

# 2023/24 Annual Business Plan, Budget & Long Term Financial Plan

Information Session 2

24 January 2023

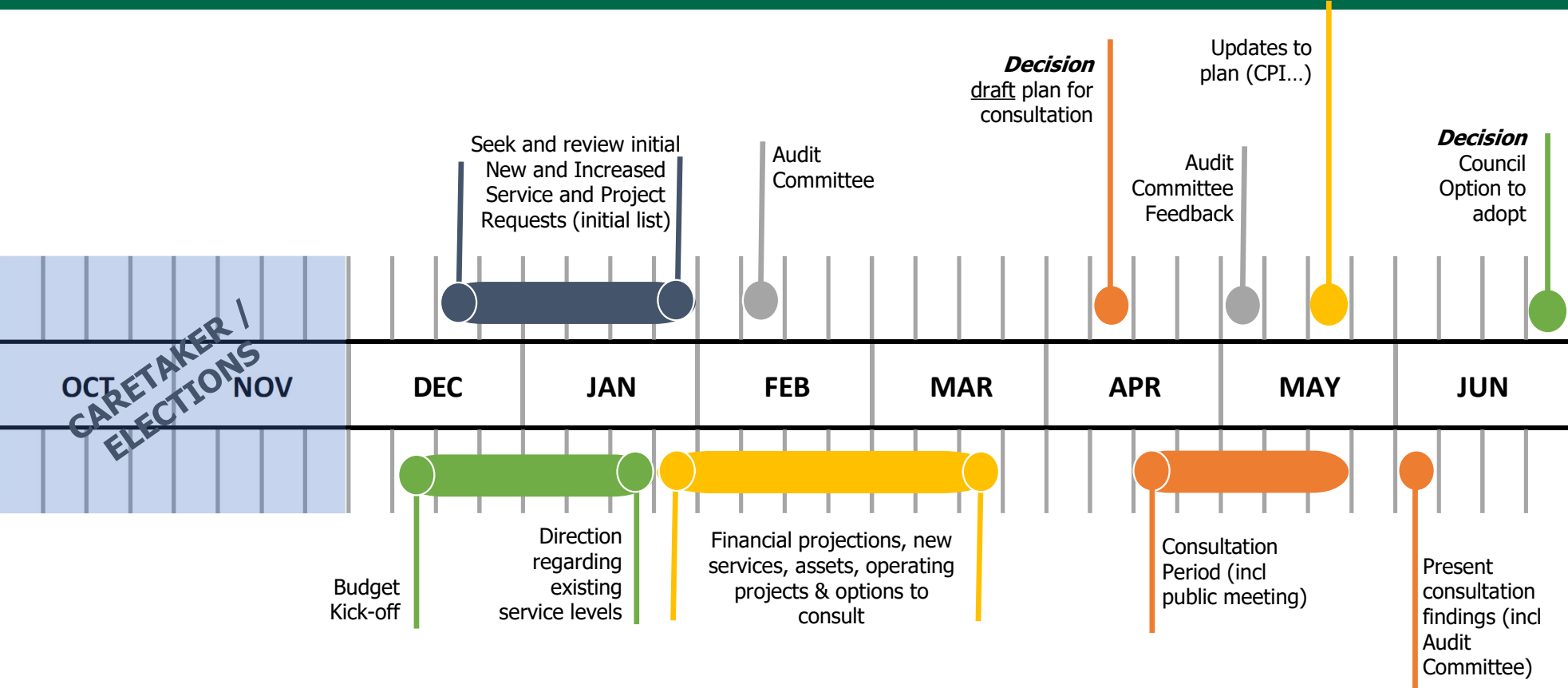
# Today's Session

- Budget process overview
- Strategic Context
- Existing Services
- Financial Levers
- Rating Policy
- Requests Pack

