

AGENDA - STRATEGY AND POLICY REVIEW COMMITTEE - 6 APRIL 2009
POLICY AND PLANNING

Council will consider submissions in accordance with Sections 163A, 163B and 223 of the Local Government Act 1989 and hear persons who wish to be heard in support of their submission.

- 2.3. Council require that if the Special Rate is declared, the St Kilda Village Traders Group must enter into a formal agreement with Council prior to the special rate or any part of it being paid to the Traders Group. Amongst other matters, the agreement acknowledges and confirms that:
- 2.4. Council advise the role of the St Kilda Village Traders Group in expending the monies raised by the Special Rate on behalf of Council is of an administrative nature only and at all times under the direction of and for Council; and Council reserves to itself all discretions relevant to the application of the proceeds of the Special Rate.

3. BACKGROUND AND CONTEXT

- 3.1. The current St Kilda Village Special Rate commenced on 1 July 2004 for a period of five years and is due to expire on 30 June 2009.
- 3.2. Council provides the proceeds of the Special Rate (currently totalling approximately \$120,000 per annum) to the St Kilda Village Traders Group Council entered into a formal agreement with the Traders Group that confirmed its role in expending the Special Rate funds in an administrative nature only and at all times under the direction of and for Council. Payment of the Special Rate funds to the Traders Group is conditional on entering into such an agreement.
- 3.3. The current Special Rate is used for marketing and managing the St Kilda Village Activity Centre (Acland Street and surrounds).
- 3.4. Some of the Trader Group's recent initiatives and achievements include:
 - Further enhancement of the St Kilda Village brand
 - Ongoing development of The St Kilda Village website www.stkildavillage.org.au
 - Continuation of integrated marketing campaigns, events and competitions (aimed at capturing the essence of St Kilda along with networking events for businesses) – Essence of St Kilda Photography Prize, Tastes of St Kilda Recipe Competition, Essence of St Kilda Essay Prize, Melbourne Food and Wine Festival Tastes of St Kilda Teaser event, and a St Kilda Busking Festival.
- 3.5. St Kilda Village Traders Group also supports the St Kilda City Football Club, Sacred Heart Mission (through the Relish Recipe Book sales), St Kilda Beach Night Market, Yalukit Wilam Ngargee Indigenous Festival and Live N Local St Kilda Festival. The St Kilda Laughs Festival is a recent addition as is collaborating with existing Festivals such as Melbourne Food and Wine Festival.
- 3.6. St Kilda Village Traders Group has formally requested Council to re-introduce the special rate for a further five years (commencing 1 July 2009) and to

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extend the boundaries of the scheme to encompass the wider St Kilda Village Activity Centre (Attachment 2).

- 3.7. The proposed Special Rate scheme is designed to raise up to \$180,000 per annum. It will enable the implementation of an ongoing program of marketing, business development, business communication, networking, centre coordination and management. In particular, it will fund the ongoing engagement of a centre marketing coordinator.
- 3.8. A coordinated and collective approach is aimed at maintaining and improving the centre's performance over time. This includes increasing patronage and expenditure, business attraction and investment. The St Kilda Village Traders Group also provide an effective communication, engagement and advocacy role for individual businesses in the precinct and for the precinct as a whole.

This is considered to be of benefit both directly and indirectly to all businesses and property owners located within the designated area and the wider community. It is considered that the value of properties included in the scheme, their desirability as a letting proposition, and their general image will be enhanced.

- 3.9. Special Rates and Charge schemes for marketing, management and development are an important strategy for traditional centres such as St Kilda Village to revitalise and maintain ongoing viability. They provide a means to operate as a collective centre, coordinating activity similar to the "hard top" shopping centres under single ownership. Currently, there are more than 60 special marketing schemes operating in metropolitan Melbourne. There are three other schemes of this type currently operating in the City of Port Phillip – in Fitzroy Street St Kilda, and in the Port Melbourne and South Melbourne Activity Centres.
- 3.10. Council can declare a special rate under Section 163 of the Local Government Act 1989 ("the Act"). In declaring a special rate, Council must consider:
- That the proposal relates to the performance of a function authorised by the Act.
 - That there will be a special benefit to the persons liable to pay the special rate.
 - That there is a reasonable distribution of the rate amongst those persons liable to pay the special rate.
 - The total cost of the special rate including the annual amount which the Traders Group has budgeted to spend on various marketing and other activities as well as Council's administrative costs in relation to the special rate scheme.
- 3.11. Calculating the Special Rate
- 3.12. Under Section 163 of the Local Government Act 1989, the maximum amount of the special rate that is able to be levied based on a specified formula in the Act ($R \times C = S$) where R is the total 'benefit ratio' which is the percentage of the total cost that Council determines is able to be levied, C is the total cost of the scheme and S is the maximum amount that can be levied.

