



3.1 **COUNCIL PLAN 2021-31, MUNICIPAL HEALTH & WELLBEING PLAN, REVENUE & RATING PLAN AND BUDGET 2021/22: ADOPTION**

**EXECUTIVE MEMBER:** CHRIS CARROLL, GENERAL MANAGER, CUSTOMER, OPERATIONS AND INFRASTRUCTURE  
KYLIE BENNETTS, GENERAL MANAGER CITY GROWTH AND ORGANISATIONAL CAPABILITY

**PREPARED BY:** DENNIS O'KEEFFE, CHIEF FINANCIAL OFFICER  
RACHEL RUSSELL, MANAGER GOVERNANCE AND ORGANISATIONAL PERFORMANCE  
PETER LIU, HEAD OF MANAGEMENT ACCOUNTING & FINANCIAL ANALYSIS  
JESS HALL, ACTING HEAD OF ORGANISATIONAL PERFORMANCE

**1. PURPOSE**

- 1.1 For Council to formally consider and respond to public submissions and adopt the Council Plan 2021-2031, including the Municipal Health and Wellbeing Plan, the Financial Plan, the Revenue and Rating Plan, the Budget 2021/22 and the declaration of rates and charges.

**2. EXECUTIVE SUMMARY**

- 2.1 Council released the draft Integrated Council Plan and Budget for community consultation at an Ordinary Meeting of Council held on 21 April 2021. The Council Plan and Budget was prepared following a deliberative community and stakeholder engagement process that occurred in February 2021 which was undertaken in accordance with the requirements of the Local Government Act 2020.
- 2.2 Council received hundreds of responses from our community and thanks the community for participating in the consultation process. Much of this feedback has resulted in adaptations to the Council Plan and Budget that has been included in the proposed Council Plan and Budget. **Attachments 1-3.**
- 2.3 The Draft Budget 2021/22 which includes the 10-year Financial Plan, was prepared on the basis that the community is recovering from the COVID-19 pandemic. Since then, a Circuit Breaker lockdown has brought greater uncertainty and significant challenges for the City of Port Phillip community which had already declared an economic emergency. Officers have made recommendations in this report on how the Council Plan and Budget can provide support.



- 2.4 The Council Plan and Budget 2021/22 highlights a prudent approach to financial management in responding to the pandemic (and other risks) while still managing to provide significant investment in services and capital programs over the 10-year period to deliver on the Council Plan outcomes and vision.
- 2.5 The integrated Council Plan 2021-31 sets a 10-year direction for the City, with a four-year focus on specific actions Council will undertake to work towards achieving this longer-term direction. Each year Council reviews the Council Plan to determine whether the strategies, priorities and measures require adjustment. This year COVID-19 has necessitated pivots in the 2021/22 focus – both from a financial and community focus.
- 2.6 This Budget includes efficiency savings of \$2.3 million. This adds to the \$12.6 million of savings delivered over the four budgets of the previous Council. Cumulative savings since the introduction of rates capping in 2016/17 are more than \$54 million.
- 2.7 Looking ahead, the organisation has committed to a further \$72 million of efficiency savings over the 10-year plan period to help bridge the \$91 million funding challenge presented by the introduction of the 4 stream waste service which council is seeking to fast-track and other cost pressures while keeping rates affordable (as measured by the rates cap). Investments not in the 10-year plan including Elwood Foreshore redevelopment and Fishermans Bend Urban Renewal will add the funding challenge.
- 2.8 In addition to addressing the significant cost pressures within the Victorian Government rates cap, and over \$1.4 million of additional waste levies and contract costs, this Budget also retires our \$7.5 million debt. The 10-year financial plan forecasts \$437 million of capital expenditure over the next 10-years includes \$36.8 million in 2021/22.
- 2.9 The Budget also responds to the climate emergency following Council's declaration of a Climate Emergency in 2019. There is significant and continued investment in environmental sustainability initiatives and advocacy. There is a strong focus on embedding environmental sustainability in our city strategy and design, asset management, procurement, project management, and investment policies and practices. Further details on Council's investment for 2021/22 is outlined in **Attachment 4**.
- 2.10 Council has also declared an Economic Emergency in 2020. Council plays an active role in supporting local businesses, local community organisations, ratepayers and residents. Further details on Council's investment in 2021/22 is outlined in **Attachment 5**.
- 2.11 Port Phillip prides itself on its reputation as one of Melbourne's cultural and creative hubs. We received a significant number of community submissions relating to creative arts. Full details relating to our investment for the arts, culture and creativity in 2021/22 is outlined in **Attachment 6**.