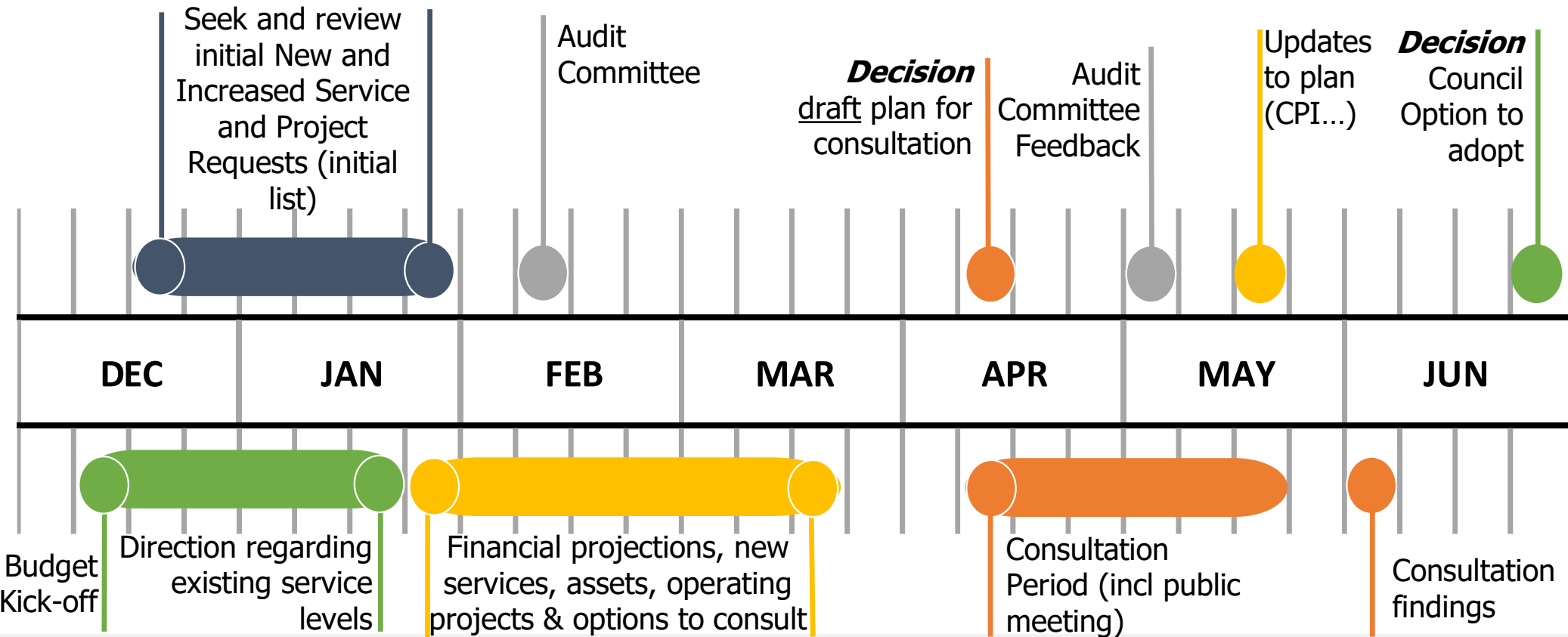
# Council Member Outcomes

- ✓ Understanding the upcoming process
- ✓ Understanding the existing strategic vision
- ✓ Providing feedback on financial levers and rating policy
- ✓ Familiarisation with Council's Requests pack
- ✓ Time to ask questions
- ✓ Understanding next steps

