

**SPECIAL MEETING OF COUNCIL
16 JUNE 2008**

**1 PUBLIC SUBMISSIONS TO THE
2008/2009 DRAFT BUDGET**

LOCATION/ADDRESS:

RESPONSIBLE EXECUTIVE DIRECTOR: **SALLY CALDER, EXECUTIVE DIRECTOR,
ORGANISATION SYSTEMS & SUPPORT**

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FINANCE & INVESTMENTS**

FILE NO.:

ATTACHMENTS: **DRAFT BUDGET SUBMISSIONS**

1. KEY ISSUES

- 1.1. Council to receive, review and consider public submissions to the 2008/2009 Draft Budget.
- 1.2. Council resolve to adopt the Budget at a Special Meeting of Council on Monday 23 June 2008.

2. CONTEXT

- 2.1. At the Council Meeting held on 26 May 2008, Council adopted the 2008/2009 Draft Budget and agreed to advertise it and call for submissions from the public.
- 2.2. Council also endorsed an increase in the Council sponsored pensioner rate rebate scheme for 2008/2009 from \$93.00 to \$97.00.
- 2.3. It was agreed that the submissions would close on Tuesday 10 June 2008 and that a Special Council Meeting would be held on Monday 16 June 2008 to consider public submissions.
- 2.4. Public notices advising the preparation of the Draft Budget appeared in the Age (28/5/08), Emerald Hill Weekly (2/6/08) and the Port Phillip Leader (3/6/08).
- 2.5. A Council budget information session was convened on Tuesday 27 May 2008. This forum afforded members of the community an opportunity to receive a briefing on the draft 2008/2009 Budget as well as an opportunity to question the CEO, Councillors and other senior Council officers on specific aspects of the Draft Budget.

3. PROPOSAL

- 3.1. To hear and review public submissions, then proceed with the Budget process.

4. OPTIONS

4.1. Council may:

4.1.1. Make amendments to the Draft Budget as determined by the review of public submissions, or generally determined by Council, and direct management to make the appropriate changes; or

4.1.2. Determine not to make any of the changes sought in the public submissions and resolve to proceed with the Draft Budget as advertised.

5. POLICY IMPLICATIONS

5.1. Section 129 of the Local Government Act 1989 requires Council to give public notice of the Draft Budget and call for submissions from the public. Section 223 requires that Council allow 14 days for public submissions to be received and must allow any person, or a nominated representative, who requests to speak to their submission to be heard.

6. SUBMISSIONS

By close of business on Tuesday 10 June 2008, Council had received four submissions on the Draft Budget.

6.1. Mr Trevor Nink on behalf of the Beacon Cove Neighbourhood Association (BCNA) raised the following issues in their budget submission.

6.1.1 *Port Melbourne Waterfront revitalisation - \$120,000. Require advice on whether this is a committed project, the nature of the proposed works and their timeframe.*

Response

The budget allocation of \$120,000.00 is for a community vision exercise and urban design framework (UDF) for the Port Melbourne Waterfront. The basic steps for this project which is funded from the operating budget will be:

- Check in with the community on their likes and dislikes of the waterfront.
- Create an “agreed vision” using earlier studies as the starting point.
- Undertake an UDF that will use the “agreed vision” to guide public realm improvements and future development opportunities at the waterfront.
- The UDF will be incorporated into the City of Port Phillip’s planning scheme as the next step in the project.

The project is of high priority for Port Melbourne and the Council will also be applying for external funding to support the project.

6.1.2 Confirmation required on whether there are adequate reserves to part fund capital works through a transfer from reserves of \$3,520,400 and confirmation that the monies will be spent as planned this year and not postponed.

Response

The Draft Budget proposes that Council make a net transfer from reserves of \$3.52M. This is mainly driven by transfers from the resort and recreation fund of \$1.723M that will be used to fund the St Kilda promenade and North Port Oval master plan implementation and \$1.1M from the sustainable transport reserve that will be applied to the Foreshore connections project including the Cleve Plaza crossing. Council's forward reserve projections reflect ongoing balances of at least \$9M over the four year life of the financial plan which is a financially responsible and sustainable position.

It is the intention that a capital works program of \$25.7M will be delivered in 2008/2009 in addition to any rollover projects from previous years. There is always a percentage of projects that get delayed for a variety of reasons but greater planning up front will reduce these where possible. The final rollover figure for 2007/2008 will not be known until July 2008.

