

7.9 Draft Revised Council Plan 2017-21 and Proposed Budget 2018-19

Abstract

This report presents to Council the draft revised Council Plan 2017-21 (including the Strategic Resource Plan) and proposed Budget 2018-19 for public notice as required by the *Local Government Act 1989*.

The draft revised Council Plan (the Plan) represents Council's strategic plan for the period 2017-21. The Plan has been revised to align with the community priorities identified through extensive consultation in the Boroondara Community Plan 2017-27, Council's key strategic document that sets out the 10-year vision for the City's future. The revised Plan will be implemented through annual commitments set out in the Annual Budget, which reflects Council's decisions on the initiatives to be funded each year.

The proposed Budget 2018-19 has been prepared in-line with Council's commitment to sustainable budgeting, responsible financial management and the Victorian Government's rate cap for 2018-19. It is the first budget that will deliver the recently adopted Boroondara Community Plan. It will ensure Council delivers those facilities and services identified through the consultation undertaken to develop the Boroondara Community Plan.

Over the next 10 years to 2027, 15,049 more residents will call Boroondara home. The proposed Budget includes a number of significant capital projects to accommodate current needs and future demands as the City's population continues to grow. Council provides more than 150 services to people who live, work and play in Boroondara. These proposed projects will enable us to continue to maintain and upgrade our buildings, community facilities, parks, cycle ways, footpaths and roads, and continue to provide the high quality services which make this city a great place to live.

Council conducted research in 2015 to inform the decision to bring the way we provide services and information to the community into the current century. This involves investing in culture change, skills development, digital transformation projects and replacing and upgrading old technology. The sole purpose of these investments is to meet the community's expectations for council services to enable convenient, fast transactions and ease of access to information. The proposed budget includes improvements designed to meet the needs of our community and customers now and into the future. The projects build on our new website, launched in May 2017. The ultimate goal is to provide increased choice and convenience of services and channels to enable customers to interact with us anytime, in a preferred way, using any device. Most service organisations have been on this journey for some years and it is important for Council to also move forward. Council's focus to date has been on providing better customer experiences rather than financial savings but this focus will shift as the program evolves.

For the 2018-19 financial year, council rate rises will be consistent with the Victorian Government rate cap. Council's recycling contract has been impacted by the National Sword Policy implemented by China on 1 January 2018. This policy has restricted the import of contaminated paper, cardboard and plastics and has directly impacted recycling processors and kerbside recycling services. Council's waste service charges have therefore been adjusted.

With this proposed budget, Boroondara will continue to be in a strong financial position. It will enable Council to deliver resident's priorities outlined in the Boroondara Community Plan and continue to provide the services and infrastructure that contribute to Boroondara being a highly desirable place to live.

The draft revised Council Plan 2017-21 and the proposed Budget 2018-19 reports will be circulated publicly at the Council meeting on 23 April 2018. In addition, the Budget contains Council's major initiatives and commitments to be delivered to the community during 2018-19.

Officers' recommendation

That Council resolve to endorse the draft revised Council Plan 2017-21 (including the Strategic Resource Plan) and proposed Budget 2018-19 for public notice as follows:

1. That the draft revised Council Plan 2017-21, included in **Attachment A**, circulated separately and annexed to the meeting minutes, be the draft revised Council Plan 2017-21 for the purposes of Section 125(1) of the *Local Government Act 1989*.
 2. That the draft revised Council Plan 2017-21, contains Council's Strategic Resource Plan in accordance with Section 126 of the *Local Government Act 1989*.
 3. That the proposed Budget 2018-19, included in **Attachment B**, circulated separately and annexed to the meeting minutes, be the proposed Budget 2018-19 prepared by Council for the purposes of Section 127(1) of the *Local Government Act 1989*.
 4. That Council invites submissions on the draft revised Council Plan 2017-21 (including the Strategic Resource Plan), in accordance with Section 125(3), the proposed Budget 2018-19 in accordance with Section 129(2).
 5. That Council notes that submissions will be considered at a meeting of Council to be held on Tuesday 12 June 2018 commencing at 6.30pm in the Council Chamber, Camberwell Office, 8 Inglesby Road, Camberwell.
 6. The Chief Executive Officer be authorised to effect any minor administrative changes which may be required to the revised Council Plan 2017-21 (including the Strategic Resource Plan) and Budget 2018-19.
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7. That subject to changes to the draft revised Council Plan and proposed Budget after consideration of all submissions;
- a. the draft revised Council Plan 2017-21 (including the Strategic Resource Plan), be presented for adoption as the Council Plan 2017-21, in accordance with Section 125(1) of the *Local Government Act 1989*, and
 - b. the proposed Budget 2018-19 be presented for adoption as Council's Budget for 2018-19, in accordance with Section 130(1) of the *Local Government Act 1989* at a meeting of Council to be held on Monday 25 June 2018 commencing at 6.30pm in the Council Chamber, Camberwell Office, 8 Inglesby Road, Camberwell.
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1. Purpose