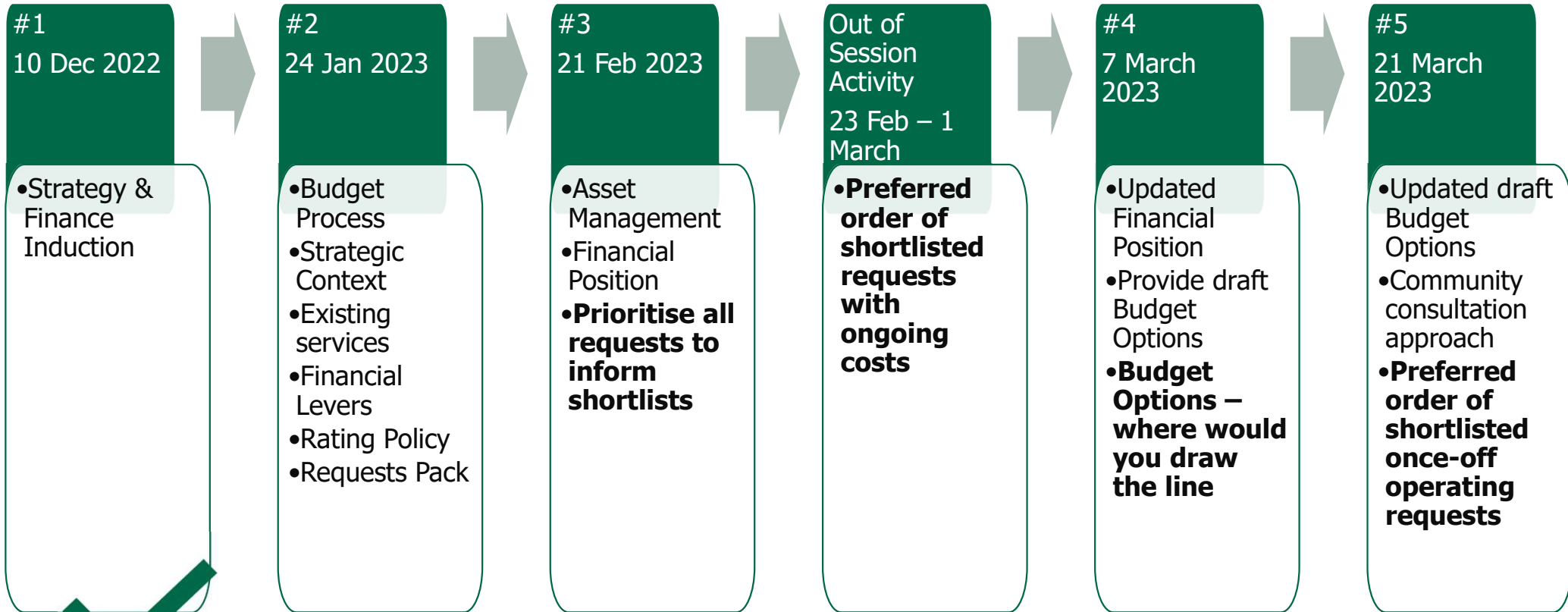
# Timeline



# Timeline



# Information Sessions



# Strategic Context



## 2030

MITCHAM

WE ARE A WELCOMING AND INCLUSIVE COMMUNITY THAT VALUES ITS HERITAGE AND NATURAL ENVIRONMENT.

<h3 style="color: #1a3d4d; text-align: center;">GOAL 1</h3> <p style="text-align: center; font-weight: bold; color: #1a3d4d;">ACCESSIBLE, HEALTHY &amp; CONNECTED COMMUNITY</p> <p style="font-size: small;">We connect our community with each other and with their places, and empower them to live healthy lives.</p> <p style="font-size: x-small; font-weight: bold; color: #1a3d4d;">THEME 1. 1 TRANSPORT NETWORK</p> <p style="font-size: x-small;">We are a City that is connected to places through an integrated, efficient and people friendly transport network for motorists, cyclists and pedestrians.</p> <p style="font-size: x-small; font-weight: bold; color: #1a3d4d;">THEME 1. 2 HEALTH &amp; WELLBEING</p> <p style="font-size: x-small;">We build capacity for people to be active, healthy and connected, and provide inclusive and safe environments for all.</p> <p style="font-size: x-small; font-weight: bold; color: #1a3d4d;">THEME 1. 3 SERVICES &amp; FACILITIES</p> <p style="font-size: x-small;">We provide convenient access to a diverse range of information, services, activities and facilities for our community.</p>	<h3 style="color: #1a3d4d; text-align: center;">GOAL 2</h3> <p style="text-align: center; font-weight: bold; color: #1a3d4d;">SUSTAINABLE CITY</p> <p style="font-size: small;">We sustain and improve our natural and built environments for today's and future generations.</p> <p style="font-size: x-small; font-weight: bold; color: #1a3d4d;">THEME 2. 1 CLIMATE CHANGE MITIGATION &amp; RESILIENCE</p> <p style="font-size: x-small;">We limit our impact on the climate, and are prepared and adaptable to the impacts of climate change.</p> <p style="font-size: x-small; font-weight: bold; color: #1a3d4d;">THEME 2. 2 SUSTAINABLE RESOURCES</p> <p style="font-size: x-small;">We conserve resources through efficient practices, investment in technology, waste avoidance, and a commitment to reuse, recycle and repurpose.</p> <p style="font-size: x-small; font-weight: bold; color: #1a3d4d;">THEME 2. 3 NATURAL ENVIRONMENT</p> <p style="font-size: x-small;">We protect and enhance the environment and its biodiversity across natural landscapes, waterways, open spaces and across our suburbs.</p>	<h3 style="color: #1a3d4d; text-align: center;">GOAL 3</h3> <p style="text-align: center; font-weight: bold; color: #1a3d4d;">DYNAMIC &amp; PROSPEROUS PLACES</p> <p style="font-size: small;">We have a strong and competitive economy that supports our unique and vibrant places and culture.</p> <p style="font-size: x-small; font-weight: bold; color: #1a3d4d;">THEME 3. 1 PLACEMAKING</p> <p style="font-size: x-small;">We have a spatial vision that guides the development of integrated, attractive and vibrant precincts that support diverse land uses and housing choice.</p> <p style="font-size: x-small; font-weight: bold; color: #1a3d4d;">THEME 3. 2 CITY VIBRANCY</p> <p style="font-size: x-small;">We are a City well recognised for our social and cultural diversity, creativity, arts, events, heritage, natural environment, educational and medical facilities.</p> <p style="font-size: x-small; font-weight: bold; color: #1a3d4d;">THEME 3. 3 PARTNERSHIPS</p> <p style="font-size: x-small;">We partner with neighbouring Councils, Government, universities, the private sector, not-for-profit organisations and community groups to maximise community and economic outcomes.</p>	<h3 style="color: #1a3d4d; text-align: center;">GOAL 4</h3> <p style="text-align: center; font-weight: bold; color: #1a3d4d;">EXCELLENCE IN LEADERSHIP</p> <p style="font-size: small;">We are a professional and innovative Council with responsible leadership that is valued by its people, community and partners.</p> <p style="font-size: x-small; font-weight: bold; color: #1a3d4d;">THEME 4. 1 GOOD GOVERNANCE</p> <p style="font-size: x-small;">We are transparent and accountable, make informed decisions, demonstrate integrity and empower our community to have a voice and participate in a meaningful way.</p> <p style="font-size: x-small; font-weight: bold; color: #1a3d4d;">THEME 4. 2 ORGANISATIONAL IMPROVEMENT</p> <p style="font-size: x-small;">We are efficient and effective with a culture of positive change and innovation to deliver sustainable outcomes and value-for-money services that meet community needs.</p> <p style="font-size: x-small; font-weight: bold; color: #1a3d4d;">THEME 4. 3 COMMUNITY EXPERIENCE</p> <p style="font-size: x-small;">We are easy to do business with and commit to a customer-centric approach that delivers positive experiences and builds trust.</p>
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# Strategic Context



