



**SPECIAL
MEETING OF
COUNCIL**

AGENDA

26 MAY 2008

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.

All Councillors need to be present and unanimously agree to include another matter on tonight's agenda, only the items specified in the agenda will be considered.

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

Speaking at this meeting

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 discussed tonight, please fill in the blue 'Do You Wish to Speak' form located outside the chamber and give it to the Administrative Officer or any Council officer present.

When your item is being discussed the Chairperson (at their discretion) will call your name and ask you to address the Council. You will have 3 minutes to speak. Council welcomes all contributions, however if somebody has already raised an issue you agree with, there is no need to repeat it. Rest assured we take everything on board!

It may seem intimidating to address the Council but we assure you, you're in a very relaxed environment! By attending this meeting you are playing a very important part in the democratic process. We hope it proves to be a rewarding experience.



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 26 May 2008, commencing at 5.30pm.**

AGENDA

- 1. APOLOGIES**

- 2. PRESENTATION OF REPORTS**

(See Report Index)

- 3. PRESENTATION OF CONFIDENTIAL REPORTS**

David Spokes
Chief Executive Officer
21 May 2008

SPECIAL MEETING OF COUNCIL

REPORT INDEX

2. PRESENTATION OF REPORTS

1 **2008/2009 Draft Budget** 5

Responsible Executive Director: Sally Calder, Executive Director, Organisation Systems & Support

Purpose: Council To Receive And Review 2006/2007 Draft Budget.

Recommendation: Council Receive And Review The 2006/2007 Draft Budget And Endorse The Strategies And Proposals Outlined In The Chief Executive Officer's Budget Overview.

2 **Approval Of 2008/2009 Council Plan Year 4 Of The 2005-2009 Council Plan**

Responsible Executive Director: Sally Calder, Executive Director, Organisation Systems & Support

Purpose: Council To Receive And Approve Of 2008-2009 Council Plan Year 4 Of The 2005-2009 Council Plan.

Recommendation: Council Resolve That Following The Review Of Year 4 Of The 2005-2009 Council Plan, The Council Agree Some Adjustments Are Required To The Plan.

3. PRESENTATION OF CONFIDENTIAL REPORTS

Nil.

**SPECIAL MEETING OF COUNCIL
26 MAY 2008**

1	2008/2009 DRAFT BUDGET
LOCATION/ADDRESS:	
RESPONSIBLE EXECUTIVE DIRECTOR:	SALLY CALDER, EXECUTIVE DIRECTOR, ORGANISATION SYSTEMS & SUPPORT
AUTHOR:	DAVID FILMALTER, MANAGER, FINANCE & INVESTMENTS
FILE NO.:	
ATTACHMENTS:	NO. 1 2008/2009 DRAFT BUDGET NO. 2 DRAFT BUDGET ADVERTISEMENT NO. 3 BUDGET TIMETABLE

1. KEY ISSUES

- 1.1. Council to:
 - 1.1.1. Adopt the 2008/2009 Draft Budget;
 - 1.1.2. Authorise the public notice (*Attachment 2*) to advertise the Draft Budget and call for submissions from the public;
 - 1.1.3. Review the Council sponsored pensioner rate rebate scheme; and
 - 1.1.4. Adopt the Budget Timetable (*Attachment 3*) which encompasses the hearing of submissions, the adoption of the Budget and the declaration of the rate by 23 June 2008.

2. BACKGROUND

- 2.1. The 2008/2009 Draft Budget has evolved through the following process:
 - 2.1.1. The review by Council of the budget assumptions and parameters to be used in setting the top down budget targets;
 - 2.1.2. Each Director was provided with a net surplus or expenditure target that was based on the projected full year financial forecast and the budget assumptions;
 - 2.1.3. The Finance Department produced a document, 'Annual Budget Guidelines', containing budget policies and assumptions;
 - 2.1.4. All managers and team leaders prepared their estimates of operating and capital expenditure, and income, which was reviewed by respective Directors;
 - 2.1.5. The budget bids of the managers and team leaders were considered by the Executive Team, the Manager Finance & Investments and the Manager, Corporate Planning and Performance.
 - 2.1.6. The Executive Team considered the consolidated budget figures; and
 - 2.1.7. Councillors and the Executive Team carried out a preliminary review of the divisional budgets and the capital works program.

