



PORT MELBOURNE SPECIAL RATE RENEWAL - 2021-2026
INTENTION TO DECLARE

EXECUTIVE MEMBER: KYLIE BENNETTS, DIRECTOR, OFFICE OF THE CEO

PREPARED BY: CARINE BOURCIER, SENIOR PLACEMAKING FACILITATOR

1. PURPOSE

- 1.1 To commence the statutory process to renew the Port Melbourne Special Rate and Charge Combined Scheme, for the 1 July 2021 to 30 June 2026 period, for the purpose of marketing, tourism, promotion and business development of the Port Melbourne business precinct.

2. EXECUTIVE SUMMARY

- 2.1 The City of Port Phillip currently has three Special Rate schemes in operation – Port Melbourne, Acland Street Village and Fitzroy Street. All Port Phillip schemes incorporate the collection of a levy from commercial properties within a defined geographic area for the sole purpose of marketing, promotion and business development of the specified Activity Centre. All funds collected are distributed to the incorporated Business Association under a funding agreement with Council.
- 2.2 A Special Rate or Charge or Combined scheme is governed by Sections 163 to 185C of the Local Government Act 1989. In declaring a Special Rate or Charge or Combined Scheme, Council must consider that:
- the proposal relates to the performance of a function authorised under Section 163 of the Act
 - there will be a special benefit to those persons liable to pay the Special Rate
 - there is a reasonable distribution of the rate amongst those persons liable to pay the Scheme levy
- 2.3 On 2 January 2020 the Port Melbourne Business Association (PMBA) wrote to Council to request commencement of the Intention to Declare statutory process to renew the Port Melbourne Special Rate and Charge Scheme for 2021-2026. **(Attachment 1)**
- 2.4 On the 21 June 2020, Council received a letter from the Port Melbourne Business Association (PMBA) requesting the amount they are seeking (Attachment 2). This is based on the two modelling scenarios that was requested by the Chair of PMBA, Paul Littmann on the 7 May 2020:
- Option 1 - Max amount over 5 years of \$1.55M (\$310,000 per annum)
- Option 2 -Max amount over 5 years of \$1.6M (\$320,000 per annum)
- 2.5 Up until the 15 June 2020, Council officers have received signed documents of business support for this renewal that accounts for 54% of businesses currently open in the precinct, indicating strong support for the renewal especially during unusually difficult



economic times. This amounts to just over half of the businesses in the precinct open currently, (214 out of total of 390 businesses in the precinct).

3. RECOMMENDATION

That Council:

- 3.1 Having otherwise considered all relevant matters, commences the statutory process in August 2020 under the Local Government Act 1989 (The Act) to renew a Special Rate and Charge Combined Scheme to and for the properties within the defined Port Melbourne Business Precinct, such Special Rate and Charge Combined Scheme is to raise a maximum amount of \$320,000 per annum up to a maximum of \$1,600,000 in total for a period of five years, commencing on 1 July 2021 and ending on 30 June 2026.
- 3.2 In accordance with Section 163(1A) and 163B(3) of the Act, directs that public notices be published in The Age of the intention of Council to declare, if it is approved at the ordinary meeting of Council to be held on 5 August 2020, in accordance with the proposed declaration of Special Rate and Charge Combined Scheme in the form of the attachment to this resolution. (Proposed Declaration of Special Rate and Charge Combined Scheme) and as such a Special Rate and Charge Combined levy is to be for the purposes of defraying expenses to be incurred by Council in providing funds to the incorporated body known and operating as the Port Melbourne Business Association and funds, administratively only and subject always to the approval, direction and control of Council, are to be used for the purposes of the appointment of a coordinator, promotional, advertising, marketing and business development, all of which are associated with the encouragement of commerce, retail and professional activity and employment in the Port Melbourne Business Precinct.
- 3.3 Directs that in accordance with section 163 (1C) of the Act, separate letters enclosing a copy of the public notice be sent to the owners and the occupiers of the properties referred to in the Proposed Declaration included as **Attachment 4**, forming a part of the Proposed Declaration of Special Rate and Charge Combined Scheme advising of the intention of Council to declare the Special Rate and Charge Combined Scheme at the ordinary meeting of Council to be held on 5 August 2020, the amount for which the property owner or the occupier (being a person who as a condition of a lease under which the person who occupies the property is required to pay the Special Rate and Charge Combined levy) will be liable, the basis of the calculation and distribution of the Scheme and notifying such persons that submissions and/or objections in writing in relation to the Proposed Declaration of Special Rate and Charge Combined Scheme will be considered and/or taken into account by Council in accordance with sections 163A, 163B and 223 of the Act. The CEO is delegated to make minor amendments to the public notice (Attachment 4) that does not change the material intent and to ensure legislative compliance.
- 3.4 Advises the Port Melbourne Business Association of the matters specified in paragraphs 2.4, 2.5 and 2.6 of this resolution.
- 3.5 Authorises the Chief Executive Officer or delegate –



