



14.1 COUNCIL PLAN AND BUDGET 2020/21: ENDORSEMENT OF DRAFT DOCUMENT FOR PUBLIC CONSULTATION

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1. PURPOSE

1.1 For Council to consider release of the updated Council Plan 2017-27, including the draft Budget 2020/21, for public consultation

2. EXECUTIVE SUMMARY

- 2.1 The integrated Council Plan 2017-27, which includes the Strategic Resource Plan, the Municipal Public Health and Wellbeing Plan, a financial strategy, 10-year financial plan and annual budget was adopted on 21 June 2017 and updated on 20 June 2018 and on 19 June 2020. It sets 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.
- 2.2 The Plan was adopted following a highly participative and successful community engagement, in which over 2,000 pieces of feedback were received in February and May 2017. This report outlines proposed changes to the Council Plan 2017-27, including the draft Budget 2020/21.
- 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 2019/20 and any decisions of council that have updated this such as the 10-year Financial Outlook adopted on 6 May 2020 and decisions at tonight's meeting on proposed service reduction options to take place from 1 July 2020. It also authorises the CEO to incur planning, design and community consultation expenditure on new projects proposed in the draft Budget 2020/21.
- 2.4 Applying the principles and budget parameters set within the 10-Year Financial Outlook that were first considered by Council in December 2019 and again on 6 May 2020, a balanced draft Budget 2020/21 is presented for Council consideration that addresses the rates capping challenge and responds to the \$32 million financial impact and risks associated with COVID-19 pandemic and other risks such as the impact of the Recycling Victoria policy on waste services.
- 2.5 The draft Budget 2020/21 includes:
- 2.5.1 A rate increase of 2 per cent, which is equivalent to the rates cap set by the Victorian Government, with the additional proceeds to be used to:
- fund the significant above rates cap increases in waste management and recycling costs and other above CPI cost increases and;
 - increase support for ratepayers, businesses and community members who need it the most.



- 2.5.2 A general increase in fees and charges of 2.25 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 \$4.9 million, including \$0.7million from the Customer Experience Program. This adds to the \$13 million of savings delivered over the previous six budgets.
- 2.5.4 There is no increase in an already low debt position, with the majority of this proposed to be repaid in 2021/22.
- 2.5.5 Cash reserve for operational needs including staff leave and contingency of \$23.9 million.
- 2.5.6 Project investment of \$47 million to maintain, grow and improve services and assets.
- 2.5.7 A cash surplus of around \$993k providing additional contingency for enterprise financial risks including Covid-19 recovery.
- 2.6 The draft Budget 2020/21 includes a \$4.2 million Economic and Social Recovery providing support to those that need it the most (see section 4). It builds on the current \$2.8 million emergency relief package for 2019/20. It supplements rather than duplicates Victorian or Federal government assistance and was informed following a business forum on 2 June in which 125 businesses participated. The program includes initiatives to:
 - 2.6.1 Provide relief from rates, rents and Council fees and charges;
 - 2.6.2 Reactivate public space;
 - 2.6.3 Support land use and statutory planning;
 - 2.6.4 Reduce red tape;
 - 2.6.5 Support businesses, volunteer sector, social connections and community resilience; and
 - 2.6.6 Respond to affordable housing and homelessness.
- 2.7 In addition, Council is working the State Government to provide employment opportunities through the provision of community services as part of the Working for Victoria jobs scheme.
- 2.8 In addition to the short-term financial impact of \$32 million created by COVID-19 which this budget addresses, the 10-year Financial Outlook includes a rates cap challenge of \$147 million of which \$75 million is expected to be addressed through ongoing efficiency savings and CX Program benefits. The residual \$72 million will need to be addressed through service level reductions and/or a future waste charge.
- 2.9 Given this financial challenge, Council recently engaged the community through online forums on a selection of preliminary service level reduction proposals to assist in bridging the funding gap including:
 - 2.9.1 Discontinuing pressure washing service for activity centres;
 - 2.9.2 Reducing Council maintenance of VicRoads assets;
 - 2.9.3 Reducing ASSIST Counter Service at Port Melbourne and South Melbourne town halls;



- 2.9.4 Discontinuing funding for South Port Community Legal Service;
- 2.9.5 Discontinuing Divercity as a print publication and moving to an online version;
- 2.9.6 Maintaining annual Community Grants program at \$280,000 and discontinuing 'quick response' Neighbourhood Grants program.
- 2.10 Following community feedback, it is proposed that the above service level reduction options are implemented from 1 July 2020 apart from:
 - 2.10.1 the proposal to discontinue funding for South Port Community Legal Service. The funding for this service has been be incorporated into the draft Budget 2020/21.
 - 2.10.2 the proposal to discontinue the 'quick response' Neighbourhood Grants program. Instead the Council Plan includes a suspension of this initiative for one-year, reinstating funding from 2021/22.
- 2.11 In addition to the above reductions, it is proposed that council consult on a small number of additional temporary and permanent service level reductions in this draft Budget 2020/21 to help address the long-term financial gap:
 - 2.11.1 Reducing Councillor budget for professional services, training and conferences;
 - 2.11.2 Closing South Melbourne Night Market and NEFF Kitchen;
 - 2.11.3 Reducing Customer Satisfaction Survey to minimum Victorian Government requirements;
 - 2.11.4 Deferring Youth Leadership and Engagement program for 6 months;
 - 2.11.5 Suspending Early Education Partnership for 1 year;
 - 2.11.6 Suspending Youth Service Development for 1 year;
 - 2.11.7 Reducing operational subsidies to kindergartens from \$4,000 to \$2,000 per centre;
 - 2.11.8 Removing project funding for Friends of Suai/Covalima;
 - 2.11.9 Ceasing Pre-School Dental Check Program funding agreement with Star Health;
 - 2.11.10 Changing St Kilda Film Festival to be predominantly online with an opening night event;
 - 2.11.11 Ceasing Afternoon Litter Bin over Summer service (November to March).
- 2.12 If all the service reduction options are implemented, the residual 10-year funding challenge to be addressed by future budgets will be reduced to \$40 million.
- 2.13 In response to the financial challenge, Council has also applied careful prioritisation of spend within capital and operating portfolio and has reduced the projected spend in 2020/21 from \$61 million (excluding land purchases) as reported in last year's Council Plan to \$47 million, consisting of a mix of reduced scopes in programs and project deferrals with increased investments in the following years to ensure our asset base and responses to our strategies are maintained over the medium and long-term.
- 2.14 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 vision:



- 2.14.1 \$76 million to implement the Integrated Transport Strategy (Move, Connect, Live). This includes \$46 million of renewals on road assets.
 - 2.14.2 \$37 million to implement the Sustainable Environment Strategy (Act and Adapt). This includes \$10 million in of renewals on stormwater assets.
 - 2.14.3 \$1.4 million to implement the Don't Waste It Strategy (to 2021/22). This is to be revisited as the Victorian Government recently announced its Recycling Victoria policy including four bins kerbside service (Food Organic Green Organics and glass recycling bins are new) and landfill levy increases by 91% over 3 years.
 - 2.14.4 \$13 million to implement the Creative and Prosperous City Strategy (Art and Soul). (to 2020/25 and includes provisional estimates for the redevelopment of the St Kilda Library).
 - 2.14.5 \$12.5 million for Customer Experience Program (to provide better and more responsive customer service while delivering a more efficient enterprise). This is in addition to the \$9.8 million expended so far. We expect productivity and efficiency savings from this program equivalent to \$40 million over the 10-year period and have included \$0.7 million of efficiency savings in the draft 2020/21 budget.
- 2.15 The updated Council Plan and draft Budget 2020/21 highlights our prudent approach to financial management in responding to COVID-19 pandemic and other risks whilst providing significant investment over the 10-year period in important initiatives to deliver on the Council Plan outcomes and vision. Our proposed 10-year financial plan is forecast to be financially sustainable by achieving a low overall Victorian Auditor General Office Financial Sustainability Indicator risk rating, although in the short term, some risk indicators in 2020/21 will be rated as medium.
- 2.16 Any resource implications of proposed adjustments to the draft Council Plan have been represented in the Strategic Resource Plan, 10-Year Financial Plan and draft Budget 2020/21.
- 2.17 The *Local Government Act 1989* (the Act), requires Council each year to:
- 2.17.1 review the Council Plan to determine whether the strategies, actions and measures require adjustment;
 - 2.17.2 develop an annual Budget, which includes detail on the capital and operating programs;
 - 2.17.3 release the proposed amendments to the Council Plan and draft Budget for a minimum 28-day statutory public review period and invite submissions from the public;
 - 2.17.4 receive and hear all submissions at a Council meeting;
 - 2.17.5 adopt the updated Council Plan 2017-27 and Budget 2020/21 by 30 June 2020. However, in response to COVID-19 pandemic and the impact it was having on the local government sector finances and budget preparations, the Minister for Local Government, the Hon Adem Somyurek MP gazetted on 9 April 2020 an extension for adopting the upcoming Strategic Resource Plan and budget to 31 August 2020.



- 2.18 Release of the updated Council Plan 2017-27, including the draft Budget 2020/21, for public consultation will be communicated through information on Council's website and Have Your Say website, via Council's social media channels and newsletters, a public notice in The Age and by making documents available at municipal libraries that are open.
- 2.19 To support the Council Plan amendments and the draft Budget 2020/21, seven online focus groups sessions consisting of up to 10-12 participants will be established to gather feedback on draft Budget, and test options and alternatives. The aim is to have a broad cross-section of our community represented at each workshop. In addition, all community members will be encouraged to participate in our online survey and to fill out an online submission form.
- 2.20 In considering whether to release the updated Council Plan and draft Budget 2020/21 document, Council needs to assess the proposed amendments to the Council Plan and be satisfied that the draft Budget 2020/21 continues to be aligned to the vision for the municipality set out in the Plan and continues to meet the financial sustainability principles.

