



**DRAFT COUNCIL PLAN 2021-2031, MUNICIPAL HEALTH & WELLBEING PLAN, FINANCIAL PLAN, REVENUE & RATING PLAN, AND BUDGET 2021-22: RELEASE FOR PUBLIC CONSULTATION**

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**1. PURPOSE**

- 1.1 To consider release of the draft Council Plan 2021-31, including the Municipal Health and Wellbeing Plan, the draft Financial Plan (10-year), the draft Revenue and Rating Plan, and the draft Budget 2021/22 for public consultation.

**2. EXECUTIVE SUMMARY**

- 2.1 The Local Government Act 2020 (the Act), requires Council to prepare and approve a four-year Council Plan, supported by a Financial Plan (10-year), a Revenue and Rating Plan, and an annual Budget, by 30 June in the year after an election. The Public Health and Wellbeing Act 2008 requires Council to prepare a Municipal Health and Wellbeing Plan by 24 Oct 2021. An asset plan is required by 30 June 2022. A community vision is also required by 31 October 2021.
- 2.2 These documents can be developed and adopted separately to different timeframes allowed under legislation or collectively as one. Due to the strong alignment between outputs, it is preferable to develop relevant strategic documents as one integrated strategic planning document with alignment between Council's strategic priorities, and its services, programs and projects. Therefore, the draft Council Plan is an integrated Council Plan that has been prepared, incorporating the Municipal Health and Wellbeing Plan, a 10-year Financial Plan, a Revenue and Rating Plan, annual Budget and community vision. The Asset Plan will be developed by June 2022, however there is detail in this integrated document about Council's asset management approach.



- 2.3 This report authorises the CEO to continue to provide council projects and services within the parameters of the adopted Council Plan and Budget 2020/21 and any decisions of council that have updated this. It also authorises the CEO to incur planning, design and community consultation expenditure on new projects proposed in the draft Budget 2021/22.
- 2.4 Applying the principles and budget parameters set within the 10-Year Financial Plan that were adopted by Council in December 2020, a balanced draft Budget 2021/22 is presented for Council consideration that addresses the rates capping challenge, responds to the financial risks post COVID-19 pandemic and other risks such as the impact of the Recycling Victoria policy on waste services.
- 2.5 The draft Budget 2021/22 includes:
- 2.5.1 A rate increase of 1.5 per cent, which is equivalent to the rates cap set by the Victorian Government, with additional this incremental revenue to be used to:
- fund the significant above rates cap increases in waste management and recycling costs and other above CPI cost increases; and
  - retire our \$7.5 million debt.
- 2.5.2 A general increase in fees and charges of 1.75 per cent, which is consistent with our financial strategy, unless it makes sense to vary, and to provide targeted support to those who need it most.
- 2.5.3 Efficiency savings of \$2.3 million, including \$1.1million from the Customer Experience Program. This adds to \$12.6 million of savings delivered over the four budgets of the previous Council. Cumulative savings since the introduction of rates capping in 2016/17 are more than \$54 million.
- 2.5.4 No debt - some finance lease liabilities will remain as part of our financing strategy.
- 2.5.5 Cash reserves for operational needs including staff leave and contingency of \$26.3 million.
- 2.5.6 Project investment of \$55.5 million to maintain, grow and improve services and assets.
- 2.5.7 A cash surplus of \$1.74 million providing additional contingency for likely enterprise financial risks particularly as this is the first budget post COVID-19 pandemic.
- 2.6 The draft 10-year Financial Plan includes a rates cap challenge of \$109 million which has been reduced due to the \$2.3 million of efficiency achieved in this budget and \$0.69 million of proposed service reductions. It is expected that \$72 million of the rates cap challenge will be addressed through ongoing efficiency savings and Customer Experience program benefits. The residual \$37 million will need to be addressed through service level reductions and/or a future waste charge.



- 2.7 Given this challenge, it is proposed that council consult on a small number of additional temporary and permanent service level reductions in this draft Budget 2021/22 to help address the long-term financial gap:
  - 2.7.1 Reduce Sport Phillip & Community programs.
  - 2.7.2 Cease free access to Ripponlea Gardens.
  - 2.7.3 Change to a booking system for access to Community Transport service.
  - 2.7.4 Cease funding deed for Neighbourhood Ngargees.
  - 2.7.5 Reduce Quality Subsidy for Community Managed Child Care from 5 per cent to 4 per cent.
  - 2.7.6 Changes to Arts Programs
  - 2.7.7 One-year trial for Design Awards to be held online only.
  - 2.7.8 Remove Counter Service at South Melbourne Town Hall – to be reviewed post building works.
  - 2.7.9 Reduce budget for Ride2School Day, Healthy Tracks, Ride2Work, Festival of Everyday Riding programs.
  - 2.7.10 Cease financial funding for Friends of Suai program.
- 2.8 The above service reduction options contribute \$7.5 million towards the residual rates cap challenge of \$37 million.
- 2.9 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 visions:
  - 2.9.1 Integrated Transport Strategy \$35 million
  - 2.9.2 Sustainable Environment Strategy \$44 million
  - 2.9.3 Draft Public Space Strategy – to be finalised; approximately \$50 million+
  - 2.9.4 Creative and Prosperous City Strategy – \$12 million
  - 2.9.5 Service options to be developed for increasing Waste Services including potential Food Organic Green Organic (FOGO) and Glass Recycling.



### 3. RECOMMENDATION

That Council:

- 3.1 Releases the draft Council Plan 2021-2031, inclusive of the Municipal Health and Wellbeing Plan, the draft (10-year) Financial Plan, the draft Revenue and Rating Plan, the draft Budget 2021/22, and 10-year community vision for community consultation (attachment 1 & 2).
- 3.2 Notes that in accordance with requirements under the Local Government Act 2020, the Asset Plan will be developed by June 2022 and notes that asset management content has been developed in Volume 2 of the draft Council Plan
- 3.3 Notes that the draft Budget 2021/22 includes:
  - 3.3.1 A rate increase of 1.5 per cent, which is equivalent to the rates cap set by the Victorian Government.
  - 3.3.2 A general increase in fees and charges of 1.75 per cent, which is consistent with our financial strategy, unless it makes sense to vary, and to provide targeted support to those who need it most.
  - 3.3.3 Efficiency savings of \$2.3 million, including \$1.1 million from the Customer Experience Program. This adds to the \$12.6 million of savings delivered over the four budgets of the previous Council. Cumulative savings since the introduction of rates capping in 2016/17 are more than \$54 million.
  - 3.3.4 No debt– some finance lease liabilities will remain as part of our financing strategy.
  - 3.3.5 Cash reserves for operational needs including staff leave and contingency of \$26.3 million.
  - 3.3.6 Project investment of \$55.5 million to maintain, grow and improve services and assets.
  - 3.3.7 A cash surplus of \$1.74 million providing additional contingency for likely enterprise financial risks (per section 4.38) particularly as this is the first budget post COVID-19 pandemic.
  - 3.3.8 A small number of additional temporary and permanent service level reductions and increases as per section 4.60
  - 3.3.9 Intention to lease two properties as required by section 115 of the Act as per section 4.64
- 3.4 Notes the Engagement Findings Report provided as an attachment to this report (attachment 3).
- 3.5 Notes that officers will seek an exemption from the Secretary of the Department of Health to preparing a stand-alone Municipal Health and Wellbeing Plan based on the draft Council Plan that Council has endorsed for public consultation.
- 3.6 Receives and hears feedback and submissions from the public at the Special Council meeting on 8 June 2021, commencing 6.30 pm at the St Kilda Town Hall, prior to



considering adoption of the Council Plan 2021-31, including Budget 2021/22 at the Special Council Meeting on 23 June 2021 commencing 6.30 pm at the St Kilda Town Hall (or online if a physical meeting cannot take place).

- 3.7 Authorises the CEO to make amendments to the draft Council Plan 2021-31 including the draft Budget 2021/22 to reflect any changes through this resolution, and to make minor editorial adjustments to the document.

#### 4. KEY POINTS/ISSUES

##### Development of the Council Plan 2021-31

- 4.1 Development of the draft Council Plan has identified the priorities for the four-year term of this Council, within the context of the long-term challenges facing the city and a 10-year financial strategy.
- 4.2 The draft Council Plan identifies and responds to eight key long-term challenges:
- 4.2.1 A city of economic and social contrasts
- 4.2.1.1 While there are generally high levels of advantage and favourable health outcomes in Port Phillip, extreme disadvantage and poorer health outcomes exist in some of our neighbourhoods. The COVID-19 pandemic exacerbated this disadvantage and created challenges for others who up until that point had been doing relatively well. Financial stress and job losses were significant over the past 12 months. Homelessness continues to be a major concern. We will work with our well-established network of community agencies to offer support to those in need.
- 4.2.2 Changing customer expectations and needs
- 4.2.1.2 Our customers expect high quality, efficient public services and meaningful opportunities to communicate and engage with Council. There are also increasing expectations around transparency of information and our decision-making processes. We need to keep improving and innovating how we communicate and deliver our services
- 4.2.3 Government, legislative and technology changes
- 4.2.1.3 Legislative obligations must continue to be prioritised. The new Local Government Act and several other significant legislative obligations have requirements we need to embed. Additional financial impacts on local government may rise as communities work to recover and look to councils to fill gaps created by a reduction or changed services by other tiers of government. This could result in continued or increased cost-shifting by other levels of government. A much greater reliance on technology by our community means it is imperative that we continue



to invest in the use of technology to improve services, customer experience, efficiencies and protect data and privacy.

