lighting and heating and cooling upgrades.
 - \$420,000 to support our ongoing park and street tree renewal program.
 - \$266,100 to enhance and maintain urban biodiversity across the municipality by implementing initiatives including the Backyard Biodiversity project, Wildlife not Weeds program, interpretive signage and to extend the areas of Boroondara which are actively managed for their significant biodiversity values.
- \$240,000 for additional street tree planting.
- Upgrading of our sporting pavilions to ensure they are accessible for everyone in our community including Canterbury Sportsground Pavilion (\$2.0 million) and Rathmines Reserve Pavilion (\$1.5 million).
- \$2.3 million for a regional playground at Victoria Park.

Significant progress has been made on the placemaking project for Maling Road in Canterbury, with construction to commence for the laneway upgrades in 2021-22. Council will also commence the development of a new structure plan for Camberwell Junction, designed to increase social interaction and economic viability.

Council will also continue its investment in a number of transformation projects that will enhance the way we provide services to our community and place the customer at the centre of everything we do (\$14.04 million). These projects will continue to provide increased choice and convenience of services and ways of interacting with Council. This will enable customers to connect with us anytime, in their preferred way, using any device and receive a consistent customer experience. This program will create more efficient use of Council resources and has already delivered \$2.86 million in labour savings.

The *Local Government Act 2020* provides that a Council must:

- Prepare and adopt a budget for each financial year (and subsequent 3 financial years) – Section 94(1); and
Ensure that the budget contains financial statements, a general description of the services and initiatives to be funded in the budget, major initiatives identified as priorities in the Council Plan and the total amount to be raised by rates and charges – Section 94(2)(a)-(e)
- Develop the budget in accordance with the financial management principles and Council’s Community Engagement Policy - Section 96(1).

Part 8A - Section 185A through to G provides for the Minister to set a rate cap by General Order.

The proposed Budget has been prepared with a focus on responsible financial management and is in accordance with the *Local Government Act 2020* and *Australian Accounting Standards*. Boroondara’s financial risk rating remains at satisfactory levels according to the Victorian Auditor General’s Financial Sustainability Risk Assessment Criteria. A full description of the risk assessment criteria is listed in Council’s 2021-22 Budget document.

Adherence to the Boroondara Planning Framework has ensured that the proposed Budget is closely aligned to the Council Plan and is an accurate reflection of the services and initiatives that will be resourced in the next financial year in order to contribute to the strategic objectives as identified in the Council Plan.

Revenue and Rating Plan

Under the new *Local Government Act 2020 (the Act)* Council is required to prepare a Revenue and Rating Plan to cover a minimum period of four years and adopt by 30 June after a Council election.

The purpose of the Revenue and Rating Plan is to determine the most appropriate and affordable revenue and rating approach, which in conjunction with other income sources, will adequately finance the objectives in the Council Plan.

The Revenue and Rating Plan 2021-2025 (**refer Attachment 2 circulated separately**) replaces the current Rating Strategy 2017-2021 and has been developed using the existing Rating Strategy as a basis and documents current practice and policies Council has previously adopted for a rating framework.

In particular, the Revenue and Rating Plan will set out the decisions Council has made in relation to rating options available to it under the *Local Government Act 2020* to ensure the fair and equitable distribution of rates across property owners. It will also set out the principles and practices for fee and charge setting and include other revenue items to ensure Council's commitment to responsible financial management is achieved, while at the same time continuing to provide high quality, accessible services to the community.

4. Outline of key issues/options

Budget

The development, contents and structure of the proposed Budget 2021-22 are mandated by legislation and regulation.

The Budget document has been developed with reference to the Local Government Victoria Model Budget format, which is prepared by Local Government Victoria each year. Hence the Boroondara Council's proposed Budget meets all legislative requirements.

For the 2021-22 financial year, Council's rate rise will be consistent with the Victorian Government rate cap at 1.5% in line with the period's CPI forecast and advice from the Essential Services Commission.

The 2021-22 Budget proposes an average increase of 6.5% in waste charges (inclusive of the Victorian government landfill levy, which contributes the bulk of this increase as the levy is expected to increase by \$1.04 million from 2020-21) which is linked directly to the cost of providing the waste services, priced on a full cost recovery basis.

The proposed Budget uses preliminary valuations (Capital Improved Value - CIV) provided by the Victorian Valuer General. Council may receive minor adjustments to the preliminary valuations and these changes may occur throughout the public notice period. The cumulative effect of these changes may require small adjustments to the Rate in the Dollar which is currently expressed to 8 decimal places (**Section 8 of Attachment 1**), prior to the Budget being endorsed by Council in June.

These will not be material adjustments as the total revenue levied by Council is not expected to change.

Mayoral and Councillor Allowances

Under section 74(1) of the *Local Government Act 1989*, councils must review and determine the level of Mayoral and Councillor allowances within six months of a general election or by 30 June, whichever is later.