### Further Updates to the draft Budget 2021/22

- 2.12 Since the release of the draft Budget 2021/22, officers have factored in the following changes to a range of budget items to reflect new and better information:
- 2.12.1 A \$2.6 million improvement to our 2020/21 forecast year end results, due to staff cost savings from staff vacancies and services impacted by COVID-19 (e.g. childcare), lower staff training expenditure, lower building maintenance expenditure, lower doubtful debts for parking, financial improvements at South Melbourne Market, and Street Occupation income greater than budget (this item not impacted by COVID-19).
  - 2.12.2 Officers have included a further \$0.235 million of targeted COVID-19 economic and social support package consistent with previous support for Council to endorse. This builds onto the \$2.8 million COVID-19 package in 2019/20 and \$7.58 million in 2020/21. This is to be funded from 2020/21 surplus.
  - 2.12.3 Budget updates including the Statutory Fines set by the Victorian government to increase by 10% in 2021/22 which is likely to increase Council budget by \$1.09 million and \$0.04 million lower rates income due to finalised property valuation 2021.
  - 2.12.4 \$6.6 million of project investment phasing changes based on deliverability assessment including deferrals from 2020/21.
  - 2.12.5 Council agreed initiatives including \$0.036 million for first year of Rainbow Local Government Implementation and \$0.055 million for Statutory notification and potential ground lease of Jackson St Carpark in St Kilda.
  - 2.12.6 Additional cost pressures in 2021/22 of around \$0.29 million including additional \$0.07 million associated with extending rates deferment, additional resource (\$0.12 million) to improve project delivery with one construction procurement specialist to establish a range of capital works panels to streamline procurement while ensuring competitive rates, and additional \$0.10 million provision for increased recycling contamination.
  - 2.12.7 Two new fees to allow Council to trial a new permit type to allow community members to install electric vehicle chargers on Council land connected to their property's electricity supply. The trial would allow Council to issue up to five properties in the first year. Trial parameters will be developed to assess success of the trial after 12 months. Note the inclusion of the fees in the budget does not mean that Council has authorised this activity at this point in time. This authorisation will be subject of a separate report to Council at the earliest possible opportunity to consider. Listing the fees in the budget at this point is a procedural matter which enables the Council to charge them if they



wishto proceed with a trial at some later point following a separate report and decision on the matter.

- Trial Electric Vehicle Charging Station application fee - \$124
- Trial Electric Vehicle Charging Station permit fee - \$100

2.13 Adjusting for the financial changes above and consideration of submissions, officers are proposing to include in the Budget 2021/22:

- 2.13.1 Extend 1-year support for Arts Organisations who are currently in receipt of triennial funding given COVID impact on arts sector at a cost of \$180,000. Include triennial funding ongoing based on a periodic competitive process. Notes that a further report will be brought into Council regarding the criteria and grant assessment process at some point in the future.
- 2.13.2 Continuing the Food Organic Green Organic service for Elwood for two financial years at an estimate cost of \$105,000 including 0.5 FTE in 2021/22 (total \$225,000 over two years).

#### **Proposed Budget 2021/22 summary**

2.14 The proposed Budget for 2021/22 includes:

- 2.14.1 A rate increase of 1.5 percent, which is equivalent to the rates cap set by the Victorian Government, with this incremental revenue to be used towards:
- Funding the significant above rates cap increases in waste management and recycling costs and other above CPI cost increases; and
  - Retiring our \$7.5 million debt.
- 2.14.2 Project investment of \$53.8 million to maintain, grow and improve services and infrastructure including \$36.7 million of capital investment in our \$3.2 billion worth of community assets including roads, footpaths, drains and stormwater pipes, parks and foreshore, sport fields and facilities, and community facilities.
- 2.14.3 No debt – some finance lease liabilities will remain as part of our financing strategy.
- 2.14.4 Cash reserves for operational needs including staff leave and contingency of \$29.1 million.
- 2.14.5 Efficiency savings of \$2.3 million including \$1.1 million from the Customer Experience Program. This adds to \$12.6 million of savings delivered over the four budgets of the previous Council. Cumulative savings since the introduction of rates capping in 2016/17 are more than \$54 million.



- 2.14.6 Continues to offer an additional rebate to pensioners who hold an eligible pensioner concession card. The maximum Council pensioner rate rebate has been increased from \$175 to \$178 for 2020/21. Port Phillip is one of the few councils in Victoria to offer this support in addition to State Government rebates for pensioners.
- 2.14.7 Due to the impact of COVID-19 pandemic on our Community, we have extended rates and charges hardship relief to both individuals and businesses providing for interest free payment plans, deferral of rates and one-off waivers in cases of extreme financial hardship. Support options will continue to be included with the annual rate notice and will also be promoted on our website.
- 2.14.8 A cumulative cash surplus of \$4.44 million providing additional contingency for financial risks including COVID-19 recovery. This provides Council at its discretion to consider further targeted support to those in our community impacted by the pandemic the most.
- 2.15 The proposed 10-year Financial Plan includes a rates cap challenge of \$91 million which has been reduced due to the \$2.3 million of efficiency achieved in this budget, \$0.56 million of service reductions and updated changes to Statutory Fines set by the Victorian Government. It is expected that \$72 million of the rates cap challenge will be addressed through efficiency savings and Customer Experience program benefits. The residual \$19 million will need to be addressed through service level reductions and/or a future waste charge.
- 2.16 In the Council Plan, significant investment continues to be projected over the 10- year period on important initiatives to deliver on the Council Plan outcomes and visions.
  - 2.16.1 Integrated Transport Strategy \$34 million
  - 2.16.2 Sustainable Environment Strategy \$44 million
  - 2.16.3 Draft Public Space Strategy - to be finalised; approximately \$51.5million+
  - 2.16.4 Creative and Prosperous City Strategy \$12 million
  - 2.16.5 Service options to be developed for increasing Waste Services including potential Food Organic Green Organic (FOGO) and Glass recycling.

