

DRAFT 2021/22 ANNUAL BUSINESS PLAN, BUDGET AND LONG TERM FINANCIAL PLAN

**Register of Community Consultation Questions and Answers
(received between Sunday 25 April & Sunday 22 May)**

Resident Number	QUESTION	RESPONSIBLE DIVISION
Resident #1	I can see no mention or provision for delivery of the Mayor's extensively promised "Free solar and battery to every residence in Mitcham" at no cost to anyone. When will residents receive their free solar?	Development and Community Safety
It is correct that there is no provision in the City of Mitcham Annual Business Plan for the delivery of an election promise of “free solar”. The City of Mitcham Annual Business Plan budgets based on the decisions of full Council. Full Council has declared a climate emergency and Council is progressing and investigating a range of initiatives related to climate. This includes initiatives relating to solar power. A question about what the Mayor promised in an election campaign and when that will be delivered is best addressed directly to the Mayor, who is always available to discuss matters affecting residents.		
Resident Number	QUESTION	RESPONSIBLE DIVISION
Resident #1	Mitcham Council has implemented the largest rate increases of any metropolitan council. Last year most of our neighbouring Councils had applied zero rate increase in recognition of financial impact of covid yet Mitcham applied a nearly 2% increase. This year the Mayor used her casting vote to go to consultation with a high rate increase of 2-3% . There were no alternatives for people to discuss a lower rate increase. Why? Surely people have a right to discuss options of lower rate increases!	Corporate Services and Innovation
Last year Council implemented a considered and financially sustainable rate relief approach in response to the COVID-19 pandemic. Importantly this rate relief was targeted as the financial impacts of COVID-19, although significant, were clearly not uniform across the economy. As a result of this targeted rate relief approach Council’s budgeted rate income for 2020/21 was actually a net rate reduction of 0.64% overall (i.e. less than zero). This was due to an 8% reduction in rates on average for those ratepayers financially impacted by COVID and a 1.9% increase on average for those not financially impacted. Council is aware that other approaches were taken where rates were kept a zero for all ratepayers (i.e. no reduction for those financially impacted by COVID-19). Further, other approaches were publicised as keeping all rates at zero for 2020/21 (i.e. no reduction for those financially impacted by COVID-19) but in fact it was only the rate in the dollar that was kept at zero meaning that after valuation increases were considered the rate revenue in those instances was actually an increase, even for those financially impacted by COVID-19. This year Council is budgeting to continue delivering all existing services for a rate reduction of (0.2%) including \$800,000 of operating efficiency and financial savings (ongoing). That is, all existing services are being delivered next year for a cost reduction to the ratepayer, whilst inflation is running at 1.2%.		

In addition to this is an increase of 1.5% to sustainably fund the new services introduced as part of and since the 2020 budget and a 1% increase to fund a number of new services being proposed as part of this 2021 budget.

Council welcomes feedback on each of the new services proposed and their associated rate increase via our website.

Resident Number	QUESTION	RESPONSIBLE DIVISION
Resident #1	Councillors Kruse and Hockley were found to have breached the Council's code of conduct. How much did the resultant legal fees cost ratepayers? How much did the bi - election cost ratepayers after a Councillor was "bullied into resignation" Costs in administrative time to run an election, advertising, Electoral commission charges etc. I would guess the cost would run to \$100,000 or more! Please provide an estimation for ALL costs to ratepayers!	Organisational and Community Development
Each Gault Ward Supplementary Election cost \$29,000. External cost of the Code of Conduct complaints against Councillor Kruse was \$4650 (Correction 18 May 2021: \$4650 plus \$5217.32, total \$9867.32) External cost of the Code of Conduct complaint against Councillor Hockley was \$7906.10		
Resident Number	QUESTION	RESPONSIBLE DIVISION
Resident #1	I note a "surplus" of 1-6 million dollars in this year's budget. Has Council changed any of its accounting or reporting standards? With such a high surplus I remain sceptical.	Corporate Services and Innovation
Council has not changed any of its accounting or reporting standards. Council's 2019/20 audited operating surplus result was \$2.2m. Council budgeted for an operating deficit in 2020/21 as a result of its response to COVID-19 and is now projecting a return to surplus in 2021/22. Council's ability to return to surplus in 2021/22 with a budgeted rate reduction to maintain existing services is in part due to the operating savings of \$800,000 (ongoing) in 2021/22 and the sustainable approach taken with the targeted rate relief provided in response to COVID-19.		

