



**Merri-bek**  
City Council

## **COUNCIL MEETING AGENDA**

Wednesday 26 June 2024

Commencing 6 pm

Council Chamber, Merri-bek Civic Centre, 90 Bell Street,  
Coburg

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<b>1.</b>	<b>WELCOME</b>	
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## 4. COUNCIL REPORTS

### 4.1 MERRI-BEK CITY COUNCIL 4-YEAR BUDGET 2024-2028 AND COUNCIL ACTION PLAN 2024-2025 - FOR ADOPTION

Director Business Transformation, Sue Vujcevic

Finance and Procurement

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#### Officer Recommendation

That Council:

1. Having considered all submissions received and in accordance with Section 94 of the *Local Government Act 2020*, adopts the Annual Budget 2024-2028 (Attachment 1 to this report).
2. Formally declares the Rates Levies and Annual Service Charges for the 2024-25 rating year as follows:

a) Declaration of Rates and Charges:

In accordance with section 158 of the *Local Government Act 1989*, the following rates and charges are declared for the rating year commencing 1 July 2024 and ending 30 June 2025.

b) Amount intended to be raised:

An amount of \$191,446,512 (or such other amount as is lawfully raised as a consequence of this resolution) be declared as the amount which Council intends to raise by general rates and the annual service charge, which is calculated as follows:

Category	Amount
Residential properties	\$150,111,290
Commercial properties	\$9,704,963
Industrial properties	\$6,715,504
Municipal charge	\$0
Service charges	\$24,899,539
Charge in lieu of rates on cultural and recreational lands	\$15,216
<b>Total</b>	<b>\$191,446,512</b>

Rates Information:

i. General rates:

A general rate to be declared for the 2024-25 financial year. The rateable amount per property will be determined by multiplying the Capital Improved Value of each rateable property by the rate in the dollar indicated in the following table:

Category	Rate
Residential properties	0.0023364 (0.23364 cents in the dollar of Capital Improved Value)
Commercial properties	0.0023364 (0.23364 cents in the dollar of Capital Improved Value)

Category	Rate
Industrial properties	0.0023364 (0.23364 cents in the dollar of Capital Improved Value)

- ii. No amount is fixed as the minimum amount payable by way of general rate in respect of each rateable property within the municipal district.
- c) Municipal charge:  
No municipal charge is declared in respect of the 2024-25 financial year.
- d) Annual service charge:
- i. An annual service charge, for the collection and disposal of refuse, be declared in respect of the 2024-25 financial year.
- ii. The annual service charge be in the sum of, and be based on the criteria, set out below:

Category	Rate
Household Rubbish - Shared	\$96.24
Household Rubbish - 80 litre	\$148.07
Household Rubbish - 120 litre	\$333.15
Household Rubbish - 160 litre	\$407.18
Household Rubbish - 200 litre	\$444.20
Household Rubbish - 240 litre	\$518.23
Household Rubbish - 160 litre (concession)	\$203.59
Household Rubbish - 200 litre (concession)	\$222.10
Household Rubbish - 240 litre (concession)	\$259.12
Mixed Recycling - Shared	\$37.38
Mixed Recycling - 120 litre	\$43.13
Mixed Recycling - 240 litre	\$57.50
Mixed Recycling - 360 litre	\$129.38
Food & Garden Organics - Shared	\$65.32
Food & Garden Organics - 120 litre	\$100.49
Food & Garden Organics - 240 litre existing services	\$100.49
Food & Garden Organics - 240 litre new services	\$226.09
Glass Recycling - Shared	\$11.25
Glass Recycling - 120 litre	\$17.31
Glass Recycling - 240 litre	\$38.94

- e) Cultural and recreational land:

In accordance with section 4(4) of the *Cultural and Recreational Lands Act 1963*, the following amounts be declared as a charge in lieu of the general rate (which would otherwise be payable):

Glenroy Road, Glenroy	Northern Golf Club	13,230
Outlook Road, Coburg	Vic Amateur Basketball Association	1,986
<b>Total:</b>		<b>15,216</b>

- f) Incentives:  
No incentives are declared for the payment of general rates (and annual service charge described earlier in this resolution) before dates fixed or specified for their payment under section 167 of the *Local Government Act 1989*.
- g) Interest on rates and charges:
- i. Interest is to be charged in accordance with section 172 of the *Local Government Act 1989*, on any amounts of rates and charges which have not yet been paid by the instalment dates fixed by the Minister in accordance with section 167 of the *Local Government Act 1989*;
  - ii. That the interest to be charged is at the rate fixed under section 2 of the *Penalty Interest Rates Act 1983*, that applied on the first day of July immediately before the due date for payment; and
  - iii. Interest on rates and charges is to be calculated from the date on which the instalment was due.
- h) Interest on unpaid monies:
- i. Interest is to be charged on any amounts of money (other than rates and charges) which a person owes to the Council, and which has not been paid by the due date;
  - ii. The interest rate shall be determined by Council from time to time and shall not exceed the rate fixed from time to time by the Order-in-Council; and
  - iii. That such interest is to be applied in accordance with the provisions of section 120 of the *Local Government Act 2020*.
3. Notes the following changes arising from the consideration of all submissions received:
- a) Allocation of \$30,000 in the Capital Works Program in 2024/25 to support the concept design & engagement relating to the potential shared use arrangement of the Glenroy College oval;
  - b) Allocation of \$100,000 in the Capital Works Program in 2024/25 to co-fund the upgrade of cricket training nets for Raeburn Reserve; and
  - c) Allocation of \$80,000 in the Capital Works Program in 2024/25 for Breese Street Masterplan.
4. Notes the following changes to the strategic priorities – operating listed under Appendix A:
- a) Allocation of \$21,600 in the strategic priorities operating projects for Food Relief with Benefits;
  - b) Allocation of \$25,000 in the strategic priorities operating project for Family Violence Flyer; and
  - c) Allocation of \$60,000 in the strategic priorities operating project to increase the amount of funding for Supporting seniors to live independently (expand outdoor help & heating/cooling) for the heating and cooling component.
5. Notes that the fees and charges in the Annual Budget 2024-2028 have been updated from the Proposed Annual Budget 2024-2028 with the following changes:
- a) Statutory Fees and Charges have been increased by 2.75 per cent due to the fees and fines being set as part of the Victorian State Budget and gazette 7 May 2024.
  - b) Indicator has been added to the fees and charges schedule showing which fees are statutory.

