



**SPECIAL
MEETING OF
COUNCIL**

AGENDA

11 MAY, 2009

Special Meeting of Council

Welcome

Welcome to this Special Meeting of the Port Phillip City Council.

Council Meetings are an important way to ensure that your democratically elected representatives are working for you in a fair and transparent way. They also allow you to be involved in the process and work with Council towards making Port Phillip a great place to live and work.

About this meeting

There are a few things to know about tonight's meeting.

The first page of tonight's Agenda itemises all the different parts to the meeting. Some of the items are administrative and are required by law. In the agenda you will also find a list of all the items to be discussed this evening.

Only the items specified in the agenda will be considered unless all Councillors are present and unanimously agree to include another matter on tonight's agenda.

Each item has a report written by a Council officer outlining the purpose of the report, all relevant information and a recommendation. Council will consider the report and either accept the recommendation or make amendments to it. All decisions of Council are adopted if they receive a majority vote from the Councillors present at the meeting

Public Question Time

There is no opportunity at this meeting for the public to ask questions unless the Chairperson determines otherwise.

Public Comment

Any person who has made a written submission on an item pursuant to section 223 of the Local Government Act and requested that she or he be heard in support of that written submission will be entitled to address Council. Any other public comment at this meeting is at the discretion of the Chairperson.

If you would like to address the Council on any of the items being discussed tonight, please fill in the blue 'Do You Wish to make a Public Comment' form located outside the Chamber and give to the Administrative Officer.

When your item is being discussed the Chairperson will call your name and ask you to address the Council. If somebody has already raised an issue you agree with, there is no need to repeat it.



CITY OF PORT PHILLIP

PORT PHILLIP CITY COUNCIL

SPECIAL MEETING OF COUNCIL

To Councillors

Notice is hereby given that a Special Meeting of the Port Phillip City Council will be held in the **Council Chamber, St Kilda Town Hall on Monday 11 May, 2009, commencing at 5.30 pm.**

AGENDA

1. APOLOGIES

2. PRESENTATION OF REPORTS

ITEM 1 DRAFT 2009/2010 BUDGET

ITEM 2 DRAFT 2009 - 2013 COUNCIL PLAN AND DRAFT STRATEGIC RESOURCE PLAN

Darrell Treloar
Chief Executive Officer (Interim)
6 May 2009

**SPECIAL MEETING OF COUNCIL
11 MAY 2009**

ITEM 1	DRAFT 2009/2010 BUDGET
LOCATION/ADDRESS:	
RESPONSIBLE EXECUTIVE:	DAVID FILMALTER, CHIEF FINANCIAL OFFICER
PREPARED BY:	DAVID FILMALTER
FILE NO.:	
ATTACHMENTS:	NO 1. DRAFT 2009/2010 BUDGET NO 2. PUBLIC NOTICE (ADVERTISEMENT OF DRAFT BUDGET) NO 3. BUDGET TIMETABLE

1. EXECUTIVE SUMMARY

Council needs to approve the release of its draft Budget to the community and provide interested persons with an opportunity to make submissions prior to the Budget being formally adopted on 29 June 2009. The key features of the draft Budget include a rate rise of 2.9% (rate in the dollar), a balanced budget, a significant increase in community capital works expenditure and a proposal to reduce the impact of higher rates through an increased pensioner rate rebate. The next step in the process will be a Special Council Meeting on Thursday 11 June 2009 at which public submissions to the Draft Budget will be heard and considered.

2. RECOMMENDATION

2.1. Council:

- 2.1.1 Adopts the draft 2009/2010 Budget (Attachment 1) for the purpose of advertising;
- 2.1.2 Endorse the increase of the Council sponsored pensioner rate rebate for 2009/2010, from \$97.00 to \$100.00;
- 2.1.3 Pursuant to Section 129 of the Local Government Act 1989 authorise the public notice (Attachment 2) to advertise the Draft Budget and call for submissions from the public;
- 2.1.4 Resolves that a Special Meeting of Council be conducted on Thursday 11 June 2009 at 5.30 pm in the Council Chamber of the St Kilda Town Hall to hear the public submissions on the Draft Budget and 2009-2013 Council Plan.
- 2.1.5 Adopts the Budget Timetable (Attachment 3).