## Priority Themes



# 2030



CITY OF MITCHAM

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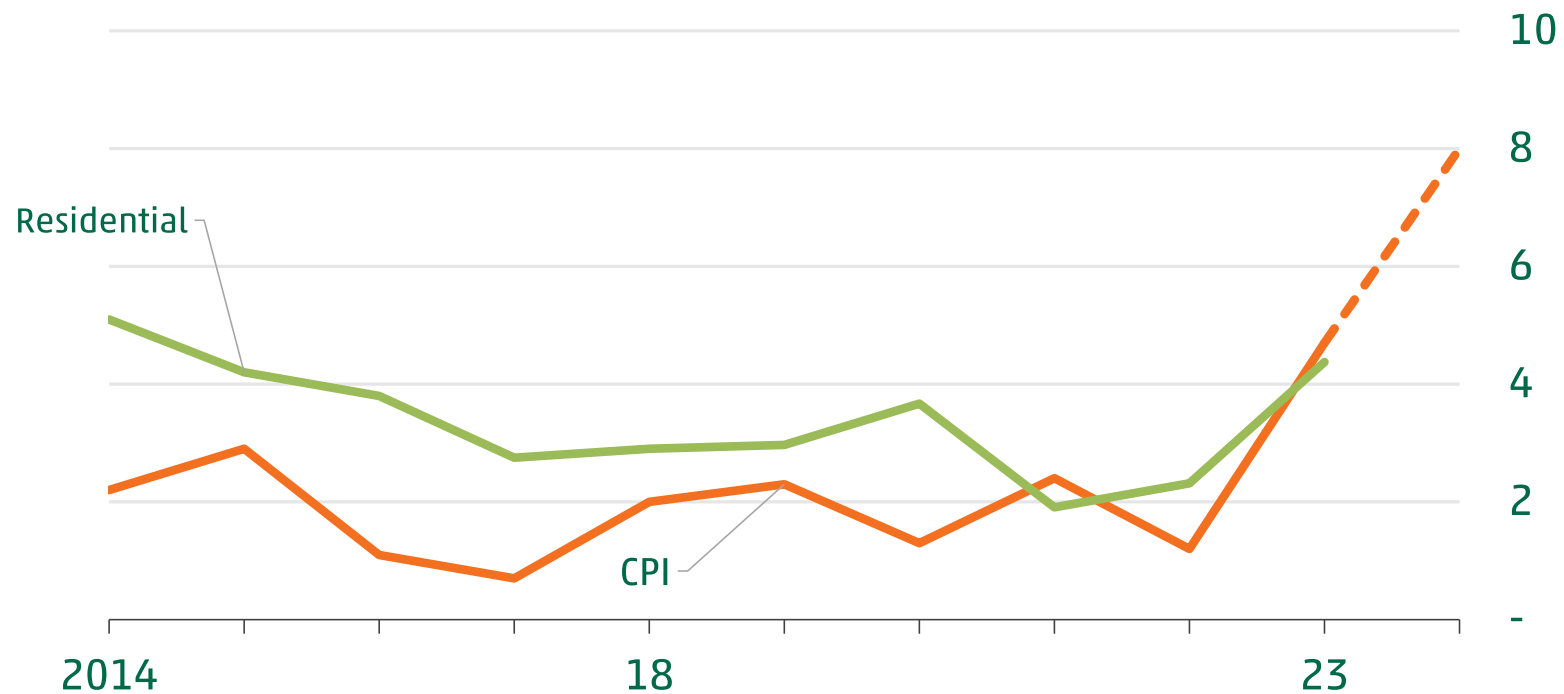
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# Economic Environment