3. COUNCIL'S FINANCIAL STRATEGY

3.1. Council has applied the following financial principles in developing the 2008/2009 Draft Budget:

3.1.1. Containment of operating expenditure through the strict application of budget targets.;

3.1.2. Capped growth in labour costs at 4.5%;

3.1.3. The appropriate application of reserves to part fund capital works;

3.1.4. No additional borrowings.

3.2. As well as applying these financial principles, Council has developed four broad goals and six strategic objectives as its Council Plan Framework to guide and determine the activities of the Council over the coming years.

The four goals are:

- Strengthen social equity;
- Promote economic viability;
- Nurture environmental responsibility;
- Promote cultural vitality.

The six objectives are:

- Renewing our Special Places;
- Strategic Collaboration and Partnership;
- Build a better environment;
- Create the conditions for community;
- Better local services in community centres;
- Effective service and Council stewardship.

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. These are detailed in the Council Plan, which is a separate report to Council on 26 May 2008, and the financial objectives are aligned to Council's five-year financial plan.

4. BUDGET SUMMARY

4.1. The 2008/2009 Budget projects of \$1.223M deficit of \$842K. When combined with the projected 2007/2008 Surplus, an accumulated surplus of \$381K is projected for the end of the 2008/2009 financial year.

4.2. **Revenue:**

4.2.1. The main component of the increase in revenue is to be derived from increase in rates revenue of \$2.833M.

4.2.2. Fees and charges have increased by \$1.263M. This is mainly due to the increased number of Child Care places that are proposed in the budget and this will be offset by additional operating costs (mainly labour).

4.2.3. Parking revenue is projected to decrease by \$502K. This reduction is due to reduced demand for paid parking and increased compliance.

4.3. Recurrent Expenditure:

4.3.1. The price component of Labour expenditure growth has been capped at 4.5%. Total labour costs are however projected to increase by \$4.071M or 9.68% due to 10 additional child care staff, noting that these costs will be recovered through increased fees.

4.3.2. While contract payments are impacted by increases in the CPI, this expense has increased by \$2.421M or 7.37% with some of this increase being due to enhanced service levels and the significant increase in fuel prices. This represents growth of over 30% on the 2007/2008 Budget.

4.4. Capital Expenditure:

4.4.1. Council has affirmed its commitment to maintaining capital expenditure by allocating \$25.709M to the capital works program. A proportion of this expenditure is earmarked to ensure that infrastructure is renewed at an appropriate rate.

4.5. CEO Budget Overview:

4.5.1 The Model Budget, which incorporates the CEO's Budget Overview, contains more detail on a number of budget issues, as well as proposals and strategies for coming years.

5. COUNCIL SPONSORED PENSIONER RATE REBATE SCHEME

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.

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.

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 \$97.00, (2007/2008 - \$93.00), however, no recipient is to pay less than 50% of the rates levied on their property.

5.4. The current cost of the Council sponsored scheme is \$372,000.

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.

5.6. The Draft Budget for 2008/2009 has made provision for an increase of \$4.00 in this rebate, to be increased from \$93.00 to \$97.00 at an additional cost of \$16,000 to Council, making the total cost \$388,000.

6. OPTIONS

- 6.1. Council may:
- 6.1.1. Adopt the Draft Budget without alteration; or
 - 6.1.2. Amend the Draft Budget to incorporate any changes deemed necessary.

7. POLICY CONTEXT

- 7.1. The 2008/2009 Draft Budget has been developed to align with the Council Plan and the agreed strategic direction of the City.
- 7.2. The Chief Executive Officer's Budget Overview contains strategies and proposals that align with the Council Plan Framework.

8. RESOURCE IMPLICATIONS

- 8.1. To fund the services and programs, encompassed in the 2008/2009 Draft Budget, the rates and charges income raised from 2007/2008 to 2008/2009 is estimated to increase by \$2.833M. It is estimated that a net \$73.680M will be raised through rates and charges.
- 8.2. The Budget also includes transfers to general reserves of \$2M and to Council initiatives of \$3M which will be used to build up the reserve for remediation works at Gasworks Park and replenish the general reserves.

