



COUNCIL PLAN 2017-27 AND BUDGET 2017/18: ADOPTION

LOCATION/ADDRESS:

WHOLE OF MUNICIPALITY

GENERAL MANAGER:

**CHRIS CARROLL, ORGANISATIONAL
PERFORMANCE**

PREPARED BY:

**MELISSA HARRIS, EXECUTIVE MANAGER
SERVICE & BUSINESS IMPROVEMENT**

**DENNIS O'KEEFFE, CHIEF FINANCIAL
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TRIM FILE NO:

16/02/150

ATTACHMENTS:

- 1. Council Plan 2017-27 document including the Budget 2017/18**
- 2. Summary of Council Plan and Budget submissions and proposed recommendations and responses**
- 3. Proposed changes to the exhibition version of the Council Plan 2017-27 including the Budget 2017/18**

PURPOSE

To seek Council's adoption of the Council Plan, which includes the Strategic Resource Plan, the Municipal Health and Wellbeing Plan and the Budget 2017/18.

I. RECOMMENDATIONS

That Council:

- 1.1** Having considered all the submissions received and heard at the Ordinary Meeting of Council on 7 June 2017, make the changes to the Council Plan and Budget 2017-27 as outlined in Attachment 3.
- 1.2** Adopts the final Council Plan 2017-27 (Attachment 1), which includes the Strategic Resource Plan 2017-27, the Municipal Public Health and Wellbeing Plan 2017-21 and Budget 2017/18, pursuant to ss125-127 of the Local Government Act 1989, and s27 of the Public Health and Wellbeing Act 2008.

ORDINARY MEETING OF COUNCIL– 21 JUNE 2017



- 1.3 Responds in writing to those that have made written submissions, to advise them of the outcome of Council's decision as set out in Attachment 2.
- 1.4 Delegates authority to the General Manager Organisational Performance to reflect any changes made by Council at tonight's meeting, which are not reflected in the document in Attachment 1, and to make minor typographical corrections before final publication.
- 1.5 Notes that the adopted document will be sent to the Minister for Local Government before 19 July 2017.

2. BACKGROUND

The Local Government Act 1989 (the Act), requires Council to prepare and approve a four-year Council Plan, supported by a Strategic Resource Plan and an annual Budget, by 30 June in the year after an election. For the first time this year, the Minister for Local Government, the Hon Natalie Hutchins MP advised all Councils in mid-February 2017 that the adoption date for upcoming Council Plan and Budgets 2017/18 had been extended to 31 August 2017. Council opted to continue working to normal financial year timeframes to ensure the delivery of Council's 2017/18 project portfolio and to enable the rates declaration process to occur as normal in June. Council is also required to prepare a Municipal Health and Wellbeing Plan within 12 months of an election, by October 2017.

For the first time, an integrated Council Plan has been prepared, incorporating the Municipal Health and Wellbeing Plan, 10-year Financial Plan, Strategic Resource Plan and annual Budget. The integration of Council's planning, budget and resource allocation process ensures strong alignment between the Council's strategic priorities, and its services, programs and projects.

The draft Plan sets a 10-year direction for the City, with a four-year focus on the specific actions Council will undertake to work towards achieving this direction. This longer term focus is needed to ensure Council can respond to the opportunities and challenges the City faces (including climate change, significant population growth, increasing urban density and legislative changes such as rate capping) in a way that enhances Port Phillip as a place to live, work and visit.

Council released the draft integrated Council Plan at an Ordinary Meeting of Council held on 19 April 2017. This report provides an update on events since the draft Council Plan was released, submissions received and heard and proposed responses to submissions and proposed changes.

3. KEY INFORMATION

3.1 Public consultation process and community submissions

Council released the draft integrated Council Plan at an Ordinary Meeting of Council held on 19 April 2017. This followed a highly participative and successful community engagement, in which over 2,000 pieces of feedback through pop-up engagement events, open house sessions, stakeholder meetings, and an online survey were received.

On 21 April 2017, Council called for public submissions through a public notice in *The Age* newspaper and the plan was made available for inspection at the three town halls and municipal libraries as well as the internet. The public review period ran from Friday 21 April 2017 to the close of business Friday 19 May 2017.

ORDINARY MEETING OF COUNCIL– 21 JUNE 2017



Two public 'drop-in' sessions, where the community could find out more about the Plan, took place at Port Melbourne Town Hall on 6 May and St Kilda Town Hall on 9 May. Additional advertisements were included in the Port Phillip Leader and the Divercity magazine to promote the release of the draft document, the submission period and the 'drop-in' sessions. There was also a direct email to people on the stakeholder database, including all participants in the engagement workshops.

Council received a total of 125 written submissions, including eight late submissions on either the Council Plan and/or Budget from individuals or groups. These submissions were received and Council heard 17 speakers at the Ordinary Meeting of Council on 7 June 2017.

Many of the submissions were generally positive about the Council Plan. Other major themes that came through the submission process include:

- Sustainability matters including community and Council greenhouse gas emissions, waste, Elster Creek catchment and the Port Phillip EcoCentre redevelopment (30 submissions)
- North Port Oval: requesting urgent works on upgrade (25 submissions)
- Funding requests from arts, festival and other community organisations (11 submissions)
- RF Julier Reserve: thanking Council and staff for recent upgrade (11 submissions)
- Transport and parking including walk & bike plans (10 submissions)
- Affordable Housing and homelessness (5 submissions)
- Long day care fees: affordability concerns due to increase in fees (4 submissions)
- Festival and events: concerns on number and allocation of expenditure (3 submissions)
- Fitzroy Street (3 submissions)
- St Kilda Triangle: concerned that there is no mention of development on the site (3 submissions)

A summary of all 125 submissions is included in Attachment 2. The summary also includes recommendations and responses prepared by officers to each submission. Proposed recommendations are categorised into the following:

- Note submission – already included in Council Plan (99 points raised)
- Note submission – no change to the Council Plan (54)
- Note submission – clarification (55)
- Decline request for budget funding in 2017/18 (15)
- Consider for inclusion in the Council Plan or Budget (6)

For most submissions, officers recommend that Council notes the submission as the matter is already covered in the Council Plan or the suggestion is not significant enough to warrant a change.