**Property valuation 2021 updates**

- 2.17 The Council Plan and Budget incorporates the 1.5 percent Rate Cap increase prescribed by the Minister for Local Government with oversight from the Essential Services Commission.



- 2.18 This essentially represents the maximum increase for existing ratepayers – importantly it excludes growth in the ratepayer base or put simply the number of new properties that must be serviced by Council.
- 2.19 The total amount of rates revenue is increasing by 3 percent this includes the 1.5 percent for existing ratepayers under the rates cap with the remainder related to growth in the ratepayer base.
- 2.20 Total rates revenue is generated from three classes of land; residential, commercial and industrial. Total Rates Revenue from Residential properties is expected to increase by approximately 4.5 percent as referenced on page 103 of **Attachment 2**.
- 2.21 The 4.5 percent increase in Rates Revenue from Residential Properties includes the additional 1,253 new residential properties registered in the current financial year, which Council will provide services to.
- 2.22 It is important to note that rate increase or decrease for individual ratepayers will be directly linked to the value of their property as valued by the Victorian Valuer General as at 1 January 2021 as a proportion of the valuation of all properties in the Municipality.
- 2.23 The revaluation does not impact the overall quantum of rates collected by the Council – only the distribution of rates between individual ratepayers.
- 2.24 The January 2021 revaluation has seen an average decrease of -0.9 percent for the municipality. In contrast, between 2019 to 2020 this was an increase of 1.6 percent.
- 2.25 Generally, residential property valuation changes (increase 0.02 percent average) in 2021 were greater than non-residential properties (decrease 5.24 percent average). The major reasons for this change include a rebounding residential market post COVID, further weakening retail market, changing demands for office space and a lower volume of commercial redevelopment sales.
- 2.26 If your property value:
- 2.26.1 Decreased by more than the average decrease of -0.9 percent, you will get a lower than the 1.5 percent rates cap increase – possibly a rates reduction.
  - 2.26.2 Decreased by less than the average decrease of -0.9 percent, you will get a higher rate increase than the rates cap.
- 2.27 We have extended rates and charges hardship relief to both individuals and businesses providing for interest free payment plans, deferral of rates and/or one-off waivers in cases of extreme financial hardship.



### 3. RECOMMENDATION

That Council:

#### SECTION 1

- 3.1 Notes the forecast financial improvement of \$2.60 million which brings the forecast cumulative cash surplus to \$5.03 million for 2020/21.
- 3.2 Notes and endorses a 1.5 percent average rate increase for 2021/22 in line with the rates cap set by the Victorian Government.

#### SECTION 2

- 3.3 Approves \$0.56 million of services reductions in the budget including:
  - 3.3.1 Reducing Sport Phillip & Community programs \$107,000
  - 3.3.2 Cease free access to Ripponlea Gardens \$50,000
  - 3.3.3 Change to a booking system for access to Community Transport service \$123,000
  - 3.3.4 Cease funding deed – Neighbourhood Ngargees \$11,000
  - 3.3.5 Reduce Quality Subsidy for Community Managed Child Care from 5% to 4% \$141,000
  - 3.3.6 Changes to Arts Programs \$56,000
  - 3.3.7 Design Awards to be online only (one-year trial) \$10,000
  - 3.3.8 Remove Counter Service at South Melbourne Town Hall – to be reviewed post building works \$50,000
  - 3.3.9 Reduce budget for Ride2School Day, Healthy Tracks, Ride2Work, Festival of Everyday Riding programs \$15,000

#### SECTION 3

- 3.4 Approves a one-off spend on an economic and cultural recovery package to be funded from 2020/21 cash surplus for:
  - 3.4.1 Rental Deferral and Waivers - South Melbourne Market (Only above \$250k p.a. turnover given state gov assistance of \$2,500) for 2 weeks at an estimated cost of \$92,000.
  - 3.4.2 Waivers of Rent for Tenants in Council Properties (including Artist studios) (excluding Palais which is already receiving support) for 2 weeks at an estimated cost of \$118,000.
  - 3.4.3 Esplanade Market fee reduction for two weekends at an estimated cost of \$9,600.



- 3.4.4 Homework Club program extension to address waiting list for Public Housing Estate residents and increase resilience to barriers to learning with home schooling at a cost of \$15,000.

#### SECTION 4

- 3.5 Having considered all the submissions received and those heard at the Special Meeting of 8 June 2021, agrees to include in the Budget 2021/22 the following:
  - 3.5.1 Extend 1-year support for Arts Organisations with triennial funding ceasing, given COVID impact on arts sector, at a cost of \$180,000 and include Triennial funding ongoing based on a competitive process and notes that a further report will be brought into a future Council meeting regarding the criteria and grant assessment process.
  - 3.5.2 Continuing the Food Organic Green Organic recycling trial for Elwood for another two financial years at an estimated cost of \$105,000 including 0.5 FTE in 2021/22 (total \$225,000 over two years).

