

# SPECIAL MEETING OF THE PORT PHILLIP CITY COUNCIL

## 20 JUNE 2023



### 3.1 COUNCIL PLAN 2021-2031 YEAR THREE - MUNICIPAL HEALTH & WELLBEING PLAN, FINANCIAL PLAN, REVENUE & RATING PLAN, AND BUDGET 2023-24: ADOPTION

**EXECUTIVE MEMBER:** JOANNE MCNEILL, GENERAL MANAGER, GOVERNANCE, CAPABILITY AND EXPERIENCE

LACHLAN JOHNSON, GENERAL MANAGER, OPERATIONS AND INFRASTRUCTURE

**PREPARED BY:** PETER LIU, CHIEF FINANCIAL OFFICER

SPYROS KARAMESINIS, HEAD OF MANAGEMENT ACCOUNTING AND FINANCIAL ANALYSIS

LAUREN ROSS, HEAD OF CORPORATE PLANNING

## 1. PURPOSE

- 1.1 For Council to respond to public submissions and adopt the Council Plan 2021-2031 updated for year three, including the Budget 2023/24 and the declaration of rates and charges for 2023/24.

## 2. EXECUTIVE SUMMARY

- 2.1 Council adopted the Council Plan 2021-31, incorporating Community Vision, Municipal Health & Wellbeing Plan, Revenue & Rating Plan and Budget 2021/22 on 23 June 2021. The Plan sets out a 10-year vision and five strategic directions for the City, with a four-year focus on the specific actions Council will undertake to work towards achieving this vision.
- 2.2 Each year Council reviews the Council Plan to determine whether the strategies, priorities, and measures require adjustment. The Local Government Act 2020 (the Act), requires Council each year to:
  - 2.2.1 review the Council Plan to determine whether the strategies, actions and measures require adjustment;
  - 2.2.2 develop an annual Budget and update the Financial Plan, which includes detail on the capital and operating programs.
- 2.3 Since the adoption of the Council Plan 2021-31, Council has subsequently adopted the Enterprise Asset Management Plan, Don't Waste It! Waste Management Strategy and Rating Strategy which were all endorsed on the 29 June 2022. These strategies and plan have influenced the development of draft Budget 2023/24
- 2.4 Consistent with the Council Plan and Budget parameters that were considered by Council in 2021, the proposed amendments result from strategic work undertaken during the year that has revealed a need for refinement in the long-term outcomes, strategies or initiatives, better and updated information related to measures and targets or changes to our strategic risk profile.
- 2.5 The Budget 2023/24 has also been informed by the comprehensive cost review process completed between July 2022 and January 2023 which resulted in a proposed reduction to the Cultural Development Fund – Projects stream (funding for individual artistic/creative projects) from \$187,000 to \$100,000 to be consulted with the draft Budget 2023/24.

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- 2.6 Council released the draft Council Plan 2021-2031 updated for year three and including the draft Budget 2023/24 for community consultation at an Ordinary Meeting of Council held on 19 April 2023.
- 2.7 Consultation on the draft updated Council Plan and draft Budget 2023/24 occurred from 21 April to 18 May 2023. The Council's Have Your Say webpage received 10,322 visits from 8,020 unique visitors. The online survey received 130 responses and Council received 22 direct emails and Customer Requests. All feedback received has informed the final Council Plan 2021-2031 Year 3 and Budget 2023/24 (**Attachments 1-3**).
- 2.8 The engagement process consulted specifically on a number of key items including the proposed general rates increase of 2.8 per cent, proposed changes to waste and Food Organics Garden Organics (FOGO) charges, proposed reduction to the cultural development fund and the proposed change to some of Council Performance Indicators.
- 2.9 Following community consultation, there are no proposed changes to the key consulted items. There are however some minor changes to the Budget 2023/24 taking into consideration community feedback (refer to section 4.10).
- 2.10 Since the release of the draft budget, some changes are required due to new or updated information such as changes to our operating environment. These changes are outlined in **Attachment 4**. This has resulted in a proposed cumulative cash surplus for Budget 2023/24 of \$0.93 million.
- 2.11 The Council Plan updated for Year 3 and Budget 2023/24 demonstrates a prudent approach to financial management in recovering from the pandemic (and other risks) while still providing significant investment in services and infrastructure over the 10-year period to deliver on the Council Plan vision and outcomes related to an inclusive, liveable, sustainable, vibrant, and well governed Port Phillip.
- 2.12 Budget 2023/24 includes:
  - 2.12.1 An average increase to general rates by 2.8 per cent, which is 0.7 per cent lower than the rates cap of 3.5 per cent set by the Victorian Government and 4.2 per cent lower than forecast inflation (State Government forecast of 7.0 per cent inflation for 12 months (June 2022 to June 2023)).
    - a) This is in recognition of the cost-of-living pressures across our City, from rising inflation to interest rates, which have been front of mind this year.
    - b) While various options were considered, Council proposed a lower rate increase than the rates cap due to its ability to provide ongoing financial relief to our community. This is because whatever rate rise may follow in the future; it will be based off the lower 2.8 per cent figure.
  - 2.12.2 Increased targeted financial support including:
    - a) Increasing the Council-funded pensioner rates rebate by 5 per cent to \$210 in 2023/24 – noting that the City of Port Phillip is one of the few councils that offer this scheme in addition to the State Government rebate.
    - b) Additional \$50,000 funding for the Early Education Grants program (total \$206,000) to support vulnerable families not eligible for Commonwealth Childcare subsidy to access additional days of childcare.