3. RECOMMENDATION

That Council:

- 3.1 Notes the extended date for councils adopting a budget to 31 August 2020, gazetted by the Minister for Local Government, the Hon Adem Somyurek in response to the COVID-19 pandemic and its impact on the local government sector finances and budget preparations.
- 3.2 Extends operation of the Council resolution of 19 June 2019, being **14.2 Council Plan 2017-27 and Budget 2019/20: Adoption**, to such time as the Council Plan and Budget 2020/21 is adopted, and authorises the CEO to:
 - 3.2.1 Continue to provide council projects and services within the parameters of the adopted Council Plan and Budget 2019/20 and any decisions of Council that have updated this such as the 10-year Financial Outlook adopted on 6 May 2020;
 - 3.2.2 Implement decisions of the meeting of 17 June 2020 (tonight's meeting) on proposed service reduction options, to take place from 1 July 2020;
 - 3.2.3 Incur planning, design and community consultation expenditure on new projects proposed in the draft Budget 2020/21.
- 3.3 Notes the findings from recent community engagement on a selection of service level reduction proposals to assist in bridging the short and long-term funding gap and thanks those that provided feedback.
- 3.4 Agrees for the following service level reductions that have already been consulted on to be implemented from 1 July 2020, or earlier where feasible:
 - 3.4.1 Discontinuing pressure washing service for activity centres;
 - 3.4.2 Reducing Council maintenance of VicRoads assets;
 - 3.4.3 Reducing ASSIST Counter Service at Port Melbourne and South Melbourne town halls;
 - 3.4.4 Discontinuing Divercity as a print publication and moving to an online version;



- 3.4.5 Maintaining annual Community Grants program at \$280,000 and suspending 'quick response' Neighbourhood Grants program for 1 year.
- 3.5 Releases the updated Council Plan 2017-27, inclusive of the Municipal Health and Wellbeing Plan, 10-year Financial Plan, Strategic Resource Plan and draft Budget 2020/21 for a minimum of 28 days of public consultation (refer to Attachment 1)
- 3.6 Notes that the draft Budget 2020/21 includes:
 - 3.6.1 A rate increase of 2 per cent, which is equivalent to the rates cap set by the Victorian Government.
 - 3.6.2 A general increase in fees and charges of 2.25 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.
 - 3.6.3 Efficiency savings of \$4.9 million, including \$0.7million from the Customer Experience Program. This adds to the \$13 million of savings delivered over the previous six budgets.
 - 3.6.4 There is no increase in an already low debt position.
 - 3.6.5 Cash reserve for operational needs including staff leave and contingency of \$23.9 million.
 - 3.6.6 Project investment of \$47 million to maintain, grow and improve services and assets.
 - 3.6.7 A cash surplus of approximately \$993,000 providing contingency for financial risks including Covid19 recovery.
 - 3.6.8 \$4.2 million for an Economic and Social Recovery program providing assistance to those who need it most as per section 4.50.
 - 3.6.9 A small number of additional temporary and permanent service level reductions and increases as per section 4.56.
- 3.7 Notes the engagement activities that will be undertaken to support the updated Council Plan and draft Budget 2020/21 including online focus groups, an online survey and submission form.
- 3.8 Agrees to receive and hear submissions from the public at the Ordinary Council meeting on 5 August 2020, commencing 6.30 pm at the St Kilda Town Hall (or online if a physical meeting cannot take place), prior to considering adoption of the updated Council Plan 2017-27, including Budget 2020/21, at the Ordinary Council Meeting on 19 August 2020 commencing 6.30 pm at the St Kilda Town Hall (or online if a physical meeting cannot take place).
- 3.9 Authorises a Public Notice to be published in The Age (refer to Attachment 2), a display of the updated Council Plan 2017-27 including the draft Budget 2020/21 on Council's website, and availability of the updated Plan for inspection at our opened municipal libraries, to ensure broad community awareness and invite public submissions pursuant to section 223 of the *Local Government Act 1989*.
- 3.10 Authorises the CEO to make amendments to the draft Budget 2020/21 to reflect any changes made through this resolution, and to make minor grammatical and editorial adjustments to the document.



4. KEY POINTS/ISSUES

Background

- 4.1 The integrated Council Plan 2017-27, which includes the Strategic Resource Plan, the Municipal Public Health and Wellbeing Plan, a financial strategy, 10-year financial plan and annual budget was adopted on 21 June 2017, updated on 20 June 2018 and 19 June 2019. It sets 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.
- 4.2 Integration of Council's planning, budgeting and resource allocating ensures strong alignment between Council's strategic priorities, and its services, programs and projects
- 4.3 The integrated plan ensures Council can effectively respond to the opportunities and challenges the municipality faces in a way that enhances Port Phillip as a place to live, work and visit.
- 4.4 Progress to deliver the plan is monitored and regularly reported in the CEO Report and in the annual report.
- 4.5 Consideration of our strategic risk profile, representing the key internal and external risks that may significantly impact operations and achievement of Council's objectives, was included in development of the Council Plan.
- 4.6 Officers regularly monitor changes in our external and internal operating environment to ensure our priorities and resources will effectively deliver on the Council Plan outcomes and we are effectively managing our strategic risks.
- 4.7 This report considers changes in the external and internal environment that have occurred since the plan was adopted in June 2019. This information informs and sets the parameters for the review of the Council Plan, including the Strategic Resource Plan and development of the Budget 2020/21.

Our operating environment

- 4.8 In December 2019, officers referred to the seven enduring challenges that our municipality faces (population growth, urbanisation, transport and parking, legislative and policy influences, climate change, economic conditions and the rapid evolution of technology).
- 4.9 These remain important challenges for our city and will continue to influence financial planning and budgeting decisions. However, 2020 has presented challenges unlike anything our City, state or nation has faced in generations.
- 4.10 The COVID-19 pandemic has had significant impact on our local businesses, community organisations, ratepayers and residents. Service closures, self-isolation, restrictions on travel and gatherings, and physical distancing have had a financial impact on our community with large financial and economic losses, increases in under and unemployment, and business failures.
- 4.11 The Federal and Victorian governments should be commended for their leading roles in reducing and managing the impacts of the COVID-19 pandemic in terms of the general health and wellbeing of our community.
- 4.12 Council has also played a role in supporting local businesses, local community organisations, ratepayers and residents through these tough times. On 25 March 2019, we announced a \$2.5 million (updated forecast \$2.8 million) emergency relief



package to support those most affected in our community up to 30 June 2020, including many of our traders. The package includes:

- 4.12.1 Interest-free deferral on rates payments for ratepayers in financial hardship and eligible small business.
- 4.12.2 Rent waivers for Council commercial and community tenants and licensees, including stallholders at South Melbourne Market.
- 4.12.3 Fee waivers for footpath trading permits and Food Act registrations.
- 4.13 We are also providing up to \$500,000 repurposed from our Social Housing Fund for services supporting people experiencing homelessness.
- 4.14 However, Council too has been affected by these changes. Several community services provided by Council have had to temporarily close such as libraries (gradual reopening from 3 June 2020), our community centres, playgroups and senior citizen services. Other services have been impacted such as food and home-based care services, maternal child & health, customer service centres, open space and recreation centres, and arts facilities.
- 4.15 We have also had a significant reduction in our revenue streams. Officers forecast a \$12.7 million reduction in revenue from what was budgeted in 2019/20, led by reduced parking revenue (\$7.5 million), property related income (\$2.2 million) and child care revenue (\$1.7 million). Reduced revenue streams are also expected to flow into draft Budget 2020/21 with \$20 million reduction. Combined this sees a forecast revenue reduction of over \$32 million between April 2020 and the end of June 2021.
- 4.16 The pace at which we can deliver projects has also been affected with some projects initially delayed while we worked out a way to engage with the community in a digital environment, there have been upstream delays with our suppliers, as well as a general loss of productivity.
- 4.17 While revenue and service provision has declined in certain areas, a significant proportion of our costs remain fixed, with staff salaries and contracts equating to 68% of our operating costs excluding depreciation.
- 4.18 This has also coincided with increasing costs, at a higher rate than CPI and rates cap, including a higher landfill levy, and cost shifting from other tiers of government, which is estimated to cost around \$4.5 million. This is common across local government as we renew and upgrade our ageing asset base and manage emerging issues. The *Local Government Act 2020*, which received Royal Assent came into effect on 24 March 2020 has both resourcing and financial implications on Port Phillip and the wider local government sector. In the meantime, we are also heading towards local government elections in October 2020.
- 4.19 To continue to provide critical services and infrastructure, in developing the draft Budget 2020/21 we undertook an extensive review of all costs and strategically reprioritising expenditure based on the following principles:
 - 4.19.1 Reprioritisation must be effective in providing the intended relief and increasing community capacity to withstand and recover from the pandemic and other future shocks.
 - 4.19.2 Reprioritisation should be targeted towards those that need it most and not duplicate support provided by others.



- 4.19.3 Council must ensure financial sustainability.
- 4.19.4 Reprioritisation of activities and services should be aligned to the Council Plan priorities, transparent, defensible, and distributed fairly based on the role of Council, support available from others, risk, and cost.
- 4.20 Based on these principles, priority will be given to activities that:
 - 4.20.1 Meet legal and/or contractual requirements.
 - 4.20.2 Are essential to keeping our community safe, with a focus on the most vulnerable, in the response stage.
 - 4.20.3 Are essential to manage risk, including risk to Council's long-term financial sustainability (e.g. priority asset maintenance & renewal).
 - 4.20.4 Are essential to helping our community move from response to recovery as quickly as possible.
 - 4.20.5 Are essential to preparing the Council administration for the recovery stage, including business continuity and retaining and building new capacity to start up again.

Our financial strategy

- 4.21 In December 2019, officers noted that Council has a relatively sound financial position in the short term, which means we have been able to accommodate priorities and manage emerging risks, but that over the medium and long term, fundamental changes to the way Council operates will be required to meet the rates cap challenge. The financial impact of the COVID-19 pandemic has accelerated that requirement to fundamentally change the way Council operates and remain financially sustainable.
- 4.22 An extensive review of our operating costs has been completed and reflected in time the draft Budget for 2020/21. This includes \$4.9m of efficiency savings and \$11m of operating expenditure reductions. Further work is being completed on our organisational structure with a particular focus on reducing management overhead and administrative costs while ensuring council has the capability and capacity to deliver the Council Plan and respond to COVID-19.
- 4.23 The Council Plan is supported by a financial strategy which provides clear direction on the allocation, management and use of financial resources. It aims to ensure that Council remains financially sustainable while maintaining assets and services, responding to growth, and delivering on priorities.
- 4.24 The financial strategy is embedded in a 10-year Financial Plan and forms part of the updated Council Plan. It sets the parameters within which Council agrees to operate to maintain acceptable financial outcomes over the short, medium and long term.
- 4.25 As part of this review of our operating environment, officers review and update the 10-Year Financial Outlook each year. The objective of the 10-Year Financial Outlook is to:
 - 4.25.1 set clear direction and parameters for the development of the annual budget
 - 4.25.2 test the long-term financial implications of the current forecasts in revenue and expenditure.
- 4.26 On 6 May 2020, Council endorsed an updated 10-Year Financial Outlook that reflects the significant financial impact and risks associated with the COVID-19 pandemic.



4.27 The financial strategy has been updated and informed by the endorsed 10-Year Financial Outlook and development of the draft Budget 2020/21 (refer to Attachment 1).

Monitoring financial sustainability

4.28 Officers use the Victorian Auditor General’s financial sustainability indicators to monitor Council’s financial sustainability. Council’s financial strategy is designed to ensure an overall low risk rating over the period of the plan unless Council can demonstrate it is prudent not to (that is, for one-off abnormal transactions that do not have an enduring impact).

4.29 As demonstrated in the table below, officers forecast that Council will achieve an overall risk rating of moderate for next financial year before returning to a low overall risk rating for the remainder of the 10-year period.