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- 3.13. With regard to the 'benefit ratio', it is considered that all the properties used for retail, commercial and entertainment purposes in the proposed scheme will receive special benefit through increased economic activity. There are no retail or commercial properties within the Special Rate precinct which should not be levied.
- 3.14. It is estimated that the maximum annual cost of implementing the special rate is \$200,000. This includes the maximum annual amount of \$180,000 to be levied for marketing and management activities and \$20,000 to cover Councils administrative costs in relation to the scheme.

Council's administrative costs include preparing the scheme, declaring and levying the rate, collecting the contributions and forwarding the relevant amounts to the St Kilda Village Traders Group, entering into an agreement with the St Kilda Village Traders Group to administer the scheme, and assisting the Group with some of the programs to be run in the Activity Centre. However, it is not proposed that Council recover its administrative costs from liable properties, but see these as a contribution towards the economic development of St Kilda Village. Hence the proposal is to levy up to \$180,000, that amount required for the Association to market and manage the centre.

- 3.15. Boundaries of the Special Rate
- 3.16. The special rate will be assessed on the basis of ownership of rateable land used or zoned for retail, commercial, or entertainment purposes located in the area indicated in the attached plan (Attachment 4) and specified as follows:
- 46-170 (inclusive) and 65-193 (inclusive) Acland Street
 - 167-231A (inclusive) and 136-218 (inclusive) Barkly Street
 - 1-9 (inclusive) and 2-26 (inclusive) Belford Street
 - 1-21 (inclusive) and 2-10 (inclusive) Irwell Street
 - 7-31 (inclusive) and 2-32 (inclusive) Carlisle Street
 - 22 and 25-49 (inclusive) Blessington Street
 - 1-7 (inclusive) Shakespeare Grove
 - 30-40 (inclusive) Jacka Boulevard
 - 24-32 (inclusive) The Esplanade
 - 14-18 (inclusive) Lower Esplanade
- 3.17. Expanded area of the proposed Special Rate
- 3.18. Over the last five years, the St Kilda Village Traders Group has worked with the businesses from the peripheral Special Rate precinct and assert that those businesses and the precinct as a whole will benefit from expanding the Special Rate precinct.

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- 3.19. The number of commercially rateable properties in the proposed area is approximately fourteen percent larger than the area covered by the current special rate scheme. The current area focuses primarily on the Acland Street – Carlisle Street – Barkly Street triangle, the west side of Acland Street between Shakespeare Grove and Barkly Street, and a few adjacent properties in Barkly Street, Blessington Street and Shakespeare Grove.
- 3.20. The additional area to be included in the proposed new scheme consists of properties between Acland Street and the Port Phillip Bay foreshore including Luna Park, the Palais Theatre, the Stokehouse and Donovans, the north side of

Carlisle Street between Acland Street and the Home Travellers Motel at 32 Carlisle Street, the east side of Barkly Street between Vale Street and Velour at 184 Barkly Street (which is part of the current scheme). It is considered that retail, commercial and entertainment properties in these areas are part of the St Kilda Village Activity Centre and will receive a special benefit from the proposed special rate in the same way as properties currently in the scheme.
- 3.21. Accommodating changes throughout the life of the Special Rate
- 3.22. It is expected that properties within the special rate area will be added to or subtracted from the scheme as further redevelopments or other changes occur over the next five years. New properties within the Special Rate precinct will be added if they change to retail, commercial or entertainment uses. Properties will be deleted if they change to residential purposes. Amendments to the schedule will occur from the date a supplementary valuation changing its Land Classification Code is returned.

4. SPECIAL RATE BENEFIT LEVELS

- 4.1. The proposed Special Rate has been formulated to equitably share the cost of the scheme over the different land uses within the St Kilda Village Activity Centre. The proposed scheme is based to some extent on the current Special Rate scheme for Acland Street and its immediate environs with its four benefit areas. The Special Rate will continue to be assessed and levied during each of the five years on the basis of the rate in the dollar (as specified below for each of the four areas) applied to the Net Annual Value (NAV) of each property each year up to a total of \$ 180,000 per annum for all properties. The contribution from properties generally includes a 5% increase in both the 2008-09 rate in the dollar and the minimums currently applying to each benefit area.
- 4.2. The geographical area of the Primary Area remains the same. However, the Primary Area now includes both retail and office properties fronting Acland Street. The special rate formula to be applied is a rate of 0.00677 multiplied by the property's NAV, with a minimum contribution of \$630.
- 4.3. The Secondary Area covers ground floor properties with an Acland Street address that do not front Acland Street, above ground floor properties in Acland Street as well as ground level properties in key areas of the St Kilda Village Precinct close to Acland Street (e.g., Irwell Street, Belford Street, Shakespeare Grove, the south side of Carlisle Street and the west side of Barkly Street) and extending west to the Port Philip Bay foreshore. The special rate formula to be applied is a rate of 0.00406 multiplied by the property's NAV, with a minimum contribution of \$470.