#### SECTION 5

- 3.6 Notes the financial changes identified and incorporated into Budget 2021/22 in **Attachment 7** of this report.
- 3.7 Notes the community engagement findings summarised in Section 5.
- 3.8 Adopts the Council Plan 2021-31, which includes the (10-year) Financial Plan, the Revenue and Rating Plan, the Budget 2021/22 and the 10-year community vision as set out in **Attachments 1-3**.
- 3.9 Notes that the Council Plan 2021-31 replaces the current Council Plan 2017-2027, endorsed by Council on 19 August 2020.
- 3.10 Delegates authority to the CEO to reflect any changes made by Council at tonight's meeting, which are not reflected in Attachments 1-3, to make minor typographical corrections or changes to images before final publication and to make editorial changes to the Plan that reflect any changed obligations to Council required by state government agencies.
- 3.11 Responds in writing to those that have made formal written submissions, to advise them of the outcome of Council's decision.

#### SECTION 6

- 3.12 Declares rates and charges for Budget 2021/22 as required by Section 94 of the Local Government Act for the following:
  - 3.12.1 An amount of \$135,720,349 to be raised by general rates and service charges for the period 1 July 2021 to 30 June 2022.





- 3.12.2 A uniform general rate in the dollar of 3.8181 cents in the dollar on the 2021 Net Annual Value of all rateable properties within the municipality.
- 3.12.3 An annual garbage charge of \$362 per tenement on all non-rateable properties that receive waste management services from the City of Port Phillip.
- 3.12.4 An annual garbage bin surcharge of \$201 for tenements that are provided with a 240-litre bin for the collection of non-recyclable waste.
- 3.12.5 The properties on **Attachment 8** to be “Recreational Lands” and that the level of charges for these properties be set in accordance with percentages of the general rate also shown in this attachment.
- 3.12.6 Grants a rebate equivalent to half the general rate for the elderly persons flats as outlined in **Attachment 9**, in accordance with the agreement between Council and the Ministry of Housing.
- 3.12.7 Subject to the consent of the Minister for Local Government, treats any person(s) who has been excused the prescribed amount of the general rate for the year ending 30 June 2021 in accordance with the State Concessions Act 2004 as being similarly eligible for 2021/22.
- 3.12.8 Grants a Council rebate of \$178 (maximum) to those persons who satisfy eligibility requirements noting that the total value of the combined State Government rebate of approximately \$241 (maximum) and Council rebate will not exceed 50% of the general rate payable for the financial year.
- 3.12.9 Adopts the penalty interest rate in accordance with the Penalty Interest Rates Act 1983 at the prescribed rate (10%) as at 1 July 2021 fixed by the Governor in Council for general rates and charges that remain unpaid after the payment dates prescribed by the Governor in Council.
- 3.12.1 Notes ratepayers who have been assessed as being in financial hardship, due to the COVID19 Pandemic, will be eligible for interest free payment plans and deferment, and/or waiver up to \$1000 in conjunction with Council’s revised Rates and Charges Financial Hardship Policy.
- 3.12.2 Confirms the previously declared special rate schemes for 2021/22:
  - Port Melbourne Business Precinct for Marketing, Management and Business Development to the Maximum of \$260,000.
  - Fitzroy Street and Environs Business Precinct for Marketing, Management and Business Development to the Maximum of \$216,700
  - Acland Street Village Business Precinct for Marketing, Management and Business Development to the Maximum of \$195,000
- 3.12.3 Adopts the following payment dates and due dates:

Payment Type Description	Due Date	Interest from
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Full payment	15 Feb, 2022	Same as instalments
1 <sup>st</sup> Instalment	30 Sept, 2021	1 October, 2021
2 <sup>nd</sup> Instalment	30 Nov, 2021	1 December 2021
3 <sup>rd</sup> Instalment	28 Feb, 2022	1 March, 2022
4 <sup>th</sup> Instalment	31 May, 2022	1 June, 2022

3.12.4 Authorises the Coordinator Revenue and Valuations to collect all rates and charges and the Fire Services Property Levy.

#### 4. KEY POINTS/ISSUES

##### The updated Council Plan including the draft Budget 2021/22

- 4.1 Council endorsed the Council Plan 2021-31 including the draft Budget 2021/22 document on 21 April 2021 for public consultation.
- 4.2 The draft document was updated to reflect changes required to respond to our operating environment. Applying the principles and budget parameters set within the 10-Year Financial Outlook that were first considered by Council in August 2020, it included a balanced draft Budget 2021/22 that addresses the rates capping challenge and responds to a significant financial impact and risks associated with COVID-19 pandemic and other risks such as the impact of the Recycling Victoria policy on waste services.
- 4.3 The Council Plan is supported by a financial strategy which provides clear direction on the allocation, management and use of financial resources. It aims to ensure that Council remains financially sustainable while maintaining assets and services, responding to growth, and delivering on priorities.
- 4.4 The financial strategy is embedded in a 10-year Financial Plan and forms part of the updated Council Plan. It sets the parameters within which Council agrees to operate to maintain acceptable financial outcomes over the short, medium and long term.
- 4.5 Key highlights of the consulted draft Budget 2021/22:
  - 4.5.1 A rate increase of 1.5 percent, which is equivalent to the rates cap set by the Victorian Government, with additional this incremental revenue to be used to:
    - fund the significant above rates cap increases in waste management and recycling costs and other above CPI cost increases; and
    - retire our \$7.5 million debt.
  - 4.5.2 A general increase in fees and charges of 1.75 percent, which is consistent with our financial strategy, unless it makes sense to vary, and to provide targeted support to those who need it most.