- (a) to carry out any and all other administrative procedures necessary to enable Council to carry out its functions under section 163A and section 163(1A), (1B) and (1C) and sections 163B and 223 of the Act; and
 - (b) to prepare a funding agreement between Council and the Business Association to formalise the administrative operations of the Special Rate and Charge Combined Scheme, such agreement being to ensure that at all times, and as a precondition to the payment of any funds by Council to the Business Association, Council is, and remains, legally responsible for approving, directing and controlling the expenditure of the proceeds of the Scheme in accordance with its obligations under the Local Government Act 1989 to do so.
- 3.6 Directs that the agreement specified in paragraph 2.8b of this resolution will be approved by the authorised officers of Council once the Special Rate and Charge Combined Scheme is declared.

4. KEY POINTS/ISSUES

Background

- 4.1 Special Rate declarations and renewals are a statutory process governed by Sections 163 - 185C of the Local Government Act 1989. In declaring a Special Rate or Charge or Combined Scheme, Council must consider that:
 - 4.1.1 the proposal relates to the performance of a function authorised under Section 163 of the Act;
 - 4.1.2 there will be a special benefit to those persons liable to pay the Special rate levy; and
 - 4.1.3 there is a reasonable distribution of the rate amongst those persons liable to pay the Special Rate levy.
- 4.2 The City of Port Phillip currently has three Special Rate schemes in operation – Port Melbourne, Acland Street Village and Fitzroy Street. All Port Phillip schemes incorporate the collection of a levy from commercial properties within a defined geographic area, for the sole purpose of marketing, promotion and business development of the specified activity centre.
- 4.3 Council's Rates team collects the Special Rate through the normal rating process, whilst compliance and reporting is managed by Placemaking. All funds collected are distributed to the relevant incorporated Business Association under a funding agreement with Council.
- 4.4 Port Melbourne Business Association, during the current scheme, has submitted all the required reporting on time and has delivered activities and programs within the Port Melbourne Business Precinct in line with the purpose of the Scheme levy. As an Incorporated body, they have also complied with the reporting outlined in the Associations Incorporations Reform Act 2012.
- 4.5 On 2 January 2020, Council received a letter from PMBA requesting that Council begin the statutory process to renew the Port Melbourne Special Rate and Charge Combined Scheme for a further five years, from 1 July 2021 to 30 June 2026.



- 4.6 The current Scheme (2016-2021) includes 401 properties and levies a maximum of \$1,300,000 over the five year period, equating to \$260,000 per annum.
- 4.7 Due to COVID-19, on 17 March, the Chair of the Association, Paul Littmann, requested consideration of an extension of the special rate for an additional year, given the current economic climate. Legal advice was sought that indicated that an extension was not possible under the Local Government Act. Advocacy was undertaken with the office of the Minister for Local Government about options to provide support in the current environment. Officers also explored other opportunities such as suspension of the rate for a period, however, without an alternate income source this option was not viable for the PMBA and as result was ultimately not pursued.
- 4.8 After review of the activity that PMBA have recently done during the COVID-19 period in supporting and promoting businesses, they decided to continue with the renewal process. To gauge support for striking a new Special rate for 2021 – 2026 at this difficult economic period, in May/June 2020, PMBA visited all open businesses in the precinct (214) and undertook a business poll and received signed support from 114 businesses for this renewal, which is 54% of business open. At presentation of this report, just over half of the businesses in the precinct are open currently, which amounts to 214 out of total of 390 businesses in the precinct.
- 4.9 The proposed new scheme is for a further five year period (2021 – 2026) and includes 390 properties. The proposed Boundary Map and property addresses is included as **Attachment 3** and remains unchanged from the current Scheme.
- 4.10 If redevelopments occur within the proposed boundary, those properties that are already levied will be adjusted. Any property that changes from commercial, retail, leisure, tourism or light industrial to residential use will be removed from the Scheme.
- 4.11 Properties exempt from paying the Scheme Levy include:
- all residential properties within the proposed Boundary;
 - Council owned properties; and
 - properties classified as being used for religious or community/not for profit purposes.
- 4.12 With the completion and review of Special rate modelling, PMBA have chosen to proceed with option 2, and increase the maximum levy revenue raised by the Scheme from \$1,300,000 to \$1,600,000 over the five year period, as outlined in the letter received from PMBA (**Attachment 2**). This equates to \$320,000 per annum, which is a 23% increase over the current scheme over a five year period and equates to an average increase per annum of 4.6%.
- 4.13 This overall percentage increase takes into account estimated CPI increases over the duration of the agreement and some additional activity, to be determined as the Business Plan is developed. To date Officers have not received any objections to the proposed increase.
- 4.14 It is proposed that two benefit levels be offered, as per previous agreements.
- 4.14.1 Primary Benefit Level covers the area including properties that are used, or reasonably capable of being used, for retail, commercial, leisure, tourism,



entertainment, light industrial or professional purposes and are located at ground level in Bay Street, Beach Street, Rouse Street (between Nott Street and Dow Street) and Waterfront Place, and which, in the opinion of Council receive a primary special benefit. Properties included in the primary benefit area will be subject to a rate of 0.00830 multiplied by the property's NAV. A minimum annual contribution of \$685.00 will apply.