6.1.3 Confirmation required on whether a number of projects listed in the attached submission will be included in the final budget.

Response

The Draft Budget as released for comment includes funding for all of the listed capital works projects and the funding amounts and timing are consistent with those noted in the submission.

6.1.4 Confirmation required on whether the following works adjacent to the light rail will be carried out from previously unexpended funding.

- **2116 Public Toilet Strategy**
- **2096 Irrigation System Upgrade/Water Saving**
- **2099 Foreshore Minor Improvement Program**

Response

The public toilet strategy includes a design for a toilet in Middle Park and construction of a toilet in St Kilda. It does not include a toilet in Sandridge Ward.

The irrigation systems upgrade/water saving project is targeted at St Vincent's Gardens and St Kilda Botanic Gardens in 2008/2009. Further expenditure is planned in coming years. However, Council has committed to a Water Management - Implementation Plan as part of City of Port Phillip's Climate Change Response which will develop priorities for reducing water use in the municipality's parks and open spaces.

The foreshore minor improvement program will be delivered to address the highest priorities across the foreshore and at this stage two small projects have been identified in Perce White Reserve for this program

6.1.5 A request for the Garden City Reserve to be accelerated from a three year plan to a two year plan.

Response

There has been a change to the staging of the Garden City Reserve Upgrade from a three year project – 2008/2009 (\$280,000), 2009/2010 (\$220,000) and 2010/2011 (\$110,000) to a two year project. In year one (2008/2009) Council intends constructing the Garden City Reserve Play space at a cost of \$156,000 and will complete stage 1 of the reserve upgrade at a cost of \$280,000. Council intends to bring forward the third year of the reserve upgrade into 2009/2010 for an estimated combined cost in that year of \$330,000.

- 6.2 Mr Ari Pappas on behalf of Port People Inc, a community group of citizens and ratepayers from the Port Melbourne and Garden City environs made a proposal for the City of Port Phillip to commit to a budget (in real terms) and resources to enable the development of the Garden City Reserve within an 18 month period (completion by December 2009) rather than the proposed three year staged program.

Response

Council has included two projects for the Garden City Reserve in the 2008/2009 Capital Works Program. These are

- Garden City Reserve Upgrade Stage 1 (\$280,000), and
- The Garden City Reserve Play Space Upgrade (\$156,000)

A total of \$766,000 has been earmarked for the delivery of these two projects over the next three years.

Council has also included \$400,000 in the 2008/09 Capital Works Program for Beacon Cove Landscaping.

These are in addition to other projects planned for delivery in the Sandridge Ward in 2008/2009.

As with all capital projects, Council will consult with key community stakeholders during all phases of design and construction.

Council has currently planned two further stages of the Garden City Reserve Upgrade over the 2009/2010 (\$220,000) and 2010/2011 (\$110,000) financial years and these have been factored into the 5-year capital works planning schedule. The Garden City Reserve Upgrade is a large and complex project which includes detailed design development, tree planting, shrub planting, concrete paths, granitic sand paths, park lighting, park furniture, replacement turf, historic marker design and construction and planning for passive sports.

The planning for delivery of this project over three years was deemed appropriate to the size, scope and complexity of the project and is consistent with planning for similar sized projects delivered in the past.

In 2008/2009 a total capital works program of \$25.7M has been budgeted compared to \$19M for 2007/2008. Increased staffing resources have been committed commensurate with the increased size of the program. However, any further increase in program size would require an additional staff resource and Council does not believe this is responsible.

However, Council is willing to negotiate on the second and third years of the Reserve Upgrade by bringing forward the final year into 2009/2010 which will result in the project being completed by 30 June 2010. This is a responsible financial and staff resourcing plan for the completion of the project

- 6.3 Mr Serge Thomann on behalf of unChain St Kilda requested additional information and raised a number of specific queries on the Draft Budget, details of which are contained in the attached budget submission.

6.3.1 Council to supply the basis for the estimates of the following typical elements that form this budget.

- **A detailed breakdown of employee costs by department**
- **A detailed breakdown of the (additional) \$6.18 million allocated for contract services, including amounts that are estimates and are firm quotations**
- **A detailed itemised breakdown of the \$3.577 million allocated for professional services and specifically if any allowance has been made for the future employment of Caroline Shahbaz**

Response

Employee Costs

- Council have been provided with a breakdown of employee costs by department
- The Draft Budget includes a summary of staffing movement by division and department
- Apart from the new staff which are predominantly service positions, the increased labour cost reflects Council's Enterprise Agreement salary commitments

Contract Services

The 2007/08 forecast actual expenditure on contract payments was reduced by \$3.755M reflecting the reallocation of Council's joint venture street cleaning contract to salaries and materials and reduced expenditure and savings identified at Council's mid year review.