4.2.4 Climate change and the environment

4.2.1.4 Port Phillip is already experiencing the impacts of climate change with more harm from climate change predicted in the future. Action is crucial and we need to play our part in the global challenge. 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.

4.2.5 The strength and diversity of our local economy

4.2.1.5 The economic shock associated with responding to the health challenge of COVID-19 has had significant impact to our local economy. A challenge over the next decade will be continuing to help our community not only recover but rebuild. The opportunities are many, including fostering a new local shopping culture, leveraging our strength in creative industries while cultivating innovation businesses and start-ups, and embracing our public spaces for new uses beyond recreation.

4.2.6 Future proofing our growing City of Port Phillip

4.2.1.6 Given the events of 2020, Port Phillip's population growth is likely to be steadier if people choose to work from home in outer suburbs or regional areas. Slowed construction, reduced development and migration growth, also related to the pandemic, are other factors likely to affect more immediate growth projections. Victorian government incentives for developers to include affordable housing in new developments presents opportunities for Council to facilitate the renewal of existing housing sites to increase much needed affordable housing for a diverse and inclusive community. It remains vital to continue to plan ahead to be ready for increased demands for everything from access to open space to waste collection.

4.2.7 Getting around our dense inner city

4.2.1.7 Transport, parking and mobility are among the most critical issues for our community. Clear communication and engagement with our community are paramount in tackling the challenges and opportunities presented in this area.

4.2.8 Waste Management

4.2.1.8 Additional waste generated from residents working from home, population growth, rising service costs from the Victorian Government's landfill levy and shifting recycling markets with increased costs, are all impacts on Council's ability to manage waste. Council will work with the Victorian government and the new 'Waste Act' as part of the Victorian Government's 10-year circular economy policy and action plan.



- 4.3 A suite of health profiles were developed and are available online to inform the development of the plan. These profiles were developed to provide a local response to the Victorian Health and Wellbeing Outcomes Framework and consider the available research, evidence and data on health outcomes in the municipality. Council also considered priorities and outcomes of the Victorian Health and Wellbeing Plan in the development of the plan.
- 4.4 Given the preparation of a new long-term plan, community and stakeholder engagement has been undertaken to enable direct participation in setting the directions of the plan. Understanding what the community values, how they want the City to be in 10 years' time, and their ideas on solutions for future challenges, has been key to developing a plan that Council can own and deliver with confidence.
- 4.5 An engagement program to inform development of the draft Plan was developed and delivered in accordance with the Local Government Act 2020, which requires Victorian councils to develop and maintain a Community Vision, Council Plan, Financial Plan and Asset Plan through deliberative engagement practices outlined in its Community Engagement Policy.
- 4.6 Following an Expression of Interest (EoI) process, a group of community members were randomly selected to broadly represent the demographic profile of the community as best as possible, to participate in a deliberative engagement program. The program consisted of two sessions – a learning webinar to share information and ask questions, and a full-day workshop where participants discussed and debated issues, ideas and potential solutions.
- 4.7 An Engagement Findings Report is provided as an attachment to this report (Attachment 3).

#### **Outline of the integrated Council Plan**

- 4.8 The draft Council Plan is divided across two volumes:
  - 4.8.1 Volume One introduces the Council Plan, including background information, development approach and details on the inputs that informed the Plan. Importantly it outlines the vision our community has for our city over the next 10 years and presents our strategic directions, an overview of our financial strategy and a list of proposed capital works projects by neighbourhood.
  - 4.8.2 Volume Two contains the detailed financial information for the Plan, including our 10-year Financial Plan. It includes information on our financial strategy, financial position, risks and sustainability. It also contains asset management information including Council's Asset Management Framework, a detailed asset plan, and detailed financial information about our services provided in each strategic direction.
- 4.9 The draft Council Plan includes a 10-year Community Vision which has been shaped by input from our community. We have also identified a range of City Indicators that can be used track progress against these aspirations and inform the work of Council (relative to its role), the work of other levels of government (and in turn Council's advocacy priorities) as well as the community. The draft plan seeks to engage on the





indicators themselves. Data for the indicators will be included in the final plan following feedback from our community.

- 4.10 The part that Council directly plays in contributing to this community vision is captured by delivering on five strategic directions – a City that is:
  - 4.10.1 Inclusive: a place for all members of our community, where people feel supported and comfortable being themselves and expressing their identities.
  - 4.10.2 Liveable: a great place to live, where our community has access to high quality public spaces, development and growth are well managed, and it is safer and easy to connect and travel within.
  - 4.10.3 Sustainable: with a sustainable future, where our community benefits from living in a bayside city that is cleaner, greener, cooler and more beautiful.
  - 4.10.4 Vibrant: with a flourishing economy, where our community and local business thrive, and we maintain and enhance our reputation as one of Melbourne's cultural and creative hubs.
  - 4.10.5 Well-Governed: a leading local government authority, where our community and our organisation are in a better place as a result of our collective efforts.
- 4.11 Each strategic direction identifies the specific outcomes (objectives) we want to achieve for each direction. Strategies set out what we will work towards in the next four years to achieve those objectives.
- 4.12 Council Indicators set out the proposed performance measures we will use to track our progress and through the draft process we are seeking feedback from the community on these. The final version will include the latest data and target range for each indicator. Initiatives provide further detail, such as what Council will provide, facilitate and advocate for and who our partners will be. We also list the services that contribute to our Strategic Directions.
- 4.13 The intent for the final version of the Council Plan will be to include service profiles and increased information in Volume Two around services and how funding is spent. During the public consultation period we will release supplementary information on service profiles on our website.

### **Our Financial Strategy**

- 4.14 The draft Council Plan is supported by our 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 our priorities.
- 4.15 The financial strategy is embedded in our 10-year Financial Plan and forms part of the draft Council Plan. It sets the parameters within which Council agrees to operate to maintain acceptable financial outcomes over the short, medium and long term.

### **Addressing the rates cap challenge**

- 4.16 Over the next 10 years, we will face many challenges that require strong financial leadership and solutions to overcome them. Key among these challenges will be rates





capping. Without action, the 10-year Financial Plan forecasts a cumulative \$102 million funding gap.

- 4.17 We closely monitor the affordability of services and recognise ongoing community concerns about the financial impost of rates and the cost of other essential services. As such, we are not planning to apply for a rate increase above the rates cap over the life of the 10-year Financial Plan.
- 4.18 We plan to balance the budget and close the rates cap gap by adjusting the following strategic levers.

**Strategic Lever 1: Delivering efficiency and cost savings**

- 4.19 The community's expectations for better value service delivery are of primary concern to Council. We have identified permanent operational savings of \$2.3 million in preparing the draft Budget 2021/22. This adds to the \$12.6 million of savings delivered over the four budgets of the previous Council (2017-2021). Cumulative savings since the introduction of rates capping in 2016/17 are more than \$54 million.
- 4.20 Over the period of the financial plan, we will target the delivery of efficiency savings equivalent to 1 per cent of operating expenditure (less depreciation) per annum. This is expected to reduce our cost base by a cumulative \$72 million over the 10-year period.
- 4.21 Key initiatives to deliver these savings include a service review program to better define service requirements and target support assisted by our investment in the Customer Experience Program, a commitment to better practice procurement and asset management, the sale of surplus properties, and investment in business process and system improvement.

**Strategic Lever 2: Appropriate use of borrowings and reserves**

- 4.22 We will consider borrowings for property acquisitions, large capital works or operating projects that provide intergenerational community benefit, and initiatives that deliver sufficient revenue streams to service the debt. Borrowings will not be used to fund ongoing operations.
- 4.23 We plan to retire our \$7.5 million debt fully in 2021/22. The repayment plan funded from \$5.75 million of budget surpluses and a \$1.75 million drawing on general reserves (internal financing the debt repayment) which will be replenished over the 10-year period.
- 4.24 We will maintain general reserves at levels sufficient to ensure operational liquidity. Reserves may be built up over time to part-fund large capital works or appropriate operating projects where this is considered more efficient than the use of debt.
- 4.25 The 10-year Financial Plan includes the use of general reserves as an internal source of borrowing for projects that pay for themselves over the long-term such as energy efficient street lighting upgrades on major roads. We will continue to use open space contributions for investment in parks and foreshore open space assets.
- 4.26 The 10-year Financial Plan also includes a progressive build-up of the St Kilda Marina Reserve funded from significantly increased rental returns following the successful



leasing process to ensure funds are available to maintain the foreshore precinct over the long term.