- 4.14.2 Secondary Benefit Level covers the area including all other properties identified in the list above (which are not included in the primary benefit area) that are used or reasonably capable of being used for retail, commercial, leisure, tourism, entertainment, light industrial or professional purposes, and which, in the opinion of Council receive a secondary special benefit. Properties included in the secondary benefit area will be subject to a rate of 0.00415 multiplied by the property's NAV. A minimum annual contribution of \$435.00 will apply.
- 4.15 PMBA is currently developing their Business Plan for the proposed renewed 2021 – 2026 Scheme. It is expected that this will be finalised for the implementation of the new Scheme and will form part of the new funding agreement with Council.
- 4.16 The renewed scheme will enable the ongoing program of marketing, promotion and business development of the Port Melbourne and Bay Street Business Precinct. In particular it will fund the ongoing engagement of a precinct Marketing Coordinator.
- 4.17 It is considered that the value of properties included in the Scheme, their desirability as a letting proposition, and their general image will be enhanced with the activities generated by the Scheme funds. This is to be considered to be of benefit both directly and indirectly to all businesses and property owners located with the proposed scheme boundary and the wider community.

Key Information

- 4.18 The PMBA is a long established trader group with a stable committee that has consistently achieved its stated objectives and met its statutory requirements. The Association is successfully engaged with its traders and local community. Recent initiatives and achievements include:
- 4.18.1 Delivery of the 'Best of Port' Awards, which has been occurring annually for five year agreement period. In 2019, it attracted over 8,500 votes for 12 business category winners and 90 people attended on the night.
- 4.18.2 Delivery of Ports Howl-o-ween Event, which is in its third year and has had solid local visitation increases year on year since 2017. On 27 Oct 2019 it attracted over 1000 visitors and had 100% positive feedback from traders;
- 4.18.3 Delivery of the PMBA Christmas Windows and Carols evening, which decorates over 200 windows within Port Melbourne every year. This too has been an annual event since the beginning of the agreement in 2016 and has had solid increases in trader involvement and positive local feedback year on year. In 2019, 150 shops were involved in this event, which connected with a children's



book launch, by international author and local resident Alison Reynolds, titled “The day Rudolph’s nose turned blue” and gained good statewide press.

- 4.19 The first Port Melbourne Special Rate and Charge Combined Scheme was declared in 2001 for a period of five years. The scheme has been renewed three times since then, in 2006, 2011 and 2016.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Council has worked closely with the Association throughout the pre-intention to declare stage of this proposed renewal.
- 5.2 Council, is bound by the statutory process and cannot promote the benefits or achievements of the Special Rate to those affected by the renewal. The Port Melbourne Business Association is responsible for securing support for the renewal of the Special Rate and communicating the benefits of the renewal to the property and business owners.
- 5.3 Council, through Placemaking (soon to be City Growth and Activation), will communicate the statutory process to those affected property and business owners through the stages dictated by the statutory process.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 The risks associated with the proposal are limited by the following:
- 6.1.1 If the Scheme is declared PMBA will enter into a formal funding agreement with Council for the duration of the Scheme which outlines the specific purposes for which the funds can be spent.
- 6.1.2 The Association is required to submit financial reporting documentation every six months (profit and loss, balance sheet and marketing activity report). Scheme monies will not be paid to the Association until all reporting is received and accepted.
- 6.1.3 The Association must be an incorporated entity through the life of the scheme and must act in accordance with the Associations Incorporation Reform Act 2012.
- 6.1.4 The Association is required to develop and adopt their five year Business Plan to guide expenditure of the funds.
- 6.1.5 PMBA is to expend the monies raised by the Scheme on behalf of Council as an administrator of the funds and is at all times bound by the funding agreement with Council and is under the direction of and for Council; and Council reserves solely all discretions relevant to the application of the proceeds of the Scheme. Section 154 of the Local Government Act enables Council to discontinue the Scheme if there is any inappropriate expenditure.
- 6.1.6 If Council does not wish to renew the Port Melbourne Scheme there may be an expectation from commercial precincts that Council will fund marketing and promotion activities for those precincts.