3. DISCUSSION

3.1. Statutory Requirements

3.1.1 Council is required under Section 127 (1) of the Local Government Act 1989 to prepare a budget for each financial year.

3.1.2 Under Section 127 (2) of the LGA the budget must contain as a minimum:

- Standard statements (income statement, balance sheet, cash flow and capital works) in the form required by the regulations.
- A description of the activities and initiatives to be funded in the budget.
- A statement as to how the activities and initiatives will contribute to achieving the strategic objectives specified in the Council Plan.
- Separately identified Key Strategic Activities to be undertaken during the financial year and performance targets and measures in relation to each Key Strategic Activity.
- The Local Government (Finance and Reporting) Regulations 2004 also require the budget to include additional information including any new borrowings proposed, the amount of debt redemption, the proposed rate in the dollar for each rate type, the estimated amount to be raised for each rate type, the number of assessments, the basis of valuation used and the estimated total value of land on which the rate will be applied.

3.1.3 Section 129 of the LGA requires Council to give public notice of the proposed budget, which will include key budget information and details of the process for making submissions including the proposed dates for hearing the submissions, adopting the budget and striking the rate.

3.2. Financial Strategy

Council has applied the following financial principles in developing the draft 2009/2010 Budget.

3.2.1 Ensuring that Council's financial resources are applied towards achieving the desired outcomes, strategies and initiatives articulated in the 2009-2013 Council Plan.

3.2.2 Ensuring that Council balances its expenditure on services and capital works with the revenue it earns.

3.2.3 Maintaining reserves at levels that are adequate to provide a buffer for large or unexpected short term cash flow fluctuations.

3.2.4 Achieving long term cash flow neutrality while restricting the price component of rates growth to the headline inflation rate as measured by the changes in the Consumer Price Index.

3.2.5 No borrowings for routine capital works.

3.3. Council Plan

3.3.1. In addition to these financial principles, Council has developed a new four year draft Council Plan 2009-2013 which is based on four strategic objectives:

- Engaging and governing the City
- Taking action on climate change
- Strengthening our diverse and inclusive community
- Enhancing liveability

3.3.2 The budget has been developed with these objectives in mind with the majority of new initiatives being closely aligned to these objectives.

3.3.3 Council is also required to prepare a Strategic Resource Plan (SRP) as part of its Council Plan. This includes a summary of Council's key financial and non financial resource allocation objectives which are aligned to Council's four year financial plan. These are detailed in the Council Plan which is a separate report to Council on 11 May 2009.

3.4. Budget Summary

3.4.1 The 2009/2010 Budget projects a deficit of \$6.943M for the year. When combined with the projected 2008/2009 Surplus of \$6.943M which includes \$6.3M that is being set aside for the expected capital works carry over, this represents a balanced budget for 2009/2010.

3.4.2 Revenue

- The main component of the increase in revenue will be derived from an increase in rates revenue of 6.26%. The drivers behind the change in rates revenue are a 2.9% increase in the rate in the dollar, an increase of 2.5% in the property base and the inclusion of a \$600K (0.8%) budgetary allocation for supplementary rates (additional revenue on properties that are expected to be created during 2009/2010).
- Capital grants are expected to increase by \$5.29M to \$5.92M. This extraordinary increase is due to the external funding that has been obtained from the Commonwealth and State government for the two integrated family and children centres in St Kilda and Liardet Street, Port Melbourne.
- Operating grants are expected to increase by 9.5% to \$8.768M. This increase is mainly attributable to the 2006 census figures reflecting that population growth within the municipality was higher than expected.

- Interest revenue is expected to decline markedly to \$1.0M. This decline is due to the unprecedented easing of monetary policy by the RBA which has resulted in the cash rate declining from a peak of 7.25% to 3.0%.
- Parking revenue is expected to reduce by 1.8% to \$21.54M. This reduction is due to declining demand for paid parking especially in the industrial and commercial areas.

3.4.3 Expenditure

- Employee benefits are expected to increase by 9.6% to \$50.55M. This abnormal increase in labour costs is due to the following:

The impact of the Enterprise Agreement which provides for a 4.0% increase in salaries in July 2009.