There are 15 submissions where officers are recommending the Council declines the funding request. This generally relates to arts, festivals and other community organisations. Officers recommend that Council waits for the completion of the Creative and Prosperous City Strategy in 2017/18, which is being finalised in 2017/18 and will include recommendations on multi-year funding priorities for key arts organisations, community organisations and events. There are also a small number of requests to include funding in 2017/18 for Brookes Jetty consultation and North Port Oval.

There are a small number of submissions where officers are recommending changes to the Council Plan which are outlined in Attachments 2 and 3.

3.2 Other proposed changes to the Council Plan and Budget 2017/18

In addition to changes identified through the community submission process, officers are proposing minor changes to the draft Council Plan which are detailed in Attachment 3.

Department of Health & Human Services (DHHS) review of the Health & Wellbeing draft content

By integrating the Municipal Public Health and Wellbeing Plan within the Council Plan, Council sought an exemption from the Secretary of DHHS from the need to develop a separate Health and Wellbeing Plan. Officers recently received preliminary feedback from DHHS on changes required for exemption. In response to the feedback, the *Our Health and Wellbeing, Port Phillip's Health Profile* and *How This Plan Responds To Our Community* chapters have been updated to more effectively communicate the challenges Port Phillip experiences and the ways this plan will respond to health and wellbeing matters.

On 13 June 2017, Council received formal notification from the Secretary of DHHS that the City of Port Phillip had qualified for the exemption.

Review of the sustainability projects for deliverability

Officers advised Council in the 19 April Council report of the intent to review the project portfolio between the draft and final versions of the Council Plan for deliverability, and that any proposed changes to the timing of projects within the draft Council Plan will be reported as part of the adopted version of the Plan.

Following the review, officers are recommending an additional 0.5 FTE over two-years for a fixed-term officer dedicated to advocacy regarding Elster Creek which is included in the final budget.

Errors and omissions previously identified

The Council Plan has been updated to remove minor grammatical errors and omissions.

Better information since the release of the draft document

Officers have reviewed the transformation and major initiatives as well as the strategic direction and priorities under *Strategic Direction 6 – Our Commitment to You* to ensure they can be effectively reported on and cascaded into staff business plans:

- The three strategic outcomes supporting Strategic Direction 6 - *Our Commitment To You* have been consolidated into a single outcome.
- There are now multiple projects supporting the transformations for Transport and Parking, Water Management and Fishermans Bend. A small number of projects identified as major

ORDINARY MEETING OF COUNCIL– 21 JUNE 2017



initiatives in the draft have been removed (Service reviews and improvements and the four precinct management projects) while the Stormwater Management Program has been added.

Updated financial information and deferral of 2016/17 projects

There have been a number of changes since the draft release that impact both the 2016/17 forecast end-year position and the Budget 2017/18. Forecast 2016/17 budget savings and reductions will be used for additional projects in 2017/18 quarantined in a reserve for future funding for asset renewals and projects related to Smart Technology. Council will maintain its strategy to achieve an overall low risk rating as measured against the Victorian Auditor General Office financial sustainability indicators.

Since the draft Plan was released:

- The net position on operating expenditure has improved by \$2.8 million.
- Officers have also forecast additional savings or reduced expenditure on portfolio expenditure by \$5.9 million.
- There have also been a number of financial changes to 2017/18 and outer years to reflect updated financial information on projects and particular costs.
- Material changes to the operating Budget 2017/18 (net worsening by \$1.44 million).
- Portfolio expenditure is proposed to increase by \$1.1 million to reflect better financial information for projects that commenced in 2016/17.
- There have been a number of small number of changes to the 2017/18 fees and charges schedule in the Plan including seasonal (winter) discounted parking fee pricing at Waterfront Place and Station Pier as a result of Paid Parking Review including a reduction in hourly rates from \$5.20 to \$1.80 and a reduction in daily/maximum rate from \$12.60 to \$8.50.

Full details of these changes are in Attachment 3

4. ABOUT THE COUNCIL PLAN AND BUDGET

4.1 The Council Plan

The Council Plan identifies the priorities for the four-year term of this Council, within the context of long term challenges facing the city and a 10-year financial strategy. The Plan is structured to include the following three sections and key chapters:

Section 1: Port Phillip today and tomorrow:

Comprises profiles of 'our city', 'our people' and 'our health and wellbeing', and an overview of seven (7) challenges facing the city (climate change, population growth, urbanisation, transport and parking, legislative and policy influences, economic conditions and the rapid evolution of technology).

Included within this section of the Plan is a 'vision', six (6) 'directions' and 18 'outcomes' which together represent the strategic priorities of the Council:

Direction 1: We embrace difference, and people belong through:

- A safe and active community with strong social connections

ORDINARY MEETING OF COUNCIL– 21 JUNE 2017



- An increase in affordable housing
- Access to services that support the health and wellbeing of our growing community
- Community diversity is valued and celebrated.

Direction 2: We are connected and it's easy to move around through:

- An integrated transport network that connects people and places
- The demand for parking and car travel is moderated as the city grows
- Our streets are designed for people.

Direction 3: We have smart solutions for a sustainable future through:

- A greener, cooler and more liveable City
- A City with lower carbon emissions
- A City that is adapting and resilient to climate change
- A water sensitive City
- A sustained reduction in waste.

Direction 4: We are growing and keeping our character through:

- A liveable, higher density city
- A city of diverse and distinctive neighbourhoods and places.

Direction 5: We thrive by harnessing creativity through:

- A city of dynamic and distinctive retail precincts
- A prosperous city that connects and grows business
- A city where arts, culture and creative expression is part of everyday life.

Direction 6 is expressed as 'Our Commitment to you' and outlines how the organisation will underpin the delivery of Directions 1 through 5, being the outcomes sought for the city and the Port Phillip community. This direction articulates the following outcome:

- A financially sustainable, high performing, well governed organisation that puts the community first.