- 4.4. The Tertiary Area covers above ground floor properties in the Secondary Area as well as ground level properties on the edge of the St Kilda Village Precinct (e.g. the north side of Carlisle Street, the east side of Barkly Street and the south side of Blessington Street). The special rate formula to be applied is a rate of 0.00299 multiplied by the property's NAV, with a minimum contribution of \$345.
- 4.5. The Quaternary Area covers above ground floor properties in the Tertiary Area as well as properties used for above ground signs and ATMs in the wider precinct. The special rate formula to be applied is a rate of 0.00032 multiplied by the property's NAV, with a minimum contribution of \$280.

5. CONSULTATION AND STAKEHOLDERS

- 5.1. Internal consultation has included discussions about the proposal with:
Executive Director of Community Development and Planning in relation to the timing and process for introducing the Special Rate and the Manager of Rates and Revenue in relation to reviewing the properties to be included in the Special Rate and their associated NAV valuation and calculation of the recommended Special Rate Formula for each of the four benefit levels.

6. EXTERNAL CONSULTATION

- 6.1. The external consultation process included the distribution of a letter from the STVTG to all businesses in the area affected by the Special Rate. A copy of this letter forms attachment two.
- 6.2. The letter explained the details of the proposal as well as an outline of the SKVTG's recent achievements. The letter was accompanied by a form for businesses to indicate their support for the proposed Special Rate.
- 6.3. Members of the SKVTG Committee and the Centre Coordinator have followed up with affected businesses in the Activity Centre, to ascertain their attitude to the proposed Special Rate. At the time of writing this report, there is a reasonable level of support for the proposed special rate. Many businesses are still considering the proposal, and the SKVTG is continuing to build support prior to Council's consideration of the proposal on 27 April 2009.

7. OPTIONS

- 7.1. At its ordinary meeting on 27 April 2009, Council can proceed with a decision to give public notice of its intention to declare the special rate. Submissions subsequently will be invited from property owners and occupiers about the proposed special rate. This enables Council to further gauge the opinions of property owners and occupiers affected by the proposal. Council then will decide whether to declare the special rate fully or partly following the hearing and consideration of submissions received.

8. POLICY IMPLICATIONS

- 8.1. This proposal is supported by the Council Plan under the Economic Viability Pillar. This highlights Council's desire for traditional local shopping strips and centres to remain prosperous and service local needs.

9. FINANCE / RESOURCE IMPLICATIONS

- 9.1. Administrative costs will be incurred in the establishment of the special rate.
- 9.2. If the special rate is successfully introduced, it is intended that Council will provide the special rate proceeds to the SKVTG for expenditure on the marketing, management and development of the Activity Centre. A further formal agreement will be entered into between Council and the Traders Group confirming that:
- 9.3. The role of St Kilda Village Traders Group in expending the monies raised by the special rate on behalf of Council is of an administrative nature only and at all times under the direction of, and for Council.
- 9.4. Council reserves to itself all discretions to the application of the proceeds of the special rate.
- 9.5. Council will not forward any proceeds of the special rate to the Association until such an agreement is entered into.
- 9.6. The Association will continue to be required to prepare a Business and Marketing Plan and an annual budget for the centre outlining how the Special Rate proceeds will be spent. A new Business Plan will be required given that there is an expansion of the Special Rate area. A copy of the plan, calendar of annual activities and budget must be provided to Council's Economic Development and Tourism Unit for approval.
- 9.7. Following approval of the new business and marketing plan, annual budget and compliance with other conditions specified in the payment agreement, Council will provide the St Kilda Village Traders Group with the special rate proceeds in two instalments. A key aspect of this agreement is that the St Kilda Village Traders Group continues to be an incorporated entity and acts in accordance with the Associations Incorporation Act 1981.