The impact of 36.8 new positions which equates to a 5.9% increase in staffing numbers compared to the previous year. This has been partially offset by a reduction in external labour and contract costs and additional grant revenue.

- Council has contained the cost of contractors and professional services as well as materials and other expenditure at levels that are in line with the previous year (1.8% increase).

3.4.4 Capital Expenditure

- Council has affirmed its commitment to maintaining and improving its community assets and infrastructure with an expanded capital works program of \$28.61M which represents an increase of 11.3% on the previous year.

3.5. Council Sponsored Pensioner Rate Rebate Scheme

3.5.1 In 1998/99 Council introduced a Council sponsored pensioner rate rebate scheme as part of a rate assistance package to assist low income property owners in the municipality. The scheme has been reviewed annually by Council and retained on an ongoing basis since its inception.

3.5.2 The Council rebate is given in addition to the rebate provided by the State Government via its Pensioner Rate Remission Scheme. Recipients of the State rebate automatically receive the Council rebate.

3.5.3 The Council rebate is calculated on the amount of rates payable after the State Government rebate has been deducted. It is a 50% rebate up to a maximum of \$100.00, (2008/2009 - \$97.00), however no recipient is to pay less than 50% of the rates levied on their property.

3.5.4 The current cost of the Council sponsored scheme is \$307,000.

3.5.5 The Council sponsored pensioner rate rebate scheme was adopted in June 1998 on the basis that it be reviewed annually during the budget process.

3.5.6 The draft Budget for 2009/2010 has made provision for an increase of \$3.00 in this rebate which will be increased from \$97.00 to \$100.00 at an additional cost of \$9,500 to Council, making the total cost \$316,500.

3.6. Consultation

3.6.1 Stage 1 (non-statutory consultation) was held from 21 February to 7 March 2009 and included community conversations on Council's proposed strategic directions. This consisted of six public meetings, three conversation tents (held at the South Melbourne, Gasworks and St Kilda Veg Out markets), and an online survey. Council received over 1,000 comments on the proposed strategic directions. This feedback has informed Council in the preparation of the draft Council Plan 2009-13 (including Strategic Resource Plan) and the draft 2009/10 Budget.

3.6.2 Stage 2 (28 day statutory consultation requirement) is to be conducted from Wednesday 13 May to Tuesday 9 June 2009 for consultation on the draft Council Plan 2009-13 (including Strategic Resource Plan) and draft 2009/10 Budget:

- notice of the draft Council Plan 2009-13 (including Strategic Resource Plan) and draft Budget and invitation for public submissions published in The Age, Emerald Hill Weekly and Port Phillip Leader (refer to Attachment 2);
- copies of the draft Council Plan 2009-13 (including Strategic Resource Plan) and draft Budget made available at Council offices and libraries;
- summary information sheets on the draft Council Plan 2009-13 (including Strategic Resource Plan) and draft Budget made available in English, Russian, Polish, Chinese and Greek;
- two public 'expo' style consultation sessions held on Wednesday 27 May 2009 (11.00 am – 7.00 pm) and Sunday 31 May 2009 (11.00 am – 4.00 pm). Details of the expo sessions to be promoted in the Emerald Hill Weekly and Port Phillip Leader;
- information and feedback on the draft Council Plan 2009-13 (including Strategic Resource Plan) and draft Budget made available online at the City of Port Phillip website and a pilot Twitter site.

3.6.3 Once the draft Budget is adopted by Council, the public will be invited to view the draft Budget and make submissions to the Council. It is proposed to conduct a Special Council Meeting on Thursday 11 June 2009 at 5.30 pm to consider and hear submissions from the public.

3.7. Implementation

Before Council can adopt the 2009/2010 Budget and declare the rate, it must:

- 3.7.1 Adopt the draft Budget and pass a resolution to advertise the draft Budget and provide other information as required by the Local Government (Finance and Reporting) Regulations 2004 (See Attachment 2 – Public Notice);
- 3.7.2 Make available to the public copies of the draft Budget documentation, the content of which is prescribed by the Local Government (Finance and Reporting) Regulations 2004;
- 3.7.3 Invite submissions from the public as required by Section 129(2) of the Local Government Act 1989;
- 3.7.4 Receive, hear and review public submissions, and advise all submitters of the outcome of the hearing, in accordance with Section 223 of the Local Government Act 1989;
- 3.7.5 Adopt the Budget, set the rate in the dollar and advertise the outcome.