**Strategic Lever 3: Careful management and prioritisation of expenditure**

- 4.27 We undertake a rigorous and robust budget setting process each year including a line-by-line review of operating budgets and proposed projects to ensure alignment with strategic priorities and best value. Performance is monitored closely throughout the year with forecasts updated monthly.
- 4.28 In addition to the disciplined budget setting and expenditure monitoring, the strategy in the 10-year Financial Plan makes provision for \$5.2 million per annum for operating projects (some years may be higher where the benefits justify increased investments).
- 4.29 Our focus on improved asset management sees investments prioritised on those assets most in need of intervention rather than assets in relatively good condition. This translates to an increase in spending on buildings, drainage and technology investment over the 10-year period of the plan partially offset through a reduction in road and footpath renewal budgets.

**Strategic Lever 4: Setting fair and appropriate user charges**

- 4.30 The annual budget process includes a thorough review of user charges to ensure they remain affordable, fair, and appropriate. We believe that those who directly benefit from and/or cause expenditure should make an appropriate contribution to the service balanced by the capacity of people to pay.
- 4.31 This includes benchmarking with surrounding municipalities and relevant industries, which resulted in no increase to Council Hall Hire fees to encourage bookings. Where possible, we aim for service cost recovery, such as childcare fees increasing by 2.6 per cent (2022/22), to recover the direct cost of the service while ensuring compliance with National Competition Policy. We also balance the public versus private benefits in our decision making.
- 4.32 The 10-year Financial Plan assumes high-level planning for future increases linking Council user charges to the rates cap (inflation) plus 0.25 percentage points. This reflects the nature of our cost base (higher than CPI) and reduces our reliance on rates income. The application and impact of this policy setting will be reviewed annually to ensure affordability and fairness.

**Revenue and Rating Strategy**

- 4.33 The Victorian Government released its findings and recommendations on the Local Government Rating System in late December 2020 which was later than anticipated. This delay meant there is insufficient time for Council to prepare an internal review and consult the community for inclusion in Budget 2021/22.
- 4.34 In addition, Stage 2 of the Customer Experience Program system implementation, which includes rating, debtor management and the compliance modules, is scheduled for early July 2021. A detailed review of the revenue and rating strategy will be completed prior to Budget 2022/23.
- 4.35 For draft Budget 2021/22, Council will continue to apply our current revenue and rating strategy supported by the following principals:



- 4.35.1 Rates are levied in accordance with a ratepayer's capacity to pay as measured by the Net Annual Value (NAV) of property owned within the municipality. Rates levied are therefore directly proportional to the NAV of individual properties.
- 4.35.2 We do not have a municipal charge as such charge increases the rates burden on ratepayers who have a lower ability to pay.
- 4.35.3 A service charge is used where private benefit exists for specific services and where this is consistent with Council's broader funding principles. Service charges can also be used (or not used) as a means of influencing community behaviour and ensuring equitable outcomes in the community.
- 4.35.4 Special rates and charges will be used where a specific benefit or service can be identified for certain ratepayers and only following consultation with the affected ratepayers.
- 4.35.5 Rates concessions are available for recreational land and pensioners. We are one of only a few councils that provide a pensioner rate rebate in addition to the Victorian Government pensioner rate rebate.
- 4.35.6 Self-funded retirees are entitled to request a deferral of their rates indefinitely at a discounted interest rate. Persons experiencing financial hardship may also, subject to application and financial assessment, access this benefit.
- 4.35.7 Universal services are funded from the broadest forms of income – rates and parking revenue.
- 4.35.8 User fees are reviewed annually as part of the budget process. A general increase of CPI + 0.25 per cent is proposed in line with our financial strategy.
- 4.35.9 Fees for subsidised services provided by Council in a market, such as childcare and aged care, will be based on a clearly articulated policy position. To achieve equitable outcomes, these services will be funded through a mix of user charges, government grants and rates.
- 4.35.10 Specific individual regulatory services such as, but not limited to, animal licences, parking permits and planning permits will be funded, where possible, through user charges (some may be set by statute) and otherwise through rates.
- 4.35.11 Council will pursue grants where possible. Being an inner metropolitan council and with a relatively sound financial position, we are unlikely to see a significant boost to grants revenue. Advocacy is a key focus in seeking to access grants where relevant.
- 4.35.12 Developer contributions (cash or land) are currently set at 8% of site value for Fishermans Bend Urban Renewal Area and 5% for the rest of the municipality. This is an important source of funding for investments in parks and foreshore open space assets.
- 4.35.13 In accordance with our Property Policy, rent will be charge at market value for commercial properties. Peppercorn (minimum) rent may be charged to community groups that use Council properties to deliver a) community



services aligned with Council's goals and priorities; b) significant community benefit to the City; c) have no capacity to generate income.

- 4.35.14 We will invest the Community's funds in accordance with the Act and our Investment Policy. Our investments with Authorised Deposit Institutions will balance the objectives of capital preservation, maintenance of liquidity, investment return targets and corporate social responsibility. We aim to achieve average yield at the Bank Bill Swap Rate plus 50 basis points.

#### **Rates assistance**

- 4.36 We recognise the impact municipal rates and other charges have on the financially disadvantaged sections of the community. In addition to our commitment to keeping rates affordable we offer a range of assistance package:
- 4.36.1 A council-funded pensioner rebate (maximum) which increases by 1.7 per cent to \$178 in 2021/22 – the City of Port Phillip is one of the few councils that offers this scheme.
  - 4.36.2 An option for self-funded retirees to defer their rates indefinitely at 5 per cent interest for the 2021/22 financial year (half the official penalty interest rate set by the Victorian Government).
  - 4.36.3 One-off waiver of a maximum of \$1,000 on application to the Chief Financial Officer in cases of extreme financial hardship.
  - 4.36.4 Providing a 50 per cent waiver of the general rate for housing accommodation that provides reduced rentals for elderly persons of limited means.
  - 4.36.5 Support for residents and ratepayers experiencing hardship through rate deferrals and payment arrangements. Council is extending the deferral of rates support (by application) due to financial hardship falling due by 30 June 2022, to be paid in full by instalments over a period to 30 June 2023. No interest will be charged up to 30 June 2022 on rates deferred.

#### **Monitoring our financial sustainability**

- 4.37 We use the Victorian Auditor General's financial sustainability indicators to monitor our financial sustainability. Our financial strategy is designed to ensure an overall low risk rating over the period of the plan unless we can demonstrate it is prudent not to (i.e., for one-off abnormal transactions that do not have an enduring impact). As demonstrated in the table below, we are forecasting that Council will achieve an overall risk rating of low throughout the 10-year period.



Indicator	Indicator Targets	Forecast Projections										
		2020/21	2021/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Net Result %	Greater than 0%	(6.2%)	5.7%	4.0%	2.6%	5.0%	5.9%	5.2%	4.9%	4.7%	4.3%	4.0%
Adjusted underlying result	Greater than 5%	(9.5%)	(1.2%)	(0.7%)	(1.0%)	0.6%	1.1%	1.1%	0.9%	1.4%	1.1%	0.8%
Working Capital	Working Capital Ratio >100%	269%	309%	268%	259%	277%	296%	313%	323%	330%	335%	337%
Internal Financing	Net cashflow from operations to net capital expenditure >100%	71%	137%	77%	101%	130%	128%	128%	120%	118%	115%	112%
Indebtedness	Indebtedness ratio <40%	2.1%	2.0%	2.0%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.8%	1.9%
Capital Replacement	Capital to depreciation >150%	119%	172%	227%	159%	150%	150%	150%	150%	150%	150%	150%
Infrastructure Renewal Gap	Renewal & upgrade to depreciation >100%	111%	155%	193%	138%	136%	127%	127%	127%	128%	128%	128%
Overall Financial Sustainable Risk Rating		Med	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low

## Financial Risks

4.38 Some of the key financial risks we face include:

- 4.38.1 The funding and financing plan for Fisherman's Bend still remains uncertain and is a responsibility of the State Government (as such this is an advocacy priority for Council).
- 4.38.2 There may be a large funding gap between the infrastructure desired at Fisherman's Bend and what can be funded. A failure to appropriately budget for the costs of running and looking after new assets in Fisherman's Bend is also a potential risk.
- 4.38.3 The risk of Covid-19 lasting longer than projected. Uncertainty remains on the degree and severity of its impact over the medium term. The 10-year plan assumes lower parking revenue.
- 4.38.4 The implementation and ongoing cost of the four bins kerbside collection service required under the recently announced Recycling Victoria policy are being worked on. High level provisions are included in the 10-year plan.
- 4.38.5 Rates capping. The 10-year Financial Plan assumes rates capping based on inflation. Since its introduction, the Minister for Local Government has prescribed rates based on inflation, which has been lower than that recommended by the Essential Services Commission (ESC). Every 0.1 per cent lower than the ESC methodology equates to a \$0.13 million reduction per annum in revenue.
- 4.38.6 Works are progressing to test key sites to quantify the likely financial impact of soil contamination. Projects included in the 10-year plan assume high level estimates of soil contamination.
- 4.38.7 Current Enterprise Agreement (EA) ends in 30 June 2022. EA outcomes greater than CPI will add to the rates cap challenge.
- 4.38.8 While the 10-year Financial Plan achieves financial sustainability over the next 10 years, beyond this period sustainability will be tested particularly if other financial risks materialise.