Allowance for the continuation of Mayoral and Councillor Allowances at the current level has been provided for in Council's operational budget. The budget proposes that the Mayoral allowance be \$100,434 per annum plus the equivalent of the superannuation guarantee contribution (currently set at 9.5%) and the Councillor allowance be \$31,344 per annum plus the equivalent of the superannuation guarantee contribution (currently set at 9.5%).

Future Arrangements (Under the Local Government Act 2020)

A reform of the *Local Government Act 2020* is the transfer of responsibilities in determining Mayoral, deputy Mayoral and Councillor allowances to the Victorian Independent Remuneration Tribunal (the Remuneration Tribunal).

Under section 23A of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019*, the Remuneration Tribunal has six months to make a determination from the date the determination is requested by the Minister.

However, until the Remuneration Tribunal makes its first determination on allowances, the allowance framework under the *Local Government Act 1989* continues to apply, despite the repeal of those relevant provisions last year. Section 39(6) of the *Local Government Act 2020* provides for this transitional arrangement.

It is the understanding of Council officers the Minister for Local Government will request the Remuneration Tribunal to make a determination. A determination is expected late 2021.

Revenue and Rating Plan

The proposed Revenue and Rating Plan has considered the options available to Council under the *Local Government Act 1989*, and how Council's choices in applying these options contribute towards meeting an equitable rating strategy. Other revenue items included in the Revenue and Rating Plan such as Fees and Charges are in line with Council's current Pricing Policy and have been reviewed and applied in the development of the proposed Budget 2021-22.

The proposed Revenue and Rating Plan recommends no substantive changes to the current practices which are detailed in the Plan itself with the exception of the inclusion of the *Cultural and Recreational Lands Act 1963* (CRLA).

A review of the application of the *Cultural and Recreational Lands Act 1963* was undertaken in 2020 and has guided the determination of rate equivalent amounts to be levied under the *Cultural and Recreational Lands Act 1963* for the 2021-22 and subsequent financial years. For the 2019-20 and 2020-21 financial year Council has not levied rate equivalent amounts for eligible properties. Prior to 2019-20 Council applied a rating concession of 50% for eligible properties.

As outlined in Council's Revenue and Rating Plan 2021-25 and in accordance with the CRLA, Council will declare the rate equivalent amount for properties which have been identified as "CRL properties" in accordance with Section 4 of the CRLA. The CRLA provides that "an amount be payable in lieu of rates in each year being such amount as the municipal council **thinks reasonable** having regard to the **services provided** in relation to such lands and having regard to the **benefit to the community** derived from such recreational lands".

The proposed 2021-22 Budget includes five eligible CRL properties and will be levied a rate equivalent payment and will be calculated for each of them as 50% of the general rates that would otherwise have been payable. The rate equivalent amount will apply and be payable from 2021-22, subject to an annual assessment each time a new valuation of the CRL properties is returned to Council (see Section 4(3) CRLA). Please refer to **Section 8 - Rates and Charges Attachment 1** for list of eligible CRL properties.

5. Consultation/communication

Internal consultation

The proposed Budget which includes the development of operating and capital budgets for the 2021-22 year has been developed over a series of workshops with Councillors and each Council department.

Public comment

The proposed Budget 2021-22 and Revenue and Rating Plan 2021-25 will be available for public inspection from Wednesday 28 April 2021 and will be made available on Council's website, at Council offices and libraries in accordance with *Council's Community Engagement Policy 2021-26*.

In undertaking the review and determination of the level of Mayoral and Councillor allowances, Council must ensure a person has a right to make a submission under section 223 of the *Local Government Act 1989*. Council is inviting submissions on the proposed levels of Mayoral and Councillor allowances in accordance with sections 74(1) and 223 of the *Local Government Act 1989*.

Written submissions will be received until 5:00pm on Wednesday 26 May 2021. All community feedback and submissions will be considered at the Council Meeting to be held on Monday 7 June 2021.

Public notice will be included in the Boroondara Bulletin to promote the availability of these documents. A public notice advertisement will appear in *The Age* on Wednesday 28 April 2021 for the proposed Budget 2021-22, Revenue and Rating Plan 2021-26 and Mayoral and Councillor Allowances.

6. Financial and resource implications

The financial and resource implications are documented in detail in the proposed Budget document.

7. Governance issues

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

The officers responsible for this report have no direct or indirect interests requiring disclosure.

8. Social and environmental issues

There are no direct impacts resulting from this report.

9. Conclusion

The proposed Budget 2021-22 meets all legislated and regulatory requirements under the *Local Government Act 2020*, *Local Government Act 1989* and *Local Government Planning and Reporting Regulations 2020*.

The proposed Revenue and Rating Plan 2021-25 meets all legislated and regulatory requirements under the *Local Government Act 2020* and *Local Government Act 1989*.

Manager: **Callista Clarke, Acting Chief Financial Officer**

Report officer: Callista Clarke, Acting Chief Financial Officer