It also includes 'About this plan' which outlines how the plan was developed and includes details about how the community has helped to shape the directions of the plan.

Section 2: Our neighbourhoods:

This section provides an overview of the City's nine neighbourhoods, describing the people, history, available services and list of local projects to be delivered in 2017/18.

Section 3: Finances and Performance:

This section includes:



- 10-year Financial Plan and financial statements (including the Strategic Resource Plan)
- Performance indicators
- Rates and charges
- Fees and charges

4.2 **Areas of transformational change**

The Council Plan 2017-27 identifies four areas where a sustained and significant effort by Council is required over the next 10 years, to respond to the long term challenges facing the city:

- Transforming transport and parking
- Transforming Fishermans Bend
- Transforming water management
- Transforming waste management

At least one major initiative in 2017/18 is identified to contribute to the relevant transformation.

4.3 **Our Financial Strategy**

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 stays financially sustainable while maintaining assets and services, responding to growth, and delivering on our priorities.

The financial strategy is embedded in the 10-year Financial Plan and throughout this plan. It sets the parameters within which Council agrees to operate to maintain acceptable financial outcomes over the short, medium and long term.

Addressing the rates cap challenge

Over the next 10 years, Council will face many challenges that require strong financial leadership and creative solutions to overcome them. Key among these challenges will be rates capping. Without action, the Financial Plan forecasts a cumulative \$35 million funding gap due to rate capping.

We closely monitor the affordability of services, and recognise ongoing community concerns about the financial impost of rates and the cost of other essential services. As such, we do not currently anticipate the need to apply for a rate increase above the rates cap over the life of the Financial Plan.

We plan to balance the budget and close the rates cap gap by adjusting the following strategic levers.

Delivering efficiency and cost savings

The community's expectations for better value service delivery are of primary concern to Council. Permanent operational savings of \$2.0 million are included in Budget 2017/18. This adds to the \$7.0 million of savings delivered in the last three budgets.

Over the period of the financial plan, we will target the delivery of efficiency savings equivalent to one per cent of operating expenditure (less depreciation) per annum for the first three years and



1.5 per cent per annum thereafter. This is expected to reduce our cost base by a cumulative \$22.5 million over the 10-year period.

Key initiatives to deliver these savings include a service review program to better define service requirements and target support, a commitment to better practice procurement and asset management, the sale of surplus properties, and investment in business process and system improvement.

Appropriate use of borrowings and reserves

Council will consider borrowings for property acquisitions, large capital works or operating projects that provide intergenerational community benefit, and initiatives that deliver sufficient revenue streams to service the debt. Borrowings will not be used to fund ongoing operations.

The financial plan includes refinancing a \$7.5 million loan due to mature in 2021/22 on interest only terms. It is expected that this will release \$5.3 million in cash over the 10-year period while maintaining very low debt levels.

General reserves are maintained at levels sufficient to ensure operational liquidity. Reserves may be built up over time to part-fund large capital works or appropriate operating projects where this is considered more efficient than the use of debt.

The financial plan includes using general reserves as an internal source of borrowing for projects that will benefit future generations such as the Ferrars Street Education and Community Precinct works (\$9.8 million). Council will continue to use open space contributions for investment in parks and foreshore open space assets.

The financial plan also includes a progressive build-up of the Palais Theatre Reserve funded from significantly increased rental returns following the successful leasing process last year to ensure funds are available to maintain the theatre over the long term.

Council's investment in the Pride Centre will be part funded from the Strategic Property Reserve (built up from sale of surplus assets) and general reserves.

Careful management and prioritisation of expenditure

Council undertakes a rigorous and robust budget setting process each year, including a line by line review of operating budgets and proposed projects to ensure alignment with strategic priorities and best value. Performance is monitored closely throughout the year with forecasts updated monthly.

In addition to the disciplined budget setting and expenditure monitoring, the strategy in the financial plan provides \$4.2 million per annum for operating projects. This represents a minor reduction compared to historical expenditure levels, resulting in cumulative savings of \$2.0 million over the 10-year period.

Council's focus on improved asset management sees investment prioritised on assets most in need of intervention. This translates to an increase in spending on buildings, drainage and technology over the 10-year period of the plan, partially offset by reducing road and footpath renewal budgets.



Financial risks

Some of the key financial risks we face include:

- The financial plan assumes rates capping based on the Essential Services Commission (ESC) recommended methodology. Since its introduction, the Minister for Local Government has prescribed rate increases lower than the ESC recommendation. Every 0.1 per cent lower than the ESC methodology equates to a \$119,000 reduction per annum in revenue.
- The financial plan achieves financial sustainability over the next 10 years. Beyond this period, sustainability will be tested particularly if other financial risks materialise.
- A more subdued property development market may result in rates revenue growing at a lower rate than the 1.3 per cent per annum financial plan assumption. Every 0.1 per cent reduction in growth equates to a \$119,000 reduction in revenue.
- Parking revenue, which is our second largest revenue source, is historically volatile and can be impacted by the macro-economic environment. A 1.0 per cent reduction in revenue from parking fees and fines equates to a \$300,000 per annum reduction in revenue.
- There may be a large funding gap between the infrastructure desired in Fishermans Bend and what is able to be funded. A failure to appropriately budget for the costs of running and looking after new assets in Fishermans Bend is also a risk.
- The possibility of a future unfunded defined benefits superannuation call.
- Future reductions in funding from other levels of Government or increases in cost shifting.
- A major, unexpected, asset renewal/upgrade challenge.

Notwithstanding these risks, our sound financial position with low levels of borrowing and healthy reserves balance enable us to respond to these financial risks in the 10-year period if they arise. If necessary, we can also apply to the ESC for an above rates cap increase.

4.4 The Budget 2017/18 at a glance

Operating result

Achieving an operating surplus is a key component of our financial strategy. It provides capacity to renew our \$2.6 billion portfolio of community assets, meet debt repayment obligations, and manage the impact of financial risks materialising.