- 4.38.9 A more subdued property development market may result in rates revenue growing at a lower rate than projected; around 0.5 to 1.3 per cent per annum figure assumed in the 10-year Financial Plan. Every 0.1 per cent reduction in growth equates to a \$0.13 million reduction in revenue per annum.
  - 4.38.10 A subdued property development market may also impact user fees and statutory fees including statutory planning, street occupation permits, road closures, skip bins etc. A 10 per cent fall in activity could result in a revenue reduction of \$0.42 million per annum.
  - 4.38.11 Lower than expected parking revenue, which is the second largest revenue source, is historically volatile and can be impacted by the macro-economic environment. A 1 per cent reduction in revenue from parking fees and fines equates to a \$0.38 million per annum reduction in revenue.
  - 4.38.12 Current MAV WorkCover Scheme wind-up and residual liability will have to be met over the short to medium term.
  - 4.38.13 The possibility of a future unfunded defined benefits superannuation call (which if it eventuates will be funded from reserves in the first instance and then repaid over time).
  - 4.38.14 Future reductions in funding from other levels of government or increases in cost shifting. Recently the Victorian Government increased the EPA landfill levy from \$65.90 per tonne to \$125.90 tonne over a three-year period to 2022/23, which is an increase of \$60 per tonne or 91 per cent. This decision alone will increase our cost base by \$23 million over the 10-year plan.
  - 4.38.15 Not realising full benefits of the Customer Experience & Transformation program.
  - 4.38.16 A major, unexpected, asset renewal/upgrade challenge (for which Council maintains an asset renewal reserve).
- 4.39 Notwithstanding these risks, our sound financial position with low levels of borrowing and healthy reserves balance enable us to respond to these financial risks in the 10-year period if they arise. If necessary, we can also apply to the ESC for an above rates cap increase.

### **The draft Budget 2021/22 at a glance**

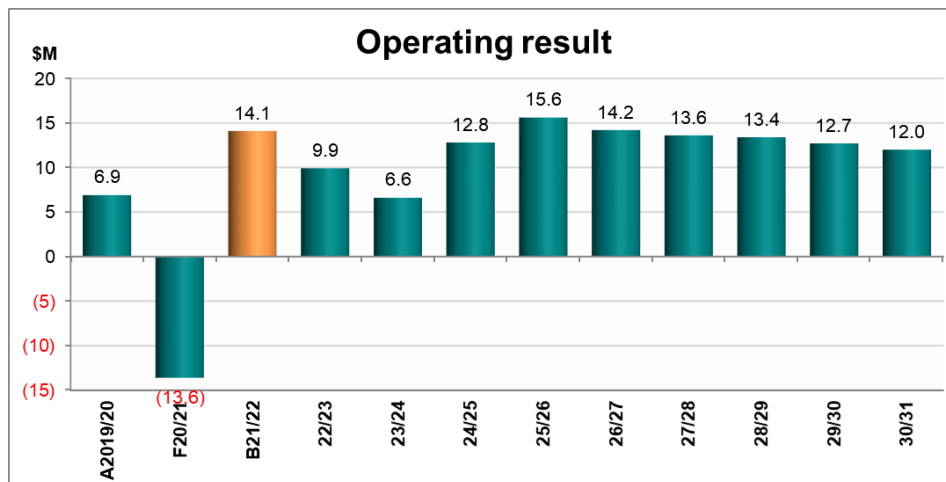
#### **Operating result**

- 4.40 Achieving an operating surplus is a key component of our financial strategy. It provides capacity to renew our \$3.2 billion worth of community assets, meet debt repayment obligations, and manage the impact of financial risks materialising.
- 4.41 Draft Budget 2021/22 expects a \$14.1 million operating surplus, which compares favourably to the forecast financial year 2020/21 (impacted by COVID-19 lockdowns).
- 4.42 Draft Budget 2021/22 is the first budget post COVID-19, therefore material changes are likely. Total revenue is proposed to increase by \$27.6 million or 12.7% on forecast 2020/21 from \$217.7 million to \$245.3 million.





- 4.43 Other than removing out the COVID-19 impact in 2021/22, income is also affected by the 1.5% rates cap increase plus growth in properties during the year expected to increase by \$2.8 million; parking revenue based on utilisation information at hand is an improvement of \$7.9 million (this is lower than total parking revenue received in 2018/19); one-off increases of capital grants mainly due to the \$3.2 million Commonwealth Local Road and Community Infrastructure funding, and Open Space Contributions \$5.7 million.
- 4.44 Total operating expenditure has remained steady - a net reduction on forecast 2020/21 of \$0.06 million (0.03%) from \$231.3 million to \$231.2 million.
- 4.45 The net expenditure reduction is caused by a number of factors including: the current Customer Experience Program investment finalising in 2021/22 will see a reduction of \$8.2 million, reinstatement of expenditure previously reduced in 2020/21 due to COVID-19 including the St Kilda Festival; net increase to waste management costs \$1.4 million (materially higher than 1.5% CPI); employee costs to increase by \$3.6 million (\$3.0m budget on budget) due to 2% Enterprise Agreement increase, Superannuation Guarantee rate increase from 9.5% to 10%, net 6 FTEs increase mostly project managers to deliver a greater project portfolio (2020/21 had 65 FTE reductions), and service utilisation increases.

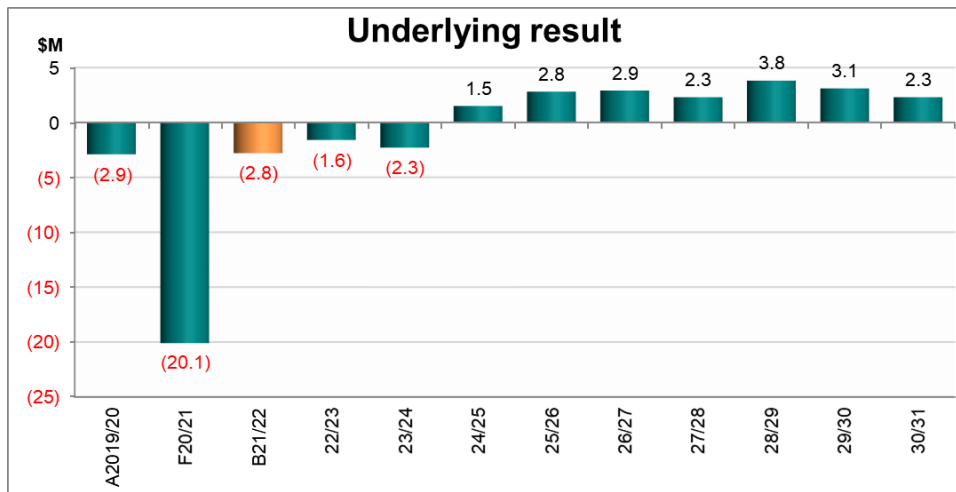


- 4.46 The decline in the quantum of operating surpluses in the outer years is primarily impacted by the high estimates of new waste services (Food Organic Green Organic, Glass recycling) and waste related expenditure escalating at above CPI. This remains a significant financial impost to Council’s finances and financial sustainability without action.

**Underlying result**

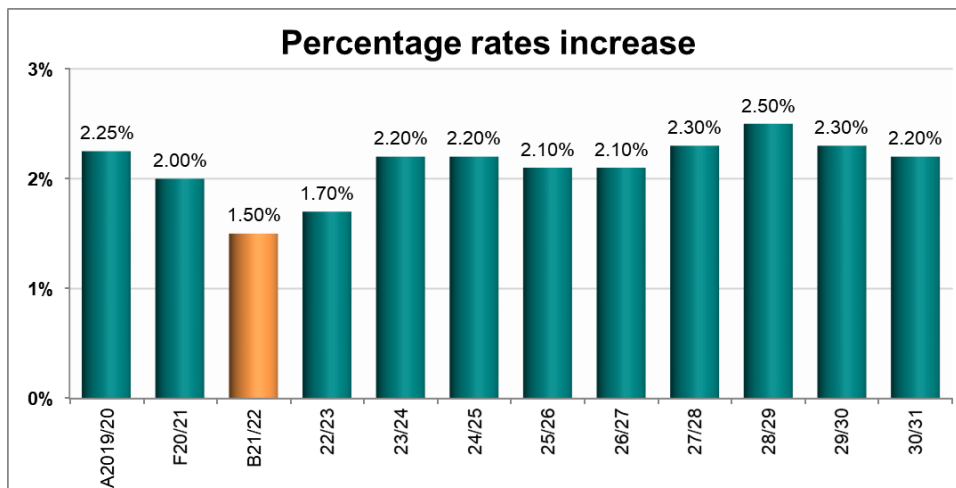
- 4.47 The adjusted underlying result excludes capital related revenue (grants and open space contributions). Reasons for the movement in the underlying result are consistent with the operating result.