10. LEGAL & RISK IMPLICATIONS

- 10.1. There are limited financial and political risks for council, ameliorated by a range of arrangements to minimise risk.
- 10.2. The traders associations are required to enter into a formal agreement (driven by a business plan) with Council on the expenditure of special rate. This subsequently negates many of the risks that might arise through the possible irresponsible expenditure of special rates.
- 10.3. Council officers do not forward any proceeds of the Special Rate to the Association until such an agreement is entered into. Upon receipt of financial reporting documentation bi-annually (profit and loss, balance sheet and marketing activity report) the Special Rate funds would be paid to the Traders Group in two instalments per annum.
- 10.4. The role of St Kilda Village Traders Group in expending the monies raised by the Special Rate on behalf of Council is of an administrative nature only and at all times under the direction of, and for Council. Council reserves to itself all discretions to the application of the proceeds of the Special Rate. Section 154

of The Local Government Act enables Council to discontinue the project of the Special Rate scheme in this circumstance.

- 10.5. It should be noted a political risk of Council not adopting the special rate within St Kilda Village is the expectation that complimentary marketing and promotional activities may be required within a commercial precinct. It may be suggested under this scenario that Council will be required to fund such services through its economic development function. Marketing and promotions is not currently funded through Council's existing professional services budgets.
- 10.6. The proposed special rate, with accompanying requirements and restrictions, is considered an appropriate and responsible method to support local traders.

11. SUSTAINABILITY ASSESSMENT

- 11.1. The introduction of a marketing and management special rate is only one aspect of an overall process to revitalise and sustain the St Kilda Village Activity Centre. Traditional shopping and business centres are vital to a community's economic, cultural, social and environmental structure and can act as a community barometer, reflecting their values and aspirations. Global trends point towards a recognition that there needs to be a holistic approach to the revitalisation process and that economic outcomes do not occur in isolation to the social, cultural and environmental aspects. The proposed special rate will provide financial support to the St Kilda Village Traders Group to invest further in the marketing and management of the centre. Positive flow-on effects to the community can result in:
 - 11.2. Social and Cultural vitality – There is an opportunity to reinforce the Activity Centre as an important local community centre and 'gathering place' for St Kilda and nearby residents, thereby further developing social connectiveness and cohesion (e.g., 'a sense of belonging'). The development of the community's 'cultural capital' reinforces community values around the sense of place and meaning to the community particularly through the area's history and stories (e.g., festivals and celebrations). The positive interaction of community members can further lead to the development of a healthy community where there is trust, pride, and loyalty that enhances local lifestyle and has economic benefits.
 - 11.3. Economic Pillar – Positive business development through maintaining and improving the attraction of businesses and customers to the Activity Centre will create a multiplier effect contributing to business performance and development, investment, employment and increases in property values and rate revenues. The positive development of the environmental, social and cultural aspects can create a more self-reliant Activity Centre that is less affected by external economic factors.
 - 11.4. Environmental Pillar – There is an opportunity to work with the area as a collective to examine ways to 'green' the Activity Centre with particular relevance to waste minimisation, energy usage, sustainable design and greater use of transport other than motor vehicles. Additional opportunity exists to encourage local businesses and residents to seek local employment as well as local goods and services, thereby minimising the need for extended travel by car.

12. IMPLEMENTATION STRATEGY

12.1. Timeline and Communication

12.2. At the ordinary meeting of 27 April 2009, Council resolves to give public notice of its intention to declare the special rate at its ordinary meeting of 27 July 2009.

12.3. Public Notice of Council's intention to declare the special rate is to be advertised in the Port Phillip Leader after 27 April 2009.

Individual notices are to be sent within three days of this notice to all property owners and property occupiers who will be made liable for the special rate.

12.4. A person affected by the special rate may make a written submission (which may include in it a request to be heard) to the Council within 28 days of the publication of this notice. This will be considered in accordance with Section 223 of the Local Government Act.

12.5. It is proposed that Council hears and considers submissions at its Strategy and Policy Review Committee meeting on 1 June 2009. Following that, it is proposed that Council proceeds to adopt, modify or abandon the scheme at its meeting on 27 July 2009.

12.6. If the special rate is adopted in a full or modified form, notice of the special rate will be sent to affected businesses and property owners after this date. Property owners and businesses have 30 days to appeal to the Victorian Civil and Administrative Tribunal (VCAT) from the date of the notice.

12.7. If there are no valid appeals or any appeals are dismissed by VCAT, Council will commence collection of the special rate in 2009-10.

13. CONCLUSION

13.1. The Special Rate forms part of the Economic Viability Pillar to promote sustainable economic development that achieves the Council's social, cultural and environmental goals. It is intended that this strategy will maintain and improve the viability of the St Kilda Village Activity Centre over time, which is beneficial to businesses, property owners and the community generally. The Special Rate will enable the SKVTG Committee to take greater ownership and contribute positively and in partnership with Council to the future development of the St Kilda Village Activity Centre.