Excluding the above, the contract payments budget has increased by \$2.420M. This largely reflects the CPI increase built into contract payments for various outsourced services such as road maintenance, waste collection and recycling, street and beach cleaning and parks maintenance.

In addition, the increase in contract payments reflects Council's decision to increase services related to:

- additional litter and cleaning services in the St Kilda entertainment precinct (approx \$200K)
- increased landfill contract costs due to increased EPA levies (approx \$200K)
- additional hard, green and dumped rubbish collection (approx \$140K)

Professional Services

Council professional services budget consists of the following:

Staff Training Consultants	\$180,000.00
Other Consultants	\$157,000.00
Professional Services	\$2,744,900.00
Audit Fees	\$135,000.00
Legal Fees	\$360,000.00
TOTAL	\$3,576,900.00

As per the table above, a further breakdown of the Professional Services line includes:

- Debt collection costs
- Improvements to online communications, customer service systems and e-services
- Enhancing public access to library collections and improved customer service
- Port Melbourne Waterfront revitalisation initiatives

The Draft Budget does not contain any provision for payments to Caroline Shahbaz or Corporate Power.

6.3.2 How much has been included for legal services

Response

Council has included a budget of \$360,000.00 for legal fees across the organisation.

6.3.3 An explanation for why professional services expenditure is necessary given the \$46 million budget allocation for employee costs.

Response

Council needs to obtain specialist advice and specific technical expertise during the financial year. Professional services includes fees for legal advice across the broad range of operating activities Council undertakes, internal and external audit fees and other specialist advice and expertise as required to improve service delivery by Council.

6.3.4 A full explanation of the expenditure proposed, in particular the breakdown and allocation of staff costs in tables 2.1 to 2.7 and an explanation of the basis of these estimates.

Response

This is an alternative presentation of Council's budget formally set out in Appendix A – Budgeted Standard Statements of the Draft Budget document.

Section 127 of the Local Government Act 1989 requires the budget to contain a description of the activities and initiatives to be funded in the budget and a statement as to how the activities and initiatives will contribute to the strategic objectives specified in the Council Plan.

This section sets out what Council believes are the key strategic activities and initiatives that will be achieved in line with the Council Plan in 2008-09 and the costs related to the delivery of the strategic objectives of Council.

The allocation of activities to the Key Strategic Objectives has been based on the best fit of service units within Council.

6.3.5 An explanation of the methods used by the Council to monitor the staff times allocated to particular projects and activities, and whether time sheets are kept by all employees and job costs calculated on a weekly basis.

Response

Staff are required to sign an attendance register and timesheets are completed by part time and casual staff for the purposes of payroll requirements.

Council's labour is charged on a service delivery basis. Accordingly, there is no method of recording staff time to individual projects.

6.3.6 *Are items listed in the capital works table 6.1 based on a specific list of works and who made the decisions to select these works for the budget and why.*

Response

A full list of capital works is included at Appendix C – Summary of Capital Works Program 2008/09 – 20011/12 of the Draft Budget document.

The capital works program has been developed and assessed by the Capital Works Evaluation Panel which is made up of senior managers from across the organisation. These projects were selected based on successfully demonstrating a commitment to and consistency with a suite of criteria in line with existing Council policy.

The panel report is then reviewed by the Executive with consideration given to the five year capital works plan. Following this review, a recommended list of capital works projects is presented to the Council for their review and approval.

6.3.7 *A breakdown of the cost shown at 6.1.8 for Planning, implementation and other.*

Response

This program line allocates a budget for the development and design for future capital works projects consistent with Council's Capital Improvement Plan. This will ensure, where possible, projects are fully planned and tested before they can be funded in a capital works program. This is a responsible amount given the size of the capital works programs planned for future years.

6.3.8 *What were the priorities in selecting the works outlined in the capital section on page 40 of the Draft Budget, who made the decisions and what other projects were considered and rejected.*

Response

Council's intent is to replace and renew assets at the rate of their depreciation taking into account demands from across the municipality.