- 4.5.3 Efficiency savings of \$2.3 million, including \$1.1million from the Customer Experience Program. This adds to \$12.6 million of savings delivered over the four budgets of the previous Council. Cumulative savings since the introduction of rates capping in 2016/17 are more than \$54 million.
  - 4.5.4 No debt - some finance lease liabilities will remain as part of our financing strategy.
  - 4.5.5 Cash reserves for operational needs including staff leave and contingency of \$26.2 million.
  - 4.5.6 Project investment of \$55.5 million to maintain, grow and improve services and assets.
  - 4.5.7 A cash surplus of \$1.62 million providing additional contingency for likely enterprise financial risks particularly as this is the first budget post COVID-19 pandemic.
- 4.6 It also included \$0.56 million of service reductions.

**Financial changes to the Budget 2021/22 since public consultation**

- 4.7 Since the release of the draft Budget 2020/21, officers have factored in the following changes to a range of budget items to reflect new and better information on:
  - 4.7.1 A \$2.6 million improvement to our 2020/21 forecast year end results, due to staff cost savings from staff vacancies and services impacted by COVID-19 (e.g. childcare), lower staff training expenditure, lower building maintenance expenditure, lower doubtful debts for parking, financial improvements at South Melbourne Market, and Street Occupation income greater than budget (this item not impacted by COVID-19).
  - 4.7.2 Officers have included a further \$0.235 million of targeted COVID-19 economic and social support package consistent with previous support for Council to endorse. This builds onto the \$2.8 million COVID-19 package in 2019/20 and
  - 4.7.3 \$7.58 million in 2020/21. This is to be funded from 2020/21 surplus.
  - 4.7.4 Budget updates including the Statutory Fines set by the Victorian government to increase by 10% in 2021/22 which is likely to increase Council budget by \$1.09 million.
  - 4.7.5 \$6.61 million of project investment phasing changes based on deliverability assessment including deferrals from 2020/21.



- 4.7.6 Council agreed initiatives including \$0.036 million for first year implement of Rainbow Local Government Implementation and \$0.055 million for Statutory notification and potential ground lease of Jackson St Carpark in St Kilda.
- 4.7.7 Additional cost pressures in 2021/22 of around \$0.33 million including additional
- 4.7.8 \$0.07 million associated with extending rates deferment, additional resource (\$0.12 million) to improve project delivery with one construction procurement specialist to establish a range of capital works panels to streamline procurement while ensuring competitive rates, and additional \$0.10 million provision for increased recycling contamination.
- 4.7.9 Two new fees introduced to allow Council to trial a new permit type to allow community members to install electric vehicle chargers on Council land connected to their property's electricity supply. The trial would allow Council to issue up to five properties in the first year. Trial parameters will be developed to assess success of the trial after 12 months. Note the inclusion of the fees in the budget does not mean that Council has authorised this activity at this point in time. This authorisation will be subject of a separate report to Council at the earliest possible opportunity to consider. Listing the fees in the budget at this point is a procedural matter which enables the Council to charge them if they wish to proceed with a trial at some later point following a separate report and decision on the matter:
- Trial Electric Vehicle Charging Station application fee - \$124
  - Trial Electric Vehicle Charging Station permit fee - \$100
- 4.8 Adjusting for the financial changes above and consideration of submissions, officers are proposing to include in the Budget 2021/22:
- 4.8.1 Extend 1-year support for Arts Organisations who are currently in receipt of triennial funding given COVID impact on arts sector at a cost of \$180,000. Include triennial funding ongoing based on a periodic competitive process. Notes that a further report will be brought into Council regarding the criteria and grant assessment process at some point in the future.
- 4.8.2 Bringing forward the Food Organic Green Organic service for Elwood for two financial years at an estimate cost of \$105,000 including 0.5 FTE in 2021/22 (total \$225,000 over two financial years).

#### **Updated overall Budget 2021/22 financial position**

- 4.9 The impact of all the proposed changes above is that the cumulative cash surplus will be \$4.44 million.
- 4.10 As outlined in the Financial Strategy in this report, the Plan operates within the rates cap, maintains financial sustainability and an overall low financial sustainable risk rating

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as measured by the VAGO Financial Sustainability Indicators, whilst investing in essential assets and services.