6. Notes that Other Income and Financial Expenses have each been increased by \$2.72 million from the Proposed Budget 2024-2028, with no impact to the surplus for the year, to reflect the income and expense associated with the subdivision of 68-82 Bell Street, Coburg.
7. Authorises the Chief Executive Officer to pay the open space contribution of \$2.72 million associated with the subdivision of 68-82 Bell Street, Coburg
8. Authorises the Chief Executive Officer to make the final documents available for public inspection.
9. Advises submitters that Council has considered their submissions relating to the Proposed Annual Budget 2024-2028 and that the submitters be advised of the outcome of the consideration as it relates to their specific submission through this council report, and they be thanked for their contributions.
10. Adopts the Merri-bek Council Action Plan 2024-2025 (provided as Attachment 2) as the fourth year of actions to deliver against the Merri-bek Council Plan 2021-2025.
11. Authorises the Director Business Transformation to finalise the Merri-bek Council Action Plan 2024-2025 and Annual Budget 2024-2028, including any amendments as a result of the adoption of the Budget 2024-2028 and or/minor administrative changes.

## REPORT

### **Executive Summary**

Council must prepare and adopt a rolling 4-year Budget that contains financial statements and other matters. This must be finally approved by Council no later than 30 June each year.

The purpose of this report is to present for adoption the:

- 4-Year Budget 2024-2028 (Attachment 1); and
- Council Action Plan 2024-2025 (Attachment 2).

The 4-Year Budget 2024-2028 continues to deliver services to Merri-bek's 174,000 plus residents within the 2.75 per cent rate cap set by the State Government. The 4-year budget funds key initiatives and delivers critical major projects while maintaining Council's financial sustainability.

Key features of the budget include:

- An operating projects program of \$6.5 million. Key projects in the program include:
  - Funding of \$1.0 Million for the Urban Forest Strategy - Tree Planting Regime, additional tree planting and planting trees in tricky to plant areas;
  - Expanding our program to support senior to live independently (outdoor help for seniors) as well as heating and cooling support (\$0.5 million);
  - Continuing the solar and/or thermal grants for low-income earners (\$0.4 million);
  - Continuing the funding of \$0.2 million to facilitate the homelessness assertive outreach program;
  - Additional funding of \$60,000 to increase shopping street clean-ups, including one additional bin service provided to all shopping strips as well funding to replant garden beds with climate resistant plants; and
  - Continuing our co-funding of Merri Wayi which is a community-led collaboration to enable our nature and urban worlds to thrive along the Merri-Creek (\$25,000).

- A capital works program of \$92.7 million. Key projects in the program include:
  - Completion of the \$36.9 million Fawkner Leisure Centre redevelopment (stage one) which is due to open for the 2024-25 summer season;
  - Completion of the \$29.0 million Saxon Street Cultural and Community Hub;
  - Continuing the \$27.8 million upgrade works on several early years' facilities over the next 5-years including Dunstan Reserve childcare centre and Brunswick Early Years Hub;
  - Improvements to parks, open space and streetscapes (\$23.6 million);
  - Roads and carparks renewal and maintenance (\$18.9 million) and
  - Footpaths, bicycle paths and transport infrastructure (\$4.6 million).
- As part of Council's participatory budgeting process earlier this year, funding six community budget ideas totaling \$399,000:
  - Accelerate the installation of sunshades over Merri-Bek's playgrounds \$150,000
  - Take the Next Step \$59,000
  - Drinking fountains in shopping strips \$60,000
  - More seats on walking routes to the shops \$40,000
  - Free basketball court and soccer field for all of Fawkner \$30,000
  - Half-court basketball ring in Glenroy \$60,000.
- The 4-Year Budget 2024-2028 continues Council's strong commitment to delivering on its major projects pipeline with a further \$13.1 million set aside for the Significant Projects Reserve to fund future projects. Saxon Street Cultural and Community Hub and Fawkner Leisure Centre Redevelopment (stage one) projects are the two key projects being funded from the reserve which will be complete in the current year.
- The budget is informed by the Merri-bek Council Action Plan 2024-2025 (provided as Attachment 2). The Council Action Plan is developed annually to support implementation of the Merri-bek Council Plan 2021-2025 and identifies the strategic objectives and actions to deliver against the major initiatives and priorities (as contained in the Council Plan).
- The budget has been prepared in accordance with the Revenue and Rating Plan 2021-25 which was adopted at the Special Council meeting held 24 June 2021.

Since public exhibition of the Proposed 4-Year Budget 2024-2028 which occurred from 17 April to 17 May 2024, amendments have been made to develop the Proposed budget based on new information (e.g., changes to fees as set by the State Government) and community feedback received on the proposed budget as part of the community engagement process. Details of the changes are summarised in section 3 of this report.

