

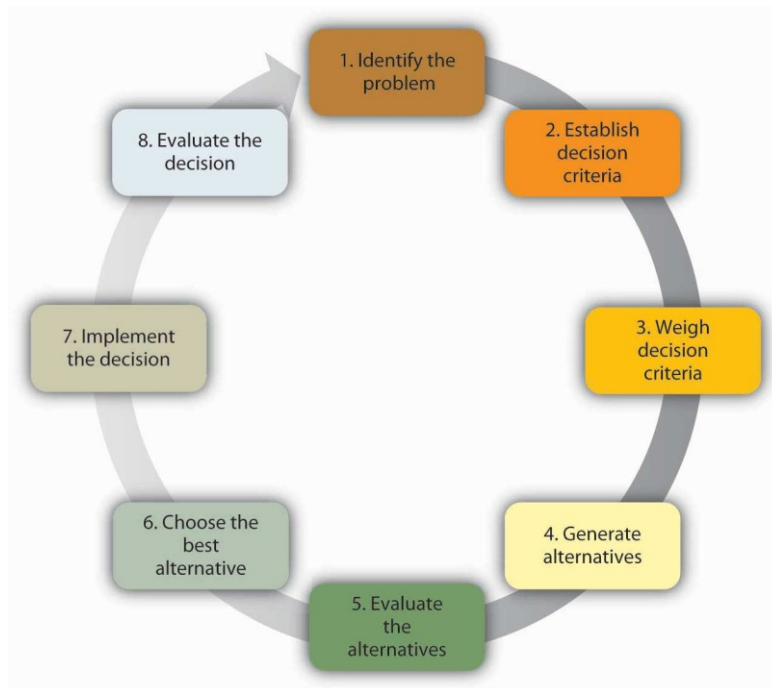
## Community Governance Report on 30 April 2013 Council Meeting

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### Report Card Summary:

The public meeting went over time. Hence, this report is for period 7:30 pm to 9:45 pm, and what happens after 9:45 pm is not evaluated.

1. 😊 **Behaviours** – past improvements in complying with Code of Conduct is sustaining
2. 😞 **Decision Making** – while more debates are being fostered (a sustaining past improvement), the quality of decision making aka arguments need further improvement by:
  - a. Lessening emphasis on personal experiences and emotional persuasions and
  - b. Increasing more explicitly of **rational decision making practice** in debates that would increase the quality of decisions and alignment to Council's goals and/or community issues resolution or liveability development. The next milestone improvement goal is to show to the public visibility of steps 1 to 6 in Councillors' debates aka decision making during council meetings.



3. 😊 Mayor's control of meeting – incrementally improving. More disciplined time management can be next target for on-going improvement.

## Decision Making Quality Evaluation Highlights:

### Section 3.2 (Draft Council and SRP Plans) and 3.4 2013/2014 Draft Budget Report

#### Differential Rate Concern

The community has a major concern over the EGM's differential rate discussions and debates about the draft budget. The concern is about the **legality of including the EGM revenue and expense forecasts** in next year's and remaining SRP (2015-2017) budget plans - when knowing the Local Government Minister has issued reform advice to exclude Electronic Gambling Machine (EGM) in all Victorian Councils' differential rate applications. While Council Officer has recommended a disclaimer that the Council acknowledges this recent Differential Rate mandate and because of ensuring timely budget planning outcomes, it has included EGM differential rate revenue and expense estimates in the budget forecasts as an planning scenario assumption. MRI has no objection making this planning assumption because of meeting budgeting timelines, and if and when State non-compliance is refused then we expect the appropriate future budget amendments.

However, MRI is not supporting some Councillors' resistance against the Differential Rate program, which aims to reduce complexity and the inconsistent applications of differential rates across all Victorian Councils. If Monash Council's EGM differential rates can meet the objectives of the improvement guidelines, then MRI has no issue. Fulfilling these objectives is as described follows ([DPCD, 2013](#)):

*"In specifying the objective of each differential rate, a Council should be able to provide evidence of having had regard to:*

- *good practice taxation principles and their assessment against a particular differential rate objective and determination;*
- *modelling or consideration of the impact of the rating decision on those rated differentially and the consequential impact upon the broader municipality; and*
- *rating strategies or related Council documents;*
- *The Victorian Government's Developing a Rating Strategy: A Guide for Councils as amended from time to time.*

*In specifying objectives of differential rates, a Council should also have regard to the strategic objectives set out in the Council Plan (**S.125**) to ensure its objectives for differential rates (and thereby a percentage of Council revenue) accords with the strategic objectives.*

*Other documents a Council may have regard to in order to specify the objectives of a differential rate include issuing specific Council plans and Council policies. Where such documents have been incorporated into determining the objectives of each differential rate, a Council should provide evidence through disclosure in their annual budget documents. "*

Councillors' debates did not address these criteria.