4.11 The updated financial sustainability table is as follows:

Indicator	Indicator Targets	Forecast Projections										
		2020/21	2021/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Net Result %	Greater than 0%	(1.3%)	4.6%	6.1%	2.8%	4.2%	5.7%	5.3%	4.9%	4.6%	4.3%	4.0%
Adjusted underlying result	Greater than 5%	(5.2%)	(1.4%)	0.5%	(0.8%)	(0.1%)	1.0%	1.2%	0.9%	1.3%	1.1%	0.8%
Working Capital	Working Capital Ratio >100%	284%	332%	308%	291%	299%	314%	328%	336%	341%	345%	346%
Internal Financing	Net cashflow from operations to net capital expenditure >100%	275%	129%	88%	93%	121%	128%	129%	120%	118%	115%	112%
Indebtedness	Indebtedness ratio <40%	2.1%	2.0%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.8%	1.8%	1.9%
Capital Replacement	Capital to depreciation >150%	74%	161%	227%	175%	155%	150%	150%	150%	150%	150%	150%
Infrastructure Renewal Gap	Renewal & upgrade to depreciation >100%	69%	144%	198%	150%	139%	127%	127%	127%	128%	128%	128%
Overall Financial Sustainable Risk Rating		Med	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low

4.12 The proposed Budget for 2021/22 includes:

4.12.1 A rate increase of 1.5 percent, which is equivalent to the rates cap set by the Victorian Government, with this incremental revenue to be used to:

- Fund the significant above rates cap increases in waste management and recycling costs and other above CPI cost increases; and
- retire our \$7.5 million debt.

4.12.2 Project investment of \$53.8 million to maintain, grow and improve services and infrastructure including \$36.7 million of capital investment in our \$3.2 billion worth of community assets including roads, footpaths, drains and stormwater pipes, parks and foreshore, sport fields and facilities, and community facilities.

4.12.3 No debt – some finance lease liabilities will remain as part of our financing strategy.

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4.12.6 Continues to offer an additional rebate to pensioners who hold an eligible pensioner concession card. The maximum Council pensioner rate rebate has been increased from \$175 to \$178 for 2020/21. Port Phillip is one of the few councils in Victoria to offer this support in addition to State Government rebates for pensioners.



- 4.12.7 Due to the impact of COVID-19 pandemic on our Community, we have extended Rates and charges Hardship relief to both individuals and businesses providing for interest free payment plans and deferral of rates. Support options will be included with the annual rate notice and will also be promoted on our website.
- 4.12.8 A cumulative cash surplus of \$4.44 million providing additional contingency for financial risks including COVID-19 recovery. This provides Council at its discretion to consider further one-off targeted support to those in our community impacted by the pandemic the most.
- 4.13 The proposed 10-year Financial Plan includes a rates cap challenge of \$91 million which has been reduced due to the \$2.3 million of efficiency achieved in this budget, \$0.56 million of service reductions and updated changes to Statutory Fines set by the Victorian Government. It is expected that \$72 million of the rates cap challenge will be addressed through efficiency savings and Customer Experience program benefits. The residual \$19 million will need to be addressed through service level reductions and/or a future waste charge.
- 4.14 Resource implications of the proposed adjustments to the Council Plan have been represented in the 10-Year Financial Plan and Budget 2021/22.

#### **Changes to the Council Plan document**

- 4.15 Following engagement with the community, some changes that have been made to the Council plan. Changes include:
- 4.15.1 The community Vision has been updated to capture the importance of social cohesion and the role intercultural understanding has in building and sustaining social cohesion.
- 4.15.2 To facilitate and advocate for Albert Park Reserve has been included under the strategic direction of Inclusive Port Phillip.
- 4.15.3 Content has been updated in 'Our City, Our People' to include a stronger emphasis on multiculturalism.
- 4.15.4 Content under 'Our Challenges - Climate change and the Environment' section has been made to reflect our commitment to responding to the climate emergency.
- 4.15.5 Under the strategic direction of Sustainable Port Phillip, we have adapted the language to reflect our commitment to a sustainable future with an environmentally aware and active community, that includes a bayside city that is greener, cooler, cleaner and climate resilient.
- 4.15.6 We have included a new charge relating to Electric Vehicle charging station permits. Note the inclusion of the fees in the budget does not mean that Council has authorised this activity at this point in time. This authorisation will be subject of a separate report to Council at the earliest possible opportunity to consider. Listing the fees in the budget at this point is a procedural matter



which enables the Council to charge them if they wish to proceed with a trial at some later point following a separate report and decision on the matter.

- 4.15.7 Details on our commitment towards the Economic and Climate Emergency have been included.
- 4.15.8 Both City and Council Indicators for each Strategic Direction now include past data and targets. There has also been modest change with a few indicators.
- 4.15.9 A financial summary has been included in Volume 1 of the Council Plan.
- 4.15.10 Further information relating to our services has been provided. Information includes details on the activities of each service, some metrics, costs associated with the delivery of each service and any major contracts or leases.
- 4.15.11 Officers will further update the Council Plan document for any other decisions made by Council to the Budget 2021/22 at the 23 June 2021 Council meeting.

