



12.1 **CARLISLE STREET SPECIAL RATE – 2023-2028 INTENTION TO DECLARE**

EXECUTIVE MEMBER: **BRIAN TEE, GENERAL MANAGER, CITY GROWTH AND DEVELOPMENT**

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1. PURPOSE

- 1.1 To commence the statutory process to introduce the Carlisle Street Special Rate, for the 1 July 2023 to 30 June 2028 period, for the purpose of marketing, tourism, promotion, business development and centre management of the Carlisle Street business precinct.

2. EXECUTIVE SUMMARY

- 2.1 The City of Port Phillip currently has three Special Rate schemes in operation – Port Melbourne, Acland Street Village and Fitzroy Street. All Port Phillip Special Rate schemes incorporate the collection of a levy from commercial properties within a defined geographic area for the sole purpose of marketing, promotion, business development and centre management of the specified Activity Centre. All funds collected are distributed to the incorporated Business Association under a funding agreement with Council.
- 2.2 A Special Rate is governed by Sections 163 to 185C of the Local Government Act 1989. In declaring a Special Rate, Council must consider that:
- the proposal relates to the performance of a function authorised under Section 163 of the Act
 - there will be a special benefit to those persons liable to pay the Special Rate
 - there is a reasonable distribution of the rate amongst those persons liable to pay the Special Rate levy
- 2.3 On 5 January 2023 the Carlisle Street Traders Association (CSTA) wrote to Council to request commencement of the Intention to Declare statutory process to introduce the Carlisle Street Special Rate for 2023-2028. Subsequent to this letter, CSTA met with Council Officers and requested an amendment to their initial request regarding the Intention to Declare statutory process, which was confirmed with CSTA on 16 January 2023 via email correspondence (**Attachment 1**).
- 2.4 The abovementioned letter, discussions with Council Officers and confirmation email requested the amount CSTA are seeking including the benefit levels:
- Special Rate of up to \$200,000 per annum in each of the financial years from 2023-2024 to 2027-2028.



- The above is based on two benefit levels where the secondary benefit level is 50 percent of the primary benefit level.
- 2.5 Up until the 24 January 2023, Council Officers received indications of business support including signed documents that accounts for 53 percent of properties currently occupied, with businesses open and available for comment in the precinct, indicating strong support for Special Rate especially during unusually difficult economic times. This represents 103 out of the 196 properties currently occupied, open and available for comment (total rateable properties eligible for the Special Rate in the precinct is 245).
- 2.6 Conversely, up until the 24 January 2023, Council Officers received indications from CSTA that only 15 out of the 196 properties currently occupied, open and available for comment are not supportive of the proposed Special Rate, this represents 7.6 percent.

3. RECOMMENDATION

That Council:

- 3.1 Having otherwise considered all relevant matters, commences the statutory process in May 2023 under the Local Government Act 1989 (the Act) to introduce a Special Rate to and for the properties within the defined Carlisle Street Business Precinct, such Special Rate is to raise a levy of up to \$200,000 per annum in each of the financial years from 2023-2024 to 2027-2028.
- 3.2 In accordance with Section 163(1A) and 163B(3) of the Act, directs that public notices be published in The Age of the intention of Council to declare, if it is approved at the ordinary meeting of Council to be held on 1 February 2023, in accordance with the proposed declaration of Special Rate in the form of the attachment to this resolution. (Proposed Declaration of Special Rate) and as such a Special Rate levy is to be for the purposes of defraying expenses to be incurred by Council in providing funds to the incorporated body known and operating as the Carlisle Street Traders Association and funds, administratively only and subject always to the approval, direction and control of Council, are to be used for the purposes of the appointment of a coordinator, promotional, advertising, marketing, business development and centre management, all of which are associated with the encouragement of commerce, retail and professional activity and employment in the Carlisle Street Business Precinct.
- 3.3 Directs that in accordance with section 163 (1C) of the Act, separate letters enclosing a copy of the public notice be sent to the owners and the occupiers of the properties referred to in the Proposed Declaration included as **Attachment 3**, forming a part of the Proposed Declaration of Special Rate advising of the intention of Council to declare the Special Rate at the ordinary meeting of Council to be held on 17 May 2023, the amount for which the property owner or the occupier (being a person who as a condition of a lease under which the person who occupies the property is required to pay the Special Rate levy) will be liable, the basis of the calculation and distribution of the Special Rate and notifying such persons that submissions and/or objections in writing in relation to the Proposed Declaration of Special Rate will be considered and/or taken into account by Council in accordance with sections 163A, 163B and 223 of the Act. The CEO is



delegated to make minor amendments to the public notice (**Attachment 3**) that does not change the material intent and to ensure legislative compliance.