83 submissions were received on the proposed budget in the second round of community engagement; these submissions are in addition to the 30 eligible community budget ideas received in the first stage of engagement. A copy of public submissions received, and Council officer commentary is provided as Attachment 3.

Key changes made to the proposed budget since public exhibition are detailed in this report.

## Previous Council Decisions

### Proposed Merri-bek City Council 4-Year Budget 2024-2028 – 10 April 2024

That Council:

1. *Endorses the Proposed 4-year Budget 2024-2028 (provided as Attachment 1 to this report), for the purpose of community exhibition commencing 17 April 2024 until 5pm on 17 May 2024, subject to the following change.*
  - a) *Allocate \$60,000 in the strategic priorities operating projects to fund the Youth Holistic Outreach Program (YHOP) for one year*
  - b) *Brings forward the \$40,000 for shopping strips (Melville Road/Albion Road) from the 2026/27 capital works program into 2024/2025*
  - c) *Offset point a) by reducing the strategic priorities operating projects funding for the 'Supporting seniors to live independently (expand outdoor help & heating/cooling)' from \$253,000 to \$193,000 (the heating/cooling component would reduce from \$115,000 to \$55,000) and offset point b) by reducing the surplus by \$40,000.*
2. *Endorses the voting outcomes of the Community Budget Ideas Process (provided as Attachment 2 to this report), noting that the proposed budget includes the following selection of community budget ideas totaling \$399,000 (higher than the \$250,000 set aside):*
  - i) *Accelerate the installation of sunshades over Merri-Bek's playgrounds \$150,000*
  - ii) *Take the Next Step (family violence peer education program) \$59,000*
  - iii) *Drinking fountains in shopping strips \$60,000*
  - iv) *More seats on walking routes to the shops \$40,000*
  - v) *Free basketball court and soccer field for all of Fawkner \$30,000*
  - vi) *Half-court basketball ring in Glenroy \$60,000*
3. *Notes the draft Merri-bek Council Action Plan 2024-2025 (provided as Attachment 3 to this report) as the fourth and final year of actions to deliver against the Merri-bek Council Plan 2021-2025, which will be presented for endorsement alongside the final proposed 4-year Budget 2024-2028 for consideration for adoption.*
4. *Notes that \$13.1 million will be transferred to Significant Projects Reserve to accumulate funding for Council's long-term significant priorities which include, but are not limited to, the Fawkner Leisure Centre Redevelopment (stage one) and the Saxon Street Cultural and Community Hub projects.*
5. *Notes that a surplus of \$2,000 is proposed to be kept aside for potential allocation following feedback received through the public exhibition process.*
6. *Invites feedback on the Proposed 4-year Budget 2024-2028 and makes available for public inspection the Proposed 4-year Budget 2024-2028 on the Council website and at the three civic centres and all libraries.*
7. *Establish a hybrid Hearing Committee, consisting of all Councillors, and appointing the Mayor as Chair, to be held on Wednesday, 29 May 2024 commencing at 6.00 pm at the Coburg Civic Centre and invites any submitters who indicate they wish to be heard in support of their submission on the Proposed 4-year Budget 2024-2028.*
8. *Receives a further report at its meeting on 26 June 2024 outlining any feedback received on the Proposed 4-year Budget 2024-2028 and presenting a final Proposed 4-year Budget 2024-2028 for consideration for adoption.*



## 1. Policy Context

The 4-year Budget 2024-2028 has been prepared in accordance with the requirement of Section 94 of the LGA 2020 and part 3 of the *Local Government (Planning and Reporting) Regulations 2020* which requires councils to prepare a budget for each financial year and the three subsequent financial years.

In accordance with sections 88 and 90 of the *Local Government Act 2020*, Council adopted a new Merri-bek Community Vision 2021-2031 and Council Plan 2021-2025 in October 2021. Council officers have developed the Merri-bek Council Action Plan 2024-2025 (**Attachment 2**). It includes the specific actions to be taken during the fourth financial year in the implementation of the Merri-bek Council Plan 2021-2025.

The declaration of Rates and Charges is made in accordance with section 158 of the *Local Government Act 1989*.

## 2. Background

Council is required to produce a 4-year budget for each financial year by 30 June. Council held community consultation from November 2023 through to March 2024 (stage 1) and from 17 April through to 17 May 2024 (stage 2) to inform the budget. On 10 April 2024, Council resolved to endorse the proposed budget and make it available for public exhibition.

An annual Council action plan is developed each year to identify priority actions for delivering strategically against Major Initiatives contained in the Merri-bek Council Plan 2021-2025.

This annual planning method enables Council to be more flexible in the delivery of the Merri-bek Council Plan 2021-2025, whilst providing flexibility in responding to changing and/or unforeseen circumstances (e.g., grant opportunities).

### Proposed 4-Year Budget 2024-2028

In a 'normal' year, it can be challenging to fund the delivery of services to Merri-bek's 174,000 plus residents and deliver on the ambitious Council goals all within the rate cap of 2.75 per cent set by the Minister for Local Government. The budget delivers key outcomes for the Merri-bek community while maintaining Council's financial sustainability. The proposed budget was developed alongside the gender impact assessment **Attachment 4**, which aims to create better and fairer outcomes and ensure all people have equal access to opportunities and resources.

This Proposed Budget provides for an underlying surplus (excluding capital and developer contributions) of \$18.7 million, this surplus is required to contribute towards the rates funded component of the capital works program, as well as loan repayments and transfers to the reserves.