- c) Extension of the funding agreement for Launch Housing to employ a dedicated assertive outreach service for rough sleepers for a further two years at a cost of \$110,000 per annum. This role is critical to supporting Port Phillip Zero and community safety and amenity.
  - d) A one-off \$40,000 funding for greater food support within the municipality. This is to respond to the greater demand for food relief to enable the purchase of additional food.
  - e) Continuation of existing business support with the Economic Recovery Package until June 2025. This includes ongoing activation of public space and one-off Dundas Place Activation.
- 2.12.3 A rating structure that is consistent with the Rating Strategy 2022-25, which includes differential rating based on Capital Improved Value (CIV) and a separated tiered waste charge. This includes a 1 percent rating reallocation from residential to non-residential property.
- a) More information will be provided in the Rates Brochure 2023/24 and on Council's website to help explain the movements.
  - b) The Council continues to provide one of Victoria's most supportive rates and charges hardship relief schemes to individual and business ratepayers including payment plans, one-off waivers in cases of extreme financial hardship, and Council funded pensioner support.
- 2.12.4 The January 2023 revaluation has seen an average decrease of 1.0 percent of the Capital Improved Value (CIV) for the municipality.
- a) The valuation data showed mixed results across the municipality with the median residential property decreasing by 3.7 percent, commercial property not changing in value and industrial property increasing by 6.9 percent.
  - b) For residential properties, on average detached dwellings increased in value whereas apartments and flats decreased in value. The most likely impacts of the change is high interest rates and decreasing consumer borrowing power which has impacted residential properties. This means detached dwellings will see a higher increase to their general rates than apartments.
- 2.12.5 Minor updates to the Waste Charge structure to achieve outcomes that are fair, efficient to administer and simple to understand for our community. These include:
- a) Default Waste Charge including the cost of providing Multi-Unit Dwelling shared Food Organic and Garden Organic (FOGO) kerbside services;
  - b) No Default Waste Charge on residential car-spaces & storage areas while commercial car-spaces & storage areas will be charged 10 percent of the Default Waste Charge (excluding commercial carpark operators who will be charged the default waste charge)
- 2.12.6 Accommodating other additional expenditure pressures including:



- a) inflation projected at 4.5 per cent (1.0 per cent greater than the rates cap of 3.5 per cent). Noting that the State Government is now project inflation for 2023/23 at 7.0 per cent. This poses a significant risk for Council.
  - b) an increase in the Superannuation Guarantee Charge to 11 per cent from 10.5 per cent
  - c) Significant increase by the State Government to Workcover industry rates directly impacting Council Workcover Premium at a cost of \$0.62 million in 2023/24 and ongoing impact over the 10-year period of \$7.2 million.
- 2.12.7 Efficiency savings of \$2.1 million (\$1.1 million ongoing and \$1 million one-off in the portfolio). Total permanent savings delivered in the three budgets of this Council are \$4.9 million and \$12.6 million delivered over the four budgets of the previous Council. Cumulative savings since the introduction of rates capping in 2016/17 are more than \$91 million.
- 2.12.8 A general increase in fees and charges of 3.75 per cent based on forecast inflation, unless supported by benchmarking or to provide targeted relief.
- 2.12.9 No debt – excluding finance lease liabilities will remain as part of our financing strategy.
- 2.12.10 Cash reserves for operational needs including staff leave and contingency of \$20.7 million.
- 2.12.11 Project investment of \$76.3 million in 2023/24 to maintain, grow and improve services and assets.
- 2.12.12 The Budget forecasts \$567 million of capital expenditure over the next 10 years which including increased investment for:
- a) \$25 million provisional funding for Elwood Foreshore Facilities Project, Stages 2 & 3.
  - b) \$17 million for South Melbourne Market Connect
  - c) Additional \$9 million will be set aside in the Municipal Growth Fund due to risk of funding shortfalls for the development of Fishermans Bend.
- 2.12.13 A cash surplus of \$0.93 million providing additional contingency for likely enterprise financial risks, particularly due to the ongoing risk of high inflation (significantly above the proposed rates increase)
- 2.12.14 The 10-year Financial Plan includes a rates cap challenge of \$82.8 million which has increase by \$7.2m since the draft Budget due to the significant increase to Council's Workcover premium (state government cost shifting).
- 2.12.15 It is expected that the rates cap challenge will be addressed through ongoing efficiency savings with a 1 per cent efficiency target per annum included in the Financial Plan. Over the long run it is likely other levers will be required to balance the budget with further investment required particularly in Fishermans Bend, and further state government cost shifting.
- 2.13 The update Council Plan for year three and Budget 2023/24 is also informed other previously endorsed strategies such as the Enterprise Asset Management Plan 2022-2032, Waste Management Strategy 2022-25, Integrated Transport Strategy, Sustainable Environment Strategy, and Public Space Strategy.



