

CITY OF MELBOURNE
10 Year Financial Plan
People's Panel Report

8 November 2014

The Panel's Decision Making Principles

1. SMART (Specific, Measurable, Achievable, Realistic, Timely)
2. Sustainable
3. Forward thinking
4. Adds value to Melbourne; best for the city
5. Relevant to the remit and the four challenges
6. A 'considered' recommendation that is aware of the implications for people

What we want Melbourne to look like in the future

The People's Panel 2014 vision for Melbourne 2025 is:

- It continues to be one of the world's most liveable cities.
- Recognised internationally for its successes in sustainability and response to climate change.
- It is easily accessible and accommodating for residents from all walks of life.
- It remains a welcoming and vibrant university city that provides a range of services specific to its student population.
- Maintains its distinct and celebrated sports, cultural and food precincts.
- Manages, expands and maintains its infrastructure and facilities to ensure it remains a commercial and service industry hub for the nation.

1 Rates

1.1 The People's Panel 2014 acknowledges that rate rises are required in order to meet both operating and capital budget requirements. The panel recommends that rates be increased by CPI plus up to 2.5% pa for the next 10 years.

The People's Panel took into consideration:

- It is recognised that due to an expected rapid growth in population, substantial new infrastructure is required.
- The desired responses to climate change also require funding.
- The new infrastructure primarily benefits the new population. It is therefore inappropriate for existing ratepayers to bear the full costs when there are means by which the costs may be shared, such as increased developer contributions or debt funding.

2. Environment, Sustainability and Climate Change

2.1 The People's Panel 2014 recommends that as a matter of priority the City of Melbourne allocate the necessary (increased) funding to its plans to address climate change, so as to protect our existing assets, systematically reduce our carbon footprint (pro rata), maintain the liveability within the city and provide leadership on this issue within the municipality.

We want the City of Melbourne to be bold, creative and innovative in terms of (but not limited to):

- Tree coverage
- Drainage
- Solar panels
- Vertical gardens
- Community gardens
- Nature strip gardens
- Educational programs
- New technologies
- Strategies for waste management and recycling

3. Activate City

3.1 The People's Panel 2014 recommends that the City of Melbourne maintain the same high standard and quality level of service to activate the City of Melbourne. This encompasses marketing of City of Melbourne, events and activation of spaces.

4. Asset Portfolio

4.1 The People's Panel 2014 recommends the City of Melbourne review the property asset portfolio and sell non-core assets. The aim is to reduce the size of the property portfolio and release capital.

4.2 The People's Panel 2014 recommends City of Melbourne retains Citywide.

The People's Panel 2014 took into consideration:

- This is a positive revenue income stream above the rate of interest that City of Melbourne would have to pay if it went to the market for borrowings.
- Citywide provides essential services and that should not be outsourced.
- Over the long run, we believe the City of Melbourne can actually improve the efficiency of such services.
- A review of the operations of Citywide within the next year and setting minimum efficiency guidelines and stringent cleanliness standards that are assessed annually in order to promote operational efficiency and increase Return on Investment.

5. Queen Victoria Market Redevelopment

5.1 The People's Panel 2014 recommends funding should be considered in covering the cost of the QVM development subject to a realistic feasibility on the rate of return and improved end value in terms of social, economic and environmental outcomes.

The Peoples Panel 2014 took the following into consideration:

- Concern about the high indicative cost of the QVM redevelopment relative to the benefits.
- Concern about City of Melbourne funds being redirected from other services toward the QVM redevelopment.

6. Borrowing

6.1 The People's Panel 2014 recommends that debt finance may be used to finance growth infrastructure, special projects and major asset renewal where prompt action can prevent rapidly escalating costs. However, the overall debt levels should be constrained so as to maintain an AA credit rating or better.

The People's Panel took into consideration:

- The combination of inflationary effects, a rapidly growing ratepayer base and an excellent credit rating, provide ideal conditions to support debt funding, within commercially sensible gearing limits.
- There may be very good rationale to adopt a position which results in a somewhat lower (from AAA to AA) credit rating, and it is unwise to overly restrict the City of Melbourne's freedom of action.
- For the growth infrastructure, costs are effectively delayed, so that debt repayments are met by the enlarged ratepayer base, and not by the original group.
- Additionally, appropriate debt funding will permit the city to construct high quality assets that constrain the associated maintenance costs of future years.
- Debt should be restricted for special projects, and is inappropriate for operational expenditures.