Resident Number	QUESTION	RESPONSIBLE DIVISION
Resident #1	A rate increase of 2-33% is more than double inflation. Annual rate increases compound, and Council likes to refer to "annual rate increases" without taking into consideration the actual aggregate cost of increases on ratepayers. According to Council's own financial forecasts rates will double in less than 10 years. Why? Mitcham Council has a stagnant growth rate. The effect of large increases to executive wages and legal costs etc., extra staffing on such items as planning for planting an extra 400 trees is not acceptable.	Corporate Services and Innovation
Council's projected rate revenue will not double in less than 10 years, the projected average annual rate increase over the ten year period is 2.55%. The future projected rate increases in the Long Term Plan are a result of keeping existing services at CPI as well as any known cost shifting, new services/assets proposed and redressing the historical underfunding of asset renewal over decades (the infrastructure backlog identified in 2012). Council administration is responsible for keeping the cost of delivering existing services at or below CPI and this is achieved through expenditure management, efficiency savings and continuous improvement. The Long Term Financial Projections including the rate rises flagged in future years are based on this with respect to existing services. Executive wages have not driven rate rises above CPI in fact Executive wages in total have increased less than CPI since 2013 (i.e. have gone backwards in real terms). In addition to maintain existing services and service levels at or below CPI, Council also needs to redress the infrastructure backlog and consider the need and demand for new services and respond to the changing environment. The budget deliberations ultimately come down to a balance of community support, community leadership, investment in service provision, community demand for services and capacity to pay. Council welcomes your feedback in relation to the new services proposed in this budget.		
Resident Number	QUESTION	RESPONSIBLE DIVISION
Resident #1	"LUCKY DIP" Administration proposed removing the small discount on rates paid in advance. The ridiculous plan called for a couple of ratepayers per annum to have their rates discounted by up to \$2,000-00. A drawing "raffle style" was to occur. The elected body decided to take this plan to public consultation at expense to residents. Again, we see a Council determined to take the lazy approach of charging ratepayers! No mention of challenging administration to find savings or efficiencies.... we seek to remove a small discount to those residents who find Mitcham's rates a burden. Why?	Corporate Services and Innovation
The early payment rate rebate proposal was consulted on in response to feedback received during one of many Elected Member workshops as part of a broader rating review process, it was not a proposal by Administration.		

The proposal to remove the 1% discount and replace it with a rebate was not going to result in additional rate revenue for Council, instead the intent was to re-distribute that discount across all ratepayers net of the cost of the rate rebates and the very minor cost of additional notices. All up this would mean about \$100,000 as a rate reduction redistributed from a few ratepayers to all ratepayers as a way of assisting those ratepayers who could not afford to pay up front. The purpose of the consultation was to test this proposal with the community and after receiving and considering the community feedback, Council resolved to continue to provide a discount of one per cent to ratepayers who pay their rates in full by the first quarter due date. This demonstrates the success and importance of consultation and the democratic decision making processes in place.

With regard to financial savings and efficiencies, the 2021/22 budget has \$800,000 of operating savings (ongoing) allowing for existing services to be maintained for a net rate reduction next year of (0.2%).

In addition to the \$800,000 saving this year, Council has achieved substantial operational savings and efficiencies of over \$6,000,000 (ongoing) since 2012 on top of improving service quality, a total of \$6.9 million in ongoing operating savings. These savings are ongoing operating savings that reduce the rate rise required to fund services, Council also achieves many one off savings through improved procurement and tender processes and innovative approaches to project delivery and contract management.