## **5. CONSULTATION AND STAKEHOLDERS**

- 5.1 An engagement program to inform development of the draft Plan was developed and delivered in accordance with the Local Government Act 2020, which requires Victorian councils to develop and maintain a Community Vision, Council Plan, Financial Plan and Asset Plan through deliberative engagement practices outlined in its Community Engagement Policy.
- 5.2 The City of Port Phillip's Community Engagement Policy describes deliberative engagement as 'an engagement process that enables individuals to draw on collective wisdom and expert advice to work through issues and explore potential solutions together to reach a shared recommendation. Deliberative engagement can be scaled to a project depending on factors such as community impact, interest, complexity and polarised views.'
- 5.3 As part of its engagement approach to inform development of the Council Plan and Community Vision, Council delivered a deliberative community workshop program in February 2021.
- 5.4 Outputs from the deliberative workshop activities were presented to Councillors in a dedicated workshop on 20 March 2021 to inform development of the draft plan.
- 5.5 On 21 April 2021 Council resolved to release the Draft Council Plan 2021-2031 inclusive of the Municipal Health and Wellbeing Plan, the draft (10 year) Financial Plan, the draft Revenue and Rating Plan, the draft Budget 2021/22, and 10-year Community Vision for community consultation.
- 5.6 Community consultation occurred from 23 April to 23 May 2021. Feedback was sought on the draft Community Vision, as well as several proposed service level changes.
- 5.7 The consultation program included an online survey and submission form on our HYS website, seven neighbourhood-based pop-up engagement sessions. Additionally,



officers facilitated discussions with Council’s Multicultural Advisory Committee, Older People’s Consultative Committee and Youth Advisory Group.

- 5.8 The consultation was promoted to our community via Council’s website and Have Your Say (HYS) page, as well as through social media and various stakeholder databases and community newsletters.
- 5.9 Officers also had conversations with community members and captured feedback through a series of seven neighbourhood-based pop-up sessions throughout the month of May 2021.
- 5.10 376 survey responses and 553 submissions were received. The Community Engagement Findings report and a summary of the responses and all redacted submissions are available [here](#), listed under the Special Council Meeting (Hearing of Budget Submissions) 8-June-2021.
- 5.11 As a result of hearing from the community, several changes have been made to the Council Plan and Budget. Most of these changes have been outlined above. The exception being:
  - A modest request to increase funding to Toy Libraries has been met.
  - There was a miscommunication regarding the Port Phillip Urban Fresh Food Network (PPUFFN). Officers have reviewed the budget and funding for this program is included in the budget for 2021/22.
- 5.12 We thank our community for supporting and contributing to the development of the Council Plan and Budget.

## **6. LEGAL AND RISK IMPLICATIONS**

- 6.1 The Local Government Act 2020 requires all Victorian councils to prepare and adopt an annual budget and Revenue and Rating plan by 30 June 2021. The requirement to develop a 10+ year Community Vision, a 4-year Council Plan, 10+ year Financial Plan and prepare a 4+ year Municipal Health and Wellbeing Plan does not need to occur until later in the year in October.
- 6.2 Under the Public Health and Wellbeing Act 2008 Council is also required to prepare a Municipal Health and Wellbeing Plan within 12 months of an election.
  - 6.2.1 Section 27 of the Public Health and Wellbeing Act provides an option for the Municipal Public Health and Wellbeing Plan to be incorporated into a Council Plan or Strategic Plan subject to an exemption being granted by the Secretary of the Department of Health.
  - 6.2.2 The Municipal Health and Wellbeing Plan must:
    - 1) Examine data about health status and the health determinants





in the municipal district.

- 2) Identify goals and strategies based on available evidence for creating a local community in which people can achieve maximum health and wellbeing.
- 3) Specify measures to prevent family violence and respond to the needs of victims of family violence in the local community.
- 4) Have regard to the state health and wellbeing plan.
- 5) Specify how the council will work in partnership with the Department and other agencies undertaking public health initiatives, projects and programs to accomplish the goals and strategies identified in the public health and wellbeing plan.

6.2.3 The Climate Change Act 2020 also requires Council to consider the impacts of climate change in their Health and Wellbeing Plan.

6.2.4 In May 2021 officers were advised by the Deputy Secretary Public Health that Council has received an exemption from preparing a standalone health and wellbeing plan because the draft City of Port Phillip Council Plan 2021-31 volume 1 and the City of Port Phillip Health Profiles 2020 adequately addresses the matters specified in section 26(2) of the Public Health and Wellbeing Act 2008.

6.2.5 The financial and non-financial tables supporting the Budget 2021/22 and Financial Plan have been prepared in accordance with regulations laid down by the Local Government (Planning and Reporting) Regulations 2020.

## 7. FINANCIAL IMPACT

7.1 Direction 5 of the Plan “Well Governed” highlights the importance ‘a *financial sustainable, high performing and community focused organisation*’ to underpin delivery of the direction and outcomes defined in the Plan.

7.2 The Council Plan including the 10-year Financial Plan and Budget 2021/22 operates within the rates cap, maintains financial sustainability, while investing in essential assets and services.

7.3 Officers use the Victorian Auditor General’s financial sustainability indicators to monitor Council’s financial sustainability. Council’s financial strategy is designed to ensure an overall low risk rating over the period of the plan unless Council can demonstrate it is prudent not to (i.e. for one-off abnormal transactions that do not have an enduring impact). As demonstrated in the table below, officers forecast that Council will achieve an overall risk rating of low for the 10-year period following 2021/22.