Instead, the debate went out of scope to proposing challenging the legislative powers of the Vic Local Government Minister in introducing the DR reform guidelines. From Councillors' discussions, MRI concludes that the rationale behind this proposal was built on a last-minute review and "on the fly" bundling of a number of Local Government Act sections and Council objectives/policies to create a "business case" justification for the legal challenge. As a result, there were no vigorous research to defend its appropriateness and confirm the cost-benefit consequences for the community at large.

If Monash Council or MAV wants to challenge the Minister of its legislative powers to set improvement and consistent control measures in Local Government, then it should not be done just on the basis of the DR program, but all [other reform programs](#) already or being introduced in Victorian Councils, including the [Good Governance Guidelines](#). They can also go further to eliminate or replace State Government too. This ambition is outside the needs and interests of the community, resulting in the question "***whose interests is this proposition supporting?***"

The community is not expecting nor desiring Councillors to be out of line in representing it in such matters. Such advocacy needs a referendum vote of whether Local Government should replace State Government.

Even in the (unlikely) assumption that MRI supports this proposal, Councillors must owe accountability to show to the community first the following:

- The costs of such legal challenge and whether these costs are out-of-budget expenditures;
- The administration time and hence in-house costs of people in correcting the non-compliance in budget management systems should Council lose the legal case or when the State Government enforce mandatory compliance;
- Details of other viable funding strategies and evaluation criteria to show best value selection of the first, second, etc preference of solution alternatives;
- Well founded details of how the Monash EGM DR program fulfils the State DR Guidelines' objectives;
- Specifications of KPI measures to prove viable and tangible benefits would be delivered to our problem gambling community members.

Without these matters addressed, MRI views the legal challenge proposal is an unfounded and knee-jerk reaction to a state wide systematic DR reform that does not support an Monash Council's operational and administrative decision, which is also contributing to the fragmentation and inconsistency of DR applications in Victorian Councils.

If this advocacy goes unchecked by vigorous community governance oversee, then Council runs the risk of potentially acting above the Rule of Law as a result of last minute proposals / changes to decision making criteria development during Council meetings. The community cannot afford Monash Council brand be tarnished with such a gung ho proposal. In future, MRI will expect lesser last minute amendments in decision-making/debates and more quality research based and strongly grounded rationale to support higher quality decision making in Council meetings.

## **Commemorations**

**#1:** MRI likes to congratulate all Councillors in deciding not to propose budget/rate increases beyond the originally planned 6%, especially giving credit to Cr Lake and Davies for leading this

decision direction. Cr Davies has given the community an excellent summary of the key budget assumption and forecasting recommendations that have also made this budget decision possible.

MRI also appreciate and thank all Councillors for their consensus decision as it has helped MRI achieve a small but never the less an important and first milestone success in improving rates affordability. The next challenge / goal is to facilitate more responsible zero based budgeting in Council, that takes away legacy habits on using less efficient historical expenditure to forecast towards financial forecasting based from consolidating best value service and program plans' financial KPI projections.

Several factors have contributed to some improvements in the budgeting planning and decision making processes:

- A new Councillor has brought in professional expertise in financial management, including budget planning know how, which MRI believes is breaking a long standing competence weakness in Councillors' skills mix.
- A new CEO and CFO who are willing to advocate for improvements in the budgeting practice and community engagement processes.
- A [new and improved budget reporting template](#) tool, released by the State Government via FinPro to help incrementally improve budget management transparency and accountability.

These factors are starting to improve the financial management literacy of most Councillors and MRI would like to thank their extra effort taken in learning and hence contributing more effectively to the budget planning. This improvement is helping Councillors move towards making a more informed consensus decision when approving annual budget and SRP plans.

MRI will look forward to a more productive and informative community review.

**#2:** MRI is also most pleased that Councillors are also increasingly using common phrases like *social responsibility* in their debates, signalling that they are appreciating balancing the importance of social, environmental and intergeneration considerations in their decision making, in additional to economic benefits evaluation.

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