Indicator	Indicator Targets	Forecast Projections										
		2019/20	2020/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
Net Result %	Greater than 0%	(2.1%)	(7.7%)	0.5%	2.7%	4.6%	6.1%	5.6%	5.4%	4.9%	5.2%	4.5%
Adjusted underlying result	Greater than 5%	(7.1%)	(10.0%)	(2.7%)	(0.8%)	0.9%	1.9%	2.1%	2.0%	2.2%	2.6%	1.9%
Working Capital	Working Capital Ratio >100%	299%	199%	198%	192%	200%	216%	228%	238%	244%	252%	254%
Internal Financing	Net cashflow from operations to net capital expenditure >100%	78%	93%	87%	99%	114%	122%	118%	116%	113%	114%	109%
Indebtedness	Indebtedness ratio <40%	5.3%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Capital Replacement	Capital to depreciation >150%	104%	102%	159%	159%	153%	154%	153%	154%	154%	154%	154%
Infrastructure Renewal Gap	Renewal & upgrade to depreciation >100%	85%	96%	150%	150%	140%	131%	130%	131%	131%	131%	131%
Overall Financial Sustainable Risk Rating		Med	Med	Low	Low	Low	Low	Low	Low	Low	Low	Low

Financial risks

4.30 Some of the key financial risks Council faces include:

- 4.30.1 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.
- 4.30.2 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.
- 4.30.3 The risk of Covid-19 lasting longer than projected. Uncertainty remains on the degree and severity of its impact over the medium term.
- 4.30.4 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.
- 4.30.5 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 drop in activity could result in a revenue reduction of \$0.42 million per annum.



- 4.30.6 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.
 - 4.30.7 There may be a large funding gap between the infrastructure desired at the 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 risk.
 - 4.30.8 The funding and financing plan for Fisherman's Bend remains uncertain. If an Infrastructure Contribution Plan includes a land equalisation component is introduced, it may result in the loss of future Open Space Contributions to Council. Council relies on future Open Space Contributions to replenish the reserve which is currently in a \$10 million deficit mainly due to our past investment in the Kirrip park (land purchase and park development).
 - 4.30.9 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).
 - 4.30.10 Future reductions in funding from other levels of government or increases in cost shifting.
 - 4.30.11 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.
 - 4.30.12 Works are progressing to test key sites to quantify likely financial impact of soil contamination – no provision included in the 10-year period.
 - 4.30.13 Not realising full benefits of the Customer Experience & Transformation program.
 - 4.30.14 A major, unexpected, asset renewal/upgrade challenge (for which Council maintains an asset renewal reserve).
- 4.31 Notwithstanding these risks, Council's sound financial position with low levels of borrowing and appropriate reserves balances enables the organisation to respond to these financial risks in the 10-year period if they arise. If necessary, the Council could also apply to the ESC for an above rates cap increase (although this is not currently part of its financial strategy).

Rates assistance

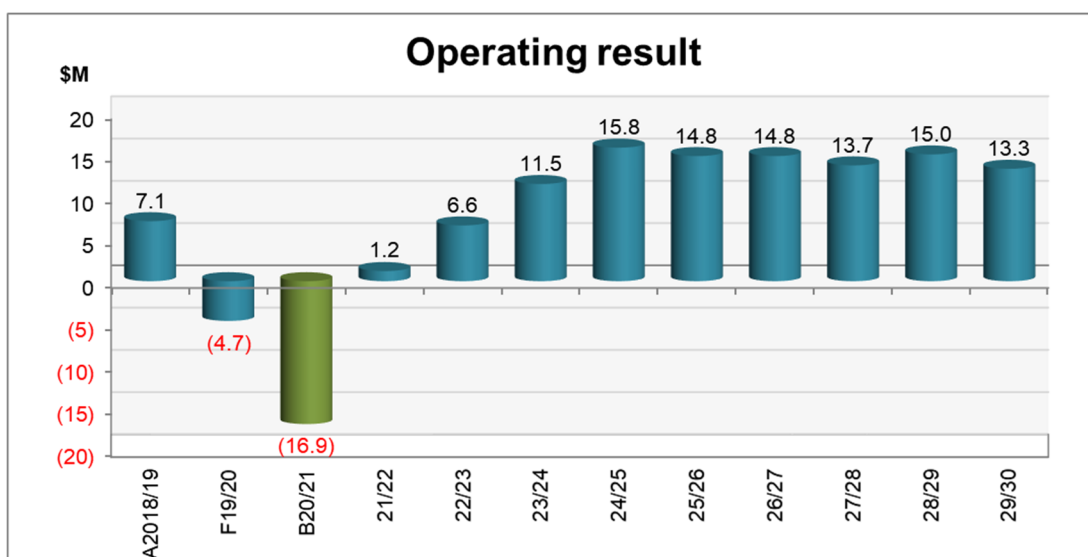
- 4.32 The Council recognises the impact municipal rates and other charges have on the financially disadvantaged sections of the community. In addition to Council's commitment to keeping rates affordable we offer a range of assistance packages:
 - 4.32.1 A council-funded pensioner rebate which will increase by 2.9 per cent to \$175 in 2020/21 – the City of Port Phillip is one of the few councils that offer this scheme.
 - 4.32.2 An option for self-funded retirees to defer their rates indefinitely at half the official penalty interest rate set by the Victorian Government (5 per cent for the 2019/20 financial year, 2020/21 financial year has not been released).



- 4.32.3 Providing a 50 per cent waiver of the general rate for housing accommodation that provides reduced rentals for elderly persons of limited means.
- 4.32.4 Support for residents and ratepayers experiencing hardship through rate deferrals and payment arrangements.
- 4.33 Additional assistance is proposed in the Economic and Social Recovery Program, extending hardship provisions to vulnerable resident ratepayers and commercial ratepayers (six-month rate deferral with 24 months to pay).

The draft Budget 2020/21 at a glance

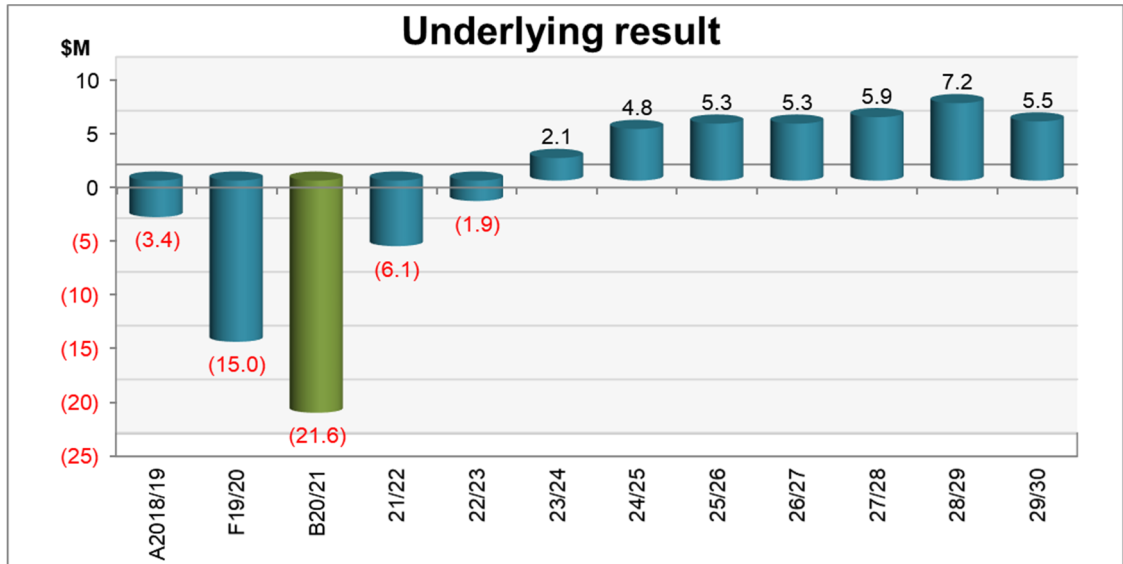
Operating result



- 4.34 Achieving an operating surplus is a key component of Council’s financial strategy. It provides capacity to maintain and renew our \$3.2 billion worth of community assets, meet debt repayment obligations, manage the impact of financial risks materialising, and invest in transformative strategies.
- 4.35 The expected \$32m impact of Covid-19 on revenue across 2019/20 and 2020/21 with resultant operating losses of \$4.7m and \$16.9m respectively. The draft Budget 2020/21 plans to address the funding deficit with \$4.9m of efficiencies, \$1.3m service level reductions, \$16m reduction in project portfolio expenditure (largely deferrals and some scope reductions) and \$11m reduction in operation expenditure. We expect the recovery from Covid-19 will take at least two financial years.
- 4.36 Our \$23 million investment in the Customer Experience program over the financial years 2019-2022 also limits operating surpluses over this period. The technology shift to cloud-based managed services means a significant amount of expenditure budgeted for technology will be reclassified as operating expenditure rather than capital investment. We expect productivity and efficiency savings from this program equivalent to \$40 million over the 10-year period, including \$0.7 million of early savings included in the draft Budget 2020/21.

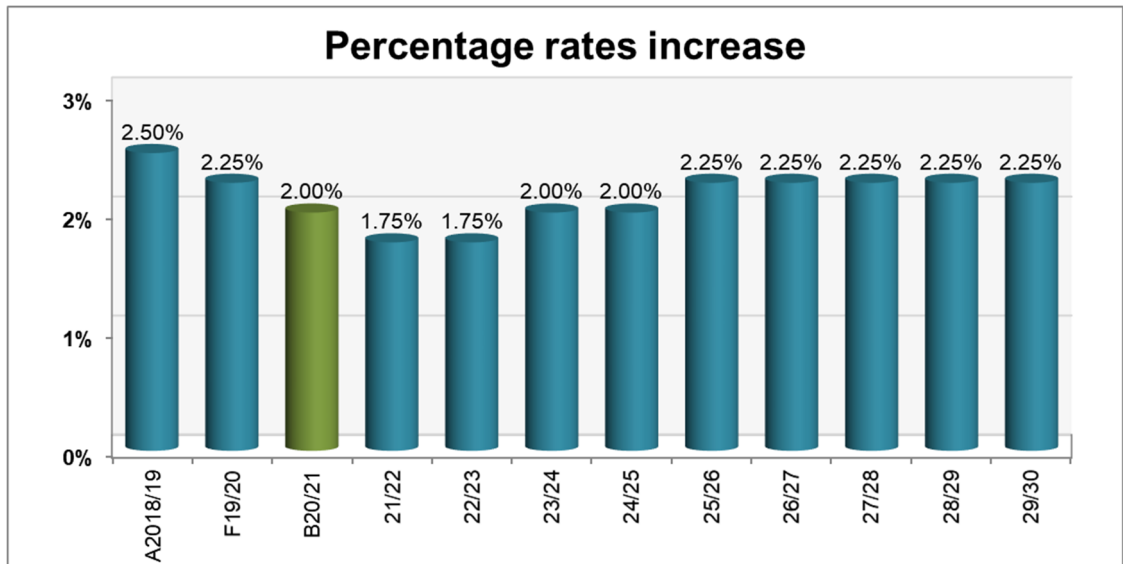


Underlying result



4.37 The adjusted underlying result excludes capital related revenue (grants and open space contributions). It assesses Council’s ability to generate sufficient funds for asset renewals. The financial impact of Covid-19 and our investment in the Customer Experience program will see underlying deficits over the periods 2019-2023.