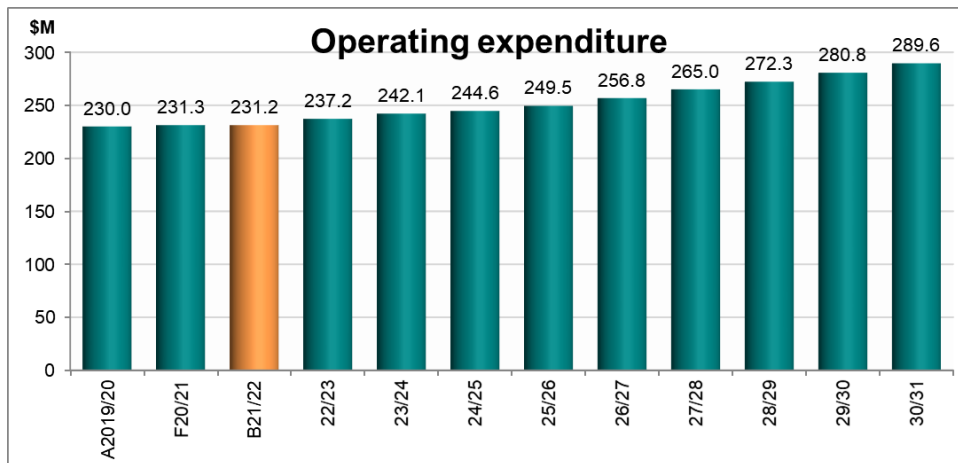
**Rates – percentage increase**

4.48 The draft Budget 2021/22, which funds a \$46.2 million Capital portfolio program and maintains existing service levels, includes a 1.5 per cent rates increase, consistent with the Victorian Government cap. This has been achieved through a continued strong focus on prudent financial management, careful prioritisation and commitment to productivity and efficiency (\$2.3 million in savings identified in Budget 2021/22 in addition to the \$12.6 million over the four budgets of the previous Council). Future rates increases are based on forward projections of inflation consistent with past decisions made by the Minister of Local Government for setting the rates cap.



**Operating expenditure**

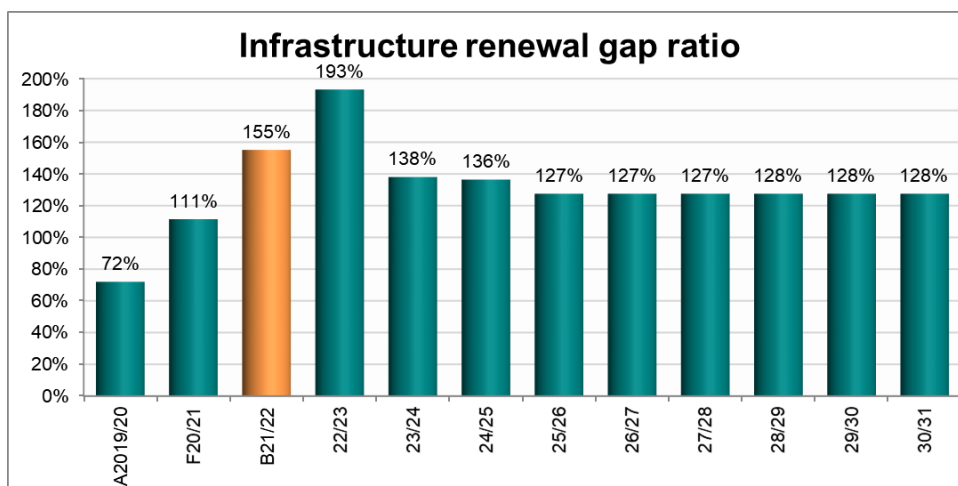
4.49 The draft Budget 2021/22 operating expenditure totals \$231.2 million which is a net reduction on forecast 2020/21 of \$0.06 million (0.03%) from \$231.3 million to \$231.2 million.



4.50 The steady growth in operating expenditure in future years is largely driven by new waste services (FOGO and glass recycling), inflation (around 1.5 to 2.5 per cent per annum), service demand increases associated with population growth (around 0.5 to 1.3 per cent per annum), and the operating expenditure impact of new and improved assets (for example depreciation increase of 3.8 per cent per annum). This is partially offset by Council’s commitment to efficiency and cost savings (1 per cent per annum).

**Infrastructure renewal gap**

4.51 The infrastructure renewal gap ratio shows the asset renewal and upgrade budget over the 10-year Financial Plan compared to depreciation. It assesses if Council’s spend on its asset base is keeping up with the rate of asset depletion.



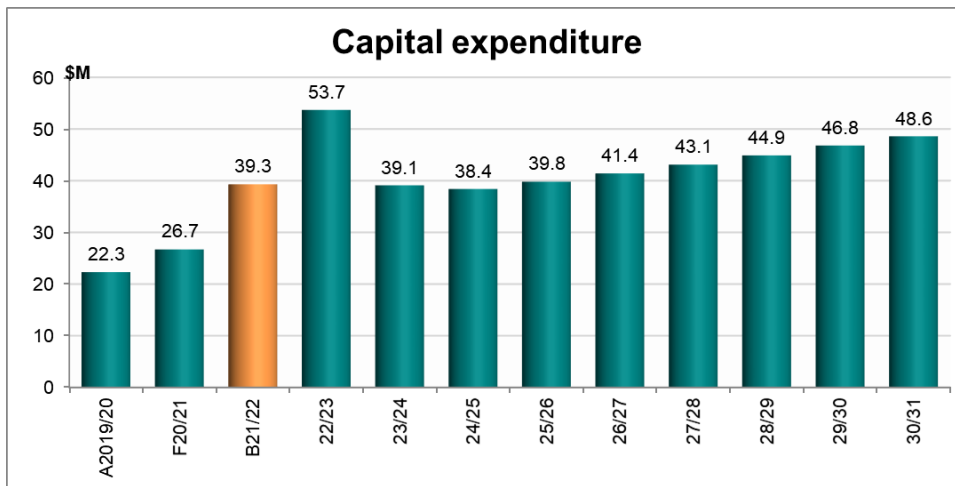
4.52 Draft Budget 2021/22 renewal and upgrade expenditure in the capital portfolio have increased in order to address the reduction in 2019/20 caused by COVID.

4.53 Over the period of the financial plan, Council intends to stay above 100%, which shows commitment to not only maintaining but upgrading existing assets.

**Capital expenditure**



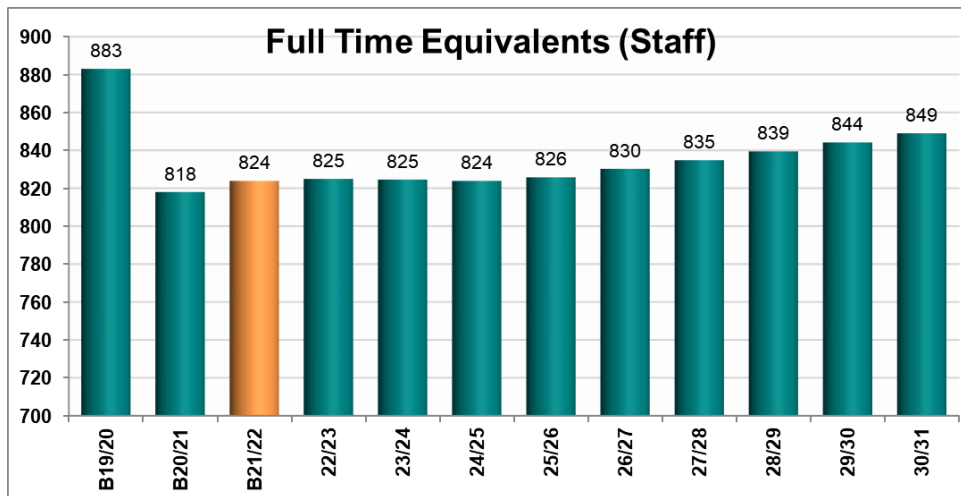
- 4.54 The draft Budget 2021/22 proposes capital works expenditure of \$39.3 million, which is an increase in order to address the reduction in 2019/20 (\$22.3 million) and 2020/21 (\$26.7 million) caused by COVID-19.
- 4.55 Draft Capital works expenditure in 2021/22 is expected to be \$39.3 million, out of a total \$46.2 million capital program. The \$6.9 million gap represents the component of the capital program budget expected to be treated as operating expenditure, such as community engagement, feasibility studies and landscaping works.



- 4.56 Over the period of the financial plan, Council provides for appropriate levels of capital expenditure to ensure existing assets are maintained and improved whilst also investing in growth driven assets. The target of at least 150 per cent of depreciation is expected to be achieved.

**Council staff**

- 4.57 Council employees are our most essential resource, enabling the delivery of a broad range of services. For draft Budget 2021/22, we are proposing a net increase of six FTEs due to a larger capital portfolio and increased services to clean main streets.



4.58 Over the period of the financial plan, officers expect the growth in FTEs to increase between 0.5 to 1.3 per cent to service projected population growth. This is offset by investment in technology (Customer Experience program) which is expected to achieve productivity and efficiencies which will see the shift of back office roles re-directed to service delivery/ community facing roles.