The purpose of this report is to present to Council for resolution the draft revised Council Plan 2017-21 (including the Strategic Resource Plan) and the proposed Budget 2018-19 (**Attachment A and B respectively**) - *to be circulated publicly at the Council meeting on 23 April 2018*) and to commence the Public Notice period 26 April – 23 May 2018.

2. Policy implications and relevance to community plan and council plan

The draft revised Council Plan (the Plan) and proposed Budget have been prepared in accordance with Council policies and the Victorian Government’s rate capping legislation. The Plan is structured around the seven themes of the Boroondara Community Plan 2017-27, and describes the outcomes Council aims to achieve during its term, and the allocation of resources required to achieve those outcomes.

3. Background

The Council Plan 2017-2021 was adopted on 26 June 2017. The Plan has been revised to align with the community priorities identified in the Boroondara Community Plan 2017-27, Council’s key strategic document that sets out our 10-year vision for the City’s future.

Integrated planning framework

The Boroondara Community Plan 2017-27 (incorporating the Municipal Public Health and Wellbeing Plan) sets the long-term strategic direction for Council based on the values, aspirations and priorities identified by the Boroondara community. As shown in the diagram, the Boroondara Community Plan directly informs the Council Plan including the Long Term Financial Strategy, annual commitments and strategic indicators, and the Municipal Strategic Statement and Council strategies, plans and actions.



Figure 1: Council's planning hierarchy

Boroondara Community Plan 2017-27

In 2016, Council commenced the development of a new community plan, to reflect the community's values, aspirations and health and wellbeing priorities for the next 10 years.

As a first and fundamental step in the development of the community plan, Boroondara's councillors wanted to hear directly from the community. Between November 2016 and April 2017, 11,845 responses were received from people who live, work, study or play in Boroondara, the largest consultation activity ever conducted by the City of Boroondara.

Seven priority themes emerged during the consultation phase. They are:

- Your Community, Services and Facilities
- Your Parks and Green Spaces
- The Environment
- Neighbourhood Character and Heritage
- Getting Around Boroondara
- Your Local Shops and Businesses
- Civic Leadership and Governance

The Council Plan 2017-21 is structured around these themes and responds to what the community's feedback was regarding priorities to focus on during the life of this Council Plan and over the next 10 years.

Council Plan 2017-21

The draft revised Council Plan 2017-21 (refer **Attachment A circulated separately**) is structured around the seven themes of the Boroondara Community Plan 2017-27, and sets the strategic objectives and strategies that will be pursued for a four year period in accordance of Section 125 of the *Local Government Act 1989*. It also contains the strategic indicators to monitor the achievement of these objectives.

The Strategic Resource Plan (Section 126) which is the financial and human resources required to deliver the Council Plan strategic objectives is documented in the proposed Budget. The *Local Government Act* Section 125 (2) (d) requires that it also appears in the Council Plan. Council must review and adopt the Strategic Resource Plan not later than 30 June each year - Section 126(3).

Under the *Local Government Act 1989*, the Council Plan does not include the annual actions undertaken by Council on behalf of the community. These annual actions are called 'commitments' at Boroondara. The proposed Budget 2018-19 provides details of the 'commitments' that Council will complete in a given financial year. The expected outcomes for the strategic indicators are also included in the proposed Budget.

The proposed Budget 2018-19

The proposed Budget (refer **Attachment B circulated separately**) has been prepared in accordance with the requirements of the *Local Government Act 1989* and in-line with Council's commitment to sustainable budgeting, responsible financial management and the Victorian Government's rate cap for 2018-19.