Rates – percentage increase

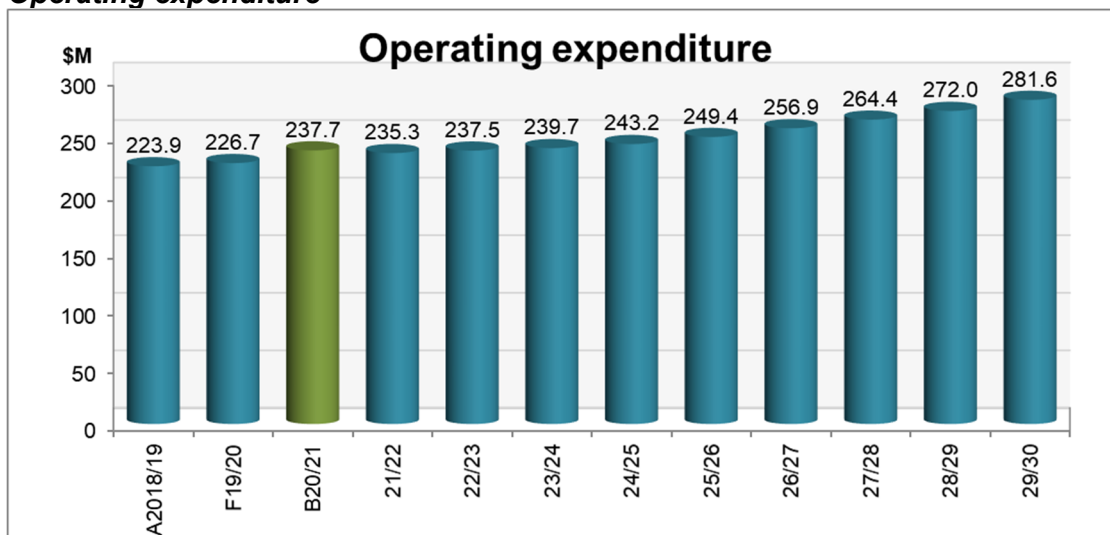


4.38 The draft Budget 2020/21, which funds a \$46.6 million portfolio program and maintains existing service levels, includes a 2.00 per cent rates increase, consistent with the Victorian Government cap. This has been achieved through a continued strong focus on prudent financial management, careful prioritisation and commitment to productivity and efficiency (\$4.9 million in savings identified in Budget 2020/21 in addition to the \$13 million over the previous six budgets). Future rates increases are based on



forward projections of inflation consistent with past decisions made by Minister of Local Government for setting the rates cap.

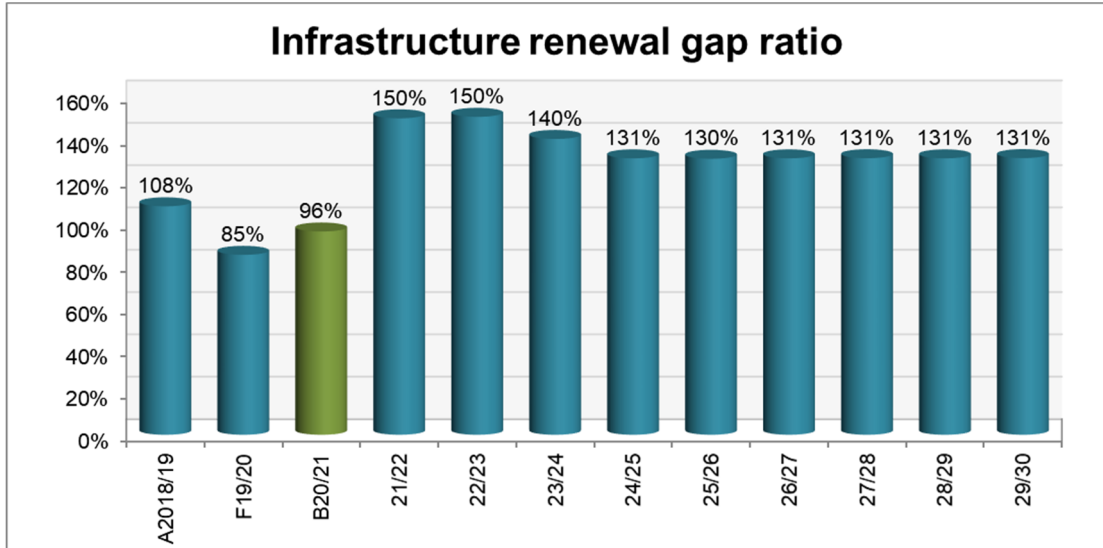
Operating expenditure



- 4.39 The draft Budget 2020/21 operating expenditure totals \$237.7 million which includes \$9.6 million for the Customer Experience program (\$23 million over the financial years 2018/19 to 2020/21). Officers expect productivity and efficiency savings from this program equivalent to \$40 million over the 10-year period.
- 4.40 In accordance with accounting standards Council has budgeted for the first time \$10.1m of non-cash subsidised rent expenditure to community organisations and matching income. Excluding this, operating expenditure increased by 0.4% on the Forecast 2019/20 and decreased by 1.1% on the Budget 2019/20.
- 4.41 The small but steady growth in operating expenditure in future years is largely driven by inflation (around 1.2 to 2.6 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 or greater per annum).

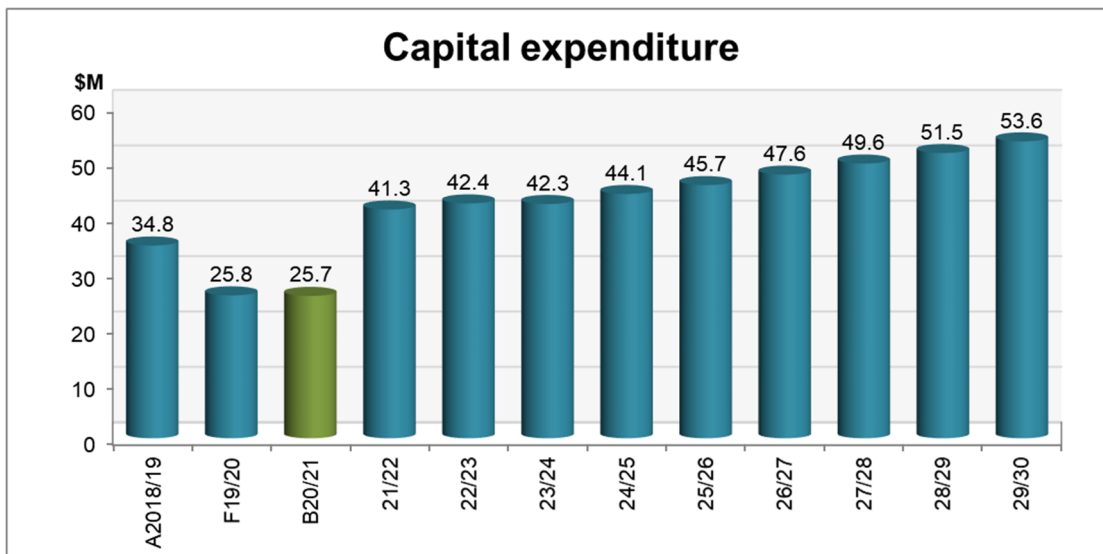


Infrastructure renewal gap



- 4.42 This graph 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.
- 4.43 A \$16m reduction in the project portfolio over 2019/20 and 2020/21 is proposed in order to address the funding deficits caused by Covid-19 – largely deferral to future years to ensure our existing asset base is maintained appropriately.
- 4.44 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



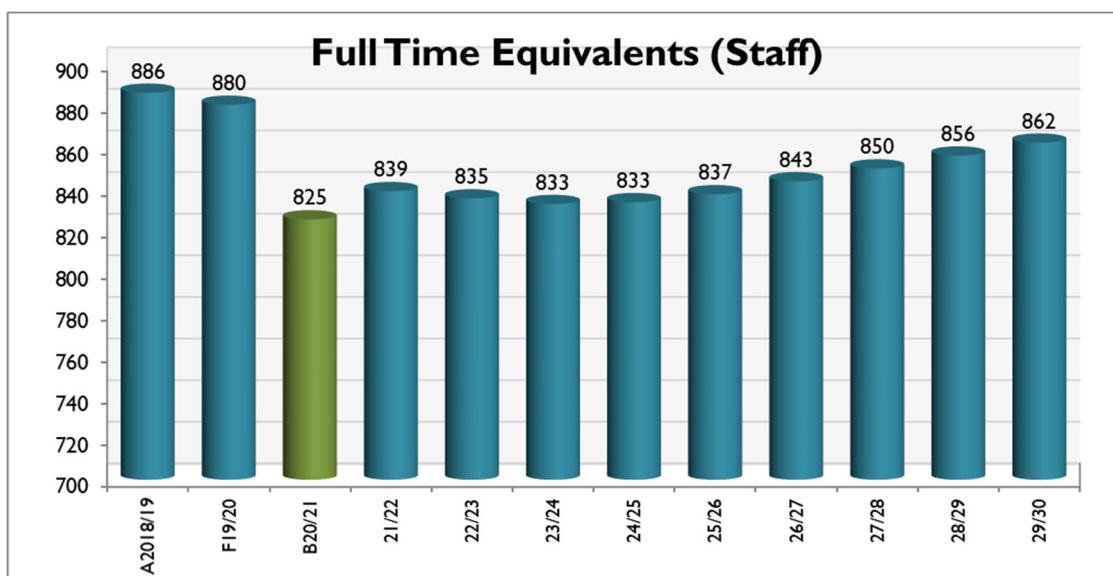
- 4.45 Total capital works expenditure has been reduced to \$25.7 million in 2020/21 to address the funding deficit caused by Covid-19. The total capital program is expected to be \$27.7 million including \$1.9 million expected to be classified as operating



expenditure, such as community engagement, feasibility studies and landscaping costs.

- 4.46 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



- 4.47 Council employees are our most essential resource, enabling the delivery of a broad range of services. For Budget 2020/21, we are proposing a net decrease of 55 FTEs based on lower demand, part year recommencement of council services, efficiency savings and a reduced capital portfolio. We expect 21 of these positions will be required in 2021/22 as the capital program and service demand ramp up again following COVID-19. One Family Assertive Outreach Worker has been added to support families experiencing vulnerability to access early years education services.
- 4.48 Over the period of the financial plan, officers expect the growth in FTEs to increase by 1 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.
- 4.49 Further organisational realignments are being worked on with an initial focus on executive and management overhead. These changes are yet to be consulted with staff and are not fully included in draft Budget 2020/21. It is expected that savings will be used to address our rates cap challenge.