**Proposed changes to services**

- 4.59 The 10-year financial plan includes a rates cap challenge of \$109 million of which \$72 million is expected to be addressed through ongoing efficiency savings and CX program benefits. The residual \$37 million will need to be addressed through service level reductions and/or a future waste charge.
- 4.60 In response to this, several service reductions and increases are proposed for inclusion in the draft Budget 2021/22 with implementation subject to public consultation as part of the budget process:

Initiative	Impact in 2021/22 (\$,000)	Ongoing annual Impact (\$,000)
1. Reducing Sport Phillip & Community programs	107	107
2. Cease free access to Ripponlea Gardens	50	50
3. Change to a booking system for access to Community Transport service.	123	123
4. Cease funding deed - Neighbourhood Ngargees	11	11
5. Reduce Quality Subsidy for Community Managed Child Care from 5% to 4%	141	141
6. Changes to Arts Programs	56	56
7. Design Awards to be online only (one-year trial)	10	-
8. Remove Counter Service at South Melbourne Town Hall – to be reviewed post building works.	50	50



9. Reduce budget for Ride2School Day, Healthy Tracks, Ride2Work, Festival of Everyday Riding programs.	15	15
10. Cease financial funding for Friends of Suai program	126	126
11. Increase Summer Management Resource	(223)	(223)
12. Place on hold scheduled rental increase for commercial properties owned/managed by Council	(52)	-
13. Continue rental reduction for Palais Theatre due to COVID restrictions impact on operations	(296)	-
14. Increase pressure cleaning of main streets	(400)	(400)
Note: Positive result means a saving to Council and a negative result means an expense to Council.		

### Proposed fees and charges

- 4.61 In most cases, our fees and charges for 2021/22 are proposed to increase by 1.75 per cent. This approach is consistent with our financial strategy, and community feedback, which supported increasing user charges for some services. There will be variances where minor rounding equates to larger or smaller percentages.
- 4.62 Statutory fees set by the Victorian Government will be set during the financial year.
- 4.63 The complete schedule of proposed fees and charges is contained within the draft Council Plan 2021-31 document.

### Property Leases

- 4.64 In accordance with section 115 of the Act, Council intends to lease the following properties on the terms listed as follows:

Property Address	Permitted Use	Commencing Rent (Excluding GST)	Lease Term
83 Swallow Street, Port Melbourne	Tennis Club	\$104	Not more than 5 years
38-40 Beaconsfield Parade, Port Melbourne	Lifesaving club	\$104	Not more than 5 years

## 5. CONSULTATION AND STAKEHOLDERS

### Community and stakeholder engagement - shaping the draft Plan

- 5.1 The *Local Government Act 2020* (the Act) requires Victorian councils to develop and maintain a Community Vision, Council Plan, Financial Plan and Asset Plan through deliberative (deeper) engagement with its community. While the Act does not define deliberative engagement, it requires each Victorian council to prepare a Community Engagement Policy that defines its approach to deliberative engagement. Under the *Public Health and Wellbeing Act 2008*, Council is required to “provide for the involvement of the people in the local community in the development, implementation and evaluation of the public health and wellbeing plan”.



The City of Port Phillip’s Community Engagement Policy has guided the development of the engagement program in line with *Local Government Act 2020* requirements. The policy describes deliberative engagement as ‘*an engagement process that enables individuals to draw on collective wisdom and expert advice to work through issues and explore potential solutions together to reach a shared recommendation. Deliberative engagement can be scaled to a project depending on factors such as community impact, interest, complexity and polarised views.*’

- 5.2 As part of its engagement approach to inform development of the Council Plan and Community Vision, Council delivered a deliberative community workshop program in February 2021.
- 5.3 Following an extensive Expression of Interest process, workshop participants were randomly selected based on the information they provided, to broadly represent the demographic profile of our City to the best extent possible.
- 5.4 The engagement program was delivered over two sessions, including a learning webinar (online) and a full-day deliberative workshop (in person). Thirty-three of the 41 recruited participants completed the engagement program. Reasons for not participating in the program included health changes, family commitments and different expectations of what the engagement program would be covering.
- 5.5 The learning webinar was designed to build participant knowledge through a series of presentations around Council’s financial and operating context, health and wellbeing and asset management. Participants were introduced to the role of the council plan and accompanying plans and provided with an overview of the operational challenges faced by Council in developing a council plan and annual budget.
- 5.6 At the full-day workshop, participants worked through a number of deliberative discussions and activities to identify and agree the foundation topics for the Community Vision and prepare corresponding future aspirations (imagined lived experiences of what achieving the Vision would look like). Participants also reviewed the draft set of strategic directions endorsed by Council at the 17 February 2021 Ordinary Council Meeting and identified the service and asset priorities they felt were required to deliver on these strategic directions.
- 5.7 Outputs from the deliberative workshop activities were presented to Councillors to inform development of the draft plan in a dedicated workshop on 20 March 2021.
- 5.8 The following tables provide a summary of participants’ agreed foundation topics for the Community Vision and how the draft Council Plan 2021-31 responds to these, as well as the service and asset priorities needed to deliver on the strategic directions.

Foundation topic for Community Vision: Social amenity and safety	
Addressing drug use concerns, anti-social behaviour, and impacts o tourism and homelessness	
‘Top three’ 10-year achievements	Initiatives in draft Council Plan 2021/31 to help us work towards these achievements
1. We can all walk down the street	Under our <b>Liveable</b> Strategic Direction, our draft plan includes a commitment that Council will provide:



<p>and feel safe in a place that doesn't encourage anti-social behaviour</p>	<ul style="list-style-type: none"> <li>• programs that ensure our foreshore, high-streets and public spaces stay safe and clean including during times of higher visitation and particularly over the summer period</li> <li>• enhancements to our public realm, including local area traffic management, improved lighting and pedestrian safety projects that remove trip hazards and mitigate vehicle access, to improve safety in areas throughout our City.</li> </ul> <p>It also includes a commitment that Council will partner with Victoria Police and our community to undertake activities that improve actual and perceived safety of our municipality. This includes a commitment to applying Crime Prevention Through Environmental Design (CPTED) principles to projects, and inspecting, maintaining and replacing Council managed public lighting assets to ensure spaces are safety lit.</p>
<p>2. When problems happen, we can respond quickly and effectively</p>	<p>Under our <b>Liveable</b> Strategic Direction, our draft plan includes a commitment that Council will partner with residents, visitors and local traders to take shared responsibility for maintaining a safe community by respecting public spaces, disposing of waste appropriately, managing pets responsibly, being courteous to fellow community members and reporting crime.</p>
<p>3. Targeted programs assist vulnerable people to live their best life</p>	<p>Under our <b>Inclusive</b> Strategic Direction, our draft plan includes a commitment that Council will provide delivery of services and programs that support inclusive and accessible activities including for people who identify as LGBTIQ+, people with a disability, people from culturally and linguistically diverse backgrounds, Indigenous backgrounds and people experiencing homelessness.</p> <p>It also includes a commitment that Council will partner with:</p> <ul style="list-style-type: none"> <li>• Launch Housing and other homelessness, health and housing agencies through the Port Phillip Zero initiative, to deliver assertive outreach and a Housing First approach to create pathways out of homelessness, particularly for those sleeping rough.</li> <li>• local community agencies via multi-year funding deeds to enable delivery of programs to persons facing or at risk of social and economic disadvantage, that:             <ul style="list-style-type: none"> <li>• promote learning and skills development.</li> <li>• address health inequities.</li> <li>• provide access to nutritious and affordable foods and meals in social settings.</li> <li>• provide access to recreation activities that build social connections.</li> </ul> </li> <li>• community groups through grant programs, to:             <ul style="list-style-type: none"> <li>• strengthen and leverage the capacity of local groups and networks</li> <li>• support programs that increase opportunities to participate in community life</li> <li>• enable access and inclusion of culturally diverse groups and persons facing or at risk of social and economic disadvantage.</li> </ul> </li> </ul>

<p><b>Foundation topic for Community Vision: Community connectedness and responsibility</b> Social inclusion, community diversity, cohesion, connectedness and equity</p>	
<p>'Top three' 10-year achievements</p>	<p>Initiatives in draft Council Plan 2021/31 to help us work towards these achievements</p>





<p>1. Welcoming all to be part of community life</p>	<p>Under our <b>Inclusive</b> Strategic Direction, our draft plan includes a commitment that Council will provide:</p> <ul style="list-style-type: none"> <li>• delivery of services and programs that support inclusive and accessible activities including for people who identify as LGBTIQ+, people with a disability, people from culturally and linguistically diverse backgrounds, Indigenous backgrounds and people experiencing homelessness</li> <li>• community spaces and facilities that are designed and programmed to be welcoming and accessible for all members of our community, and to encourage social connection for all ages, cultures and backgrounds</li> <li>• a commitment to work towards universal access through the design of council buildings, streets, public spaces and the beach, as part of our ongoing capital works program and advocacy on State projects</li> <li>• a third Reconciliation Action Plan that continues our commitment to work with the Boon Wurrung Traditional Owners and local Aboriginal and Torres Strait Islander people to achieve reconciliation.</li> </ul>
<p>2. Celebrating and highlighting inclusivity and diversity</p>	<p>Under our <b>Vibrant</b> Strategic Direction, our draft plan includes a commitment that Council will provide events and festivals that celebrate local culture and creativity, connect residents to one another and drive economic benefit for local traders and our communities.</p>
<p>3. Mix of affordable and social housing</p>	<p>Under our <b>Inclusive</b> Strategic Direction, our draft plan includes a commitment that Council will facilitate and advocate for:</p> <ul style="list-style-type: none"> <li>• the Victorian Government to introduce mandatory 'inclusionary zoning' and strengthen 'voluntary housing agreements' to increase housing delivered through the planning system that is affordable to very low, low, and moderate-income households</li> <li>• the Victorian Government, community housing organisations and the philanthropic and private development sectors to facilitate new affordable and social housing within the municipality, including the renewal of existing social housing sites to achieve the outcomes identified in our <i>In Our Backyard</i> affordable housing strategy.</li> </ul>