- 3.4 Advises the Carlisle Street Traders Association of the matters specified in paragraphs 2.3, 2.4 and 2.5 of this resolution.
- 3.5 Authorises the Chief Executive Officer or delegate –
 - (a) to carry out any and all other administrative procedures necessary to enable Council to carry out its functions under section 163A and section 163(1A), (1B) and (1C) and sections 163B and 223 of the Act; and
 - (b) to prepare a funding agreement between Council and the Carlisle Street Traders Association to formalise the administrative operations of the Special Rate, such agreement being to ensure that at all times, and as a precondition to the payment of any funds by Council to the Carlisle Street Traders Association, Council is, and remains, legally responsible for approving, directing and controlling the expenditure of the proceeds of the Special Rate in accordance with its obligations under the Local Government Act 1989 to do so.
- 3.6 Directs that the agreement specified in this resolution will be approved by the authorised officers of Council once the Special Rate is declared.

4. KEY POINTS/ISSUES

- 4.1 Special Rate declarations are a statutory process governed by Sections 163 - 185C of the Local Government Act 1989. In declaring a Special Rate, Council must consider that:
 - 4.1.1 the proposal relates to the performance of a function authorised under Section 163 of the Act;
 - 4.1.2 there will be a special benefit to those persons liable to pay the Special Rate levy; and
 - 4.1.3 there is a reasonable distribution of the rate amongst those persons liable to pay the Special Rate levy.
- 4.2 The City of Port Phillip currently has three Special Rate levies in operation – Port Melbourne, Acland Street Village and Fitzroy Street. All Port Phillip levies incorporate the collection of a Special Rate levy from commercial properties within a defined geographic area, for the sole purpose of marketing, promotion, business development and centre management of the specified activity centre.
- 4.3 Council's Rates team collects the Special Rate through the normal rating process, whilst compliance and reporting are managed by Economic Growth and Activation. All funds collected are distributed to the relevant incorporated Business Association under a funding agreement with Council.
- 4.4 On 5 January 2023, Council received a letter from CSTA requesting that Council begin the statutory process to introduce the Carlisle Street Special Rate for five years, from 1 July 2023 to 30 June 2028.
- 4.5 The proposed new Special Rate will include 245 properties and levies of up to \$200,000 per annum in each of the financial years from 2023-2024 to 2027-



2028. The proposed Boundary Map and property addresses is included as **Attachment 2**

- 4.6 To gauge support for striking a new Special Rate for 2023 – 2028 at this difficult economic period, in December 2022 and January 2023, CSTA visited all occupied, open and available for comment businesses in the precinct and undertook a business poll. From this poll, Council Officers received indications of business support including signed documents that accounts for 53 percent of properties currently occupied, with businesses open and available for comment in the precinct. This represents 103 out of the 196 properties currently occupied, open and available for comment (total rateable properties eligible for the Special Rate in the precinct is 245).
- 4.7 Conversely, Council Officers received indications from CSTA that only 15 out of the 196 properties currently occupied, open and available for comment are not supportive of the proposed Special Rate, this represents 7.6 percent.
- 4.8 If redevelopments occur within the proposed boundary, those properties that are already levied will be adjusted. Any property that changes from commercial, retail, leisure, tourism or light industrial to residential use will be removed from the Special Rate.
- 4.9 Properties exempt from paying the Special Rate levy include:
- all residential properties;
 - automatic teller machines; and
 - non rateable properties.
- 4.10 With the completion and review of Special Rate modelling, CSTA have chosen to proceed with a Special Rate of up to \$200,000 per annum in each of the financial years from 2023-2024 to 2027-2028.
- 4.11 It is proposed that the two benefit levels for the Special Rate will include:
- 4.11.1 The primary benefit area includes properties that are used, or reasonably capable of being used, for retail, commercial, leisure, tourism, entertainment, light industrial or professional purposes and are:
- Fronting and at ground level on Carlisle Street (between St Kilda Road and Carlisle Avenue/Orange Grove);
 - 54 Camden Street;
 - Located at ground level within the arcades at 232 Carlisle Street and 246-252 Carlisle Street; and
 - In the opinion of Council receive a primary special benefit.
- 4.11.2 Secondary benefit Level covers the area including all other properties identified in the Eligible Properties section in Attachment 2 (which are not included in the primary benefit area) that are used or reasonably capable of being used for retail, commercial, leisure, tourism, entertainment, light industrial or professional purposes, and which, in the opinion of Council receive a secondary special benefit.