**3. RECOMMENDATION**

**PART 1**

That Council:

- 3.1 Notes the forecast 2022/23 financial improvement of \$0.43 million since release of the draft Budget which brings the forecast cumulative cash surplus to \$8.37 million for 2022/23.
- 3.2 Notes the financial changes identified and incorporated into the proposed Budget 2023/24 in **Attachment 4** of this report including timing changes for delivery of the portfolio, additional cost pressures including the significant increase to the Workcover Premium and subject to any changes by resolution of this meeting.
- 3.3 Responds in writing to thank all those that have made formal written submissions and to advise them of the outcome of Council’s decision.

**PART 2**

- 3.4 That Council endorses a 2.80 percent average rate increase for 2023/24 which is 0.7 percent lower than the 3.50 the rates cap set by the Victorian Government.
- 3.5 Notes that the below rates cap rates increase is funded from the favourable 2022/23 cash surplus and in recognition of the cost-of-living pressures our community are facing.
- 3.6 Declares rates and charges for Budget 2023/24 as required by Section 94 of the Local Government Act as follows:
  - 3.6.1 An amount of \$130,950,189 to be raised by general rates and \$14,811,122 waste service charges for the period 1 July 2023 to 30 June 2024.
  - 3.6.2 A differential rate in the dollar based on type or class of land on the 2023 Capital Improved Value of all rateable properties within the municipality:

Type or class of land	2023 Rate per \$ Capital Improved Value
General rate for rateable residential properties	0.001694
General rate for rateable commercial properties	0.002021
General rate for rateable industrial properties	0.002000

- 3.6.3 A Default Waste Charge for all rateable properties of \$198.20 and a Kerbside FOGO Collection Charge for Single Unit Dwellings of \$66.00.
- 3.6.4 An annual garbage charge of \$436 per property on all non-rateable properties that receive waste management services from the City of Port Phillip. Notes additional charges may apply for multiple waste bins.



- 3.6.5 An annual garbage bin surcharge of \$248 for properties that are provided with a 240-litre bin for the collection of non-recyclable waste.
- 3.6.6 An 80-litre waste bin annual rebate of \$80 for properties that take up a small waste bin.
- 3.6.7 A private waste collection rebate of \$68 for residential properties that have private collection for waste.
- 3.6.8 Removal of the one-occupancy waste rebate for residential and commercial carparks and or storage areas – to be replaced with:
- Residential carparks and or storage areas will be exempt from the default waste charge.
  - Commercial carparks and or storage areas to be charged the new commercial car park waste charge of \$19.80.
- 3.6.9 The properties on **Attachment 5** to be “Recreational and Cultural Lands” and that the level of general rates for these properties be set in accordance with percentages of the general rate also shown in this attachment.
- 3.6.10 Grants a rebate equivalent to half the general rate for the elderly persons flats as outlined in **Attachment 6**, in accordance with the agreement between Council and the Ministry of Housing.
- 3.6.11 Subject to the consent of the Minister for Local Government, treats any person(s) who has been excused the prescribed amount of the general rate for the year ending 30 June 2023 in accordance with the State Concessions Act 2004 as being similarly eligible for 2023/24.
- 3.6.12 A Council rebate of \$210 maximum (an increase of 5 percent) to those persons who satisfy eligibility requirements noting that the total value of the combined State Government rebate of approximately \$253.20 (maximum) and Council rebate will not exceed 50 percent of the general rate payable for the financial year.
- 3.6.13 A one-off waiver of a maximum of \$750 on application up to 50 percent of general rates and charges to the Chief Financial Officer in cases of extreme financial hardship.
- 3.6.14 Notes the previously declared special rate schemes for 2023/24:
- Port Melbourne Business Precinct for Marketing, Management and Business Development to the Maximum of \$320,000.
  - Fitzroy Street and Environs Business Precinct for Marketing, Management and Business Development to the Maximum of \$216,700.
  - Acland Street Village Business Precinct for Marketing, Management and Business Development to the Maximum of \$195,000.
- 3.6.15 Notes the new special rate scheme from 2023/24 onwards for Carlisle Street Business Precinct for the purpose of marketing, promotion, business development and centre management expenses up to the maximum of \$200,000.

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3.7 Adopts the following payment dates and due dates for rates and associated charges:

Payment Type Description	Due Date	Interest from
Full Payment	15 Feb, 2024	Same as instalments
1 <sup>st</sup> Instalment	30 Sept, 2023	1 Oct, 2023
2 <sup>nd</sup> Instalment	30 Nov, 2023	1 Dec, 2023
3 <sup>rd</sup> Instalment	29 Feb, 2024	1 Mar, 2024
4 <sup>th</sup> Instalment	31 May, 2024	1 Jun, 2024

3.7.1 Authorises the Chief Financial Officer and the Coordinator Revenue and Valuations to collect all rates and charges and the Fire Services Property Levy.

3.8 Penalty interest rate set in accordance with the Penalty Interest Rates Act 1983 at the prescribed rate (10 percent) as at 1 July 2023 fixed by the Governor in Council for general rates and charges that remain unpaid after the payment dates prescribed by the Governor in Council.

### **PART 3(a)**

3.9 Notes the community engagement and consultation that took place summarised in Section 5 of this report and detail provided in **Attachment 7**.