There are three significant one-off items in 2017/18 totalling \$19.4 million:

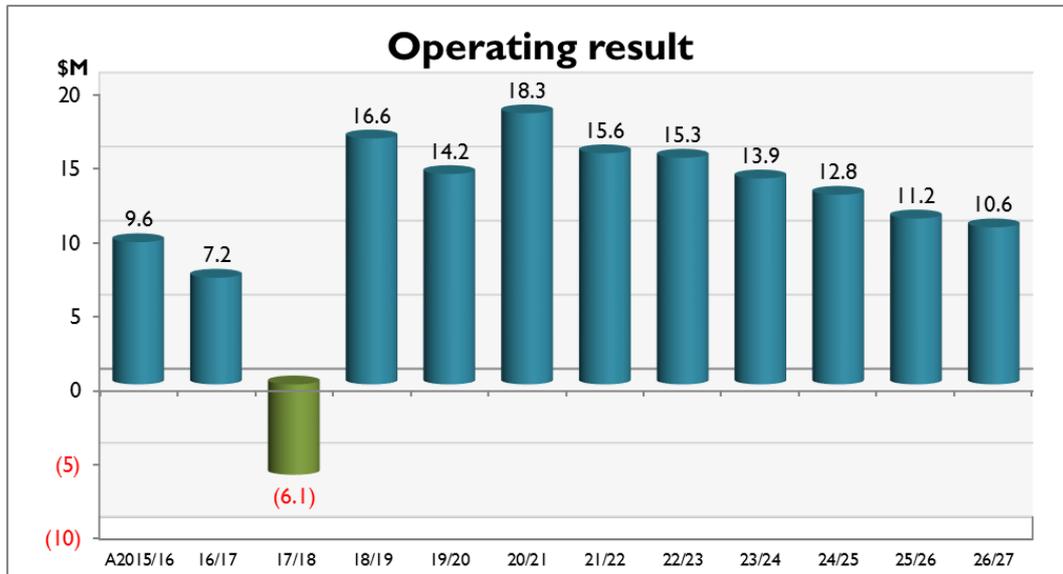
- Pride Centre contributions (cash and property)
- Ferrars Street precinct works
- relinquishing a Committee of Management property of crown land located at 62-74 Pickles Street, South Melbourne.

These items do not detrimentally impact our objective of financial sustainability, as a large component has no cash impact and/or represents reclassification to operations from the capital portfolio. If the result is adjusted for these items, we would achieve an operating surplus of \$13.3 million.

ORDINARY MEETING OF COUNCIL- 21 JUNE 2017

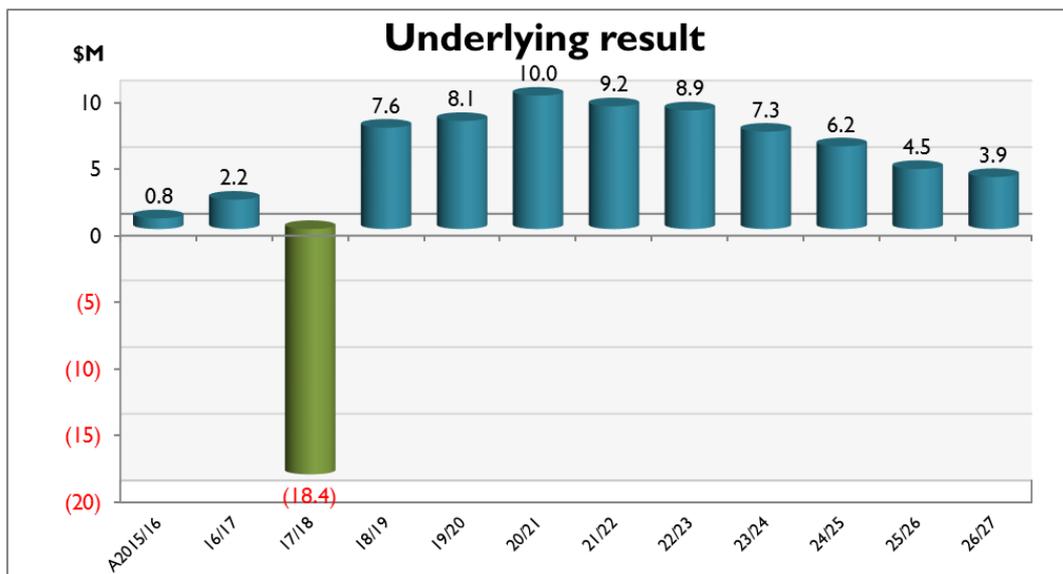


The decline in operating surplus in the outer years is primarily the impact of the projected 3.8 per cent per annum increase in depreciation expense, the result of our commitment to invest in new and upgraded capital assets over the financial plan.



Underlying result

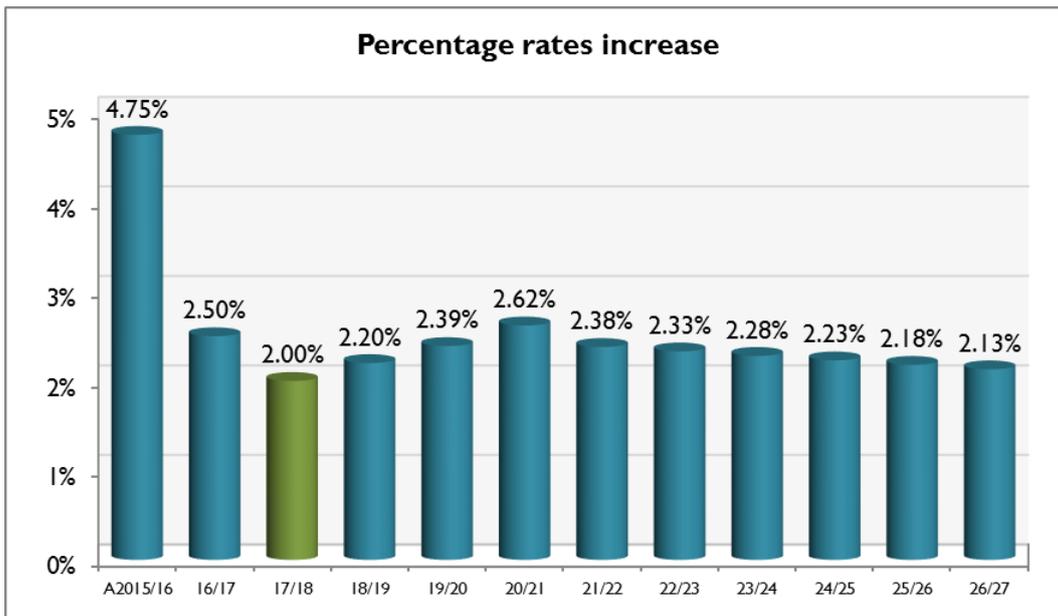
The adjusted underlying result excludes capital related revenue (grants and open space contributions). Reasons for the movement in the underlying result are consistent with the operating result.