The underlying operating result is an important measure of financial sustainability. This measure demonstrates Council's ability to self-fund its operations, and excludes funding related to Council's capital works program.

Council remains in a healthy financial position through prudent financial management ensures sufficient cash is available to fund our operations, projects, and balance sheet items. Total Council expenditure will amount to \$235.9 million and requires a Comprehensive Income Statement surplus of \$40.0 million to meet the following requirements:

- \$2.1 million in loan principal repayments. Repayment of loan interest is included in the income statement whilst the principal repayment is a balance sheet item and requires cash funding; and

- \$3.4 million in additional rates funded capital expenditure beyond depreciation. Depreciation being non-cash expenditure, reflects the level of asset consumption. However, to gradually close the renewal backlog that Council faces, rates funded capital expenditure needs to exceed depreciation.

### **Adjustments to the proposed budget**

After considering all submissions received as well as new information received after the proposed budget was developed, the following key adjustments are made in the 4-Year Budget 2024-2028:

- **Forecast Actual 2023/24:** The forecast for 2023/24 has been updated to reflect the 2023/24 Third Quarter Financial Report which was adopted by Council on 10 April 2024. The budget document compares the 2024/25 budget to the forecast throughout the document. The Proposed Budget 2024-2028 which was endorsed by Council for purpose of community exhibition included the forecast for 2023/24 from the 2023/24 Mid-year Financial Report that was adopted by Council on 13 March 2024. As a result of this change, the comparison and relevant commentary will have changed throughout the document.
- **Rates and Charges:** The final valuation information has been received from the Valuer General to support the setting of rates.
- **Fees and Charges:** Statutory fees and charges set by the State have been increased by 2.75 per cent increase for statutory fees and fines for the 2024-25 financial year.
- **Operating Grants:** Two key grant increases have been included in the Proposed Budget 2024-2028 detailed below:
  - The Financial Assistance Grant that is expected to be received from the Federal Government has been increased to align with the latest estimate received; and
  - The Federal Government grant for the Coburg North Sports Hub Masterplan, this has a nil impact overall as there is offsetting expenditure.
- **Capital Grants:** Capital grants have been increased to reflect:
  - The Federal Government Roads to Recovery allocation
  - The State Government grant for the Gowanbrae New Dog Park.
- **Open space contribution:** There is a requirement for the open space contribution to be paid for the statement of compliance to be issued on the subdivision of 68-82 Bell Street, Coburg. relevant income and expense associated with the subdivision of 68-82 Bell Street, Coburg has been included with a nil impact overall.

### **Financial Sustainability**

Council is committed to the sustainable management of its resources. The 4-year Budget 2024-2028 aims to ensure that Council continues to deliver vital services to the community and essential infrastructure while maintaining accountability for prudent financial management.

### **Carry Forwards of capital works program from 2023-24 to 2024-25**

A significant challenge that Council faces is that construction costs are currently escalating with high volatility, with constraints still on the global supply of materials, labour and stimulus projects affecting both demand and supply lines. At the 10 April Council meeting it was forecast that \$25.0 million of 2022-23 capital projects would need to be carried forward into the 2024-25 year (provided in **Attachment 5**). These carry forwards are due to a variety of reasons, including but not limited to:

- Resourcing issues (staffing and contractors)

- Further community consultation required
- Supply issues and delays
- Increased construction costs.

It is expected that the number and value of projects impacted by external delays will further increase. The full extent of projects that will need to be carried forward into 2024-25 will be reported to Council in September 2024 in the Annual Report.

### **Waste Charges**

The 2024-25 charge for the standard kerbside waste services increases by 52 cents per week or \$26.96 per year (to a total cost of \$323.27 per annum). The waste charge has been developed in accordance with the good practice guidelines which were issued under the Local Government Act 2020 (s.87) by the Minister in December 2023.

The increase is largely due to the increased waste collection costs as well as a reduction in state government funding (following one-off state government grants in previous year/s). The annual waste fees are directly linked to the cost of providing the kerbside waste services, on a cost recovery basis.

### **2024-25 Operating Projects Program**

The operating projects program amounts to \$6.5 million; this significant investment is to progress key Council Plan linked initiatives. These projects are detailed in **Attachment 1** – Appendix A. Key projects in the program include:

- Funding of \$1.0 Million for the Urban Forest Strategy - Tree Planting Regime, additional tree planting and planting trees in tricky to plant areas;
- Expanding our program to support senior to live independently (outdoor help for seniors) as well as heating and cooling support (\$0.5 million);
- Continuing the solar and/or thermal grants for low-income earners (\$0.4 million);
- Continuing the funding of \$0.2 million to facilitate the homelessness assertive outreach program;
- Additional funding of \$60,000 to increase shopping street clean-ups, including one additional bin service provided to all shopping strips as well funding to replant garden beds with climate resistant plants; and
- Continuing our co-funding of Merri Wayi which is a community-led collaboration to enable our nature and urban worlds to thrive along the Merri-Creek (\$25,000).

### **2024-25 Capital Works Program**

The proposed new Capital Works Program amounts to \$92.7 million (\$43.3 million funded by rates, \$11.9 million from grants, \$9.1 million from contributions, and \$28.4 million from reserves including rates funded carry forwards of \$17.7 million). Key deliverables in the program include:

- Completion of the \$36.9 million Fawkner Leisure Centre redevelopment (stage one) which is due to open for the 2024-25 summer season;
- Completion of the \$29.0 million Saxon Street Cultural and Community Hub;
- Continuing the \$27.8 million upgrade works on several early years' facilities over the next 5-years including Dunstan Reserve childcare centre and Brunswick Early Years Hub;
- Improvements to parks, open space and streetscapes (\$23.6 million);
- Roads and carparks renewal and maintenance (\$18.9 million) and
- Footpaths, bicycle paths and transport infrastructure (\$4.6 million).