- Significant global economic risks
- Growth & house prices, consumer spending & confidence 
- Inflation & Interest Rates 
- December CPI released tomorrow (8.5% forecast)
- Council Cost Pressures – Utilities, Fuel, Waste & Construction

# Rates & Inflation – Annual % increase



# Existing Service Level Considerations

- Memo sent December
- Delaying capital renewal does not reduce rates ongoing
- Long lead-time required to reduce service levels

MEMORANDUM

**TO:** COUNCIL MEMBERS  
**FROM:** WADE REYNOLDS, GENERAL MANAGER  
CORPORATE SERVICES AND INNOVATION  
**CC:** EXECUTIVE LEADERSHIP GROUP  
**SUBJECT:** EXISTING SERVICE LEVEL CONSIDERATION  
**DATE:** 13 DECEMBER 2022



Dear Mayor and Councillors

Over the coming months we will be working through Council's financial projections, new and increased service level requests and rate modelling, as we develop Council's 2023/24 Annual Business Plan (Budget).

A key consideration at the start of this process however is whether Council wishes to reduce the any of its existing service levels with a view to implementing changes in the next budget cycle. Changes to existing services often require a lead time to implement which is why they are the first consideration in the annual budget process.

Proposing reductions to existing service levels can often raise concern in the Community so it is important that Council is committed to considering the review of a service before any substantial work / investigation is done.

This part of the budget process is usually undertaken in October by way of an information session whereby Council Members can identify any services they would like considered to be reduced. Following this, Administration provide advice on the next steps to progress which is usually a motion of Council to that effect. A copy of the items raised by Councillors last year and Administrations comments is included at attachment 2.

A reduction in service levels generally will bring about financial savings, reducing the amount required to raise rates in a future budget. This is different from efficiencies and financial savings which is about delivering the same level of service for less cost. (Administration's efficiency forecast is discussed later in the budget process)

Given the general election this year, the process of reviewing existing service levels has not yet been undertaken and therefore in lieu of the usual information session and workshop, Administration have provided the following attached information from the service reprioritisation session year to assist:

1. A list of Council services and prior year budgets (aligned with the mandatory service reporting framework)
2. A summary of the discussion outcomes from the information session held in October 2021 and Administration's suggested actions / information, circulated in Feb 2022. (status updates have been added where relevant)
3. February 2022 Service Review Progress Report to Council.