<p><b>Foundation topic for Community Vision: Healthy environments (built and natural)</b> Wildlife protection, providing quality open space, walkability and limiting densification</p>	
<p>'Top three' 10-year achievements</p>	<p>Initiatives in draft Council Plan 2021/31 to help us work towards these achievements</p>
<p>1. Improve walkable environment by increasing tree canopies to 40% coverage</p>	<p>Under our <b>Sustainable</b> Strategic Direction, our draft plan includes a commitment that Council will provide urban forests to increase tree canopy, vegetation, greening and biodiversity and reduce urban heat in line with Council's <i>Greening Port Phillip</i> and <i>Act and Adapt</i> strategies, prioritised within available budgets each year.</p>
<p>2. Revitalise indigenous environmental</p>	<p>Under our <b>Sustainable</b> Strategic Direction, our draft plan includes a commitment that Council will provide:</p>



<p>stewardship practices; protecting waterways, landscapes, flora and fauna in old and new spaces</p>	<ul style="list-style-type: none"> <li>• urban forests to increase tree canopy, vegetation, greening and biodiversity and reduce urban heat, in line with Council's <i>Greening Port Phillip</i> and <i>Act and Adapt</i> strategies prioritised within available budgets each year</li> <li>• investment in water sensitive urban design (WSUD) and irrigation upgrades, including at key sports fields and parks, to reduce contaminants in water entering Port Phillip Bay, and optimise Council's potable water use.</li> </ul>
<p>3. 100% of residents to have access to open green space within a 5-minute walk</p>	<p>Under our <b>Liveable</b> Strategic Direction, our draft plan includes a commitment that Council will provide access to upgraded, expanded and well-maintained public and outdoor spaces for people of all ages and abilities to visit, in line with our 10-year Public Space Strategy (once adopted by Council), prioritised within available budgets each year.</p> <p>While Council is unable to provide 5-minute access to open green space to 100 per cent of our City's residents due to existing built form / land availability and the cost to purchase land for new open space, the draft Public Space Strategy does recommend a number of actions to maintain, enhance and where possible and feasible create additional permanent and temporary public space. It also includes a target for 90 per cent of our municipality to be within a safe walking distance of open space (that is, without having to cross major roads or other physical barriers such as railways or waterways).</p>

<p><b>Foundation topic for Community Vision: Climate and sustainability</b> Climate change, sustainability, waste management, and economic and social resilience</p>	
<p>'Top three' 10-year achievements</p>	<p>Initiatives in draft Council Plan 2021/31 to help us work towards these achievements</p>
<p>1. Energy and transport: Zero emissions by Council, businesses and community</p>	<p>Under our <b>Sustainable</b> Strategic Direction, our draft plan includes a commitment that Council will provide:</p> <ul style="list-style-type: none"> <li>• an advisory service to engage with industrial businesses to support energy efficiency, access to renewables, waste and water reductions (subject to business interest)</li> <li>• leadership in environmental sustainability and climate adaptation, and mitigation in Council operations including, as part of Council's Corporate Responsibility program, seeking sustainability outcomes in leasing, capital works, procurement and Council financial investments (where feasible and practical)</li> <li>• investment in upgrades to Council properties and streetlights to improve their quality and energy efficiency as well as reduce emissions and utility costs for Council</li> <li>• project delivery to support sustainability and climate change mitigation and adaptation as outlined in <i>Act and Adapt</i>, our sustainable environment strategy, prioritised within available budgets each year.</li> </ul> <p>It also includes a commitment to facilitate and advocate for increased Victorian and Australian Government support to act on drastically reducing carbon emissions and to deliver policies and projects to enable the community to reduce their emissions.</p>
<p>2. Waste: All single-use plastic and</p>	<p>Under our <b>Sustainable</b> Strategic Direction, our draft plan includes a commitment that Council will provide delivery of waste management services for our municipality</p>



<p>waste has been eliminated</p>	<p>including planning for, trialling and implementing changes to waste management services to meet Victorian Government requirements, including the four-service system and the container deposit scheme.</p> <p>It also includes a commitment to facilitate and advocate for the Australian and Victorian governments to introduce policy changes that actively foster a circular economy, to make more efficient use of our limited natural resources and reduce or avoid waste.</p> <p>Several actions in Council's <i>Don't Waste It</i> waste management strategy relate to better management of plastics and advocacy for product stewardship schemes and waste avoidance and reduction.</p>
<p>3. Update the planning scheme to require the highest sustainability standards, such as a 9-star rating</p>	<p>Under our <b>Liveable</b> Strategic Direction, our draft plan includes a commitment that Council will provide an updated Port Phillip Planning Scheme, including a municipal planning strategy, housing strategy and precinct-based structure plans, that provide a framework of local policies and controls to effectively manage growth, land-use change and support community sustainability, health and wellbeing.</p> <p>It also includes a commitment to partner with other councils and the Victorian Government to strengthen requirements for new developments to improve sustainability outcomes, reduce emissions, increase vegetation, better manage water and waste and adapt to climate change.</p> <p>Under our <b>Sustainable</b> Strategic Direction, there is also a commitment to strengthen requirements for new developments to improve sustainability outcomes. There is also a measure proposed to monitor environmental carbon emissions and potable water use identified in planning applications</p>

<p><b>Foundation topic for Community Vision: Financial stewardship and responsibility</b> Council's financial management, and the need for diversified revenue streams and innovative revenue opportunities</p>	
<p>'Top three' 10-year achievements</p>	<p>Initiatives in draft Council Plan 2021/31 to help us work towards these achievements</p>
<p>1. We deliver the basics well, in an efficient and equitable way</p>	<p>Under our <b>Well Governed</b> Strategic Direction, our draft plan includes a commitment that Council will provide high quality service to our customers and will continue to upgrade our technology, processes, systems and culture to make it as simple and convenient as possible for people to get the information and services they need, while delivering efficiencies for Council.</p> <p>The following financial strategy parameters have been applied in developing the draft Budget 2021/22:</p> <ul style="list-style-type: none"> <li>• low risk rating over the medium to long term (VAGO financial sustainability indicators)</li> <li>• delivering efficiency and cost savings</li> <li>• appropriate use of borrowing and reserves</li> <li>• setting fair and appropriate user charges</li> <li>• careful management and prioritisation of expenditure.</li> </ul>



<p>2. Smarter, more diverse and increased revenue streams to decrease costs on the local community; and ensure there's a buffer against shock</p>	<p>Under our <b>Well Governed</b> Strategic Direction, our draft plan includes a commitment that Council will provide:</p> <ul style="list-style-type: none"> <li>• prudent financial management and stewardship of Council's finances and resources and ensure legislative compliance and financial sustainability of Council</li> <li>• development and delivery of a Clever Port Phillip Action Plan, including investment in technology, open data, machine learning, artificial intelligence, data analysis, innovation, partnerships and organisational capability to support a Clever City and Clever Organisation.</li> </ul> <p>Rigorous and robust budget setting processes and expenditure monitoring, along with a Quarterly Financial Review process gives us the agility to respond to issues and opportunities.</p> <p>We will continue our deep-dive service reviews and build and improve on key performance indicators to ensure alignment with our priorities to demonstrate service effectiveness, efficiency and satisfaction to our community.</p>
<p>3. Clear transparency, best practice targets that ensure we meet community expectation on expenditure and efficient service delivery</p>	<p>Under our <b>Well Governed</b> Strategic Direction, our draft plan includes a commitment that Council will provide:</p> <ul style="list-style-type: none"> <li>• transparency into Council activities to improve community trust and confidence in Council by continuing to embed our Public Transparency Policy and strengthening management of privacy and information</li> <li>• transparent communication to our community in a range of forms to update them on the activities, decisions and services of Council and broader information about their local community.</li> </ul> <p>The Council Plan also highlights a suite of indicators at the City and Council level for feedback from the community. In the final plan data will be provided for the City indicators (with targets if these have been previously set by Council) and data and targets will be provided for Council indicators.</p>

- 5.9 An overview of the workshop activities and engagement findings is provided in the Engagement Findings Report (Attachment 2). This report is also available on Council's *Have Your Say* engagement website.
- 5.10 Participants were asked to complete an evaluation at the conclusion of the workshop program. Participants who completed this evaluation expressed that they valued the opportunity to contribute, and appreciated that their ideas, views and comments were listened to and would be considered as part of the Council Plan development process.
- 5.11 Council officers also facilitated consultation with Council's Multicultural Advisory Committee, Multifaith Forum, Older People's Consultative Committee and Youth Advisory Group to capture their views and knowledge of the issues within their communities. This feedback has also been shared with Councillors to help inform the draft Plan.