## ORDINARY MEETING OF COUNCIL– 23 JUNE 2021



Indicator	Indicator Targets	Forecast Projections										
		2020/21	2021/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Net Result %	Greater than 0%	(1.3%)	4.6%	6.1%	2.8%	4.2%	5.7%	5.3%	4.9%	4.6%	4.3%	4.0%
Adjusted underlying result	Greater than 5%	(5.2%)	(1.4%)	0.5%	(0.8%)	(0.1%)	1.0%	1.2%	0.9%	1.3%	1.1%	0.8%
Working Capital	Working Capital Ratio >100%	284%	332%	308%	291%	299%	314%	328%	336%	341%	345%	346%
Internal Financing	Net cashflow from operations to net capital expenditure >100%	275%	129%	88%	93%	121%	128%	129%	120%	118%	115%	112%
Indebtedness	Indebtedness ratio <40%	2.1%	2.0%	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.8%	1.8%	1.9%
Capital Replacement	Capital to depreciation >150%	74%	161%	227%	175%	155%	150%	150%	150%	150%	150%	150%
Infrastructure Renewal Gap	Renewal & upgrade to depreciation >100%	69%	144%	198%	150%	139%	127%	127%	127%	128%	128%	128%
Overall Financial Sustainable Risk Rating		Med	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low

### 7.4 Proposed Budget for 2021/22 includes:

- 7.4.1 Project investment of \$53.8 million to maintain, grow and improve services and infrastructure including \$36.7 million of capital investment in our \$3.2 billion worth of community assets including roads, footpaths, drains and stormwater pipes, parks and foreshore, sport fields and facilities, and community facilities.
- 7.4.2 No debt – some finance lease liabilities will remain as part of our financing strategy
- 7.4.3 Cash reserves for operational needs including staff leave and contingency of
- 7.4.4 \$29.1 million.
- 7.4.5 Efficiency savings of \$2.3 million including \$1.1 million from the Customer Experience Program. This adds to \$12.6 million of savings delivered over the four budgets of the previous Council. Cumulative savings since the introduction of rates capping in 2016/17 are more than \$54 million.
- 7.4.6 A cumulative cash surplus of \$4.44 million providing additional contingency for financial risks including COVID-19 recovery.

7.5 Any resource implications of proposed adjustments to the draft Council Plan have been represented in the Financial Plan (10-year) and the proposed Budget 2021/22.

7.6 For details on financial risks, rates assistance, Budget 2021/22 at a glance and fees and charges, please refer to the Council Plan document in **Attachments 1-3**.

## 8. ENVIRONMENTAL IMPACT

- 8.1 The draft Council Plan 2021-31 has a focus on sustainability. Sustainability attention is given in the Community Vision, within the strategic directions, is captured in many initiatives and performance indicators. This focus aims to underpin Councils resolution of calling a climate emergency.



## 9. COMMUNITY IMPACT

- 9.1 Officers have provided advice to Councillors regarding the relevant community impacts of the matters raised by the community consultation and submissions to assist Council's consideration prior to adopting the Council Plan and Budget.

## 10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The new Council Plan 2021-31, when adopted, will replace the current version of the Council Plan 2017-2027.

## 11. IMPLEMENTATION STRATEGY

### 11.1 TIMELINE

- 11.1.1 Following Council's adoption of the Budget 2021/22, the public notice (**Attachment 10**) of the adoption of the Budget will be placed in the Port Phillip Leader before 30 June 2021.
- 11.1.2 A rates brochure will be distributed in conjunction with the issuing of rate notices in September 2021.
- 11.1.3 Officers will provide a final copy of the Council Plan to Department of Health following its adoption by Council.

### 11.2 COMMUNICATION

- 11.2.1 Each person or organisation that has lodged a submission will be notified in writing, thanking them for their submission, advising them of the Council decision and the reasons for that decision
- 11.2.2 The final design presentation for the updated Council Plan 2021-31 document, which includes the Budget 2021/22, will be promoted on Council's website as an interactive document, with hard copies made available at local libraries and service centres
- 11.2.3 Council and the community will continue to receive updates on the Council's financial performance against the Council Plan and Budget through regular CEO reports and the Annual Report.

## 12. OFFICER DIRECT OR INDIRECT INTEREST

- 12.1 No officers involved in the preparation of this report have any material or general interest in the matter.

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## ORDINARY MEETING OF COUNCIL – 23 JUNE 2021



### ATTACHMENTS

1. **Attachment 1 Council Plan 2021-2031 and Budget 202122  
Volume One**
2. **Attachment 2 Council Plan 2021-2031 and Budget 202122  
Volume Two**
3. **Attachment 3 Council Plan 2021-2031 and Budget 202122  
Volume Three**
4. **Attachment 4 Sustainable Port Phillip 202122**
5. **Attachment 5 Economically Prosperous Port Phillip 202122**
6. **Attachment 6 Vibrant Port Phillip 202122**
7. **Attachment 7 Financial changes incorporated in the Final  
Budget 202122**
8. **Attachment 8 Cultural and Recreational Lands Schedule  
202122**
9. **Attachment 9 Office of Housing Elderly Persons Rating  
Agreement 202122**
10. **Attachment 10 Public Notice Adoption of 202122 Budget**