3.10 Having considered all the submissions received and those heard at the Council Meeting of 7 June 2023, and having completed its budget deliberations, agrees to include the following community budget submissions in the Budget 2023/24:

- 3.10.1 Printed copies (of the email version) of Divercity Newsletter to be made available by post to those unable to access the electronic version. This will be accommodated within existing budget as it has a minimal cost.
- 3.10.2 Inclusive Training to be accommodated within Council's enterprise training program (including mandatory training) for Council staff continues to evolve to ensure we reflect our commitment to LGBTIQ+ in the Diversity & Inclusion Plan.
- 3.10.3 Fee waivers for council facilities consistent with Council's Positive Ageing Strategy to be reduced from 65 to 60 years of age. This will be accommodated within existing budgets for community facilities (minimal cost).
- 3.10.4 \$150,000 funded from the Asset Renewal Reserve to support the Port Melbourne Yacht Club dingey shed roof replacement works without matching funding and offers support to PMYC to assist them in applying for external funding
- 3.10.5 Installation of accessible beach matting at Elwood Beach (using existing council own beach matting). Funding of \$11,000 for one year for the maintenance and servicing of the beach matting. With future years dependent on finding an ongoing funding source.



- 3.10.6 \$10,000 one off 50 percent funding contribution for the SouthPort Community Centre to operate the Waterfront Welcomers Program in 2023/24.

**PART 3(b)**

- 3.10.7 Defer re-payment of the capital contribution owed the JL Murphy Pavilion Committee to July 2023, with the loan to be fully paid by April 2027 in recognition of the challenges outlined by the JL Murphy Pavilion Committee.

**PART 4**

- 3.11 Notes the outcome from the Cost Review 2022, the proposed Budget 2023/24 includes \$100,000 for the Cultural Development Fund – Projects stream (funding for individual artistic/creative projects), which is an \$87,000 reduction.

**PART 5**

- 3.12 Notes that the Budget 2023/24 proposed by Officers includes a cumulative cash surplus of \$0.93 million providing higher than normal contingency reflective of the current economic operating environment.

**PART 6**

- 3.13 Adopts Year 3 of the Council Plan 2021-31, which includes the updated (10-year) Financial Plan, the Revenue and Rating Plan, the Budget 2023/24 and the 10-year community vision as set out in **Attachments 1-3**, and incorporates all changes made by resolution in this meeting.
- 3.14 Delegates authority to the CEO to reflect any changes made by Council at tonight's meeting, which are not reflected in **Attachments 1-3**, to make minor typographical corrections or changes to images before final publication and to make editorial changes to the Plan that reflect any changed obligations to Council required by state government agencies.

**4. KEY POINTS/ISSUES**

- 4.1 The integrated Council Plan 2021-31 sets a 10-year direction for the City, with a four-year focus on specific actions Council will undertake to work towards achieving this longer-term direction. Each year Council reviews the Council Plan to determine whether the strategies, priorities and measures require adjustment.
- 4.2 The Council Plan is supported by a financial strategy which provides clear direction on the allocation, management, and use of financial resources. It aims to ensure that Council remains financially sustainable while maintaining assets and services, responding to growth, and delivering on priorities.
- 4.3 The financial strategy is embedded in a 10-year Financial Plan and forms part of the updated Council Plan. It sets the parameters within which Council agrees to operate to maintain acceptable financial outcomes over the short, medium, and long term.
- 4.4 Council released the draft Council Plan 2021-2031 updated for year three and Budget 2023/24 for community consultation at an Ordinary Meeting of Council held on 19 April 2023.
- 4.5 Consultation on the draft updated Council Plan Year Three and Budget 2023/24 occurred from 21 April to 18 May 2023. The Council's Have Your Say webpage received 11,204 views by 8,020 visitors. The online survey received 130 responses





and Council received 22 direct emails and Community Requests that provided feedback on the draft documents. All feedback received has been reviewed and informed the final Council Plan Year 2 and Budget 2023/24 (**Attachments 1-3**).

#### **Updates to Council Indicators**

- 4.6 Council indicators provide a snapshot of our annual performance. They are reviewed annually to ensure targets are realistic and their descriptions are accurate and reflective of what is being measured. The inclusion of new indicators is also considered annually to ensure the currency of what we are measuring.
- 4.7 Since 2022/23 we have included the frequency, each indicator is measured to provide clarity over when we will be reporting on them in the monthly CEO Report, Quarterly Report and Annual Report.
- 4.8 For 2023/24, the following indicators have been added:
- Percentage of investment in fossil-free institutions
  - Street cleaning audit compliance
  - Number of Council Plan initiatives that are on track
  - Percentage of audit actions completed on time
  - Proportion of projects on track
- 4.8.2 The following indicator has been removed as the LGPRF 'Council decisions made at meetings closed to the public' result in similar outcomes:
- Council decisions made at meetings open to the public.

#### **Updates to Budget 2023/24**

- 4.9 Since the release of the Draft Budget 2023/24, officers have factored in the following changes to a range of budget items to reflect new and better information:
- 4.9.1 A \$0.43 million improvement to our 2022/23 forecast year end results (April 2023) from what was presented with the Draft Budget 2023/24. This is predominantly due to additional supplementary rates (caused by property growth in the municipality) offset by a minor reduction in parking income.
- 4.9.2 Grant income in 2023/24 has decrease by \$2.5 million due the 75 percent prepayment of the Victorian Grants Commissions Financial Assistance Grant allocation for 2023/24 (funds to be held in reserves)
- 4.9.3 Significant increase by the State Government to Workcover industry rates directly impacting Council Workcover Premium at a cost of \$0.62 million in 2023/24 and ongoing impact over the 10-year period of \$7.2 million.
- 4.9.4 One-off additional funding of \$0.07m for School Crossing Supervisors as an outcome of the State Budget 2023/24. Noting this is one-off additional funding to the recurrent agreement.
- 4.9.5 Minor improvement in user fees through updated policies including Car Share Policy (19 April 2023) and Parking Management Policy (17 May 2023).
- 4.9.6 Inclusion of an additional operating project for the Aged Care Reform Review. Estimated cost of \$150,000 part funded from the Aged Care Transition Reserves and Inflation Provisions.