Rates – percentage increase

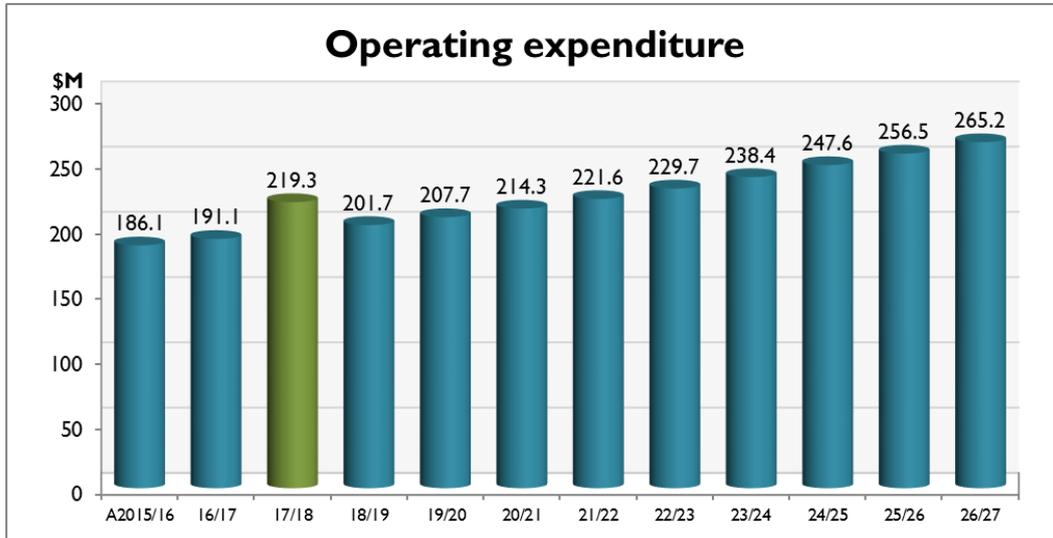
Budget 2017/18, which funds a \$42.5 million capital program and maintains existing service levels, includes a 2.0 per cent rates increase, consistent with the Victorian Government cap. This has been achieved through a continued strong focus on prudent financial management, careful prioritisation and commitment to productivity and efficiency (\$9 million identified over the last four budgets). Future rates increases are based on forward projections of inflation and the ESC methodology for setting the rates cap.



Operating expenditure

The \$28.2 million increase in operating expenditure in 2017/18 has been impacted by increases in non-cash depreciation expenses of \$3.2 million, a \$5.3 million provision for Ferrars Street Education and Community Precinct works, one-off cash and property contributions of \$10.5 million for the Pride Centre, and a non-cash asset write-off of \$3.6 million for the relinquished Committee of Management property of crown land located at 62-74 Pickles Street, South Melbourne. If these items are removed, the 2017/18 adjusted operating expenditure is \$196.7 million, a \$5.6 million or 2.9 per cent increase compared to 2016/17.

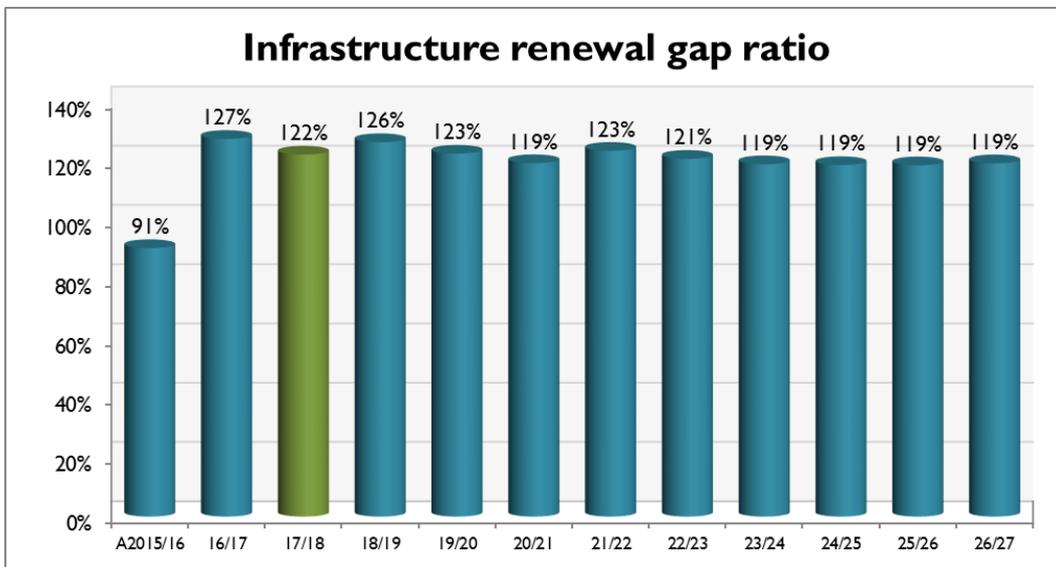
The small but steady growth in operating expenditure in future years is largely driven by inflation (around 2-2.3 per cent per annum), service demand increases associated with population growth (around 1.3 per cent per annum), and the operating expenditure impact of new and improved assets (for example depreciation increase of 3.8 per cent per annum). This is partially offset by our commitment to efficiency and cost savings (1.0-1.5 per cent per annum).