Proposed Economic and Social Recovery Program

- 4.50 The draft Budget 2020/21 includes a \$4.2 million Economic and Social Recovery providing support to those that need it the most (see section 4). It builds on the current \$2.8 million emergency relief package for 2019/20. It supplements rather than duplicates Victorian or Federal government assistance and was informed following a

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business forum on 2 June in which 125 businesses participated. The program includes the following initiatives:

Initiative	Description	Impact in 2020/21 (\$000)
1	Commercial Tenant rent relief / South Melbourne Market stallholder fee relief – provide relief for 3 months to September 2020.	(1,290)
2	Extend hardship provisions to vulnerable resident and commercial ratepayers (six-month rate deferral with 24 months to pay).	(70)
3	Suspend rent increases for FY21 and South Melbourne Market rent reviews. Mandated by State government. (July to September 2020).	(125)
4	Suspend rent increases for FY21 and South Melbourne Market rent reviews. (October 2020 to June 2021).	(375)
5	Footpath Trading Fees, including outdoor dining, A frames and goods displays – Waive fees until 31 December 2020.	(400)
6	Supplier Payments – Continue to ensure Council's payment cycle to our suppliers is between 7 and 14 days rather than the standard 30 days.	(40)
7	Reactivation and use public space in new ways to encourage social distancing and activation – Utilise and potentially create new public space on a trial basis.	(450)
8	Advocate for delivery of tram infrastructure including Fitzroy St, Mills St, Waterfront Place, and Fishermans Bend.	0
9	Investigate making our 3D City model (South Melbourne and St Kilda/Balaclava) available to various sectors.	0
10	Advance South Melbourne and St Kilda structure plans with a focus in year one on an economic and employment land framework and housing growth strategy.	(250)
11	Consider site-specific amendments for specific private development proposals where an amendment is required to achieve the desired built form outcome and realise economic benefits.	0
12	Extend the CEO's placemaking delegation to Key Activity Centres for six months.	0
13	Better Business Approvals – Reduce touchpoints for businesses and improve customer experience.	0
14	Planning Permits – Improve the Council experience for businesses setting-up.	0
15	Improve process timelines. To assist small businesses with planning permits.	0
16	Potential Increase in construction work hours – Discuss with construction industry representatives to identify relevant locations where extended hours are appropriate	0
17	Target grants for arts relief and events through \$2 million to support local arts activities including \$1.35 million in funding for grants, creative partnerships, local festivals and support for the Linden and Gasworks galleries.	0
18	Mechanisms that support and promote businesses within the City of Port Phillip and encourage visitation particularly Sept-Dec 2020 – Develop and implement with businesses, a program that supports business to survive and thrive over the coming 12 months. This could include access to information, attraction activities as well as regular engagement with key stakeholders.	(150)
19	Inner Melbourne Action Plan (IMAP) economic recovery indicators – Develop consistent indicators across IMAP councils	0
20	Volunteer facilitation – Pilot a network of organisations who provide volunteer opportunities to help them network and develop collaborative practices and share resources.	0
21	Corporate volunteer program – allow staff to volunteer for up to 2 days per annum. Volunteering directed to local community sector organisations delivering programs to support social recovery and / or on-going relief for vulnerable communities.	(150)

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Initiative	Description	Impact in 2020/21 (\$000)
22	Targeted grants to rebuild social connections post COVID-19 – Deliver Quick Response Community Grants (available 6 months July – Dec 2020) promoting social connections and community resilience	(10)
23	Proceed with Community Grants – current applicants will be given an opportunity to recast applications to address key COVID impacts before assessment process continues. Funds would be distributed to successfully applicants in September	(280)
24	Bridging the digital divide - provide training, equipment and other support to community groups to facilitate delivery of on-line programs and access for users	(10)
25	Fund to address emerging social impacts – Monitor impacts and develop appropriate responses	(200)
26	Introduction of mandatory affordable housing contributions (Inclusionary Zoning) as part of new private development – Advocate (in partnership with other local governments) for release and action by the Victorian Government / Planning Minister following recent Ministerial Advisory Committee on Planning Mechanisms for Affordable Housing. Also advocate to ensure mandatory affordable housing contributions are included in response, potentially phased in over time.	0
27	Renewal of Public Housing Estates to increase the supply of social housing – develop a Memorandum of Understand (MOU) with Victorian Government for program of renewal of Public Housing Estates in Port Phillip to increase the supply of social housing. Prioritise Dorcas Street Housing Estate, offering potential for housing and wider neighbourhood benefits (community & health facilities, public space, business innovation hub).	0
28	Temporary common ground facility- lease former backpacker (Habitat HQ) accommodation in St Kilda to keep rough sleepers in supported housing	(250)
29	Permanent common ground facility- partner with DHHS to deliver permanent supported housing for persons from Council's By-name list / transitioning from Habitat 'pop-up' to reduce rough sleeping.	(25)
30	Port Phillip Zero project - continue funding to achieve a coordinated service response to homelessness (collective impact approach). Includes CoPP 'By-name list' updated fortnightly	(50)
31	Government stimulus package funding directed at discounted purchase of community housing units by Registered Agencies – Advocate to State and Commonwealth governments for stimulus funding to apply to, negotiation of new development approvals, purchase of units in approved development and purchase of vacant apartments. Review all existing Fishermans Bend development approvals with affordable housing conditions to consider 'amending' form of contribution to discounted purchase.	0
32	Delivery of affordable 'Build to Rent' housing – through incentivising private investment in rental housing for low and moderate-income earners through rental subsidy's	0
33	Share The Food project- Continue support for PPCG 'Food Hub' for 3 months (July – Sept) providing food staples, fresh food, and toiletries to people facing financial hardship, and to those isolating due to immunity, age or disability (interim period whilst Food Plan prepared).	(45)
34	Council Food Services and Programs – expand funded programs to meet increased demand:	0
35	Work with community sector to understand emerging impacts – Develop mechanisms for community sector to collaborate and share insights.	0



Initiative	Description	Impact in 2020/21 (\$000)
36	Understand local impacts through work with local service providers and monitoring available data	0
37	Continue implementation of family support programs and engage in appropriate public health campaigns	0

Note: Positive result means a saving to Council, a negative result means an expense to Council

4.51 See Attachment 3 for further details on the Economic and Social Recovery program.

Proposed changes to services

4.52 In addition to the short-term financial impact of \$32 million created by COVID-19 which this budget addresses, the 10-year financial outlook includes a rates cap challenge of \$147 million of which \$75 million is expected to be addressed through ongoing efficiency savings and CX program benefits. The residual \$72 million will need to be addressed through service level reductions and/or a future waste charge.

4.53 In response to this, the Council recently engaged the community through online forums on a selection of preliminary service level reduction proposals to assist in bridging the funding gap. Following this consultation and subject to finalisation of consultation with impacted staff (where relevant), it is proposed that the following reductions are implemented from 1 July 2020:

4.53.1 Discontinuing dedicated pressure washing service for activity centres (savings of \$220k ongoing);

4.53.2 Reducing Council maintenance of VicRoads assets (savings of \$175k ongoing)

4.53.3 Reducing ASSIST Counter Service at Port Melbourne and South Melbourne town halls (savings of \$91k ongoing);

4.53.4 Discontinuing funding for South Port Community Legal Service;

4.53.5 Discontinuing Divercity as a print publication and moving to an online version (savings of \$120k ongoing);

4.53.6 Maintaining annual Community Grants program at \$280,000 and suspending 'quick response' Neighbourhood Grants program for one year (savings of \$56k in FY21 and \$20k ongoing)

4.54 Following community feedback, it is recommended that the proposal to discontinue funding for South Port Community Legal Service is not implemented. As such, the continued funding for this service has been incorporated into the draft Budget 2020/21.

4.55 The draft Budget 2020/2021 also includes \$86k of savings following Council's decision on 20 May 2020 to not renew paid memberships with several external organisations such as the Committee for Melbourne and Inner South Metropolitan Mayors Forum.

4.56 In addition to these service reductions, several additional service reductions and increases are proposed for inclusion in the draft Budget 2020/21 with implementation subject to public consultation as part of the budget process:

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Initiative	Impact in 2020/21 (\$000)	Ongoing annual impact (\$000)
1. Reduce the number of strategic memberships to external bodies*	86	86
2. Reduce Councillor budget for professional services, training & conferences	34	34
3. Close South Melbourne Night Market and NEFF Kitchen	87	87
4. Reduce Customer Satisfaction Survey to minimum LGPRF requirements	43	43
5. Defer Youth Leadership and Engagement program for 6 months	12	0
6. Suspend Early Education Partnership for 1 year	40	0
7. Suspend Youth Service Development for 1 year	18	0
8. Reduce operational subsidy to kindergartens from \$4,000 to \$2,000 per centre	19	19
9. Remove project funding for Friends of Suai/Covalima	38	38
10. Cease Pre-School Dental Check Program funding agreement with Star Health	36	36
11. Change St Kilda Film Festival to be predominantly online with an opening night event	140	140
12. Cease Afternoon Litter Bin over Summer service (November to March)	32	32
13. Provide additional Lead Family/Assertive Outreach resource to meet Council-endorsed Children's Services Policy commitments to support families experiencing vulnerability to access early years education services	(100)	(100)
14. Develop an online shopping website for South Melbourne Market	6	30

Note: Positive result means a saving to Council, a negative result means an expense to Council

Proposed changes to the project portfolio

4.57 The figures supporting our project portfolio have been updated based on the April 2020 forecasts and includes \$12.4 million of deferrals from 2019/20. The following identifies new projects and significant changes to the 2020/21 forward estimates that were previously presented in the adopted Council Plan as proposed expenditure in 2020/21:

Capital and operating projects	Description	Impact in 2020/21 (\$000)
Projects not previously identified in the Council Plan		
Strategic Direction 1: We embrace difference, and people belong		
JL Murphy Multi-purpose Synthetic Field	Installation of a new synthetic multi line marked surface for sports activities and off-season training. Project is contingent on partnership funding.	(50) - for design
JL Murphy Synthetic Field	Construction of a synthetic sports field on the Community Pitch at JL Murphy Reserve to address the current grounds shortage.	(100) - for design
Strategic Direction 2: We are connected and it's easy to move around		
Civil Infrastructure Maintenance Contract Review	Prior to the procurement of a new civil maintenance contract, a review will be undertaken on the efficacy of the current contract and	(120)

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Capital and operating projects	Description	Impact in 2020/21 (\$000)
	identification of areas for improvement or greater efficiency in delivering these services.	
Strategic Direction 4: We are growing and keeping our character		
Astor Theatre garden	Beautification works to the green space along the Dandenong Road side of the Astor Theatre building. Note works subject to Department of Transport approval.	(20)
Kings Place Plaza Pocket Park	A new pocket park partly funded through the Victorian State Government Local Parks Program.	(180) - for design
New dog park	Part of the Victorian State Government Local Parks Program, funding is for the delivery of a new off-leash enclosed dog park within the municipality.	(25) - for design. Project is contingent on a successful funding application
Palais Theatre & Luna Park Precinct Revitalisation	In partnership with the Victorian State Government, a project to revitalise and reshape this precinct to create a safer, more pedestrian-friendly, attractive and usable space. The project was previously part of the Public Space Security Improvements Program.	(2,900) - to complete construction
Planning Scheme Amendments Program	Work previously funded through operational budgets has been reallocated to the portfolio to allow for prioritisation against other strategic planning initiatives.	(140)
South Melbourne Market Public Safety Improvements	Address several identified vulnerabilities of South Melbourne Market to proactively reduce the risks to visitor and staff.	(360) - to commence works
St Kilda Foreshore Infrastructure Upgrades (between Donovans and Marina Reserve)	Delivery of foreshore infrastructure including path and crossover upgrades, seawall renewal, vehicle intrusion control, lighting, vegetation and shade upgrades.	(100) - for design
St Kilda Precinct Strategic Plan	Establish the preferred direction to guide future growth and facilitate change within the St Kilda precinct, and to align partnership, employment and sustainability goals outlined in key Council strategies	(100) - to commence
Strategic Direction 6: Our commitment to you		
Council Election and Councillor Transition Program	Delivery of the City of Port Phillip Council election and funding to support the transition and induction of a new Council.	(975) - partly funded through compulsory voting fines
Implementation of the Local Government Act	Funding to support the organisation, the Councillors and the community in implementing and transitioning to the new Local Government Act.	(74)
Major changes to existing projects and programs, including reductions to address the financial impact of the COVID-19 pandemic		
Strategic Direction 1: We embrace difference, and people belong		
Adventure Playground Upgrade	Deferral to future years while an Adventure Playground Strategy is developed.	800