9. INTERNAL CONSULTATION

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

10. EXTERNAL CONSULTATION

- 10.1. 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 Monday 16 June 2008 at 5.30 pm to consider and hear submissions from the public.
- 10.2. A Public Budget Information Session has also been arranged for Tuesday 27 May 2008 at 6.00pm. This session will be held in the Council Chamber at the St Kilda Town Hall.

11. IMPLEMENTATION

- 11.1. Before Council can adopt the 2008/2009 Budget and declare the rate, it must:
- 11.1.1. 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);
 - 11.1.2. 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*;

- 11.1.3. Invite submissions from the public as required by section 129(2) of the *Local Government Act 1989*;
- 11.1.4. 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*;
- 11.1.5. Adopt the Budget, set the rate in the dollar and advertise the outcome.

12. CONCLUSION

- 12.1. To enable the budget process to proceed and be completed within the statutory time allowed, Council should review and adopt the Draft Budget.

13. COMMUNICATION

- 13.1. Advertisements will be placed in the local press alerting the community to the adoption of the Draft Budget and calling for submissions from the public.

14. RECOMMENDATION

- 14.1. Council:
 - 14.1.1. Adopt the 2008/2009 Draft Budget (*Attachment 1*);
 - 14.1.2. Endorse the increase of the Council sponsored pensioner rate rebate scheme for 2008/2009, from \$93.00 to \$97.00.
 - 14.1.3. 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;
 - 14.1.4. Resolve that a Special Meeting of Council to be conducted on Monday 16 June 2008 at 5.30pm in the Council Chamber of the St Kilda Town Hall hear the public submissions to the Draft Budget and amendments to the Council Plan.
 - 14.1.5. Adopt the Budget Timetable (*Attachment 3*).

**SPECIAL MEETING OF COUNCIL
26 MAY 2008**

2	APPROVAL OF 2008/2009 COUNCIL PLAN YEAR 4 OF THE 2005-2009 COUNCIL PLAN)
LOCATION/ADDRESS:	N/A
RESPONSIBLE EXECUTIVE DIRECTOR:	SALLY CALDER, EXECUTIVE DIRECTOR ORGANISATION SYSTEMS AND SUPPORT
AUTHOR:	CHRIS PIKE, MANAGER, CORPORATE PLANNING AND PERFORMANCE & MELISSA CAMPBELL, CORPORATE PLANNING AND PERFORMANCE & DAVID FILMALTER, MANAGER FINANCE AND INVESTMENTS
FILE NO.:	
ATTACHMENTS:	1A – 2008/2009 COUNCIL PLAN (YEAR 4 OF THE 2005-2009 COUNCIL PLAN) 1B - 2008/2009 – 2011/2012 STRATEGIC RESOURCE PLAN 2- LEGISLATIVE COMPLIANCE CHECKLIST

1. EXECUTIVE SUMMARY

- 1.1. Council is being asked to:
 - 1.1.1. Endorse the 2008/2009 draft Council Plan (Year 4 of the 2005-2009 Council Plan) including the 2008/2009 – 2011/2012 Strategic Resource Plan
 - 1.1.2. Authorise the public notice to advertise the Draft Council Plan and call for submissions from the general public under Section 223 of the Local Government Act 1989;
 - 1.1.3. Adopt the Budget Timetable, which encompasses the hearing of submissions and the adoption of the Council Plan by 23 June 2008.

2 BACKGROUND AND CONTEXT

Background to the 4-year Council Plan and annual budget

- 2.1. Council must prepare and approve a 4-year Council Plan, which includes a Strategic Resource Plan by June 30th in its first year as a new Council. The current 2005-2009 Council Plan was developed in early 2005 and approved by the council on 26th June 2005.
- 2.2. Pursuant to the Act (sec 125 (2)) the Council Plan must include:

The strategic objectives of the council (4 goals),

Strategies for achieving the objectives for at least the next 4 years,
Strategic indicators for monitoring the objectives, and

A Strategic Resource Plan, which explains how the financial and non-financial resources are to be allocated for the next 4-year period.