- 4.9.7 Significant deliverability reviews of the project portfolio have also occurred, adjusting the timing of delivery of several projects to ensure that project timelines are accurate.
- 4.9.8 A comprehensive list of all financial changes identified and incorporated into the proposed Budget 2023/24 can be found in **Attachment 4** of this report.
- 4.10 Adjusting for the financial changes above and consideration of submissions, officers have included the following Community Requests in the Budget 2023/24:
  - 4.10.1 Defer re-payment of the capital contribution owed the JL Murphy Pavilion Committee to July 2023, with the loan to be fully paid by April 2027 in recognition of the challenges outlined by the JL Murphy Pavilion Committee.
  - 4.10.2 Printed copies (of the email version) of Divercity Newsletter to be made available by post to those unable to access the electronic version. This will be accommodated within existing budget as it has a minimal cost.
  - 4.10.3 Inclusive Training to be accommodated within Council's enterprise training program (including mandatory training) for Council staff continues to evolve to ensure we reflect our commitment to LGBTIQ+ in the Diversity & Inclusion Plan.
  - 4.10.4 Fee waivers for council facilities consistent with Council's Positive Ageing Strategy to be reduced from 65 to 60 years of age. This will be accommodated within existing budgets for community facilities (minimal cost).
  - 4.10.5 \$150,000 funded from the Asset Renewal Reserve to support the Port Melbourne Yacht Club dingey shed roof replacement works without matching funding and offers support to PMYC to assist them in applying for external funding
  - 4.10.6 Installation of accessible beach matting at Elwood Beach (using existing council own beach matting). Funding of \$11,000 for one year for the maintenance and servicing of the beach matting. With future years dependent on finding an ongoing funding source.
  - 4.10.7 \$10,000 one off 50 percent funding contribution for the SouthPort Community Centre to operate the Waterfront Welcomers Program in 2023/24.

**Updated overall Budget 2023/24 financial position:**

- 4.11 The impact of the further updates to the Draft Budget results in the cumulative cash surplus decreasing from \$1.04 million to \$0.93 million (decrease of \$0.1 million)
- 4.12 As outlined in the Financial Strategy in this report, the Plan operates within the rates cap, maintains financial sustainability and an overall low financial sustainable risk rating as measured by the VAGO Financial Sustainability Indicators, whilst investing in essential assets and services.

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4.13 The updated financial sustainability table is as follows:

Indicator Targets		Forecast Projections										
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Net Result %	Greater than 0%	6.3%	4.0%	4.8%	4.7%	4.9%	5.4%	5.2%	5.2%	4.7%	5.5%	5.7%
Adjusted underlying result	Greater than 5%	3.3%	0.6%	0.8%	0.9%	1.2%	2.2%	2.0%	2.4%	2.6%	2.8%	3.0%
Working Capital	Working Capital Ratio >100%	397%	351%	302%	226%	190%	194%	200%	208%	212%	217%	221%
Internal Financing	Net cashflow from operations to net capital expenditure >100%	203%	77%	73%	66%	81%	118%	121%	125%	119%	119%	119%
Indebtedness	Indebtedness ratio <40%	1.2%	1.3%	1.6%	1.5%	1.5%	1.5%	1.4%	1.4%	1.4%	1.4%	1.4%
Capital Replacement	Capital to depreciation >150%	130%	267%	287%	294%	241%	168%	162%	156%	159%	164%	165%
Infrastructure Renewal Gap	Renewal & upgrade to depreciation >100%	102%	198%	220%	151%	195%	136%	131%	127%	128%	133%	133%
Overall Financial Sustainable Risk Rating		Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low

4.14 The proposed Budget 2023/24 includes:

- 4.14.1 An average rate increase of 2.80 percent, which is 0.7 percent lower than the rates cap set by the Victorian Government of 3.5 percent. This below the rates cap rates increase is funded from the favourable 2022/23 cash surplus and in recognition of the cost-of-living pressures our community are facing.
- 4.14.2 Project investment of \$76.6 million to maintain, grow and improve services and infrastructure including \$57.9 million of capital investment in our \$3.2 billion worth of community assets including roads, footpaths, drains and stormwater, parks and foreshore, sport fields and facilities, and community facilities. This includes:
- \$25 million provisional funding for Elwood Foreshore Facilities Project, Stages 2 & 3.
  - \$17 million for South Melbourne Market Connect
  - Noting also an additional \$9 million will be set aside in the Municipal Growth Fund due to risk of funding shortfalls for the development of Fishermans Bend.
- 4.14.3 Increased targeted financial support including:
- Increasing the Council-funded pensioner rates rebate by 5 per cent to \$210 in 2023/24 – noting that the City of Port Phillip is one of the few councils that offer this scheme in addition to the State Government rebate.
  - Additional \$50,000 funding for the Early Education Grants program (total \$206,000) to support vulnerable families not eligible for Commonwealth Childcare subsidy to access additional days of childcare.
  - Extension of the funding agreement for Launch Housing to employ a dedicated assertive outreach service for rough sleepers for a further two years at a cost of \$110,000 per annum. This role is critical to supporting Port Phillip Zero and community safety and amenity.