Resident Number	QUESTION	RESPONSIBLE DIVISION
Resident #2	Asking for mother who doesn't have internet and is disappointed with council communication, She would like to know why a raise of so much\$49	Corporate Services and Innovation

Council manages its budget based on keeping the cost of delivering existing services at or below CPI even though the actual cost of those services regularly increases above CPI. This is achieved through expenditure management, efficiency savings and continuous improvement and is an expectation that Council places on Administration. For 2021/22 Council is budgeting to continue delivering existing services without the need to raise rates, based on expenditure management and efficiency savings identified.

The proposed rate rise next year is to fund new additional services over and above those already provided as Council seeks to respond to increased service demand, the changing environment and also in order to redress the infrastructure backlog. The new services relate to a range of environmental initiatives, pushing ahead with plans to build the Blackwood Hub and creating opportunities for residents to stay active, safe and connected through additional cycling and walking infrastructure. When determining the new services and rate rise required Council seeks to find the balance in relation to community support, community leadership, investment in service provision, community demand for services and capacity to pay

The detail of the new services and projects funded by the proposed rate rise can be found on page 6 of the draft plan.

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Resident #3	I understand that the Draft Long Term Financial Plan is based on the updated Asset management plans, which has led to a significant reduction in proposed expenditure on renewal/replacement of assets. (approximately \$18m for years 2 to 6 inclusive.) I also note that the Council's audit committee made the following comment in its written submission of the Asset Management Plans (27 April 2021 Council meeting - page 158) "The financial upside of this approach is potentially significant. Council should note that the Audit Committee has not performed due diligence on the approach and the Committee suggests that this be performed before endorsing any significant changes to the shape of Council's long term financial plan or committing to near term expenditure as a result of adopting this approach. Doing this work will give Council the confidence to realise the full benefits of this approach." Therefore my question is - has this due diligence work been done, or will it be done by the Audit Committee before adoption of the LTFP, and if not, why hasn't their recommendation been followed?	Engineering and Horticulture
Council's Asset Management Plans outline future renewal funding informed by a condition-based asset renewal model. This reflects a transition from a previously used age-based asset renewal model and, when combined with the detailed asset condition data that has been collected by Council, it is a more accurate method of forecasting renewal requirements. As part of this transition independent third party consultants have verified and approved the work that has been undertaken by Council staff. The Asset Management plans were endorsed at the 27 April 2021 Council meeting. Page 90 of the Council Agenda provides commentary in response to the Audit Committee comments regarding the Asset Management Plans and the renewal forecasting methodology used for future modelling, this includes reference to the due diligence undertaken to date. Additionally, the Chair of the Audit Committee gave a presentation to Council at its meeting 27 April 2021 providing further context to the Audit Committee comments, this included reference to due diligence, and this is publicly available as part of the Council meeting audio recording. It was explained that Audit Committee have confidence in the transition to a condition-based asset renewal methodology, and that the Audit Committee commentary was directed towards ensuring there is a continuous open dialogue with Council staff regarding the new approach and to emphasise that regular checks of the modelling accuracy would be desirable. The complete Audit Committee commentary can be viewed in Attachment G of the 27 April 2021 Council Meeting Agenda (page 157).		
Resident Number	QUESTION	RESPONSIBLE DIVISION
Resident #3	I recall that mention was made of introducing "mainstreet traders levies", as had been the practice of a number of metropolitan Councils for many years. This seems the appropriate time for this, given the significant commitment by Council, Federal & State Governments in the Blackwood Hub and Mall developments. Has this been included in the draft business plans, and if no, why not?	Corporate Services and Innovation
The draft 2021/22 Annual Business Plan, Budget and Long Term Financial Plan includes funding for "Operating Projects". Operating Projects are once-off initiatives that Council undertakes each year to help it consider and shape changes or improvements to services. One of the project initiatives that Council is considering for 2021/22 aligns well to your question, this is a project to research the appetite for and assess the feasibility of separate rate mechanisms for the purpose of better supporting main street economic development interventions.		

Council is scheduled to consider the projects that it wishes to initially proceed with as part of the 2021/22 Annual Business Plan at the Council meeting on 25 May, noting that there are further opportunities during the course of the year to reconsider, add and amend operating projects at quarterly budget reviews.

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