- 2.3. Pursuant to the Act at least once in each financial year, a Council must consider whether the current Council Plan requires any adjustment in respect of the remaining period of the Council Plan and make any adjustment it considers necessary to the Council Plan.
- 2.4. As well the council must develop an annual budget, with activities and initiatives, and key strategic activities with measures and performance targets.
- 2.5. The initiatives and key strategic activities, while part of the annual Budget, have traditionally been reported in the Council Plan

3. PROPOSAL

The review of the current 4-year Council Plan

- 3.1. Pursuant to the Act at least once in each financial year a Council must consider whether the current Council Plan requires any.
- 3.2. The current Council Plan has been reviewed against the following criteria:
 - Extent to which the Council Plan drives the desired strategic direction of the council
 - Extent to which the Council Plan is strategic, clear and well written
 - Extent to which the newly developed Community Plan drives the direction of the Council Plan
- 3.3. The Council Plan has been refined to ensure that it is a clearer document that can better represent the desired strategic direction of Council.
- 3.4. The job of the organisation is to deliver on the outcomes desired by the council. The organisation's ability to do so will be enhanced as it focuses consistently on the Council's six strategic objectives and the five key result areas of our organisation.
- 3.5. The plan clearly articulates:
 - The overall goals of the plan (the 4 pillars) and the critical success factor for each goal
 - The strategic objectives of the Council Plan along with direction statements, strategies and indicators for each objective
 - The annual focus (key strategic activities with targets and initiatives for 2008/2009) and internal business plan and how this supports the plan's strategic objectives and strategies for each of the key result areas
 - A summary of the updated Strategic Resource Plan (the entire document is available separately)

Extent to which the newly developed Community Plan drives the direction of the Council Plan

- 3.6. The Community Plan drives the Council Plan. At the time of reviewing the Council plan the new ten-year Community Plan is nearing its first year of reporting following its development during The Port Phillip Speaks Summit held on the 28th April 2007. These priorities cover parking, building our community, entertainment and residential amenity, urban planning and development and public open spaces. The review of the Council Plan has taken this into account.
- 3.7. It is anticipated that the opportunity to write a new four year Council Plan for 2009 – 2013 will create even greater alignment with the Community Plan

Conclusion

It is considered that the attached updated Council Plan copy meets all of the above criteria and that final copy with regard to the Mayor's and CEO's forewords can be included following the public review.

4. STRATEGIC RESOURCE PLAN

- 4.1. The Strategic Resource Plan contains a number of strategies that are aimed at ensuring the City of Port Phillip's ongoing operational sustainability, ongoing financial strength and growth, and that it remains liquid. It also includes strategies that are linked to its asset management planning and development of its organisational culture based on the provision of same day service.
- 4.2. The Strategic Resource Plan (SRP) was developed by Finance in conjunction with other CoPP departments, including Asset Planning, Social Planning & Policy; People & Culture, Corporate Planning & Performance and the Information Management Group. Benchmarking data has been used throughout the SRP that has been produced by an external organisation, Strategy Plus.
- 4.3. The Strategic Resource Plan has been updated to include the Framework of Financial Principles that Council adopted in December 2006. These principles include a statement of purpose and some overarching principles. The financial principles have been classified in the following categories;
- Rating and funding principles
 - Infrastructure and asset management principles
 - Debt management principles
 - Pricing principles
- 4.4. The Strategic Resource Plan needs to be updated each year to ensure that the financial information contained within in it is current and aligned to Council's annual budget. A summary of the SRP will be included in the printed Council Plan. The complete version will also be available on the Port Phillip web site and on request. The updated version is attached in Attachment 2.

5. 2008-2009 BUDGET - INITIATIVES AND ACTIVITIES

- 5.1. The budget must include “activities and initiatives”. The “activities” are considered to be the activities covered by the Department Action plans and these are detailed in the 2008/2009 budget. . The “initiatives” are considered to be the new or specific matters that the council is focusing on in the forthcoming year. All the initiatives that have been included in a Department plan are detailed in the 2008/2009 budget and it is expected that these will be delivered in the 2008/2009 financial year.
- 5.2. The initiatives have been developed by:
- Drawing on the wishes of the Community as expressed in the Community Plan
 - Considering the issues that the council wants to focus on in 2008/2009
 - Thinking of the next logical steps in achieving the objectives and strategies set out in the Council Plan
- 5.3. Altogether there are 46 initiatives. In previous years there were 50, 69, 90 and 188 initiatives (then called highlights) in the Council Plan. The reducing number of initiatives in the past two years of the Council Plan is due to the organisation tackling a number of big topics and integrating these into new areas of focus.