- 4.12 The rates in the dollar applicable to the Special Rates in both the primary and secondary benefit areas will be determined at the beginning of each financial year to achieve a Special Rate of up to \$200,000 per annum.
- 4.13 The rate in the dollar applicable to the Special Rate in the primary benefit area will be determined at the beginning of each financial year based on the Capital Improved Value (CIV) of all the properties in that area at that time.
- 4.14 The rate in the dollar applicable to the Special Rate in the secondary benefit area will be determined at the beginning of each financial year based on 50 percent of the rate applicable to the primary benefit area.
- 4.15 The formula to calculate the Special Rate of up to \$200,000 per annum includes:
- Primary benefit rate is \$200,000 divided by total sum value of the CIV properties in the Special Rate defined area
 - Secondary benefit rate is 50 percent of the primary benefit rate
- 4.16 As 2023 CIV valuations are not yet available at the time of this Report, below includes details based on the 2022 CIV valuations to achieve the Special Rate of up to \$200,000 per annum:
- Primary benefit rate – 0.0007139
 - Secondary benefit rate – 0.0003569
 - Property levy average - \$816.33
 - Property levy median - \$696.02
- 4.17 The rates in the dollar applicable to the Special Rates in both the primary and secondary benefit areas for 2023 will be finalised by the Ordinary Council Meeting on 17 May 2023 where Council will consider the decision to declare the Special Rate.
- 4.18 Council will provide CSTA with the collected levy every six months, on receipt of an accepted Activity Report and valid tax invoice. Prior to CSTA issuing a valid tax invoice, Council will confirm the total levy collected for the six month period, which will be no more than \$100,000 to include on the tax invoice. Should the collected levy be less than the expected levy, Council will not supplement payments to cover the balance, Council will only issue funds received.
- 4.19 CSTA is currently developing their Business Plan for the proposed 2023 – 2028 Special Rate. It is expected that this will be finalised for the implementation of the new Special Rate and will form part of the new funding agreement with Council.
- 4.20 The Special Rate will enable the program of marketing, promotion, business development and centre management of the Carlisle Street Business Precinct. In particular it will fund the engagement of a Precinct Coordinator.
- 4.21 It is considered that the value of properties included in the Special Rate, their desirability as a letting proposition, and their general image will be enhanced with the activities generated by the Special Rate funds. This is to be of benefit both directly and indirectly to all businesses and property owners located within the proposed Special Rate boundary and the wider community.



Key Information

4.22 The CSTA is a newly established trader group with 10 members in its committee. The Association is successfully engaged with its traders and local community. Recent initiatives and achievements include:

- Establishing a new incorporated traders association on 20 August 2021 for Carlisle Street. This included the development of a logo and branding, plus the creation of digital platforms.
- On receipt of a grant from Council, appointed a part-time Precinct Coordinator to deliver marketing and promotions to the precinct.

4.23 Successfully received a FY2022/23 Love My Place grant for their “Summer Lovin” application.

5. CONSULTATION AND STAKEHOLDERS

5.1 Council has worked closely with the Association throughout the pre-intention to declare stage of this proposed Special Rate.

5.2 Council is bound by the statutory process and cannot promote the benefits or achievements of the Special Rate to those affected by the Special Rate. The Carlisle Street Traders Association is responsible for securing support for the Special Rate and communicating the benefits of the Special Rate to the property and business owners.

5.3 Council, through the Economic Growth and Activation team, will communicate the statutory process to those affected property and business owners through the stages dictated by the statutory process.

6. LEGAL AND RISK IMPLICATIONS

6.1 The risks associated with the proposal are limited by the following:

6.1.1 If the Special Rate is declared CSTA will enter into a formal funding agreement with Council for the duration of the Special Rate which outlines the specific purposes for which the funds can be spent.

6.1.2 The Association is required to submit an Activity Report that includes financial reporting documentation every six months (profit and loss, balance sheet, general ledger, and marketing activity report). Special Rate monies will not be paid to the Association until all reporting is received and approved.

6.1.3 The Association must be an incorporated entity through the life of the Special Rate and must act in accordance with the Associations Incorporation Reform Act 2012.

6.1.4 The Association is required to develop and adopt their five-year Business Plan to guide expenditure of the funds.

6.1.5 CSTA is to expend the monies raised by the Special Rate on behalf of Council as an administrator of the funds and is at all times bound by the funding agreement with Council and is under the direction of and for Council, and Council reserves solely all discretions relevant to the



application of the proceeds of the Special Rate. Section 154 of the Local Government Act enables Council to discontinue the Special Rate if there is any inappropriate expenditure.

6.1.6 If Council does not wish to support the Carlisle Street Special Rate, there may be an expectation from the commercial precinct that Council will fund marketing and promotion activities for the precinct.