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Capital and operating projects	Description	Impact in 2020/21 (\$000)
Children's Centres Improvement Program	Deferral to future years given the uncertainty of the impacts to the supply and demand of children's centre facilities.	1,400
Children's Services Policy	The budget to implement the new policy will be funded within existing operational resources.	200
Lagoon Reserve Sports Field Redevelopment	Construction deferred to 2021/22 while design activities continue.	1,950
North Port Oval Upgrade	The project budget has been increased to \$4.5 million for an expanded scope funded through Federal and Victorian governments contributions. \$805,000 has been deferred to 2021/22 to allow for master planning of the site and to align with funding partners.	830
Sport and Recreation Infrastructure Program	Incorporates the Recreation Reserves Facilities Renewal, Outdoor Fitness Station and Informal Sport and Recreation programs. Program reduced to designs and reactive works only in 2020/21. Increased in future years to maintain investment level.	457
Sports Playing Field Renewal and Upgrade Program	Required investment to build sports grounds that have a resilient sub surface to help drainage and increase play ability. Program has been revised to occur every second year rather than annually.	(730)
Strategic Direction 2: We are connected and it's easy to move around		
Bike Infrastructure Program	Program reduced to design and consultation in 2020/21. The 2020/21 program includes the construction budget for the Garden City Bike Path which was deferred from 2019/20.	430
Footpath Renewal Program	Program reduced to high priorities. Increased in future years to ensure our existing asset base is maintained.	307
Kerferd Road safety improvements	Removal of project funding in 2021/22. The Council project has been replaced by the Victorian Government's Shrine to Sea initiative.	0
Laneway Renewal and Upgrade Program	Renewals have been prioritised. Upgrades have been delayed for two years.	215
Pedestrian Infrastructure Delivery	Program reduced to designs only in 2020/21. Increased in future years to maintain investment level.	660
Park Street Bike Link	The construction schedule has been revised based on the timelines in the Domain Precinct Public Realm Masterplan. Construction is now expected to be completed in 2021/22.	475
Road Renewal Program	Road condition audits completed in December 2019 indicated majority of our roads are above the intervention level due to high investment in previous years. Program reduced to highest priorities and increased in future years to ensure our existing asset base is maintained.	1,200

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Capital and operating projects	Description	Impact in 2020/21 (\$000)
Tram Infrastructure Partnership Delivery	The Fitzroy Street streetscape upgrade has been deferred to future years to align with Public Transport Victoria tram stop upgrades schedule.	250
Strategic Direction 3: We have smart solutions for a sustainable future		
Community Electric Vehicle Charging Program	Previously the Electric Vehicle Charging Infrastructure Program. The program has been altered to focus on pursuing options of partnering with a charging provider to install infrastructure for public use.	70
EcoCentre Redevelopment	Deferred to future years to align with partnership funding opportunities.	2,200
Elster Creek Catchment Partnership and Elsternwick Park Nature Reserve	Deferred to future years based on partnership design timelines. Advocacy work will continue in 2020/21.	930
Energy Efficiency and Solar Program	Program reduced to designs only in 2020/21. Increased in future years to maintain investment level.	350
Energy Efficient Street Lighting Upgrade on Major Roads	Deferred to future years based on expected timelines for designs and power authority approvals. Design will commence in 2020/21.	913
Foreshore Vegetation Upgrade Program	Program reduced for one year.	150
Greening Port Phillip Strategy Implementation	Program has been scaled back for one year and increased in future years to maintain the investment level.	200
Land acquisition - Sustainability Hub	Project removed as the work on the Inner Metropolitan Sustainability Hub project has been suspended indefinitely. Funding of the feasibility for the future location of Councils Operation Centre has been included in the project portfolio.	17,500
Open Space Irrigation Renewal and Upgrade Program	Program reduced to high priority renewal works in 2020/21.	300
Water Sensitive Urban Design Program	Program reduced to designs only. Increased in future years to maintain investment level.	550
Strategic Direction 4: We are growing and keeping our character		
Fisherman's Bend program	The program has been extended to support a series of key planning activities and coordination activities.	(275)
Foreshore Assets Renewal and Upgrade Program	Program reduced to high priority renewal works in 2020/21.	350
Gasworks Arts Park Reinstatement	Construction deferred to future years to align with the expected timelines for finalise of the Contamination Management Action Plan and the subsequent Park Plan.	1,700

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Capital and operating projects	Description	Impact in 2020/21 (\$000)
Kirrip Park Development	Project has been deferred to future years as additional infrastructure at the park is not required at this time.	5,000 - jointly funded with the Victorian Government
Maritime Infrastructure Renewal Program	A recent Maritime Asset Audit indicated that our marine assets are all in good/fair condition and do not require current intervention.	900
Parks and Playground Renewal and Upgrade Program	Program reduced to designs, playground safety responses and minor renewals. The construction works at TT Buckingham Reserve have been deferred from 2019/20.	450
Parks Furniture and Pathway Renewal Program	Program reduced to high priority renewal works in 2020/21.	200
Public Space Accessibility Improvement Program	Program reduced to high priority works for 2020/21	200
Public Space Lighting Expansion Program	No priority works have been identified for 2020/21.	150
Public Space Security Improvements	Public safety works at the Palais Theatre Forecourt have been included in the scope of the Palais Theatre & Luna Park Precinct Revitalisation project. The 2020/21 program will include continuing design for Acland Street Plaza. Lower priority sites have been deferred to 2021/22.	960
Street Signage and Furniture Renewal Program	Program reduced to high priority renewal works.	260
Strategic Direction 5: We thrive by harnessing creativity		
Library Purchases	Program reduced in 2020/21 and increased in future years to maintain the investment.	200
Placemaking Program	Program suspended in in 2020/21 with funds reallocated to support initiatives in the Economic and Social Recovery Program.	410
South Melbourne Market Building Compliance Works	Overall program has increased in the 10-year capital portfolio based on the cost estimates developed through the Building Compliance Assessment Work Scoping report.	(530)
South Melbourne Market Renewal Program	Program reduced to highest priority renewal works.	150
South Melbourne Town Hall Renewal and Upgrade	Construction works deferred to future years. 2020/21 reduced to design and urgent works.	2,600
St Kilda Library Redevelopment	Funding deferred by one year. Work will continue in-house.	250
Strategic Direction 6: Our commitment to you		
Building Renewal and Upgrade Program	Program reduced to highest priorities. Increased in future years to ensure our existing asset base is maintained. \$300,000 for furniture and fitting	655



Capital and operating projects	Description	Impact in 2020/21 (\$000)
	renewals at Council facilities has been reallocated to the Workplace Plan Implementation.	
Business Enablement and Innovation Fund	This program has been removed from the Council Plan. These initiatives will be prioritised through the Customer Experience Program and existing operational budgets.	150
Council Fleet Renewal Program	Program reduced in 2020/21 and increased in future years to maintain the investment.	280
Customer Experience Program	Expenditure timing has been revised to align with the current contractual obligations. No overall change in the total project expenditure.	(3,549)

Note: Positive result means a saving to Council, a negative result means an expense to Council

4.58 The Federal Government recently announced a new \$500 million Local Road and Community Infrastructure Program, an additional boost for local government to deliver on priority projects with a focus on local road and community infrastructure upgrades and maintenance. \$278,000 has been allocated to the City of Port Phillip for the bringing forward a suitable project. Similarly, the new Victorian Government announced the \$68 million Community Sports Infrastructure Stimulus Package enabling Local Government Authorities and other organisations to fast-track shovel-ready community sports infrastructure projects across Victoria. Several initiatives could be eligible, and Council is considering options.

Proposed fees and charges

- 4.59 In most cases, our fees and charges for 2020/21 are proposed to increase by 2.25 per cent (with variances where minor rounding equates to larger or smaller percentages). This approach is consistent with our financial strategy. There will be variances where minor rounding equates to larger or smaller percentages.
- 4.60 There are some exceptions where we believe a larger increase (on non-material items) is fair and reasonable.
- 4.61 Due to the significant impact of the COVID-19 pandemic to our community, any material fee structure changes have been deferred to a future budget year.
- 4.62 Additionally, some fees are proposed to increase by 2.25 per cent but will be supported with targeted measures such as waivers and deferrals. In other cases, no fee increase is proposed for 2020/21.
- 4.63 The fee changes are proposed to commence from 1 September 2020. Statutory fees may change during the financial year in accordance with updated Victorian Government legislation and regulation.
- 4.64 A summary of the proposed changes to fees and charges is below.

Strategic Direction 1: We embrace difference, and people belong

- Adventure Playground hire
 - No increase in 2020/21.
- Childcare fees



- As a result of the childcare fee policy change the charge for Public Holidays will be at the standard Long Day Care fee (\$133.50). The private sector charges a child in a Public Holiday which Council centres do not.
- No increase to long day care fees –due to above policy change.
- Increase Infrastructure and Maintenance levies to reflect cost of services. Support to Community Run centres in place - \$0.29 million of levies waived in 2019/20.
- Community support (aged care fees)
 - 2.25 per cent increase rounded to nearest 20 cents. The base fees are highly subsidised by Council.

Strategic Direction 2: We are connected and it's easy to move around

- Parking fees (excluding South Melbourne Market)
 - Fees adjusted based on benchmarking and the impact to utilisation and business:
 - No change to hourly or daily rates for Elwood Foreshore, Fishermans Bend, Fitzroy Street and at Station Pier and Waterfront Place
 - No change to hourly rates in South Melbourne and St Kilda Road. Small increase in daily rates for some areas (ranging from 0 to 20 cents per day)
 - Small increase in hourly (10 cents per hour) and daily rates (10 cents per day) for St Kilda foreshore area.
 - No change to South Melbourne Market.

Strategic Direction 3: We have smart solutions for a sustainable future

- Annual garbage charge for non-rateable properties
 - 13.4 per cent increase to reflect the increased cost of waste, noting this cohort do not pay rates.
- Resource Recovery centre
 - 2.25 per cent increase rounded to the nearest dollar despite landfill levy increasing at a much higher rate.
- Surcharge for 240 litre waste bin
 - 22 per cent increase to deter take up of larger bins.

Strategic Direction 4: We are growing and keeping our character

- Animal management fees
 - No increase in 2020/21
- Building permits
 - 2.25 per cent increase to non-statutory fees. The increase is not likely to be a factor in deterring building works.
- City permit fees
 - Footpath trading to be based on property valuation. Early indications of price reduction in most areas expected. Fees have been waived from 1 April to 30 June 2020 as part of Council's emergency relief package. Council is proposing to extend waiving of footpath trading permit fees including outdoor dining, A frames and goods displays until 31 December 2020.



- No increase to food vans fees (limited demand).
- 2.25 per cent increase for work zones, advertising signs, itinerant trading, road occupation and significant tree works justifiable.
- Food Act, Personal services and Prescribed accommodation fees
 - Increase fees, however, provide abatement/support for those sectors under hardship
- Open space and recreation fees
 - Fees benchmarked against neighbouring councils and adjusted accordingly, fees waived as part of COVID-19 support package.
- Statutory Planning
 - 2.25 per cent increase to non-statutory fees. The increase is not likely to be factor in deterring investment.
 - New fee structure for secondary consent and extension of time.