3.8. Communication

Public notices advising the community of the adoption of the draft Budget and inviting submissions from the public will be placed in the Age and the local press.

**SPECIAL MEETING OF COUNCIL
11 MAY 2009**

ITEM 2	DRAFT COUNCIL PLAN 2009-2013 (INCLUDING STRATEGIC RESOURCE PLAN)
LOCATION/ADDRESS:	N/A
RESPONSIBLE EXECUTIVE DIRECTOR:	SALLY CALDER, DIRECTOR, ORGANISATION SYSTEMS & SUPPORT
AUTHOR:	CHRIS PIKE, MANAGER, CORPORATE PLANNING & PERFORMANCE DAVID FILMALTER, CHIEF FINANCIAL OFFICER ROWENA MCLEAN, SENIOR CORPORATE PLANNING CONSULTANT
FILE NO.:	160286
ATTACHMENTS:	1. DRAFT COUNCIL PLAN 2009-2013 2. DRAFT STRATEGIC RESOURCE PLAN 3. DRAFT IMPLEMENTATION TIMELINE

1. EXECUTIVE SUMMARY

- 1.1. Council needs to approve the release of its draft Council Plan 2009-13 (including Strategic Resource Plan) to the community and provide interested persons with an opportunity to make submissions prior to the Budget being formally adopted on 29 June 2009. The Council Plan details Council's four-year strategic objectives:
 - Engaging and Governing the City
 - Taking Action on Climate Change
 - Strengthening Our Diverse and Inclusive Community
 - Enhancing Liveability.
- 1.2. The Strategic Resource Plan has five financial and non-financial objectives and strategies.
- 1.3. The next step in the process will be a Special Council Meeting on Thursday 11 June 2009 at which public submissions on the draft Council Plan 2009-13 (including Strategic Resource Plan) and draft Budget will be heard and considered.

2. RECOMMENDATION

2.1. That the Council resolve to:

- endorse the draft Council Plan 2009-13 (including Strategic Resource Plan) for public notification
- authorise the public notice to advertise the draft Council Plan 2009-13 (including Strategic Resource Plan) calling for submissions from the public under section 223 of the *Local Government Act 1989* ('the Act')
- hold a Special Council Meeting on Thursday 11 June 2009 to receive submissions from the public, prior to adopting the Council Plan (including Strategic Resource Plan) by 30 June 2009.

3. DISCUSSION

3.1. Statutory Requirements

The Council Plan (including the Strategic Resource Plan)

3.1.1. Section 125 (1) of the Act requires Council to prepare and approve a four year Council Plan by 30 June 2009. Pursuant to Section 125 (2) of the Act, the Council Plan must include:

- the strategic objectives of the Council (i.e. what Council wants to achieve)
- strategies for achieving the objectives for at least the next four years (i.e. how Council will achieve its objectives)
- strategic indicators for monitoring the achievement of the objectives (i.e. how Council will track progress)
- a Strategic Resource Plan (i.e. how Council will fund its strategic intent) that explains how Council will allocate its financial and non-financial resources to achieve the Council Plan objectives.

Public consultation

3.1.2. Council must give provision for persons to make submissions on the draft Council Plan 2009-13 (including Strategic Resource Plan) (Section 223).

3.1.3. Council must publish a public notice with details (i.e. closing date, request for presentation to Council on submission) in regard to the draft Council Plan 2009-13 (including Strategic Resource Plan).

3.1.4. Recent amendments to the Act have extended the minimum consultation period from 14 days to 28 days.

3.1.5. Council must consider all submissions received, hear any submissions in person upon request at a Council or committee meeting and provide feedback on Council's decision and the reasons for that decision.