It is the first budget that will deliver the recently adopted Boroondara Community Plan 2017-27. It will ensure Council delivers those facilities and services identified through the extensive consultation undertaken to develop the Boroondara Community Plan.

The proposed budget includes a number of significant projects to accommodate current needs and future demands as the City continues to grow. Council provides more than 150 services to people who live, work and play in Boroondara, and these proposed projects will continue to provide the high quality services that support making this city a great place to live.

As the year progresses, we look forward to implementing the year one commitments of the Boroondara Community Plan, including the delivery of \$73.6 million of renewed and new community assets. Amongst this, a program of improvements will be undertaken at Auburn Village, Greythorn and Surrey Hills shopping centres, and the upgrade of playgrounds at Canterbury Sports Ground, Ferndale Park and Gordon Street Reserve to provide high quality, safe and diverse play opportunities for children and families.

In order to deliver necessary community assets, Council has endorsed a long-term plan for enhancing and creating new facilities across our City. These include a new community hub in Canterbury with consolidated services for children and families as well as including services for people with disabilities, a new aquatic and recreation centre in Kew and renovating the Michael Tuck Stand in Hawthorn. These and other major projects which include the Camberwell and Balwyn Community Centre, Kew and Hawthorn Library will be delivered over the next 9 years at a cost of \$153 million in today's dollars. This investment will service current and future generations, providing new and better services to our community.

Council conducted research in 2015 to inform the decision to bring the way we provide services and information to the community into the current century. This involves investing in culture change, skills development, digital transformation projects and replacing and upgrading old technology. The sole purpose of these investments is to meet the community's expectations for council services to enable convenient, fast transactions and ease of access to information. The proposed budget includes improvements designed to meet the needs of our community and customers now and into the future. The projects build on our new website, launched in May 2017. The ultimate goal is to provide increased choice and convenience of services and channels to enable customers to interact with us anytime, in a preferred way, using any device. Most service organisations have been on this journey for some years and it is important for Council to also move forward. Council's focus to date has been on providing better customer experiences rather than financial savings but this focus will shift as the program evolves.

The *Local Government Act 1989* provides that a Council must:

- Prepare a budget for each financial year – Section 127(1); and
Ensure that the budget contains financial statements, a description of services and initiatives and a statement as to how these will contribute to achieving the strategic objectives specified in the Council Plan, major initiatives and any other details required by the regulations– Section 127(2)(a)-(e)
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- As noted above the Budget contains a list of the annual commitments to the Boroondara community which are the initiatives and major initiatives for the purpose of Section 127 (2) (b) & (d). The major initiatives have been selected from Council's commitments to represent each of the seven themes in the revised Council Plan and are documented in the proposed Budget 2018-19.
- Council is required to give public notice of a proposed budget and make it available for public inspection for at least 28 days – Section 129(1) and (3)(b).
- The proposed Budget 2018-19 is planned to be adopted following consideration of public comments by 30 June each year, or other date fixed by the Minister, and submit a copy to the Minister within 28 days- Section 130(3).

Part 8A - Section 185A through G provides for the Minister to set a rate cap by General Order.

The proposed Budget has been prepared with a focus on responsible financial management and in accordance with the *Local Government Act 1989*, and *Accounting Standards*. Boroondara's financial risk rating is amongst the lowest of all Victorian Councils according to the Victorian Auditor General's Financial Sustainability Risk Assessment Criteria. A full description of the risk assessment criteria are listed in Council's 2018-19 Budget document.

Adherence to the Boroondara Planning Framework has ensured that the proposed Budget is closely aligned to the draft Council Plan and is an accurate reflection of the services and initiatives that will be resourced in the next financial year in order to contribute to the strategic objectives as identified in the Council Plan.

4. Outline of key issues/options

The development, contents and structure of the draft revised Council Plan 2017-21 and proposed Budget 2018-19 are mandated by legislation and regulation.

As mentioned in section 3, the Council Plan is structured around seven priority themes, aligned with the community priorities set out in the Boroondara Community Plan. Each priority theme has a set of strategic objectives, strategies and strategic indicators to support the implementation of the community's vision. In addition to the strategies outlined in the Boroondara Community Plan, the draft revised Council Plan has a further three strategies (strategy 1.11, strategy 7.7 and strategy 7.8) to reflect internal organisational processes which are not captured in the community plan.