7. FINANCIAL IMPACT

- 7.1 Council incurs administrative costs for the renewal of the Port Melbourne Scheme. These have been included in the 2020/2021 budget.
- 7.2 Council administers the collection of the funds for the life of the Scheme and distributes the funds to PMBA in two half-yearly instalments after they complete rigorous reporting requirements.

8. ENVIRONMENTAL IMPACT

- 8.1 A financially sustainable Business Association allows Council to work with Port Melbourne businesses on sustainable best practice programs that will reduce emissions, waste and energy usage and achieve improved sustainability outcomes.
- 8.2 Vibrant local activity centres provides local residents with the opportunity to shop locally and sustainably by walking, cycling or taking public transport to access their centre rather than driving.

9. COMMUNITY IMPACT

- 9.1 Vibrant activity centres are critical to the health and development of the local community. Centres provide employment, community meeting places, resources, leisure opportunities and essential services to the community.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 **Strategic Direction 1 – We embrace difference and people belong** – A successful business/retail precinct provides a multitude of services to the local and wider community to ensure Port Phillip outcome of ensuring community has access to services that support the health and wellbeing of our growing community. Shopping strips and villages are meeting places, a place where the community can shop, recreate and meet as well as access a range of services. A community that is connected is a healthy community and business precincts provide connectivity opportunities that are vital to the local and wider community.
- 10.2 **Strategic Direction 3 – We have smart solutions for a sustainable future** – There is opportunity for Council to work with Business Associations to educate and examine ways to 'green' businesses including waste reduction, energy usage, sustainable design and use of sustainable transport.
- 10.3 **Strategic Direction 4 – We are growing and keeping our character** – A successful business/retail precincts underpins the liveability of a high density city, like Port Phillip and is pivotal in creating a city of diverse and distinctive neighbourhood and places.
- 10.4 **Strategic Direction 5 –We thrive by harnessing Creativity** – Special Rate funds empower the business community to actively and creatively market, promote and develop their precinct to maintain vibrancy and economic viability and also to provide the community with a well-resourced business precinct that provides excellent services, gathering places and employment. It is pivotal to achieving two of the city's key outcomes under this Strategic Direction; Creating a City of dynamic and distinctive retail precincts and; Creating a prosperous city that connects and grows business.



10.5 **New Economic and Social Recovery Program** - As the COVID19 pandemic continues to negatively affect businesses and community in the Municipality, and with forecasts estimating it will take years to recover, now more than ever is the requirement for Council to support the Business and retail precincts through supporting a special rate, so that the local Business Associations can assist their businesses by delivering crucial services to support and reinvigorate their precincts and maintain/ attract businesses after the crisis abates, and through marketing and activation, which will ensure we have a strong, resilient and future ready business community for the term of the new agreement and beyond.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

11.1.1 If Council resolves to commence the statutory process:

- Letters are sent to all affected property and business owners to advise of the special rate renewal, the statutory process and their estimated levy amounts – from Monday 17 Aug 2020.
- Public notice published in The Age on Monday 17 August 2020 and displayed in St Kilda Town Hall or on the City of Port Phillip website.
- The Local Government Act 1989 states that the statutory process and proposed declaration must be available for public inspection, consideration and submissions for at least 28 days after the publication of the notice, therefore it is recommended to conclude this process at 5pm on Monday 21 September 2020
- Council officers review and collate Submission and Objections October 2020
- Council considers Submissions and Objections at its ordinary Council meeting on 2 December 2020.
- Council considers whether to declare (or not) the Port Melbourne Special Rate 2021-2026 at its ordinary Council meeting in February 2021.
- Council advises, by letter, all the affected property and business owners of the decision regarding the renewal of the Port Melbourne Special Rate in March 2021.
- Port Melbourne Special Rate and Charge Combined Scheme commences on 1 July 2021.

11.2 COMMUNICATION

11.2.1 Intention to Declare process:

- Letters are sent to all affected property and business owners to advise of the special rate renewal, the statutory process and their estimated levy amounts – 17 August 2020.

ORDINARY MEETING OF COUNCIL– 05 AUGUST 2020



- Public notice published in The Age 17 August 2020 and displayed in St Kilda Town Hall or on the City of Port Phillip website.

11.2.2 Declaration

- Council advises, by letter, all the affected property and business owners of the decision regarding the renewal of the Port Melbourne Special Rate early March 2021.
- All affected property and business owners receive their yearly rates notice which outlines their levy payment in July/August 2021.

12. OFFICER DIRECT OR INDIRECT INTEREST

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

TRIM FILE NO: F20/1

ATTACHMENTS

1. Letter to Renew PMBA
2. PMBA Special Rates Modelling Option Confirmation
3. Proposed Port Melbourne Special Rate Boundary Map and Property List
4. Draft Port Melbourne Intention to Declare Public Notice 2021-2026