



DIVERCITY

4 May 2022

Draft Council Plan and Budget 2022/23



The Council Plan provides a strong foundation for the continuing rollout of services, projects and initiatives that go to the heart of the health and wellbeing of our community. It is the roadmap for everything we do, setting out the long-term vision for the City and aligning our key strategies with delivering on community priorities. It also identifies challenges that our municipality faces including changing customer expectations and needs, future-proofing our growing City and waste management.

As recent years have shown, circumstances can suddenly change. As a long-term vision, the *Council Plan 2021-31* is refined and updated each year as part of the annual budget planning process. Communication and consultation with our community throughout the Council Plan and Budget process is critical for refining and affirming our priorities and action plans for the year ahead.

Every year we undertake a rigorous process of community engagement to consult on the Council Plan and Budget, to ensure that our community has their say on the plans and vision for our City.

Community engagement has now commenced for Council Plan and Budget 2022/23. This update is intended to provide you with an overview of some of the key questions and issues being considered as part of this year's Budget, along with key highlights from our Year Two review (of Council Plan 2021-31) and how you can get involved and have your say on the direction of the plan.

We are actively seeking our community's feedback on the proposed draft Council Plan and Budget, and related key issues and questions. We welcome your feedback on any elements of the Council Plan and Budget 2022/23, and of particular note this year are some proposed key changes we're keen to hear from you about, including:

- **Waste strategy:** how we manage the rising cost and demands of waste in our City
- **Rating strategy:** how we manage the fair distribution of rates in our City given changes to property values and demographics in recent years
- **Managing our assets:** how we manage our community assets.

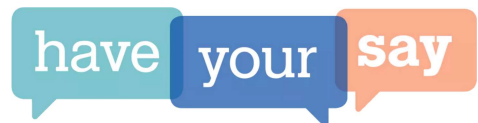
See below for more information on these topics.

We're encouraging everyone to get involved and share your thoughts and feedback with us. Following is a comprehensive guide to how you can **have your say** and provide vital community insights into the future of our City.

Visit: <https://www.portphillip.vic.gov.au/about-the-council/council-plan-and-budget>

Have your say

The draft Council Plan and Budget 2022-23 is now open for consultation, until 27 May 2022.



Visit Have Your Say to read more about the draft Plan and Budget and share your feedback by completing a survey or sending us a submission.

Have Your Say: <https://haveyoursay.portphillip.vic.gov.au/>

Our consultation hubs are popping up in your neighbourhood

Community consultation pop-ups will be set up in key areas around our City during the engagement period. Below is a list of neighbourhood pop-ups over the coming weeks:



Date / time	Neighbourhood	Location
Saturday 7 May 9 am to 12 pm	St Kilda and St Kilda West	Veg Out St Kilda Farmers Market
Tuesday 10 May 10 am to 12 pm	Ripponlea	Glen Eira Road, corner of Quat Quatta Avenue
Friday 13 May 10 am to 1 pm	Balaclava and St Kilda East	Carlisle Street, outside Balaclava Station
Saturday 14 May 9 am to 12 pm	Albert Park and Middle Park	Canterbury Place Reserve, Armstrong Street
Sunday 15 May 10 am to 1 pm	Port Melbourne	Bay Street, outside Coles entrance
Friday 20 May 10 am to 1 pm	South Melbourne	Market Street, outside South Melbourne Central entrance

Sunday 22 May 10 am to 1 pm	Elwood	Ormond Road, corner of Docker Street
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NOTE: Session times are subject to change if impacted by poor weather conditions.
Please keep an eye on Council's Facebook or Twitter page on the day for updates, or check Have Your Say for any changes to the consultation hubs schedule.

Waste Strategy

Delivering waste and recycling services our community wants

Building a sustainable future for our City requires a response to ongoing state, national and international changes to how waste is managed.



We're developing a new Waste Strategy, to ensure that we are delivering what our community wants – which is additional waste services, to cover four different streams of waste management including more recycling services.

The four streams cover general waste, general recycling (for paper, metal and plastics), glass, and food organics and garden organics (FOGO).

In June 2021, Victorian Government released *Recycling Victoria: a new economy* (Recycling Victoria). This outlines an action plan to reform Victoria's waste and recycling industry and drive the state towards a circular economy. Under the Recycling Victoria policy, the new system will standardise accepted items for each recycling stream and bin lid colours across the state. These reforms will require all Victorian councils to provide access to a four-service waste model: garbage, recycling, separated glass (by 2027) and food and garden organics (by 2030). Ahead of these reforms, we're planning to roll out communal glass recycling hubs and a FOGO service (combination of kerbside bins and communal hubs) across our City in 2023.

In addition to giving our community the services you've told us you want, we're also seeing the level of waste across our community is continuing to increase, which is contributing to driving up costs.

This is on top of already-increasing costs of current waste management services, such as increased EPA landfill levies. The aim is to reduce the impact on the environment by reducing the amount of material sent to landfill, which over time will also reduce the costs incurred to process waste in our City.

These are challenges that we must address now, because increasing costs are driving increased costs to ratepayers, which is a problem that must be addressed as a priority.