Infrastructure renewal gap

This graph shows the asset renewal and upgrade budget over the financial plan compared to depreciation.

The forecast in 2016/17 includes a significant one-off contribution towards the Palais Theatre restoration. Over the 10-year period, we intend to stay above 100 per cent, which shows our commitment to maintaining and upgrading our existing assets.

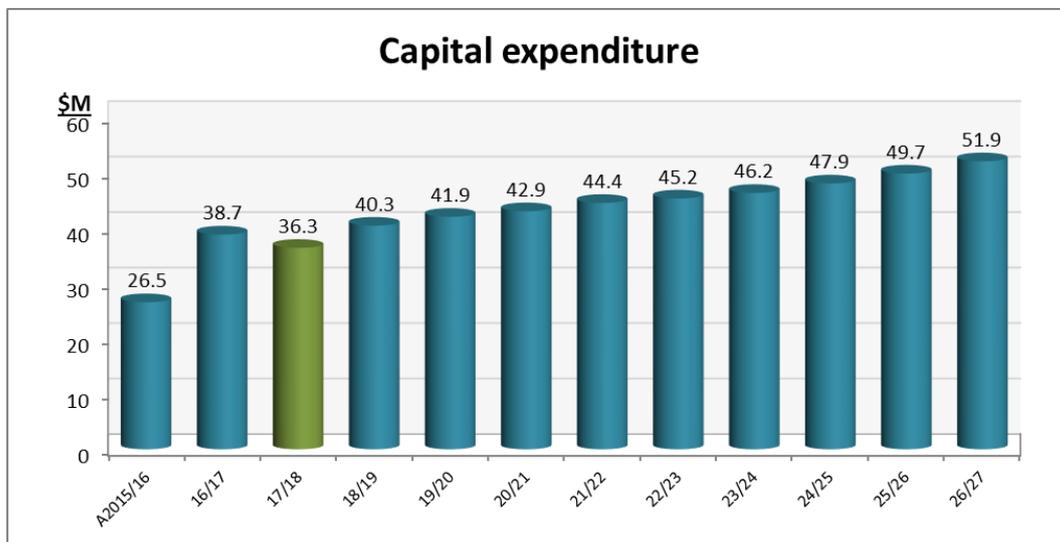




Capital expenditure

Capital works expenditure in 2017/18 is expected to be \$36.3 million, out of a total \$42.5 million capital program. The \$6.2 million gap represents the component of the capital program budget expected to be treated as operating expenditure, such as community engagement and feasibility studies.

Over the period of the financial plan, we provide for appropriate levels of capital expenditure to ensure existing assets are maintained and improved, while investing in growth driven assets. Over the 10-year period, we plan for our total capital expenditure to be greater than 150 per cent of depreciation expenditure.



Council staff

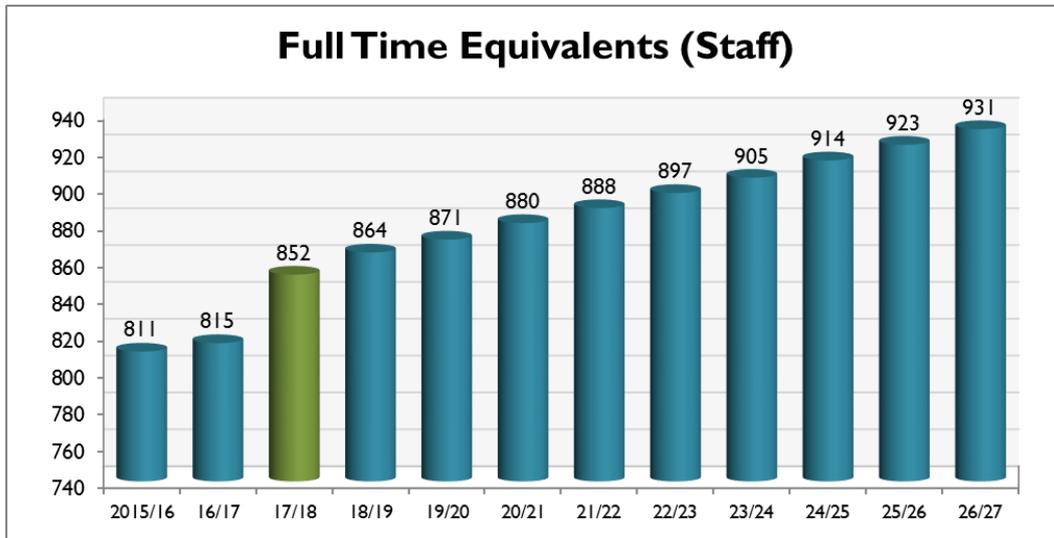
Council employees are our most valued resources, enabling the delivery of a broad range of services. While we constrained employee growth to 4.6 full time equivalents (FTE) in Budget 2016/17, in Budget 2017/18 we are proposing a 37 FTE increase based on 47 new positions partially offset through the disestablishment of 10 existing FTE positions. The key drivers for this increase include:

- 14.1 FTE to support delivery of the project portfolio including 3.4 externally funded positions for the Melbourne Metro Rail Authority
- 5.3 FTE in response to population and resultant service growth – primarily the Fishermans Bend Children’s and Community Centre
- 8 FTE to support increased service levels for street cleaning – a priority identified through community complaints and engagement
- 8 FTE to support risk mitigation and legislative compliance including ensuring our buildings and the South Melbourne Market are safe.



Over the last two financial years, the increase in FTE is equivalent to 2.6 per cent per annum.

Over the life of the financial plan, the growth in FTEs is expected to increase by 1.3 per cent in line with projected population growth.