**Consultation on the draft Plan**

- 5.12 Subject to Council resolution, the draft Council Plan 2021-31 (including the draft Community Vision, draft Municipal Public Health and Wellbeing Plan and draft Budget 2021/22) will be published on Council's website and on *Have Your Say*, and made available for inspection at the three town hall ASSIST counters and municipal library branches.



- 5.13 Public consultation will take place from 23 April 2021 to 23 May 2021. The consultation process will include:
- Promotion of feedback opportunities via Council's communications channels, including social media, newsletters and websites.
  - A series of pop-up sessions across the City's neighbourhoods as part of Council's neighbourhood engagement program (details of these pop-up engagements are advertised on *Have Your Say* and have been shared via Council's communications channels, including social media and e-newsletters).
  - The opportunity to make written submissions through *Have Your Say*, via email or by post. The period to lodge submissions closes on Sunday 23 May 2021.
- 5.14 The *Local Government Act 2020* does not require councils to undertake a formal submissions process to provide the opportunity for persons to make submissions on a proposed Council Plan and Budget. However, in line with Council's commitment to our community in our Community Engagement Policy, Council will undertake a public submissions process as part of its engagement approach as part of a broader suite of opportunities for our community to provide feedback.
- 5.15 Council will receive and hear feedback and submissions from the public at a Special Meeting of Council on 8 June 2018, prior to considering adoption of the Council Plan 2021-31 (and Budget 2021/22), at a Special Meeting of Council on 23 June 2021.

## 6. LEGAL AND RISK IMPLICATIONS

- 6.1 The Local Government Act 2020 requires all Victorian councils to prepare and approve a Council Plan, supported by a Financial Plan, a Revenue and Rating Plan and an annual Budget, by 30 June in the year after an election and to adopt an Asset Plan by 30 June 2022.
- 6.2 Under the Public Health and Wellbeing Act 2008 Council is also required to prepare a Municipal Health and Wellbeing Plan within 12 months of an election.
- 6.3 Section 27 of the Public Health and Wellbeing Act provides an option for the Municipal Public Health and Wellbeing Plan to be incorporated into a Council Plan or Strategic Plan subject to an exemption being granted by the Secretary of the Department of Health.
- 6.4 The Municipal Health and Wellbeing Plan must:
- 6.4.1 Examine data about health status and the health determinants in the municipal district.
  - 6.4.2 Identify goals and strategies based on available evidence for creating a local community in which people can achieve maximum health and wellbeing.
  - 6.4.3 Specify measures to prevent family violence and respond to the needs of victims of family violence in the local community.
  - 6.4.4 Have regard to the state health and wellbeing plan.



- 6.5 Specify how the council will work in partnership with the Department and other agencies undertaking public health initiatives, projects and programs to accomplish the goals and strategies identified in the public health and wellbeing plan.
- 6.6 The Climate Change Act 2020 also requires Council to consider the impacts of climate change in their Health and Wellbeing Plan.
- 6.7 The Act requires Victorian councils to develop its Community Vision, Council Plan, Financial Plan and Asset Plan through deliberative (deeper) engagement with its community. While the Act does not define deliberative engagement, it requires council to prepare a Community Engagement Policy that outlines its approach to deliberative engagement practices.
- 6.8 Preparation and release of the draft Council Plan 2021-31 (and Budget 2021/22) for public comment as recommended is consistent with these legislative requirements.
- 6.9 Subject to Council resolution, officers will seek an exemption from the Secretary of the Department of Health to prepare a stand-alone Municipal Public Health and Wellbeing Plan on the basis that the relevant requirements have been incorporated into the draft Council Plan.
- 6.10 The Department of Health and the Department of Families, Fairness and Housing will jointly assess the request to determine if all legislative requirements of the Public Health and Wellbeing Act have been adequately met. Officers have been advised that this process will take approximately one month.
- 6.11 If the exemption is denied, the Secretary must advise Council in writing of the reasons for refusing to do so and the changes that should be made to the draft Council Plan or Strategic Plan.
- 6.12 The financial and non-financial tables supporting the draft Budget 2021/22 and draft Financial Plan have been prepared in accordance with regulations laid down by the Local Government (Planning and Reporting) Regulations 2020.
- 6.13 Officers will be reviewing the project portfolio between the draft and final versions of the Council Plan for deliverability. Any proposed changes to the timing of projects within the draft Council Plan will be reported as part of the adopted version of the Plan.

## 7. FINANCIAL IMPACT

- 7.1 Direction 5 of the Plan “Well Governed” highlights the importance ‘a *financial sustainable, high performing and community focused organisation*’ to underpin delivery of the direction and outcomes defined in the Plan.
- 7.2 As outlined Financial Strategy in this report, this Plan operates within the rates cap, maintains financials sustainability, whilst investing in assets.
- 7.3 The draft Budget 2021/22 includes:
  - A rate increase of 1.5 per cent (equivalent to the rates cap).
  - An increase in most of our fees and charges by 1.75 Per cent.
  - \$2.3 million of efficiency savings. This adds to the \$12.6 million of savings delivered in the last Council term.



- Retirement of the \$7.5m loan (only some financial leases remain) – effectively zero debt position.
- Cash backed reserves of \$26.3 million.
- \$55.5 million on projects to maintain, grow and improve services and assets.
- A cash surplus of \$1.74 million, which is in line with our financial strategy to provide greater contingency for the first budget post COVID pandemic.

7.4 Any resource implications of proposed adjustments to the draft Council Plan have been represented in the Financial Plan (10-year) and draft Budget 2021/22.

## 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 The importance of action in this area is emphasised by Council declaring a Climate Emergency in 2019.
- 8.4 Given the importance of this challenge further details on Council's investment is outlined in Attachment 4.

## 9. COMMUNITY IMPACT

- 9.1 The draft Council Plan provides the foundation, directions and strategies needed to fulfil the various functions required of councils under the LGA and other legislation. It defines what Council will deliver over the next four years, by identifying what we will provide, how we will work in partnership with other entities and what we will advocate for on behalf of our communities.
- 9.2 In the strategic direction Inclusive Port Phillip, we aim to deliver a city that is a place for all members of our community, where people feel supported and comfortable being themselves and expressing their identities. In strategic direction Liveable Port Phillip we aim to deliver a great place to live, where our community has access to high quality public spaces, development and growth are well managed, and it is safer and easy to connect and travel within.
- 9.3 Council has a role in supporting local businesses, local community organisations, ratepayers and residents. In strategic direction Vibrant Port Phillip we aim to build a flourishing economy, where our community and local business 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. Given the importance of this, further details on Council's investment is outlined in Attachment 5.





**10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY**

10.1 The new Council Plan 2021-31, when adopted, will replace the current version of the Council Plan 2017-2027.

**11. IMPLEMENTATION STRATEGY**

11.1 TIMELINE

The following timeline has been set:

Date	Event
23 April - 23 May 2021	Draft Council Plan public consultation opens
23 April 2021	Officers submit application for an exemption to the requirement to prepare a stand-alone Municipal Public Health and Wellbeing Plan
21 May 2021	Council will be advised whether application for an exemption will be supported by the Department.
23 May 2021	Draft Council Plan consultation closes
8 June 2021	Special Council Meeting - hearing of community budget submissions
23 June 2021	Special Council Meeting - adoption of Council Plan 2021-2031

11.2 COMMUNICATION

11.2.1 Release of the draft Council Plan 2021-31 for public comment will be communicated through information on Council’s website and Have Your Say, communication via Council’s communication channels, and by making documents available at the town halls and municipal libraries.

**Key Messages**

11.2.2 The following key messages will support the release of the Plan and assist the community to consider the document and make written submissions:

- The draft Council Plan 2021-31 establishes a community vision, strategic ‘directions’ and priority ‘outcomes’ for the city, which have been shaped through engagement with the Port Phillip community.
- An integrated Council Plan has been prepared, incorporating the Municipal Health and Wellbeing Plan, a 10-year Financial Plan, a Revenue and Rating Plan and annual Budget. The integration of Council’s planning, budget and resource allocation process ensures strong alignment between Council strategic priorities, and the services, programs and projects that it delivers.



- The Plan establishes a 10-year direction for the City, with a four-year focus on the specific actions Council will undertake to work towards achieving this direction. This longer-term focus is needed to ensure Council can respond to the opportunities and challenges the City faces.
- Council invites members of the public to provide feedback during the public consultation period (23 April to 23 May 2021) in relation to:
- How the Council Plan addresses community priorities and needs and delivers on the Community Vision
- How the draft Budget 2021/22 will deliver on the priorities outlined in the Plan
- How the (10-year) Financial Plan will provide context and high-level setting for the development of future annual budgets and the funding of priorities outlined in the Plan.

## 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:**

**34/11/22**

**ATTACHMENTS**

1. **Volume 1 of the Draft Council Plan**
2. **Volume 2 of the Draft Council Plan**
3. **Engagement Findings Report**
4. **Climate Emergency Response**
5. **Economic Emergency Response**