A waste strategy that works for our City

We are building a waste strategy that caters to the specific needs of Port Phillip residents.

Unlike some outer metropolitan, regional and rural councils, many residents in the City of Port Phillip live in apartments or small properties who can't accommodate additional bins or don't generate a lot of garden organic waste.



Therefore we're proposing to roll out a new **hybrid waste model**, in which some residents who have gardens and space for additional bins would be allocated a kerbside FOGO bin.

Those who don't have the space or generate much garden material would not be allocated a separate FOGO bin, but instead would have access to a communal service, enabling them to drop off FOGO materials at communal recycling collection points in local parks, shopping centres and the like.

This also means that those properties with a kerbside FOGO bin can reduce the frequency of their landfill waste bin collection, from weekly to fortnightly, because having the FOGO bin would mean sending a lot less waste to landfill, so their landfill bins don't fill up as frequently. This will also help us to manage the costs for the introduction of new services.

Glass recycling would be offered as a communal service, via drop-off points at different locations across the entire City, for everyone to access. Recent kerbside glass recycling trials indicated that recycled glass volumes don't warrant a fortnightly kerbside collection, which is why we're going with communal glass recycling hubs instead of a kerbside service. This approach will also give us the opportunity to observe and assess how the Victorian Government's container deposit scheme works.

Since 2020, we have been conducting trials with our community for FOGO and glass recycling. These trials are giving us a greater understanding of how our residents use these new services, which helps us plan for upcoming changes.

Findings from the trials, along with community feedback, are used to help us plan for the future rollout of these services more broadly and to ensure that the services we provide will meet the needs of our diverse City.

The strong uptake, support and correct use of these services affirms our community's commitment to sustainability and desire to increase their recycling.

Covering the cost of waste management

Fair, equitable, transparent costs

We are considering the best way to manage the costs of delivering waste services for our City in a fair, equitable and transparent way.

We're proposing to implement a waste charge – separating out from general rates the cost to deliver waste services (kerbside bin collection, hard waste collection, and operating the Resource Recovery Centre) – to cover additional costs for proposed new services (FOGO and glass recycling) that are being requested by our community, and address increased costs to deliver current services.

This transparent 'fee for service' approach is in line with the existing practice of many of our neighbouring councils, as we're one of only a handful of councils across Victoria that don't already separate waste costs, but instead cover those costs from the general rates revenue.

This means that you would see on your rates bill a new, separate waste charge that would fund existing and new waste services. This waste charge could be adjusted (up or down) over time, in line with any changes to the cost and range of waste services provided.

Separating out the cost of waste services from your general rates as a direct waste charge is the best way to provide transparency around how much you are paying for your waste services – because it will show up as a separate amount on your rates notice. It also enables greater flexibility



for Council to ensure that any waste cost increases (above the rates cap) are covered for core services, in addition to funding any new waste services that need to be introduced in response to demand from our community.

A transparent, separate waste charge will see a reduction in the total amount of rates revenue we need to collect. This means the amount of the rates burden that you pay will also be reduced.

A separate waste charge will also help address the increasing rates distribution shift within the residential property class from the lower value properties to the higher value properties, due to valuation movements over time including most recently in financial year 2021/22. While it's widely believed that those who own higher value properties should contribute more, sustained shifts over the years do need some rebalancing to ensure that everyone is contributing their fair share and no-one is required to carry an unfair burden.

Our proposal is to introduce a **tiered waste charge**, based on two different levels of service provided, which would be assigned based on the property (for example, not all properties have sufficient space to accommodate an additional kerbside bin). The tiered waste charge would mean that property owners who have a kerbside FOGO bin would pay more for the convenience of having the kerbside service, than those who cannot be given a kerbside service but instead would have access to communal drop-off services for FOGO.

Rating Strategy

Addressing rate shift issues

We want to change how rates charges are worked out, from the rent value of a property to its sale value, to ensure a fair rates burden on residents, so that people are charged a fair contribution for services, particularly considering the shift in property valuations.

We're proposing a move from Net Annual Value (NAV) to the Capital Improved Value (CIV) rating system, with Differential Rating, and a separated-out waste charge, to give Council enough flexibility to effectively address these changes and rate shift issues. CIV is a simpler mechanism based on property market value and is consistent with most Victorian councils who are already using the CIV structure.



The **proposed change to our rating system (from NAV to CIV)** would change how rates charges are worked out, from the rent value of a property to its sale value, that is:

- **Net Annual Value (NAV)** is calculated based on the greater of current value of a property's net annual rent or five per cent of CIV.
- **Capital Improved Value (CIV)** is the total market (sale) value of the land plus buildings and other improvements.

We're proposing these changes for several reasons, including significant changes in the waste sector and in our community profile (with a greater growth in residential properties, as well as valuation shifts in specific property types resulting in some disproportionate rates distribution shifts).

Our current NAV rating system has seen rates distribution shifts from non-residential (commercial and industrial properties) to residential properties by up to \$0.9 million since 2016/17, due to changes in property valuation.