- A one-off \$40,000 funding for greater food support within the municipality. This is to respond to the greater demand for food relief to enable the purchase of additional food.
  - Continuation of existing business support with the Economic Recovery Package until June 2025. This includes ongoing activation of public space and one-off Dundas Place Activation.
- 4.14.4 Efficiency savings of \$2.1 million (\$1.1 million ongoing and \$1 million one-off in the portfolio). Total permanent savings delivered in the three budgets of this Council are \$4.9 million and \$12.6 million delivered over the four budgets of the previous Council. Cumulative savings since the introduction of rates capping in 2016/17 are more than \$91 million.
- 4.14.5 No debt - some finance lease liabilities will remain as part of our financing strategy.
- 4.14.6 Cash reserves for operational needs including staff leave and contingency of \$20.7 million.
- 4.14.7 A cash surplus of \$0.87 million providing additional contingency for likely enterprise financial risks, particularly due to the ongoing risk of high inflation (significantly above the proposed rates increase)
- 4.15 The 10-year Financial Plan includes a rates cap challenge of \$82.8 million which has increase by \$7.2m since the draft Budget due to the significant increase to Council's Workcover premium (state government cost shifting).
- 4.15.1 It is expected that the rates cap challenge will be addressed through ongoing efficiency savings with a 1 percent efficiency target included in the Financial Plan. Over the long run it is likely other levers will be required to balance the budget with further investment required in Fishermans Bend and further cost shifting.
- 4.16 In the Council Plan, significant investment continues to be projected over the 10-year period on important initiatives to deliver on the Council Plan outcomes and priorities:
- 4.16.1 Integrated Transport Strategy \$31 million
- 4.16.2 Sustainable Environment Strategy \$45 million
- 4.16.3 Public Space Strategy – \$129 million
- 4.16.4 Don't Waste It! Waste Management Strategy (2023-2025) implementation - \$3.7 million.

**Property valuation 2023 updates**

- 4.17 The Council Plan and Budget incorporates a 2.80 percent increase to general rates which is 0.7 percent lower than the Rate Cap increase of 3.5 percent prescribed by the Minister for Local Government with oversight from the Essential Services Commission.
- 4.18 All rates and charges have been set in alignment with the Rating Strategy 2022-25.
- 4.19 The total amount of rates revenue (excluding waste and other charges) is increasing by 4.2 percent on Budget 2022/23. This includes the 2.80 percent increase for existing ratepayers (below the rates cap of 3.5 percent) with the remainder related to growth in the ratepayer base (net 803 rateable properties mainly residential) which is outside the rates cap. Noting also that new ratepayers create growth in service costs for Council.



- 4.20 The Victorian Valuer General has prepared the annual general valuation on all properties in the Municipality as at 1 January 2023. This will be used to allocate rates to individual ratepayers.
- 4.21 The revaluation does not impact the overall quantum of rates collected by the Council – only the distribution of rates between individual ratepayers.
- 4.22 The January 2023 revaluation has seen an average decrease of 1.0 percent of the Capital Improved Value (CIV) for the municipality.
  - 4.22.1 The valuation data showed mixed results across the municipality with the median residential property decreasing by 3.7 percent, commercial property not changing in value and industrial property increasing by 6.9 percent.
  - 4.22.2 For residential properties, on average detached dwellings increased in value or showed little change whereas apartments and flats decreased in value. The most likely impacts of the change is high interest rates and decreasing consumer borrowing power impacted residential properties. This means detached dwellings will see a higher increase to their general rates than apartments.
- 4.23 Generally speaking, if a residential property value:
  - 4.23.1 decreased by more than the median decrease of 3.7 percent, the ratepayer will experience a rate increase less than the 2.80 percent rates increase.
  - 4.23.2 Whereas, if the property increased in value or decreased by no more than 3.7 percent, the ratepayer will get a rates increase higher than the 2.80 percent rates cap.
- 4.24 Commercial and Industrial performed significantly better than residential properties as the commercial economic environment rebounds from COVID-19 impacts in prior years. Most noticeable increases were in office premises, retail and shops, while reductions were seen in serviced apartments and commercial carparks.

#### **Updates to the Council Plan since public consultation**

- 4.25 Following engagement with the community, some changes that have been made to respond to feedback or to update information. Changes include:
  - 4.25.1 **Leasing Information in Volume 2** – leasing information has been updated with the most current data.
  - 4.25.2 **Asset Information in Volume 3** – Asset data for the service profiles has been updated with the most current data.
  - 4.25.3 **City and Council Indicators** - Indicators provide a snapshot of our performance each year and are reviewed annually to ensure targets are realistic. Indicators are reported on in the monthly CEO report and Annual Report. Updates have been made to ensure the language and metric for each indicator is expressed correctly, with new measures that support the picture of our performance.
  - 4.25.4 **Council Indicators** - Targets have been updated for the Council Indicators and the new measures have been included.
  - 4.25.5 Further changes to Council Indicators targets have been incorporated and are outlined in the table below. The proposed changes provide a more specific target, as opposed to a target range, and are closely aligned to the anticipated performance result.