# Financial Levers



Surplus



Debt



Deferring rate  
increases

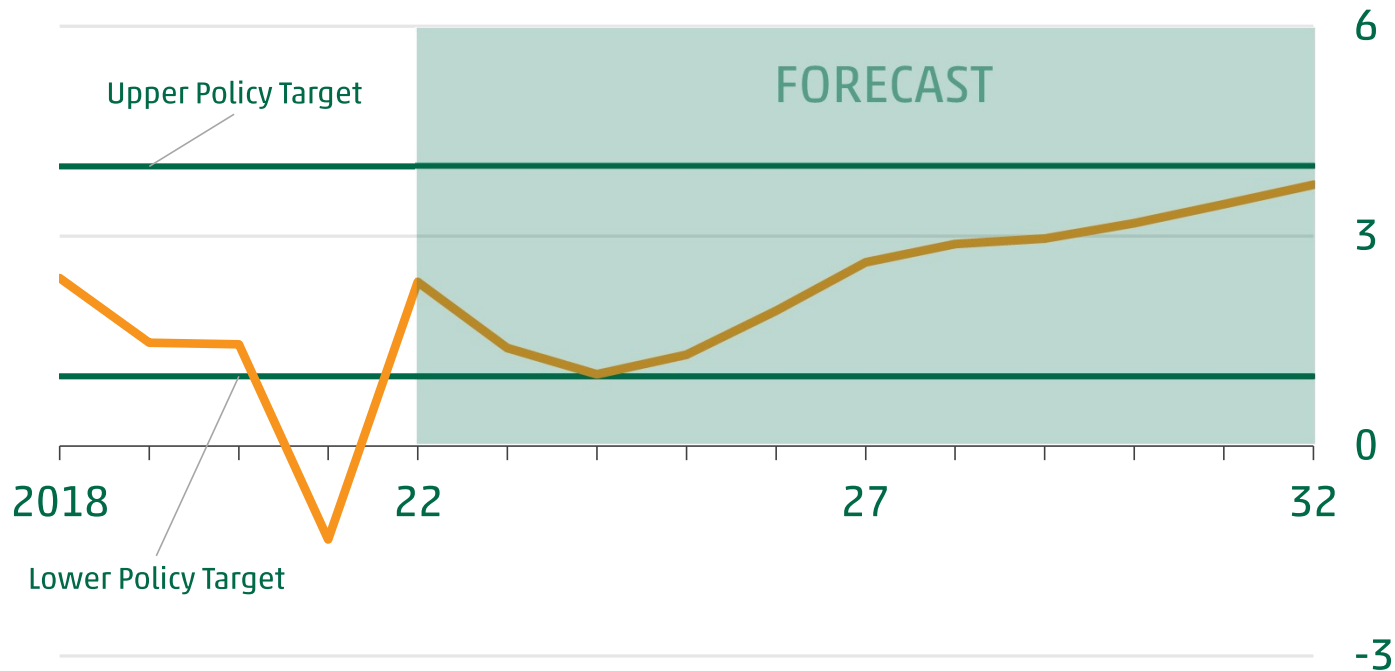


Delaying new  
services /  
addressing asset  
Backlog

# Financial levers - Surplus

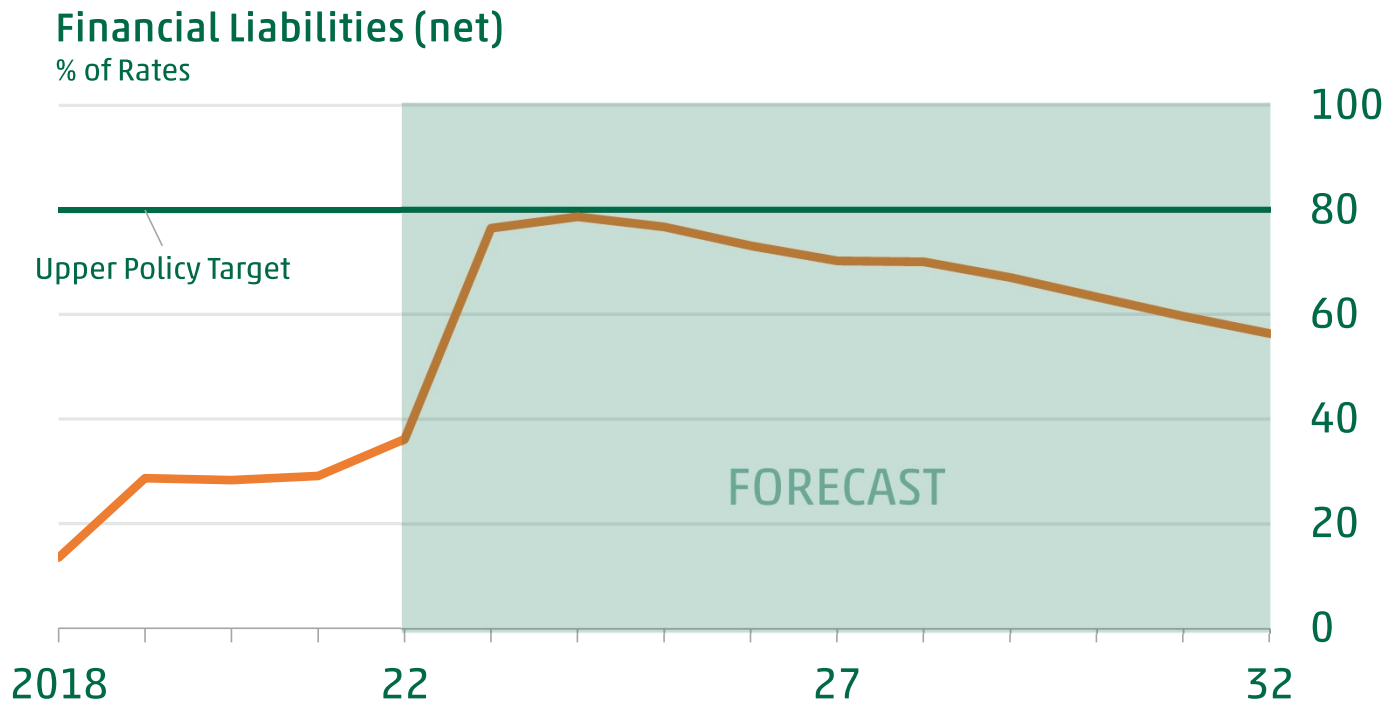
## Underlying Operating Surplus

% of Rates



- Forecast within sustainability target
- Varies with timing and costs of borrowings
- Changing surplus will change debt