Strategic Direction 5: We thrive by harnessing creativity

- Arts, filming, gallery, photography permit fees
 - 2.25 per cent increase
- Esplanade Market fees:
 - No increase to permanent stallholders.
 - 2.25 per cent increase for casual stallholders and coffee vendors.
- Libraries
 - 72 per cent increase to Inter-library loans. Council has heavily subsidised the service up to 87 per cent in the past. The Australian Library & Information Association has increased this fee from \$16.50 to \$28.50, a full on-charge is included.
- South Melbourne Market
 - No increase to paid parking fees.
- St Kilda Festival
 - No increase in 2020/21

Strategic Direction 6: Our commitment to you

- Community venue hall hires and meeting rooms
 - An initial review of hall-hire with neighbouring councils identified that the City of Port Phillip may not be competitively priced when benchmarked at face value. While further work is required to understand the service offering and true costs, the following changes are proposed to encourage utilisation of the St Kilda Town Hall:
 - Use of kitchen: transfer the cost for use of the kitchen included in the after-hour rate and separately charge through a new fee (\$500). This reduces the overall hire rate to those not using the kitchen.
 - Hourly rate: The hall hire has change from a daily rate to an hourly rate (minimum of four hours).
 - Security Charges: significant reduction of weekend rates.



- Duty Officers: Inclusion of two duty officers (previously hirers had to pay extra for the second duty officer) within the venue hire. Additional duty officers (beyond two) would be charged at the relevant rate.
 - Urgent land information certificates
 - 2.25 per cent increase.
- 4.65 Please note, there will be variances where minor rounding equates to larger or smaller percentages.
- 4.66 The fee changes are proposed to commence from 1 September 2020.

Proposed amendments to the Council Plan

- 4.67 Each year, Council undertakes an annual review of its Council Plan to assess whether it remains on track to achieve the 2027 outcomes that were set when adopting the Council Plan in June 2017.
- 4.68 As 2020/21 represents the fourth and final year of this Council Plan, focus of the review has been to items where:
- 4.68.1 adjustments are required to measures and targets to reflect further work or updated results
 - 4.68.2 there are changes required to respond to the operating environment.
- 4.69 Below are the proposed changes to Council Plan priorities, measures and targets.

Four-year priorities

- 4.70 North Port Oval and Peanut Farm Reserve - Amend priority to identify completed pavilion and oval upgrades to Peanut Farm Reserve and North Port Oval.
- “Plan and deliver a long-term program of sports field and pavilion upgrades to enhance capacity and broaden community participation in sport and recreation including JL Murphy Reserve, RF Julier Reserve, Lagoon Reserve, North Port Oval (**oval resurfacing and removal of fencing and seating completed 2019**), and Peanut Farm Reserve (**completed 2019**).”
- 4.71 South Melbourne Life Saving Club - Amend priority to identify completed works.
- “Redevelop the South Melbourne Life Saving Club to provide contemporary clubhouse facilities and public amenities (**completed 2019**).”
- 4.72 Housing Strategy - Revise priority wording to reflect the Victorian Government is looking at a new Housing Policy and that our policy review will follow.
- “Review the Housing Strategy **in the next Council Plan** to ensure new residential development is well located and respects the character and heritage of established neighbourhoods.”

Service performance measures and targets

- 4.73 Animals re-homed - Inclusion of new measure as set by Local Government Victoria. A target of >55% has been set based on past performance.
- 4.74 Cost per capita of library service - Change to measure as required by Local Government Victoria from cost per library visit to per capita. A target of \$38 has been set based on past performance.



- 4.75 Cost of sealed local road resealing (per m³) - Change measurement of sealed local road resealing from cubic metres to tonnes ensuring consistency with our contractor information. A target of less than \$285 has been set.
- 4.76 All the above proposed changes are contained within the Council Plan, under the section 'Changes to this plan'. See Attachment 1.

5. CONSULTATION AND STAKEHOLDERS

Engagement on responding to the challenges in the waste and recycling industry

- 5.1 Prior to the development of the draft Budget 2020/21, Council engaged the community between 13 February and 7 March 2020 on significant changes in the waste and recycling industries and the increasing cost of managing waste - at a much higher rate than our annual rate-capped revenue – and the need to find ways to deliver waste services to our community that meet rising industry costs and help us meet our environmental targets.
- 5.2 This included willingness to trial new waste services such as food organics and garden organics and separated glass recycling services. It also included willingness for Council to introduce a waste and amenity levy, which would be a payment in addition to Council rates to cover some, or all, the costs incurred by Council to deliver waste, recycling and cleansing services.
- 5.3 Of the 301 community members who participated:
- 5.3.1 282 (94 per cent) were willing to supporting Council trialling new approaches and services to reduce recycling contamination and improve how we're managing waste.
- 5.3.2 256 (85 per cent) supported FOGO and/or separated glass being introduced permanently, 25 supported other services and 20 supported no services.
- 5.3.3 166 (55 per cent) preferred a Waste and Amenity Levy to fund the increasing costs, while 44 (15 per cent) preferred service reductions. Another 89 responses preferred other funding mechanisms such as use of efficiency savings or neither a levy or a reduction in services (that is, a non-specific response).
- 5.3.4 Of the 301 responses, 157 recipients identified as female and 107 as male and there was good representation from most age cohorts with the 35-59-year olds being highest representative age cohort (81 responses) and the less than 25 years being the lowest representative age cohort (8 responses).
- 5.4 Notwithstanding that there is some community support for a waste and amenity levy to support funding increasing cost of managing waste, the draft Budget 2020/21 does not propose a levy to partially or fully fund waste (including recycling) and amenity services. Council noted on 6 May 2020 that to fully address the rates cap challenge over the long-term, it will require the consideration of a waste and amenity levy by a future Council and/or significant further reductions in other services to maintain financial sustainability.

Online Q&A session

- 5.5 We shared with our community the challenges we face as a Council in developing the draft Budget 2020/21 through two online Q&A sessions. These were held on 4 and 18 May 2020, with 177 attendees across both sessions.



Engagement on proposed changes to the service levels

5.6 On 6 May 2020, Council endorsed consultation through online forums on a selection of service level reduction proposals to assist in bridging the funding gap:

- 5.6.1 Discontinuing pressure washing service for activity centres;
- 5.6.2 Reducing Council maintenance of VicRoads assets;
- 5.6.3 Reducing ASSIST Counter Service at Port Melbourne and South Melbourne town halls;
- 5.6.4 Discontinuing funding for South Port Community Legal Service;
- 5.6.5 Discontinuing Divercity as a print publication and moving to an online version;
- 5.6.6 Maintaining annual Community Grants program at \$280,000 and discontinuing 'quick response' Neighbourhood Grants program;
- 5.6.7 Reducing the number of strategic memberships to external bodies.
Engagement on reducing the number of strategic memberships to external bodies did not proceed as a separate report on a revised proposal went to Council on 20 May 2020 for consideration. Council at that meeting agreed not to renew memberships for Committee for Melbourne, Inner South Metropolitan Mayors Forum, International Council for Local Environment Initiatives Partnership Program and Resilient Melbourne and for Council to write to all organisations where memberships are being maintained and request that the 2020/21 membership fees be reduced and that, as a minimum, no increase be applied to the 2020/21 membership fees.

5.7 Hosted online chat forums took place between Wednesday 20 May and Tuesday 26 May. Two half-hour sessions were held with Council officers for each forum topic to provide opportunities for community members to engage directly with council representatives through these sessions. The level of community engagement is summarised in the following table:

<i>Forum topic</i>	<i>Page views</i>	<i>Page visitors</i>	<i>Number of forum comments from community</i>	<i>Poll contributions</i>	<i>% in favour of proposal</i>
<i>Pressure Washing</i>	231	210	15	42	76%
<i>VicRoads assets</i>	203	174	14	30	47%
<i>ASSIST counter hours</i>	241	197	14	44	68%
<i>Southport Community Legal Centre</i>	1,587	1,208	147	351	6%
<i>Divercity Magazine</i>	263	230	28	60	94%
<i>Community and Neighbourhood Grants</i>	484	375	30	46	59%

5.7.1 **Discontinuing pressure washing service for activity centres.** Of the 42 community members who participated in the poll on this topic, 32 (76%) were supportive of the proposal. Themes coming out of the forum discussion were:

- Forum contributions indicated overall preference for the service to continue.



- Comments in support of continuing this service cited public health and hygiene, as well as providing support to local food and beverage businesses, particularly in the current COVID-19 climate.
- Strong concern was also voiced around the need to feel our streets are safe and clean.
- Some comments supporting discontinuation of this service stated Council should remove any service that is inefficient and does not provide cost benefits to ratepayers, as there are less people out and about because of COVID-19 and as long as the rapid response service is still available.
- Council response: To include in the draft Budget 2020/21 the proposal to discontinue pressure washing service for activity centres, noting that a daytime rapid response crew will be available to attend to any urgent biohazard requests across the municipality.

5.7.2 **Reducing Council maintenance of VicRoads assets.** Of the 30 community members who participated in the poll on this topic, 14 (47%) were supportive of the proposal. Themes coming out of the forum discussion were:

- No forum participants stated clear support for the reduction.
- Comments opposing this proposed service reduction generally indicated a view that these roads are significant part of our municipality and that mature trees on these VicRoads assets were valued.
- Some comments indicated concern about maintenance impacting accessibility and raised safety concerns if service levels were reduced.
- Council response: To include in the draft Budget 2020/21 the proposal to reduce Council maintenance of VicRoads assets and for officers to work with VicRoads on increased funding.

5.7.3 **Reducing ASSIST Counter Service at Port Melbourne and South Melbourne town halls.** Of the 44 community members who participated in the poll on this topic, 30 (68%) were supportive of the proposal. Themes coming out of the forum discussion were:

- Forum contributions indicated general support for reduced hours, and also demonstrated appetite to consider alternative options such as merging ASSIST counter services with the library, reducing the number of consultants available or offering after hours counter service.
- Concerns from some participants who didn't support reduced hours, included:
 - initial reduced hours proposed will lead to full closure and force people to travel to St Kilda to receive face-to-face service;
- Port Melbourne is treated like a 'poor cousin' in the CoPP community and a view expressed that we should not force people to come to St Kilda to do business with us.



- face-to-face service at Port Melbourne and South Melbourne town halls is valued and praised as a service, and is of value for older customers or those without internet.
- Council response: To include in the draft Budget 2020/21 the proposal to reduce ASSIST Counter Service at Port Melbourne and South Melbourne town halls to three days per week, from 10 am to 2 pm. Over the next six to 18 months, Council will have significantly improved service delivery capability, increased self-service options and improved payment options for customers. These improvements provide the opportunity to streamline a predominant share of our counter services to a single location at St Kilda Town Hall, where most of the counter transactions already occur. The reduced opening hours and days will align to the current peak service times.