7. Bike Lanes and Footpaths

7.1 Bicycle Lanes

7.1.1 The People's Panel 2014 recommends that more bicycle lanes with physical barriers should be installed in the City of Melbourne by reducing car lanes, removing on-street car parking bays, and introducing some one-way streets within the next 5 years. Elizabeth Street, St Kilda Road, Southbank Riverbank, and Grattan Street should be given priority.

The People's Panel 2014 took into consideration:

- A more efficient usage of roads by increasing the bicycle to car utilization ratio and by reducing the congestion on public transport.

The People's Panel 2014 had a minority report on this recommendation as follows:

- Introducing further one way streets in Melbourne could constrict the flow of pedestrians and traffic; impede day to day activity and business.

7.1.2 The People's Panel 2014 noted a minority report that the City of Melbourne builds large bicycle shelters at entry points to the CBD to increase the number of cyclists converting to pedestrian traffic. Close to the boat sheds across from Flinders Street Station, Carlton Gardens, and near La Trobe Street in Docklands should be considered as possible locations.

The People's Panel 2014 took into consideration:

- Encouraging more people to be able to use bicycles as a viable form of transport when engaging with the city.
- The need to prevent cyclists from padlocking bicycles to undesignated places and consequently reducing and disrupting footpath access for pedestrians.

7.2 Footpaths

7.2.1 The People's Panel 2014 recommends increasing CBD footpath accessibility within the next 5 years by increasing footpath width and ease of access by removing obstructions, such as relocating parking options for motorcycles, ensuring businesses are complying with space regulations, and customers don't block ease of movement while waiting. Elizabeth Street and Swanston Street should be prioritized.

8. Advocacy

8.1 The People's Panel 2014 recommends that the City of Melbourne advocate to improve public transport and infrastructure within the City of Melbourne.

8.2 The People's Panel 2014 recommends that the City of Melbourne advocate increasing the number of mainstream public primary and secondary schools within the City of Melbourne to meet population growth demand.

8.3 The People's Panel 2014 recommends that the City of Melbourne advocate increasing parking rates and taxes to reduce car usage and congestion in the CBD.

8.4 The People's Panel 2014 recommends that the City of Melbourne increase the minimum standard requirements for new public open space for high growth areas to 10% of land value.

8.5 The People's Panel 2014 recommends that the City of Melbourne lobby State Government within the next 12 months for greater control of developments and developer contributions.

8.6 The People's Panel 2014 recommends that the City of Melbourne must increase the Developer Contribution to closer align with Sydney and Brisbane in order to increase their contribution towards the funding of infrastructure and community services.

8.7 The People's Panel 2014 recommends that the City of Melbourne advocate to have control all building planning and permission processes transferred to the City of Melbourne especially in relation to the policy of developments above 25,000 square metres.

8.8 The People's Panel 2014 recommends the City of Melbourne advocate for increased services to the elderly, indigenous, vulnerable, homeless, disabled and to the youth support services.

The People's Panel took into consideration:

- Protecting existing community service levels to prevent a reduction in the quality of services the community currently receives as the population increases in the future.
- The needs of our ageing population are met in future years e.g. aged care facilities & home care.

9. Community Services

9.1 The People's Panel 2014 recommends the City of Melbourne maintain the provision of all its community services to at least current service levels over the next 10 years.

The People's Panel took into consideration:

- Protecting existing community service levels to prevent a reduction in the quality of services the community currently receives as the population increases in the future.

10. Operational Efficiency

10.1 The People's Panel 2014 recommends the City of Melbourne should continue to implement the LEAN program for operational efficiencies. This should have a target reduction in expenditure equal to an annually compounding of at least 1% efficiency dividend 2015–2024 (inclusive) based on the previous year's performance.

The People's Panel took into consideration:

- This shows trust in the staff of the City Of Melbourne that they know what they are doing and know how to best improve their roles and departments.
- A desire to promote operational efficiencies rather than have job retrenchments.

11. Capital Works

11.1 The People's Panel 2014 recommends the City of Melbourne reduces expenditure on new capital works by 10% over the 10 year budget period.

The People's Panel took into consideration:

- A projected budget deficit
- An ambitious expenditure program