6. KEY STRATEGIC ACTIVITIES

- 6.1. The budget must also include Key Strategic Activities with auditable measures and performance targets. Whilst the Key Strategic Activities are technically part of the annual budget, they are included in the Council Plan for completeness.
- 6.2. This year the Key Strategic activities reflect the key influences on the Council Plan including:
- Delivery of core services
 - Delivery on the Community Plan (especially open spaces and social justice)
 - Addressing climate change
 - The need to govern well including finances

7. SUSTAINABILITY IMPLICATIONS

7.1. 4 pillars

7.1.1. The amended Council Plan will assist the achievement of the council's social, economic, environmental and cultural goals as it clearly specifies what these goals are, has objectives, strategies and indicators to assist with achieving and monitoring progress, outlines the resource allocation as well as the initiatives and Key Strategic Activities.

7.2. Policy and legislative implications

7.2.1. The Council Plan is developed within the context of the Community Plan and works towards achieving the community's vision for the municipality. The Strategic Resource Plan provides the opportunity to clearly articulate Council's resource allocation policies and integrate both the financial and non-financial resources required to deliver the plan.

7.3. Risk implications

7.3.1. The council is required to review its 4-year plan under the Local Government Act 1989, annually. This report sets out the requirements to update the plan and comply with the relevant legislation in relation to approval of any adjustment to the Plan. Refer Attachment 3 for a description of how the document complies with the legislation.

7.4. Resource implications

7.4.1. This Council Plan and Strategic Resource Plan are already budgeted for as part of the annual Council Plan and budget preparation – there are no additional resource implications.

8. OPTIONS

8.1. There are no options in the development of the Council Plan. The council is asked to agree to make adjustments to the current Council Plan as proposed in Attachments 1A & 1B

9. PARTICIPATION AND ENGAGEMENT

9.1. Internal

9.1.1. Engagement has been extensive and covered the Mayor and Councillors, Executive Team, management, team leaders & coordinators and other officers.

9.2. External

9.2.1. It is proposed in this report to advertise the amended Council Plan and Strategic Resource Plan for public submissions, as required under the Local Government Act 1989, in conjunction with the 2008/2009 budget.

10. IMPLEMENTATION

10.1. The implementation process has the following steps

10.1.1. Once council endorses the updated Council Plan and Strategic Resource Plan, there will be a public notice in the 2 local newspapers as well as the Age advertising the updated plans and draft budget and inviting public submissions.

10.1.2. The Council Plan along with the Strategic Resource Plan and budget will be made available at the municipal offices at South Melbourne Town Hall, St Kilda Town Hall and Port Melbourne Town Hall.

10.1.3. There will be a Special Council Meeting to hear public submissions on Tuesday 16th June 2008.

10.1.4. There will be a Special Council Meeting to adopt the updated Council Plan and budget on the 23rd June 2008.

10.1.5. The updated Council Plan will then be forwarded to the Minister within 30 days and a printed version will be available in July.

11. COMMUNICATION

11.1. The key messages are:

Council is entering its final year of its four year Council Plan

As required by legislation Council is inviting public submissions on the adjustments to the Council Plan

It is important that the Council Plan continues to influence the delivery of council services and be used for assessment purposes.

12 RECOMMENDATION

- 12.1. That the Council resolve that following the review of year 4 of the 2005/2009 Council Plan, the council agrees some adjustments are required to the plan.
- 12.2. The council authorises the public notice to advertise the updated Council Plan and Strategic Resource Plan and call for submissions from the public under section 223 of the Local Government Act 1989.
- 12.3. The council endorses the timetable which provides for a Special Council meeting on the 16th June 2008 to consider any submissions that are received and an additional meeting to approve the amended Council Plan and adopt the Strategic Resource Plan on the 23rd June 2008, with a view to forwarding the final Council Plan to the Minister by the 23rd July 2008.