Furthermore, the budget document has been developed using the Local Government Victoria Model Budget format, which is prepared by Local Government Victoria each year. Hence the Boroondara Council proposed Budget meets all legislative requirements.

For the 2018-19 financial year, council rate rises will be consistent with the Victorian Government rate cap at 2.25% in line with the period's CPI forecast and advice from the Essential Services Commission.

Council's recycling contract has been impacted by the National Sword Policy implemented by China on 1 January 2018, which restricts the import of contaminated paper, cardboard and plastics. The policy has severely disrupted recycling markets worldwide. The policy most directly impacts kerbside recycling services, as recyclables from households are usually on-sold in a mixed form. Significant quantities of recyclable material are exported to China and accordingly the new restrictions are having major impacts on recycling processors.

The changes are having impacts at a state, national and international level. Victorian councils are being impacted as recycling processors face higher costs threatening the sustainability of the industry and seek to reset their contractual arrangements with councils. The local government sector is seeing the withdrawal of rebate payments to councils from the recycling processors which are being replaced instead by gate fees for recyclable material sorting and processing. In order to maintain a sustainable recycling service, Council's waste service charges have therefore been adjusted to reflect expectations of the higher costs now associated with the processing of recyclable material.

The 2018-19 Budget proposes an average increase of 16% in waste charges (inclusive of the Victorian government landfill levy) which is linked directly to the cost of providing the waste services, priced on a full cost recovery basis.

As a national issue, the Australian and Victorian governments need to take action to ensure a sustainable recycling industry into the future and to minimise the cost for the community. The Victorian government collects funds each year from its landfill levy - ratepayers are currently paying \$63.28 to the Victorian government for every tonne of waste that Council collects and takes to landfill. Over many years these funds have been banked by the Victorian government or in some cases used for purposes other than waste reduction and sustainability initiatives. According to the Auditor-General, the Victorian government held \$466 million in its Sustainability Fund in 2017. Council is calling on the Victorian government to use these funds now to invest in a sustainable, better-equipped recycling sector.

5. Consultation/communication

Boroondara community plan consultation

In 2016, Council commenced the development of a new community plan, to reflect residents' priorities for the next 10 years. As a first and fundamental step in the development of the community plan, Boroondara's councillors wanted to hear directly from the community. Between November 2016 and April 2017, 11,845 responses were received from people who live, work, study or recreate in Boroondara, the largest consultation activity ever conducted by the City of Boroondara.

The consultation was a two-staged approach: first, the broad range of issues important to residents were collected, next the community prioritised the aspects of life in Boroondara they identified as important. Seven priority themes emerged during the consultation phase.

Through the consultation process, Council heard what the community values most about Boroondara, as well as resident concerns, hopes and aspirations for the future. Council used this feedback to inform the development of the

community vision, and the strategic objectives and the strategies related to the seven priority themes.

Internal consultation

The draft Council Plan and proposed Budget which includes the development of operating and capital budgets for the 2018-19 year has been developed over a series of workshops with Councillors and each Council department. These workshops were informed by the Boroondara Community Plan consultation results.

Public comment

The draft revised Council Plan 2017-21 and proposed Budget 2018-19 will be available for public inspection from Thursday 26 April 2018. Copies of these documents will be made available at Council offices, libraries and on Council's website.

Written submissions will be received until 5:00pm on Wednesday 23 May 2018. All submissions will be considered at the Council Meeting to be held on Tuesday 12 June 2018. Submitters have the opportunity to orally present in support of their submission at this meeting, if so indicated on their submission.

Council's regular advertisement in the *Progress Leader* will be used over the coming weeks as well as the Boroondara Bulletin to promote the availability of these documents. The required Statutory notice advertisement will appear in *The Age* on Wednesday 25 April 2018. [OBJ]

6. Financial and resource implications

The financial and resource implications are documented in detail in the proposed Budget document.

7. Governance issues

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

The officers responsible for this report have no direct or indirect interests requiring disclosure.

8. Social and environmental issues

There are no direct impacts resulting from this report.

9. Conclusion

The draft revised Council Plan 2017-21 and proposed Budget for 2018-19 meet all legislated and regulatory requirements under the *Local Government Act 1989* and *Local Government Planning and Reporting Regulations 2014*.

Manager: Greg Hall, Chief Financial Officer

Report officer: Callista Clarke, Senior Management Accountant
Nicole White, Coordinator Corporate Planning