Council is delivering on our commitment to increase our per capita spend of rates funding on active transport infrastructure (walking and cycling infrastructure). The commitment of \$12 per head (to be indexed by the rate cap each year) has been exceeded in this 4-year budget. Appendix C of **Attachment 1** provides further information on the level of spending on active transport infrastructure per capita and the locations of projects that are being designed and consulted upon in the 2024-25 financial year.

The below table shows the per capita spend on active transport that is included in the budget.

Year	2024/25	2025/26	2026/27	2027/28	2028/29
Per capita rate achieved	\$15.31	\$14.80	\$17.14	\$13.83	\$13.01

The capital works program is presented two ways in **Attachment 1** to ensure we are meeting our legislative reporting requirements as well as a more user-friendly view of the capital works program.

**Attachment 1** - section 4.5 of the budget document shows the capital works program as per the financial asset classes. This is prepared in accordance with the *Local Government (Planning and Reporting) Regulations 2020* to ensure our capital works program is classified in accordance with the accounting treatment of the asset created. This is in alignment with the model budget released by Local Government Victoria and the annual financial statements.

Additionally, **Attachment 1** shows the full view of the capital works program categorised by the functional groups (e.g. early years assets and open space assets). This view makes it easier for the community to look at the overall project funding for multi-year projects, as well as total spend by groupings.

### **Borrowings**

Council have proposed no increase to borrowings in the 2024-25 financial year.

### **Council Action Plan 2024-2025**

As outlined in the Merri-bek Council Plan 2021-2025, an annual action plan (including the Municipal Public Health and Wellbeing actions) is developed each year over the 4-year Council Plan period to include priority actions to be taken in that financial year for the implementation of the Council Plan.

This annual planning method enables Council to be responsive in the delivery of the Merri-bek Council Plan 2021-2025, providing flexibility in responding to changing and/or unforeseen circumstances (e.g., partnerships or grant opportunities).

The final Merri-bek Council Action Plan 2024-2025 (provided as **Attachment 2**) has been developed to support implementation of the Merri-bek Council Plan 2021-2025 and identifies the strategic objectives and actions to deliver against the major initiatives and priorities (as contained in the Council Plan).

The Action Plan is resourced for delivery through the 2024-25 annual budget and has been informed by a number of key inputs, including

- workshops with Councilors to determine priorities for the year ahead;
- the community budget ideas process; and
- feedback received via the community engagement process (Imagine Merri-bek engagement program) conducted from February to October 2021.

The Council Action Plan 2024-2025 (**Attachment 2**) is presented to Council for consideration and adoption alongside the Annual Budget 2024-25 in June 2024, pending any amendments in line with changes arising from the budget process.

All annual commitments documented in the Merri-bek Council Action Plan 2024-2025 will form part of quarterly and annual performance reporting to Council.

Whilst the Council Action Plan 2024-2025 shows the full proposed actions, provided in **Attachment 6** is a summary which highlights; new actions identified for delivery in 2024-2025; existing multi-year actions that are being delivered over a number of years and merged actions.

### **3. Issues**

#### **Community impact**

Community impact is addressed throughout the Council Plan 2021-2025 but primarily under strategic objective 5: To build community trust through encouraging participation, evidence-based decision making, stewardship of resources and being accessible and responsive.

#### **Climate emergency and environmental sustainability implications**

Climate emergency and environmental sustainability implications are addressed throughout the Council Plan 2021-2025 but primarily under strategic objectives 1, 2 and 3. The below list are examples of key initiatives Council is funding on climate-related initiatives and is not an exhaustive list.

- Tree Planting (\$2.1 million)
- Solar Thermal Subsidy Program (\$0.4 million)
- Dunstan Reserve Stormwater Harvesting (\$1.5 million)
- Saxon Street Arts and Community Hub
- Brunswick Early Years Hub
- Other Early Years Projects; and
- Fawkner Leisure Centre (stage 1).

#### **Human Rights Consideration**

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

### **4. Community consultation and engagement**

#### **Engagement Activity for the Budget**

In accordance with Council's Community Engagement Policy 2020 the engagement process for the budget included gathering community budget ideas from the community to inform the draft budget between November 2023 and January 2024. As part of Council's participatory budget process, \$250,000 was set aside to fund community ideas and include into the proposed budget.

In the initial stage of engagement, we called for community ideas that met the criteria. In the second stage we ran a community voting program, including five pop-up sessions, each person had three votes to allocate to their top three projects.

A range of engagement methods were used to maximise participation and to ensure that people could contribute ideas to the budget in an accessible and inclusive way. Engagement activities included:

- Post cards were available at customer service, senior citizens centres, Oxygen, and libraries to provide a written idea.
- Call for written submissions by Merri-bek social media pages (Facebook and Instagram).
- Call for written submissions by post and via our digital engagement platform Conversations Merri-bek.
- Customer service had an on-hold message.
- Promotion and assistance with submissions via libraries and library staff.

In this initial stage of engagement Council received 92 submissions, 30 projects meeting the criteria to progress to the second stage for community voting.

This is the third year that Council has run the community budget ideas and has continued to grow in popularity amongst the community. The participation rates in stage one engagement for the community budget ideas were higher than the previous year (which was the highest that Council budget process has ever reached, ahead of a typical formal public exhibition process).