The valuation for the 2021/22 year saw commercial and industrial properties on average receive a rate decrease, while residential properties on average had a rate increase above rates cap due to the valuation shift – meaning that more of the rates burden shifted to residential.

We are also anticipating a continuation of this trend in the 2022/23 valuation cycle – which means that, without intervention, the rates burden will continue to shift towards residential properties.

Differential Rating

Differential Rating alongside the change to CIV can be used to more effectively address the issues associated with valuation shifts.

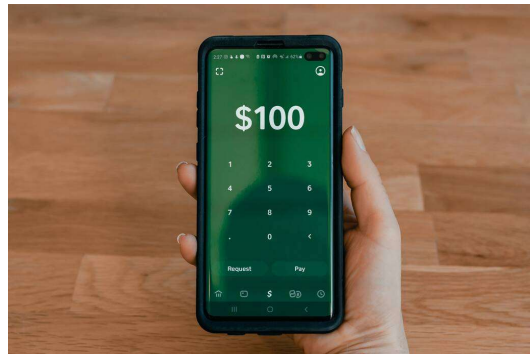
This is why we're proposing to introduce Differential Rating at property class, with the following rates in the dollar:

- residential rate in the dollar 0.001615
- commercial rate in the dollar 0.002062
- industrial rate in the dollar 0.002073.

Differential Rating would be used to maintain fairness and relative consistency in the distribution of rates between property classes and a ratepayer's ability to pay. A higher differential rate would be set for commercial and industrial properties compared to residential properties. This reflects an objective to maintain fairness and relative consistency in the distribution of rates between property classes (which is inbuilt within the NAV rating system), as well as the taxation and higher rental yield benefits generally available to owners of these types of properties.

To manage the impacts of change, any major differential rating changes will be gradual and take into consideration the annual general property valuation and demographic changes as part of the budget development process and setting of differential rates.

It is important to note these proposed changes do not impact the total rates revenue raised each year, which is determined by the annual budget process within the prescribed rates cap.



Managing our assets

Assets that are fit for purpose

Council is custodian of \$3.6 billion worth of community assets. This includes buildings, land, infrastructure assets like roads, footpaths, underground drainage pipes, trees, vegetation, art, library books, and IT equipment. Our asset management plan (which is called the 'Enterprise Asset Management Plan' or EAMP) has been developed to guide how we look after our City's assets on behalf of our community.



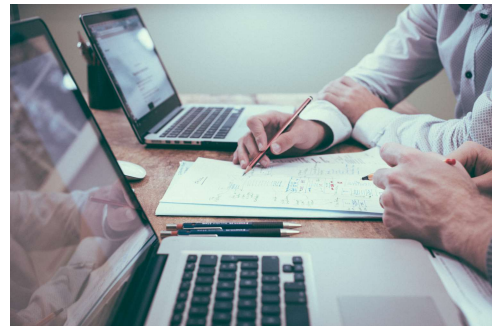
A significant portion of Council's budget each year is spent on looking after, operating, improving, and growing these assets. The EAMP helps to ensure we can continue to deliver services and preserve and maintain these assets – like parks, buildings, trees, roads and playgrounds – that people use and expect to be in good condition, for today and the future.

Putting our community first, we want to ensure that we're spending ratepayers' money effectively, by spending on what is important for our community, and ensuring that our assets are fit for purpose. The EAMP provides the roadmap to deliver on that commitment.

Enterprise Asset Management Policy

Over the past five years we have undertaken a significant program to improve Council's asset management capability and practice. The transformation program has included the development of an updated Asset

Management Policy, an Asset Management Strategy, an Operating Model review, implementation of a new integrated asset management system as part of a wider technology uplift across council, and significant uplift of the data that is relied on to forecast required expenditure on assets over time.



The EAMP is a new document that responds to the Local Government Act 2020 requirement for Council to adopt an asset management plan. The EAMP describes the integrated policy, processes and tools (people, process and technology) that are being used by Council to manage and maintain operational assets at target service levels while optimising life-cycle costs and asset life. It also provides a summary overview of the state of Council's assets and the 10-year plan for the maintenance, renewal, acquisition, expansion, upgrade, disposal and decommissioning of infrastructure assets.

The proposed expenditure on maintenance, renewal, upgrade and new infrastructure in the EAMP is reflected in the draft Budget, which means that this will be updated to reflect any changes to service levels as detailed in the final Budget, after the completion of this community consultation process.

Need more information?

Visit Have Your Say to read more about the draft Council Plan and Budget 2022/23. There you'll also find all the relevant documents, FAQs and other useful information about the draft Plan and Budget.



You're invited to visit Have Your Say and share your feedback by completing a survey or sending us a submission.

And finally, just a reminder that the draft Council Plan and Budget 2022-23 will be open for consultation until Friday 27 May 2022, so please make the most of this opportunity to have your say and help shape our City.

Your Councillors

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Cr Heather Cunsolo

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Cr Peter Martin

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Cr Marcus Pearl

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Lake Ward



Cr Andrew Bond

0481 034 028



Cr Katherine Copsey

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Cr Tim Baxter

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