Fees and charges

In most cases, our fees and charges for 2017/18 will increase by 2.5 per cent. There will be variances where minor rounding equates to a larger percentage. There is one exception where we believe a larger increase is fair and reasonable:

- an increase of 3.73 per cent to long day care fees (an increase from \$120.50 to \$125 per day) and a \$134.80 per day fee to apply to non- residents of City of Port Phillip who intend to use the facilities at the Ferrars Street Early Learning Centre (opens in 2018).

The general increase in long day care fees maintains Council's contribution to the service at current levels and is in accordance with the rising costs of direct care in regulated services. Council's fees for long day care aligns midway with other service providers in the municipality and neighbouring councils.

Following a review of parking machine charges, Council has agreed to reduce the hourly and all day charges at Waterfront Place and Station Pier over the winter months (July and August 2017 and June 2018) to:

- \$1.80 per hour (reverting to \$5.20 per hour in the intervening months)
- \$8.50 per day (reverting to \$12.60 per day in the intervening months).

Discounted kerbside trading permits will continue in 2017/18 for Acland and Fitzroy streets.

There will be some new fees in 2017/18 to help manage demand and prevent cross-subsidisation of services by ratepayers. This approach is consistent with community feedback, which supported increasing user charges for some services:

- varying fees based on a sliding scale for a "refundable noise bond" for Open Space and Recreation events

ORDINARY MEETING OF COUNCIL– 21 JUNE 2017



- event related parking on reserve fee of \$95.

Statutory fees set by the Victorian Government will be set during the financial year.

The complete schedule of proposed fees and charges is contained within the Council Plan 2017-27 document.



FURTHER SUPPORTING INFORMATION

5 ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

The adopted Council Plan 2017-27 replaces the Council Plan 2013-2017. It reflects updated strategic priorities for the next ten years, with a delivery focus on the four-year term of this Council. The Plan sets the policy context for a range of more detailed strategies and policies, including those identified in the plan such as an Integrated Transport Strategy.

The Plan incorporates the Municipal Health and Wellbeing Plan, and sets the strategic framework for development of a Health and Wellbeing 'Action Plan'.

Council is required under the *Planning and Environment Act 1987* to undertake a review of the Port Phillip Planning Scheme within a year of adopting a new Council Plan. This will inform a review of the local planning policy framework in the scheme to ensure alignment with the new Plan.

Findings from the community engagement process, including the special focus workshops, will also help inform the development of future Council policy, such as the Integrated Transport Strategy and Waste Management and Resource Plan.

6. CONSULTATION AND STAKEHOLDERS

An extensive community and stakeholder engagement process was undertaken to inform development of the 10-year integrated draft Council Plan. Council considered the *Engagement findings report – March 2017* at its meeting on 5 April 2017, and this report has been made available on Council's website.

The community engagement process was widely promoted across a variety of channels, including Council and library websites, social media, advertisements in the local Leader Newspaper and email updates to community networks. Postcards were distributed in town halls, libraries, shopping precincts, markets, childcare centres, community centres and various other sites across the City. Colourful and creative displays at the St Kilda, Port Melbourne and South Melbourne town halls helped raise awareness, including floor decals leading to the entrances and pull-up banners.

Every effort was made to gather input from across a broad spectrum of the community, and to ensure a representative sample of the demographic profile of the city. The community survey and avatar tool results revealed participants from under 18, to over the age of 85 took part. Half of the special focus workshop respondents were randomly selected based on gender, age and postcode. Engagement with targeted groups also ensured a representative and inclusive process.

Overall, the Council Plan 2017-27 engagement program was both in-depth and wide-reaching, and effective in accessing a broad audience of Port Phillip's residents, workers and visitors. Council received over 2,000 pieces of feedback from the engagement approach.

Participants in the engagement process expressed that they valued the opportunity to contribute, and appreciated that their ideas, views and comments were listened to and would be considered as part of the Council Plan development process

Formal Public Consultation on the draft Plan is covered under Section 3 of this report.



7. LEGAL AND RISK IMPLICATIONS

The *Local Government Act 1989*, requires Council to prepare and approve a Council Plan, supported by a Strategic Resource Plan and an annual Budget, by 30 June in the year after an election, although the Minister for Local Government, the Hon Natalie Hutchins MP advised all Councils in mid-February 2017 that the adoption date for upcoming Council Plan and Budgets 2017/18 had been extended to 31 August 2017. Council is also required to prepare a Municipal Health and Wellbeing Plan within 12 months of an election.

The Act stipulates that the draft Plan and Budget be released for a 28-day public review period with public submissions invited. It also requires Council to formally receive and consider all submissions prior to adopting the Council Plan and Budget.

The financial and non-financial tables supporting the Budget 2017/18 and draft Strategic Resource Plan have been prepared in accordance with regulations laid down by the Local Government Amendment (Performance Reporting and Accountability Act 2014).

8. SUSTAINABILITY – Triple Bottom Line

8.1 ENVIRONMENTAL IMPLICATIONS

Direction 2 of the Plan *'We are connected and it's easy to move around'* specifies outcomes that would see sustainable travel choices and a built environment that is not dominated by cars. Direction 3 of the Plan *'We have smart solutions for a sustainable future'* envisages the creation of a city a city which will significantly reduce its environmental footprint over time, through a greener environment, lower carbon emissions, adaptation to climate change, reduced reliance on potable water and reducing waste to landfill.

The following key projects are included in the Plan to contribute to these outcomes (investment is during the period 2017-21):

• Integrated Transport Strategy Development	\$150,000
• Beach Street Separated Queuing Lane Implementation	\$519,000
• Kerferd Road Safety Improvements (subject to funding)	\$1,950,000
• Kerferd Road streetscape improvements (subject to business case)	\$2,200,000
• Walk and Bike Plan Implementation	\$4,040,000
• Baseline of Municipal Greenhouse Gas Emissions Development	\$150,000
• Sustainability Strategy Beyond 2020 Review	\$150,000
• Energy Efficiency and Solar Program	\$1,960,000
• Water Sensitive Urban Design Program	\$1,800,000
• Albert Park Stormwater Harvesting development (subject to confirming viability)	\$4,250,000
• Alma Park Stormwater Harvesting development	\$1,150,000
• EcoCentre Redevelopment (subject to funding)	\$3,200,000
• Waste Management and Resource Recovery Plan	\$95,000

The Plan includes other projects supporting environmental outcomes, other initiatives already under way and funded within operating budgets as well as identified key advocacy areas. Five



outcome-based strategic indicators are included. Four and ten-year targets have been set to reflect the increased investment in this area and to monitor progress.