The process for selecting capital projects includes project sponsors drawing up a business case for consideration. These business cases are then considered by the Capital Works Evaluation Panel who consider projects based on selected criteria. A draft program will be recommended to the Executive Team for their review. Following this review, a recommended list of capital works projects is presented to the Council for their review and approval.

This draft program reflects Council's 4 year Strategic Resource Plan which includes recommended funding levels for each asset category and class which ensures the municipality's assets are being renewed at an appropriate rate. The 2008/2009 capital program is consistent with the Strategic Resource Plan.

6.3.9 *Have Councillors been supplied with the detailed estimates and the bases for the estimates requested that were used to make up the figures in the draft budget.*

Response

In developing the draft budget, Councillors have been presented with the following:

- Detailed analysis of the current financial position of Council
- External and internal factors influencing Council's financial outlook and impact to the assumptions used for the 2008-09 Draft Budget
- All budget assumptions as set out in the Draft Budget document
- Detailed departmental and divisional business plans supporting the Community Plan and Council Plan initiatives
- Detailed departmental and divisional financial analysis including reasons for major variations from the 2007-08 Budget and 2007-08 Forecast Actual

Formal presentations were made to Councillors on the information outlined above. Councillors were provided the opportunity for review and requested additional information as required.

- 6.4 Ms Teresa Warren raised concerns about the large amount of litter she sees regularly on footpaths or in gutters in the South Melbourne precinct. The submission also highlighted the need for more rubbish bins and safety concerns related to glass and gum nuts on footpaths.

Response

Council will consider the merits of this request and regardless of the outcome, will be in a position to fund any additional resource requirements from the 2008/2009 general operating budget allocation for street cleaning and waste management.

7. SUSTAINABILITY IMPLICATIONS

- 7.1 **Social** – The budget contains a number of projects and programs that have a direct impact on the Social Equity pillar.
- 7.2 **Economic** – The 2008/2009 Budget is financially responsible and progresses all of the Council Plan objectives and strategies. It is also forward looking in that it fits within a longer term framework, which seeks to achieve financial sustainability in the long term.
- 7.3 **Environmental** – the budget contains a number of projects and programs that have a direct impact on the Environmental Responsibility pillar such as Greening Port Phillip and Climate Change Innovation.
- 7.4 **Cultural** – The budget contains a number of projects and programs that have a direct impact on the Cultural Vitality pillar.

8. RESOURCE IMPLICATIONS

- 8.1 The proposed increase of 4.0% in Council's rates revenue as outlined in the Draft Budget will raise an estimated \$73.680 million in rates and charges. This will result in a rate in the dollar of 3.6088 cents on the Net Annual Value. This equates to an average rate rise of 2.9% and the rate in the dollar has reduced by 24.76% compared to the 2007/2008 rate of 4.7967 cents in the dollar (NAV).

9. INTERNAL CONSULTATION

- 9.1 Councillors, management and staff have been involved in the budget process.

10. EXTERNAL CONSULTATION

- 10.1 Public notices requesting submissions on the Draft Budget have been displayed in the local press.
- 10.2 Copies of the Draft Budget have been on display in the Town Halls and the Libraries since Friday 23 May 2008.
- 10.3 A public budget information session was held at the St Kilda Town Hall on Tuesday 27 May 2008.
- 10.4 This Special Council Meeting has been scheduled to allow Council to review submissions and for the public to be heard on budget matters.

11. IMPLEMENTATION

- 11.1 The remaining timetable for the Budget process is:
- | | |
|-----------------------|---|
| 16 June 2008 | Meeting to consider public submissions |
| 23 June 2008 | Meeting to adopt the Budget and strike the rate |
| 30 June & 1 July 2008 | Public notice of the adoption of the Budget |
| July 2008 | Issue of rate notices |

12. CONCLUSION

- 12.1 Having received and considered submissions, Council should proceed to the next phase of the Budget process.

13. COMMUNICATION

- 13.1 Those who have made written submissions will be advised in writing of the outcome.

14. RECOMMENDATION

- 14.1 Council receive the report regarding the review of public submissions to the 2008/2009 Draft Budget and having considered the three written submissions and heard those who expressed a desire to speak to their submission, resolve to adopt the Budget and strike the rate at the Special Meeting of Council on Monday 23 June 2008.

- 14.2 Council respond in writing to those that made written submissions and advise them of the outcome of the Council decision as required by Section 223 of the Local Government Act 1989 after the Special Meeting of Council on 23 June 2008.