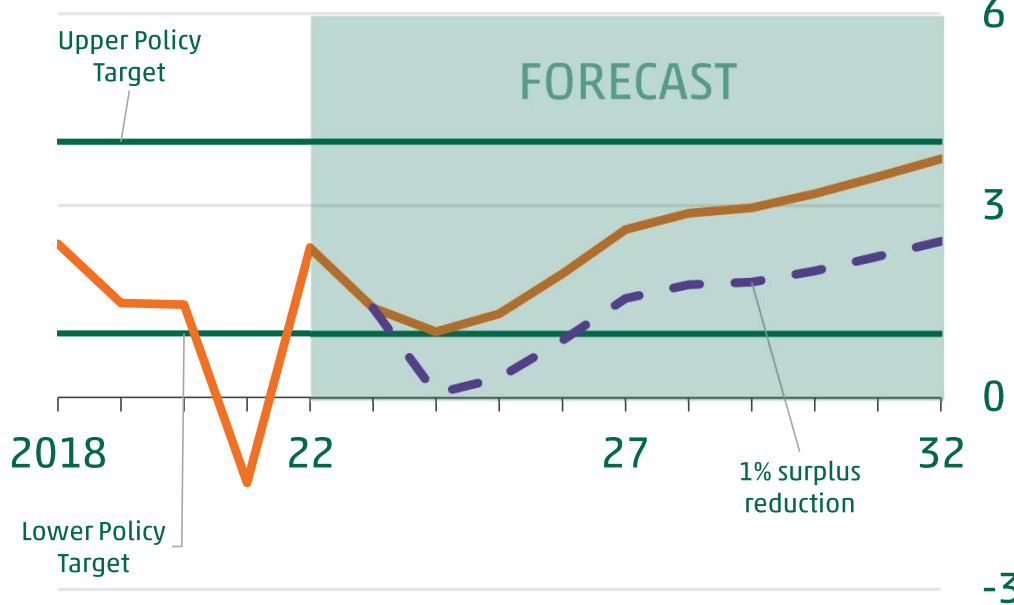
# Financial levers - Debt



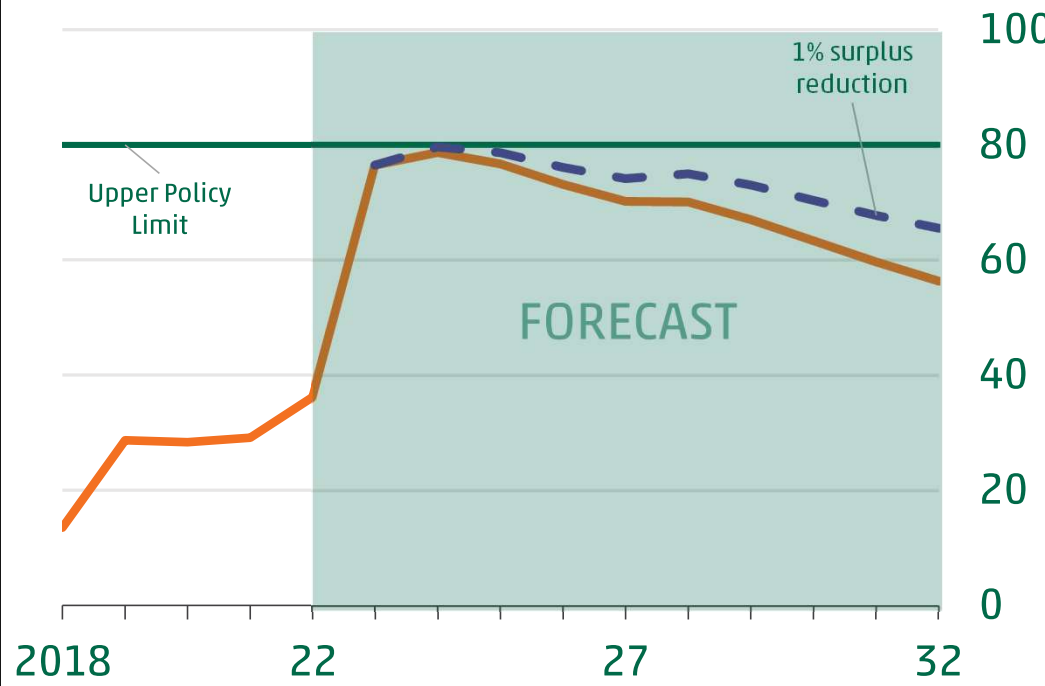
- Forecast *currently* within sustainability limits
- Surplus repay debt
- 1% reduction in surplus increase debt by 10%

# Financial Levers – Surplus vs Debt

**Operating Underlying Surplus**  
% of Rates



**Financial Liabilities (net)**  
% of Rates



# Levers – Deferring Rate increases

Rate Increase/ (Decrease) %	2022/23	2023/24	2024/25
Existing Services Cost Increase	3.99	3.21	2.51
Efficiency & Financial Savings	(0.87)	(0.48)	(0.29)
<b>Maintain Existing Service Levels</b>	<b>3.12</b>	<b>2.73</b>	<b>2.23</b>
Cost Shifting	0.02	-	-
Out of budget cycle decisions	0.28	-	-
New Services & Assets Backlog	0.98	0.90	0.66
<b>Total</b>	<b>4.40</b>	<b>3.63</b>	<b>2.89</b>