The second stage of the community budget ideas occurred in March where the community had the opportunity to vote on three projects which they supported. 1223 people participated in the voting process, with two thirds of the voting occurring in person. The participation rate in the second stage, almost doubled from the previous year, with every project receiving some level of support via the voting process.

The budget includes six community budget ideas totaling \$399,000, four of the six projects as voted by the community:

- Accelerate the installation of sunshades over Merri-Bek's playgrounds \$150,000
- Take the Next Step (family violence peer education program) \$59,000
- Drinking fountains in shopping strips \$60,000
- More seats on walking routes to the shops \$40,000

As well as funding 2 additional projects:

- Free basketball court and soccer field for all of Fawkner \$30,000
- Half-court basketball ring in Glenroy \$60,000

### **Stage Two – Budget Exhibition and Feedback**

The purpose of the exhibition stage of engagement was to share the proposed budget with the community and invite comments on the draft. Council resolved to make the Proposed 4-year Budget 2024-2028 available on the Council website and hard copies were available at the three civic centres and all libraries. The exhibition period commenced on 17 April for a 31-day public exhibition period that closed on 17 May 2024.

During this period, we engaged the community both in person and online through:

- A dedicated Project Page: a dedicated project page was created on Council's engagement website, Conversations Merri-bek, which helped to create a consistent location for the community to access information and participation online.
- Communications Campaign: This included promotion on Council's corporate channels and social media as well as hardcopies of the proposed budget 2024-2028 document in customer service centres and libraries, as well as the community newsletter.
- Email: 4,212 people were emailed through the Conversations Merri-bek members list. This list includes the registered submitters from the Community Budget Ideas project. Of this 2,254 people opened the email and 173 people clicked through to the website.
- Going to where people enjoy gathering: Pop ups were held at locations where a cross-section of the community would gather, inviting feedback community 'drop-in' information sessions at the following locations and times:
  - Brunswick Library 3 May 11.00am – 1.00 pm
  - Coburg Library 7 May 11.00am – 1.00 pm
  - Glenroy Library 15 May 11.00am – 1.00 pm.

Community submissions to the 4-year Budget closed on the 17 May, with 83 submissions to the proposed budget received. Of the 72 participants that identified their gender 28% are women, 68% are men and 4% are non-binary. There were 4 participants that preferred not to disclose their gender.

Submitters of feedback were invited to attend a Hearing of Submissions/Feedback Forum event on Wednesday 29 May where community members attended Council in person and online to share their feedback on the proposed budget with Councillors. This event was facilitated by Deputy Mayor Councillor Tapinos, and of the 83 submissions received, 13 members of the community attended the Hearing of Submissions to present their ideas directly with Councillors and staff.

Of the 83 submissions, 40 related to Allard Park.

A detailed listing of all submissions and officer comments are included in **Attachment 3**.

### **Council Action Plan 2024-2025**

Community consultation and engagement was not required for Council Action Plan 2024-2025 (Council Action Plan). Community consultation was undertaken to develop the Council Plan 2021-2025. The budget and annual action plans are the vehicle to deliver on the Council Plan, and appropriate engagement and consultation have been undertaken as outlined within this report.

### **Affected persons rights and interests**

The rights of persons affected by Council's decision have been provided with the opportunity to contribute their views through the Community Engagement process.

## **5. Officer Declaration of Conflict of Interest**

Council officers involved in the preparation of this report have no conflict of interest in this matter.

## **6. Financial and Resources Implications**

Costs associated with the preparation of the 4-Year Budget 2024-2028 are funded from the 2023-24 operating budget allocations.

All actions documented in the Council Action Plan 2024-2025 are resourced through the 4-Year Budget 2024-2028.

## **7. Implementation**

Following adoption of the 4-Year Budget 2024-2028, a copy will be displayed on Council's website.

Once adopted, the 4-Year Budget 2024-2028 Budget will be loaded into Council's financial management system to enable officers to implement budgeted activities.

Financial performance against budget will be reported to Council periodically to ensure sound financial management.

Progress on delivery of the Merri-bek Council Plan 2021-2025, and specifically Year 4 of the associated action plan will be monitored through quarterly and annual performance reporting.

## **Attachment/s**

<a href="#">1</a>	Merri-bek Proposed Budget 2024-2028	D24/289118
<a href="#">2</a>	Council Action Plan Year 4 2024-2025	D24/256001
<a href="#">3</a>	2024-2028 Budget - Community Feedback and Submissions	D24/282909
<a href="#">4</a>	Gender Impact Assessment - Budget 2024-2028	D24/286383
<a href="#">5</a>	Capital Carry Forwards into 2024-2025	D24/283074
<a href="#">6</a>	Council Action Plan 2024-2025 - Summary of Changes	D24/272252















































































































































































































































































































































































































































































































































































































## 4.2 CONTRACT VARIATION: CONTRACT 529T WASTE SERVICES AGREEMENT

Director City Infrastructure, Anita Curnow

City Services

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### Officer Recommendation

That Council:

1. Authorises the Chief Executive Officer to:
  - a) Execute a Deed of Variation with **Citywide Service Solutions Pty Ltd ABN 94 066 960 085 (Contractor)** to extend **Contract 529T Waste Services Agreement** for the provision of kerbside collection of general waste, recycling, FOGO (Food Organics Garden Organics) and glass for the Southern Collection District (**Contract**) subject to a schedule of rates with a maximum additional spend of \$19,644,717.83 (incl GST) over two extension terms:
    - i. 22 months and 18 days to 30 June 2026; and
    - ii. an optional further 12 months to 30 June 2027on the following terms and otherwise subject to and in accordance with paragraph 1(b) of this Resolution.
  - b) Negotiate and finalise the terms of the Deed of Variation between Council and the Contractor provided that:
    - i. the terms specified in paragraph 1(a) of this Resolution shall not be altered without a further Resolution of Council; and
    - ii. other than terms referred to in paragraph 1(a) of this Resolution, the terms of the Contract are acceptable to the Chief Executive Officer.
  - c) Conditional on acceptance of the Deed of Variation by the Contractor in accordance with the terms of this Resolution, authorises the Chief Executive Officer to do all things necessary in accordance with the provisions within the Contract to implement the immediate extension option and if required, by mutual agreement, the further extension option.
2. Notes that if an overspend is incurred in 2024/25 for the kerbside waste collection service, the waste reserve will be used to account for this.

<b>REPORT</b>
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### Executive Summary

Council currently contracts waste collection services via a weekly kerbside collection of general waste, fortnightly recycling collection, a weekly collection of FOGO and bi-monthly collection of glass across the southern district of the municipality, with Bell Street being the boundary.

Council's current kerbside collection contract with Citywide Service Solutions Pty Ltd (Citywide) ends on 12 August 2024. The contract has a current one-year extension associated within the current terms of the contract.

This report proposes acceptance of an increase in the rates applying to Contract 529T with Citywide as outlined in Confidential Attachment 1, and the application of a contract extension to 30 June 2026 which is anticipated to be the date from which any modified garbage service would be introduced, instead of ending on 12 August 2025.

Citywide has successfully delivered Waste Collection Services for Merri-bek City Council over an extensive period, including multiple contracts.

This variation is critical to the continued provision of waste services. Without accepting the negotiated revised terms of the Citywide contract and offering an extension, Merri-bek would not be in a position to provide continuity of service given the amount of time it takes to recruit and stand up fleet, logistics and customer service functions for such a service.

The report also proposes adding a further 12-month extension to the Contract 529T at Council's discretion should this be required.

## Previous Council Decisions

### Contract Award RFT-2022-359: Glass Collection and Mixed Recycling and Glass Processing Contracts – 12 April 2023

*That Council:*

...

2. *Endorses that:*

...

- *For the area south of Bell Street, Glass Collection is included in the Citywide delivered services as a contract variation.*

3. *Authorises the Chief Executive Officer to negotiate with Citywide a variation under the provisions of Contract 529T, up to a maximum value \$ [REDACTED] (including GST), for Glass Recycling Collection and modified services necessary to support the 4-stream waste collections in the area serviced under Contract 529T.*

...

9. *Publishes the Executive Summary and this resolution in the public minutes of this Council meeting, with the redaction of the authorised maximum value for the Chief Executive Officer's negotiation on a variation to Contract 529T.*

## 1. Policy Context

This report is in keeping with Council's commitment to accountability and sound financial management. It also addresses the requirement under Section 109(1) of the *Local Government Act 2020* which requires Council to conduct a public tender for goods, services and works where once-off or ongoing cumulative spend over the life of the contract is expected to exceed \$300,000 (incl GST) as well as the policy commitments contained in the Procurement Policy.

The report is in keeping with Council's Procurement Policy with respect to Deeds of Variation. While the Director City Infrastructure was authorised in 2017 to execute the one-year extension of Contract 529T, the changed terms of the proposed extension requires that Council resolves for the Chief Executive Officer to be authorised to do all things necessary to execute the Deed of Variation.

### Council Plan 2021-2025

Strategic Objective 1: To strive for maximum protection of people's health, plants and animals through leading as urgent response to the climate emergency and a regeneration of our natural environment.

Strategy 1.1: Lead by example and partner with others to accelerate the shift to zero carbon emissions in energy, transport and waste in ways that are efficient, financially responsible, healthy and socially fair.

### Waste and Litter Strategy 2018-2022

The Waste and Litter Strategy has a target of zero waste to landfill by 2030.

## **State policy - Recycling Victoria: A New Economy 2020–2030**

The State Government action plan on waste, Recycling Victoria – A New Economy 2020–2030:

- Cut total waste generation by 15 per cent per capita by 2023.
- Divert 80 per cent of waste from landfill by 2030, with an interim target of 72 per cent by 2025.

### **Kerbside Waste Service and Charges Policy**

The kerbside waste service and charges policy was approved by Council in December 2021. The policy has formed the basis for the implementation of the 4-stream waste service that commenced in July 2023. Fortnightly garbage is part of the 'end state' described in the policy but Council resolved to retain weekly garbage collections upon introduction of the 4-stream service and to trial fortnightly garbage in 2025. Following the trial, Council will review the outcomes of the trial before a decision to implement fortnightly garbage.

## **2. Background**

Contract 529T for Southern waste collection services (south of Bell Street) was awarded to Citywide Service Solutions in March 2017, with the contract commencing 13 November 2017. The contract expires on 12 August 2024 and provides for a one-year extension. Council varied the contract in April 2023 to add glass collection services, consistent with the rollout of the 4-bin service in Merri-bek. Council recognises the need to take up an extension under this Contract. There are two drivers for this:

1. To give adequate time for procurement of a new southern collection contract
2. To align the end dates of the current southern collection contract with the potential introduction of fortnightly garbage, depending on a future decision of Council.