3.2. Content of the Plans

3.2.1. This draft Council Plan is the culmination of more than five months of strategic planning. The Plan (Attachment 1) includes:

- a message from the mayor
- a profile of the City
- an outline of Council's role
- an outline of the Council Planning and Reporting Framework

3.2.2. The majority of the plan details Council's four-year strategic objectives being:

- Engaging and Governing the City
- Taking Action on Climate Change
- Strengthening Our Diverse and Inclusive Community
- Enhancing Liveability.

3.2.3. To deliver on these objectives Council is proposing 56 strategies spread across 14 themes. One hundred and seventy-five (175) actions are proposed for the first two years of the plan (2009-2011). Possible strategic success indicators are identified for the 14 themes.

3.2.4. The Strategic Resource Plan (Attachment 2) has five financial and non-financial objectives and strategies. These are:

- City of Port Phillip will have an ongoing balanced budget and ideally a small surplus.
- The City of Port Phillip asset base will be maintained, enhanced and expanded.
- Liquidity will be maintained at levels that assure adequate working capital without the need to resort to borrowings or a bank overdraft.
- Capital works will address community needs without ignoring long-term financial impacts.
- City of Port Phillip will proactively lead, develop and build organisational culture based on the provision of same day service and a work-life balance.

3.3. Consultation

3.3.1. Council commenced the development of the draft Council Plan in January 2009. In the interest of effective community engagement Council elected to exceed the minimum statutory consultation requirement by having a two staged approach to consultation on the preparation of the draft Council Plan.

3.3.2. Stage 1 (non-statutory consultation) was held from 21 February to 7 March 2009 and included community conversations on Council's

proposed strategic directions. This consisted of six public meetings, three conversation tents (held at the South Melbourne, Gasworks and St Kilda Veg Out markets), and an online survey. Council received over 1000 comments on the proposed strategic directions. This feedback has informed Council in the preparation of the draft Council Plan 2009-13 (including Strategic Resource Plan) and the draft 2009-10 Budget.

- 3.3.3. Stage 2 (28 day statutory consultation requirement) is to be conducted from Wednesday 13 May to Tuesday 9 June 2009 for consultation on the draft Council Plan 2009-13 (including Strategic Resource Plan) and draft 2009-10 Budget:
- notice of the draft Council Plan 2009-13 (including Strategic Resource Plan) and draft Budget and invitation for public submissions published in The Age, Emerald Hill Weekly and Port Phillip Leader (refer to Attachment 2 in Special Council Report – Draft 2009/10 Budget)
 - copies of the draft Council Plan 2009-13 (including Strategic Resource Plan) and draft Budget made available at Council offices and libraries
 - summary information sheets on the draft Council Plan 2009-13 (including Strategic Resource Plan) and draft Budget made available in English, Russian, Polish, Chinese and Greek
 - two public ‘expo’ style consultation sessions held on Wednesday 27 May 2009 (11.00 am – 7.00 pm) and Sunday 31 May 2009 (11.00 am – 4.00 pm). Details of the expo sessions to be promoted in the Emerald Hill Weekly and Port Phillip Leader
 - letters providing information and inviting submissions from key interest groups, key partners, community forum participants and those individuals who participated in the Stage 1 community consultation process (Council Plan only)
 - information and feedback on the draft Council Plan 2009-13 (including Strategic Resource Plan) and draft Budget made available online at the City of Port Phillip website and a pilot Twitter site.

3.4. Implementation

- 3.4.1. Before Council can adopt the draft Council Plan 2009-13 (including Strategic Resource Plan) it must:
- endorse the draft plans and pass a resolution to advertise these as required by the Local Government Act 1989
 - make available to the public copies of the draft plans the content of which is prescribed by the Local Government Act 1989
 - invite submissions from the public as required by Section 125(9) of the Local Government Act 1989

- receive, hear and review public submissions, and advise all submitters of the outcome of the hearing, in accordance with Section 223 of the Local Government Act 1989.

Submission must be received by 9 June and will be considered by council at a special meeting on 11 June. This will allow 11 working days for any necessary amendments to be made before Council adopts the Council Plan, Strategic Resource Plan and Budget at a Special Council Meeting on 29 June.

- 3.4.2. Once these steps are completed Council must adopt the Council Plan (including the Strategic Resource Plan), provide a copy to the Minister for Local Government and make arrangements for its publication and launch.