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Strategic Direction	Council Plan Indicator	2019/20 Result	2020/21 Result	2021/22 Result	2023/24 Draft Council Plan Yr 3 Target	2023/24 Proposed Target
Inclusive	Participation in MCH service*	87%	84%	79%	83-90%	75%
Liveable	Animal management prosecution *	100%	100%	100%	0% to 200%	>90%
Liveable	Animals reclaimed*	51%	50%	53%	30 % to 90 %	>50%
Liveable	Animals re-homed*	11%	18%	8%	20% to 80%	15%
Liveable	Number of properties being investigated for heritage protection in the planning scheme	30	207	644	200 to 300	>200
Liveable	Sealed local road requests*	17	51	44	1 to 10	>50
Sustainable	Council's energy consumption in buildings and streetlights (MWh)	8,800	8,272	8,349	7,200	7,750
Sustainable	Council's gross greenhouse gas emissions (tCO2-e)	3,193	2,079	2,333	1,200	1,800
Sustainable	Kerbside collection bins missed per 10,000 scheduled bin lifts*	3	2	5	1 to 5	5
Sustainable	Kerbside collection waste diverted from landfill *	30%	32%	33%	20% to 60%	40-50%



Strategic Direction	Council Plan Indicator	2019/20 Result	2020/21 Result	2021/22 Result	2023/24 Draft Council Plan Yr 3 Target	2023/24 Proposed Target
Sustainable	Number of participants in community programs at the EcoCentre	15,035	16,410	12,544	19,000	12,500
Vibrant	Community satisfaction with Library service	N/A	N/A	N/A	8	>80%
Vibrant	Physical library collection usage*	4	4	3	0.25 to 2.25 items	>2.25
Well-Governed	Satisfaction with customer services	N/A	68	66	>70	>66%
Well-Governed	Variance from operating budget adjusted for Council approved expenditure	6%	1%	16%	-1% to +3%	>-1%

#### Gender Impact Assessment

- 4.26 Officers have incorporated consideration of gender equity in developing the budget, including policies, plans and projects that have a significant impact on the community.
- 4.27 Council has undertaken gender impact assessments on a range of new and reviewed initiatives, including Council's Car Share Policy, Play Space Strategy, Public Toilet Plan, Accessibility Action Plan, LGBTQIA+ Action Plan and Children's Services Integrated Registration and Enrolment Project.
- 4.28 These assessments have identified actions to ensure fairer outcomes for all community members, including improvements to enhance safety, accessibility and inclusion.
- 4.29 Gender impact assessments currently underway include assessments for Council's Housing Strategy, Fisherman's Bend and Community Safety planning.

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- 4.33 Gender impact assessments currently underway include assessments for Council's Housing Strategy, Fisherman's Bend and Community Safety planning.

## 5. CONSULTATION AND STAKEHOLDERS

- 5.1 The updated draft Council Plan 2021-31 Year 3 including the draft Budget 2023/24 was resolved by Council to be released for public consultation on 20 April 2022.
- 5.2 Consultation occurred from 21 April to 18 May 2022. A total of 271 people provided feedback on the draft Council Plan and Budget: The online survey received 130 responses and Council received 22 related emails and Customer Requests. There were approximately 120 participants at the eight pop-up conversations held around the municipality.
- 5.3 An Interim Engagement Summary Report on the engagement activities and findings was presented at the Special Council Meeting on 7 June 2022 and the Final Engagement Summary Report is attached (Attachment 7).
- 5.4 Participants were asked a series of questions focused on changes to the draft Council Plan and Budget, particularly around the proposed changes to the following programs:
  - Rates increase
  - Reduction in funding to the Cultural Development Fund
  - Indicators in the Council Plan
  - Waste charges
- 5.5 Participants were asked their level of support for the proposed rates increase of 2.8 per cent. Of the 127 participants that responded to this question, 53.5% were supportive, 36.2% were not supportive and 10.2% were neutral.
- 5.6 Participants were asked their level of support for reducing funding to the Cultural Development Fund. Of the 131 responses received to this question, 27.5% were supportive, 64.9% were not supportive and 7.6% were neutral.
- 5.7 There was overall support for the proposed changes to performance indicators, with 19 people providing feedback.
- 5.8 Mixed support was received from the 26 participants that provided feedback from the proposed changes to waste charges.

## 6. LEGAL AND RISK IMPLICATIONS

- 6.1 The Local Government Act 2020 requires Council to undertake an annual review of the Council Plan and to develop an annual Budget, for adoption by 30 June. The Act also requires Council to engage with our community on these proposed changes and the draft budget in accordance with Council's Community Engagement Policy.
- 6.2 The financial and non-financial tables supporting the proposed Budget 2023/24 and Financial Plan have been prepared in accordance with regulations laid down by the Local Government (Planning and Reporting) Regulations 2020.
- 6.3 Officers continue to monitor and put in place plans to address financial risks that the organisational is facing. The comprehensive risk assessment can be found in **Attachment 2**.