# Levers – Deferring Rate increases

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<b>Total</b>	<b>4.40</b>	<b>3.63</b>	<b>2.89</b>
<b>Rate deferral</b>	<b>(1.00)</b>	<b>0.50</b>	<b>0.50</b>
<b>Total after rate deferral</b>	<b>3.40</b>	<b>4.13</b>	<b>3.39</b>

# Levers – Deferring Rate increases

Rate Increase/ (Decrease) %	2022/23	2023/24	2024/25
Existing Services Cost Increase	3.99	7.21 ↑	2.51
Efficiency & Financial Savings	(0.87)	(0.48)	(0.29)
<b>Maintain Existing Service Levels</b>	<b>3.12</b>	<b>6.73</b>	<b>2.23</b>
Cost Shifting	0.02	-	-
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<b>Total after rate deferral</b>	<b>3.40</b>	<b>8.13 ↑</b>	<b>3.39</b>

# Delaying New Services / Addressing Asset Backlog

## Rate rises and new services

Average % rate rise



- 1.4% average annual rate increase as a result of new services
- Opportunity to delay introducing new service levels

# Financial Levers

Do you have any questions in relation to the levers?

Do you have other levers you would like discussed?

# 2020 Rating Review

- Valuation Method
- Fixed Charge / Minimum Rate ✗
- General & Commercial/Vacant land
- Separate rates
  - Main Street Economic Development ✗
- Rebates & Remissions
  - Scouts & Girl Guides ✓
  - Concession Remission ✗
  - Owner Occupier Remission ✗
- Discounts
  - Remove Early Payment Discount ✗
- Capping
- Rate notice design
  - Addition of rates notice banner ✓

# Rating Policy

Are there any parts of the rating policy you would like to see changed?

# Questions



# Requests Pack



# Items that Must Happen

## **Legislatively Required**

- Review of Strategic Management Plans (\$TBD based on scope)

## **Prior Council Decisions (during 2022/23): *0.06% rate rise***

- Tower Arts Centre Land Proposals
- Hawthorn Bowling Club Halogen Lighting to LED & Entrance Upgrade
- Community Housing

# Previous Council Priorities

## Year 4 Priority Investments of the Four Year Delivery Plan (including in Council's adopted LTFP)

Item	Rate Impact*
Accelerate civil asset renewal backlog	0.42%
Extend the Footpath Network	0.11%
Enhance AA Bailey Reserve, Clarence Gardens	0.05%
Revitalise Green Spaces in St Marys	0.06%
Upgrade Mortlock Park Oval Facilities, Colonel Light Gardens	0.09%
Upgrade Rozelle Reserve, Melrose Park	0.02%
Implement Brown Hill Keswick Creek Stormwater Masterplan	0.05%
Continue the Water Sensitive Urban Design (WSUD) program	0.01%
Extend & upgrade the Stormwater Network	0.10%
Provide Annual Community Facilities Grants	0.01%
<b>Total</b>	<b>0.92%</b>

*\*Rate impact is indicative and will be updated in early 2023*

# Requests

## Section 3:

**Requests with Ongoing Costs for Consideration**

## Section 4:

**Once-Off Operating Requests for Consideration**

## Requests from Councillors – *to be scoped*

- Christine Avenue bench/picnic table
- Apex park playground renewal.
- Tree Assistance Fund
- Bike riding in the City of Mitcham
- Once-off Concessions remission
- Recycling for Polystyrene and Bulk Cardboard
- Public Greening Strategy for Growth Precincts
- Funding our Urban Forest
- EV Policy
- Increase Street sweeping frequency
- Increase watering
- Ongoing Christmas activation at CC Hood
- Bike trails signage
- Merriton and Dorene street Pocket park improvements
- Speed humps for the new residential development - panorama TAFE site
- Toilets in Norman street reserve and St Marys Park
- Pasadena Tennis club upgrade and renewal
- Activate the St Marys Precinct
- Pedestrian crossing at Flinders drive
- Denis street car park.
- Pasadena Community centre staffing
- New trainees / apprentices Targeted Employment strategy
- Investigate WSUD & Outdoor Play spaces synergies.

# Request Pack

Are you comfortable with the request pack?

# Questions



# Next Steps

**At the next Information Session on 21 February we will go around the room and ask the following questions to inform shortlists**

- Do you have a preferred **rate range**?
- Do you support the **previous Council Priorities** (Year 4 of the Four Year Delivery Plan / LTFP?)
- Do you have any **adjustments** or **additional funding requests**?
- Which requests are your **priorities**?