5.7.4 Discontinuing funding for South Port Community Legal Services

(SPCLS). Of the 351 community members who participated in the poll on this topic, 20 (6%) were supportive of the proposal. Themes coming out of the forum discussion were:

- A number of forum participants indicated they had some historical / current connection to SPCLS and / or other community legal services.
- Some forum contributions supported a view \$65,000 is a small portion of Council's overall budget and that now is an inappropriate time to consider ceasing funding due to the potential impacts of COVID-19 on the vulnerable members of the Port and South Melbourne communities.
- A few comments were in favour of the proposal, suggesting that a merger between SPCLS and one or more inner Melbourne community legal services could enable the services to provide coverage without a direct Council subsidy towards operation.
- Inner Melbourne Community Legal Service posted it would be unable to respond in a timely manner to increased referrals should this proposal go ahead.
- Many forum participants disagreed with Council's suggestion that (SPCLS) could access services at the St Kilda Legal Service - a number of contributors actively challenged the accuracy of this suggestion and stated the Port and South Melbourne communities would be significantly disadvantaged should this proposal go ahead.
- The St Kilda Legal Service (SKLS) website states that it covers the cities of Port Phillip, Stonnington and Bayside. However SKLS posted in the forum that it only covers the Port Phillip suburbs of St Kilda, Balaclava, Ripponlea and Elwood, and advised Council officers their position is that SKLS catchment currently excludes Port Melbourne, South Melbourne, Fishermans Bend, Middle Park and Albert Park.
- Council response: To not proceed with the proposal to discontinue funding for South Port Community Legal Services.

5.7.5 Discontinuing Divercity as a print publication and moving to an online version. Of the 60 community members who participated in the poll on this



topic, 56 (94%) were supportive of the proposal. Themes coming out of the forum discussion were:

- Online poll results complement findings from research conducted regarding the future of Divercity late 2019 /early 2020.
- Several forum participants criticised current publication content - moving to a monthly online version would provide greater opportunity for more timely and relevant content to be included.
- Some forum contributions expressed a desire to ensure those without computer access would still be able to access Divercity.
- Council response: To include in the draft Budget 2020/21 the proposal to discontinue Divercity as a print publication and move to an online version, noting Council will make physical copies available at libraries and community centres.

5.7.6 Maintaining annual Community Grants program at \$280,000 and discontinuing 'quick response' Neighbourhood Grants program. Of the 46 community members who participated in the poll on this topic, 27 (59%) were supportive of the proposal. Themes coming out of the forum discussion were:

- A few forum contributors highlighted the importance of a quick response grant stream, to support our community sector to be agile and responsive to changing community need.
- Numerous respondents gave examples of the positive impacts of grant funded programs, and the ongoing benefits that are derived for the community as well as for individuals.
- There was also a general comment regarding the difficulty facing an organisation with changes to arts funding, in particular the cessation of the 20-21 Cultural Development Fund.
- Some contributions referred to the value of grants to the community in supporting a post-COVID recovery.
- Council response: To include in the draft Budget 2020/21 the proposal to maintain annual Community Grants program at \$280,000. However, for the 'quick response' Neighbourhood Grants program, Council now proposes to suspend these only for 12 months.

Community budget requests

5.8 Councillors and Council officers also received several budget requests during the development of the Budget 2020/21 from community members to fund new initiatives or increase funding for existing initiatives (see Attachment 4). All requests were forwarded to Councillors for consideration. Officers will advise the community members of the outcome of their requests and next steps, which includes the option to send through a formal submission on the draft Budget 2020/21. All formal submissions will be heard (with the option of submitters to present in person) at the Ordinary Council meeting on 5 August 2020.



Proposed engagement on the draft Council Plan amendments and the draft Budget 2020/21

- 5.9 Release of the updated Council Plan 2017-27, including the draft Budget 2020/21, for public consultation will be communicated through information on Council's website and Have Your Say website, via Council's social media channels and newsletters, a public notice in The Age and by making documents available at municipal libraries that are open.
- 5.10 To support the draft Council Plan amendments and the draft Budget 2020/21, seven online focus groups sessions consisting of up to 10-12 participants will be established to gather feedback on the draft budget, and test options and alternatives. The aim is to have a representative sample of the community at each workshop.
- 5.11 The planned focus group dates are:
- Thursday 25 June – Elwood/Ripponlea
 - Monday 29 June - Albert Park/Middle Park
 - Tuesday 30 June - Balaclava/St Kilda East
 - Thursday 2 July – St Kilda Road
 - Monday 6 July – St Kilda/St Kilda West
 - Tuesday 7 July - South Melbourne and Montague
 - Thursday 9 July – Port Melbourne and Sandridge/Wirraway
- 5.12 In addition, all community members will be encouraged to participate in our online survey and to fill out an online submission form.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 *The Local Government Act 1989* requires Council to undertake an annual review of the Council Plan and to develop an annual Budget, for adoption by 30 June. The Minister for Local Government, the Hon Adem Somyurek MP gazetted on 9 April 2020 that the adoption date for the upcoming Strategic Resource Plan and Budget 2020/21 had been extended to 31 August 2020.
- 6.2 The Act stipulates that any proposed amendments to the Plan and draft Budget be released for a 28-day public review period with public submissions invited.
- 6.3 Preparation and release of the proposed amended Council Plan 2017-27 (and draft Budget 2020/21) for public comment as recommended is consistent with these legislative requirements.
- 6.4 The financial and non-financial tables supporting the draft Budget 2020/21 and draft Strategic Resource Plan have been prepared in accordance with regulations laid down by the Local Government Amendment (Performance Reporting and Accountability Act 2014).
- 6.5 Officers will review the project portfolio between the draft and final versions of the Council Plan for deliverability and affordability. 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 As outlined in the Financial Strategy section of this report, this Plan operates within the rates cap, maintains financials sustainability, whilst investing in essential assets and services.
- 7.2 The draft Budget 2020/21 includes:
- 7.2.1 A rate increase of 2 per cent, which is equivalent to the rates cap set by the Victorian Government, with the additional proceeds to be used to:
 - fund the significant above rates cap increases in waste management and recycling costs and other above CPI cost increases and;
 - increase support for ratepayers, businesses and community members who need it the most.
 - 7.2.2 A general increase in fees and charges of 2.25 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.
 - 7.2.3 Efficiency savings of \$4.9 million, including \$0.7million from the Customer Experience Program. This adds to the \$13 million of savings delivered over the previous six budgets.
 - 7.2.4 There is no increase in an already low debt position.
 - 7.2.5 Cash reserve for operational needs including staff leave and contingency of \$23.9 million.
 - 7.2.6 Project investment of \$47 million to maintain, grow and improve services and assets.
 - 7.2.7 A cash surplus of \$1.0 million, which is above the financial strategy target of \$0.5 million. This provides additional contingency for enterprise financial risks including Covid19 recovery.
- 7.3 Any resource implications of proposed adjustments to the draft Council Plan have been represented in the 10-Year Financial Plan and draft Budget 2020/21.

8. ENVIRONMENTAL IMPACT

- 8.1 The updated Council Plan 2017-27 is aligned to the adopted Sustainable Environment and Waste strategies, including proposed targets for sustainability measures and funded priorities to achieve the targets.
- 8.2 The City of Port Phillip declared a climate emergency at the 18 September 2019 Council meeting. The declaration acknowledges that Council was already providing a comprehensive response to the climate emergency through the Act and Adapt – Environmental Sustainability Strategy 2018-28 and other initiatives.
- 8.3 Council officers are now working through the process of embedding the declaration in relevant policies and strategies and reviewing opportunities for advocacy to the Victorian and Australian governments.
- 8.4 Like other strategic priorities, some project expenditure has been deferred to future years to help address the financial impacts of COVID-19. However, the draft Budget 2020/21 includes a continued focus on council's commitment to environmental sustainability and funds a significant increase in the cost of council's waste and

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recycling services. Project funding has been allocated to developing a comprehensive responsive to the waste crisis and a range of other projects that help respond to the climate emergency.

9. COMMUNITY IMPACT

9.1 The updated Council Plan 2017-27 is aligned to the adopted Creative and Prosperous City, and Integrated Transport strategies, including proposed targets for sustainability measures and funded priorities to achieve the targets.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 The updated Council Plan 2017-27, when adopted, will replace the current version of the Council Plan 2017-2027.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

Date	Event
Between Friday 19 June and Friday 17 July 2020	The proposed amended Council Plan 2017-27, including draft Budget 2020/21, will be available for public review with written submissions invited. Community consultation workshop to assist Council to prepare the 2020/21 Budget and guide future budgets to take place on Saturday 4 May.
Friday 17 July 2020	Submissions on the proposed amendments to the Council Plan and draft Budget will close.
Wednesday 5 August 2020	Submissions will be received and heard by Council at the Ordinary Council Meeting. Submitters who choose to speak to their submission, will do so at this meeting.
Wednesday 19 August 2020	The amended Council Plan 2017-27 and Budget 2020/21 will be considered at the Ordinary Council Meeting for adoption.
Early September 2020	Mayor responds to submitters on the Council Plan and/or budget submission.
Before 17 September 2020	Officers will notify the Minister of Local Government of the adoption of the amended Council Plan and Budget 2020/21 and provide a copy.

11.2 COMMUNICATION

11.2.1 Release of the draft version of the proposed amendments to the Council Plan 2017-27, including the draft Budget 2020/21, for public consultation will be communicated through information on Council's website and Have Your Say website, via Council's social media channels and newsletters, a public notice in The Age, and by making documents available at the Town Halls (if open) and municipal libraries that are open.

Key Messages

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

- Council has developed a balanced draft Budget 2020/ that addresses the rates capping challenge and responds to the \$32 million financial impact



and risks associated with COVID-19 pandemic and other risks such as the impact of the Recycling Victoria policy on waste services.

- The proposed rate increase is 2 per cent, which is equivalent to the rates cap set by the Victorian Government, with the additional proceeds to be used via the \$4.2 million Economic and Social Recovery program to increase support for ratepayers, businesses and community members who need it the most.
- It includes efficiency savings of \$4.9 million, including \$0.7million from the Customer Experience Program. This adds to the \$13 million of savings delivered over the previous six budgets.
- And there is no increase in an already low debt position.
- However, to achieve this Council has had to strategically reprioritise expenditure and is proposing a small number of temporary and permanent service level reductions, in addition to the cuts and efficiencies already made across the organisation, including operational and staffing.
- Council is prioritising activities that will stimulate our economy in recovery and that will best shape our City for the future.
- Council invites members of the public to submit comments during the public review period (Friday 19 June to Friday 17 July 2020) in relation to how the proposed amended Council Plan addresses community priorities and needs, and how the draft Budget 2020/21 will deliver on the priorities outlined in the Plan.
- The closing date for submissions is Friday 17 July 2020 and submitters will be invited to speak to their submission at the Council meeting on 5 August 2020.
- Council will consider adoption of the amended Council Plan (and Budget 2020/21) at its meeting on 19 August 2020.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 An officer involved in the preparation of this report has an indirect interest by close association. The close association is employed by the Australian Government who is a funder of Council's aged care services, which are included as part of this Council budget. The officer involved in the preparation of this report has no direct line management responsibility for aged care. The indirect association, while responsible for the Southern Metropolitan region, has had responsibility for matters associated with the City of Port Phillip assigned to another officer in the Australian Government.

TRIM FILE NO:

16/02/238

ATTACHMENTS

- 1. Draft Council Plan 2017-27 and Budget 2020-21**
- 2. Public notice for updated Council Plan 2017-27 and draft Budget 2020-21**
- 3. Economic and Social Recovery program**
- 4. Community budget requests 2020-21**