## 7. FINANCIAL IMPACT

- 7.1 Direction 5 of the Plan “Well Governed” highlights the importance of ‘a *financially sustainable, high performing and community focused organisation*’ to underpin delivery of the direction and outcomes defined in the Plan.
- 7.2 As outlined under Financial Strategy in this report, this Plan operates within the rates cap and maintains financial sustainability while maintaining or improving service delivery and community assets.
- 7.3 Any resource implications of proposed adjustments to the updated Council Plan have been represented in the Financial Plan (10-year) and Budget 2023/24.

## 8. ENVIRONMENTAL IMPACT

- 8.1 The strategic direction, Sustainable Port Phillip is a key outcome for our City with a sustainable future, where our community benefits from living in a bayside city that is cleaner, greener, cooler and more beautiful.
- 8.2 In our long-term challenge, Climate change and the environment, we aim to reduce our own emissions and prepare our City and community for a changing environment. This requires investment in our assets, changing how we deliver our services and working with our community and partners to mitigate and adapt to climate change.
- 8.3 This focus aims to underpin Council’s resolution of calling a climate emergency. We are building our first *Climate Emergency Plan*.
- 8.4 There are several additional investments designed to improve environmental outcomes including:
  - 8.4.1 Ongoing Waste Transformation Program as outlined in the Don’t Waste It! Waste Management Strategy which includes new waste services such as FOGO and Glass recycling
  - 8.4.2 Elwood Foreshore Stage 1 (which includes greater climate resilience of infrastructure)
  - 8.4.3 enhanced drainage cleaning to mitigate impacts of flooding
  - 8.4.4 fully funded Public Space Strategy
  - 8.4.5 investment in high-cost engineering solutions to improve electrical line clearance compliance while reducing the impact on tree canopy coverage
  - 8.4.6 continuing our annual Greening Port Phillip Program and developing a new Urban Forest Strategy and Street Tree Planting Program in 2023/24
  - 8.4.7 Greater focus on climate resilience and environmental sustainability in asset management as outlined in the draft Enterprise Asset Management Plan.

## 9. COMMUNITY IMPACT

- 9.1 Direction 1 of the Council Plan ‘*Inclusive Port Phillip*’ supports outcomes related to making our community supported and comfortable being themselves and expressing their identities.
- 9.2 Direction 2 of the Plan ‘*Liveable Port Phillip*’ ensures the city is a great place to live, where our community has access to high quality public spaces, development and growth are well-managed, and it is safe and easy to connect and travel within.



- 9.3 Direction 4 of the Plan '*Vibrant Port Phillip*' envisages a City that has a flourishing economy, where our community and local businesses thrive, and we maintain and enhance our reputation as one of Melbourne's cultural and creative hubs. The importance of action in this area is emphasised by Council declaring an Economic Emergency in 2020.
- 9.4 There are also a number of specific changes to the Council Plan 2021-2031 updated for year three, including the Budget 2022/23 that have specific community impacts:
- 9.4.1 If implemented, the reduction to the Cultural Development Fund (Projects) will reduce the opportunity available for our community to generate and participate in arts, cultural and heritage activities in our neighbourhood and precincts.
- 9.4.2 The delayed in transition to fortnightly garbage collection is likely to generate different community opinions, which could include:
- not supporting the delay because delaying food waste diversion from landfill is seen as delaying improvement to our environmental impact
  - relief that there is additional time to decide whether to upsize existing waste bins, especially for households that are eligible for a free bin upsize.
- 9.4.3 Funding to improve access for girls and women at sporting facilities including JL Murphy and Lagoon Reserve in line with our Fair Access Policy (under development).
- 9.4.4 The recent Enterprise Agreement addresses gender equity with additional entitlements such as enhanced parental leave, superannuation paid on unpaid parental leave and other additional benefits in childcare and aged care with a large female workforce.

## 10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The proposed updated Council Plan 2021-31 for year three, once adopted, will replace the current version of the plan.

## 11. IMPLEMENTATION STRATEGY

### 11.1 TIMELINE

- 11.1.1 A rates brochure will be distributed in conjunction with the issuing of rate notices in August 2023.
- 11.1.2 Officers will provide a final copy of the Council Plan to Department of Health following its adoption by Council.

### 11.2 COMMUNICATION

- 11.2.1 Each person or organisation that has emailed feedback or requested follow-up information will be notified in writing, thanking them for their feedback, advising them of the Council decision and the reasons for that decision
- 11.2.2 The final designed and updated Council Plan 2021-31 Year 3 document, which includes the Budget 2023/24, will be promoted on Council's website as an interactive document, with hard copies made available at local libraries and service centres

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### 12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any material or general interest in the matter.

#### ATTACHMENTS

1. Council Plan 2021-31 (Year Three) and Budget 2023-24 Volume 1 [↓](#)
2. Council Plan 2021-31 (Year Three) and Budget 2023-24 Volume 2 [↓](#)
3. Council Plan 2021-31 (Year Three) and Budget 2023-24 Volume 3 [↓](#)
4. Financial changes identified and incorporated into Budget 2023-24 [↓](#)
5. Schedule Cultural and Recreational Lands Act 1963 - Rates Grants 2023-24 [↓](#)
6. Office of Housing Elderly Persons - General Rates Waiver Agreement 2023-24 [↓](#)
7. Council Plan 2021-31 Year 3 and Budget 2023-24 Engagement Summary Report [↓](#)