Unfortunately, by oversight the report to Council to obtain authorisation for the contract extension of Contract 529T with adjusted terms did not come to Council earlier. It is now a matter of urgency to secure the ongoing services of Citywide Service Solutions in time for Citywide to retain the staff, to ensure the fleet is kept operable and to put in place rosters for service continuity from 12 August 2024. As such, this report is being included in a Special Council meeting agenda.

## **3. Issues**

There are three aspects of Contract 529T that are proposed to be varied following a decision of Council.

- 1) To change the length of the extension, instead of being 12 months to 12 August 2025, to extend to 30 June 2026. This would effectively provide an extension of 22 months and 18 days. This length of extension is needed for two reasons:
  - a. To ensure adequate lead time for a new collection contract (the contractor will need to be appointed approximately 12 months ahead of the start date to give adequate time).
  - b. To align the new collection contract with the 'future state' of garbage (general rubbish) collection, whether this is fortnightly or remaining weekly following the fortnightly garbage trial and subsequent Council decision.
- 2) To make provision for a further 12-month extension to 30 June 2027, by mutual agreement, should this be required.



- 3) To change the rates applicable to the contract, implementing a correction that provides a sustainable level of funding for this service, whereby Citywide can maintain contract obligations, pay their staff and ensure fleet are kept safe and fit for purpose.

As part of the change to contract rates, Citywide will also commit to revamping the contract, adding an experienced Municipal Waste Manager. This manager will have oversight of the contract from customer service to service changes. Additionally, Citywide is willing to nominate a Customer Service and Continuous Improvement officer to facilitate the work to be currently undertaken by Council Officers, with this to be at Citywide's cost.

The details of the changes in rates and their application to the extension period are documented in **Confidential Attachment 1**.

### **Risks**

Extending the term of this contract without amending the underlying commercial terms would present additional delivery risks for Citywide, noting that their planning has been based upon the progressive age of the Citywide fleet. The proposed increase in contract costs is needed to ensure that Citywide can continue to provide a sustainable kerbside collection service to the Merri-bek community.

Council does not have the time to conduct an extensive and robust procurement process before the current contract ends, or in the time that would be afforded by the one-year extension in the current contract. Extending the current contract term by 22 months and 18 days will allow council to ensure a sound procurement process is undertaken and give the market the time to respond, warranting the best possible outcomes to deliver a high-quality service to the community.

### **Community Impact**

The current contract for kerbside collection in the southern part of the municipality comes to an end on 12 August 2024. If this contract extension is not awarded, this will have significant impacts on the community if kerbside waste collection is not able to be undertaken. Delays could also have impacts on the operational team creating a backlog of CRS workflow, along with various environmental and amenity impacts to the community.

### **Social / Environmental / Local Implications**

Citywide is committed to upholding robust environmental policies and frameworks to ensure responsible operations for the council. Through this contract extension, Citywide proposes to invest in comprehensive repair and maintenance activities for the existing fleet. This initiative aims to ensure optimal operational conditions, thereby minimising environmental impacts.

When waste services are disrupted, residents are not always able to maintain their efforts with separating waste streams as bins begin to fill. Extending this contract now will mean avoidance of delays in waste collection. In turn this will mean avoidance of higher levels of contamination in waste streams.

### **Human Rights Consideration**

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

## **4. Consultation / Recommendation from Management**

Officers have been actively engaged in negotiations and consultations with Citywide to reach an agreement that is acceptable to both parties. Through this process, Citywide has evaluated its capabilities to continue providing kerbside collection services for the council while ensuring a sustainable and reliable service delivery model.

Approving the proposed contract extension with Citywide will guarantee the continued provision of these essential services.

## 5. Declaration of Conflict of Interest

Council Officers, external consultants and all other parties involved in the preparation of this report have no conflict of interest in this matter.

## 6. Financial and Resources Implications

Contract payments to Citywide under Contract 529T are already adjusted monthly to reflect current bin lifts (the number of households with the service grows by approximately 1 per cent per annum) and the Contract is also subject regular Consumer Price Index (CPI) and fuel (terminal price) cost adjustments.

Citywide has noted that the current tender was established before the post-COVID market, which has been affected by labour shortages and challenges in attracting and retaining skilled workers. Additionally, rising operating costs (e.g. fleet maintenance) contribute to the increased cost of providing the service. Council officers acknowledge that the cost increase is in line with current market conditions. The Council has focused on customer satisfaction through contract management initiatives to ensure a fit for purpose waste service.

The cost of waste services is covered by a Waste Service Charge that property owners pay along with their general rates. The waste charge is directly linked to the cost of providing the kerbside waste service, on a cost recovery basis. Council has a reserve that is used to account for any over or underspends of annual kerbside collection and waste charge fees that are not spent in the year of recognition.

The additional costs of this contract will be incurred, and if an overspend is incurred then this will be accounted for via the waste reserve.

The Waste Service Charges included in the Proposed Budget being presented to the 26 June 2024 meeting for adoption will not change as a result of this contract. The reserve will be used when calculating future waste service charges for 2025/26.

## 7. Implementation and Timeline

It is proposed that the Chief Executive Officer be authorised to do all things necessary to execute the Deed of Variation and any other required documentation.

The extension process will commence as soon as possible following Council endorsement so that it can commence on 13 August 2024.

## Attachment/s

- |   |   |            |
|---|---|------------|
| 1 | Waste Services Contract 529T - Citywide Variation | D24/283734 |
|---|---|------------|

*Pursuant to section 3(1)(g(ii)) of the Local Government Act 2020 this attachment has been designated as confidential because it relates to private commercial information, being information provided by a business, commercial or financial undertaking that if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage.*