7. FINANCIAL IMPACT

7.1 Council incurs administrative costs for the introduction of the Carlisle Street Special Rate. These have been included in the FY2023/2024 budget.

7.2 Council administers the collection of the funds for the life of the Special Rate and distributes the funds to CSTA in two half-yearly instalments after they complete rigorous reporting requirements.

8. ENVIRONMENTAL IMPACT

8.1 A financially sustainable Business Association allows Council to work with Carlisle Street businesses on sustainable best practice programs that will reduce emissions, waste and energy usage and achieve improved sustainability outcomes.

8.2 Vibrant local activity centres provide residents with the opportunity to shop locally and sustainably by walking, cycling or taking public transport to access their centre rather than driving elsewhere.

9. COMMUNITY IMPACT

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

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 *Inclusive* Strategic Direction - A City that is a place for all members of our community, where people feel supported and comfortable being themselves and expressing their identities:

- A successful business/retail precinct provides a multitude of services to the community ensuring all have access to health and wellbeing services and facilities. A community that is connected is a healthy community and business precincts provide these connectivity opportunities.

10.2 *Liveable* Strategic Direction - A City that is a great place to live, where our community has access to high quality public spaces, development and growth are well-managed, and it is safer and easy to connect and travel within:

- Successful business/retail precincts underpin the liveability of a high-density city, like Port Phillip and are pivotal in creating a city of diverse and distinctive neighbourhoods and public spaces.

10.3 *Sustainable* Strategic Direction - A City that has a sustainable future, where our environmentally aware and active community benefits from living in a bayside city that is greener, cooler, cleaner and climate resilient:



- There is opportunity for Council to work with Business Associations to educate and examine ways to 'green' businesses including waste reduction, energy usage, sustainable design, and use of sustainable transport.
- 10.4 *Vibrant* Strategic Direction - A City that has a flourishing economy, where our community and local businesses thrive, and we maintain and enhance our reputation as one of Melbourne's cultural and creative hubs:
- Special Rate funds empower the business community to actively and creatively market, promote and develop their precinct to maintain vibrancy and economic viability and to provide the community with a well-resourced business precinct that provides excellent services, gathering places and employment.
- 10.5 *Well-Governed* Strategic Direction - A City that is a leading local government authority, where our community and our organisation are in a better place as a result of our collective efforts:
- Business Associations enable Council to efficiently understand business precinct needs and work with Associations in a collaborative way for the benefit of the community.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

11.1.1 If Council resolves to commence the statutory process:

- Letters are sent to all the eligible rate payers' nominated postal addresses and the street addresses in the designated Special Rate area to advise of the Special Rate, the statutory process and their estimated levy amounts from 6 February 2023.
- Public notice published in The Age on 6 February 2023 and displayed on the City of Port Phillip website.
- The Local Government Act 1989 states that the statutory process and proposed declaration must be available for public inspection, consideration and submissions for at least 28 days after the publication of the notice, therefore it is recommended to conclude this process at 5pm on 9 March 2023.
- Council officers review and collate Submission and Objections in March 2023.
- Council considers Submissions and Objections at its Ordinary Council Meeting on 19 April 2023.
- Council considers whether to declare (or not) the Carlisle Street Special Rate 2023-2028 at its Ordinary Council Meeting on 17 May 2023.
- Council advises, by letter, all the rate payers' nominated postal address and the street address in the designated Special Rate area of the decision regarding the Carlisle Street Special Rate following the decision at the Ordinary Council Meeting on 17 May 2023.

MEETING OF THE PORT PHILLIP CITY COUNCIL 1 FEBRUARY 2023



- Carlisle Street Special Rate commences on 1 July 2023.

11.2 COMMUNICATION

11.2.1 Intention to Declare process:

- Letters are sent to all the eligible rate payers' nominated postal addresses and the street addresses in the designated Special Rate area to advise of the Special Rate, the statutory process and their estimated levy amounts from 6 February 2023.
- Public notice published in The Age 6 February 2023 and displayed on the City of Port Phillip website.

11.2.2 Declaration:

- Council advises, by letter, all the eligible rate payers' nominated postal addresses and the street addresses in the designated Special Rate area of the decision regarding the Carlisle Street Special Rate following the decision at the Ordinary Council Meeting on 17 May 2023.
- All the eligible rate payers in the designated Special Rate area to receive their yearly rates notice, which outlines their Special Rate levy payment in July/August each year.

12. OFFICER DIRECT OR INDIRECT INTEREST

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

ATTACHMENTS

1. **CSTA letter and confirmation email to introduce a Special Rate**
2. **Proposed Carlisle Street Special Rate Boundary Map and Property List**
3. **Draft Carlisle Street Intention to Declare Public Notice 2023-2028**