8.2 SOCIAL & CULTURAL IMPLICATIONS

Direction 1 of the Plan ‘*We embrace difference, and people belong*’ supports outcomes related to enhancing community wellbeing and social inclusion. Direction 4 of the Plan ‘*We are growing and keeping our character*’ ensures the city remains liveable as it grows and that the identity of Port Phillip and its neighbourhoods is protected and reinforced. Direction 5 of the Plan ‘*We thrive by harnessing creativity*’ envisages a *City where arts, culture and creative expression is part of everyday life*.

The following key projects are included in the Plan to contribute to these outcomes (investment is during the period 2017-21):

• Ferrars Street Education and Community Precinct Community Facilities	\$2,995,000
• Pride Centre Implementation	\$20,000
• In Our Backyard Implementation	\$50,000
• JL Murphy Reserve Pavilion Upgrade	\$2,472,000
• Peanut Farm Reserve Sports Pavilion Upgrade	\$2,815,000
• South Melbourne Life Saving Club Redevelopment	\$6,350,000
• Integrated precinct management: Domain, and Port Melbourne Waterfront	\$607,500
• Ferrars Street Education and Community Precinct - Construction Montague Park	\$8,290,000
• Ferrars Street Education and Community Precinct – Streetscape Upgrade	\$3,768,000
• Gasworks Arts Park Reinstatement	\$4,585,000
• St Kilda Marina Lease Renewal	\$200,000
• Linden Gallery Upgrade	\$1,675,000

The Plan includes other projects supporting social and cultural outcomes, other initiatives already under way and funded within operating budgets as well as identified key advocacy areas. Examples of this include the annual allocation of \$500,000 cash to facilitate new community housing projects, and financial support (through grants or funding deeds) and peppercorn rents for arts organisations such as Gasworks and Linden.

8.3 ECONOMIC IMPLICATIONS

Direction 5 of the Plan ‘*We thrive by harnessing creativity*’ supports outcomes that will strengthen the local economy through distinctive retail precincts and growing business. The following key projects are included in the Plan to contribute to these outcomes (investment is during the period 2017-21):

• Integrated precinct management: Balaclava and Fitzroy Street	\$720,000
• Developing a creative and prosperous city strategy	\$50,000

ORDINARY MEETING OF COUNCIL– 21 JUNE 2017



The Plan includes other projects supporting economic outcomes, other initiatives already under way and funded within operating budgets as well as identified key advocacy areas. Examples of this is include:

- \$2.7 million allocated on an annual basis for the St Kilda Festival, St Kilda Film Festival, Indigenous Arts and Live N Local
- Developing a biennial Business Awards program to recognise and promote exemplary local businesses
- Develop a strategic business case for South Melbourne Market and continue to renew and update the South Melbourne Market (\$3,595,000 is allocated over four years).

8.4 FINANCIAL IMPLICATIONS

Direction 6 of the Plan *'Our Commitment to you'* highlights the importance of *'a financially sustainable, high performing, well governed organisation that puts the community first'* to underpin delivery of the direction and outcomes defined in the Plan

As outlined Financial Strategy in this report, this Plan operates within the rates cap, maintains financials sustainability, whilst investing in assets. The Budget 2017/18 includes:

- A rate increase of 2.0 per cent (equivalent to the rates cap)
- An increase in most of our fees and charges by 2.5 per cent
- \$2 million of efficiency savings. This adds to the \$7 million of savings delivered in the last three budgets.
- There is no increase in an already low debt position
- Cash backed reserves of \$38.7 million
- \$53 million on projects to maintain, grow and improve services and assets
- A cash surplus of \$583,000, which is in line with our financial strategy

9. IMPLEMENTATION STRATEGY

9.1. TIMELINE AND COMMUNICATION

- Following Council's adoption of the Budget 2017/18, the public notice of the adoption of the Budget will be placed in the Port Phillip Leader on Thursday 30 June 2016. A copy of the proposed public notice is enclosed as an attachment to the Council report *Declaration of Rates and Charges 2017/18*, also being considered by Council at this meeting.
- 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.
- A copy of the Council Plan 2017-27 including the Budget 2017/18 will be forwarded to the Minister for Local Government by Wednesday 19 July 2017.
- A rates brochure will be distributed in conjunction with the issuing of rate notices by the end of July 2017.

ORDINARY MEETING OF COUNCIL– 21 JUNE 2017



- The Council Plan 2017-27 will be made available at local libraries and promoted on Council's website.
- 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.

9.2. KEY MESSAGES

- The Council Plan 2017-27 establishes a vision, strategic 'directions' and priority 'outcomes' for the city, which have been shaped through extensive engagement with the Port Phillip community.
- For the first time, an integrated Council Plan has been prepared, incorporating the Municipal Public Health and Wellbeing Plan, a 10-year Financial Plan, a Strategic Resource Plan and annual Budget. The integration of Council's planning, budget and resource allocation process ensures strong alignment between Council strategic priorities, and the services, programs and projects that it delivers.
- The Plan establishes a 10-year direction for the City, with a four-year focus on the specific actions Council will undertake to work towards achieving this direction. This longer term focus is needed to ensure Council can respond to the opportunities and challenges the City faces (including significant population growth, an increasing density of development and climate change) in a way that enhances Port Phillip as a place to live, work and visit
- It is a plan for action on how we will deliver our shared vision for the future.

10. OFFICER DIRECT OR INDIRECT INTEREST

- 10.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter