10.13 REFUGEE WELCOME ZONES

Environment, Recreation & Infrastructure - Open Space, Recreation & Wellbeing
File No: PSF/18/106 – Doc No: DOC/18/102586

Executive summary

Purpose and background

The purpose of this report is to present the opportunity for Bayside to become a Refugee Welcome Zone. In March 2018 Council was approached by Bayside Refugee Advocacy and Support Association requesting Council to become a Refugee Welcome Zone and to sign a declaration to this effect.

The Refugee Welcome Zone initiative was started by the Refugee Council of Australia (RCOA) in 2002. The RCOA is a national organisation that provides support, policy and education for refugees and the organisations and individuals who support them. A Refugee Welcome Zone is a local government area which has made a commitment in spirit to welcoming refugees into local communities, upholding the human rights of refugees, demonstrating compassion for refugees and enhancing cultural and religious diversity.

This public commitment is also an acknowledgment of the tremendous contributions refugees have made to Australian society in the fields of medicine, science, engineering, sport, education and the arts. By making this declaration local government is encouraged to continue their efforts in supporting the men, women and children who make the difficult journey to Australia to seek our protection.

Almost one hundred and fifty councils around Australia and forty eight in Victoria have been declared Refugee Welcome Zones including the City of Port Phillip, Wyndham City Council, City of Yarra, City of Melbourne and Hobsons Bay City Council.

Key issues

Commitment Requested

There are no formal obligations associated with the signing of the Refugee Welcome Zone declaration (Attachment 1). Refugee Welcome Zones are not required to uphold any statutory responsibilities or financial commitments. The signing of the declaration is simply a way of demonstrating broad support for the principles it contains. Any actions or activities undertaken by Refugee Welcome Zones to implement the declaration are voluntary, although any initiatives which help to create a welcoming atmosphere are encouraged by the RCOA.

Recommendation

That Council signs the Refugee Welcome Zone Declaration (Attachment 1) making the City of Bayside a Refugee Welcome Zone.

Support Attachments

1. Attachment 1 - Refugee Welcome Zone Declaration
Considerations and implications of recommendation

Liveable community

Social
Committing to becoming a Refuge Welcome Zone would demonstrate that regardless of cultural background Council is committed to promoting inclusion and social connectedness. This public commitment can lead to a stronger and more resilient Bayside community and positive mental health outcomes.

Natural Environment
There are no natural environment implications associated with the recommendation included in this report.

Built Environment
There are no built environment implications associated with the recommendation included in this report.

Customer Service and Community Engagement
Committing to becoming a Refugee Welcome Zone may improve Council’s engagement with refugees and refugee organisations.

Human Rights
The implications of this report have been assessed and are not considered likely to breach or infringe upon, the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

Legal
There are no legal implications associated with the recommendation included in this report.

Finance
There are no financial implications associated with the recommendation included in this report.

Links to Council policy and strategy
Declaring Bayside City Council as a Refugee Welcome Zone will assist Council to achieve:

- Goal 7 of the Council Plan (2017-2021) “Bayside’s community will be supported and engaged to live an active and healthy lifestyle regardless of age, geographical location, personal circumstance or physical ability”.
- Objective 1.2 of the Wellbeing for All Ages and Abilities Strategy (2017-2021) “Support opportunities that build social networks and community connections”.
- Community aspiration in the Community Plan (2025) “By 2025, members of Bayside’s community will feel supported and engaged to live an active and healthy lifestyle regardless of age, geographical location, personal circumstances or physical ability”.

The Refugee Welcome Zone Declaration

(Council crest/logo)

The ___________ Council,

Declares the Council of __________ a

Refugee Welcome Zone

This Declaration is a Commitment in Spirit to

Welcoming refugees into our community,

Upholding the Human Rights of refugees,

Demonstrating Compassion for refugees and

Enhancing cultural and religious Diversity in our community.

________________________

[name and title of signatory]

Date: ____________

This Declaration is proudly supported and endorsed by the

Refugee Council of Australia

The Refugee Council of Australia is a national umbrella organisation representing over 1,000 organisational and individual members. The aim of the Refugee Council is to promote the adoption of flexible, humane and constructive policies toward refugees and asylum seekers by the Australian and other Governments and their communities.

To obtain an editable copy of the Declaration for signing by your Council, please contact us on (02) 9211 9333 or media@refugeecouncil.org.au
Executive summary

Purpose and background
To present to Council the Improving Housing Affordability and Social Housing Options in Bayside Advocacy Action Plan which provides a coordinated, proactive and cohesive approach to support Council achieving the Council Plan Strategy to:

*Improve housing affordability (including social housing) and housing needs of various life stages through advocacy.*

Two key state government strategies, *Homes for Victorians: Affordability, access and choice* and *Plan Melbourne 2017-2050* recognise the critical need to increase the supply of social and affordable housing.

Victoria is facing a housing crisis with issues associated with housing affordability and homelessness. As a result of population growth, cost of living pressures and unemployment more people than ever are waiting longer to access public housing, with more than 33,000 on the waiting list.

The projections for the amount of social housing required over the next two decades, based on the Victoria in Future (VIF) report prepared by the Department of Environment Land Water and Planning (DELWP), shows that 1,700 more social housing homes are needed each year over the next 20 years to maintain social housing at its current share of the total homes in Victoria.

Whilst recognising that issues relating to housing affordability and housing access are not as evident in Bayside in comparison to other municipalities in Victoria, Council’s commitment to better outcomes in social and affordable housing is genuine and strong. This commitment is reflected in the Council Plan, through the following key strategic objective:

1. *A Bayside where a range of housing types are provided to accommodate the changing needs of the community, enabling people to age in place and providing opportunities for young adults and families to live and remain in the municipality;*

In December 2016, the Victorian Government, as part of its commitments to increase the state’s public housing stock, launched the $185 million Public Housing Renewal Program (PHRP) to redevelop public housing at nine nominated sites across Melbourne.

The PHRP is intended to grow and sustain the supply of public housing and improve the quality and sustainability of homes in public housing states. By building new, modern buildings on site, in partnership with the private sector, the PHRP will enable a 10% increase in the number of public housing properties per site.

The New Street Public Housing site at Brighton, is one of the sites to be redeveloped as part of the PHRP’s first round. Council has expressed serious concerns about the proposal process, poor planning outcomes and negligible increase in public housing dwellings it will deliver.

In response to the Victorian housing affordability crisis and the State Government intervention on the New Street site and identified short to medium term imminent intervention throughout...
other public housing states in Bayside, an advocacy action plan has been developed to influence outcomes that:

- Maximises the provision of public and affordable housing;
- Achieves social integration;
- Respects neighbourhood character; and
- Ensures compliance with planning controls.

**Key issues**

**Social and affordable housing needs**

Research conducted, by Sensing Value and Nera Economics Consulting, October 2017, to understand potential shortfall of social housing in the cities of Bayside, Boroondara and Stonnington by 2022 indicated that there is a shortfall of 479 housing dwellings in the City of Bayside.

Whilst there is a clear picture of social housing needs, similar research has not been done to estimate the demand for all forms of affordable housing, however with the rate of homeownership dropping across all age groups there is likely to be significant demand for Affordable Housing models that provide for home ownership.

Without increases in the supply of well-located and well-designed affordable housing the long term impact for Bayside could result in:

- Increased housing stress for purchasers, private tenants and the increase in very insecure housing such as:
  - Unregistered rooming houses
  - Couch surfers and
  - Homelessness
- Very limited to non-existing housing options that support the needs of our community different life stages whilst allowing them to stay close to family, friends and community connections;
- Social and community housing developments that are not well integrated and result in disadvantage enclaves that do not support community cohesion and access to services and opportunities for the most vulnerable members of our community; and
- Renovation and property improvements, generally attracting residents with higher socio-economic characteristics and displacing more vulnerable households such as private tenants with low incomes.

**Addressing current and future housing needs**

Council recognises the need to address current and future housing needs with a focus on residents who are insecurely housed in Bayside and people at risk of being displaced by high housing costs. Key issues addressed through the Community Plan engagement process included:

- Tenants/ young professional who are unlikely to ever accumulate the resources for a deposit to buy a property in the municipality;
• Key workers and community members that have no option but to live far away from work and aging parents;

• Residents who worry about the housing opportunities for their children and grandchildren;

• Elderly residents who are asset rich, but income poor, and at times subject to financial abuse relating to property; and

• Residents who are on waiting lists for public or community housing and or displaced due to the demolition and renewal of their current place of residency.

The Planning System

Homes for Victorians: Affordability, access and choice and Plan Melbourne 2017-2050 identified that while the planning system alone could not address all of the issues related to the provision of social and affordable housing it is important for the planning system to play its role. Amendments to the Planning and Environment Act 1987 came into operation on 1 June 2018.

Whilst the Amendments provide state-wide definitions and affirm the that developers and councils can enter into voluntary Affordable Housing Agreements for the provision of affordable housing in a development, it is considered that these tools are not sufficient to enable a planning framework that facilitates the delivery of much needed public and social affordable housing.

Voluntary agreements have been available as a negotiation tool for many years and so far have provided little success in supporting the delivery of affordable housing stock. The inclusion of developer contributions to the supply of community and public housing through the introduction of inclusionary zoning within the State Planning Policy Framework will provide a more robust tool to facilitate increased housing opportunities for the most vulnerable groups in our community.

Advocacy Action Plan

The Advocacy Action Plan supports Council’s genuine and strong commitment to better outcomes in public and social housing and builds from Council’s advocacy campaign to the Public Housing Renewal program through:

• Planning Scheme Amendment C157 to the Bayside Planning Scheme, which relates to the New Street Site at Brighton; and

• The Parliamentary Inquiry into the Public Housing Renewal Program

Advocacy efforts are focused around the key issues identified in this report and seek to influence outcomes that:

• Maximise the provision of public and affordable housing;

• Achieve social integration;

• Respect neighbourhood character; and

• Ensure compliance with planning controls.

The Advocacy Action Plan, included at Attachment 1, provides a coordinated, proactive and cohesive approach to support Council to achieve the Council Plan Strategy to:
Improve housing affordability (including social housing) and housing needs of various life stages through advocacy.

**Recommendation**

**Support Attachments**
1. Draft Advocacy Action Plan: Improving Housing Affordability and Social Housing Options in Bayside

**Considerations and implications of recommendation**

**Liveable community**

**Social**
Having safe, secure, appropriate, and affordable housing enables people to engage with and be part of the community. People are better able to work, study, and participate in the community.

Social housing remains a scarce resource in Victoria and the Region with the volume of housing applicants exceeding the number of available dwellings. Based on the findings of the *Victoria’s Social Housing Supply requirements to 2036 report*, over 30,000 additional dwellings need to be added in the next 20 years if Victoria is to maintain long-term social housing at the current rate of 3.5 percent.

**Natural Environment**
There are no natural environment issues assessed as pertinent to this report.

**Built Environment**
Some interventions for affordable housing could have implications for the built environment. For example, negotiated section 173 agreements could increase affordable housing, through approvals for relatively increased building densities. However, it is recognised that affordable housing outcomes should not have an impact on good design.

**Customer Service and Community Engagement**
There is considerable community interest in the Public Housing Renewal Program and in Affordable Housing more broadly.

**Human Rights**
Access to appropriate housing is considered a basic human right.
Legal

The objectives, role, and functions of a Council under the Victorian Local Government Act 1989 are broad and provide flexibility for Councils to decide the extent to which they respond to the housing needs in their municipality.

There are a range of interventions available to Councils to facilitate Affordable Housing.

Finance

The implementation of the Advocacy Action Plan can be absorbed through the 2018/19 operational budget.

Links to Council policy and strategy

Community Plan 2025

The identified interventions align with the Bayside Community Plan 2025. In particular with the ‘domains of liveability’ and ‘community aspirations’ relating to:

- Housing and Neighbourhoods
- Community Health and Participation

Council Plan 2017-2021

The proposed interventions provide an opportunity for Council to meet some of the strategic objectives of the Council Plan 2017-2021. In particular, Goal 3: Housing and neighbourhoods, which includes a strategy to improve housing affordability (including social housing) and housing needs of various life stages through advocacy.

Bayside Housing Strategy 2012

The Bayside Housing Strategy 2012 recognises the need to advocate for adequate affordable and social housing to meet the needs of the community and provides Council’s policy position in relation to social and affordable housing.

Bayside Wellbeing for All Ages and Abilities Strategy 2017-2021 (WAAA)

The WAAA provides a framework for strategic actions to promote community wellbeing, including through promoting access to accessible and affordable housing that meets community needs across the lifespan.
Improving Housing Affordability and Social Housing Options in the City of Bayside

Draft Advocacy Action Plan

June 2018
The City of Bayside, Improving Housing Affordability and Social Housing Options Advocacy Action Plan guides Council's advocacy efforts. This Action Plan provides clarity on where to focus effort, what actions to undertake and which people to engage.

The City of Bayside has always advocated on behalf of our community and has achieved advocacy success.

Council is reliant on other levels of Government to achieve many of its key objectives. Other levels of Government are also often reliant on partnerships with Council to achieve their objectives. The areas of mutual interest often include infrastructure, services and policy.

Significant population growth and a strong property market bring complex issues that impact on the liveability of the Bayside Community across the built, social, natural and economic environment.

Victoria is facing a housing crisis with issues associated with housing affordability and homelessness. As a result of population growth, cost of living pressures and unemployment more people than ever are waiting longer than ever to access public housing, with more than 33,000 on the waiting list.

Whilst recognising that issues relating to housing affordability and housing access are not as evident in Bayside in comparison to other municipalities in Victoria, Council's commitment to better outcomes in social and affordable housing is genuine and strong. This commitment is reflected in the Council Plan, through the following key strategic objective:

A Bayside where a range of housing types are provided to accommodate the changing needs of the community, enabling people to age in place and providing opportunities for young adults and families to live and remain in the municipality;

The Advocacy Action Plan supports Council's genuine and strong commitment to better outcomes in public and social housing and builds from Council's advocacy campaign to the Public Housing Renewal Program through:

- Planning Scheme Amendment C157 to the Bayside Planning Scheme, which relates to the New Street Site at Brighton; and
- The Parliamentary Inquiry into the Public Housing Renewal Program

In response to the Victorian housing affordability crisis the State Government intervention through the Public Housing Renewal Program on the New Street site and identified short to medium term imminent intervention throughout other public housing states in Bayside, an advocacy action plan has been developed to influence outcomes that:

- Maximise the provision of public and affordable housing;
- Achieve social integration;
- Respect neighbourhood character; and
- Ensure compliance with planning controls.

Roles and Responsibilities

Advocacy roles and responsibilities for officers, Councillors and other stakeholders need to be clarified. The operational management of advocacy to improve social and affordable housing outcomes in Bayside will be led by the Director of City Planning and Community Services, for
consideration of the Executive and Council, and will provide ongoing management and reporting. Councillors will take a decision making role in determining advocacy priorities and will play a key role in relationship management and as spokespeople for the community.

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td>Council</td>
<td>• Endorse advocacy framework and priorities</td>
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<td>• Stakeholder and relationship management</td>
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<td>• Spokespeople on advocacy issues (led by the Mayor)</td>
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<td>• Community engagement</td>
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<td>• Receive updates on planning and evaluation of advocacy strategies</td>
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<td>Executive Management Team</td>
<td>• Drive advocacy priorities</td>
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<td>• Strategic relationship management</td>
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<td>• Tactical decision making</td>
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<td>• Community engagement</td>
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<td></td>
<td>• Receive updates on planning and evaluation of advocacy strategies</td>
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<td>Manager Urban Strategy</td>
<td>• Provision of expert advice for advocacy priorities</td>
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<td></td>
<td>• Key Stakeholder management</td>
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<td>• Reporting and evaluation</td>
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<tr>
<td>Communications and Engagement Department</td>
<td>• Provide support and advice on implementation</td>
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</table>

### Strategic Relationships

Strategic relationships need to be fostered all the time. Political power will often change so maintaining enduring strategic relationships is critical to achieving success. Partnerships are essential in all levels of government to get things done. A proactive approach needs to be taken to ensure the City of Bayside have strong relationships with the right partners all the time, not just when we need something.

<table>
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<tr>
<th>Role</th>
<th>Strategic Partners</th>
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<tr>
<td>National</td>
<td>• Local MP’s</td>
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<td>• Ministers</td>
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<td>• Shadow Ministers</td>
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<td>• National Peak Bodies</td>
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<td>• Australian Local Government Association (ALGA)</td>
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<td>• Candidates for local seats</td>
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<tr>
<td>State</td>
<td>• Local MP’s</td>
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<td></td>
<td>• Ministers</td>
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<td>• Shadow Ministers</td>
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<td>• MAV</td>
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<td>• Victorian Local Government Association (VLGA)</td>
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<td></td>
<td>• Candidates for local seats</td>
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<td></td>
<td>• VicRoads</td>
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<td></td>
<td>• State Departments and State Agencies</td>
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<td>• State Utility Providers</td>
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<tr>
<td>Regional</td>
<td>• Inner South Metropolitan Mayors Forum</td>
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</table>
Evaluation

The development of the action plan has considered measuring the effectiveness of the activities proposed. Success will be measured against the achievement of the overall objectives however, given that Council is not the decision maker or the responsible authority, incremental measurement of success will support to maintain momentum and energy.

The measurement tools chosen will assist in the annual reporting and will provide a good progress picture based on the following criteria:

- Priorities
- Communication
- Relationships
- Organisational Commitment
- Community Feedback

The following questions will assist to measure the advocacy efforts:

- Have we achieved any change through our advocacy efforts?
- Are our priorities still relevant?
- Did our messages reach the target audiences?
- Do we need to change our approach?
- What further work needs to be done with stakeholders?
- Is the level of organisation support for advocacy adequate?
- What is the level of satisfaction from Councillors on achievements to date?
- What is the level of satisfaction from the community?

Review

Advocacy priorities need to be flexible as the need arises. Drivers for review may be influences by a wave of community desire, significant change in political policy and funding models.

Drivers to influence priorities can include:

- State Elections
- Federal Elections
- State Budgets
- Federal Budgets
- Regional Planning initiatives
- Collective advocacy opportunities
### Advocacy Action Plan

<table>
<thead>
<tr>
<th>Objective 1</th>
<th>Increase the supply of social and affordable housing on State Government Land</th>
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<tbody>
<tr>
<td>The number of social housing units provided through existing public housing is increased.</td>
<td><strong>Strategic Partners</strong>&lt;br&gt;• Minister for Housing&lt;br&gt;• Minister for Planning&lt;br&gt;• Officers from DHHS&lt;br&gt;• Officers from DELWP&lt;br&gt;• Politicians (Members of Parliament)&lt;br&gt;• Community members&lt;br&gt;• Media&lt;br&gt;<strong>What we will do</strong>&lt;br&gt;Liaise with DHHS and other relevant State Government Departments to monitor site and property requirements for their additional stock and renewal programs&lt;br&gt;<strong>Responsible</strong>&lt;br&gt;• CEO&lt;br&gt;• Mayor&lt;br&gt;• Council&lt;br&gt;• Urban Strategy&lt;br&gt;• Communications, Customer and Cultural Services&lt;br&gt;<strong>Timing/Frequency</strong>&lt;br&gt;Review Annually&lt;br&gt;<strong>Success measure</strong>&lt;br&gt;Increase of public and community housing stock on State Government-owned land</td>
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| The quantity and quality of social and community housing units is improved, as new units replace older units, and supersede outdated housing models. | **Strategic Partners**<br>• Minister for Housing<br>• Minister for Planning<br>• Officers from DHHS<br>• Officers from DELWP<br>• Politicians (Members of Parliament)<br>• Community members<br>• Media<br>**What we will do**<br>Lobby DHHS and other relevant State Government Departments to deliver new affordable housing projects, including consolidation of sites in areas of older and poor condition public housing, and strategic use of sites adjacent to transport hubs<br>**Responsible**<br>• CEO<br>• Council<br>• Urban Strategy<br>• Communications, Customer and Cultural Services<br>**Timing/Frequency**<br>Review Annually<br>**Success measure**<br>Increase of public and community housing stock on State Government-owned land |

<p>| Community affordable housing options are provided in State and Federal Government | <strong>Strategic Partners</strong>&lt;br&gt;• State and Federal Government&lt;br&gt;<strong>What we will do</strong>&lt;br&gt;Partner with the Victorian Government to develop planning&lt;br&gt;<strong>Responsible</strong>&lt;br&gt;• CEO&lt;br&gt;• Mayor&lt;br&gt;<strong>Timing/Frequency</strong>&lt;br&gt;Review quarterly&lt;br&gt;<strong>Success measure</strong>&lt;br&gt;Increase of community housing stock on State Government-owned land |</p>
<table>
<thead>
<tr>
<th>Commonwealth Government land within the City of Bayside</th>
<th>Politicians (Members of Parliament)</th>
<th>mechanisms that can deliver social housing and other perpetual affordable housing as a component of private development on state and commonwealth government owned land.</th>
<th>Director City Planning and Community Services</th>
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<tr>
<td></td>
<td>Community members</td>
<td></td>
<td>Manager Urban Strategy</td>
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<td></td>
<td>Media</td>
<td></td>
<td>Communications, Customer and Cultural Services</td>
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<td>Business and industry</td>
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<td>Developers</td>
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<td>Community Housing Associations</td>
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<tr>
<td>Structured meetings with key advocacy partners and decision makers</td>
<td>Government</td>
<td>Invite key partners / decision makers to meet regularly with our senior representatives</td>
<td>Mayor</td>
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<td></td>
<td>Community</td>
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<td>CEO</td>
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<td>MAV</td>
<td></td>
<td>Director City Planning and Community Services</td>
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<td>Regional Planning Groups</td>
<td>Prepare notes for meetings with relevant decision makers to provide up to date message</td>
<td>Manager Urban Strategy</td>
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<td>Representation at regional planning level</td>
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<td>Strengthen relationships with key decision makers</td>
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</tbody>
</table>

**Objective 2**
Encourage and facilitate the private sector to deliver affordable housing stock.

<table>
<thead>
<tr>
<th>The private sector delivers affordable housing to meet planning requirements that are applied across the City.</th>
<th>Minister for Housing</th>
<th>Advocate to the State Government for legislative change to the Victorian Planning Scheme to include requirements for developer contributions to the</th>
<th>Mayor</th>
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<tbody>
<tr>
<td></td>
<td>Minister for Planning</td>
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<td>CEO</td>
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<td></td>
<td>Officers from DHHS</td>
<td></td>
<td>Director City Planning and Community Services</td>
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<td></td>
<td>Officers from DELWP</td>
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<td>Manager Urban Strategy</td>
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<td>Quarterly</td>
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<td></td>
<td>Increase of community and affordable housing stock on privately owned land.</td>
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<tr>
<td>Item 10.14 – Reports by the Organisation</td>
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**Local community housing organisations, the private sector and other charitable or other organisations apply innovative solutions to deliver high quality new affordable housing units in the City**

**Facilitate others to deliver affordable housing in the City of Bayside through the provision of assistance and support**

**Seek opportunities to negotiate affordable outcomes through the implementation of agreements (e.g. s173 Agreements)**

**Identify incentives to attract and engage the private sector in affordable and accessible housing provision**

**Increase quality of affordable housing stock**

**Increase of community and affordable housing stock on privately owned land**

<table>
<thead>
<tr>
<th>Category</th>
<th>Key Action Area</th>
<th>Responsible Party</th>
<th>Duration</th>
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<tbody>
<tr>
<td>Ongoing</td>
<td>Ongoing</td>
<td>Ongoing</td>
<td>Ongoing</td>
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</table>
| • sharing the findings of Council's applied research. | • Business and industry  
• Developers  
• Community Housing Associations |
Executive summary

Purpose and background
This report provides a summary and analysis of Council’s financial performance for ten (10) months to 30 April 2018.

The report is designed to analyse actual results against the 2017/18 Adopted Budget to ensure consistency and compliance with the Budget, and to measure Council’s overall financial performance.

Please refer to the Detailed Financial Report attached for full analysis.

Key issues

2017/18 Year to date operating result
The April 2018 result is a surplus of $25.4M which is $7.7M favourable to budget.

2017/18 Forecast operating result
The current forecast for the year represents a surplus of $27.1M which is $5.1M favourable to Budget.

The underlying forecast is favourable to budget by $2.04M and excludes the following one off or timing items totalling $3.01M:

- $2.5M increase in the Open Space levy due to increased development activity.
- $1.4M operational grants from the Victorian Grants Commission received in advance for the 2018/19 year.
- ($269k) Operating Grant funding received in 2016/17 for 2017/18 programs.
- ($985k) Capital grants and contributions received in advance or deferred to align with the expected completion of capital projects (Blackspot, Brighton Library Interior Upgrade, Elsternwick Park No 1 Oval Precinct and Dendy Street Beach).
- $140k net income due to the timing of grant funding for Aged and Disability Regional projects.
- $155k due to the sale of discontinued laneways.
- $57k increase in the sale of bathing boxes.

It should be noted that Council budgets for a surplus in its operating budget each year so as to fund capital works and debt reduction. Any end of year surplus that is favourable to budget is quarantined in Council’s infrastructure reserve which is used to fund capital works in future years or other unavoidable projects.

Emerging risks associated with the cost of waste services

Global changes in the recycling market are expected to increase the cost of waste services in 2017/18 by $900k. This cost pressure has now been included in the year end forecast and will be recovered through the waste charge in 2018/19.
Cash and Investments

The cash position as at April 2018 is $93.5M
The YTD favourable variance to budget of $24.5M as at April 2018 is mainly due to:

- $19.2M greater opening cash balance than budgeted:
  - $11.6M Favourable capital works underspend including Rollover of 2016/17 capital projects of $11.1M (to be spent in 2017/18).
  - $7.6M Favourable cash underspend for operating activities including $3.1M transferred to the Infrastructure Reserve.
  - $6.7M YTD favourable operating cash flow results and ($1.4M) YTD unfavourable capital cash flow results.

There will be a significant drawdown on these cash reserves over the next 4 years to fund an expansion of major capital projects.

Victorian Auditor General’s Office (VAGO) Indicators

Current forecasts indicate that Council will achieve VAGO indicator targets.

Local Government Performance Reporting Framework (LGPRF) Indicators

Current forecasts indicate that Council will achieve LGPRF indicator targets.

Capital Result

The capital expenditure budget of $48.410M includes carry forward project of $11M from 2016/17.

<table>
<thead>
<tr>
<th>$'000's</th>
<th>YTD Adjusted Budget</th>
<th>YTD Actuals</th>
<th>Variance</th>
<th>2017/18 Adjusted Budget</th>
<th>Current Forecast</th>
<th>Forecast Actual Variance</th>
<th>Forecast rollover 2018/19</th>
<th>Variance including rollover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>38,392</td>
<td>32,888</td>
<td>5,503</td>
<td>48,410</td>
<td>42,789</td>
<td>5,621</td>
<td>4,822</td>
<td>799</td>
</tr>
</tbody>
</table>

The forecast for capital expenditure to 30 June 2018 is favourable by $5.62M. The forecast at the end of April indicates that 88% of the 2017/18 adjusted budget will be spent by June 2018.

Recommendation

That Council notes the operating and capital financial report for ten months to 30 April 2018.

Support Attachments

1. April 2018 Finance Report
Considerations and implications of recommendation

Liveable community

Social
There are no social impacts associated with this report.

Natural Environment
There are no natural environmental impacts associated with this report.

Built Environment
There are no built environmental impacts associated with this report.

Customer Service and Community Engagement
There are no impacts to customer service.

No community engagement has been undertaken in preparing this report.

Human Rights
The implications of this report have been assessed and are not considered likely to breach or infringe upon, the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

Legal
Section 138 of the Local Government Act 1989 prescribes that, at least every three months, a financial report of revenue and expenditure be presented to Council.

Finance
The year-end forecast operating result is a surplus of $27.1M which is $5.1M favourable to budget. Taking into account one off and timing issues the underlying operating result is $2M favourable to budget.

The forecast for capital expenditure to 30 June 2018 is favourable by $5.62M and indicates that 88% of the 2017/18 adjusted budget will be spent by June 2018.

Links to Council policy and strategy
The monthly financial report is identified within Goal 8 Governance in the Council Plan 2017-2021. We want an organisation that is financially stable and with decision making that is open, transparent, and informed by the community.
Bayside City Council Financial Report 30 April 2018

Operating Result

2017/18 Year to date operating result

The April 2018 result is a surplus of $25.4M which is $7.7M favourable to budget.

2017/18 Forecast operating result

The current forecast for the year is a surplus of $27.1M which is $5.1M favourable to Budget.

The forecast result increased by $2.550M from $2.502M last month and includes:

- $1.412M Timing of operational grants from the Victorian Grants Commission received in advance for the 2018/19 year.
- $500k increase in the Open Space levy due to increased development activity.
- $110k increase in interest income from general bank accounts and term deposits due mainly to a favourable opening cash position for the year.
- $220k parking fine increases around hot spot areas.
- $57k increase in the sale of bathing boxes.

The underlying forecast is favourable to budget by $2.04M and excludes the following one off or timing items totalling $3.01M:

- $2.5M increase in the Open Space levy due to increased development activity.
- $1.4M operational grants from the Victorian Grants Commission received in advance for the 2018/19 year.
- ($269k) Operating Grant funding received in 2016/17 for 2017/18 programs.
- ($885k) Capital grants and contributions received in advance or deferred to align with the expected completion of capital projects (Blackspot, Brighton Library Interior Upgrade, Elsternwick Park No 1 Oval Precinct and Dendy Street Beach).
- $140k net income due to the timing of grant funding for Aged and Disability Regional projects.
- $155k due to the sale of discontinuances.
- $57k increase in the sale of bathing boxes.
<table>
<thead>
<tr>
<th>Line Item $'000s</th>
<th>2017/18 Adjusted Budget</th>
<th>2017/18 YTD Actuals</th>
<th>2017/18 Adjusted Budget Variance</th>
<th>2017/18 Current Forecast 2017/18</th>
<th>Adjusted Budget less forecast variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Services &amp; New Initiatives Budget</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rates and Charges</td>
<td>73,893</td>
<td>74,399</td>
<td>506</td>
<td>88,707</td>
<td>89,161</td>
</tr>
<tr>
<td>Statutory Fees and Fines</td>
<td>5,247</td>
<td>6,147</td>
<td>900</td>
<td>6,296</td>
<td>7,033</td>
</tr>
<tr>
<td>User Fees</td>
<td>6,876</td>
<td>6,926</td>
<td>50</td>
<td>7,829</td>
<td>7,807</td>
</tr>
<tr>
<td>Rental Income</td>
<td>3,998</td>
<td>3,937</td>
<td>(61)</td>
<td>4,099</td>
<td>4,005</td>
</tr>
<tr>
<td>Grants - Operating</td>
<td>7,966</td>
<td>8,596</td>
<td>630</td>
<td>9,130</td>
<td>11,111</td>
</tr>
<tr>
<td>Grants - Capital</td>
<td>645</td>
<td>344</td>
<td>(301)</td>
<td>2,280</td>
<td>1,747</td>
</tr>
<tr>
<td>Contributions - Cash - Operating</td>
<td>74</td>
<td>10</td>
<td>(64)</td>
<td>109</td>
<td>109</td>
</tr>
<tr>
<td>Contributions - Cash - Capital</td>
<td>1,066</td>
<td>5,532</td>
<td>3,866</td>
<td>5,380</td>
<td>7,485</td>
</tr>
<tr>
<td>Interest Income</td>
<td>1,658</td>
<td>2,289</td>
<td>631</td>
<td>1,975</td>
<td>2,530</td>
</tr>
<tr>
<td>Other Income</td>
<td>1,384</td>
<td>1,302</td>
<td>(82)</td>
<td>1,816</td>
<td>1,990</td>
</tr>
<tr>
<td>Net Profit/(Loss) on Disposal of assets</td>
<td>-</td>
<td>(31)</td>
<td>(31)</td>
<td>-</td>
<td>(31)</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>163,408</td>
<td>109,452</td>
<td>6,044</td>
<td>127,421</td>
<td>132,947</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Costs</td>
<td>34,893</td>
<td>33,558</td>
<td>1,335</td>
<td>43,047</td>
<td>42,195</td>
</tr>
<tr>
<td>Materials and Services</td>
<td>36,655</td>
<td>35,481</td>
<td>575</td>
<td>44,466</td>
<td>45,456</td>
</tr>
<tr>
<td>Bad and Doubtful Debts</td>
<td>-</td>
<td>(1)</td>
<td>1</td>
<td>170</td>
<td>170</td>
</tr>
<tr>
<td>Depreciation and Amortisation</td>
<td>14,309</td>
<td>14,594</td>
<td>(284)</td>
<td>17,178</td>
<td>17,516</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>348</td>
<td>316</td>
<td>32</td>
<td>432</td>
<td>432</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>112</td>
<td>111</td>
<td>1</td>
<td>112</td>
<td>111</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>85,717</td>
<td>84,058</td>
<td>1,659</td>
<td>105,406</td>
<td>105,880</td>
</tr>
<tr>
<td><strong>Operating Result - Surplus</strong></td>
<td>17,691</td>
<td>25,394</td>
<td>7,703</td>
<td>22,015</td>
<td>27,067</td>
</tr>
</tbody>
</table>
### Operating Result by Division

<table>
<thead>
<tr>
<th>Division (in '000s)</th>
<th>YTD Budget</th>
<th>YTD Actuals</th>
<th>Budget variance</th>
<th>2017/18 Adjusted Budget</th>
<th>Current Forecast</th>
<th>Variance to Current Forecast</th>
<th>2017/18 Adjusted Budget</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>7,275</td>
<td>6,558</td>
<td>717</td>
<td>9,103</td>
<td>8,553</td>
<td>550</td>
<td>6.0%</td>
<td></td>
</tr>
<tr>
<td>Corporate Services</td>
<td>6,407</td>
<td>6,086</td>
<td>321</td>
<td>8,620</td>
<td>8,560</td>
<td>60</td>
<td>0.7%</td>
<td></td>
</tr>
<tr>
<td>Env Rec &amp; Infrastructure</td>
<td>27,463</td>
<td>27,134</td>
<td>339</td>
<td>33,064</td>
<td>33,674</td>
<td>(580)</td>
<td>-1.8%</td>
<td></td>
</tr>
<tr>
<td>City Planning &amp; Community Services</td>
<td>5,984</td>
<td>3,501</td>
<td>2,364</td>
<td>8,767</td>
<td>7,665</td>
<td>1,102</td>
<td>12.6%</td>
<td></td>
</tr>
<tr>
<td>Corporate Finance</td>
<td>(2,648)</td>
<td>(2,721)</td>
<td>74</td>
<td>(2,235)</td>
<td>(4,368)</td>
<td>2,133</td>
<td>-95.4%</td>
<td></td>
</tr>
<tr>
<td><strong>Underlying Operating</strong></td>
<td><strong>44,362</strong></td>
<td><strong>40,647</strong></td>
<td><strong>3,816</strong></td>
<td><strong>57,349</strong></td>
<td><strong>54,084</strong></td>
<td><strong>3,265</strong></td>
<td><strong>5.7%</strong></td>
<td></td>
</tr>
<tr>
<td>Roles</td>
<td>(74,051)</td>
<td>(74,714)</td>
<td>663</td>
<td>(88,882)</td>
<td>(89,491)</td>
<td>609</td>
<td>-0.7%</td>
<td></td>
</tr>
<tr>
<td>Capital Income</td>
<td>(2,311)</td>
<td>(5,819)</td>
<td>3,508</td>
<td>(7,660)</td>
<td>(9,176)</td>
<td>1,515</td>
<td>-19.8%</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>14,309</td>
<td>14,594</td>
<td>(285)</td>
<td>17,178</td>
<td>17,516</td>
<td>(337)</td>
<td>-2.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>(17,691)</strong></td>
<td><strong>(25,394)</strong></td>
<td>7,703</td>
<td><strong>(22,015)</strong></td>
<td><strong>(27,067)</strong></td>
<td><strong>5,052</strong></td>
<td><strong>-22.9%</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Executive forecast favourable $550k**
- $380k favourable variance in salaries due to the timing of appointment for unfilled innovation position, lower banding for secondment roles, staff on long service leave and partly backfilled at the library, as well as vacancies in Arts and Culture and Customer Experience.
- $100k savings due to the Highett/Hampton feasibility being postponed and the Hampton Library service maintained in its current state whilst the Hampton Hub feasibility is finalised per Council resolution in February.

**Corporate Services forecast favourable $60k**
- $120k reduction in equipment leasing costs due to later than expected commencement of new leases.
- $90k local government election failure to vote fine income higher than anticipated.
- $58k reduction in vehicle fringe benefits tax associated with a reduction in fleet vehicles.
- ($84k) reduction in lease income due to water harvesting for the Brighton Golf Course still underway.
- ($88k) increase in software operating costs.

**Environment, Recreation and Infrastructure forecast unfavourable ($580k)**
- ($1.182M) increase in waste management resulting from:
  - ($561k) reduction in sales of recycling income due to the uncertainty that is occurring in the recycling sector effecting all recycling processors.
  - ($550k) increase in waste disposal charges associated with the cost of processing recyclable materials at $150 per tonne for the remainder of 2017/18.
  - $223k increase in grant funding of $50 per tonne from March to June 2018 to assist Councils with the cost of processing kerbside recyclables.
  - ($80k) increase in the number of hard waste collections booked.
  - ($43k) net increase in tipping fees due to the temporary change in landfill site. ($153k) increase in the disposal rate offset by $110k savings in transportation costs.
  - ($170k) increase in litter collection for dumped rubbish.
- ($80k) reduction in Plant Nursery sales income.
- $148k savings in Asset Management due to change in processes and vacant staff positions.
- $111k Ricket Point Masterplan not needed as no significant changes of use are proposed. A site assessment was completed instead and this will aid in managing Ricketts Point in its current state and be used to inform future development.
- $107k savings in salaries due to vacant role in Open Space to be filled after the completion of the Service Review.
- $50k decrease in water and sewage utilisation for open spaces.

City Planning and Community Services forecast favourable $1.102M
- $874k increase in parking fees and fines issued around hotspots including school crossing areas and beach car parks.
- $202k increase in Asset Protection user permit fees due to service improvements within the department.
- $170k savings in legal planning appeals and general legal fees due to a reduction in outsourcing and low risk cases presented to VCAT.
- $140k increase related to the timing of grant funding for Aged and Disability Regional projects.
- $134k savings in Youth Services due to current vacancies.
- $106k savings for Statutory Planning officer role. Department utilising current staff.
- $98k increase in planning fee income due to the number of planning applications lodged.
- ($218k) increase in Amenity Protection agency costs for Service Review implementation, cash collection and printing for 3 year beach parking stickers.
- ($209k) School Crossing grant funding received in advance in 2016/17.
- ($137k) increase in a number of Urban Strategy projects including Southland Structure Plan and Highett Plan due to community and council expectations.
- ($60k) advertising of planning notifications due to increased activity, recouped through fee income.
- ($93k) decrease in the number of Bayside Business Networks (BBN) memberships and sponsorship due to the closure of the International at Brighton and the development of a new membership model.
- ($66k) for the development of Early Years Plan as requested from Councillors.
- ($40k) additional Arborist required to assist with the increase in planning applications and backfill staff on leave. This was identified in the Amenity Protection Service Review adopted by Council in August 2017.

Corporate Finance forecast favourable $2.133M
- $1.412M Timing of operational grants from the Victorian Grants Commission received in advance for the 2018/19 year in addition to $56k increase in Victorian Grants Commission funding for 17/18.
- $40k increase in interest income from general bank accounts and term deposits due mainly to a favourable opening cash position for the year.
- $155k forecast increase for sale of discontinuances.
- $129k savings in 2017/18 workcover premium due to improved claims history.
- $57k increase in sale of two bathing boxes.
Cash and Investments

The cash position as at April is $93.5M.

The YTD favourable variance to budget of $24.5M as at April 2018 is mainly due to:
- $19.2M greater opening cash balance than budgeted:
  - $11.6M Favourable capital works underspend including Rollover of 2016/17 capital projects of $11.1M (to be spent in 2017/18).
  - $7.6M Favourable cash underspend for operating activities including $3.1M transferred to the Infrastructure Reserve.

<table>
<thead>
<tr>
<th>Cash and cash equivalents at the end of the period</th>
<th>30-Jun-17 Actual</th>
<th>30-Jun-17 Budget</th>
<th>Variance $’000</th>
<th>30-Apr-18 Actual</th>
<th>30-Apr-18 Budget</th>
<th>Variance $’000</th>
<th>Full Year Actual</th>
<th>Full Year Budget</th>
<th>Variance $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unallocated &amp; unrestricted</td>
<td>93,411</td>
<td>93,545</td>
<td>20,224</td>
<td>38,388</td>
<td>34,521</td>
<td>12,867</td>
<td>62,574</td>
<td>85,058</td>
<td>1,0386</td>
</tr>
<tr>
<td>Restricted, committed and allocated funds</td>
<td>58,974</td>
<td>49,965</td>
<td>14,489</td>
<td>53,036</td>
<td>50,637</td>
<td>2,400</td>
<td>50,637</td>
<td>17,001</td>
<td></td>
</tr>
<tr>
<td>Total Cash and cash equivalents</td>
<td>92,385</td>
<td>143,480</td>
<td>20,224</td>
<td>91,424</td>
<td>85,058</td>
<td>43,405</td>
<td>82,171</td>
<td>121,081</td>
<td>1,0386</td>
</tr>
</tbody>
</table>

Cash & cash equivalents (including investments) consists of:

- Retail banks: $77,026
- Community banks: $3,000
- Cash on hand and at bank: $9,386

Total cash and cash equivalents: $92,385

Statutory Reserves

- Recreational Land Reserve: $15,009
- Car Parking Reserve: $398

Total Statutory Reserves: $15,407

Funds Subject to Intended Allocation

- Infrastructure Reserve: $6,230
- Dendy Street Beach Improvement Reserve: $1,591
- Community Facilities Enhancement Reserve: $947
- Early Childhood Facilities Reserve: $5,522
- Defined Superannuation Shortfall: $2,000
- Unspent Conditional Grants Reserve: $5,952
- Capital Works Carried Forward Reserve: $14,764
- Street and Park Tree Management Carried Forward: $87

Total Funds Subject to Intended Allocation: $39,095

Total Other Reserves: $54,500

Restricted funds include trust funds and reserves.
## Victorian Auditor – General’s Office (VAGO) Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definitions</th>
<th>VAGO Target (to maintain low risk)</th>
<th>Forecast Performance</th>
<th>Forecast Achievable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity</td>
<td>The ability to pay liabilities within the next 12 months. (current assets/current liabilities)</td>
<td>&gt; 150%</td>
<td>559.50%</td>
<td>Yes</td>
</tr>
<tr>
<td>Self-financing</td>
<td>The ability to replace assets using cash generated from day to day operations (net operating cash flow/underlying revenue)</td>
<td>&gt; 20.0%</td>
<td>31.03%</td>
<td>Yes</td>
</tr>
<tr>
<td>Capital Replacement</td>
<td>To ensure sufficient spending on capital renewal and new capital works. (Total capital spend: Depreciation)</td>
<td>&gt; 150%</td>
<td>244.29%</td>
<td>Yes</td>
</tr>
<tr>
<td>Indebtedness</td>
<td>The ability to repay debt from own source revenue being revenue not tied to specific projects. (not current liabilities / own source revenue)</td>
<td>&lt; 40.0%</td>
<td>0.91%</td>
<td>Yes</td>
</tr>
<tr>
<td>Underlying result</td>
<td>Sufficient operating income to cover operating expenses (new surplus/revenue)</td>
<td>&gt; 0%</td>
<td>19.31%</td>
<td>Yes</td>
</tr>
<tr>
<td>Renewal gap</td>
<td>To ensure sufficient spending on existing capital assets. (Renewal capital spend: depreciation)</td>
<td>&gt; 100%</td>
<td>197.87%</td>
<td>Yes</td>
</tr>
</tbody>
</table>

## Local Government Performance Reporting Framework Indicators

<table>
<thead>
<tr>
<th>LGPRF Performance Indicators</th>
<th>Expected Range</th>
<th>2017/18 Forecast</th>
<th>Within Range?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average residential rate per residential property assessment</td>
<td>$700 to $2,000</td>
<td>$1,991</td>
<td>✔️</td>
</tr>
<tr>
<td>Expenses per property assessment</td>
<td>$2,000 to $5,000</td>
<td>$2,325</td>
<td>✔️</td>
</tr>
<tr>
<td>Unrestricted cash compared to current liabilities</td>
<td>10% to 300%</td>
<td>276.2%</td>
<td>✔️</td>
</tr>
<tr>
<td>Loans and borrowings compared to rates</td>
<td>0% to 70%</td>
<td>0.0%</td>
<td>✔️</td>
</tr>
<tr>
<td>Loans and borrowings repayments compared to rates</td>
<td>0% to 20%</td>
<td>2.5%</td>
<td>✔️</td>
</tr>
<tr>
<td>Adjusted underlying surplus (or deficit)</td>
<td>-20% to 20%</td>
<td>14.6%</td>
<td>✔️</td>
</tr>
<tr>
<td>Rates compared to adjusted underlying revenue</td>
<td>30% to 80%</td>
<td>71.9%</td>
<td>✔️</td>
</tr>
<tr>
<td>Rates compared to property values</td>
<td>0.15% to 0.75%</td>
<td>0.15%</td>
<td>✔️</td>
</tr>
</tbody>
</table>
Capital Results

<table>
<thead>
<tr>
<th>$’000’s</th>
<th>YTD Adjusted Budget</th>
<th>YTD Actuals</th>
<th>Variance</th>
<th>2017/18 Adjusted Budget</th>
<th>Forecast Current</th>
<th>Forecast Actual</th>
<th>Forecast rollover to 2010/11</th>
<th>Variance including rollover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>38,302</td>
<td>32,688</td>
<td>5,503</td>
<td>40,410</td>
<td>42,789</td>
<td>5,021</td>
<td>4,022</td>
<td>799</td>
</tr>
</tbody>
</table>

![Capital Expenditure Status Graph]

June 2018 capital forecast expenditure - favourable to budget $5.621M includes:

- Increases in forecast expenditure ($2.5M) which is fully funded
  - ($2.5M) Purchase of the Sandringham Masonic Hall funded from the Infrastructure reserve.

Forecast savings/(overspend) in project delivery $2.8M

- $2.29M Sandringham Village Activity Centre Streetscaping delayed due to redesign. Works will commence in 2018/19.
- ($1.37M) Stormwater Harvesting Brighton Golf Course overspend funded from savings in Sandringham Village Activity Centre Streetscaping.
- $696k Dendy Park Soccer/Cricket Pavilion Redevelopment to be completed under budget in 17/18.
- $350k Ardoyne Street Drain Black Rock due to favourable tender results.
- $338k Highett Road Activity Centre Streetscaping delayed due to discussions with Public Transport Victoria.
- $296k Activity Centre Hawthorn Rd Village delayed due to VicRoads drainage works.
- $272k Kindergarten upgrades completed under budget.
- $231k North Road Drain Brighton due to favourable tender results.
- $200k Sportsground Reconstruction – Spring St Reserve due to favourable tender results.
- ($500k) Variations required for safety elements not included in original scope for the Banksia Reserve Beaumaris Pavilion Redevelopment.
Forecast carry forward of projects $4.8M to be completed in 2018/19

- $900k Sandringham Library Redevelopment - Finalised at Council meeting on 20th February to refurbish Library for $3.8M, commencing 2019/20. Carry forward into 2018/19 for design work.
- $700k Chisholm Reserve Pavillion - Delays due to planning approvals. Construction to commence August 2018.
- $850k Durrant St Drainage, Pavement & Tree Improvements - Significant delays due to Melbourne Water approval and redesign, and no tenders received for construction. Tender awarded at May Council meeting and works to commence in July.
- $400k Playground Renewal Projects - Project delayed through consultation and design development process.
- $379k New Telecommunications Solution - revised scope and timeframes.
- $250k Cheltenham Park Pavilion Redevelopment - May not fully expend 2017/18 budget in 2017/18. Construction budget over two years, work to be completed in 2018/19.
- $240k Public Toilet - Elsternwick Park South - Delays due to scope finalisation.
- $228k Sandringham FS & Harbour Masterplan Implementation - Delays due to Cultural Heritage Management Plan (CHMP) to be carried out in 2017/18.
- $200k Brighton Library Interior Upgrade - Slight risk of works not being completed by 30 June 2018.
- Construction budget over two years, work to be completed in 2018/19.
- $129k Customer Data Management - Delays due to completion of the telecommunications implementation and cleansing of data to be completed first.
- $109k Black Rock Foreshore Masterplan Implementation - Delays due to CHMP to be carried out in 2017/18.
- $100k Sportsground Lighting - Cheltenham Park (West) - Works are dependent on results from Flora and Fauna environmental report at this location which arose from the community consultation process.
- $71k Brighton Dunes Stabilisation - Project may not proceed in 2017/18, pending further information from DEWLP.
- $40k Public Toilet - Southey St Sandringham Foreshore - Completion now expected in late July.
- $34k Audio Visual Renewal - Corporate Centre - To be completed in 2018/19.
- $33k Mobile Permit Verification - Delays in obtaining software.
- $30k Child Development Information System (CDIS) – To commence August 2018.
- $27k Purchase of High Resolution Aerial Imagery - Weather dictates when fly overs can occur for aerial imagery. All imagery to be completed in 2018/19.
### Detailed Schedules

#### 1. Income Statement

<table>
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<tr>
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<th></th>
<th></th>
<th></th>
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<tbody>
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<td><strong>Operating Services &amp; New initiatives Budget</strong></td>
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<tr>
<td><strong>Income</strong></td>
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<td>3,937</td>
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<td>4,099</td>
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<td>344</td>
<td>(301)</td>
<td>2,280</td>
<td>1,747</td>
<td>(534)</td>
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<td>Contributions - Cash - Operating</td>
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<td><strong>Net Profit/(Loss) on Disposal of assets</strong></td>
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<td>(31)</td>
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<td>(31)</td>
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<td><strong>Total Income</strong></td>
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<td><strong>Expenditure</strong></td>
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<td>Employee Costs</td>
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<td><strong>105,406</strong></td>
<td><strong>105,880</strong></td>
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### 2. Statement of Capital Works

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<tr>
<th>CAPITAL in $'000's</th>
<th>YTD Budget</th>
<th>YTD Actual</th>
<th>Variance</th>
<th>2016/17 Adjusted Budget</th>
<th>Current Forecast</th>
<th>2017/18 Adjusted Budget less Carry Forward</th>
<th>Forecast Balance to 2018/19</th>
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<td><strong>Property Expenditure</strong></td>
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<td>Buildings</td>
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<td>11,975</td>
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<td>Heritage Buildings</td>
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<td>(2,500)</td>
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<td><strong>Plant &amp; Equipment Expenditure</strong></td>
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<td>Plant, machinery and equipment</td>
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<td>197</td>
<td>668</td>
<td>891</td>
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<td>Foreshore and Conservation</td>
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<td>Off-Street Car Parks</td>
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<td><strong>Total Expenses</strong></td>
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<td>48,410</td>
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<td><strong>Revenue</strong></td>
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</tr>
<tr>
<td>Grants - Capital</td>
<td>(645)</td>
<td>(344)</td>
<td>(301)</td>
<td>(2,280)</td>
<td>(1,747)</td>
<td>(534)</td>
<td>(500)</td>
</tr>
<tr>
<td>Other Income</td>
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<td>(30)</td>
<td>30</td>
<td>-</td>
<td>(30)</td>
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<tr>
<td>Contributions - Cash - Capital</td>
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<th>30-Jun-18 Budget</th>
<th>Variance</th>
<th>Full Year Budget</th>
<th>Forecast</th>
<th>Variance</th>
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<td>$'000 Inflows</td>
<td>$'000</td>
<td>$'000 Inflows</td>
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<td>(Outflows)</td>
<td>(Outflows)</td>
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<tr>
<td>Cash flows from operating activities</td>
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<tr>
<td>Receipts</td>
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<td>Rates and charges</td>
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<td>88,673</td>
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<td>4,306</td>
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<td>1,476</td>
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<td>6,764</td>
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<td>(35,578)</td>
<td>352</td>
<td>(42,364)</td>
<td>(41,551)</td>
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<td>1,021</td>
<td>(52,784)</td>
<td>(59,088)</td>
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<td>Net cash provided by (used in) operating activities</td>
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<td>42,498</td>
<td>35,823</td>
<td>6,675</td>
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<td>Cash flows from investing activities</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for property, infrastructure, plant &amp; equipment</td>
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<td>(36,115)</td>
<td>(34,748)</td>
<td>(1,367)</td>
<td>(46,677)</td>
<td>(42,789)</td>
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<tr>
<td>Proceeds from sale property, infrastructure, plant &amp; equipment</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>(31)</td>
<td>(31)</td>
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<td>Proceeds from term deposit investments</td>
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<td>(7,000)</td>
<td>-</td>
<td>(7,000)</td>
<td>5,000</td>
<td>(2,000)</td>
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<td>Net cash used in investing activities</td>
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<td>(43,115)</td>
<td>(34,748)</td>
<td>(8,367)</td>
<td>(40,677)</td>
<td>(44,780)</td>
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<td>Cash flows from financing activities</td>
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<td>Finance costs</td>
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<td>(123)</td>
<td>(149)</td>
<td>25</td>
<td>(162)</td>
<td>(124)</td>
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<td>Proceeds from borrowings</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Repayment of borrowings</td>
<td>(5,193)</td>
<td>(2,126)</td>
<td>(2,131)</td>
<td>5</td>
<td>(2,131)</td>
<td>(2,425)</td>
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<td>Net cash used in financing activities</td>
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<td>(2,280)</td>
<td>31</td>
<td>(2,293)</td>
<td>(2,250)</td>
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<td>Net increase(decrease) in cash and cash equivalents</td>
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<td>(2,866)</td>
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<td>(1,861)</td>
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<td>9,385</td>
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<td>Cash and cash equivalents at the end of the period</td>
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<td>6,519</td>
<td>4,007</td>
<td>2,512</td>
<td>2,574</td>
<td>3,032</td>
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<td>Term Deposits</td>
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<td>87,026</td>
<td>85,000</td>
<td>22,026</td>
<td>80,026</td>
<td>82,026</td>
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<td>93,545</td>
<td>69,007</td>
<td>24,538</td>
<td>62,574</td>
<td>85,058</td>
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<td>40,960</td>
<td>33,531</td>
<td>10,046</td>
<td>28,038</td>
<td>34,471</td>
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<td>Restricted, committed and allocated funds</td>
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<td>52,585</td>
<td>51,476</td>
<td>14,469</td>
<td>24,538</td>
<td>50,586</td>
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<tr>
<td>Total cash and cash equivalents at the end of the period</td>
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<td>93,545</td>
<td>69,007</td>
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4. Balance Sheet

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<td>2,988,964</td>
<td>3,470,866</td>
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10.16 THE AFFORDABLE HOUSING DEVELOPMENT SUMMIT

Executive summary

Purpose and background

To approve the attendance of a Councillor at the Affordable Housing Development Summit in to be held on Melbourne from 29 to 30 August 2018.

The 5th Annual Affordable Housing Development Summit will take place in Melbourne to explore the most innovative solutions and effective delivery models to tackle Australia’s housing crisis.

In today’s housing market, nearly 1.3 million Australian households are unable to access market housing or experience rental stress. This number is expected to rise to 1.7 million households by 2025.

This summit will provided the opportunity to learn from expects here in Australia and overseas on the following topics:

- Tackling Housing Affordability;
- Latest in planning and reform and innovation
- Investment and financing;
- Overcoming the challenges and boosting supply of affordable housing;
- Innovation in design and construction to increase affordable housing; and
- Affordability for the future.

A number of presentations will be made by various local councils highlighting the positive community outcomes from affordable housing projects.

Key issues

Given Bayside’s position on affordable housing and the increased demand within Melbourne and Bayside, this summit will provide the opportunity to gain a greater insight to the issues and opportunities that Council may consider in the future concerning affordable housing.

The cost of registration for attendance at the 2 day summit is $2,399 per delegate. Cr Alex del Porto has expressed a strong desire to attend this summit.

In accordance with the Councillor Support Reimbursement and Accountability Policy, should a Councillor express an interest in attending a particular conference/seminar which exceeds $1,501 in total registration costs, Council approval is required.

Recommendation

That Council approve the attendance of Cr Alex del Porto at the 5th Annual Affordable Housing Development Summit and Build-to-rent forum to be held in Melbourne from 29 to 30 August, 2018.
Support Attachments
Nil

Considerations and implications of recommendation

Liveable community

Social
Affordable housing is extremely important to the community and to Council to ensure both the State Government and Council addresses the need to provide additional affordable housing opportunities.

Natural Environment
There are no natural environment implications associated with this report.

Built Environment
The conference will look at development opportunities and affordable housing partnerships to address the issue, and will discuss some innovative design and construction solutions.

Customer Service and Community Engagement
There are no customer services or community engagement implications associate with this report.

Human Rights
The implications of this report have been accessed and are not considered likely to breach or infringe upon, the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

Legal
There are no legal implications associated with this report.

Finance
The cost associated with the attendance of Cr del Porto attending this summit can be accommodated within the 2017/18 budget for Councillors attendance to conferences and seminars.

Links to Council policy and strategy
This report is in response to the Councillors Support Resources Reimbursement and Accountability policy which requires Council approval for attendance at a conference where the registration cost is in excess of $1501.00/
**10.17 BUILDING INCLUSIVE COMMUNITIES FUNDING UPDATE**

Environment, Recreation & Infrastructure - Open Space, Recreation & Wellbeing

File No: PSF/18/106 – Doc No: DOC/18/97956

**Executive summary**

**Purpose and background**

At the 21 November 2017 meeting Council resolved to receive a report prior to June 2018, with options for Council’s ongoing role in relation to disability inclusion, advocacy and planning beyond the cessation of the Building Inclusive Communities (BIC) Program funding in June 2018. The purpose of this report is to provide an update on funding for the BIC Program.

The BIC Program has been a partnership between the Department of Health and Human Services (DHHS) and local government since 2004. The BIC Program aims to make the local community more welcoming and inclusive for people with disability.

The expected outcomes of the BIC Program are that people with disability:

- participate in and benefit from the same community activities as everyone else;
- participate in and benefit from the same mainstream services as everyone else;
- are connected and have the information they need to make decisions and choices;
- have the skills and confidence to participate and contribute to the community and protect their rights; and
- actively contribute to leading, shaping and influencing their community.

**Key issues**

The establishment of the National Disability Insurance Scheme (NDIS) created uncertainty for the future of the BIC Program. Funding for the BIC Program formed part of the State Government’s financial contribution commitment to the NDIS.

Council has received written confirmation that the Municipal Association of Victoria and DHHS have successfully advocated to the National Disability Insurance Agency to continue BIC funding. A twelve month extension of BIC funding to local government has been confirmed, however the BIC Program will cease on 30 June 2019.

**Recommendation**

That Council receives a further report no later than 30 June 2019, with options for Council’s ongoing role in relation to disability inclusion, advocacy and planning beyond the cessation of the Building Inclusive Communities funding in June 2019.

**Support Attachments**

Nil
Considerations and implications of recommendation

Liveable community

Social
The BIC Program strongly aligns with the Wellbeing for All Ages and Abilities Strategy and is driven by the social model of health with key principles including addressing the broader determinants of health, acting to reduce social inequities, empowering individuals and their community and enabling access to health care.

Natural Environment
There are no natural environment implications associated with the recommendations included in this report.

Built Environment
There are no built environment implications associated with the recommendations included in this report.

Customer Service and Community Engagement
The community is actively engaged through the development, implementation and evaluation of key programs and activities in line with the BIC Program.

Human Rights
The implications of this report have been assessed and are not considered likely to breach or infringe upon, the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

Legal
There are no legal implications associated with the recommendations included in this report.

Finance
The BIC program will continue to be funded with an estimated $139,000 budgeted for 2018/19. There is no financial contribution to this program required by Council.

Links to Council policy and strategy
The BIC program will assist Council to achieve:

- Goal 7 of the Council Plan (2017-2021) “Bayside’s community will be supported and engaged to live an active and healthy lifestyle regardless of age, geographical location, personal circumstance or physical ability”.
- Objective 1.2 of the Wellbeing for All Ages and Abilities Strategy (2017-2021) “Support opportunities that build social networks and community connections”.
- Community aspiration in the Community Plan (2025) “By 2025, members of Bayside’s community will feel supported and engaged to live an active and healthy lifestyle regardless of age, geographical location, personal circumstances or physical ability”.

Executive summary

Purpose and background
The report proposes that Council rate the Bodley Street Tennis Centre, Martin Street Beaumaris as Cultural and Recreational Land, from the commencement of the current lease effective 1 April 2018.

Key issues
The Bodley Street Tennis Centre is the subject of a new lease which is effective from 1 April 2018. The new tenant is the Beaumaris Lawn Tennis club which is a not for profit organisation and is eligible in accordance with the Cultural and Recreational Land Act 1963 (CRLA) to be declared as a CRLA property. The CRLA rate is discounted compared to the residential and commercial rate on the basis that the club is a not for profit organisation that exists for the purpose of promoting cultural or sporting recreational facilities. This is the rating that council applies to other sporting clubs throughout Bayside in accordance with the CRLA Act and its rating strategy.

Rates collected for this property were $6,110.82 for the 2017/18 rating year as the previous tenant was a commercial entity and was therefore being charged the full rate in the dollar for a commercial ratepayer.

It is proposed that from 1 April 2018 Council levy the new tenant Beaumaris Lawn Tennis club $914.10, which is a pro rata amount of the full year CRLA rate of $3,666.43.

This is consistent with other properties which are rated under CRLA within the City of Bayside.

Recommendation
That Council declare that the site known as the Bodley Street Tennis Centre Beaumaris be levied $914.10 under the Cultural and Recreational Land Act 1963 for the period from 1 April 2018 to 30 June 2018.

Support Attachments
Nil
Considerations and implications of recommendation

Liveable community

Social
There are no social impacts associated with this report.

Natural Environment
There are no natural environmental impacts associated with this report.

Built Environment
There are no built environmental impacts associated with this report.

Customer Service and Community Engagement
There are no impacts to customer service.

Human Rights
The implications of this report have been assessed and are not considered likely to breach or infringe upon, the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

Legal
The Cultural and Lands Act 1963 requires Council to levy “such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such recreational lands.”

The CRLA can be attributed to sporting clubs and other eligible properties, and is currently calculated to be 60% of the rate in the dollar. This percentage was determined following the completion of an allocation of actual Council service costs that are applicable to the CRLA properties.

Finance
An allowance for supplementary rates and charges is included in the 2017/18 Budget.

Links to Council policy and strategy
Council's Rates and Charges are levied in accordance with Council's Rating Strategy.
Executive summary

Purpose and background
To present Council with the Planning Panel Report in relation to Amendment C150, which proposes to implement the Bayside Retail, Commercial and Employment Strategy 2016 (‘the RCE Strategy’) into the Bayside Planning Scheme.

The RCE Strategy reaffirms the need to provide for an increase in employment and businesses mix to meet Bayside’s future population needs. To achieve this, implementation actions and future development guidance relating to Bayside’s activity centres are included to ensure a pleasant, efficient and safe working and living environment for Bayside’s residents and its workforce. The amendment facilitates development in accordance with the objectives of planning in Victoria and provides a long term vision for employment lands.

The strategy concludes that Bayside’s Activity Centres and the Bayside Business District (BBD) will grow and continue to service Bayside’s business and employment needs. In response to this need, Amendment C150 does not seek to change Council current position in relation to the Bayside’s Business District and supports its retention for commercial/employment purposes. Rezoning of the Bayside Business District for residential purposes is not supported.

Background
The RCE Strategy was adopted by Council at its 16 August 2016 Ordinary Meeting with Council resolving to commence a planning scheme amendment to implement the Strategy.

Amendment C150 was publicly exhibited between 22 June and 24 July 2017 with 16 submissions received raising issues in relation to:

- Rezoning the BBD to allow new residential or mixed use developments to locate in the BBD (where residential uses are currently prohibited);
- Whether Council’s ‘no net loss’ of commercial floor space is a reasonable approach for activity centres, as the market should decide whether increased commercial floorspace is provided;
- Seeking clarification on the Bayside Economic Triangle concept and the implications it has on the residential areas within Highett and Cheltenham; and
- A broad range of issues relating to the Southland and Penndale Structure Plan process. A number of these matters are outside the scope of the RCE Strategy.

At its 24 October 2018 Ordinary Meeting, Council resolved to request the Minister for Planning to appoint an independent Planning Panel to consider the submissions received.

Key issues
The Panel Hearing was held on 22, 23 and 26 March 2018 and the Panel comprised of one Panel member, Mr Con Tsotsoros.
At the hearing, Council was represented by Mr Terry Montebello of Maddocks and called evidence from Mr Julian Szafraniec of SGS Economics and Planning, the firm that prepared the RCE Strategy. Five other submitters were represented at the Panel hearing, one of which called expert evidence.

**Summary of Panel Report**

The Panel ultimately concluded that the Amendment is supported by, and implements, the relevant sections of the State and Local Planning Policy Framework and is generally consistent with the relevant Ministerial Directions and Practice Notes. It was also concluded that the Amendment is strategically justified and should proceed, subject to addressing the more specific issues raised in submissions as discussed in the Panel report.

The key findings of the Panel are summarised below and the Panel Report is included at Attachment 1. A summary of officer comments in relation to the Panel’s recommendations is included at Attachment 2.

**RCE Strategy**

The Panel concluded that the RCE Strategy ‘would have benefited from more detailed analysis to support the need to reserve all land in the Bayside Business District for commercial purposes. It would also have benefited from further information to understand any economic relationship between the Southland and Highett Activity Centres and the Bayside Business District to support the economic triangle concept. Accordingly, the RCE Strategy should not be included as a reference document in the Bayside Planning Scheme with respect to the Bayside Business District.’

Despite this, the Panel concluded that the amendment was strategically justified and should proceed with changes.

**Bayside Business District (BBD)**

Based on available information, the Panel considered that the future demand for commercial floorspace in the BBD can be accommodated on less land than what is available in the Bayside Business District. The Panel considered that:

The extent of excessive available land may affect the ability for the Bayside Business District to achieve its ambitious vision and to have a consolidated, cohesive and attractive business area. Council should consider the opportunity presented to it through land that is unlikely to be needed for commercial purposes in the Business District and its close location to the Southland railway station. While this opportunity is reviewed, new commercial development should be encouraged toward the western part of the Bayside Business District, which is anchored by new larger scale office buildings to enable orderly planning.

The 5.5-hectare Laminex site at 332 Bay Road, Cheltenham is the closest land in the Bayside District to the Southland railway station and is effectively the eastern gateway. The site should be identified for a strategic redevelopment opportunity investigation subject to it positively contributing to achieving the Bayside Business District’s vision and objectives.

**Activity Centres**

The Panel concluded in reference to the Southland Activity Centre that:

Plan Melbourne and the RCE Strategy exclude the Bayside municipality from the Cheltenham-Southland Activity Centre and there is insufficient basis to include residential land in Bayside in this centre. Whether land in the Pennydale residential
area should be intensified in response to the new Southland railway station will be pursued through the Southland-Pennylade Structure Plan process.

**Bayside Economic Triangle**

In response to comments that the economic triangle concept was too vague, the Panel concluded that:

*The economic triangle concept was founded on three nodes – Cheltenham-Southland Major Activity Centre, Highett Activity Centre and the Bayside Business District and was intended to exclude the residential area within the main roads making up the triangle. There is insufficient information to explain the triangular area’s existing attributes and how they would enable it to successfully transform into an integrated and interactive economic triangle. It is unclear how branding and marketing an economic triangle concept translates to a strategic land use response and it should therefore not be included the Planning Scheme. Council can continue to market the concept through marketing and branding mechanisms outside of the Planning Scheme.*

**Officer comments**

Having considered the Panel Report and its recommendations, officers consider that there are a number of fundamental issues with the Panel’s recommendations which prevent Council from accepting all of the Panel’s comments and adopting the Panel’s recommended changes. The key issues are:

1. The Panel recommending that Council nominate the Laminex site as a strategic redevelopment opportunity is outside the scope of the Amendment. As such, it would result in Council being required to seek re-authorisation of the amendment from DELWP and would require Council to re-exhibit the amendment as it is not referenced in the RCE Strategy or justified by other policy.

   There is limited explanation provided in the Panel Report as to what it considers a strategic redevelopment opportunity for future investigation, nor is the criteria adequately defined within the Planning Scheme or Panel Report. The recommendation to add the Laminex site as a strategic redevelopment opportunity for future investigation is a deviation from the *Bayside Housing Strategy* which nominates the strategic redevelopment sites in Bayside. The Panel has not outlined its assessment of the *Bayside Housing Strategy* and any implications arising from the inclusion of this site as strategic redevelopment site. In forming its recommendation, the Panel has indicated it has undertaken an assessment of all other land in the BBD to determine whether other sites could also be considered a strategic redevelopment opportunity, however this analysis and any criteria has not been made available, and has not provided other land owners an opportunity to submit on this issue.

   The Panel fails to consider that this change is beyond the scope of the amendment, as it is not justified by the RCE Strategy and would be required to be re-exhibited were Council to adopt this change, as it substantially transforms what Amendment C150 does.

   Given this recommendation is a transformation of the amendment and is not supported by any strategy, policy or analysis of the implications on Council’s broader strategic planning framework, and is beyond the scope of Amendment C150, it is recommended that this change should not be adopted. It is recommended that this is considered through future strategic planning work, such as the housing strategy review, given the
implications that proposed recommendation could have on the broader Bayside Residential Strategic Framework Plan and employment lands.

2. The comments made by the Panel in relation to Southland Activity Centre not being located in Bayside are contrary to State Government policy, disregard the broader Bayside Activity Centres context and previous advice provided by Panel’s Victoria in relation to similar settings. Whilst there are references in Plan Melbourne to the Cheltenham-Southland activity centre being located within Kingston, as this is where the commercial component of the centre is located, Plan Melbourne also acknowledges that centres have different development potential and are to be determined through local strategic planning. The Panel’s comments disregard that there are many activity centres which cross municipal and regional boundaries and significant barriers such as highways or railway lines.

In the Panel Report for Amendment C151, which implements the Hampton East (Moorabbin) Structure Plan 2016, the Panel commented:

־‘The proximity of the Moorabbin Railway Station to Hampton East is a key reason why the activity centre is part of the broader Moorabbin MAC. However, the Panel agrees with submitters that the Nepean Highway is a considerable obstacle that divides the MAC and is a matter that will need to be addressed. It is not, however a reason for limiting future residential development within this area.’

In determining that the Pennydale area is not within an activity centre, the Panel has not considered Practice Note 58: Structure Planning for activity centres or other adopted Council strategies or policies which outline activity centre boundaries. The Panel’s rationale for definitively resolving that the area is not within an activity centre has not been adequately outlined and has the potential for significant policy implications for Bayside’s four activity centres which cross municipal and regional boundaries if Council were to agree with the Panel’s recommendation.

Despite this, Council may accept that the Southland-Pennydale area is not within an activity centre and designate the area as a Housing Opportunity Area, where moderate residential growth is expected, in response to the General Residential Zone that applies to Pennydale. This change would necessitate a change to the wording proposed through Amendment C150 however does not specifically need to be referenced within the Amendment. Proposed wording is included in the ordinance at Attachment 3;

3. The Panel recommends the deletion of a map at Clause 21.02, Bayside Key Issues and Strategic Vision, to reflect the deletion of the Bayside Economic Triangle. In recommending the deletion of this, the Panel has not articulated the implications on the economic roles of Bayside’s other activity centres, which are also outlined in the map. The Panel has not articulated or considered potential consequences of deleting this map in its entirety and whether this then compromises other aspects of the amendment. As such, it is recommended that Council remove reference to the economic triangle but retain the map as proposed;

4. The Panel makes comments in relation to a number of matters which are not before the Panel, and makes conclusions based on submissions without any regard to evidence. An example of this are the Panel’s comments in relation to the design guidelines for the BBD being outdated and contrary to Council’s strategic objectives for the area. Despite this assertion being put to the Panel at the hearing, there was no evidence provided to support this nor any analysis for the Panel to conclude that design guidelines, which are outside the scope of the amendment, are ineffective. The design
guidelines were intended specifically to encourage a high amenity office precinct in the area and introduced in 2006. Given the lack of evidence on the matter, the Panel cannot reasonably conclude that the guidelines are contrary to Council’s objectives and should not be given weight in decision making.

5. There are a number of factual and accuracy errors within the Panel report which result in several of the comments and recommendations being difficult to properly interpret, or being beyond the scope of the Amendment. Further, there are a number of comments throughout the Panel Report which appear to depart from State Policy.

Whilst it is considered that the key recommendations of the Panel go beyond the scope of Amendment C150, the majority of the proposed changes relating to the Amendment are supported and justified by the RCE Strategy. In order to ensure that these changes are reflected in the Bayside Planning Scheme, it will be recommended that Council adopts Amendment C150 as outlined at Attachment 3.

**Recommendation**

That Council:

1. Adopt Amendment C150 having regard to the Panel’s recommendations, as outlined at Attachment 3;

2. Provides delegation to the Director City Planning and Community Services to make minor changes required to the Amendment documents;

3. Writes to the Minister for Planning requesting approval of Amendment C150; and

4. Writes to all submitters to inform them of Council's decision.

**Support Attachments**

1. Bayside C150 Panel Report
2. Table of C150 Panel Recommendations and officer response
3. C150 - Revised Amendment Documents incorporating Panel Recommendations (separately enclosed)

**Considerations and implications of recommendation**

**Social**

The RCE Strategy identifies an approach to continue to ensure vibrant commercial precincts which offer a wide range of services and a high level of amenity to meet current and future community needs. The actions to implement the RCE Strategy will ensure that Bayside’s activity centres and commercial areas are viable for businesses and attractive places to live, work and invest in.

**Natural Environment**

Strategies within the RCE Strategy relating to improvements to public land and greater utilisation of the foreshore may result in impacts to the natural environment. Amendment C150 provides the framework for future works in activity centres to create new connections and environments for Bayside residents to appreciate the natural environment.
Built Environment
The RCE Strategy provides strategies which relate to the future built form of commercial areas in Bayside. The RCE Strategy provides a range of actions which will improve the built environment of Bayside’s commercial lands.

Customer Service and Community Engagement
At its 16 August 2016 Ordinary Meeting, Council resolved to request the Minister for Planning to approve Amendment C150 pursuant to Section 20(4) of the Planning and Environment Act 1987.

The Department of Environment, Land, Water and Planning advised Council that public exhibition was required. As such, public exhibition of Amendment C150 occurred between 22 June and 24 July 2017. The exhibition included:

- Notice of the preparation of an Amendment published in the Bayside Leader and Government Gazette;
- Letters to the prescribed Ministers required under the Planning and Environment Act 1987, referral authorities and adjoining municipalities;
- Email notifications sent to submitters to the development of the draft RCE Strategy.

Through this process, 16 submissions were received. These have been considered by the Panel with submitters provided an opportunity to present to the Panel.

Human Rights
The implications of this report have been assessed and are not likely to breach or infringe upon the human rights contained in the Victorian Charter for Human Rights and Responsibilities Act 2006.

Legal
There are unlikely to be any legal implications from referring the RCE Strategy to a Planning Panel.

Finance

Links to Council policy and strategy
The preparation of the RCE Strategy was an action from Council’s Economic Development Strategy 2014 and the Bayside Planning Scheme review. Amendment C150 implements the Strategy into the Bayside Planning Scheme and will give effect to the Strategy in policy.

The Bayside Housing Strategy 2012 nominates the strategic redevelopment sites in Bayside, however the Panel’s recommendations would result in a departure from Council’s adopted Housing Strategy. The implications of doing this will need to be further explored before Council agrees to such an approach.

The Housing Strategy further acknowledges that the Southland-Pennydale area is within the Southland Principal Activity Centre, noted that the main long term focus for future medium and high density residential development will be the Southland Principal Activity Centre and the Moorabbin Major Activity Centre which provide the greatest access to shops, public
transport and other services, with minimal constraints. The Panel’s comments that Southland is not within an activity centre and then encouraging housing growth to be explored further from the centre appear somewhat contradictory.

Options considered

Option 1

<table>
<thead>
<tr>
<th>Summary</th>
<th>Adopt Amendment C150 having regard to the Panel’s recommendations, as outlined at Attachment 2.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits</td>
<td>The Planning Panel has considered the merits of Amendment C150 and has recommended that C150 be approved subject to some changes.</td>
</tr>
<tr>
<td></td>
<td>Will ensure that the strategic direction of the RCE Strategy is translated into the Planning Scheme.</td>
</tr>
<tr>
<td></td>
<td>Will ensure that a net gain of commercial floorspace is sought in Bayside’s activity centres.</td>
</tr>
<tr>
<td></td>
<td>Some of the changes recommended by the Panel are beyond the scope of the amendment and cannot be adopted by Council without raising issues of transparency, fairness and equity.</td>
</tr>
<tr>
<td></td>
<td>The changes recommended by officers are consistent with the intent of the RCE Strategy.</td>
</tr>
<tr>
<td>Issues</td>
<td>The Minister for Planning may not agree with Council’s approach to setting aside some of the Panel recommendations.</td>
</tr>
</tbody>
</table>

Option 2

<table>
<thead>
<tr>
<th>Summary</th>
<th>Abandon C150.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits</td>
<td>There are no obvious benefits associated with this option.</td>
</tr>
<tr>
<td>Issues</td>
<td>Council will not have a policy in the Scheme to ensure that commercial development in activity centres provides for no net loss of commercial floorspace, resulting in residential development encroaching into commercial land.</td>
</tr>
<tr>
<td></td>
<td>This would result in a lack of local economic policy within the Planning Scheme.</td>
</tr>
</tbody>
</table>
Planning and Environment Act 1987

Panel Report

Bayside Planning Scheme Amendment C150
Retail, Commercial and Employment Strategy 2016

30 April 2018
Planning and Environment Act 1987
Panel Report pursuant to section 25 of the Act
Bayside Planning Scheme Amendment C150
Retail, Commercial and Employment Strategy 2016
30 April 2018

Con Tsotsoros, Chair
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List of Abbreviations

- **BBD**: Bayside Business District
- **DELWP**: Department of Environment, Land, Water and Planning
- **GRZ**: General Residential Zone
- **Plan Melbourne 2017**: Plan Melbourne 2017-2050 Metropolitan Planning Strategy
- **RCE Strategy**: Bayside Retail, Commercial and Employment Strategy, August 2016
- **RCE Background Paper**: RCE Strategy Background Issues and Opportunities Paper, November 2015
- **SGS**: SGS Economics and Planning
- **SWOT**: Strengths, Weaknesses, Opportunities and Threats
## Overview

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<td><strong>Authorisation</strong></td>
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<td><strong>Submissions</strong></td>
<td>Submissions received from:</td>
</tr>
<tr>
<td></td>
<td>1. Derek Screen</td>
</tr>
<tr>
<td></td>
<td>2. See Pickle Pty Ltd</td>
</tr>
<tr>
<td></td>
<td>3. Daniel Czech</td>
</tr>
<tr>
<td></td>
<td>4. Robert Saunders</td>
</tr>
<tr>
<td></td>
<td>5. Sally Connor</td>
</tr>
<tr>
<td></td>
<td>6. Fletcher Building Limited</td>
</tr>
<tr>
<td></td>
<td>7. Jack Road Investments Pty Ltd</td>
</tr>
<tr>
<td></td>
<td>8. Chandos Bay Pty Ltd</td>
</tr>
<tr>
<td></td>
<td>9. Carolyn Robinson</td>
</tr>
<tr>
<td></td>
<td>10. Simone Bolkeu</td>
</tr>
<tr>
<td></td>
<td>11. John Wright-Smith</td>
</tr>
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<td>12. Jack Wright-Smith</td>
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<tr>
<td></td>
<td>13. Environment Protection Authority</td>
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<tr>
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<td>14. Ned Wright-Smith</td>
</tr>
<tr>
<td></td>
<td>15. Madeleine Wright-Smith</td>
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<td>16. Gary McCulloch</td>
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### Appearances

- Bayside City Council represented by Terry Montebello of Maddocks and Tom Vercoe, Acting Coordinator Strategic Planning of Bayside City Council and called the following expert witness:
  - Julian Szafrański of SGS Economic and Planning on economics
- Chandos Bay Pty Ltd represented by Caroline Cody of Planning & Property Partners Pty Ltd
- Derek Screen
- Laminex Industries (Fletcher Building Ltd) represented by Susan Brennan SC and Roshan Chaila of Counsel, instructed by Sally McIndoe of Norton Rose Fullbright and called the following expert witnesses:
  - Stuart McGurn of Urbis on planning
  - Chris McNeill of Essential Economics on economics
  - Robert Saunders
- See Pickle Pty Ltd represented by Lucy Eastoe, Senior Associate of Best Hooper Lawyers

### Date of this Report

30 April 2018
Executive summary

(i) Summary
Bayside’s population is expected to increase by over 12,000 people over the next 15 to 20 years. Employment levels, estimated at 32,000 jobs in 2014, are expected to incrementally grow across most industries in the future, except for the health care and social assistance industry. Health care will be the single largest growth sector of future employment opportunities, while knowledge-based services will be the core economic driver of the future economy. Traditional manufacturing and growth in logistics, warehousing and niche sectors are expected to decline.

The Retail, Commercial and Employment Strategy 2016 (RCE Strategy) was prepared to provide policy direction on the future evolution of activity centres and employment land in the City of Bayside. The Amendment proposes to implement the RCE Strategy by amending the Local Planning Policy Framework and was exhibited between 22 June and 24 July 2017. The exhibited Amendment attracted 16 submissions. Submissions related to the Bayside Business District raised issues about whether the RCE Strategy sufficiently supported proposed policy and strategies, whether strategic redevelopment sites should be identified, the suitability of performance standards and the ‘economic triangle’ concept, and whether the RCE Strategy should be a reference document. Other submissions raised issues about the proposed no-net-loss and net gain of retail and commercial floorspace in activity centres, and Bayside residential land being identified as part of the Cheltenham-Southland Major Activity Centre.

A Public Hearing was held on 22, 23 and 26 March 2018 at Planning Panels Victoria. The Panel has considered all written submissions made in response to the exhibition of the Amendment, observations from site visits, and submissions, evidence and other material presented to it during the Hearing from Council, five parties and three expert witnesses.

The Panel concludes that the Amendment is supported by, and implements, the relevant sections of the State and Local Planning Policy Framework and is generally consistent with the relevant Ministerial Directions and Practice Notes. The Amendment is strategically justified and should proceed subject to addressing the more specific issues raised in submissions as discussed in this report.

RCE Strategy
The Panel concludes that the RCE Strategy would have benefited from more detailed analysis to support the need to reserve all land in the Bayside Business District for commercial purposes. It would also have benefited from further information to understand any economic relationship between the Southland and Higlett Activity Centres and the Bayside Business District to support the economic triangle concept. Accordingly, the RCE Strategy should not be included as a reference document in the Bayside Planning Scheme with respect to the Bayside Business District.

Bayside Business District
Based on available information, it appears that future demand for commercial floorspace can be accommodated on less land than what is available in the Bayside Business District.
The extent of excessive available land may affect the ability for the Bayside Business District to achieve its ambitious vision and to have a consolidated, cohesive and attractive business area. Council should consider the opportunity presented to it through land that is unlikely to be needed for commercial purposes in the Business District and its close location to the Southland railway station. While this opportunity is reviewed, new commercial development should be encouraged toward the western part of the Bayside Business District, which is anchored by new larger scale office buildings to enable orderly planning.

The 5.5-hectare Laminex site at 332 Bay Road, Cheltenham is the closest land in the Bayside District to the Southland railway station and is effectively the eastern gateway. The site should be identified for a strategic redevelopment opportunity investigation subject to it positively contributing to achieving the Bayside Business District’s vision and objectives.

The existing Clause 22.04-4 performance standards are unsuitable to implement the RCE Strategy, however, they should remain in the Planning Scheme until suitable design guidelines can replace them. The RCE Strategy and proposed planning provisions envisage a future master planning process to introduce new design guidelines.

The exhibited Jack Road interface policy provisions, many of which have existed as industrial performance standards in the Bayside Planning Scheme since 2000, should not be reintroduced because they are largely redundant and unsuitable, are not sufficiently justified, and may affect the ability to successfully implement the RCE Strategy in this part of the Bayside Business District.

**Activity Centres**

The exhibited Clause 21.03 and 21.07 policies regarding ground level and overall commercial floorspace in activity centres are appropriate and should be adopted.

Plan Melbourne and the RCE Strategy exclude the Bayside municipality from the Cheltenham-Southland Activity Centre and there is insufficient basis to include residential land in Bayside in this centre. Whether land in the Pennsdale residential area should be intensified in response to the new Southland railway station will be pursued through the Southland-Pennsdale Structure Plan process.

**Economic triangle concept**

The economic triangle concept was founded on three nodes – Cheltenham-Southland Major Activity Centre, Highett Activity Centre and the Bayside Business District and was intended to exclude the residential area within the main roads making up the triangle. There is insufficient information to explain the triangular area’s existing attributes and how they would enable it to successfully transform into an integrated and interactive economic triangle. It is unclear how branding and marketing an economic triangle concept translates to a strategic land use response and it should therefore not be included the Planning Scheme. Council can continue to market the concept through marketing and branding mechanisms outside of the Planning Scheme.

The Panel has made a series of recommendations which further support the RCE Strategy objectives and the future vibrancy of Bayside’s activity centres and Business District.
(ii) Recommendations

Based on the reasons set out in this Report, the Panel recommends that Bayside Planning Scheme Amendment C150 be adopted as exhibited subject to the following changes:

1. Amend Clause 21.02 to delete Map 3 (Spatial economic structure of Bayside).

2. Amend Clause 21.07, as shown in Appendix B, to:
   a) abandon the deletion of “There are also other Activity Centres located outside the municipality which have an impact on the economy of Bayside including Southland...”
   b) delete the provision:
      
      The Cheltenham-Southland Activity Centre is shared with Kingston City Council. While the commercial focus of this Activity Centre is located within Kingston, a large proportion of the residential area within this Activity Centre is located within Bayside.
      
   c) delete any reference to an economic triangle.

3. Amend Clause 21.11 (Map 1) to identify 332 Bay Road, Cheltenham as a ‘Strategic redevelopment opportunity for further investigation’.

4. Amend Clause 22.04, as shown in Appendix B, to:
   a) add in the policy basis:
      
      332 Bay Road, Cheltenham provides a strategic redevelopment opportunity for further investigation subject to positively contributing to achieving the objectives and vision for the Bayside Business District.
      
   b) change Figure 1 to identify 332 Bay Road, Cheltenham as a ‘Strategic redevelopment opportunity for further investigation’
   c) delete in ‘Urban design guidelines for specific areas’ “Preferred or discretionary controls may only be varied in exceptional circumstances.”
   d) delete the Jack Road Interface (R2 – Interface with residential (rear) south of Bay Road) policy
   e) delete the Bayside Retail Commercial and Employment Strategy (August 2016) as a reference document.
1 Introduction

1.1 The Amendment

The Amendment proposes to implement the Retail, Commercial and Employment Strategy 2016 (RCE Strategy) by amending in the Local Planning Policy Framework:

- Clause 21.02 (Bayside key issues and strategic vision)
- Clause 21.03 (Settlement and housing)
- Clause 21.06 (Built environment and heritage)
- Clause 21.07 (Economic development)
- Clause 21.10 (Infrastructure)
- Clause 21.11 (Local areas)
- Clause 22.04 (Bayside Business District)
- Clause 22.09 (Gaming)

referencing the RCE Strategy in the Bayside Planning Scheme.

The Amendment applies to activity centres and employment land, generally within the Commercial 1 or 2 Zones.

The Amendment was authorised by the Department of Environment, Land, Water and Planning (DELWP), under delegation from the Minister for Planning on 7 April 2017, subject to the following conditions:

- Council’s Municipal Strategic Statement and Local Policies must be amended to align with the terminology and hierarchy within Plan Melbourne 2017-2050. Sandringham Village, Bay Street Brighton, Church Street Brighton and Hampton Street must continue to be referred as Major Activity Centres.
- Remove border from Clause 21.01 to align with the Ministerial Direction: Form and Content.

The exhibited Amendment referred to the specified centres as Major Activity Centres and did not propose any change to Clause 21.01.

1.2 Background

The Amendment’s chronology of events outlined below are extracted from Council’s Part A Submission.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>March 2004</td>
<td>Amendment C39 (Bayside Industrial Areas Strategy 2004) exhibited</td>
</tr>
<tr>
<td>22 February 4 March 2005</td>
<td>Amendment C39 Panel Hearing – Panel recommended that the Amendment be adopted with changes</td>
</tr>
<tr>
<td>17 October 2005</td>
<td>Council adopted C39 (in part) and submitted for approval</td>
</tr>
<tr>
<td>27 July 2006</td>
<td>Part of the Bayside Industrial Areas Strategy 2004 was introduced into the Scheme [Amendment C39 (Part 1)]</td>
</tr>
<tr>
<td>5 October 2006</td>
<td>Part of the Bayside Industrial Areas Strategy 2004 was introduced into the Scheme [Amendment C39 (Part 2)]</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
</tr>
<tr>
<td>--------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>26 May 2011</td>
<td>Business Employment Area Policy (Clause 22.04) introduced with Jack Road Interface policy expired on 3 May 2007 [Amendment C99]</td>
</tr>
<tr>
<td>24 February to 20 May 2011</td>
<td>Amendments C100, C101, C102 and C103 (Bay Street, Church Street, Hampton Street and Sandringham Village Major Activity Centre Structure Plans) exhibited</td>
</tr>
<tr>
<td>3 November 2011</td>
<td>Multiple properties on Jack Road and Charlton Avenue rezoned from Business 3 Zone (now Commercial 2) to the Mixed Use Zone and Business 2 Zone (now Commercial 1)</td>
</tr>
<tr>
<td>May to June 2012</td>
<td>Amendments C100, C101, C102 and C103 Panel Hearing – Panel recommended that the Amendments be adopted with changes</td>
</tr>
<tr>
<td>11 September 2012</td>
<td>Council adopted the <em>Bayside Housing Strategy 2012</em></td>
</tr>
<tr>
<td>9 May 2013</td>
<td>Sandringham and Church Street Structure Plans introduced into the Planning Scheme [Amendments C100 and C102]</td>
</tr>
<tr>
<td>4 July 2013</td>
<td>Bay Street and Hampton Street Structure Plans introduced into the Planning Scheme [Amendments C101 and C103]</td>
</tr>
<tr>
<td>25 July 2013</td>
<td>New commercial zones introduced into the Planning Scheme [Amendment VC100]</td>
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<tr>
<td>30 July 2013</td>
<td>Council endorsed the draft <em>Small Activity Centres Strategy</em> for consultation</td>
</tr>
<tr>
<td>August to September 2013</td>
<td>Community consultation on the draft <em>Small Activity Centres Strategy</em></td>
</tr>
<tr>
<td>24 June 2014</td>
<td>Council adopted the <em>Small Activity Centres Strategy 2014</em></td>
</tr>
<tr>
<td>26 June 2014</td>
<td>The reformed residential zones introduced into the Scheme in accordance with the <em>Bayside Housing Strategy 2012</em> [Amendment C106]</td>
</tr>
<tr>
<td>7 August 2014</td>
<td>The Municipal Strategic Statement was updated to refer to the <em>Bayside Housing Strategy 2014</em> [Amendment C134]</td>
</tr>
<tr>
<td>June 2015</td>
<td>SGS Economics and Planning was appointed to prepare the RCE Strategy</td>
</tr>
<tr>
<td>21 July 2015 to 17 September 2015</td>
<td>Amendment C140 (<em>Bayside Housing Strategy 2012</em>) exhibited</td>
</tr>
<tr>
<td>25 August 2015</td>
<td>Council endorsed a community engagement approach for the RCE Strategy</td>
</tr>
<tr>
<td>27 October 2015</td>
<td>Council endorsed the draft RCE Strategy Issues and Options Paper for consultation</td>
</tr>
<tr>
<td>November 2015 to January 2016</td>
<td>Community consultation on the draft RCE Strategy Issues and Options Paper</td>
</tr>
<tr>
<td>March to April 2016</td>
<td>Amendment C140 Panel Hearing – Panel recommended that Amendment C140 be abandoned</td>
</tr>
<tr>
<td>24 May 2016</td>
<td>Council adopted the draft RCE Strategy for consultation</td>
</tr>
<tr>
<td>7 June to 4 July 2016</td>
<td>Community consultation on the draft RCE Strategy</td>
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</table>
1.3 Issues dealt with in this Report

The Panel considered all written submissions made in response to the exhibition of the Amendment, observations from site visits, and submissions, evidence and other material presented to it during the Hearing.

The Panel has reviewed a large volume of material. The Panel has had to be selective in referring to the more relevant or determinative material in the Report. All submissions and materials have been considered by the Panel in reaching its conclusions, regardless of whether they are specifically mentioned in the Report.

This Report deals with the issues under the following headings:

- Planning context
- Retail, Commercial and Employment Strategy
- Strategic justification
- Bayside Business District
- Other issues.
2 Planning context

Council responded to the Strategic Assessment Guidelines as part of the Explanatory Report and in its Part A and B Submissions.

The Panel has reviewed Council’s response and the policy context of the Amendment, and has made a brief appraisal of the relevant zone and overlay controls and other relevant planning strategies in Chapter 4. Chapter 2 provides planning context information which informs Chapter 4.

2.1 Policy framework

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<td>11.06 Metropolitan Melbourne</td>
</tr>
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<td>11.06-1 Jobs and investment</td>
</tr>
<tr>
<td>Objective: To create a city structure that drives productivity, attracts investment, supports innovation and creates jobs.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Clauses</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 Municipal Strategic Statement</td>
</tr>
<tr>
<td>21.02 Bayside key issues and strategic vision</td>
</tr>
<tr>
<td>21.02-3 Key issues</td>
</tr>
<tr>
<td>Economic development</td>
</tr>
<tr>
<td>The need to support and strengthen economic development within appropriate locations.</td>
</tr>
<tr>
<td>The need to retain and strengthen the Bayside Business Employment Area as a business employment area of quality and profile within the south east region of Melbourne.</td>
</tr>
<tr>
<td>The need to retain core retail function and appropriate retail mix within Activity Centres despite significant competition from outside centres.</td>
</tr>
<tr>
<td>21.07 Economic development</td>
</tr>
<tr>
<td>21.07-1 Activity centres</td>
</tr>
<tr>
<td>Objective 1: To support the economic and social sustainability of activity centres.</td>
</tr>
<tr>
<td>Objective 2: To encourage new economic development which maintains and enhances the supply of and access to a range of employment and training opportunities.</td>
</tr>
<tr>
<td>21.07-2 Bayside Business Employment Area</td>
</tr>
<tr>
<td>Objective: To transform the former Bayside Industrial Area from a traditional industrial precinct into a key Business Employment Area of a quality and profile which will enable it to fulfil an identifiable niche in the south-east region of Melbourne.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>22 Local Planning Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.04 Business and Employment Area Policy</td>
</tr>
<tr>
<td>22.04-2 Objectives</td>
</tr>
<tr>
<td>To promote the comparative locational advantages of the area for business.</td>
</tr>
<tr>
<td>To transform the area from a primarily industrial precinct into a key business employment node within the south-east region of Melbourne.</td>
</tr>
</tbody>
</table>
2.2 Relevant planning strategies or policies

The following planning strategies and policies were identified as relevant to the Amendment in submissions, evidence and at the Hearing:

- Plan Melbourne 2017-2050
- Bayside Industrial Area Strategy 2004
- Bayside Small Activity Centres Strategy 2014
- Bayside Housing Strategy 2012
- Activity centre structure plans.

**Plan Melbourne 2017-2050**

Plan Melbourne is a planning strategy which expresses the Government’s policy and vision for metropolitan Melbourne to 2050. The following information is relevant to the Amendment.

**Outcome 1:** Melbourne is a productive city that attracts investment, supports innovation and creates jobs

**Direction 1.1:** Create a city structure that strengthens Melbourne’s competitiveness for jobs and investment

**Policy 1.1.7** Plan for adequate commercial land across Melbourne

**Outcome 2:** Melbourne provides housing choice in locations close to jobs and services

**Direction 2.1:** Manage the supply of new housing in the right locations to meet population growth and create a sustainable city.

**Bayside Industrial Area Strategy 2004**

The Bayside Industrial Area Strategy reviews the future planning and development of industrial zoned land in known as the Bayside Industrial Area. This area closely follows the Bayside Business Employment area in Map 1 to the existing Clause 21.11-9 in the Bayside Planning Scheme. The Strategy seeks to:

- Investigate the strengths, weaknesses, opportunities and threats impacting on current land uses and industrial activities in the study area.
- Evaluate the current and future economic viability of key businesses, business sectors and major land uses / activities in the study area.
- Develop a shared vision for the future of the Cheltenham / Sandringham Industrial Area to best position it to meet the changing requirements of the 21st Century.
- Produce a strategy for the study area that will assist in revitalising and building a viable future for the City’s Industrial Areas or recommend appropriate medium-long term strategic change to land use and development in the area.
• Identify actions and priorities needed to be taken by both the public and private sectors to achieve improved and sustainable physical, social, environmental and economic outcomes in the study area.

• Provide a basis for the preparation of design guidelines for the Bayside Industrial Area.

It identifies opportunities to transition traditional industries towards high amenity business that would be more compatible with the amenity and character of the area and respond better to the skills of the residents in the surrounding area.

The Strategy is referenced throughout the Bayside Planning Scheme.

**Bayside Small Activity Centres Strategy 2014**

The Bayside Small Activity Centres Strategy recommends changes to planning provisions and policies, including zones and boundaries, to better manage smaller order activity centres in Bayside. It identifies each small centre’s existing and potential role as a commercial and community hub so that planning provisions can manage change and development to take on roles that benefit the Bayside community. The Strategy is referenced in the Bayside Planning Scheme and refers to the Bayside Housing Strategy 2012.

**Bayside Housing Strategy 2012**

The Housing Strategy provides a vision, objectives, strategies and a 56-action implementation plan for managing residential development in Bayside over a twenty-year period. It designates housing growth area boundaries, key focus residential growth areas and moderate residential growth areas at activity centres throughout Bayside. Relevant recommendations are:

**Recommendation 45 (High priority):**

*Prepare built form guidelines for all small neighbourhood activity centres, which would become the Small Activity Centres Strategy 2014.*

**Action 53 (Critical priority):**

* Undertake a Retail Strategy to examine the critical floor space and mix of commercial and office uses required to support the existing and future population throughout the municipality and particularly within the ‘Housing Growth Areas’ and the Bayside Business Employment Area.*

The RCE Strategy sought to implement Action 53.

**Activity centre structure plan reviews**

At the Hearing, Council referred to, and provided copies of, the following structure plans:

• Bay Street Structure Plan Review, August 2016
• Church Street Structure Plan Review, August 2016
• Hampton Street Structure Plan Review, August 2016
• Sandringham Village Structure Plan Review, July 2016.
2.3 Planning scheme provisions

The Amendment does not propose to rezone any land or introduce, change or delete any planning scheme overlay.

2.4 Ministerial Directions and Practice Notes

Council submitted that the Amendment meets the relevant requirements of:

- Ministerial Direction 11 (Strategic Assessment of Amendments)
- Ministerial Direction on the Form and Content of Planning Schemes under section 7(5) of the Act.

Council submitted that the Amendment is consistent with Planning Practice Note 46 (PPN46) Strategic Assessment Guidelines, June 2015.
3 Retail, Commercial and Employment Strategy

3.1 Background

The Amendment changes the Local Planning Policy Framework to implement the RCE Strategy.

The RCE Strategy Background Issues and Opportunities Paper (RCE Background Paper) was prepared in November 2015 by SGS Economics and Planning (SGS) and was used to inform the final 2016 RCE Strategy. The RCE Strategy seeks to provide policy direction on the future evolution of activity centres and employment land in the City of Bayside with the following vision:

Bayside’s retail, commercial and employment lands will continue to provide a variety of employment opportunities and services for local residents in the 21st Century. Possessing some of the best local strip centres in Victoria, Bayside will seek to further enhance its local economy through incremental growth in its Activity Centres to address evolving services needs. An innovative reimagining of its ex-industrial lands will provide a focus for high quality jobs locally in a high amenity and well connected environment.

(i) Key trends and forecasts

The RCE Strategy identifies the following key trends for Bayside:

- Bayside’s employment estimated at 32,000 jobs as of 2014.
- Knowledge based services will be the core economic driver of the future economy.
- Health care will be the single largest growth sector of future employment opportunities.
- Retail and hospitality, including online trading, casual dining and supermarkets catering for convenience meals will experience ongoing changed.
- Traditional manufacturing and growth in logistics, warehousing and niche sectors will decline.
- Employment levels are expected to incrementally grow across most industries in the future, except for the health care and social assistance industry.
- Bayside’s population is expected to increase by over 12,000 people over the next 15 to 20 years.
(ii) Strategies

To achieve its vision, the RCE Strategy applies 12 strategies, group by three themes, as summarised in Table 2.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Strategic response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy gaps, issues and opportunities</td>
<td>Present the spatial economic structure and clearly articulate the vision for each location.</td>
</tr>
<tr>
<td>Strategy 2</td>
<td>Review the activity centre vision to ensure that the future character and economic role are clearly articulated within the policy setting.</td>
</tr>
<tr>
<td>Strategy 3</td>
<td>Expand the commercial and retail offering of activity centres beyond core business hours.</td>
</tr>
<tr>
<td>Strategy 4</td>
<td>Attract advanced business services to the BREA through the creation of an economic triangle between Highton, Southland and the BREA.</td>
</tr>
<tr>
<td>Strategy 5</td>
<td>Support the trending shift in the economy towards professional services.</td>
</tr>
<tr>
<td>Strategy 6, 9</td>
<td>Respond to demographic change and the needs of an aging population.</td>
</tr>
<tr>
<td>Strategy 7</td>
<td>Consolidate key centres and ensure that Bayside’s largest activity centres remain the primary source of retail activity.</td>
</tr>
<tr>
<td>Strategy 4, 5</td>
<td>Strategically evolve the BREA economic precinct towards advanced business services.</td>
</tr>
<tr>
<td>Strategy 8</td>
<td>Continue to grow Bay Street’s strengths in many facets of retail and commercial businesses which serve the needs of the population.</td>
</tr>
<tr>
<td>Strategy 9</td>
<td>Leverage off Church Street’s dual strength of high fashion and the presence of the Cabrini Hospital, to facilitate the development of a mini-health cluster.</td>
</tr>
<tr>
<td>Strategy 10</td>
<td>Take advantage of the locational opportunities of Sandringham and Black Rock’s proximity to, and identity with, Port Phillip Bay.</td>
</tr>
<tr>
<td>Strategy 11</td>
<td>Strengthen Hampton East’s ability to attract commercial office demand and development.</td>
</tr>
<tr>
<td>Strategy 12</td>
<td>Accommodate the residential population within the Hampton activity centre and provide population serving uses.</td>
</tr>
</tbody>
</table>

3.2 Key themes

(i) Activity centres

The RCE Strategy states that activity centres provide the opportunity to expand by 2031:
- retail floorspace by 47,100 square metres from an existing 131,300 square metres
- commercial floorspace by 10,500 square metres from an existing 55,175 square metres.

Bayside has activity centres ranging from local centres to large neighbourhood centres. It acknowledges that the following centres are presently referred to as Major Activity Centres:
- Bay Street, Brighton
- Church Street, Brighton
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- Hampton Street, Hampton
- Sandringham.

The Strategy seeks to classify any centre larger than 10,000 square metres but without a Discount Department Store or Department Store as a Large Neighbourhood Centre. It states that the four existing Major Activity Centres and the Hampton East centre align with this definition and explains:

*This Strategy does not change or alter the classification of the centres but rather changes the language to better reflect their economic role and context.*

The Strategy’s adopted retail classifications, hierarchy and terminology is summarised in Table 3.

**Table 3** RCE Strategy adopted retail classifications and hierarchy

<table>
<thead>
<tr>
<th>Centre type</th>
<th>Description</th>
<th>Centres in Bayside</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional</td>
<td>Size: Between 40,000 sqm to 150,000 sqm</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Typical approximately 70,000 sqm</td>
<td>Westfield Southland considered a Regional centre and is in Kingston</td>
</tr>
<tr>
<td></td>
<td>Average catchment: minimum 100,000 people</td>
<td></td>
</tr>
<tr>
<td>Sub-regional</td>
<td>Size: Between 15,000 sqm to 50,000 sqm</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Typical approximately 25,000 sqm</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Average catchment: minimum 45,000 people</td>
<td></td>
</tr>
<tr>
<td>Large Neighbourhood</td>
<td>No Discount Department Store or Department Store More than 10,000 sqm</td>
<td>Bay Street, Brighton; Church Street, Brighton; Hampton Street; Hampton; Sandringham; and Hampton East</td>
</tr>
<tr>
<td>Neighbourhood</td>
<td>No Discount Department Store or Department Store Between 2,000 sqm to 25,000 sqm</td>
<td>Martin Street (Gardenvale); Beaumaris Concourse; Black Rock; and Highton.</td>
</tr>
<tr>
<td>Local centre</td>
<td>Smaller retail nodes serving day-to-day needs of residents within walking distance. Usually have small grocers, milk bars, a takeaway restaurant and maybe a café.</td>
<td>Exist but none listed</td>
</tr>
</tbody>
</table>

**(ii) Bayside Business District**

Regarding this district, the RCE Strategy states:

*Council envisions a 21st century innovation precinct which is nationally competitive and provides employment opportunities for advanced business services of the highest calibre, to not only its local residents, but also residents of the surrounding region. Businesses attracted to the precinct would become key components of the supply chains of the future and generate significant wealth for the local and regional economy.*

The RCE Strategy explains that four options (see Figure 1 below) were presented to the community. It states that community generally favoured Option 2 and:
The community also felt that Options 3 and 4 would encounter some significant difficulties in implementation, as accommodating an entirely new residential neighbourhood could result in various unintended consequences.

### Figure 1

<table>
<thead>
<tr>
<th></th>
<th>Option 1 – Business as Usual</th>
<th>Option 2 – Advanced Business Services</th>
<th>Option 3 – Residential Redevelopment</th>
<th>Option 4 – Hybrid Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcomes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Employment</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Population serving</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing provision</td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Investment</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Risk</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Source: RCE Strategy, Figure 11. Preferred option shown in purple.
4 Strategic justification

4.1 Submissions

(i) Planning context

The Amendment’s Explanatory report and Council’s Part A and B Submissions provide reasons why Council considers that the Amendment:
- supports relevant policies and strategies outlined in Chapter 2 of this report
- is strategically justified.

Council’s reasons and comments are summarised below.

The Amendment is founded on the RCE Strategy which reaffirms the need to increase Bayside’s employment and business mix to meet its future population needs. The Strategy’s activity centre strategies will “ensure a pleasant, efficient and safe working and living environment for Bayside’s residents and workforce.”

The Amendment encourages housing supply to locate in Bayside’s activity centres to create a sustainable city. Locating residential growth in activity centres contributes to housing diversity within Bayside and provides housing close to services, jobs and transport.

The Amendment will enable Bayside to grow its employment precincts and provide its residents with an opportunity to work in the municipality. It reinforces the current policy direction to transform the Bayside Business District from a predominantly industrial precinct into a key business employment node within Melbourne’s south-east region.

No submitter considered that the Amendment had insufficient strategic justification that warranted it being abandoned.

(ii) RCE Strategy data and methodology

Council submitted that the RCE Strategy is “an independent, comprehensive and well-balanced economic analysis which strategically justifies the Amendment”. It conducted a community engagement program comprising broad and targeted community consultation on the matters identified in the RCE Background Paper to inform the final RCE Strategy.

Council called economic evidence from Mr Szafraniec of SGS Economics and Planning. At the Hearing, he explained that the RCE Strategy was prepared before Plan Melbourne 2017, Australian Bureau of Statistics Census 2016, draft Pendydale Precinct Structure Plan and before Southland train station commenced operation. He said the RCE Strategy refers to the Southland train station as one factor which made the area conducive to office development. He considered that Plan Melbourne 2017 would not materially affect the Strategy’s findings.

Regarding the Bayside Business District, Mr Szafraniec referred to sections of the RCE Strategy such as the national and Melbourne metropolitan statistics, Bayside population and employment growth projections and the SWOT\(^1\) analysis to explain how the Strategy reached its conclusions. Under cross-examination, he stated that there was no detailed data

\(^1\) Strengths, Weaknesses, Opportunities and Threats
analysis or associated methodology in the RCE Strategy or its Issues and Opportunities paper to explain how the Strategy's employment number forecasts and employment floorspace were derived.

Laminex Group Pty Ltd (Laminex) called economic evidence from Mr McNeill of Essential Economics. Mr McNeill’s evidence provided a map showing existing industrial land in the south-east corridor, as reproduced in Figure 2.

**Figure 2 Industrial land use, south-east corridor 2016**

Laminex is a subsidiary of Fletcher Building (Australia) Pty Ltd which owns and operates a 5.5-hectare site at the Bayside Business District’s eastern boundary. Mr McNeill considered that the RCE Strategy did not have the depth of analysis needed to base the preferred directions, including identifying future demand and exploring competitive market factors. Ms Brennan, who represented Laminex with Mr Chaile at the Hearing, expressed a stronger view by submitting that the RCE Strategy:

- is ill-timed, misconceived and not based on proper or rigorous analysis of relevant options
- fails to justify the proposition that the entirety of the land within the BBEA is required for these uses
- illogically discounts the possibility that land within the BBEA may support hybrid development.

Ms Brennan described the RCE Strategy as vague and imprecise with insufficient data to support strategies such as reserving all land in the Bayside Business District for commercial uses. Accordingly, the RCE Strategy should not be referenced in the Planning Scheme.
Jack Road Investments considered there was a misalignment between the comprehensive strategic approach sought through the RCE Strategy and its Issues Paper and what is proposed through the Amendment. It described the Amendment’s response as “business as usual.”

4.2 Discussion

The need for the RCE Strategy has been identified since 2004 in Council’s adopted Bayside Industrial Area Strategy (Action 53). The Amendment will help guide future retail and commercial land needed by 2031 to support Bayside’s relatively modest population growth. Like areas throughout Melbourne, there is an identified potential tension between State and local planning policy seeking to locate, and intensify, housing in activity centres and locations with train stations and policy seeking to ensure sufficient retail and commercial land to service the future population. Council has clearly considered both policy objectives, and the Amendment goes a long way to manage both in a coordinated manner.

The RCE Strategy provides interesting statistics that profile national and metropolitan economic employment trends. However, the Panel could not find sufficient data analysis to support some of the outcomes sought through the Strategy.

Bayside Business District

Regarding the Bayside Business District, the RCE Strategy states:

Council envisions a 21st century innovation precinct which is nationally competitive and provides employment opportunities for advanced business services of the highest calibre, to not only its local residents, but also residents of the surrounding region.

It explains that the vision to evolve the Business District towards advanced business services is supported by a thorough process of “economic analysis, conceptualisation of possible outcomes, options assessment and community engagement.” While the Panel commends Council for adopting an ambitious challenge, the RCE Strategy does not explain how the broad-level statistics translate to the District’s specific objectives or how it can successfully transform itself into a nationally competitive district with advance business services.

The Panel agrees with Mr McNeill that the RCE Strategy does not have the sufficient depth of analysis needed to base some of the preferred directions. Issues related to the Bayside Business District are considered in Chapter 5.

Activity centres and economic triangle

The RCE Strategy refers to competition from other activity centres but does not include any primary or tertiary catchment retail spending figures or escaped expenditure analysis to support and quantify the statement. This would have assisted to understand any economic relationship between the Southland Activity Centre in Kingston and Bayside activity centres. The proximity and triangular arrangement does not mean that there is, or will be, interacting economic activity between them. The RCE Strategy would have benefited from further information about the evolution and role of the economic triangle.

Issues related to activity centres and the triangle are considered in Chapter 6.
4.3 Conclusions

The Panel concludes:

- The RCE Strategy would have benefited from:
  - more detailed analysis to support the need to reserve all land in the Bayside Business District for commercial purposes
  - further information to understand any economic relationship between the Southland and Highett Activity Centres and the Bayside Business District to support the economic triangle concept.

- The Amendment is:
  - supported by, and implements, the relevant sections of the State and Local Planning Policy Framework
  - generally consistent with the relevant Ministerial Directions and Practice Notes
  - strategically justified and should proceed subject to addressing the more specific issues raised in submissions as discussed in the following chapters.
5 Bayside Business District

5.1 Background

The Bayside Business District is in the Bay Road and Reserve Road area in Cheltenham, as shown in Figure 3.

Figure 3 Bayside Business District broad land uses

It is currently identified as the Bayside Business Employment Area in the Bayside Planning Scheme. The Cheltenham Cemetery, which is excluded from the District, separates the industrial and commercial and uses the block bound by Bay and Reserve Roads and Tulip and George Streets. The RCE Strategy analyses broad land uses, as shown in Table 4.

Table 4 Bayside Business District land uses in 2015

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Floor space (sqm)</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>116,727</td>
<td>28.9%</td>
</tr>
<tr>
<td>Office</td>
<td>66,929</td>
<td>16.6%</td>
</tr>
<tr>
<td>Warehouse/Wholesale</td>
<td>55,126</td>
<td>13.3%</td>
</tr>
<tr>
<td>Large Format (Bulky) Retail</td>
<td>43,022</td>
<td>10.5%</td>
</tr>
<tr>
<td>Vacant</td>
<td>32,044</td>
<td>7.9%</td>
</tr>
<tr>
<td>Residential</td>
<td>24,770</td>
<td>6.1%</td>
</tr>
<tr>
<td>Service Industry</td>
<td>21,649</td>
<td>5.4%</td>
</tr>
<tr>
<td>Construction</td>
<td>18,893</td>
<td>4.2%</td>
</tr>
<tr>
<td>Leisure and Recreation</td>
<td>15,834</td>
<td>3.9%</td>
</tr>
<tr>
<td>Community Services</td>
<td>8,649</td>
<td>2.1%</td>
</tr>
<tr>
<td>Car Park</td>
<td>312</td>
<td>0.1%</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>205</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>403,850</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Source: RCE analysis of Bayside City Council 2015 land use study
The Bayside Business District boundary in Clause 22.04 varies to the one in the RCE Strategy, a map tendered at the Hearing (Document 19) and Analysis of Mixed Use Zone in the Bayside District (Document 21). Both latter documents exclude the Laminex site. At the Hearing, Council advised at the site was inadvertently excluded.

5.2 Future demand

(i) The issue

Council submitted that it adopted Option 2 in Table 11 of the RCE Strategy to enable only commercial uses in the Bayside Business District. The issue is the extent and type of demand for land needed for commercial purposes.

(ii) Evidence and submissions

Council submitted that its preference to enable the Business District for only commercial purposes is supported by the Commercial 2 Zone which applies to most land and prohibits accommodation, including a dwelling. Council explained that, while Option 4 (Hybrid development) in the RCE Strategy comprised a hybrid of commercial and residential land uses, it was concerned that there was no suitable zone to manage the proportion of residential development to ensure that it did not transform more into Option 3 (Residential redevelopment). This includes the Mixed Use Zone which is a residential zone.

At the Hearing, there was considerable discussion about the scale of demand the Business District may ultimately attract, floor space to meet this demand, and how this floor space may be provided.

In his evidence, Mr Szafraniec stated that, based on revised figures from March 2018, Bayside’s population is expected to increase by 12,500 persons over the next 15 years. He added the RCE Strategy projects that Bayside will have an additional 9,000 jobs focussed in health, professional services, retail and hospitality over the same period.

Mr McNeill stated that the RCE Strategy refers to industry employment trends in metropolitan Melbourne which conclude that there is a shift from traditional secondary industry to tertiary sector industries such as health care, education and professional, scientific and technical services.

In line with the RCE Strategy, Mr Szafraniec’s evidence presented employment figures based on industry. Mr McNeill’s evidence provided both labour force and workforce figures by occupation for Bayside\(^2\), because he considered that they provide greater insight into land use requirements.

Labour force

Mr McNeill’s evidence identified that in 2016, approximately 56.1 per cent of Bayside’s resident labour force were employed as managers or professionals, while 12.8 per cent were employed as clerical and administrative workers. Mr McNeill noted that, generally, these

\(^2\) Labour force: persons who live in Bayside and are employed; Workforce: persons who work in Bayside whether residents of Bayside or not.
occupations worked in an office. He presented labour force projection figures which suggest that the resident labour force is likely to increase by approximately 6,700 persons between 2016 and 2031.

**Workforce**

Mr McNeill found that Bayside’s workforce was smaller than the labour force, which he considered normal in a large metropolitan Melbourne which as dense job provision in the Central Business District and inner core.

(iii) **Discussion and conclusion**

The RCE Strategy, and the evidence of Mr Szafraniec and Mr McNeill unanimously agree that Bayside’s workforce will evolve towards more tertiary sector jobs such as health, professional services, retail and hospitality. The Panel concludes that the Bayside Business District will accommodate a considerable portion of the additional 9,000 jobs over the next 15 years. Many of these jobs will likely be accommodated in Bayside’s activity centres. The Bayside Business District will therefore need land and floorspace for less than 9,000 jobs.

5.3 **Land and floorspace need**

(i) **The issue**

The issue is how much land and floorspace is needed to support future demand in the Bayside Business District.

(ii) **Evidence and submissions**

Under cross-examination, Mr Szafraniec acknowledged the RCE Strategy did not include job density figures and agreed with Ms Brennan that the floorspace to office workers is declining, although he considered that it was only declining to a small degree. He agreed that many business precincts rely on key anchors or the conglomerate of ‘like’ industries to be successful.

Mr McNeill presented three scenarios for potential office floorspace and employee capacity in the Commercial 2 Zone land based on several assumptions, as summarised below.

<table>
<thead>
<tr>
<th>Table 5 Mr McNeill’s capacity analysis scenario testing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assumptions</td>
</tr>
<tr>
<td>Commercial 2 area</td>
</tr>
<tr>
<td>20 per cent redeveloped as offices</td>
</tr>
<tr>
<td>10 per cent redeveloped as offices</td>
</tr>
<tr>
<td>50 per cent redeveloped as offices</td>
</tr>
<tr>
<td>40 per cent site coverage</td>
</tr>
<tr>
<td>Office space expressed in square metres</td>
</tr>
<tr>
<td>Three level buildings (office floorspace sqm)</td>
</tr>
<tr>
<td>No of employees: 20 sqm for each job</td>
</tr>
</tbody>
</table>
Mr McNeill explained that he assumed 20 square metres of office floorspace for each job, which is a long-term benchmark. More intense business areas such as Melbourne’s Central Business District apply 15 square metres for each job. Mr Szafraniec disagreed with the 20 square metres for each office job because he said that this figure was more akin to an area such as Southbank. Mr McNeill responded that they are two completely different environments because Southbank does not have 40 per cent site coverage.

During cross-examination, Council asked Mr McNeill for an example comparable with the employment density of approximately 600 people for each hectare, shown in Table 6.1 of his evidence. Mr McNeill responded with the Botanica Corporate Park in Richmond which has 17.75 square metres for each employee which is broadly consistent with the 20-square-metre calculation. He added that Botanica had 800 employees for each hectare which is higher than his assumed 600 employees for each hectare in his evidence.

Mr McNeill stated that he applied three storeys and 40 per cent site coverage because he considered that it reflected existing patterns in the Business District, such as the relatively new multi-level office buildings towards its western boundary. He added that employment numbers would likely increase if four storeys or above was adopted.

Mr McNeill acknowledged that scenario testing is a ‘blue sky’ exercise. He added that locking away the entire employment area at the expense of other land uses has no regard for changing economic circumstances. Mr McNeill explained that the Business District’s success is dependent on external factors such as:

- underlying land value and its impact on development intensity
- its relative competitive position against other office, business services and innovation nodes
- economic cycles and employment trends
- vacancy rates, and the development cycle
- business operation innovation, including its impact on the need for offices, buildings, and land use
- the viability of landowners sitting on existing assets over the long term, with the expectation that a higher order use will be enabled through a favourable planning setting.
- prevailing economic conditions at a national, state and local level.

Mr McNeill stated that while there is insufficient demand to occupy all land in the Business District, its Commercial 2 Zone clearly acknowledges that traditional industry uses are unlikely to remain.

Regarding the Laminex site, Council responded that Mr McNeill’s evidence did not provide “a compelling case for why alternative and more modern businesses would not be attracted to a site of this significance.” Instead, Council considered that his analysis of the Bayside labour and work force (existing and projected) illustrated the ongoing need for employment land in the municipality.

Jack Road Investments Pty Ltd submitted that a strategic shift towards a framework which enables a greater land use mix, including residential, is needed to make the Bayside Business District economically viable and socially sustainable. It considered that land in the Business District should be rezoned to enable this mix.
Council and Mr Szafraniec were concerned that enabling some residential development into the District, without appropriate planning provisions to manage its extent, may result in significantly more residential development than anticipated, thereby restricting the ability to achieve the RCE Strategy objectives. Council considered that a possible zone, the Mixed Use Zone, did not enable it to limit residential land uses, therefore there was no assurance that there would be an appropriate proportion of commercial land uses to residential land use. Mr Szafraniec acknowledged the importance and challenge associated with residential development pressure, and stated:

... spot rezonings of selected sites connected to any commercial or industrial zoned land also have the potential to shift expectations across the remainder of the precinct. This can lead to pressure for further rezonings, or under investment in employment uses as owners assume that eventually their land will be rezoned for residential.

Residential use may currently be the highest and best financial use for a site. However, if replicated across existing employment areas it can have adverse economic consequences for the local and broader community. Such an outcome represents a lost opportunity for the broader metropolitan economy which gains benefits from agglomerating more employment within well connected locations and close to residents.

(iii) Discussion

The ability to implement Option 2 in a suitable time horizon relies on the scale of demand the Business District can ultimately attract, floorspace to meet this demand, and how this floorspace will be provided.

As outlined in Chapter 4, the RCE Strategy does not provide sufficient data to confidently reach the conclusion that all land within the Business District will be required.

The Panel does not share the same view as Council regarding Mr McNeill's evidence. It considers that Mr McNeill's evidence provides reasonable assumptions to better understand demand for future commercial floorspace. It agrees that his capacity analysis scenario is blue sky thinking, however, it is more advanced than what can be found in the RCE Strategy. The Panel accepts Mr McNeill's external factors that will influence the Business District's success and highlights "its relative competitive position against other office, business services and innovation nodes".

While the RCE Strategy acknowledges other competing industrial/business areas within Bayside's region, the Panel considers that it has not sufficiently captured their competitive strength. As Melbourne's metropolitan economic conditions continue to evolve, existing employment areas such as Monash National Employment Innovation Cluster are likely to expand their staging. Larger scale industrial areas such as Moorabbin may also seek to transition toward commercial land uses. This has already occurred at the Parkview Estate, which abuts Cheltenham and Moorabbin, on the well-exposed Warrigal Road in Heatherton.

Council is commended for adopting the strategic direction to transition from a relatively lower employment density and generally single level land use to one which can use land more efficiently. Based on available information, the Panel considers that that future
demand for commercial floorspace can be provided on less land than what is available in the Bayside Business District.

Mr McNeill’s evidence provides the closest profile to understand the extent of misalignment between floorspace demand and land supply. His most conservative scenario (Scenario 3) would require 15 of the 76 hectares of Commercial 2 land available in the Business District, which could accommodate 22,650 employees. Even if figures were readjusted to apply more conservative employee density figures sought by Council and Mr Szafraniec, there is still likely to be considerably more land than required to accommodate the additional 9,000 employees in Bayside over 15 years.

It is acknowledged that existing industrial land uses will occupy land for some time while the District transitions to its ultimate form. However, any future strategy for the Bayside Business District should be forward looking to achieve its ambitious vision and to have a consolidated, cohesive and attractive business area.

While this area may be competing with other existing and emerging employment areas in the region, it has a unique attractor that the others don’t – a neighbouring railway station. While the RCE Strategy identified the Southland railway station, Council should consider the opportunity presented to it through the availability of land that is unlikely to be needed in the Business District and its location close to the Southland railway station. While other industrial/business areas in the region may have several other key attractors, the railway station presents a unique opportunity to present something more exciting at the Bayside Business District beyond a standard employment area so that it can attract the types of businesses that will help achieve its vision.

The Panel does not make any recommendations about:

- suitable land uses for the additional land that is unlikely to be used for commercial purposes in the Bayside Business District
- whether some other land uses could be located above or behind commercial uses as an incentive to attract commercial land uses and investment to the Business District when competing with other similar centres
- whether the Bayside Business District area should be reduced to continue to achieve Option 2 (commercial only).

These are matters for Council to consider when reviewing this opportunity against achieving the vision sought through the RCE Strategy.

Two of the four options in the RCE Strategy included residential development in the District, however, the Amendment is premised on Council adopting Option 2 (commercial only).

The Panel agrees with Council that enabling some residential development into the District, without appropriate planning provisions to manage its extent, may result in significantly more residential development than anticipated, which may adversely affect the ability to achieve the RCE Strategy. However, it considers that there are available planning tools to support harmonious land uses to co-exist in the Business District while achieving its vision and objectives. These include either the Activity Centre Zone, Priority Development Zone or Comprehensive Development Zone with a tailored schedule, combined with strong local planning policy.
The Panel considers that any recommendations for non-commercial land uses should be considered through a separate process after further investigation.

(iv) Conclusion
The Panel concludes:

- Based on available information, future demand for commercial floorspace can be provided on less land than what is available in the Bayside Business District.
- The extent of excessive available land may affect the ability for the Bayside Business District to achieve its ambitious vision and to have a consolidated, cohesive and attractive business area.
- Council should review the opportunity presented to it through land that is unlikely to be needed for commercial purposes in the Business District and its close location to the Southland railway station.
- While this opportunity is reviewed, new commercial development should be encouraged toward the western part of the Bayside Business District, which is anchored by new larger scale office buildings to enable orderly planning.

5.4 Should any land be identified as a strategic redevelopment opportunity?

(i) The issue
The issue is whether any property in the Bayside Business District should be recognised as a strategic development site in the Bayside Planning Scheme.

(ii) Evidence and submissions
Laminex sought to have its site at 332 Bay Road, Cheltenham identified as a strategic redevelopment opportunity for further investigation in Clause 22.04 (Policy basis and Figure 1) and Clause 21.11 (Map 1). Specifically, Laminex proposed the following be added to the Clause 22.04 policy basis:

*The Laminex Land (332 Bay Road Cheltenham) provides a major redevelopment opportunity which could contribute positively to achieving the objectives and vision for the Bayside Business District and should be subject to further strategic investigation.*

Ms Brennan described the Laminex site and its surrounds in her submission. The site is about 5.5 hectares with an approximately 108-metre frontage along Bay Road and large frontages along Jack Road and Chandos Street. It is currently used for industrial purposes and employs approximately 63 full time employees. Its one and two storey buildings are considered unsuitable to transition to what is envisaged for the Bayside Business District.

Laminex called planning evidence from Mr McGurn of Urbis. He considered the Laminex site to have excellent characteristics by Melbourne metropolitan standards, given it is:

- approximately 600 metres west of Southland Major Activity Centre
- approximately 850 metres south of Highett Neighbourhood Activity Centre
- 450 metres west of the newly opened Southland Railway Station
• within 1,000-1,200 metres of Cheltenham Park Reserve, Bayside Leisure Centre and Bay Road Heathland Sanctuary.
• approximately 3 kilometres to the east of (and connected by bus along Bay Road) from Sandringham Village Major Activity Centre and Train Station.

He explained that the site provided a major redevelopment opportunity because of the following physical aspects:
• Its overall size and generous dimension.
• A significant frontage to Bay Road (a main road), as well as lengthy frontages to Jack Road and Chandos Road.
• A generally low quality, ageing building stock.
• Underutilised site development density.
• Absence of buildings of identified heritage significance.
• Limited established vegetation.
• Limited direct interface with established residential areas.
• Generally flat topography and no significant drainage constraints.
• Environmental contamination associated with industrial use which is anticipated to be manageable.

Mr McGurn’s evidence provided a broad policy context which stated, among many other matters, that the Pennysdale residential area had limits to “enabling real gains in density and population” because it is currently in the General Residential Zone with a mandatory maximum three storey height limit and mandatory minimum garden area requirements.

Mr McNeill criticised the RCE Strategy for looking at the Business District without identifying strategic redevelopment sites. When cross-examined by Council, he acknowledged that he looked at the Laminex site without considering whether other sites in the District should also be identified for strategic redevelopment.

Council did not support identifying the Laminex site as a strategic redevelopment site. Council referred to Laminex’s submission for the Bayside Amendment C140 Hearing (Housing Strategy) to highlight Laminex’s aspirations for developing the site for residential development. Council explained that the eastern proportion of the Laminex land is already in a residential zone and can be developed accordingly. At the Hearing, Council submitted that there are several sites throughout the Business District that can be identified for strategic redevelopment and that the Laminex site should not be singled out.

(iii) Discussion

The Panel has used the Laminex site as a case study to consider whether any land in the Bayside Business District should be identified as a strategic redevelopment opportunity.

Council has adopted Option 2 which reserves all land in the Bayside Business District for commercial purposes. The Panel has already found that the RCE Strategy does not provide sufficient information to justify this extent of land and that, based on information available through evidence, there is considerably more land than what would be demanded over a reasonable time horizon.
This presents an opportunity to plan for an advanced business district primarily founded on a mix of employment and other suitable land uses.

The Panel considers that the Laminex site is the most important strategic site in the Bayside Business District. A significant proportion of workers and visitors will access the District from the east, either from the Southland train station or along Bay Road from Nepean Highway, effectively making the Laminex site the Business District’s eastern gateway. The site’s location, scale and opportunity to remove an industrial land use which currently needs considerable amenity measures, presents a strategic opportunity that should be identified and captured. No other site presented at the Hearing offered the same degree of strategic opportunity as the Laminex site.

The Panel agrees with Council that the Laminex site should continue its role as employment land. This can be achieved by adopting a strengthened version of the Clause 22.04 policy basis proposed by Laminex. The Panel considers that any strategic opportunity investigation should address whether the proposal positively contributes to achieving the objectives and vision for the Bayside Business District. The Laminex wording suggests an opportunity which could contribute to this outcome.

The Panel supports the site being identified in Clause 22.04 Figure 1 and Clause 22.11 Map 1.

(iv) Conclusions
The Panel concludes that the Laminex site should be identified as a strategic redevelopment opportunity for investigation subject to positively contributing to achieving the objectives and vision for the Bayside Business District.

(v) Recommendations
The Panel recommends:

Amend Clause 22.04, as shown in Appendix B, to:

a) add in the policy basis:

332 Bay Road, Cheltenham provides a strategic redevelopment opportunity for further investigation subject to positively contributing to achieving the objectives and vision for the Bayside Business District.

b) annotate Figure 1 to identify 332 Bay Road, Cheltenham as a ‘Strategic redevelopment opportunity for further investigation’.

Amend Clause 21.11 (Map 1) to identify 332 Bay Road, Cheltenham as a ‘Strategic redevelopment opportunity for further investigation’.

5.5 Clause 22.04-4 performance standards

(l) The issues
The existing Clause 22.04 (Bayside Business District) has performance standards which apply to defined areas in the Bayside Business District. The Amendment does not propose to change most of the active performance standards.
The exhibited Clause 22.04 seeks to reintroduce policy and standards for the Jack Road interface which expired 11 years ago. One policy is to apply a 30-metre setback from Jack Road to preserve as a buffer between industrial and residential uses.

The issues are:
- whether existing policy and standards are appropriate for implementing the RCE Strategy
- whether there is sufficient strategic basis to permanently apply the expired Jack Road interface policy and standards.

(ii) Evidence and submissions

Existing performance standards

Council submitted that the exhibited Clauses 21.10 and 21.07-4 anticipate that a development plan or master plan will be prepared for the Bayside Business District. It added that these directly translate the RCE Strategy Action A4h:

Prepare a Development Plan/Master Plan to guide the location of key future uses and identify infrastructure needs for the BBEA.

Chandos Bay Pty Ltd (Chandos Bay) submitted that the existing performance standards should be deleted while the master plan is prepared because they are inappropriate, have remained relatively unchanged since they were introduced in 2006 and will affect the ability to develop the Bayside Business District. It went further to say that the Clause 22.04 policy basis and objectives contain much of the same content as the Industrial Areas Policy (Clause 22.05) in 2000.

Council responded that the master planning process will commence after the Amendment is completed. It considered that the existing performance standards provide an appropriate transition between commercial development and sensitive uses while activating building frontages to enhance pedestrian connectivity.

Jack Road Interface performance standards

Council submitted that it is appropriate to reintroduce the Jack Road interface performance standards when having regard to existing uses and the buffer required to residential properties to the east. It reflects the permit conditions for the Laminex site. Council added:

Reinstate these provisions will ensure that the interface is appropriately managed should further development be proposed at the site. Further, these are guidelines not controls and if an alternative proposal for only the GRZ land, for example residential, Council will have the discretion to consider the proposed interface conditions.

Council explained that its adopted Amendment C39 did not have an expiry provision when submitted to the Department on 8 November 2005. The Jack Road interface standards to expired approximately 9 months after they approved on 27 July 2006 through Amendment C39.
Laminex and Jack Road Investments objected to the Jack Road interface provisions being reintroduced into Clause 22.04 because they considered that they could not be justified on any basis.

At the Hearing, Ms Brennan tendered the Notice of Determination\(^3\) for the existing permit for the Laminex site which has four conditions including “A buffer strip 70m wide retaining existing trees shall be maintained along the frontage of Jack Road to the satisfaction of the Responsible Authority.” She submitted that the existing permit already requires a buffer therefore there is no need for additional policy. Ms Brennan referred to the 2005 Bayside C39 panel report which stated:

> ... the ‘Jack Road Area Interface Policy’ appears to accept the ‘status quo’, rather than actively encouraging change that will improve the amenity of this residential area. It is also considered that the inclusion of prescriptive controls in a Policy will be ineffectual and unenforceable unless included as conditions in a planning permit.

In his evidence, Mr McGurn stated that the proposed policy provisions were unnecessary, unjustified and contradict themselves because they did not consider that General Residential Zone on the eastern part of the Laminex site, along Jack Road. More specifically, he noted the following in response to what was proposed through the policy:

- The ‘30 metre setback from Jack Road preserved as a buffer between industrial and residential uses’ is seemingly the majority of the General Residential Zone land. Therefore its application is at best irrelevant, or at worst to be entirely misconstrued.
- Screening of industrial uses from Jack Road would occur by the construction of intervening residential development on the GRZ land which could lawfully occur, and would be subject to the relevant considerations of the General Residential Zone.
- The desire for the Jack Road boundary of the industrial use to be fenced with a continuous chain wire fence to prevent ready public access between the residential areas and industrial areas – reflects the location of the current boundary fence. It does not recognise the zone boundary and the potential for the Residential Zone land to be redeveloped for residential purposes.
- The frontage to Jack Road setback, fenced and landscaped to provide a visual and physical buffer – is again a condition which ignores the presence of the Residential Zone land and legitimate development opportunities.
- Considerations relating to Clause 52.10 are to apply under the appropriate zoning framework.

At the Hearing, Mr Szafraniec stated that the 30-metre setback along Jack Road may not be needed once existing industrial land uses have transitioned to the commercial land uses envisaged by the RCE Strategy. Mr McGurn agreed, and questioned why a 30-metre buffer would be required if Laminex ceased its industrial land uses on its site. He added that there

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\(^3\) Document 25, dated 29 October 1988
was no guidance to support the transition towards commercial land uses with less amenity impacts than the existing industrial land uses.

**Urban design guidelines for specified areas**

A submitter objected to a new provision being added to state “Preferred or discretionary controls may only be varied in exceptional circumstances.” At the Hearing, and in response to a question from the Panel, Council later agreed to delete the provision.

(iii) **Discussion**

**Existing performance standards**

The performance standards, while discretionary, were designed clearly for industrial land uses and are unsuitable for guiding built form envisaged by the RCE Strategy. There was no satisfactory explanation why 6 and 15 metre setbacks are required for future commercial land uses on the Chandos Bay site which is directly opposite other existing industrial, and potentially future commercial land, in Chandos Street. The existing setbacks are mostly sealed surfaces used to park cars and utes, and would consume a considerable proportion of sites such as the 9,580 square-metre Chandos Bay site without apparent reason. They may also impede street activation if they are not properly planned.

Any future master planning should disregard the existing performance standards so that new design guidelines can be purpose-designed to suit the advanced business model sought through the RCE Strategy. The Panel considers that the existing performance standards should remain in the Planning Scheme until suitable design guidelines are available to replace them. While the existing provisions are not ideal, removing them ahead of new provisions may result in unintended consequences.

**Jack Road interface performance standards**

The existing Clause 22.04 (Business Employment Area) provides policy and performance standards to different road interfaces except for the Jack Road interface. This is because its policy and standards expired on 3 May 2007. When reviewing the Bayside Planning Scheme provisions in February 20064 referred to it by Chandos Bay, the Panel noted the performance standards in Clause 22.05 (Industrial area policy) from 18 years ago, replicate the standards that Council seeks to reintroduce.

During its area inspections, the Panel noted that the Laminex site makes up virtually all the Jack Road interface north of Stuart Avenue. Land between its eastern boundary and approximately 46 metres from Jacks Road is in the General Residential Zone 1 land. The site’s existing permit condition which requires approximately 21 metres of land from Jack Road to be used as a buffer which retains existing trees.

Between Stuart Street and Charlton Avenue, there are residential properties on the west side of Jacks Road which directly abut a new residential development. These properties are approximately 40 metres deep. South of Charlton Avenue, there are eight properties west of Jack Road which abut the Commercial 2 Zone. The properties are in a block approximately 46 metres deep. A purpose of the Commercial 2 Zone is:

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4 Document 43
To ensure that uses do not affect the safety and amenity of adjacent, more sensitive uses.

Like the industrial zones, the Commercial 2 Zone requires a planning permit for an industry which is less than the threshold distance specified in Clause 52.10 for any listed purpose or less than 30 metres from residential land for any other industrial purpose. This enables Council to assess potential amenity impacts before deciding whether to approve the permit application or apply associated conditions. The proposed policy provisions would be more effective as permit conditions, where relevant.

The Panel acknowledges Mr Szafraniec’s response that the 30-metre setback along Jack Road may not be needed when the Business District has transitioned to commercial land uses. It agrees with Mr McGurn that there is no clear guidance to transition industrial land use to Commercial land uses which generally have less amenity impacts on sensitive land uses.

Having considered existing zone and related provisions, property and zone boundary alignments, and what the RCE Strategy seeks to achieve, the Panel considers that the proposed Jack Road interface policy is largely redundant and unsuitable. While the interface policy generally responds to issues along Jack Road, the actual interface and proposed commercial/residential interface is located on the Laminex site approximately 40 to 46 metres west of Jack Road. Any interface issues would have to respond accordingly.

The interface policy is founded on industrial land uses which are no longer encouraged through the RCE Strategy. When the Strategy is ultimately realised, there will be generally no industrial interface. A commercial/residential interface, in line with the RCE Strategy, would require a less restrictive approach than what is proposed through Clause 22.04. For example, there would be no need to reference Clause 52.10. Irrespective, the Panel considers that Clause 52.10 operates very effectively with the zones and does not need to be assisted through policy.

The Panel accepts Mr McGurn’s evidence on Jack Road interface policy. Applying the exhibited interface policy may affect the ability to successfully transition existing industrial land to commercial land uses envisaged by the RCE Strategy in this part of the Business District.

While there is existing broader guidance through existing and proposed planning scheme provisions, policy and guidelines to assess each proposal on their own merits, there would be benefit in having new design guidelines that address the interface between the west and east. This can form part of Council’s future master planning of the Bayside Business District.

Urban design guidelines for specified areas

The Panel supports Council’s post-exhibition change to delete “Preferred or discretionary controls may only be varied in exceptional circumstances.” The performance standards form part of Bayside’s planning policy, and are therefore not enforceable as planning controls.

(iv) Conclusions

The Panel concludes:

- The existing performance standards:
- are unsuitable to implement the RCE Strategy
- should remain in the Planning Scheme until suitable design guidelines can replace them.

- The exhibited Jack Road interface policy provisions should not be reintroduced because they:
  - are largely redundant and unsuitable
  - may affect the ability to successfully implement the RCE Strategy to this part of the Bayside Business District
  - are not sufficiently justified.
- Any master planning process to achieve suitable design guidelines should be conducted separately to avoid delaying Amendment C150.
- The provision related to preferred or discretionary controls should be deleted.

(v) Recommendations

The Panel recommends:

Amend Clause 22.04, as shown in Appendix B, to:

a) delete in ‘Urban design guidelines for specific areas’ “Preferred or discretionary controls may only be varied in exceptional circumstances.”

b) delete the Jack Road Interface (RZ – Interface with residential [rear] south of Bay Road) policy.

5.6 Should the RCE Strategy be referenced to inform the background to the Bayside Business District?

(i) The issue

The issue is whether the RCE Strategy should be referenced to provide information about provisions related to the Bayside Business District.

(ii) Evidence and submissions

Council submitted that, as a proposed reference document in the Planning Scheme, the RCE Strategy provides background information to understand the context in which Council’s policies for commercial land has been framed. It considered that this approach is consistent with Practice Note 13 (Incorporated and Reference Documents).

Laminex, Jack Road Investments Pty Ltd and Chandos Bay Pty Ltd each requested that the RCE Strategy not be referenced in the Planning. Laminex sought to not reference the RCE Strategy for the same reasons it expressed in Sub-chapter 4.1(ii) of this report. Jack Road Investments submitted that the Bayside Business District local planning policy should be reviewed before the RCE Strategy is included as a reference document.
(iii) Discussion

Planning Practice Note 13 states:

Reference documents provide background information to assist in understanding the context within which a particular policy or provision has been framed.

The Panel considers that the RCE Strategy does not achieve this outcome regarding the Bayside Business District. The Panel has found that the RCE Strategy does not provide sufficient information or basis to explain why all land in the Business District is needed for commercial uses, or why the Jack Road interface performance standards are required to transition industrial land uses to commercial uses. It is not appropriate to include a document lacking justification in relation to these key issues as a reference document. To do so could be misleading, or create confusion.

(iv) Conclusion

The Panel concludes that the RCE Strategy:

- does not provide sufficient background information to assist in understanding the context within which the Bayside Business District related provisions have been framed
- should not be referenced in the Bayside Planning Scheme.

(v) Recommendation

The Panel recommends:

Amend Clause 22.04, as shown in Appendix B, to:

a) delete the Bayside Retail Commercial and Employment Strategy (August 2016) as a reference document.
6 Other issues

6.1 Activity centre floorspace policy

(i) The issues

The Amendment proposes to introduce a new strategy in Clause 21.03-1:

Encourage new housing in commercial areas of activity centres to provide commercial no net loss of commercial floorspace at the ground floor.

It also proposes to introduce a new strategy in Clause 21.07:

Residential development in activity centres needs to ensure increased retail and commercial floorspace is provided.

The issue is whether the proposed Clause 21.03 and 21.07 policies are appropriate and justified.

(ii) Evidence and submissions

See Pickle Pty Ltd (See Pickle) owns Commercial 1 Zone land in the Hampton Major Activity Centre with a planning permit to develop a five-storey building with shops and dwellings. See Pickle submitted that the no-net-loss of ground floor commercial floorspace policy in Clause 21.03 conflicts with the Clause 21.07 policy which seeks increased retail and commercial floorspace. It objected to applying these policies to the Hampton Activity Centre because they were inconsistent with the Hampton Structure Plan and State planning policies which encourage housing in major activity centres and because the RCE Strategy did not required them.

Council responded that the RCE Strategy proposes to increase commercial floorspace in Bayside’s Major Activity Centres to meet future needs. It referred to Strategies 3 and 7 of the RCE Strategy:

Strategy 3: Expand the commercial and retail offering of activity centres beyond core business hours.

Strategy 7: Consolidate key centres and ensure that Bayside’s largest activity centres remain the primary source of retail activity.

Council proposed to change the Clause 21.03-1 strategy from ‘no-net-loss’ to increase commercial floorspace to “resolve this inconsistency.”

(iii) Discussion

The Panel agrees with Council to the extent that the RCE Strategy broadly supports increased commercial floorspace in activity centres. While Bayside’s population is forecast to experience relatively moderate growth, the Strategy demonstrates that additional retail and commercial floorspace will be needed to service additional demand.

The exhibited Clause 21.07 seeks to achieve this outcome by increasing overall commercial floorspace whereas Clause 21.03 encourages no net loss of ground level commercial
floorspace. The Panel considers that the two clauses would operate harmoniously together to achieve the RCE Strategy objectives. They recognise that limited existing ground level commercial floorspace is important to maintain, and that most future commercial floorspace increases for uses such as professional services are likely to occur above ground level. The Panel therefore does not agree that there is an inconsistency between the two clauses.

The Panel does not support changing the exhibited Clause 21.03 to encourage increased ground level commercial floorspace because:

- this is more restrictive than the broader objective in the RCE Strategy
- it is unclear how this objective would be achieved and whether many permit applications could practically achieve this outcome.

(iv) Conclusions

The Panel concludes that the exhibited Clause 21.03 and 21.07 policies related to ground level and overall commercial floorspace are appropriate and should be adopted.

6.2 Southland Activity Centre

(i) Background

Plan Melbourne 2017 identifies Cheltenham-Southland as a Major Activity Centre in the Kingston municipality (Melbourne’s Southern Region). This is shown in more detail in the Plan Melbourne 2017 Five Year Implementation Plan.

The Amendment proposes to change Clause 21.07 by deleting:

There are also other Activity Centres located outside the municipality which have an impact on the economy of Bayside including Southland ...

and adding:

The Cheltenham-Southland Activity Centre is shared with Kingston City Council. While the commercial focus of this Activity Centre is located within Kingston, a large proportion of the residential area within this Activity Centre is located within Bayside.

(ii) The issue

Several submissions raised issues related to the reference in the proposed policy that suggests a residential neighbourhood in Cheltenham, referred to as the Pennydale residential area, is included in the Cheltenham-Southland Major Activity Centre. The area is bound by Bay, Jack and Park Roads and the Frankston railway line. Southland railway station, located south of Bay Road and west of the Pennydale residential area, opened in November 2017.

(iii) Evidence and submissions

Council submitted that Plan Melbourne directs it to encourage housing and population growth close to transport, jobs, services and other community facilities. It explained that the Amendment and the RCE Strategy focus on activity centres and the Bayside Business District,
and have no direct impacts on Pennydale residential area beyond acknowledging its role as a residential precinct in the broader Cheltenham-Southland Major Activity Centre. Council explained that it was proposing to consult on the future of the Pennydale residential area through the Southland-Pennydale Structure Plan process.

In his evidence, Mr Szafraniec stated that while Cheltenham-Southland Activity Centre’s economic role was considered during the RCE Strategy, it was not defined as a centre within Bayside during SGS’s analysis. His evidence goes further to state:

*Explicit recognition of Cheltenham-Southland as a Major Activity Centre. It is clearly acknowledged the area within Bayside is associated with its residential component, with retail/commercial uses located in Kingston.*

Dr Saunders, Mr Screen and Ms Boileau submitted that the Southland Major Activity Centre, including its residential area, is located entirely within the Kingston municipality. They referred to Kingston Planning Scheme Clause 22.01 which identifies the Southland Activity Centre, including residential area, entirely in the Kingston municipality.

Dr Saunders referred to the part of Clause 21.07-1 in the Bayside Planning Scheme that is proposed to be deleted. While acknowledging that Southland impacts Bayside’s economy, he submitted that Plan Melbourne 2017 does not include the Cheltenham-Southland Activity Centre in the Pennydale residential area or the Inner South East region.

Mr Screen considered that extending the Cheltenham-Southland Activity Centre to include the Bayside residential land did not meet 13 of the 16 activity centre boundary criteria in Planning Practice Notes 56 and 58.

There were at least nine submitters who were concerned about the extent of development intensification proposed for the Pennydale residential area.

(iv) Discussion

The Panel has considered all issues raised in submissions, however it has not responded to matters beyond the Amendment’s scope. Matters related to the Pennydale Structure Plan are currently progressing through the Southland-Pennydale Structure Plan process.

The Panel has considered whether it is appropriate and justified to change Clause 21.07 to recognise land within Bayside as forming part of the Cheltenham-Southland Activity Centre. Plan Melbourne and the Kingston Planning Scheme appear to define the Activity Centre within Kingston and east of the Frankston Railway line. Mr Szafraniec clarified that the RCE Strategy analysis was prepared on the same understanding.

The Structure Planning process to define an activity centre boundary requires robust analysis to justify its alignment. Planning Practice Note 58 (Structure planning for activity centres) provides guidance on establishing the boundary.

While there are some circumstances where an activity centre can cross municipal boundaries, there is insufficient analysis to justify residential land in Bayside forming part of the Cheltenham-Southland Activity Centre. The Panel does not support departing from how the Cheltenham-Southland Activity Centre is defined in Plan Melbourne 2017 or the Kingston Planning Scheme.
The Panel emphasises that its comments are limited to why residential land in Bayside should form not part of the Cheltenham-Southland Activity Centre. They do not extend to whether land in the Pennylede residential area should be intensified in response to the new Southland railway station. This is an issue that will be pursued through the Southland-Pennylede Structure Plan process and subsequent planning scheme amendment.

(v) Conclusions

The Panel concludes:

- Plan Melbourne, the RCE Strategy and the Kingston Planning Scheme exclude the Bayside municipality from the Cheltenham-Southland Activity Centre.
- There is insufficient information to support having residential land in Bayside included in the Cheltenham-Southland Activity Centre.
- Whether land in the Pennylede residential area should be intensified in response to the new Southland railway station will be pursued through Amendment C140.

(vi) Recommendations

The Panel recommends:

Amend Clause 21.07, as shown in Appendix B, to:

a) abandon the deletion of “There are also other Activity Centres located outside the municipality which have an impact on the economy of Bayside including Southland ...”

b) delete the provision:

The Cheltenham-Southland Activity Centre is shared with Kingston City Council. While the commercial focus of this Activity Centre is located within Kingston, a large proportion of the residential area within this Activity Centre is located within Bayside.

6.3 Economic triangle

(i) Background

The RCE Strategy introduces the concept of an ‘economic triangle’ through Strategy 4:

Attract the most innovative advanced business services businesses through the creation of an economic triangle between Southland Activity Centre, Highton Activity Centre and the Bayside Business Employment Area (BBEA).

The economic triangle, as represented in the RCE Strategy, is shown in Figure 4.
The exhibited Amendment proposes to change:
- Clause 21.02-5 to add Map 3 (Spatial economic structure of Bayside) which replicates the economic triangle in Figure 15 of the RCE Strategy
- Clause 21.07-2 to add a provision referring to the creation of an economic triangle between the Southland and Highett Activity Centres and the Bayside Business District.

(ii) The issues

The issues are:
- whether there is a strategic basis to support the economic triangle
- if so, how should it be represented in the Planning Scheme.

(iii) Evidence and submissions

At the hearing, there was considerable confusion between parties about the economic triangle concept.

Council submitted that the RCE Strategy created the economic triangle concept. Specifically, Strategy 1 seeks to “Present the spatial economic structure and clearly articulate the vision for each location.” Section 6.3 of the strategy states:

...the spatial economic structure is a mechanism which helps people quickly appreciate the economic role and specialisation of each Activity Centre or employment precinct. This is a level understanding which is not easily gained simply looking at a map of centres, as the names of places do not reveal much about their relevance to particular economic activities – a particularly significant issue for potential investors or businesses.

This spatial structure also shows where key transport connections are situated, and how these help to link different economic nodes to each other. The...
important roles of the Sandringham and Frankston Railway Lines in connecting the centres, can be seen here.

Both Council and Mr Szafraniec acknowledged that the exhibited Clause 21.02 Map 3 had caused some confusion or concern. Mr Szafraniec considered that the confusion arises when Map 3 is read in isolation. He believed that Laminex may have misinterpreted the definition of the economic triangle and stated:

They have identified the area within, rather than the three points of triangle, as being the location for employment growth. As a result, they have also identified a conflict with the Housing Strategy which identifies the area within the triangle for residential uses.

Mr Szafraniec stated that Map 3 could be revised to clarify that the economic triangle refers to a conceptual link between the three points of the triangle and not the area within it. At the Hearing, Council provided a further revised Map 3, as shown in Figure 5.

![Economic triangle, as revised and presented at the Hearing](image)

Laminex submitted that the economic triangle should be deleted from Clause 21.02 until its meaning has been clarified. Mr McGurn stated:

Critically, the designation of an 'economic triangle' connecting Highett Activity Centre, Southland and the Bayside Business District does not amount to any great strategic initiative. Curiously it takes in significant areas of Residential Zoned land where commercial uses are prohibited.
Ms Robinson submitted that the economic triangle shown in the exhibited Clause 21.02 Map 3 was imbalanced and in an area with hundreds of houses.

(iv) Discussion

The Panel has found that there is insufficient basis to support the Cheltenham-Southland Activity extending into the Bayside municipality. However, this does not preclude the ability to consider the concept of a cross-municipal economic triangle.

The Panel commenced its consideration by reviewing changes to Clauses 21.02 and 21.07 to see whether they clearly express the intent and form on an economic triangle. The exhibited Clause 21.02 Map 3, which replicates Figure 15 of the RCE Strategy, shows a solid area as the economic triangle. Clause 21.02 did not provide any text to support what is being spatially represented through Map 3. While Mr Szafraniec stated that Clause 21.02 Map 3 should not be read in isolation, there is nothing in Clause 21.02 to refer the reader to an associated provision in Clause 21.07. Having this insight, the Panel reviewed Clause 21.07 which seeks:

The creation of an economic triangle between the Southland and Highton Activity Centres and the BBD will attract innovative advanced business services to the BBD and leverage off the marketability and growth of the Southland Activity Centre.

When read with the solid area in Clause 21.02 Map 3, Clause 21.07 does not specify that the land within the main road corridors of the triangle is excluded. Council’s revised Map 3, as shown in Figure 5, goes a long way to address this aspect of the confusion.

The Panel then referred to the RCE Strategy and found that the exhibited Clause 21.07 replicates Strategy 4. The Strategy explains the Bayside Business District would benefit from developing stronger connections to the Southland railway station and Highton Activity Centre. Benefits includes convenient access to public transport and other services with the interconnected centres working together rather than competing for similar land uses. It explains that Bayside can adopt a proven branding strategy, like Macquarie Park in Sydney, by leveraging the marketability and growth of the Southland Activity Centre.

While the Panel has no issue with the aspirations that Strategy 4 seeks to achieve, there is insufficient information to explain:

- the triangular area's existing attributes and how they will successfully transform it into an integrated and interactive economic triangle
- how a branding and marketing initiative translates to a strategic land use provision that should be included in the Planning Scheme.

The Panel considers that the following preceding overview statement is sufficient to achieve strategies for Bayside Business District:

The Bayside Business District will be nationally competitive and provide employment opportunities for advanced business services of the highest calibre, to not only local residents, but also residents of the surrounding region. Businesses attracted to the precinct will become key components of the supply chains of the future and generate significant wealth for the local and regional economy.
The Panel considers that any reference to an economic triangle should not be included in the Planning Scheme. Council can continue to market the economic triangle concept through marketing and branding focused processes outside of the planning scheme.

(v) Conclusions

The Panel concludes:

- There is insufficient information to explain:
  - the triangular area’s existing attributes and how they would enable it to successfully transform into an integrated and interactive economic triangle
  - how branding and marketing an economic triangle translates to a strategic land use provision that should be included in the Planning Scheme.
- Any reference to the economic triangle should not be included in the Planning Scheme.
- Council can continue to market the economic triangle concept through marketing and branding focused processes outside of the planning scheme.

(vi) Recommendations

The Panel recommends:

Amend Clause 21.02 to delete Map 3 (Spatial economic structure of Bayside).

Amend Clause 21.07, as shown in Appendix B, to delete any reference to an economic triangle.

6.4 Melbourne 2030 and Development Plan Overlay

(i) Submissions

The Amendment proposes to delete reference to Melbourne 2030.

Mc Czech questioned why Melbourne 2030 was proposed to be deleted because he considered that it provided the rationale for Major Activity Centres. Council responded that the current metropolitan strategy, Plan Melbourne 2017, replaced Melbourne 2030.

Mr Screen requested that existing reference to applying the Development Plan Overlay to large residential developments because they considered that Council did not have a good track record for managing such developments. Council responded that this is Council’s preferred tool for larger development sites and enables the ability to specify outcomes for a site early in the redevelopment process.

(ii) Discussion

Two version of Plan Melbourne have replaced Melbourne 2030 since 2014, therefore the Panel agrees that the Amendment deletes reference to a redundant strategy.

The Amendment does not propose to change the provision related to applying the Development Plan Overlay to large residential sites. It seeks to implement the RCE Strategy which does not include large residential sites. The Panel considers any change to this
provision to be outside the scope of the Amendment and it agrees with Council’s response to this matter.

(iii) Conclusions

The Panel concludes:

- Reference to the redundant Melbourne 2030 strategy should be replaced with Plan Melbourne 2017, as exhibited.
- The provision for applying the Development Plan Overlay should not be deleted because it is outside the scope of the Amendment.
## Appendix A  Document list

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Appendix B  Panel recommended provisions

Panel Version of Documents

Tracked Added

Tracked Deleted
ECONOMIC DEVELOPMENT

This Clause provides local content to support Clause 17 (Economic Development) of the State Planning Policy Framework.

21.07-1
Activity Centres

Overview

Bayside has a hierarchy of Activity Centres, some of which are located entirely within Bayside and some which are shared with other municipalities. The hierarchy consists of:

- **Major Activity Centres** – those centres with more than 10,000 sqm of floorspace, but with no Discount Department Store or Department Store anchor. They generally serve a contained catchment and are anchored by one or more supermarkets. These centres are generally of a more reduced scale compared with Major Activity Centres in neighbouring municipalities.
- **Neighbourhood Activity Centres** – those centres with between 2,000 – 10,000 sqm of floorspace. These centres generally serve the weekly shopping needs of their population catchment.
- **Small Neighbourhood Activity Centres** – smaller centres serving the day to day needs of residents who are within walking distance. These centres usually consist of small grocers, milk-bars, a takeaway restaurant and perhaps a café.

**Major Activity Centres**

Bayside contains four Major Activity Centres that sit completely within the municipal boundaries: Bay Street, Brighton, Church Street, Brighton, Hampton Street and Sandringham.

The Cheltenham-Southland Activity Centre is shared with Kingston City Council. While the commercial focus of this Activity Centre is located within Kingston, a large proportion of the residential area within this Activity Centre is located within Bayside.

Bayside also shares the Hampton East Activity Centre, forming part of the broader Moorabbin Activity Centre, with both Kingston and Glen Eira City Councils, the Cheltenham Activity Centre with Kingston City Council and the Elsternwick Activity Centre with Glen Eira City Council.

Whilst being designated as Major Activity Centres, Bayside’s centres are uniquely distinct in that they are primarily nodes of population serving activities. Compared to other Major Activity Centres, Bayside’s centres have considerably less supermarket floorspace and much higher specialty store floorspace contributing to the primarily retail focused role of the centres. High-end hospitality and niche fashion in particular are presented distinctively across the centres which results in a greater supply of specialty stores than the local population can support. Future retail opportunities will emerge in areas where increased population growth will occur due to the presence of new mixed use developments, areas close to transport and services and areas with a high walkability and sense of place, allowing the centres to compete with the Southland and other larger centres.

Office growth in activity centres will be primarily population serving businesses such as real estate agents, insurance and other service providers.

**Neighbourhood Activity Centres**

Bayside also contains four Neighbourhood Activity Centres: Martin Street, Brighton; Highton; Black Rock and Beaumaris Concourse.

The Major Activity Centres and Neighbourhood Activity Centres are predominantly focused around traditional shopping strips and the majority provide good access to public transport. As well as providing a commercial, entertainment, administrative and employment focus for local residents, these centres provide a niche market around food, fashion, antiques, cafes, personal and professional services. These Activity Centres have developed as ‘villages’ meeting the day to day needs of the local community.
Small Neighbourhood Activity Centres

In addition to these larger centres, there are numerous Small Neighbourhood Activity Centres, which serve mainly the day to day convenience needs of surrounding residents.

Generally speaking, Bayside’s activity centres are best practice examples of local activity centres performing well and providing high quality offerings without the conventional anchors often present in large activity centres of similar size. The opportunity is to add to what is already good about these places by improving the commercial and retail offer beyond core business hours, particularly in relation to healthcare, gymnasia and restaurants.

Bayside’s Activity Centres are well positioned to capitalise on the shift in the economy towards the professional services as most of Bayside’s residents possess the skills and qualifications to find employment in these sectors. The challenge is to ensure there is sufficient commercial floorspace available in activity centres and the Bayside Business District to accommodate these services and so provide more local employment opportunities.

With an ageing population, there will be increasing demand for health care services. Whilst Bayside does not have a major regional hospital, it has some successful smaller hospitals and clinics which are a combination of specialisations and general practices. There are opportunities to support the growth of this sector by encouraging specialist health businesses and institutions to co-locate with existing health facilities, particularly Sandringham Hospital and the Cabrini Hospital. Hampton East also presents opportunities given the proximity to the proposed Holmesglen Private Hospital on South Road in the City of Kingston.

The Major Activity Centres and Neighbourhood Activity Centres will play an increasingly important role in accommodating residential growth within the municipality and it is important to ensure there is sufficient capacity and an appropriate range of commercial services to meet the needs of residents. It is critical to ensure that redevelopment in activity centres does not occur at the expense of commercial floorspace, by ensuring that development does not result in a loss of commercial floorspace.

**Key Issues**

- Ensuring there is sufficient commercial capacity and a range of services to meet the needs of the Bayside population and visitors.
- The role and viability of Activity Centres will be strengthened by residential development, however, it is important to maintain core retail functions and an appropriate retail mix.
- Residential development in activity centres needs to ensure increased retail and commercial floorspace is provided.
- Policy must plan for supporting the shift in the economy towards professional services.
- Land use in activity centres and the BBD should respond to demographic change and the healthcare needs of an ageing population.
- Improving the attractiveness of Activity Centres as night time destinations in a manner appropriate to their suburbia location.
- The viability of activity centres and the potential for tourism is strongly linked to functionality and the physical appearance of buildings and the streetscape.
- Balancing the need to serve local demands for retail and associated services, while developing the opportunity to serve visitors/tourists.
- The ‘village feel’ and variety of goods and services in activity centres is a strength of commercial activity in Bayside.
- Maintaining vibrant activity centres with core retail functions and an appropriate retail mix in the context of competition from larger centres, out of centre development and new forms of retailing.
- Ensuring the land use composition and scale of development in the Small Activity Centres represents the role, scale and setting of the centre.
**Objective 1**

To support the economic and social sustainability of activity centres.

**Strategies**

- Ensure new retail and commercial development supports and strengthens the activity centre hierarchy in Bayside.
- Encourage a diversity of retail, commercial and community activities in activity centres to serve the needs of the local community and support tourism.
- Encourage night time business activity in Major Activity Centres and Neighbourhood Activity Centres, particularly grocers, healthcare, gymnasiums and restaurants.
- Retain, strengthen and diversify the retail core in each Major Activity Centre and Neighbourhood Activity Centre.
- Locate major retail developments that may serve a wider catchment area in the retail core of Major Activity Centres, applying a sequential test approach to new out of centre retail developments.
- Facilitate high quality commercial, residential and mixed use development within and adjacent to the retail core and on large sites in Major Activity Centres.
- Provide increases in commercial floorspace for redevelopment in activity centres, particularly for professional services.
- Encourage community services that cater to the needs of residents and visitors to be located in activity centres.
- Ensure the individual strengths of each centre are maintained.
- Encourage new health businesses and institutions to co-locate with existing health facilities, particularly Sandringham Hospital and the Cabrini Hospital.
- Encourage new economic development which maintains and enhances the supply of and access to a range of employment and training opportunities.
- Prohibit the establishment of gaming machines in shopping centres.

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**Bayside Business District**

**Overview**

The Bay Road/Reserve Road area of Sandringham, Highett and Cheltenham, also called The Bayside Business District (BBD) is the major focal point for future business development and employment in Bayside. It is centrally located within the south-eastern metropolitan region and has ready access to Nepean Highway and the Melbourne-Frankston train line. It also has some important connections to employment precincts in the Cities of Kingston and Greater Dandenong. These linkages provide businesses in the BBD with important access to a large pool of manufacturing and logistics businesses in their relative supply chains.

The vast majority of Bayside’s commercial floorspace growth will be directed towards the BBD given its well-positioned location. Increased retail and residential development in activity centres can lead to increased demand for certain types of commercial offices which can meet the needs of residents living in, around and within close proximity to activity centres. This allows businesses to market themselves to the same shoppers which would visit retail facilities in those activity centres.

Residential development in surrounding areas has increased the potential for land use conflict. This, along with economic restructuring has resulted in a shift in emphasis from a purely ‘industrial area’ towards a more diverse composition of business services including warehousing and corporate offices. Whilst it continues to operate successfully as a precinct for industrial, wholesale and warehousing purposes, it has the potential to transition towards an advanced business services precinct which better suits its location.
The Bayside Business District will be nationally competitive and provide employment opportunities for advanced business services of the highest calibre, to not only local residents, but also residents of the surrounding region. Businesses attracted to the precinct will become key components of the supply chains of the future and generate significant wealth for the local and regional economy.

The creation of an economic triangle between the Southland and Highett Activity Centres and the BBD will attract innovative advanced business services to the BBD and leverage off the marketability and growth of the Southland Activity Centre. Employees working in the BBD will benefit from convenient access to public transport and other services with the centres working together as interconnected nodes rather than competing for similar land use and development.

Key Issues

- The Bayside Business District contributes significantly to the economic diversity of the municipality.
- There is a need to facilitate and promote the development of this employment area as an advanced business services cluster that accommodates the needs of modern industry, but also office and other associated business activity.
- Broadening the employment base by focusing on advanced business services in accordance with the shift in the economy from manufacturing towards professional services will deliver the vision for the BBD.
- The BBD is to integrate seamlessly into the urban fabric of the municipality. There is a need to ensure that the BBD retains a separate focus from Bayside’s activity centres, by ensuring retail and convenience uses do not locate in the BBD unless part of a larger office development and servicing works.

Objective

- To transform the Bayside Business District (BBD) from a traditional industrial precinct into an advanced business services precinct of a quality and profile which will enable it to fulfill an identifiable niche in the south-east region of Melbourne.

Strategies

- Support the development of innovative advanced business services in the BBD.
- Maintain the mix of lot sizes within the BBD to accommodate businesses with large floor space demands and to attract a substantial anchor business or corporate offices.
- Discourage large format retail uses from locating the in the BBD.
- Discourage the subdivision of vacant land in the BBD.
- Encourage sustainable building design in the BBD.
- Provide for redevelopment opportunities for high-tech businesses and development which create significant employment opportunities for a skilled resident workforce that will benefit from proximity to employment and various local recreation facilities.
- Restrict the establishment of gaming machines in the Bayside Business District to sites zoned Mixed Use or Commercial 1.

21.07-3 Tourism

Overview

Tourism has been associated with Bayside since Sandringham, Brighton and Beaumaris were established as coastal holiday towns shortly following European settlement of Melbourne. The tourist attractions primarily relate to the bay, with the iconic bathing boxes, swimming, cycling, walking and sailing activities, as well as shopping, heritage homes and sites of natural
significant. Bayside has a significant focus on golfing, with seven golf courses, both public and private, some of international significance.

Key Issues

- Tourism has the potential to become one of Bayside’s principal industries tied to the city’s natural strengths and the projected growth of the tourism industry in Victoria.
- Tourism is emerging as a significant industry in Bayside, and contributes to both the economic and social development of the community, as well as having other environmental, social and cultural benefits.
- As the tourism industry grows, new and expanded infrastructure, services, facilities and attractions are developed which not only service the needs of tourists, but also residents.
- Poor management of tourism may result in overcrowding, environmental degradation, stressed car parking/road networks and loss of an area’s traditional identity, particularly along the coast, in Bayside’s remnant natural vegetation reserves and in retail precincts.
- Potential impacts associated with tourism need to be carefully managed to ensure that environmentally sensitive coastal areas and the inherent character of Bayside are retained and enhanced. This requires quality management of property and open space development.
- Bayside’s strength as a regional tourist destination is based on the range of environmental, recreational and educational activities along the coast.
- Capturing the tourism potential of Beach Road as a scenic boulevard together with opportunities for accommodation, entertainment and shopping associated with beach activities.

Objective 1

To maximise the economic, social and cultural benefits of tourism for Bayside.

Strategies

- Encourage development of tourist facilities and services which are compatible with and add value to existing built form and natural attractions.

Objective 2

To strengthen and reinforce the role of Beach Road/Esplanade as a tourist boulevard.

Strategies

- Enhance the scenic and landscape qualities of Beach Road/Esplanade.
- Improve the management of urban design and landscaping adjacent to Beach Road/Esplanade.
- Ensure a consistent approach to the design of Beach Road/Esplanade infrastructure.
- Improve the management of local/regional traffic issues associated with the function of Beach Road/Esplanade as a main road.
- Encourage the diversion of freight/heavy traffic from Beach Road to the Nepean Highway.

Objective 3

To minimise the impact of tourism on the natural environment and inherent character of an area.

Strategies

- Facilitate tourism that respects the residential, heritage, leisure and environmental goals for the municipality.
Facilitate tourism that respects the residential, heritage, leisure and environmental goals for the municipality.

- Encourage development of tourist facilities and services which are compatible with and add value to existing built form and natural attractions.

- Improve the management of urban design and landscaping adjacent to Beach Road.

### 21.07-4

**Discretionary Uses in residential areas**

**Objective**

To ensure the proper integration of appropriate discretionary uses into residential areas.

**Strategies**

- Ensure the integration of appropriate discretionary uses into preferred locations in residential areas.

**Implementation**

The strategies contained in this clause will be implemented through the planning scheme through the following:

**Policy guidelines**

**Activity Centres**

- Provide detailed guidance on the development of the Activity Centres in a Local Area Plan contained in Clause 21.11 where available.
- Use the Highett Structure Plan 2004 to guide the preferred future pattern of development in and surrounding the Highett Shopping Centre.
- Use the Beaumains Concourse Structure Plan, February 2005 to guide future development.

**Bayside Business District**

- Prepare a Development Plan to provide detailed guidance on the future development of the Bayside Business District in accordance with the recommendations of the *Bayside Retail, Commercial and Employment Strategy* 2016.
- Use local policies to guide use and development within the Bayside Business District (Bayside Business District Clause 21.11-9, Bayside Business District Policy, Clause 22.04).

**Tourism**

- Use the Bayside Coastal Strategy, 1997 to guide use and development along Beach Road/The Esplanade.
- Implement the Bayside Arts Strategy, 1998
- Assess applications for discretionary uses in residential areas against the ‘Discretionary Uses in Residential Areas’ Policy (Clause 22.07).
Application of zones and overlays

Activity Centres

- Apply the Commercial 1 Zone (C1Z) to the core of activity centres to encourage a concentration of complementary retail, commercial, community and residential uses.
- Apply the Activity Centre Zone (ACZ) to activity centre precincts where commercial uses, such as offices and consulting rooms, are encouraged.

Bayside Business District

- Apply the Environmental Audit Overlay to all land in a residential zone or a Mixed Use Zone in Highett and Sandringham that was formerly in an Industrial 1 or Industrial 3 Zone.

Tourism

- Apply the Public Park and Recreation Zone to the coastal reserve.

Other actions

Activity Centres

- Adopt special rating schemes to promote Major Activity Centres.

Tourism

- Encourage the promotion of Bayside as a visitor destination by identifying and marketing the unique and popular aspects of the municipality.
- Continue to support the Bayside Business Network.

Further strategic work

Activity Centres

- Investigate the potential to apply the Activity Centre Zone on a limited basis to ensure future redevelopment provides sufficient space for commercial land use within the Major Activity Centres.
- Investigate the potential for specific sites in close proximity to Sandringham Hospital to provide for health care services.

Bayside Business District

- Ensure the Southland and Highett Structure Plans take into account the future planning and development of the Bayside Business District.
- Develop measures to protect the existing mix of lot sizes within the Bayside Business District to provide for substantial businesses with large floor space demands.
- Investigate the need for a Transport and Mobility Plan to enhance access.
- Prepare a Development Plan or Master Plan to assist in attracting advanced business services to the area.

Tourism

- Develop and implement a Bayside Tourism Strategy in partnership with key stakeholders.
Prepare coastal master plans to provide details of park layout and facilities.

Reference Documents

Activity Centres

Sandringham Village – Final Structure Plan (November 2006)
Bay Street Centre – Final Structure Plan (November 2006)
Church Street Centre – Final Structure Plan (November 2006)
Hampton Street Centre – Final Structure Plan (November 2006)
Highton Structure Plan, 2004
Outline Development Plan for Martin Street Commercial Activity Centre.
Bayside Retail, Commercial and Employment Strategy (August 2016)

Bayside Business District

Bayside Retail, Commercial and Employment Strategy (August 2016)

Tourism

City of Bayside – Draft Municipal Tourism Direction, July 1997
Tourism Strategy Discussion Paper (Bayside City Council February 1999)
BAYSIDE BUSINESS DISTRICT POLICY

This policy applies to the land in a Commercial Zone and a Mixed Use Zone as shown in Figure 1 to this clause.

Policy basis

Council recognises the social and economic importance of Bayside’s Business District (BBD) and wishes to retain existing businesses, attract new businesses and foster increased employment opportunities, especially for local residents.

To capture the shift in the economy from manufacturing to professional services, the Bayside Business District needs to transition to a business services hub to provide future employment opportunities suited to the local skill base.

A significant proportion of the area is obsolete, run down and in need of improvements. To assist the area to transition, desired improvements, include:

- Upgrading to provide better access, parking and amenity for business owners, customers and employees.
- Encouraging existing businesses to invest and expand within the area.
- Encouraging new businesses to locate in the area, particularly those which are clean, modern, high-tech, innovative, job rich and adept at applying advanced infrastructure and systems (e.g., environmental, telecommunications) to business processes.

Parts of the Bayside Business District are adjacent to established residential areas. There needs to be appropriate strategies in place to ensure the compatibility of residential interfaces in close proximity so they can continue to coexist with minimal disruption or detriment to the long-term viability of either use.

332 Bay Road, Cheltenham provided a strategic redevelopment opportunity for further investigation subject to positively contributing to achieving the objectives and vision for the Bayside Business District.

The primary economic role of the BBD can be protected by continuing to accommodate businesses unable to locate in activity centres due to their spatial or infrastructure needs. Many commercial businesses still require a solely commercial location which is unique to the BBD in Bayside. The preferences and priorities detailed in this policy derive from recommendations of the Bayside Retail, Commercial and Employment Strategy (August 2016) and the Bayside Industrial Area Strategy 2004.

Objectives

- To promote the comparative locational advantages of the area for professional services.
- To transform the area from a primarily industrial precinct into a key advanced business services node within the south-east region of Melbourne.
- To help nurture and grow local businesses and industries.
- To encourage improvement of built form and broader urban design outcomes within the area.
- To maximise local employment opportunities.
- To encourage and support the redevelopment of vacant sites and underutilised sites with appropriate businesses.
- To consolidate and intensify business uses within the Bayside Business District.
- To facilitate developments which incorporate a mix of compatible commercial and industrial uses.
- To ensure that built form leasable floor areas are of an appropriate size and diversity and capable of accommodating a diverse range of active, job rich industries.
- To encourage the development of home-based businesses, clean non-polluting industry, export-oriented and high-tech businesses in appropriate locations.
- To facilitate upgrading and regeneration of obsolete assets, improve access and car parking, improve streetscapes and protect environmentally significant flora and fauna assets.
- To discourage industrial uses that have the potential to conflict with adjacent residential land.
- To discourage the dilution of core business activities by the influx of retail uses and limit the scale of such developments to that suitable for servicing localised needs.
- To raise the profile of Bay Road in particular as a key, high profile corridor for business.
- To apply appropriate planning controls to minimise land use conflict at the interface between commercial and residential areas.

**22.04-3 Policy**

**General**

It is policy to:
- Encourage the upgrading and regeneration of built form and use.
- Require high standards for provision of off-street car parking and additional landscaping.
- Require all vehicular access to commercial properties to be via roads other than primarily residential thoroughfares, unless exceptional circumstances apply (eg. no other legal means of vehicle access to the land is available).
- Strongly discourage access to commercial properties via Jack Road, unless exceptional circumstances apply.
- Maintain the existing supply of large lots to attract a substantial business anchor or corporate offices.
- Discourage new industrial/warehouse units of less than 300 square metres and limit the proportion of smaller units in any development.
- Strongly discourage developments with leaseable retail units floor areas above 80 square metres.
- Discourage subdivision of vacant land where no development application is included.
- Ensure that within mixed use areas an appropriate interface between uses is achieved in terms of bulk form and amenity.
- Ensure that any development within the Mixed Use Zone on the corner of Bay Rd and George St contains a range of residential, commercial, industrial and other uses.
- Encourage a mix of commercial and non-offensive industrial activities in the Mixed Use Zone to the west of Bay Road Heathland Reserve on the south side of Bay Road, which complement the future character and diversity of the area. This will be achieved by promoting business and employment consistent with the Bayside Industrial Area Strategy 2004.
- Ensure that any residential development does not detrimentally impact on commercial and business activities.

**Mixed Use Zone (corner of Bay Road and George Street, Sandringham)**

On lots within the Mixed Use Zone, it is policy to:
- Apply height and setback limits as indicated in S1 and H1.
- Maintain business/commercial frontages at ground level along the full length of Bay Road to maintain the business/commercial function of the Bayside Business District.
- Maintain business/commercial frontages at ground level along George Street for a maximum of 65 metres from Bay Road to maintain the business/commercial function of the Bayside Business District.
Ensure that any non-commercial frontage at ground floor level within the business/commercial frontages of Bay Road and George Street does not exceed 2 metres.

Provide an appropriate mix of residential, commercial, industrial and other uses that reflect the objectives of the Bayside Business District.

**Mixed Use Zone (to the west of the Bay Road Heathland Reserve on the south side of Bay Road)**

On lots within the Mixed Use Zone, it is policy to:

- Ensure that the business and employment objectives of the Bayside Industrial Area Strategy 2004 are met.
- Encourage a diversity of uses on each site, including commercial, industrial, warehouse and medium density residential uses.
- Encourage more intensive development.
- Encourage high quality building design and landscaping carried out to standards of design and construction that will enhance the character and amenity of the surrounding area, such as acoustic design.
- Encourage development that incorporates ecologically sustainable development (ESD) principles into building and site design, such as energy efficiency, stormwater provisions and alternative forms of energy.
- Ensure that the design of buildings fronting Bay Road incorporate an active interface with Bay Road through articulation of building facades and landscaping within the building setback.
- Apply height and setback limits as indicated in S1.
- Ensure that uses and developments are complementary and avoid adverse traffic and amenity impacts on other uses and developments.
- Strongly encourage business/commercial uses at ground level fronting Bay Road.
- Discourage residential uses from locating at ground level fronting Bay Road to maintain the business/commercial focus of the area.
- Encourage residential development at upper levels in areas that will avoid conflict with other uses within the site or on adjacent sites.
- Discourage retail uses that do not directly support or service businesses within the Bayside Business District.
- Ensure that traffic management is consistent with the safe and efficient operation of Bay Road as the key business corridor.
- Ensure that traffic management plans demonstrate vehicle access and movement, and separation of residential and commercial traffic as far as practical.
- Avoid more than one vehicle crossing per site onto Bay Road.
- Ensure car spaces are provided on-site for employees, occupants and visitors to prevent adverse off-site impacts.
- Encourage signage to be integrated into the design of buildings and, where there are multiple occupancies on a site, consolidated into a single sign within the frontage of the site.

In addition to the requirements of Clause 55, the design response submitted with an application for a residential development must explain how the proposal addresses:

- Storage and collection of garbage.
- Provision for mail delivery.
- Acoustic protection from noise which may be associated with other uses on the site or adjacent sites.
- Incorporation of ESD principles into the design and during construction.
22.04-4 Performance standards

It is policy to apply the following performance standards to defined areas within the Bayside Business District.

**General urban design guidelines**

<table>
<thead>
<tr>
<th>ELEMENT</th>
<th>OBJECTIVE</th>
<th>DESIGN RESPONSE</th>
<th>AVOID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Form and Detailing</td>
<td>To encourage high quality, individually designed buildings that improve the appearance and amenity of the street environment.</td>
<td>Use building forms, or changes of surface treatment, or a combination of these, to provide visually interesting buildings, and to diminish visual bulk. Design ground floor street frontages to provide pedestrian/human scaled elements at street level. Locate habitable spaces along the street frontage with windows overlooking the street. Locate the main building entrance on the street frontage. Ensure that underground car parking areas do not dominate the building frontage.</td>
<td>Buildings that present a poor quality frontage interface with the street or an adjacent reserve. Buildings with blank walls that distract from the perception of a safe street environment. Main entrances of the side or rear of the buildings. Building frontages dominated by underground car parking. Excessive shading of an adjacent reserve. Illumination that will impact on significant indigenous vegetation in an adjacent reserve.</td>
</tr>
<tr>
<td>Landscaping</td>
<td>To include a substantial proportion of landscaping within the front setback that provides an attractive setting for the buildings and relates to the native vegetation theme in the area. To recognise the</td>
<td>Retain large established native trees and provide for the planting of new wide spreading native canopy trees within the front setback where possible. Provide sufficient permeable surfacing around.</td>
<td>Loss of native canopy trees. Large areas of impervious surfaces. Buildings that provide poor pedestrian access.</td>
</tr>
<tr>
<td>ELEMENT</td>
<td>OBJECTIVE</td>
<td>DESIGN RESPONSE</td>
<td>AVOID</td>
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<td>------------------------------</td>
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<tr>
<td>Vehicle Parking and Loading Areas</td>
<td>To minimise the visual and physical dominance of vehicles, car parking surfaces and service areas in the streetscape or from an adjacent reserve.</td>
<td>- Minimise vehicle parking within the front setback.</td>
<td>- Car parking and vehicles that dominate the streetscape or an adjacent reserve.</td>
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<tr>
<td></td>
<td></td>
<td>- Locate permanent parking to the side or rear of the building, or below the ground floor of the building.</td>
<td>- Excessive paving in the front setback area to accommodate vehicles.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Locate storage yards and loading docks to the side or rear of the building.</td>
<td>- Large vehicles and loading structures that dominate the streetscape or an adjacent reserve.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Minimise interruption of footpaths by crossovers.</td>
<td>- Excessive interruption of footpaths by driveways and crossovers.</td>
</tr>
</tbody>
</table>

**Urban design guidelines for specific areas**

*Preferred* or discretionary controls may only be varied in exceptional circumstances.

**Large lots south of Bay Road**

The preferred built form on large lots to the south of Bay Road is:

- A maximum building height of 14 metres
- A minimum building setback of 15 metres from the street frontage.
Northern side of Bay Road
The preferred built form on lots on the northern side of Bay Road is:
- A maximum building height of 10.5 metres.
- A minimum building setback of 11 metres from the street frontage.

Advantage Road and small lots north of Bay Road
The preferred built form on lots in Advantage Road and small lots to the north of Bay Road is:
- A maximum building height of 10.5 metres.
- A minimum building setback of 6 metres from the street frontage.
S3 - Advantage Road and small lots north of Bay Road

Maximum Building Envelope
(Not indicative of desired future building form)

6m

10.5m

Property boundary

6m

10.5m

Small lots south of Bay Road

The preferred built form on small lots to the south of Bay Road is:
- A maximum building height of 14 metres.
- A minimum building setback of 6 metres from the street frontage.

S4 - Small lots south of Bay Road

Maximum Building Envelope
(Not indicative of desired future building form)

6m

14m

Property boundary

18m

Residential interfaces (side and rear) north of Bay Road

The preferred built form on lots with residential interfaces to the north of Bay Road is:
- A maximum building height of 10.5 metres.
- A building setback having characteristics as detailed in the diagram below.
Jack Road Interface (R2—Interface with residential (rear) south of Bay Road)

It is policy to apply the following performance standards in order to provide an appropriate interface between industrial and residential uses in Jack Road:

- A 30-metre setback from Jack Road preserved as a buffer between industrial and residential uses (with the area used only for access, car parking and landscaping).
- Landscaping (in the form of medium-large native overgrown trees and appropriate shrubs or ground cover) planted and maintained in a good and healthy condition between any industrial use (including car parking) and the frontage to Jack Road to provide adequate screening of the use and development from Jack Road.
- The Jack Road boundary of the industrial use fenced with a continuous chain wire or similar open fence sufficient to prevent ready public access between the residential and industrial areas (with any gates or openings of silent operation and locked at night).
- The frontage to Jack Road set back, fenced and landscaped to provide a physical and visual buffer to the residential area opposite.
- Commercial traffic, particularly truck and heavy vehicle movements, minimised in Jack Road.
- Signage visible from Jack Road minimised and not detracting from the character and amenity of the area.
- All vehicle parking, deliveries and pick-ups associated with industrial uses taking place on-site within the relevant industrial property (with no vehicle parking, deliveries or pick-ups associated with any industrial use occurring on Jack Road, Loxmore Street, Stuart Avenue, Olympic Avenue, Correa Avenue or Firkin Avenue).
- All vehicle parking, turning, delivery and pick-up areas provided on-site paved or sealed, and maintained in a good and clean condition.
- All vehicle access to industrial properties in the precinct from roads other than Jack Road. If an industrial property must access Jack Road, a single access entry point provided and the access entry point used only between the hours of 6:00am and 9:00pm Monday—Saturday and 9:00am and 9:00pm Sundays and public holidays (except in the case of emergencies).
- Any land providing a single access entry point to Jack Road used only for landscaping, car parking and vehicle access (with the area paved or sealed, maintained in a clean and tidy condition and kept free from rubbish, stored goods and packing materials).
- Lighting not illuminating or adversely impacting on any adjoining residential area.
- No industrial equipment, goods or packaging materials stored or left exposed so as to be visible from Jack Road.
Development of sites in the vicinity of Jack Road within a Commercial-2 Zone possessing a residential interface compliant with the threshold buffer distances for Uses with Adverse Amenity Potential as specified in Clause 52.10 of this scheme. Those development forms compliant with these thresholds are to also comply with the performance standards detailed below for all residential interfaces to the south of Bay Road.

**Expiry**


**Interface with residential (rear) south of Bay Road**

The preferred built form on lots with residential interfaces to the south of Bay Road is:

- A maximum building height of 14 metres.
- A building setback having characteristics as detailed in the diagram below.

![Diagram of R2 - Interface with Residential (rear) south of Bay Road](image)

**Highest Grassy Woodland**

The preferred built form on lots adjoining the Highton Grassy Woodland is:

- A maximum building height of 10.5 metres.
- A building setback that allows a 3 metre wide buffer zone along the perimeter of the Highton Grassy Woodland.
- A building setback having characteristics as detailed in the diagram below.
Bay Road Heathland Sanctuary

The preferred built form on lots adjoining the Bay Road Heathland Sanctuary is:

- A maximum building height of 14 metres.
- A building setback that allows a 3 metre wide buffer zone around the perimeter of the Heathland Reserve.
- A building setback having characteristics as detailed in the diagram below.
Figure 1

Annotate Figure 1 to identify 332 Bay Road, Cheltenham as a strategic redevelopment opportunity for further investigation.
22.04-5 Reference documents

- Bayside Industrial Area Strategy 2004
- Bayside Retail Commercial and Employment Strategy (August 2016)
Attachment 2 | Summary of Panel’s Recommendations and officer recommendation

<table>
<thead>
<tr>
<th>Panel Recommendation</th>
<th>Comment</th>
<th>Officer Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Amend Clause 21.02 to delete map 3 (spatial economic structure of Bayside).</td>
<td>The deletion of the map in its entirety is not justified in the Panel’s comments, as the comments relate only to the lack of clarity on Council’s intentions for the Bayside Economic Triangle. The deletion of the map disregards Council’s economic objectives for its other centres.</td>
<td>Retain Map 3 at Clause 21.02 however remove reference to the Economic Triangle.</td>
</tr>
</tbody>
</table>
| 2. Amend Clause 21.07, as shown in Appendix B, to:                                       | a) Abandon the deletion of “There are also other Activity Centres located outside the municipality which have an impact on the economy of Bayside including Southland…”  
   b) Delete the provision: The Cheltenham-Southland Activity Centre is shared with Kingston City Council. While the commercial focus of this Activity Centre is located within Kingston, a large proportion of the residential area within this Activity Centre is located within Bayside. 
   c) Delete any reference to an economic triangle.                                        | a) Do not incorporate the Panel’s recommendation and instead reword the ‘Southland’ paragraph to recognise the intent of the Panel’s comments.  
   b) Do not incorporate the Panel’s recommendation as the boundary will be resolved through the Structure Plan process.  
   c) Agree.                                                                               |
### Item 10.19 – Reports by the Organisation

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<table>
<thead>
<tr>
<th>Number</th>
<th>Amendment</th>
<th>Description</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.</td>
<td>Amend Clause 21.13 (Map 1) to identify 332 Bay Road, Cheltenham as a ‘Strategic redevelopment opportunity for further investigation’.</td>
<td>There is no definition of a ‘strategic redevelopment opportunity area for further investigation’ proposed through the Panel’s report. As such, it is interpreted to mean that the site should be rezoned to residential uses as per the definition of a strategic redevelopment site in the Bayside Housing Strategy. This is well outside the scope of the amendment, constitutes a major transformation of the amendment, has not been considered in relation to the Bayside Housing Strategy and has not been subject to public exhibition. The implications on Bayside’s Housing Strategy and Scheme have not been considered, nor has the suitability of this site in relation to other sites within the BBD.</td>
<td>Do not incorporate this change as it is beyond the scope of the Amendment.</td>
</tr>
</tbody>
</table>
| 4.     | Amend Clause 22.04, as shown in Appendix B, to:  
  a) add in the policy basis: ‘332 Bay Road, Cheltenham provides a strategic redevelopment opportunity for further investigation subject to positively contributing to achieving the objectives and vision for the Bayside Business District.’  
  b) change Figure 1 to identify 332 Bay Road, Cheltenham as a ‘Strategic redevelopment opportunity for further investigation’  
  c) delete in ‘Urban design guidelines for specific areas’ | a) There is no definition of a ‘strategic redevelopment opportunity area for further investigation’ proposed through the Panel’s report. As such, it is interpreted to mean that the site should be rezoned to residential uses as per the definition of a strategic redevelopment site in the Bayside Housing Strategy. This is well outside the scope of the amendment, constitutes a major transformation of the amendment, has not been considered in relation to the Bayside Housing Strategy and has not been subject to public exhibition.  
  b) There is no definition of a ‘strategic redevelopment opportunity area for further investigation’ proposed through the Panel’s report. As such, it is interpreted to mean that the site should be rezoned to residential uses as per the definition of a strategic redevelopment site in the Bayside Housing Strategy. This is well outside the scope of the amendment, constitutes a major transformation of the amendment, has not been considered in relation to the Bayside Housing Strategy and has not been subject to public exhibition.  
  c) Include this change.  
  d) Include this change.  
  e) Do not incorporate this change. | a) Do not incorporate this change as it is beyond the scope of the amendment.  
  b) Do not incorporate this change as it is beyond the scope of the amendment.  
  c) Include this change.  
  d) Include this change.  
  e) Do not incorporate this change. |
| **d)** | delete the Jack Road Interface (R2 – Interface with residential [rear] south of Bay Road) policy |
| **e)** | delete the Bayside Retail Commercial and Employment Strategy (August 2016) as a reference document. |

amendment, has not been considered in relation to the Bayside Housing Strategy and has not been subject to public exhibition. The implications on Bayside's Housing Strategy and Scheme have not been considered, nor has the suitability of this site in relation to other sites within the BBD.

c) Agree.
d) Agree.
e) It is interpreted that the deletion of the RCE Strategy as a reference document relates only to Clause 22.04, indicated by the Panel's report. There are a range of other changes to Clause 22.04 to be included in the adopted amendment which are informed by the RCE Strategy, and as such, it is considered appropriate to retain the RCE Strategy as a reference document at this Clause. This approach is consistent with the Practice Note for using reference documents.
Executive summary

Purpose and background

The *Temporary Advertising Signs on Recreation Reserves Policy* ('the policy') is an incorporated document in the Planning Scheme and was last revised in March 2005. The purpose of the 2018 review is to assess whether the policy remains relevant, effective and if there are any duplications with Clause 52.05 Advertising Signs in the Bayside Planning Scheme.

Key issues

To better understand how the policy functions and to inform this review, comparisons were made between the policy and Clause 52.05 to determine any duplications or conflicts. In addition, internal stakeholder meetings were held.

The primary issues with the policy relate to clarity as to how the policy operates. As it provides exemptions from the Planning Scheme, there is no need for a planning permit to be obtained for eligible signage. There is also no requirement for a Local Laws permit to be obtained in most instances, as consent from the land owner is all that is required. Given the lack of oversight due to other priorities, the administration of the policy and compliance with the policy require greater clarification. Many signs installed as Temporary Advertising Signs on Recreation Reserves appear to breach the policy requirements, particularly in relation to the length of time that signs are displayed. The policy’s content was supported, however concern was expressed regarding whether the policy is followed.

There are additional Council owned sports reserves which need to be included in the incorporated document as there is no obvious reason that these Council sports grounds have been omitted from the list, for example, Basterfield Park Tennis Club, AW Oliver Reserve and Sandringham Athletic Centre. These facilities are Council owned and can be subject to the same controls as the reserves listed in the policy.

In order to ensure the policy exemptions are working effectively, it is recommended that Council undertake process mapping to further clarify the roles and responsibilities in terms of administration of the policy. As part of the process mapping, ensuring that compliance is regularly monitored and that signs are removed in a timely manner will need to be emphasized so that Council’s processes can be improved. This investigation can also consider whether there are specific locations in reserves that should require planning permission rather than the current exemption which applies to the entire reserve, though this should be subject to community consultation if Council is to pursue such an approach.
Recommendation
That Council:

1. Commences a planning scheme amendment to add its additional sportsgrounds and recreation facilities to the Incorporated Document;

2. Undertakes process mapping to ensure that the roles of Council departments are clear and ensure compliance is regularly monitored; and

3. Investigates the option of designating particular locations in reserves for the display of temporary advertising signs.

Support Attachments
1. Temporary Advertising Signs on Recreation Reserves Policy 2005

Considerations and implications of recommendation

Liveable community

Social
Recommendations of the Temporary Advertising Signs on Recreation Reserves Policy are intended to improve the monitoring of signs on recreation reserves for events that positively impacts the community’s social wellbeing. These events include sporting events and festivals which can contribute to the connectedness of the community.

Natural Environment
A planning permit is not required for temporary signs given that it meets all of the policy’s conditions. These conditions include: no vegetation is removed to accommodate the sign or its supporting structures and the sign is not attached to any vegetation. The policy prevents destruction to the natural environment and helps protect it.

Built Environment
The recommendations continue to ensure recreation reserves meet the needs and expectations of the community in regards to aesthetics, infrastructure and functionality.

Customer Service and Community Engagement
Improving Council’s processes in relation to the administration of this policy will ensure that there is consistency and clarity for the community when erecting signage under the policy.

Human Rights
The 2018 Temporary Advertising Signs on Recreation Reserves Policy review will not breach or infringe upon the human rights contained in the Victorian Charter or Human Rights and Responsibilities Act 2006.

Legal
This policy operates in addition to the provisions of Bayside Planning Scheme Clause 52.05 ‘Advertising Signs’. There is currently no mechanism within the Local Laws to require permits for the signs exempted from the policy.
Finance
Financial implications associated with the recommendations for future strategic projects will be considered in future budget processes.

Links to Council policy and strategy
The objectives of the policy is to allow for the orderly display of temporary advertising signs and local government signs on recreation reserves whilst protecting the amenity of these reserves and surrounding areas.
COUNCIL POLICY

Temporary Advertising Signs on Recreation Reserves

Date Approved by Council
Adopted: 28 June 2004  Revised: 21 March 2005

Policy Objective

♦ To allow for the orderly display of temporary advertising signs on recreation reserves for the purpose of encouraging membership and recognising sponsorship of sporting and recreational clubs.
♦ To allow for the orderly display of local government signs on recreation reserves.
♦ To protect the amenity of recreation reserves and surrounding residential areas.

POLICY

1. SCOPE

This policy operates in addition to the provisions of Bayside Planning Scheme Clause 52.05 ‘Advertising Signs’ to allow the display of advertising signs that would otherwise be prohibited or restricted in Category 4 – Sensitive Areas.

The operation of this policy is strictly limited to:
- the sign categories described in Clauses 2.1, 2.2 and 2.3 below; and
- the recreation reserves listed in Attachment A.

For the purposes of this policy the recreation reserves listed in Attachment A are categorised as follows:
- Category 1 – Elsternwick Park Main Oval and Trevor Barker Beach Oval.
- Category 2 – All other listed recreation reserves.

Category 1 reserves are deemed to meet the definition of ‘Major Sports and Recreation Facility’ for the purposes of Clause 52.05-3 of the Bayside Planning Scheme.¹

Throughout the policy the use of the term ‘club’ means any club or organisation that has entered into an ‘occupancy agreement’ with Bayside City Council for the use of a particular recreation reserve or part thereof.

Throughout the policy the use of the term ‘occupancy agreement’ includes a lease, licence or seasonal tenancy.

Advertising sign definitions are found at Clause 73 of the Bayside Planning Scheme. Defined terms are shown in italics.

¹ Clause 52.05-3 provides that a planning permit is not required to display a sign on a Major Sports and Recreation Facility provided the advertisement cannot be seen from nearby land.

© Werribee Building & Planning C606-Temp-Signs Policy 2004 - Adopted March 85 this
2. Application of policy

2.1 Temporary Signs

A planning permit is not required to display a promotion sign if all of the following conditions are met:
- The sign is erected by or on behalf of a club that has a current occupancy agreement to use the reserve on which the sign is displayed.
- The sign is displayed in conjunction with a game or event involving the club within the terms of its occupancy agreement.
- The sign is erected not more than one hour before the commencement of the game or event and completely removed not more than one hour after the completion of the game or event.
- The installation and dismantling of the sign does not result in any damage or defacement of any underground services, Council property or fixtures.
- No vegetation is removed to accommodate the sign or its supporting structures.
- The sign is not attached to any vegetation.
- The sign is located more than 30 metres from the property boundary (unless located on a playing field boundary, building or scoreboard).
- The sign is orientated so that the advertising area faces towards the playing field.
- The sign is not internally illuminated, floodlit or animated in any way.
- No part of the sign is located more than 3 metres above natural ground level.
- The sign is not constructed of metal.
- The sign is designed, constructed and installed to minimise the likelihood of risk of injury to any person.
- The sign is presented in a professional manner, maintained in good repair and does not contain any material likely to cause offence or embarrassment to any person or the Bayside City Council.

2.2 Local government signs

A planning permit is not required to display a sign for local government purposes if all of the following conditions are met:
- The sign is displayed by or on behalf of Bayside City Council.
- The sign contains information relevant to the reserve on which it is displayed, such information may include (but not be limited to) the identification and contact details of clubs associated with the reserve.
- The sign does not contain any corporate insignia or colours other than those of the Bayside City Council.
2.3 Membership signs

Written approval may be granted in the form of an addendum to an occupancy agreement to display a promotion sign if all of the following conditions are met:

- The sign is erected by or on behalf of a club that has a current occupancy agreement to use the reserve on which the sign is displayed.
- The sign is primarily for the purpose of attracting new members to the club, with no more than 20% of the total advertising area to be occupied by sponsorship information or sponsor's corporate colours or insignia.
- The sign is erected not more than two calendar months before the commencement of the relevant competition season and completely removed not more than one calendar month after the commencement of the competition season.
- The installation and dismantling of the sign does not result in any damage or defacement of any underground services, Council property or fixtures.
- No vegetation is removed to accommodate the sign or its supporting structures.
- Not more than one membership sign is displayed on the reserve at any time.
- The sign is located at the main entrance of the reserve.
- The sign is not internally illuminated, floodlit or animated in any way.
- No part of the sign is located more than 3 metres above natural ground level.
- The sign is designed, constructed and installed to minimise the likelihood of risk of injury to any person.
- The sign is presented in a professional manner, maintained in good repair and does not contain any material likely to cause offence or embarrassment to any person or the Bayside City Council.

2.4 Permit required

A planning permit is required to display any promotion or local government sign that does not meet one or more conditions described in Clauses 2.1, 2.2 and 2.3. A planning permit may not be granted under this clause for a permanent sign other than a local government sign.

Before deciding on an application the responsible authority must consider the decision guidelines listed at Clause 52.05-2 of the Bayside Planning Scheme.

3. ENFORCEMENT

In the event failure to comply with this policy, or any planning permit issued in relation to this policy, Council may depending on the circumstances and seriousness of the breach:

- Require a Club to remove a sign within a specified time;
- Revoke any approval to display a sign issued under Clause 2.3;
- Vary an occupancy agreement with a Club to revoke Council's consent to display a sign;
- Apply to the Victorian Civil and Administrative Tribunal to cancel any Planning Permit issued in relation to a sign.

Attachment A

Recreation reserves affected by the policy

Public Park and Recreation Zone
Balcombe Park Reserve
Banksia Reserve
Beaumaris Reserve
Boss James Reserve
Brighton Beach Oval
Brighton Golf Course
Castlefield Reserve
Cheltenham Golf Club
Cheltenham Park
Cheltenham Recreation Reserve
Dendy Park
Donald Macdonald Reserve
Elsternwick Park Main Oval, Glen Huntly Road, Brighton
Elsternwick Park (including Elsternwick Golf Course, excluding Main Oval)
G.L. Basterfield Park (limited to tennis club)
Hampton Bowling Club
Hurlingham Park
Lyle Anderson Reserve (limited to bowls club)
Peterson Reserve
R.G. Chisholm Reserve
R.J. Sillotho Reserve
Sandringham Croquet Club
Sandringham Family Leisure Centre
Sandringham Golf Course
Sandringham Golf Driving Range
Shipston Reserve
St Stephens Tennis Club
Thomas Street Reserve (north)
Trevor Barker Beach Oval, Beach Road, Sandringham
Trey Bit Reserve
Tulip Street Reserve (including Spring Street Reserve and Destructor Reserve)
Whyte Street Reserve
Widdop Crescent Reserve (including A.W. Oliver Field)
Wilson Recreation Reserve
William Street Reserve
W.L. Simpson Reserve
Yott Reserve (including Bodley Street Tennis Centre)

Public Use Zone
Royal Avenue Reserve, Royal Avenue, Sandringham
10.21 PROPERTY STRATEGY 2018-21

Corporate Services - Commercial Services
File No: PSF/18/98 – Doc No: DOC/18/128501

Executive summary

Purpose and background

The purpose of this report is to for Council to adopt the Property Strategy 2018, which replaces the 2014 Property Strategy. Council owns or controls a significant number of properties and buildings that are used for a variety of purposes that contribute to the delivery of all of the domains of liveability outlined in the Bayside Community Plan.

Council’s property portfolio has been assembled over many decades and has not always been guided by a coherent approach to the acquisition, use and disposal of property. The current portfolio includes land and buildings that are used for:

- direct service delivery by Council
- the delivery of community based services by not for profit organisations
- recreational and sporting pursuits
- commercial activity
- passive open space, environmental management and car parking

The land encompasses over 1,100 individual land title parcels. The majority of these relate to public open space, golf courses and roads. There are approximately 150 parcels which are mainly car parks (72) and assorted properties used for Council activities and by community groups (76). There are approximately 351 buildings on these properties with uses ranging from Council administration and services, halls, clubrooms and pavilions.

Historically Council has provided land to support community uses such as tennis, bowls and other not for profit community group uses. Much of the community infrastructure on Council land was initially built by specific community groups including sports clubs, scouts groups and other organisations. Additionally Council has built its own infrastructure and in more recent years has commenced a program of capital renewal to significantly improve aging, not fit for purpose infrastructure. The ability of community groups to meet new legislation, raise funds and maintain the infrastructure they occupy has become increasingly challenging.

Council currently has 256 occupancy agreements with various tenants for a variety of community, social, recreational or commercial purposes on Council owned or managed land. The majority of occupancy agreements are exclusive lease arrangements with only a few shared use agreements in place. Council receives an annual rental income of $3.8 million from its leased/licenced assets predominantly from commercially leased assets (Golf, Café, Leisure Centre and School use) with only minimal rental return from community leased assets of $242,000.

The current renewal expenditure on buildings and facilities is $2 million and is expected to rise annually to $6.9 million in 2022/23 then fall to $6.5 million in 2024/25, equating to an average annual renewal cost of $5.4 million over 10 years. A ‘renewal spike’ is forecast to occur in between 2030 and 2050 reflecting the fact that many assets were built in the 1950 to 1970 time period.

Improved management of the property portfolio presents a significant opportunity to enhance the public value derived from these assets through improved utilisation and financial performance where this is achievable and supports the community benefit.
There is limited change to the intent of the strategy with the vision and strategic objectives being updated to reflect a focus on maximising public value, utilisation, sustainable return and a greater focus on transparency and reporting. The Strategy is based on the following guiding principles:

1. Council property is to be used to deliver the highest possible community value
2. Property assets are to be fit for purpose, well maintained and financially sustainable
3. Property occupied by community and not for profit groups will have high levels of utilisation and generate demonstrable benefits to the broader community
4. Decisions on the future use of property will be transparent and deliver equitable outcomes
5. Council property will be used to leverage strategic outcomes and commercial return where appropriate

The vision of the Property Strategy is that:

_Council’s property portfolio is strategically aligned with its service delivery objectives and community needs. Council properties are well utilised, well maintained and generate high levels of public value._

This vision is supported by four goals.

Goal 1. The service needs of the community are supported by property now and into the future
Goal 2. Use of Council property by community groups delivers maximum public value
Goal 3. Commercial property holdings deliver sustainable return to the community
Goal 4. Open and transparent management systems & reporting

**Key issues**

The strategy does not seek to list every property project underway, however incorporates a number of major projects with significant property impacts.

**Ensuring property supports community service needs**

A number of key actions are required to be delivered in order to ensure well planned and managed property. These include understanding the longer term property needs for service delivery including direct services, open space, historic buildings and other service delivery needs. The intention is to ensure maximum utilisation of facilities either through the direct full time use of a single tenant, co-location or well-planned and managed multi use facilities.

**Maximising public value**

In order to maximise public value, decisions on the use of Council property need to take a broader perspective than just the current service delivery needs. Projects which consider renewal of assets must also review the highest and best use of the land, the other services or uses which could be co-located. Where community groups are occupying facilities or land, the agreements supporting the use should consider the group’s ability to contribute to the overall costs and to future upgrades. Whilst many groups will continue to operate under similar terms to current agreements there may be some groups that are asked to contribute more based on financial capacity and exclusivity of use. The strategy continues to support a broad range of community groups, delivering a wide range of activities through lease and licence arrangements in Council property.

**Commercial properties deliver sustainable return**
Council achieves significant income from its commercial assets, however has not always heavily invested in these assets. Aging infrastructure and higher community expectations mean that many of these properties need to be renewed. As part of planning for the future of these properties Council will consider on a case by case basis where it may be able to achieve co-investment to undertake renewal. To improve the approach to market, a longer term plan for any sites without these will be developed. This includes Council’s café and golf course assets.

Transparency in decision making

In order to deliver transparent decision making there is further work to be done to improve the property data. This includes improving data provided to Council by user groups, as well as better utilisation of Council asset data. It is proposed to report the cost of holding Council property, the user groups supported and any contribution made on an annual basis. This will provide the community with greater transparency to cost and return to support the social benefits delivered by any community groups.

Recommendation

That Council adopts the Property Strategy 2018 contained in Attachment 1.

Support Attachments

1. Draft Property Strategy

Considerations and implications of recommendation

Liveable community

Social

Council property provides significant social infrastructure and open spaces for a wide range of uses and activities. Property encompasses passive, active, structured and informal social activities. Council property also support a wide range of direct Council service delivery to the community and a variety of services delivered by other parties. Council property provides a wide range of social benefits. The extent of the community benefit against private benefit offered by some occupancy agreements will be addressed as part of the lease and licence policy. Many decisions on property will require some trade-off between local impact/benefit and the greater community cost/benefit.

Natural Environment

There are no specific natural environment issues in relation to this report. Council owned and managed land supports the natural environment. The Strategy may support environmentalal outcomes with the acquisition of land, or changes in use which support the natural environment.

Built Environment

Council property provides significant built infrastructure accessed by the Community. This includes a large number of aging facilities that were purpose built, are single use, poorly utilised, are not energy efficient and require ongoing maintenance and renewal. This encompasses car parks, assorted properties used for Council activities and by community
groups. There are approximately 351 buildings on these properties with uses ranging from Council administration and services, halls, clubrooms and pavilions.

**Customer Service and Community Engagement**

No specific engagement has been undertaken on the revised Strategy. The individual property projects in goals 1-3 will generally require specific feedback and some require statutory consultation to be undertake.

**Human Rights**

There is no Human Rights issues identified in relation to this report.

**Legal**

There are no specific legal issues in relation to this report. Council property is governed by a range of legislation including the Local Government Act. Individual projects must comply with any applicable legislation.

**Finance**

Council receives an annual rental income of $3.8 million from its leased/licenced assets predominantly from commercially leased assets (Golf, Café, Leisure Centre and School use) with only minimal rental return from community leased assets of $242K.

The current renewal expenditure on buildings and facilities is $2 million and is expected to rise annually to $6.9 million in 2022/23 then fall to $6.5 million in 2024/25, equating to an average annual renewal cost of $5.4 million over 10 years.

Individual projects with cost implications have been identified in the strategy action plan.

Ongoing maintenance and renewal in a rate capping environment creates challenges for a sustainable property portfolio. There is a need to maximise utilisation by user groups and where appropriate seek a more equitable contribution towards maintenance and renewal to manage the ongoing costs to the community.

**Links to Council policy and strategy**

The Council Plan contains three strategies that link to the property related matters as follows:

**Goal 3 - A liveable City**, strategy 3.2.1 Ensuring community assets and infrastructure meet current and expected needs;

**Goal 7 - Financial Responsibility and Good Governance**, strategy 7.1.1 Developing alternative income sources to take pressure off rate increases and improve long term financial viability; and strategy 7.1.3 Maximising community utilisation of Council assets to improve financial and/or social return.

The Long Term Financial Plan and Strategic Resource Plan identified the development of a Property Strategy as a key guide to drive better community value from Council’s property assets.

A wide range of service strategies also support the Property Strategy.

The following policies are also associated with the delivery of the strategy:

- Discontinuance and Sale of Roads, Right of Ways and Drainage Reserves Policy
- Leasing Policy
- Bathing Box and Boatshed Policy
Draft Property Strategy 2018-2021
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1. Executive Summary

Introduction

Council owns or controls a significant number of properties and buildings that are used for a variety of purposes that contribute to the delivery of all of the domains of liveability outlined in the Bayside Community Plan.

Council’s property portfolio has been assembled over many decades and has not always been guided by a coherent approach to the acquisition, use and disposal of property. The current portfolio includes land and buildings that are used for:

- direct service delivery by Council
- the delivery of community based services by not for profit organisations
- recreational and sporting pursuits
- commercial activity
- passive open space, environmental management and car parking

Improved management of the property portfolio presents a significant opportunity to improve the public value derived from these assets through improved utilisation and financial performance.

Structure of the Strategy

The Strategy identifies the Vision, principles goals and objectives that guide the manner in which Council property is to be utilised and managed. It also outlines the priority actions to be undertaken to achieve the goals and objectives and the measures that will be used to assess the success of the strategy.

Purpose

The purpose of the strategy is to ensure that Council property delivers the highest possible public value through effective planning, utilisation and management.

Scope

The scope of the strategy is Council Freehold land, Crown Land under Committee of Management, discontinued roads and rights of way, property that is leased, licensed or otherwise occupied by third parties and easements.

Property that is used for public open space, roads, bushland reserves and parkland is outside the scope of this strategy.

Council’s role/s

Council has a range of roles in managing property. These roles include planning for the long term delivery of Council services, land and property maintenance, management of tenancy arrangements with community and commercial tenants and the strategic use of property assets to achieve broader community benefit.
Key Principles

This Strategy is based on the following guiding principles:

1. **Council property is to be used to deliver the highest possible community value**
2. **Property assets are to be fit for purpose, well maintained and financially sustainable**
3. **Property occupied by community and not for profit groups will have high levels of utilisation and generate demonstrable benefits to the broader community**
4. **Decisions on the future use of property will be transparent and deliver equitable outcomes**
5. **Council property will be used to leverage strategic outcomes and commercial return where appropriate**

Key issues and findings

- Many of Council’s buildings are aging and were built for a specific type of service delivery that in many cases has not kept up with changes in service needs.
- Recent increases in funding for maintenance and renewal has eliminated the renewal gap and the overall standard of Council’s building stock is now gradually improving. However, many of these buildings are not designed to meet the needs of contemporary community service delivery.
- Council has 256 occupancy agreements in place with a variety of community and sporting groups. Most of these agreements are leases which grant exclusive occupancy regardless of the level of usage of the facility. Many community groups are resistant to sharing facilities.
- The current use of some Council land is not maximising the potential community or economic return of the asset.
- Some leased facilities are in poor condition as the tenant organisations have not kept up the maintenance of the buildings.
- There has been limited assessment of the alignment of a group to Council objectives, capacity to contribute to the ongoing management of property and the benefit derived by the use.
- The majority of Council properties occupied by community groups are provided at a minimal rental and do not always consider the capacity of the user groups to contribute further to support the management of the property.
- The contribution by the user group and the cost to maintain the property occupied has not been transparently or openly reported over time.
- Council has not historically funded or planned for the future upgrade to many commercial facilities.
- The financial constraints as a result of rate capping create a need to ensure community assets deliver effective service outcomes at an affordable cost.
- Utilisation and capacity data has proven difficult to accurately collect. A number of leases do not require utilisation data to be provided by tenants and the accuracy of tenant generated data is sometimes variable.

Vision statement

Council’s property portfolio is strategically aligned with its service delivery objectives and community needs. Council properties are well utilised, well maintained and generate high levels of public value.
Goals and strategic objectives

Goal 1. The service needs of the community are supported by property now and into the future

1.1 The Property portfolio is well planned to meet current and future service needs

1.2 Utilisation of property assets is maximised through colocation of services in multi use facilities

Goal 2. Use of Council property by community groups delivers maximum public value

2.1 Decisions on property use consider the broader public benefit

2.2 User contributions to support ongoing management of property are equitable and linked to capacity to pay and public value contribution

2.3 Utilisation of property is increased through colocation of community groups and decommissioning of buildings that are not delivering strong public value

2.4 Innovative funding models and strategic partnerships are explored as a way of delivering asset enhancement

Goal 3. Commercial property holdings deliver sustainable return to the community

3.1 Council’s property holdings are used to leverage strategic outcomes

3.2 Commercial properties have long term management and renewal plans in place

Goal 4. Open and transparent management systems & reporting

4.1 Robust Property data and analysis supports transparent decision making

4.2 Transparent reporting on property utilisation is regularly provided

Performance indicators

% return on Leased/Licensed assets - target >2.61% increasing to 3% in 2021. This indicator measures the return to Council from leased/licenced assets with an increasing reflective of a greater overall contribution.

% of Occupancy agreements that are current - target >95%. This indicator measures the ability to ensure groups occupying Council facilities that are not in over holding.

% of Occupancy agreements that have multiple users in a facility – increasing % as leases are renewed/negotiated. This indicator measures the change in occupancy patterns from single user facilities to multi user facilities.

% of Council facilities with a condition rating average, good or excellent – target >90%. This indicator is reflective of the ongoing maintenance and renewal of Council buildings.
2. Action Plan

Goal 1. *The service needs of the community are supported by property now and into the future*

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Action Item No</th>
<th>Action/s</th>
<th>Time frame</th>
<th>Costs</th>
<th>Department</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Portfolio is well planned to meet current and future service needs</td>
<td>1.1.1</td>
<td>Document and prioritise land required to be acquired for Open Space and service delivery needs</td>
<td>20/21</td>
<td>$10,000</td>
<td>Commercial Services</td>
<td>Prioritised land acquisition plan</td>
</tr>
<tr>
<td></td>
<td>1.1.2</td>
<td>Determine four year property needs related to service plans and identify changes required for property use</td>
<td>18/19</td>
<td>nil</td>
<td>Commercial Services/ Strategy and Performance</td>
<td>Prioritised property asset plan</td>
</tr>
<tr>
<td></td>
<td>1.1.3</td>
<td>Ensure service driven asset use changes incorporate consideration of highest and best use of property</td>
<td>Ongoing</td>
<td>Nil</td>
<td>Commercial Services</td>
<td>Property reviewed for highest and best use</td>
</tr>
<tr>
<td></td>
<td>1.1.4</td>
<td>Develop management plans for Council historic properties to ensure complimentary uses support ongoing service (Black Rock House, Karrebusgh, Billilla, Masonic Hall)</td>
<td>20/21</td>
<td>$60000</td>
<td>Commercial Services/ Service Areas</td>
<td>Historic properties assessment of beneficial use and long term management plans</td>
</tr>
</tbody>
</table>
| 1.2.1 | Complete upgrade of Masonic Hall and Sandringham Library to collocate community groups including  
- Decommission and sale of Abbott Street  
- Decommission and sale of Karrakatta Street | 18/19-20/21 | City Assets and Projects  
Communications  
Commercial Services  
Community Services | Funded upgrade of Sandringham library and community facilities |
| --- | --- | --- | --- | --- |
| 1.2.2 | Acquire CSIRO land  
Develop multi use community facility | 18/19  
20/21 | $15M | Urban Strategy, Commercial Services,  
City Assets and Projects,  
Communications  
Customer and Cultural Services | Land available for service use |
| 1.2.3 | Complete Hampton Hub Feasibility Study  
Complete Brighton Recreation Centre Feasibility Study | 18/19 | $50,000 | Open Space  
Recreation and Wellbeing | Plan for service and property needs |
Goal 2. Use of Council property by community groups delivers maximum public value

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Action Item No</th>
<th>Action/s</th>
<th>Time frame</th>
<th>Costs</th>
<th>Resourcing</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decisions on property use consider the broader public benefit</td>
<td>2.1.1</td>
<td>Review each lease at renewal to determine the current and proposed community benefit</td>
<td>Ongoing (lease renewal)</td>
<td>Operational budget</td>
<td>Commercial Services</td>
<td>Consistent Lease documents</td>
</tr>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td>2.1.2</td>
<td>Develop mechanism to ensure property projects consider highest and best use of land to maximise overall community benefit (including additional uses and costs)</td>
<td>18/19</td>
<td>Operational budget</td>
<td>Commercial Services</td>
<td>Mechanism to consider maximum community benefit</td>
</tr>
<tr>
<td>User contributions to support ongoing management of property are equitable and linked to capacity to pay and public value contribution</td>
<td>2.2.1</td>
<td>Complete leases / licences in over holding with focus to maximise community benefit (use/utilisation/contribution)</td>
<td>18/19-19/20</td>
<td>Operational Budget</td>
<td>Commercial Services</td>
<td>All properties have current occupancy arrangements</td>
</tr>
<tr>
<td>Community groups develop innovative funding models and strategic partnerships for asset enhancement</td>
<td>2.3.1</td>
<td>Develop a mechanism to support co-contribution or prioritisation of projects with significant or full funding from alternative sources</td>
<td>Operational Budget</td>
<td>Commercial Services</td>
<td>Open Space Recreation and Wellbeing</td>
<td>Mechanisms in place to support funding and partnerships for asset enhancement</td>
</tr>
</tbody>
</table>
Goal 3. Commercial property holdings deliver sustainable return to the community

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Action Item No</th>
<th>Action/s</th>
<th>Time frame</th>
<th>Costs</th>
<th>Resourcing</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Council's property holdings are used to leverage strategic outcomes</td>
<td>3.1.1</td>
<td>Determine opportunities to go to market for commercial operators which support co-investment where appropriate</td>
<td>18/19</td>
<td>Operational Budget</td>
<td>Commercial Services</td>
<td>Lease of assets with renewal plan</td>
</tr>
<tr>
<td>3.2 Commercial properties have long term management and renewal plans in place</td>
<td>3.1.3</td>
<td>Finalise review of Black and Well Street parking for commercial return and increase in parking</td>
<td>17/18</td>
<td>$50,000</td>
<td>Commercial Services</td>
<td>Completion of Feasibility study for increased parking that is self funding</td>
</tr>
<tr>
<td></td>
<td>3.1.4</td>
<td>Finalise construction and sale of remaining bathing box at Dendy Beach</td>
<td>18/19</td>
<td>$65k approx $300k income and $1500 ongoing</td>
<td>City Assets and Planning Commercial Services</td>
<td>Bathing Box Sale</td>
</tr>
<tr>
<td></td>
<td>3.1.5</td>
<td>Discontinue and sell laneways, roads, right of ways and drainage reserves where ownership is not required in Council name to protect the community benefit</td>
<td>ongoing</td>
<td>Nil out of pocket</td>
<td>Commercial Services</td>
<td>Income from Ongoing rationalisation of old lanes/roads reserves</td>
</tr>
<tr>
<td></td>
<td>3.2.1</td>
<td>Identify any facilities without long term plans in place and undertake site planning</td>
<td>10/20</td>
<td>$60000</td>
<td>Commercial Services and Service Managers</td>
<td>Plans for future of Council properties</td>
</tr>
<tr>
<td>Item</td>
<td>Description</td>
<td>Year</td>
<td>Cost</td>
<td>Department</td>
<td>Attachment</td>
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<tr>
<td>3.2.2</td>
<td>Determine future timing and scope for renewal of the Sandringham Family Leisure Centre</td>
<td>18/19</td>
<td>$170,000</td>
<td>Open Space Recreation and Wellbeing</td>
<td>Masterplan</td>
<td></td>
</tr>
<tr>
<td>2.3.2</td>
<td>Undertake lease for Dendy Beach Café (pending outcome of VCAT)</td>
<td>18/19</td>
<td>$10k</td>
<td>Commercial Services</td>
<td>Lease agreement</td>
<td></td>
</tr>
<tr>
<td>3.2.3</td>
<td>Complete planning and determine upgrade and future leasing approach for:</td>
<td>18/19</td>
<td></td>
<td>Open Space Recreation and Wellbeing</td>
<td>Masterplan</td>
<td></td>
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<tr>
<td></td>
<td>• Ricketts Point café</td>
<td></td>
<td></td>
<td>Commercial Services</td>
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<tr>
<td></td>
<td>• North Point café</td>
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<td></td>
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<td></td>
<td>• Jetty Road Kiosk</td>
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Goal 4. Open and transparent management Systems & Reporting

<table>
<thead>
<tr>
<th>Strategic objective/s</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Robust Property data and analysis supports transparent decision making</td>
</tr>
<tr>
<td>4.2 Transparent reporting on property utilisation is regularly provided</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic indicator/s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
</tr>
<tr>
<td>Robust Property data and analysis supports transparent decision making</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Transparent reporting on property utilisation is regularly provided</td>
</tr>
</tbody>
</table>
3. Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease</td>
<td>A right granted by the owner of land (landlord) to another person (tenant) to have exclusive possession of that land, or part thereof, for a fixed duration in return for rental payment. A lease creates an interest in land that is binding on third parties and is capable of being assigned, unless the lease specifies to the contrary.</td>
</tr>
<tr>
<td>Licence</td>
<td>Permits a person (licensee) to occupy land (or part thereof) on particular conditions. The main feature that distinguishes a licence from a lease is that a licence does not permit exclusive occupancy of the land. Unlike a lease, a licence does not create any interest in the land and the rights created by a licence are personal and do not run with the land.</td>
</tr>
<tr>
<td>Occupancy Agreement</td>
<td>A lease or licence over Council land</td>
</tr>
<tr>
<td>Commercial property</td>
<td>Council asset used by a third party to undertake a business activity under a lease or licence arrangement such as a Café, golf course</td>
</tr>
</tbody>
</table>

4. Purpose

To set the strategic direction to ensure Council property is managed for the long term community benefit that maximises the social, cultural, recreational, environmental and economic outcomes for which the land is held.

Property is a significant and highly valuable resource that directly underpins the capacity and performance of a wide range of Bayside City Council’s services. Whilst essential, it is costly to run and maintain so it is imperative that the property portfolio meets the service and community needs it is maintained for.
5. Council’s Better Place Strategic Planning Framework

The Property Strategy supports the Community Plan and Council Plan by ensuring the service needs of Council and community expectations are supported with appropriate, fit for purpose property assets to deliver the short and long term objectives of Council.

This strategy is significantly influenced by other Council strategies which provide direction for Council assets. The key supporting plans include the Recreation Strategy, Open Space Strategy and the Buildings Service Driven Asset Management Plan which provide direction on the development of Council recreation, open space and building infrastructure. It does not seek to replicate these, however planning for open space and Council owned and managed infrastructure creates the direction for where property must be retained and managed or where changes to the property portfolio are required. This may include acquisition, decommissioning, changing uses or disposal to support the delivery of Council objectives.

6. Scope

Whilst the Strategy covers all land retained by Council to meet community service delivery needs it particularly focuses on Council Freehold land, Crown Land under Committee of Management, roads and rights of ways either owned or vested in Council and no longer used for public access purposes, leases, licences, tenancies and easements. Council property portfolio includes assets worth over $1.7
Billion. Much of this relates to public open space, roads, reserves and parkland which are specifically outside the scope of this strategy.

From time to time Council will also seek to acquire or dispose of land, undertake a multiuse development or put in place occupancy arrangements for particular service delivery needs. In these cases it works to support the outcomes articulated in the specific service strategy. Where more detail in terms of land management exists in another strategic plan or master plan the reference in the property strategy will be on the work to ensure delivery of the property asset associated with that plan.

The following are specifically excluded from the Strategy:

| Roads that continue to be used for public access | Road Management Plan |
| Footpaths and curbs, drainage assets | |
| Public toilets (unless they form part of a public building) | Public Toilet Strategy |
| Open Space (except where acquisition, disposal or change in use are contemplated) | Open Space Strategy |
| Foreshore assets including car parks, boat ramps jetties and areas of the coast | Coastal Management Plan |

The Property Strategy builds on the work already undertaken by Council (via existing property policies and other service strategies) and to provide the framework to systematically review Council’s existing property portfolio, to improve the performance of key property assets and assist Council in delivering its Community Plan.
# 7. Vision statement, Principles, Goals and Strategic Objectives

**Vision:**
Council’s property portfolio is strategically aligned with its service delivery objectives and community needs. Council properties are well utilised, well maintained and generate high levels of public value.

## PRINCIPLES

1. Council property is to be used to deliver the highest possible community value
2. Property assets are to be fit for purpose, well maintained and financially sustainable
3. Property occupied by community and not for profit groups will have high levels of utilisation and generate demonstrable benefits to the broader community
4. Decisions on the future use of property will be transparent and deliver equitable outcomes
5. Council property will be used to leverage strategic outcomes and commercial return where appropriate

<table>
<thead>
<tr>
<th>Goals</th>
<th>The service needs of the community are supported by property now and into the future</th>
<th>Use of Council property by community groups delivers maximum public value</th>
<th>Commercial property holdings deliver sustainable return to the community</th>
<th>Open and transparent management, Systems &amp; Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Objectives</td>
<td>The Property portfolio is well planned to meet current and future service needs</td>
<td>Decisions on property use consider the broader public benefit</td>
<td>Council’s property holdings are used to leverage strategic outcomes</td>
<td>Robust Property data and analysis supports transparent decision making</td>
</tr>
<tr>
<td>Utilisation of property assets is maximised through colocation of services in multi use facilities.</td>
<td>User contributions to support ongoing management of property are equitable and linked to capacity to pay and public value contribution</td>
<td>Commercial properties have long term management and renewal plans in place</td>
<td>Transparent reporting on property utilisation is regularly provided</td>
<td></td>
</tr>
<tr>
<td>Innovative funding models and strategic partnerships are explored as a way of delivering asset enhancement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8. Key issues and findings

Much of Council property is held in public open space, roads, drainage, environmental and municipal uses. Only a small portion of Council land is used for direct Council service delivery with a number of facilities that support community and commercial activities. Council Strategic Building Asset Management Plans has identified long term issues with maintenance and renewal of Council facilities and incorporates an approach to funding the long term management of Council assets. This shows that there is a need to improve the management of assets occupied by community groups, commercial users and council services. The asset consumption ratio of 2.54% from this figure from modelling will be used to report the cost of an asset.

The assets occupied or used by community groups do not provide a financial return to offset the cost of managing and maintaining the assets. The broader community benefit of providing the heavily subsidised property assets needs to be considered against the financial cost as part of open and transparent reporting to the community. The services or uses provided by the community include community support services by not for profit groups, sporting, educational and social activities which may not otherwise be available.

Historically Council and community groups have not significantly invested in capital for asset renewal. The capital investment profile by Council has changed significantly in recent years with investment in pavilions, sports grounds and other community buildings. Asset management plans and Master Plans have identified changes to service needs and capital investment required into the future for some assets. The ongoing development of service plans and associated asset management plans for assets which do not yet have these is required.

Occupancy agreements in place have traditionally supported single user groups, some that have funded the initial capital investment in infrastructure as part of occupancy. Not all these groups have the capacity to fund and maintain the infrastructure they occupy with significantly more legislative requirements for occupational health and safety, escalating maintenance and capital costs and declining capacity to raise funds. The need to maintain sustainable property assets, provide needed support for community groups aligned to Council objectives means some groups will need to consider shared use, merging or finding innovative funding models into the future.

9. Background

9.1 History

Council has significant land holding which have been managed in different ways based on service delivery needs. The land uses include open active and passive space, buildings for direct service delivery, community uses, natural environment, car parking, roads, drains and other municipal purposes.

The land encompasses over 1,100 individual land title parcels. The majority of these relate to public open space, golf courses and roads. Once these are stripped out the number of parcels is reduced to approximately 150 parcels which are mainly car parks (72) and assorted properties used for Council activities and by community groups (76). There are approximately 351 buildings on these properties with uses ranging from Council administration and services, halls, clubrooms and pavilions.

Historically Council has provided land to support community uses such as tennis, bowls and other not for profit community group uses. Much of the community infrastructure on Council land was initially built by specific community groups including sports clubs, scouts groups and other organisations. Additionally Council has built its own infrastructure and in more recent years has commenced a program of capital renewal to significantly improve aging, not fit for purpose infrastructure. The ability of community groups to meet new legislation, raise funds and maintain the infrastructure they occupy has become increasingly challenging. Council currently has 250 occupancy agreements with various
tenants for a variety of community, social, recreational or commercial purposes on Council owned or managed land. The majority of occupancy agreements are exclusive lease arrangements with only a few shared use agreements in place. Council receives an annual rental income of $3.8 Million from its leased/licenced assets predominantly from commercially leased assets (Golf, Café, Leisure Centre and School use) with only minimal rental return from community leased assets of $242K.

The current renewal expenditure on buildings and facilities is $2 million and is expected to rise annually to $6.9 million in 2022/23 then fall to $6.5 million in 2026/27, equating to an average annual renewal cost of $5.4 million over 10 years. A ‘renewal spike’ is forecast to occur in between 2030 and 2050 reflecting the fact that many assets were built in the 1950 to 1970 time period.

9.2 Previous strategy

The 2014 Property Strategy was the first property strategy. The 2014 strategy was sent to all Council tenants and publicised on Council website and local papers for commentary prior to adoption. There is minimal change in the overall direction of the revised strategy which continues to address the issues of well planned and managed community infrastructure.

Over the life of the strategy Council has undertaken strategic service reviews and commenced improved service planning to identify asset needs. A number of significant property disposals and acquisitions have occurred along with major property decisions related to changing use to meet changing community needs and aspirations.

Whilst not all action have been fully completed they have set a strong framework for the updated strategy. Actions underway include finalisation and implementation of the updated Lease and Licence Policy, implementation of changes to Council Golf Courses, planning for Council’s commercial assets and improved transparency and reporting of property data.

No specific consultation has been undertaken on the updated property strategy as the issues identified have not significantly changed from the previous strategy. The specific actions which are undertaken as a result of the strategy are subject to consultation, much of this legislated. For example there are significant statutory processes related to any sale of Council land or lease arrangements of 10 years or more which mandate public advertising of the intention of Council and seeking public comment prior to finalising any decision making.

9.3 Key stakeholders

The property strategy impacts a broad range of stakeholders including residents, visitors, business operators and specific users of Council Property Assets.

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Role or Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council</td>
<td>Custodian of the asset, with Councillors representing the community and setting strategic direction as per the Council and Operational Plans.</td>
</tr>
<tr>
<td>Executive Team</td>
<td>To ensure that Asset Management policy and strategy is being implemented as adopted, and to ensure that long-term financial needs to sustain the assets for the services they deliver are advised to Council for its strategic and financial planning processes.</td>
</tr>
<tr>
<td>Manager City Assets and Projects</td>
<td>Coordinates the management of the building stock including asset systems, condition monitoring, renewal, design standards and the</td>
</tr>
</tbody>
</table>

Draft Property Strategy 2018-2021
### Internal Stakeholders

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Role or Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>development, monitoring and updating; Ensure provision of the required/agreed level of operations, cleaning and maintenance services, delivery of renewal of building components and delivery of upgrade and new capital works. To ensure that buildings are compliant with statutory responsibilities</td>
<td></td>
</tr>
<tr>
<td>Service Area Managers</td>
<td>Service managers are responsible for understanding expectations of levels of service through effective, ongoing engagement with the community (users of the service). Planning for changes to operations and maintenance, renewal and upgrade of existing buildings and the construction of new buildings depending on the outcomes of the community engagement and research on service level provisions;</td>
</tr>
<tr>
<td>Manager Commercial Services</td>
<td>Manage delivery of the Property Strategy and ensure property assets are available to support service delivery plans. Provide oversight and transparency of Council property. Ensure effective delivery of Council Lease and Licence Policy and tenants comply with lease conditions / requirements with respect to renewal, maintenance and insurance.</td>
</tr>
<tr>
<td>Internal auditors</td>
<td>To ensure that appropriate policy practices are carried out and to advise and assist on improvements</td>
</tr>
</tbody>
</table>

### External Stakeholders

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Role or Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Including community user groups</td>
<td>General users/beneficiaries of the services</td>
</tr>
<tr>
<td>Service Providers / Leasetholders</td>
<td>External organisations that provide services to the community utilising Council owned building and facilities.</td>
</tr>
<tr>
<td>Maintenance contractors (external)</td>
<td>To ensure provision of the required/agreed level of maintenance services for assets.</td>
</tr>
<tr>
<td>Utility Service Providers</td>
<td>Agencies that provide utility services such as electricity, gas, water, sewerage, telecommunications necessary to facilitate services within a building.</td>
</tr>
<tr>
<td>State and Federal Government Departments</td>
<td>Periodic provision of advice, instruction and support funding to assist with management of the building stock. Legislation and regulatory frameworks for managing Council property</td>
</tr>
<tr>
<td>Council’s Insurer.</td>
<td>Insurance and risk management issues.</td>
</tr>
</tbody>
</table>
10. Legislative and policy and context

<table>
<thead>
<tr>
<th>Local Government Act 1989</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government (General) Regulations 2004</td>
</tr>
<tr>
<td>Retail Leases Act 2003</td>
</tr>
<tr>
<td>Retail Leases Regulations 2003</td>
</tr>
<tr>
<td>Crown Land (Reserves) Act 1978 (Vic)</td>
</tr>
<tr>
<td>Occupational Health and Safety Act 2004</td>
</tr>
<tr>
<td>Residential Tenancies Act 1997</td>
</tr>
<tr>
<td>Planning and Environment Act 1987</td>
</tr>
<tr>
<td>Health Act 1958</td>
</tr>
<tr>
<td>Children’s Services Act 1998</td>
</tr>
<tr>
<td>National Competition Policy</td>
</tr>
<tr>
<td>Charter of Human Rights</td>
</tr>
<tr>
<td>Environment Protection Authority</td>
</tr>
<tr>
<td>Planning permit provisions (including liquor licence provisions)</td>
</tr>
<tr>
<td>Council Leasing Policy</td>
</tr>
<tr>
<td>Council Discontinuance and sale of roads, right of ways and drainage easements Policy</td>
</tr>
<tr>
<td>Building Act 1993 &amp; Building Regulations 2006</td>
</tr>
<tr>
<td>Building Code of Australia (BCA)</td>
</tr>
<tr>
<td>Heritage Act 1995</td>
</tr>
<tr>
<td>Planning and Environment Act 1987</td>
</tr>
<tr>
<td>Council Planning Scheme</td>
</tr>
<tr>
<td>All relevant Australian Standards</td>
</tr>
<tr>
<td>Occupational Health and Safety Regulations</td>
</tr>
<tr>
<td>All other relevant State and federal Acts and Regulations</td>
</tr>
<tr>
<td>All Local Laws and relevant policies of the Organisation</td>
</tr>
</tbody>
</table>

11. Key trends

There is an increasing expectation that assets will be available for multiple purposes and uses. This supports a focus on maximising utilisation and developing a more sustainable asset base. This is a shift away from single use single user buildings which Council has historically constructed.

Changing demographics in the Community: Asset based building services must be managed to ensure they effectively support the changing community needs and priorities. The community in Bayside has several specific demographic attributes. An increasing proportion of the community is aging, there is also a significant and growing representation of the very young. Key changes in Bayside through to 2028 are expected to see growth in seniors aged 70-84 years and growth in ‘empty nesters’ and retirees. This will require ongoing evaluation of the services offered by Council, other entities and the community to meet the changing demographic profile. Over this period population will continue to increase with 8,146 additional residents and 4,473 additional dwellings.
Market need for services: services that are provided externally by either for-profit or not-for-profit organisations influence the need for Council to provide the same service. For example the Hampton and Sandringham Childcare Centres were closed, and the buildings sold in 2014 and 2015 respectively. The expectation is however that significant community infrastructure will be required to maintain facilities for families and mature/older adults and adapt service mix and infrastructure to cater for needs of growing population of seniors, the elderly and adults aged 25-34. There will continue to be demand for provision of leisure and learning facilities and activities (USA, community centres) currently supported by Council.

The increase participation of females in sport is creating a need to ensure facilities cater equally for all needs including gender participation and accessibility.

Financial Constraints: There is currently significant capital investment in facilities to overcome the historic renewal gap. However, budgetary austerity due to rate capping will limit Council’s capacity to provide resources to support new and upgraded facilities. Increased maintenance on public open space both passive and active will create further pressure on Council finances.

Infrastructure upgrades will need to maximise facility use across all age groups and cater for accessibility, easy physical access, demand for scooter paths & parking.

Legislative Changes: The legislative requirements governing delivery of asset based building services are extensive and continually evolving. This is particularly so in the areas of Disability Access, Health and Safety and also provision of regulated services such as Child Care facilities. There is also greater pressure on maintenance of open space and physical infrastructure with increasing frequency and cost of litigation against Council.

Climate Change: Climate change raises some specific issues for Council’s Building Assets. The potential impacts of rainfall, wind and lightning events as well as increased temperature and solar radiation may reduce the life of building elements.
12. Infrastructure/ assets

12.1 Nature and type of assets

Council has over 1,100 individual land title parcels. However the majority of these relate to public open space, golf courses and roads. Once these are stripped out the number of parcels is reduced to approximately 150 parcels which are mainly car parks (72) and assorted properties used for Council activities and by community groups (76). The map below provides an indication of the location of Council land used for these purposes. The Open Space Strategy provides detailed information in relation to areas of open space and open space requirements. There are approximately 351 buildings on these properties with uses ranging from Council administration and services, halls, clubrooms and pavilions.

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23
12.2 Buildings Service Driven Asset Management Plan

The Buildings Service Driven Asset Management Plan (BAMPS) identifies the requirements of Council built assets. Below is an extract of key information related to Council facilities. Further extensive information can be found in the BAMPS, however the key issues related remaining life and condition are noted below.

Service needs are determined through strategic plans, for example Municipal Early Years Plan and the Open Space strategy. The identification of service driven asset requirements will determine where Council may need to invest in infrastructure upgrade, renewal, decommissioning or disposal of property. Service may be impacted by the condition of an asset, its fitness for the purpose that it is being used including capacity, configuration and the expectations of the community users of the service.

12.2.1 Asset Remaining Life

The remaining life of buildings is the useful life less life consumed. The table below presents the remaining life of all buildings per asset class. The buildings have been grouped into those with less than 5 years remaining life, those between 5 and 14 years remaining, 15-29 years, 30-50 years and those with more than 50 years. It is noted that approximately 15% of the building stock classified as Child Services and Recreational Facilities have less than 5 years remaining life. 70% of buildings classified as municipal have less than 15 years remaining life.

These figures are based on asset life. It is likely that many buildings will have a shorter ‘life’ resulting from the need to improve service performance of that building.

12.2.2 Building Condition

The graph below depicts the asset condition distribution for each building element type. For ease of reading, the 10 point condition scale has been translated into 5 grades, where ‘Excellent’ is anything at or below a rating of 2, ‘Good’ is 3-4, ‘Average’ 5-6, ‘Poor’ is 7-8 and anything above 8 is ‘Past Intervention Level’. Less than 1% of assets are beyond intervention point and are addressed by the annual building renewal program.

Over 90% of building assets are rated with condition ratings of either excellent, good or average and due to the age of the building stock, no significant structural works due to asset condition are required over the next 10 years. Again, this assessment is related to the condition of the asset and not service
13. Financial analysis

Council currently has 250 lease/licence agreements in place. The community assets occupied have a combined property value of $100 Million.

Council receives an annual rental income of $3.8 Million from its leased/licenced assets. The majority of this comes from commercially leased assets (Golf, Café, Leisure Centre and School use) with only minimal rental return from community leased assets of $242K.

The current renewal expenditure on buildings and facilities is $2 million and is expected to rise annually to $6.9 million in 2022/23 then fall to $6.6 million in 2024/25, equating to an average annual renewal cost of $5.4 million over 10 years. A ‘renewal spike’ is forecast to occur in between 2030 and 2050 reflecting the fact that many assets were built in the 1950 to 1970 time period.

Given the dual financial impact of rate capping and asset renewal, Council will need to deal with the increasing expectations of the community for the assets they use, private benefit versus community benefit for users, level of subsidy or equitable sharing of costs for provision of assets and the need to rationalise both facilities and level of support provided.

13.1 Asset Category Quantities & Replacement Costs

Council is responsible for 351 building and facility assets with a current replacement value of over $230 million. The table below shows the building categories and percentage by replacement value. It shows that recreation facilities are the most significant class of buildings in terms of number (47.04%) and replacement value (43.82%)

<table>
<thead>
<tr>
<th>Building Category</th>
<th>No.</th>
<th>Replacement Value</th>
<th>% by Replacement Value</th>
<th>% by Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Services</td>
<td>48</td>
<td>$13,833,600</td>
<td>5.77%</td>
<td>11.40%</td>
</tr>
<tr>
<td>Other/Misc</td>
<td>49</td>
<td>$28,384,050</td>
<td>12.30%</td>
<td>13.96%</td>
</tr>
<tr>
<td>Community</td>
<td>66</td>
<td>$48,122,140</td>
<td>21.30%</td>
<td>18.80%</td>
</tr>
</tbody>
</table>
### 13.2 Property Income for Leased Assets

Below is a breakdown of Occupancy Uses and Income for property leased or licenced to other parties. Generally these relate to community groups at a minimum rental set by annual fees and charges, however Council also has a number of commercial assets such as golf courses and cafés which provide a market rental return to Council.

<table>
<thead>
<tr>
<th>Use</th>
<th>Number</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts and Culture (includes artists in residence zero income)</td>
<td>19</td>
<td>$3,865</td>
</tr>
<tr>
<td>Kindergartens</td>
<td>19</td>
<td>$5,041</td>
</tr>
<tr>
<td>Life Saving Clubs and Coast Guard</td>
<td>7</td>
<td>$1,511</td>
</tr>
<tr>
<td>Scouts and Girl Guides</td>
<td>16</td>
<td>$3,774</td>
</tr>
<tr>
<td>Sporting (mixed commercial and community)</td>
<td>11</td>
<td>$123,097</td>
</tr>
<tr>
<td>Bowling Clubs</td>
<td>7</td>
<td>$13,109</td>
</tr>
<tr>
<td>Tennis (mixed commercial and community)</td>
<td>9</td>
<td>$224,796</td>
</tr>
<tr>
<td>Misc. Community Groups</td>
<td>10</td>
<td>$9,157</td>
</tr>
<tr>
<td>Council Depot</td>
<td>4</td>
<td>$421,460</td>
</tr>
<tr>
<td>Educational (Karnesburgh, Billilla)</td>
<td>6</td>
<td>$139,818</td>
</tr>
<tr>
<td>Golf Courses</td>
<td>4</td>
<td>$1,048,883</td>
</tr>
<tr>
<td>Leisure Centre</td>
<td>5</td>
<td>$625,455</td>
</tr>
<tr>
<td>Bathing Boxes</td>
<td>92</td>
<td>$78,439</td>
</tr>
<tr>
<td>Boat Sheds</td>
<td>13</td>
<td>$39,514</td>
</tr>
<tr>
<td>Foreshore Café</td>
<td>4</td>
<td>$550,301</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>17</td>
<td>$468,539</td>
</tr>
<tr>
<td>Residential (purchased for future parking demand pending demolition)</td>
<td>1</td>
<td>$0</td>
</tr>
<tr>
<td>Mobile food vendors</td>
<td>8</td>
<td>$48,531</td>
</tr>
<tr>
<td>Car parks</td>
<td>3</td>
<td>$7,172</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$3,813,326</strong></td>
</tr>
</tbody>
</table>

Draft Property Strategy 2018-2021
10.22 DIGITAL TRANSFORMATION STRATEGY 2018-2021

Communications, Customer & Cultural Services - Customer Experience
File No: FOL/17/4305 – Doc No: DOC/18/131578

Executive summary

Purpose and background

The purpose of this report is to present the Digital Transformation Strategy 2018-2021 for adoption.

There has been a significant shift in customer behaviour and expectations in recent years with increasing preference being shown by customers to serve themselves online for products and services anytime, anywhere and from a variety of platforms and devices. Bayside customers are comparing us to their online experience with their bank, insurer, hotels, airlines and retailers. Council needs to be able to match these experiences to meet shifting expectations and improve customer satisfaction.

Since the launch of Council’s new website in September 2016, there has been a significant increase in customers visiting the website to request services. Whilst the new website has enhanced the customer experience through the addition of more online forms and payment options, most services were designed before digital was a consideration, resulting in the online experience not being as simple and seamless as it could be for customers. A formalised approach to redesigning our services is required to optimise the experience and create efficiencies internally.

The Digital Transformation Strategy presents an opportunity for Bayside to ensure that customers have access to every service through a digital channel and that their experience is aligned with the Customer Focus Commitments outlined in the Customer Experience Policy. It also promotes a change in approach by involving customers in the design of services and using their feedback and insights for continuous improvement.

The Strategy also addresses how we will build internal capability and work in different ways to redesign services from end to end to achieve improvements in service regardless of customers’ preference of channel for interacting with Council.

Key issues

Analysis of customer data and workshops with staff identified the following key issues and findings for Council in the development of the Digital Transformation Strategy:

- Our customers are comparing us to the experience they have online with their bank, insurer and retailers.

- Most of our services were designed before digital was a consideration, therefore the online experience is not as good as it could be.

- There is a lack of in-house digital skills to support the organisation in shifting services to digital channels.

- We collect a lot of customer data but are not using it as well as we could be.

- There is limited integration with our backend technology platforms which affect the end to end customer experience and impact efficiencies internally.
The actions and measures within the Digital Transformation Strategy will address the key issues to improve the customer experience when using our digital channels.

**Recommendation**

**Support Attachments**
1. Digital Transformation Strategy 2018-2021

**Considerations and implications of proposition**

**Liveable community**

**Social**
The Digital Transformation Strategy promotes Council products and services being accessed anytime, anywhere and from any platform or device.

**Natural Environment**
The Digital Transformation Strategy promotes the reduction of paper through transferring services online i.e. reduction in paper application forms.

**Built Environment**
The Digital Transformation Strategy does not have implications for the built environment.

**Customer Service and Community Engagement**
The Digital Transformation Strategy has been developed through the collation and analysis of solicited and unsolicited customer data and from workshops with Council staff.

Council through its Customer Experience Policy aims to be a leading customer focussed organisation that uses customer insights and feedback to continually inform the design and delivery of services.

**Human Rights**
The implications of this report have been assessed and are not considered likely to breach or infringe upon the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

**Legal**
Under the Disability Discrimination Act 1992, Australian Government agencies are required to ensure information and services are provided in a non-discriminatory accessible manner. A main objective within the Digital Transformation Strategy 2018-2021 is to comply with WCAG 2.0.
Finance

To successfully deliver on the Digital Transformation Strategy there are resources required outside of the established workforce to complete the actions. Funding for specialist roles has been included in the draft 2018/19 Budget. The estimated cost of these roles for a two year period is $500,000. With the investment of resources it is anticipated that Council will have a total net benefit of approximately $1.6 million dollars as there is an increase in the uptake of digital channels which drives down the cost per interaction.

The aim of having these specialist roles are to support the organisation in redesigning services through a customer centred design approach and transferring these services to digital channels. It is expected that efficiency gains will result from increasing customer self-serve opportunities.

Links to Council policy and strategy

- Customer Experience Policy
Digital Transformation Strategy
2018 – 2021
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1. Executive Summary

Introduction

More than ever before, people expect council services to be available online. The introduction of a new Digital Transformation Strategy is an opportunity for Bayside City Council (bayside) to ensure that everyone who lives, works and plays in Bayside has access to every service through a digital channel.

The Digital Transformation Strategy promotes the design and implementation of digital services that is responsive to customers who do more and more online, through a range of different devices and sometimes in messages of under 280 characters. The introduction of digital services does not preclude other forms of service delivery such as print, telephone or face-to-face. The digital vision for the Digital Transformation Strategy is to ensure our customers are at the centre of service design and delivery.

Over time there will be an increase in the digital channel becoming the first and preferred choice for customers. In addition, the move to digital services will streamline existing processes, promote better customer experience and make all services simple and accessible for everyone. Digital channels will be a credible and preferred choice for interacting with us.

We need to prioritise change to achieve the ambition and digital vision of the Digital Transformation Strategy. The approach is structured around four Digital Strategic Goals, each with a set of recommendations that we should follow to achieve the set objectives.

The guiding light will be Digital Transformation for service design and delivery. Transformation of services will be guided by a set of six Digital Service Design Principles. These principles will ensure that all services provided by Bayside have a level of digital component, helping services to be consistently good, not consistently the same.

Structure of the Strategy

The Digital Transformation Strategy is divided into Four Strategic goals with clear objectives for each goal. These goals have been identified as priority areas that need to be focussed on to successfully deliver on the Digital Service Design principles.

Purpose

The purpose of the Digital Transformation Strategy is to identify how we will transform services to be available via our digital channels, how we will measure its success and the outcomes/benefits for customers and community over the next four years.

The strategy will further support Council’s commitment to being recognised as a customer focussed organisation and ensure that customers have an influence on how services are delivered through the opportunity to co-design individual services in collaboration with Council. This will ensure the customer experience is aligned with the four customer focus commitments as outlined in the Customer Experience Policy.

The focus will now be on transforming services to be of higher quality through the transition to digital channels. It is also envisioned that deficits in the experience through traditional channels such as telephone, email, face to face and letters will be addressed through the transformation process.

This strategy does not aim to shift customers to use digital channels by default. It is a channel by choice viewpoint, with an emphasis on digital channels being the preferred option.

Scope

This is a four year strategy 2018 - 2021. The scope includes activities that shift customers to use more digital services as their first option when they connect and engage with Council. If they choose to engage us by telephone, email or face to face, we will ensure their experience is easy, effective and consistent. This strategy identifies the requirement to develop Bayside’s people to ensure they have the right mindset and right skills.
The Digital Transformation Strategy does not sit alone in enhancing the lives of Bayside’s customers, it is complimented by a number of other strategies, policies and plans being:

- The Customer Experience Policy.
- The Information and Communication Technology (ICT) Strategy.
- The Organisation Strategy.
- Bayside’s Better Place Approach.
- The People Strategy.

Council’s role/s

Council has a role in being a high quality service provider and setting standards for customer service that addresses the needs and expectations of the community. As a service provider, we aim to provide an experience that aligns with the commitments outlined in the Customer Experience Policy of being easy to deal with, effective, empathetic and trusted. We will continually aim to improve service delivery through measuring performance to ensure the quality of service continually satisfies and meets the needs and expectations of customers and community.

Key principles

The principles guiding this strategy are:

- **Always Open:** Available to customers 24 hours a day, 7 days a week
- **Simple:** Reduced complexity and improved customer experience.
- **Collaborative:** Where appropriate data is accessible by other councils, government, business owners and customers to facilitate collaboration and improved services.
- **Efficient:** Both front and back of house systems are linked to each other, reducing administrative burden.
- **Any device:** Available on the device the customer chooses.
- **Savvy:** Users experience smooth transitions between services.

Key issues and findings

A key part of the development of the strategy was through a series of workshops with staff to better understand the internal environment i.e. the culture, barriers and opportunities for digital transformation and external challenges facing Bayside. Key insights were,

- Bayside’s people (staff) are dedicated to their work and are passionate about the opportunity to make a difference in people’s lives. They also have good foundations to build on by better use of existing technology and platforms.
- Barriers to improving service delivery and transitioning services to online channels were identified through a lack of experience in the specialised areas of human centred design and agile delivery i.e. processes are designed around departments, not customers.
- Decision making and policies have been developed in the past where the customer has not necessarily been front of mind which has impacted service delivery due to internal processes being bureaucratic and overly complex.
- Services that were designed before digital was a consideration have been replicated on the website without following a formalised methodology. This has resulted in less customers adopting digital channels as a preference and impacted internal efficiencies.
- The Council budget process did not align with agile project delivery which is required when delivering digital initiatives. It was identified that funding would be required more sporadically than the current cycle.
- There are issues in relation to the process for creating content for the website. Having a distributed authoring approach has resulted in content not being optimised for customers to find what they are looking for. This forces customers to resort back to more traditional channels such as telephone and in person.
- Council enterprise technology platforms were identified as a barrier due to a lack of integration which impacts the customer experience when using digital channels and staff experience when administrating customer interactions.
• Opportunities identified included the collection, analysis and use of customer data and insights to inform decision making and the design and implementation of streamlined digital services across all services.

**Vision statement**

We put our customers at the centre of service design and delivery.
### Objective and strategies

The following objectives underpin the four goals of the strategy.

<table>
<thead>
<tr>
<th>Strategic Goal</th>
<th>Objective</th>
<th>Strategies</th>
</tr>
</thead>
</table>
| Customer First          | We will have services that put our customers first | • Develop a plan to improve the capture of customer data to inform the design and delivery of services.  
• Develop an approach that ensures customers are a central consideration in decision making and policy development.  
• Develop a methodology for redesigning services that incorporates customer journey mapping, process mapping and technology to improve end to end service delivery. |
| Effective Digital Governance | We will save time and cost for customers and staff | • Implement a governance structure that supports informed decisions and priorities for investment in technology and resources.  
• Implement a funding structure that enables Council to respond quickly to changing needs of customers (Agile).  
• Implement the ICT Strategy to ensure back end systems are integrated to provide a streamlined end to end process for customers and staff. |
| Strong Internal Capability | We will embed a customer centric culture          | • Develop methodologies to increase knowledge of who our customers are and what they need from us.  
• Recruit specialist roles that support the redesign of services.  
• Develop a plan to increase capability for the development and ongoing management of digital services and channels including:  
  - Accessibility compliance  
  - Web content writing  
  - Service design  
  - Agile project delivery  
  - Customer data analysis |
| Different Ways of Working | We will build capability for end to end service design | • Develop processes that foster an environment for organisational cross collaboration in service delivery.  
• Develop a methodology for using data to inform priority areas and readiness for digital transformation.  
• Develop a reporting framework that informs continuous improvement opportunities in service delivery and success of digital project implementations.  
• Develop and deploy an approach that ensures staff are engaged and committed to providing a great customer experience. |
### 2. Action Plan

**Objective:** We will have services that put our customer first.

<table>
<thead>
<tr>
<th>Customer First Item No</th>
<th>Action/s</th>
<th>Time frame</th>
<th>Costs</th>
<th>Resourcing</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Conduct a gap analysis on customer data and develop a plan to obtain required data</td>
<td>Year one</td>
<td>Existing Internal Resources</td>
<td>Customer Experience/ Community Engagement</td>
<td>Gaps in customer data identified and required data is captured/obtained.</td>
</tr>
<tr>
<td>2.</td>
<td>Develop and deploy measurement standards into all digital projects to measure success and return on investment (ROI)</td>
<td>Year two</td>
<td>Existing Internal Resources</td>
<td>Customer Experience</td>
<td>All projects are measured post deployment for learnings and continuous improvement.</td>
</tr>
<tr>
<td>3.</td>
<td>Build customer first into process mapping</td>
<td>Year two</td>
<td>Existing Internal Resources/ Specialist Digital roles</td>
<td>Customer Experience/ Strategy and Performance</td>
<td>Processes are developed with a customer first mindset.</td>
</tr>
<tr>
<td>4.</td>
<td>Develop and deploy a methodology to co-design digital initiatives with customers and test user experience (UX)</td>
<td>Year two</td>
<td>Specialist Digital roles</td>
<td>Customer Experience</td>
<td>Customers become a part of service design and all processes are tested before ‘going live’ on a digital channel.</td>
</tr>
<tr>
<td>5.</td>
<td>Conduct a pilot of co-design and UX methodology and tools and refine as required.</td>
<td>Year one</td>
<td>Specialist Digital roles</td>
<td>Customer Experience/ Information Services / Subject Matter Experts</td>
<td>Methodology is tested and improved if required.</td>
</tr>
<tr>
<td>Action Item No</td>
<td>Action(s)</td>
<td>Time frame</td>
<td>Costs</td>
<td>Resourcing</td>
<td>Deliverable</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------------------------------------------------------------------</td>
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<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>7</td>
<td>Establish the ICT/Digital Advisory Committee (IDAC) with a broad membership from across the organisation and adopt terms of reference.</td>
<td>Year one</td>
<td>Existing Internal Resources</td>
<td>Customer Experience / Information Services</td>
<td>A governance structure is implemented to ensure that there is an authority to approve digital and technology projects and procurement.</td>
</tr>
<tr>
<td>8</td>
<td>Complete a service inventory to inform digital service initiatives and priorities.</td>
<td>Year one</td>
<td>Existing Internal Resources</td>
<td>Customer Experience / Strategy and Performance / Service areas</td>
<td>A comprehensive inventory is developed of services provided by Bayside and customer data is incorporated to inform priority projects i.e. High volume/low satisfaction.</td>
</tr>
<tr>
<td>9</td>
<td>Develop a reporting and monitoring mechanisms for digital activities.</td>
<td>Year two</td>
<td>Existing Internal Resources</td>
<td>Customer Experience</td>
<td>Digital activities are constantly reviewed and improvements deployed where necessary for ultimate efficiency gain.</td>
</tr>
<tr>
<td>10</td>
<td>Review procurement templates to ensure digital criteria is being addressed when purchasing technology platforms.</td>
<td>Year two</td>
<td>Existing Internal Resources</td>
<td>Customer Experience / Information Services / Procurement</td>
<td>All Requests for Quote/Tenders have digital business/system requirements incorporated in them to ensure Bayside are purchasing the right systems.</td>
</tr>
</tbody>
</table>

**Objective:** We will save time and cost for customers and staff.

**Strategic objective/s**

- Decrease in cost per interaction.
- Increase in digital channel uptake.
- Decrease in customer complaints in relation to process and systems.
<table>
<thead>
<tr>
<th>Item 10.22 – Reports by the Organisation Page 630 of 743</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>11. Conduct an assessment on existing technology platforms to assess integration capability.</td>
</tr>
<tr>
<td>12. Conduct a review of project groups post project implementation.</td>
</tr>
<tr>
<td>13. Develop a Channel Management Plan that outlines how all contact channels will be managed into the future.</td>
</tr>
</tbody>
</table>

Objective: We will embed a customer centric culture

<table>
<thead>
<tr>
<th>Strategic objective/s</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increase in staff engagement scores in staff engagement survey.</td>
</tr>
<tr>
<td>• Decrease in customer complaints in relation to service, process, decision and staff conduct.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action Item No</th>
<th>Action/s</th>
<th>Time frame</th>
<th>Costs</th>
<th>Resourcing</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. Strong Internal Capability</td>
<td>Conduct a skills and capability assessment to understand gaps for deployment of digital transformation initiatives.</td>
<td>Year one</td>
<td>Specialist Digital roles</td>
<td>Customer Experience/ Strategy and Performance</td>
<td>A high understanding of development initiatives required to have the organisation skilled in digital service delivery.</td>
</tr>
<tr>
<td>14.</td>
<td>Identify and establish existing specialist roles required to deliver on digital projects. Recruit specialist roles.</td>
<td>Year one</td>
<td>$250k</td>
<td>Executive Team/ Customer Experience</td>
<td>Specialist roles are recruited to deliver on the Digital Transformation Strategy and existing resources are deployed into digital projects where required.</td>
</tr>
</tbody>
</table>

Digital Transformation Strategy
<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>15.</strong></td>
<td>Develop a change plan for the organisation that promotes digital being everyone’s responsibility.</td>
<td>Year one</td>
<td>Existing internal resources</td>
</tr>
<tr>
<td><strong>16.</strong></td>
<td>Develop an engagement and communications plan for customers to inform digital changes.</td>
<td>Year two ongoing</td>
<td>Existing internal resources</td>
</tr>
<tr>
<td><strong>17.</strong></td>
<td>Establish a digital champions group</td>
<td>Year two</td>
<td>Existing internal resources</td>
</tr>
<tr>
<td><strong>18.</strong></td>
<td>Develop tools and resources for staff to easily access for digital projects i.e. Intranet</td>
<td>Year two</td>
<td>Existing internal resources</td>
</tr>
<tr>
<td><strong>19.</strong></td>
<td>Share findings and insights regularly with staff and celebrate success.</td>
<td>Year two</td>
<td>Existing internal resources</td>
</tr>
<tr>
<td><strong>20.</strong></td>
<td>Develop governance to support the leadership group in considering digital transformation in other plans and strategies</td>
<td>Year two</td>
<td>Existing internal resources</td>
</tr>
<tr>
<td><strong>21.</strong></td>
<td>Add digital skills into position description and performance appraisals/plans</td>
<td>Year two - Ongoing</td>
<td>Existing internal resources</td>
</tr>
</tbody>
</table>

Digital Transformation Strategy

Risks have been identified and mitigations developed to ensure successful delivery of the Digital Transformation Strategy.

Customers are aware of increase in services available via digital channels.

Departments are supported by representatives from their service area.

The organisation is supported through the provision of online tools and resources.

Staff are informed of digital projects starting, completed and the impacts internally and externally.

Digital Transformation is a consideration in the development of organisational plans and strategies where relevant.

When position descriptions are reviewed, digital skills sets are added where required. Performance plans have digital goals where appropriate.
Objective: We will build capability for end to end service design

Strategic indicator/s
- Increase in staff engagement scores in staff engagement survey.
- Decrease in customer complaints in relation to service, process, decision and staff conduct.

<table>
<thead>
<tr>
<th>Different Ways of Working</th>
<th>Action Item No</th>
<th>Action/s</th>
<th>Time frame</th>
<th>Costs</th>
<th>Resourcing</th>
<th>Deliverable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22.</td>
<td>Review budget process for digital projects to allow for agile project delivery</td>
<td>Year two</td>
<td>Existing internal resources</td>
<td>Customer Experience, IDAC, Finance</td>
<td>An agile approach to project delivery can be taken.</td>
</tr>
<tr>
<td></td>
<td>23.</td>
<td>Make data visible across the organisation through dashboards, reports and presentations</td>
<td>Year two - Ongoing</td>
<td>Existing internal resources</td>
<td>Customer Experience/ Communications</td>
<td>Staff are informed on digital transformation projects and organisational impacts.</td>
</tr>
<tr>
<td></td>
<td>24.</td>
<td>Design and implement an internal feedback mechanism on digital initiatives.</td>
<td>Year two - Ongoing</td>
<td>Existing internal resources</td>
<td>Customer Experience</td>
<td>Staff have an opportunity to provide feedback on how digital projects are impacting their roles.</td>
</tr>
<tr>
<td></td>
<td>25.</td>
<td>Design and implement ways for staff to share ideas in relation to enhancing digital channels and service delivery i.e. Hackathons</td>
<td>Year two - Ongoing</td>
<td>Existing internal resources</td>
<td>Customer Experience</td>
<td>Staff have the right setting/environment to be innovative and drive digital projects.</td>
</tr>
</tbody>
</table>
3. Glossary

When it comes to digital there is no shortage of buzzwords that can make understanding and communicating difficult and complex.

At Bayside we want to keep everyone on the same page and make things as simple as possible for people to understand. This glossary explains some common digital and customer experience terms.

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agile</td>
<td>A project management methodology that delivers incremental improvement to customers over time.</td>
</tr>
<tr>
<td>BAU</td>
<td>Business as usual.</td>
</tr>
<tr>
<td>Channels</td>
<td>The different ways in which a person can interact with Bayside including: social media, in person, phone, mail, etc.</td>
</tr>
<tr>
<td>Customer</td>
<td>Any one that lives, works or plays in Bayside.</td>
</tr>
<tr>
<td>Customer centric</td>
<td>An organisation with a common view of the customer that unifies them.</td>
</tr>
<tr>
<td>Customer experience (CX)</td>
<td>A sum of all passive and active interactions a customer has with Bayside.</td>
</tr>
<tr>
<td>Customer Service Journey Mapping</td>
<td>A visual representation and narrative of a customer’s journey with Bayside from initial engagement to final response.</td>
</tr>
<tr>
<td>Digital</td>
<td>A seamless always-on experience enabled by technology.</td>
</tr>
<tr>
<td>Digital Governance</td>
<td>The decision making processes and structure that sits around digital.</td>
</tr>
<tr>
<td>Digital vision</td>
<td>A future aspirational view of where the organisation is heading or what the organisation is setting out to achieve in relation to digital (e.g. over the next 2, 5, 10 years).</td>
</tr>
<tr>
<td>IDAC</td>
<td>ICT/Digital Advisory Committee.</td>
</tr>
<tr>
<td>Innovation</td>
<td>A new way of doing things. This could be small improvements or large overhauling of processes.</td>
</tr>
<tr>
<td>Permission to fail</td>
<td>A cultural phenomenon where staff have the option to try new things even where they don’t succeed. A culture that encourages learning from mistakes and giving things a go.</td>
</tr>
<tr>
<td>Photo journal Research</td>
<td>A comparable visualisation of existing digital projects (Benchmarking).</td>
</tr>
<tr>
<td>Prototype</td>
<td>A simulation of a process that can be used for testing with customers.</td>
</tr>
<tr>
<td>Purpose</td>
<td>A clear rationale for why the organisation exists, or its reason for being. This will link to Bayside’s other strategies for a cohesive purpose.</td>
</tr>
<tr>
<td>Roadmap</td>
<td>A visualisation of what actions are needed to achieve the objectives within the Digital Transformation Strategy.</td>
</tr>
<tr>
<td>Strategy</td>
<td>Making choices that lead to sustainably superior performance. A good strategy should provide an organisation with a clear and coherent way to achieve goals.</td>
</tr>
<tr>
<td>User Experience (UX)</td>
<td>The experience of someone using a particular product or service. A product with good user experience means it is easy for someone to use, navigate around and complete their goal.</td>
</tr>
</tbody>
</table>
4. Purpose

The purpose of the Digital Transformation Strategy is to inform how Council will transform services to be available via digital channels, how we will measure its success and the outcomes/benefits for customers and community over the next four years.

The strategy will further support Council’s commitment to being recognised as a customer focussed organisation and ensure that customers have an experience aligned with the four customer focus commitments as outlined in the Customer Experience Policy;

1. Easy to deal with
   Our services are easily accessed and simple resulting in a seamless customer experience.

2. Empathetic
   We listen to our customers, are willing to assist and use language our customers understand.

3. Effective
   Our staff are skilled in the delivery of customer service and manage interactions in a timely way.

4. Trusted
   We are willing to offer a solution with the customer’s best interest at heart.

There has never been a better time to embrace digital and further embed it in the DNA of Bayside. Much work has already been done, including the redesign of the website and increased focus on customer service over previous years. Beyond this, Bayside recognises it is no longer sufficient to consider digital as an add on option. Today’s customers expect it. Digital channels and services are an essential component for any modern service delivery organisation.

Digital will support Bayside’s unique population

Bayside City Council serves over 100,000 residents in Melbourne’s south. Bayside’s population is characterised by a rapidly ageing, older population with less comfort, familiarity and trust in transacting online. However, there is still a variety of people in the council including customers that are not residents who will interact with Bayside. This variety of customers means that Bayside’s digital experience must be seamless, consistent, easy and informed.

The Digital Transformation Strategy will improve the customer experience by providing services in a way and at a time that works for Bayside’s customers. The flow on affects for Council will be profound. Investment of time upfront in delivering this digital strategy will lead to a reduction in customer calls and complaints, and reduced administration such as duplicating and maintaining records in more than one system. The strategy will require a commitment from the entire council, from the councillors to the front line staff to make sure decisions are made across and throughout the Council that increase the way Bayside works digitally for customers.

This strategy is designed to cover all of Bayside’s customers. This includes people who;

1. Live in Bayside – Resident homeowners, renters and people living in care or community housing.
2. Work in Bayside – Any business owner or person employed or working in Bayside
3. Play in Bayside – Anyone who visits Bayside for leisure including tourism, dining, using sporting facilities and the beach.

Digital can make Bayside a better place

Implementing the Digital Transformation Strategy will ensure that customers will experience simple and effective services at each step of their interaction with Bayside.

Redesigning services to be digital mean services are more open and accessible, while also providing a quicker and improved customer experience. The focus on service design signals an intention to not simply digitise existing services that are already difficult for customers to use; rather Bayside should commit to fundamentally redesigning services specifically for digital channels and in ways which work for customers.

While this might take more time, it is the right approach for Bayside’s customers, and will position Bayside well for the future by building the skills needed to respond to new and changing customer demands. It is also envisioned that deficits in the experience through traditional channels such as telephone, email, face to face and letters will be addressed through the transformation process.

Beyond the service improvements, the Digital Transformation Strategy also signifies a step change in the type of relationship Bayside wants to cultivate with customers. Products and services will be designed with customers’ needs front and centre. A customer-centred approach is open and collaborative in its nature and builds a more trusting relationship between the provider and customer.

Digital Transformation Strategy
To implement this, there are two sets of guiding principles:

- Digital Transformation Service Design Principles: Bayside’s guidelines for a successful transition to digital services.
- Bayside’s Digital Strategic Goals: A commitment to change internally to deliver a better customer experience.

Making Bayside a Better Place

Through the vision of customer driven service design and the streamlining of processes to improve the end to end customer experience, the Digital Transformation Strategy sits within the Service, People and Efficiency elements of the Making Bayside a Better Place Approach.

The Digital Transformation Strategy does not sit alone in enhancing the lives of Bayside’s customers, it is complimented by a number of other strategies, policies and plans:

- The Customer Experience Policy that describes the high level of customer experience you can expect from Bayside.
- The Bayside ICT strategy that will provide a safe and secure environment for our customers and staff to use digital services.
- The Organisation Strategy which mirrors the capabilities discussed in the Digital Transformation Strategy to support innovation and digital across the organisation.
- Bayside’s better place approach which itself encompasses the Organisation Strategy and Continuous Improvement.

5. Council’s Better Place Strategic Planning Framework

The Digital Transformation Strategy has been identified in the Council Plan 2017-2021 as a key action to identify and implement improvements in Council services, efficiency and outcomes for the Bayside community.
6. Scope
This is a four year strategy 2018 - 2021. The scope includes activities that shift customers to use more digital services as their first option when they connect and engage with Council. If they choose to engage Council by telephone, email or face to face, Council will ensure their experience is easy, effective and consistent. This strategy does not aim to shift customers to use digital channels by default. It is a channel by choice viewpoint, with an emphasis on digital channels being the preferred option.

<table>
<thead>
<tr>
<th>The strategy scope <strong>WILL</strong> focus on:</th>
<th>The strategy scope <strong>WILL NOT</strong> focus on:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Digital Transformation Approach</strong></td>
<td><strong>Digital by Default Approach</strong></td>
</tr>
</tbody>
</table>
| Combines the design of digital services, using technology to provide services without restricting customer’s choice of channel. The emphasis is on Bayside to design digital services that are compelling enough that customers choose it over other available channels. | A deliberate strategy to push customers to digital channels and turn off other channels. This strategy assumes that all Bayside services would be best delivered by a digital channel. Some services will need to be provided by a range of channels, not just digital.

7. Key principles
The key principles that guide this strategy are:

- **Always Open:** Available to customers 24 hours a day, 7 days a week
- **Simple:** Reduced complexity and improved customer experience.
- **Collaborative:** Where appropriate data is accessible by other councils, government, business owners and customers to facilitate collaboration and improved services.
- **Efficient:** Both front and back of house systems are linked to each other, reducing administrative burden.
- **Any device:** Available on the device the customer chooses.
- **Seamless:** User’s experience smooth transitions between services.

Digital Transformation Strategy
8. Vision statement

We put our customers at the centre of service design and delivery.

9. Goals and strategic objectives

While there are a lot of opportunities for becoming a digital organisation, making the transition will be challenging. Bayside provides a diverse range of services that can span from transactional to the complex, customers come in all shapes and sizes, and services themselves are at different points in their journey to adopt digital service design. To deliver on the digital transformation principles, Bayside will need to prioritise in some important areas. The Digital Strategic Goals provide a roadmap to enable this transition to be focused and achievable.

<table>
<thead>
<tr>
<th>Strategic Goal</th>
<th>Objective</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer First</td>
<td>We will have services that put our customers first</td>
<td>• Develop a plan to improve the capture of customer data to inform the design and delivery of services.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Develop an approach that ensures customers are a central consideration in decision making and policy development.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Develop a reporting framework that informs continuous improvement opportunities in service delivery and success of digital project implementation.</td>
</tr>
<tr>
<td>Effective Digital Governance</td>
<td>We will save time and cost for customers and staff</td>
<td>• Implement a governance structure that supports informed decisions and priorities for investment in technology and resources.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Implement the ICT Strategy to ensure back end systems are integrated to provide a streamlined and to end process for customers and staff.</td>
</tr>
<tr>
<td>Strong Internal Capability</td>
<td>We will embed a customer-centric culture</td>
<td>• Develop methodologies to increase knowledge of who our customers are and what they need from us.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Develop and deploy an approach that ensures staff are engaged and committed to providing a great customer experience.</td>
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<tr>
<td></td>
<td></td>
<td>• Develop a plan to increase capability for the development and ongoing management of digital services and channels including:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Accessibility compliance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Web content writing</td>
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<tr>
<td></td>
<td></td>
<td>- Service design</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Agile project delivery</td>
</tr>
<tr>
<td>Different Ways of Working</td>
<td>We will build capability for end to end service design</td>
<td>• Develop a methodology that incorporates customer journey mapping, process mapping and technology to improve end to end service delivery.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Develop processes that foster an environment for organisational cross collaboration in service delivery.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Develop a methodology for using data to inform priority areas and readiness for digital transformation.</td>
</tr>
</tbody>
</table>

Digital Transformation Strategy 16
**Measures**

Bayside has established the following Key Result Area (KRA) Performance Outcomes through the Organisation Strategy.

<table>
<thead>
<tr>
<th>Digital Transformation Objective</th>
<th>Organisation Strategy Objective</th>
<th>Strategic Indicators</th>
<th>Outcomes</th>
</tr>
</thead>
</table>
| We will have services that put our customers first | • We know our customers and respond to their needs.  
• We provide the right services at the right quality and cost.  
• We deliver our statutory responsibilities with integrity. | • 5% increase in customer satisfaction survey scores.  
• 10% decrease in customer complaints received in relation to service, process and decision. | • Customer needs inform the design and delivery of services.  
• Service processes are tested with customers before design is finalised and deployed based on customer feedback.  
• Service processes are continually reviewed for improvement through robust customer service reporting inclusive of root cause for complaints.  
• Increased customer satisfaction when interacting with Bayside.  
• Continued focus on the customer through customer service performance reporting framework. |
| We will save time and cost for customers and staff | • We demonstrate the value we deliver to the Community.  
• We operate efficiently and continually look for ways to improve value. | • 10% decrease in overall cost per interaction.  
• 10% increase in digital channel uptake.  
• 10% decrease in customer complaints in relation to process and systems. | • Improved efficiencies through increasing customer self-serve opportunities.  
• Reduced cost per interaction by decreasing interactions via traditional channels.  
• Reduction in staff labour through designing service processes that result in a streamlined backend (automation).  
• Improved efficiencies through relevant content on digital channels.  
• Strong governance in deployment to ensure limited resources are directed towards service improvements of most benefit.  
• Reduction in the volume, severity and cost associated with customer complaints leading to workload capacity gains for our senior leaders and service staff. |
| We will embed a customer centric culture | • We have highly engaged people.  
• We are a high performing organisation.  
• We have the right skills and behaviours for success. | • 5% increase in staff engagement scores in staff engagement survey.  
• 10% decrease in customer complaints in relation to service, process, decision and staff conduct. | • Greater knowledge of who the customer is and what their needs are.  
• Customer is the central consideration in decision making, policy development and service design.  
• Improved relationships with customers through reduction of complaints and difficult interactions. |
| We will build capability for end to end service design | • We collaborate within and across teams. | • 5% increase in staff engagement scores in staff engagement survey.  
• 10% decrease in customer complaints in relation to service, process, decision and staff conduct. | • Development of a Customer Service Journey Map methodology which looks to optimise service delivery across all contact channels.  
• Deployment of methodology in targeted areas of the organisation as identified through researching existing customer data i.e. high volume/high dissatisfaction  
• Linking customer, process and technology within each service process through cross collaboration of all relevant stakeholders  
• Assessing digital readiness through the development of evidence based business cases. |

**Digital Transformation Strategy**
10. Key issues and findings
A key part of the development of the strategy was through a series of workshops with staff to better understand the internal environment i.e. the culture, barriers and opportunities for digital transformation and external challenges facing Bayside.

The key insights are reflected in the below Strength, Weaknesses, Opportunities and Threats (SWOT) matrix.

Strengths
- *People*: Bayside’s people are dedicated to their work and passionate about the opportunity their job presents to make a difference to people’s lives.
- *Ideas*: There is no shortage of passion, compassion and ideas amongst front line staff that could improve services to customers.
- *Progress*: Bayside has good foundations to build on, there are many things that could be improved using existing technology and platforms.

Weaknesses
- Inadequate digital infrastructure or technology partners to support innovation, prototype and test solutions quickly.
- Limited experience of digital service design and delivery, agile and human centred design within Bayside i.e. processes are designed around departments, not customers.
- Lack of customer data to help prioritise digital projects for delivery of the strategy.
- Strategic confusion and complexity across Bayside, with many competing priorities.
- Lack of ambition, and or digital literacy by some Bayside employees.
- Council enterprise technology platforms lack integration points which impact the customer experience when using digital channels and staff experience when administrating customer interactions.
- Decision making and policies developed in the past have not necessarily had customer front of mind which has impacted service delivery due to internal processes being bureaucratic and overly complex.

Opportunities
- To design and implement streamlined digital services across every service, so digital is a preferred option for customers.
- Improved budget funding processes that allow for the agile delivery of digital projects.
- Increased accessibility to essential services for customers.
- Streamlining services through the use of digital to allow for resources to be used for value add activities rather than administration.
- To collect, analyse and user customer data and insights to inform decision making.
- Build capabilities that will help Bayside respond to future challenges.
- Invest in change management to ensure a culture of customer centricity is embedded in redesigning services.

Threats
- Politicalisation of any changes that might be made to service design.
- Lack of budget, resources and desire to deliver the pledges made in the strategy.
- Legislative constraints to service redesign.
- Rate capping and reduced budgets.

11. Methodology
Nous was commissioned by Bayside City Council (Bayside) to co-design and develop a digital strategy. Nous worked to bring together research, insights and recommendations into one strategic document to paint a picture of the future for Bayside. UltimatelyNous produced two documents, one that shared the insights of the process with Bayside (separate document), the other is this document which outlines the digital strategy.

Digital Transformation Strategy
including suggested next steps Bayside can take to harness digital, creating new ways of relating, connecting and delivering services to customers.

The steps undertaken in the methodology were:

• Meeting with the Executive Team to define success.
• Facilitated workshop one. This focused on looking to the past to inform the future and work out what propels Bayside forward and what could hold them back.
• Synthesis to bring together the learning and insights from the workshop process and the expectations of the management team. The insights were grouped into themes for a strategy and tested with staff from across the Council.
• Interview conducted with IT team to discuss intersection of IT and digital, and to understand the relationship between the current technology infrastructure and digital needs.
• Facilitated workshop two. This focused on detail about different elements of the strategy including an exploration of the digital vision, governance and capability.
• Reviewed findings in line with digital priorities at both state government and federal government levels.
• Explored customer feedback provided from a range of sources including customer service reports, consultation for the Community Plan 2025, complaints information and social media channels.
• Tested some service pathways to gain a first-hand understanding of the current customer experience.

Ultimately all research was collated into a draft strategy which was submitted for comment.

12. Background

History

Online is increasingly the go-to method for customers to seek information about services or to lodge a query. Bayside’s website serves on average 250,000 to 400,000 unique visitors a year (based on Financial Year 14 to Financial Year 16 data). Recent reports show an increase from Financial Year 15 to Financial Year 16 in enquiries across the website (+43.2%) and Facebook (+13.8%), while, conversely, FY16 saw a decrease of 20% in customer enquiries by phone (although it still remains the channel with the highest volume of enquiries).

While some work has already been undertaken to improve customer experience in Bayside, there is a lot left to do. In fact, it is never really ‘all done’ and requires a continuous improvement approach to stay up-to-date with customer, sector and digital trends.

Bayside currently organises services around core business functions. Unfortunately, these functions are not often the way customers want to interact with services. Customers find this disconnection of services confusing and difficult to navigate. They can become frustrated when different parts of the Council’s service offering do not connect with each other, such as the need to provide a change of address to multiple service areas. Redesigning services with a digital mindset provides Bayside the opportunity to leap over some of these issues so customers can access the services they need in a way that makes sense to them as well as provide internal efficiencies for Bayside. What’s more, this can be done without having to redesign the organisation.

Bayside offers a number of online forms and payments for customers; however from the customer perspective, these two elements are not always well-connected. An example is Pet Registration. Customers currently complete the form details without making a payment. Once the form is submitted, the website informs the customer their form was successfully submitted, but no information is given about what happens next on the screen. The customer then receives an unbranded email telling them they will receive an invoice which they can pay online in a few days.

Customers are bringing their experiences of booking hotels and buying tickets online when they use services like Bayside’s Pet Registration Form, and they are expecting a simple, fast and easy-to-follow process. While there may be additional complexities in this instance, such as Council checks and approvals, the customer could still provide their payment details at the point of submitting the form, which could be held as pending until Bayside approves the application and processes the payment.
As a result the customer is required to have multiple interactions with Council for the one application. On the other end, staff are required to generate an invoice and also have multiple interactions for the one application.

There is an opportunity to provide clearer information about the steps in the process on both the online form and the confirmation email to ensure the customer understands what will happen next.

**Previous strategy**

In 2017 Bayside completed the implementation of the Customer Focus Strategy 2013-2017. The strategic goals within the Customer Focus Strategy were focussed on the four Customer Focus Commitments of being easy to deal with, empathetic, effective and trusted as outlined in Council’s Customer Experience Policy.

Within the four commitments key initiatives included:

- Simplify processes to remove any unnecessary steps so that both internal and external customers are confident in processes.
- Easier access to Council services by simplifying access and delivery of services via Council’s main customer interaction channels.
- Integrating technology and improving its use within customer focussed processes.
- Completion of a centralised customer service centre project.
- Development and delivery of a corporate customer service training package.
- Further developing Council’s community engagement program and activities.

There are similar themes documented in the Digital Transformation Strategy i.e. Simplification of processes, easier access to Council services and integration of technology. These themes are reflective of improving the end to end experience for customer’s when they interact with Council.

As the Customer Focus Strategy has been implemented over the last four years, the shift to customer’s using Council’s digital channels has significantly increased year on year. Accessing services online is in demand and there has been success in shifting customer’s to use digital channels for specific services i.e. the hard waste booking service.

Like the Customer Focus Strategy, the Digital Strategy has a strong alignment to the Customer Experience Policy and the four Customer Focus Commitments. As a customer centric approach is adopted within Bayside when re-designing services, the overall customer experience will improve across all contact channels. This makes the Digital Transformation Strategy appropriate to supersede the Customer Focus Strategy.

To ensure that all contact channels are addressed through the implementation of the Digital Transformation Strategy, a Channel Management Plan will be developed which will outline how traditional channels such as telephone, face to face, email and letters will be managed into the future to ensure a consistent experience for customers no matter how they interact with Bayside.

**Key stakeholders**

**Customers**

Customers are a key stakeholder in the Digital Transformation Strategy as the process for redesigning services requires their input and feedback. The strategy redefines how Bayside will work with customers in relation to service outputs as new processes will allow for a more collaborative experience.

**Staff**

The mindset and capability of staff are fundamental in the successful delivery of the Digital Transformation Strategy. To embrace digital the focus will need to be on:

- Continuous improvement. Staff should always be looking for new ways to improve the customer experience. Officers should be identifying opportunities and management should support the implementation of the most desirable and feasible opportunities.
- Being insight driven. Trusting in data but with a critical eye. Noting that data is reflective of the past and cannot always predict the future.
- Digital services designed with and for customers. Staff should be working to realise the digital vision in the work that they do. They should critically evaluate their current work and redesign them, guided by the digital principles and the needs of customers.
- Customer centric. Bayside should be customer centric rather than customer focused.

**Digital Transformation Strategy**
Information Services

As service design addresses the end to end experience for customers (including staff on the back end), reviewing the capability of technology platforms is paramount in successfully improving service and efficiency.

Demographics

Bayside City Council serves over 100,000 residents. The population is characterised by a rapidly ageing, older population with particularly high numbers of people aged 85 and over.

The 2016 Census data questioned residents whether they accessed internet from their dwelling. The results below showed that although Bayside has a high ageing population, between 50 to 80% of residents aged 80+ did have internet access in their home. Lower usage was also documented in social housing or DHHS public housing.

The highest internet users in Bayside are children and teenagers (90 to 95%) along with higher use by couple families.

![Percentage of residents who accessed internet from their dwelling - by age group, Bayside, 2016](image)

Although this can reflect a high level of digital literacy within the municipality, it also validates the need to continue to maintain traditional channels to make Bayside accessible to all customers.

The variety of customers also means that the digital experience must be seamless, consistent, easy and informed.

13. Key trends

There is a tried and tested path

Bayside has the significant advantage of being able to learn from others to achieve the digital vision. The private sector has led the digital revolution, with many people now accepting that the simplest way to buy something, book something or research something is to jump online. Governments, in Australia and across the world, are realising they too should be offering their customers digital services and pathways.

The Victorian Government launched the Information Technology Strategy 2016-2020 (May 2016). The strategy focuses on how to make the best use of existing and new digital technology to deliver modern services to citizens. As well as designing services in a way that works for Victorians the strategy also stresses the need to provide frontline workers with the tools they need to provide great services to customers at a time when their expectations are high and their needs are increasingly complex.

The Information Technology Strategy 2016-2020 sets out the Victorian Government’s direction in four areas where digital can support:

1. Information and data reform
Improving information and data sharing to better deal with complex areas such as family violence, child protection, homelessness and aged care.

2. New technology
Greater use of off-the-shelf IT systems that are shared across government, with new cloud-based platforms to further support productivity.

3. Digital opportunity
Better digital platforms to let Victorians to access everyday services online.

4. Better capability
Improving public service capacity for projects that are delivered on time, budget and specification, with greater partnership with experts.

It is no surprise that the digital challenges faced by state government are the same as those faced in Bayside, made even more acute by increasing financial pressures as a result of rate capping and population growth.

How governments are rethinking the way they serve the public

A closer look: City of Casey
The City of Casey’s strategy ‘Digital Casey’ sets out the Council’s bold response to digital trends and changing customer expectations through transforming their services using a customer-centric, digital by default approach. The Council has invested significantly in building internal capabilities, creating new roles such as Service Designer and User Experience Researcher. The team has adopted an Agile approach to service delivery, beginning ‘small’ with a focus on three key digital services: disabled parking permits, asset protection permits and new pet registrations. Solutions were set up to monitor customer interactions and feedback loops also created to ensure the Council could respond quickly to what was working and what was not and continuously improve the customer experience.

A closer look: Service NSW
Service NSW is the New South Wales Government’s ambitious vision to create a single face for the entire state government. Service NSW provides a connected government where the customer can interact with multiple services and agencies that were previously very separate, such as driver’s licences, Seniors Cards and e-toll account management. Data is shared across services and channels to provide a seamless experience and the choice of channel remains in the hands of the customer with Service NSW offering a web portal, call centre and face-to-face storefront. Service NSW also integrates customer feedback points across the channels to keep up-to-date with what customers are saying to monitor their satisfaction with the services.

A closer look: Government Digital Service, UK
The UK’s Government Digital Service (GDS) was established in April 2011 and is the leading example and authority on digital transformation in government. The United States, Australia and other countries have followed the UK in creating a government digital agency model. GDS approaches digital transformation with the users’ needs first and foremost and applies Agile methodology to continuously review and iterate on deliverables. The GDS’ Design Principles are widely accepted as the standard for government digital services, which guide and inform any piece of work the GDS undertakes. GDS’ approach of ‘Government as a Platform’ draws on the successes of concepts like ‘Software as a Service’ in the technology industry. Government as a Platform will provide government services with a set of shared components, service designs, platforms, data and hosting, allowing the service to focus on understanding its customers’ needs and designing better services rather than building new systems.

14. Financial analysis
An analysis of how much it costs to manage customer interactions across all of Bayside’s contact channels has been conducted.

<table>
<thead>
<tr>
<th>Contact channel</th>
<th>Cost per interaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone (Council’s main number 9599 4444)</td>
<td>$5.42</td>
</tr>
<tr>
<td>Front Counter (Corporate Centre)</td>
<td>$4.86</td>
</tr>
<tr>
<td>Email (<a href="mailto:enquiries@bayside.vic.gov.au">enquiries@bayside.vic.gov.au</a>)</td>
<td>$4.88</td>
</tr>
</tbody>
</table>

Digital Transformation Strategy
Customers being able to self-serve on Council’s website is the most cost efficient resulting in $0.45 per interaction.

The lower cost per interaction can be attributed to existing integrations with technology platforms which results in customer enquiries and requests for service being processed in a more streamlined and simple manner.

To successfully deliver on the Digital Transformation Strategy there are resources required outside of the established workforce to complete the actions. Through Council’s budgeting process, funding for specialist roles have been applied for. The estimated cost of these roles for a two year period is $500,000. With the investment of resources it is anticipated that Council will have a total net benefit of approximately $1.6 million dollars as there is an increase in the uptake of digital channels which drives down the cost per interaction.

The aim of having these specialist roles are to support the organisation in redesigning services through a customer centred design approach and transferring these services to digital channels. It is expected that efficiency gains will result from increasing customer self-serve opportunities.

An increase in customer satisfaction and decrease in complaints is also anticipated as a return on investment (ROI). Currently it is estimated that it costs approximately between $2/00 (standard) to $3/25 (complex) to manage a complaint from receipt to response.

As a part of the process to transition services to digital channels, customer satisfaction and ROI will be closely monitored and reported on after the implementation of each project.

15. Implementation and reporting

Bayside is committed to implementing the Digital Transformation Strategy. Adoption and implementation will mean customers can choose a digital channel, to access the services they need, when they need them. To achieve this bold ambition, an implementation plan has been developed that describes the steps that need to be taken in the short, medium and long-term.

**Approach to design and implementation**
The responsibility to implement the Digital Transformation Strategy is shared across individual roles and teams in Bayside. A conscious effort to collaborate, share resources and work more flexibly is an essential component of delivering the strategy.

The areas that will be leading the Digital Transformation Strategy are:

**ICT/Digital Advisory Committee**

The Digital Transformation Advisory Committee will play the lead role in supporting Bayside to transition into a digital organisation. The group will be responsible for driving the four strategic goals: customer first, effective digital governance, strong internal capability, and different ways of working. In addition, they will draw on the Digital Transformation Service Design Principles to inform redesign decisions.

**Senior Leadership Group**

Buy-in from the Senior Leadership Group will be critical in creating sustainable and long-term change that works for services and for customers.

Leaders will be required to consider the Digital Transformation Strategy in relation to other strategies so Bayside is communicating to customers with one voice.

Management will need to spend time with their staff to encourage them to identify areas for possible improvement and take action to fix them. This also includes providing the time and space for staff to participate in and contribute to decision making, digital service design and testing of new digital products and services.

**Customer Experience (CX) Team**

For the team to be successful, they will need to work closely with service areas and the Information Services department to garner support and identify how the Digital Transformation Strategy can integrate/better support their work. Without the required buy-in from all these areas, this could hinder the success of Bayside transforming into a digital organisation.

The CX team will be responsible for driving the implementation of the strategy through fostering digital transformation methodologies such as customer service journey mapping, prototype development, testing and agile project management.

The CX team, including the specialist digital staff, will have the dual role of transforming services for digital channels and supporting the organisation (subject matter experts) in building capability for ongoing service improvement.

**Innovation Lead**

An Innovation Lead will be required to play a key role in sharing insights and innovations from the Digital Services team across the organisation, and vice versa. Given this, it is recommended there would be greater benefit including this role in the CX team or alternatively working very closely with them.

The Innovation Lead would be required to investigate the feasibility of building an innovation lab that would allow space to focus on solving specific problems outside of BAU activities. This role would connect directly with staff to take a number of their ideas through to implementation and report results across the organisation to promote innovation as being a responsibility for all staff.

Whilst having a customer-centric culture is paramount in achieving the ambitions within the Digital Transformation Strategy, a culture of learning also needs to be embedded through sharing both positive and negative data and results to drive continuous improvement across services.

**Project Management Office**

Whilst the CX team will drive the delivery of digital projects, the Project Management Office (PMO) will provide oversight and guidance on the project. All businesses cases will be presented by the CX team to the ICT/Digital Advisory Committee.

The PMO will also have an opportunity to lead Agile practice to influence the uptake across core service groups and senior management allowing for a clear view of digital projects on the horizon.

**Information Services (IS)**

The IS team will act as an advisory on technology platforms both existing and new and liaise with the technology vendors.

Digital Transformation Strategy
IS will also develop technical specifications (inclusive of digital criteria) based on the output of exploratory work with the User Experience (UX) Designer, for the procurement of new platforms and also the enhancement of existing systems.

Once the procurement process is completed, IS will act as a lead in the implementation.

**Services Areas**

Service Areas (Subject Matter Experts) play an integral role in the delivery of service improvements and transferring existing services to digital channels.

Subject Matter Experts (SMEs) will provide advice on their customer segments and existing processes within service outputs.

SMEs will be required to build their digital capabilities to continue to improve services and also manage their services via digital channels.

**Reporting**

Key actions from the Digital Transformation Strategy will be documented in Bayside’s internal performance reporting system to ensure that progress on delivery of the strategy is reported to the Executive Team on a quarterly basis.

Quarterly reporting will include data pertaining to the success of channel shift activities, customer satisfaction, digital channel performance and post iteration review of delivered projects.
Executive summary

Purpose and background
To adopt a proposed schedule of meetings for the Planning and Amenity Committee until December 2018.

Council at its Annual Meeting on 9 November 2018 resolved on a schedule of meetings which included bi-monthly Planning and Amenity Committee meetings up until the 31 May 2018. Council subsequently resolved to undertake a review on the frequency of the Planning and Amenity Committee Meetings.

Moving forward to the end on the Council year in November, consideration is given to whether there is a need to continue bi-monthly Planning and Amenity Committee meetings or some other schedule of meetings to accommodate the number of planning applications required to be considered by Council.

Key issues
Over the past 7 months each meeting of the Planning and Amenity Committee has considered the following number of planning applications:

<table>
<thead>
<tr>
<th>Date</th>
<th>No. of Apps</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 November</td>
<td>2 Trees  6 Planning</td>
</tr>
<tr>
<td>28 November</td>
<td>6 Planning</td>
</tr>
<tr>
<td>11 December</td>
<td>9 Planning</td>
</tr>
<tr>
<td>21 December</td>
<td>10 Planning 1 Tree 1 VCAT</td>
</tr>
<tr>
<td>23 January</td>
<td>9 Planning</td>
</tr>
<tr>
<td>13 February</td>
<td>8 Planning</td>
</tr>
<tr>
<td>27 February</td>
<td>9 Planning</td>
</tr>
<tr>
<td>13 March</td>
<td>11 Planning</td>
</tr>
<tr>
<td>27 March</td>
<td>6 Planning</td>
</tr>
<tr>
<td>17 April</td>
<td>10 Planning 1 VCAT</td>
</tr>
<tr>
<td>1 May</td>
<td>7 Planning 1 VCAT</td>
</tr>
<tr>
<td>15 May</td>
<td>9 Planning 1 Tree 1 VCAT</td>
</tr>
</tbody>
</table>
The preferred maximum number of reports to be considered at a Planning and Amenity Committee should be limited to 13 items, which allows for a number of speakers to heard for each item, and the meeting to conclude at 11.30pm.

On that basis consideration was given to conducting Planning and Amenity Committees less frequent than bi-monthly, however having the flexibility to include an additional meeting where possible.

The following schedule is proposed for the period June to December 2018:

<table>
<thead>
<tr>
<th>June 2018</th>
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<tbody>
<tr>
<td>Tuesday 5 June 2018</td>
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<tr>
<td>Thursday 7 June 2018</td>
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<tr>
<td>Tuesday 12 June 2018</td>
</tr>
<tr>
<td>Tuesday 19 June 2018</td>
</tr>
<tr>
<td>Tuesday 26 June 2018</td>
</tr>
<tr>
<td>Thursday 28 June 2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
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<th>July 2018</th>
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<td>Planning and Amenity Committee</td>
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The proposed meeting schedule provides for two Planning and Amenity Committees every second month until the end of December 2018, which will enable a review of the schedule to be undertaken as part of the Annual Meeting of Council in November 2018.

**Recommendation**

That Council adopts the revised meeting schedule from June 2018 to December 2018, noting the changes to the frequency of the Planning and Amenity Committee meetings.

**Support Attachments**

Nil

**Considerations and implications of recommendation**

**Liveable community**

**Social**

There are no social implications associated with this report.

**Natural Environment**

There are no natural environment implications associated with this report.

**Built Environment**

There are no built environment implications associated with this report.

**Customer Service and Community Engagement**

There are no customer service impacts associated with this report.

**Human Rights**

The implications of this report have been assessed and are not considered likely to breach or infringe upon, the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

**Legal**

There are no legal implications associated with this report,

**Finance**

There are no financial implications associated with this report.

**Links to Council policy and strategy**

This report is closely linked to Goal 8 – Governance – ensuring the decision making process is open and transparent.
10.24 GOVERNANCE CHARTER

Executive summary

Purpose and background
To adopt the Governance Charter for Bayside City Council.

As a result of recent local government sector investigations undertaken by the Inspectorate and independent panels, and more specifically the review of the City of Greater Geelong, it was indicated that a core component on good governance and an integrity framework is a Governance Charter, to provide a clear understanding of the role, responsibilities, accountabilities and decision making process of Council.

The attached Governance Charter for Bayside (attachment 1) clearly articulates the three core Pillars of Good Governance, namely:

- Pillar 1 - Vision and Values
- Pillar 2 - Authorising Environment
- Pillar 3 - Decision making and accountability

The Charter clearly outlines the expectations of the Council and organisation to ensure the highest ethical governance for Bayside.

Governance Charters are standard practice in the private sector and are becoming more common in the public sector, however they are still quite new in local government in Victoria. Interestingly, Western Australia leads the local government sector in terms of Governance Charters and the structure of the draft Charter before Councillors draws strongly on their model.

In addition to drawing on the Western Australia model, the Charter is informed by the Good Governance Guide which was collaboratively developed by the MAV, LGPro, VLGA and the State Governance.

Key issues
Bayside City Council has positioned itself as a Council with a strong commitment to good governance. This is most evident through Goal 8 of the Council Plan which specifically relates to Governance.

In support of this commitment and in conjunction with the Organisation’s Excellence Strategy a key activity was the development of a Governance Charter.

With increasing integrity agency oversight, and Council’s commitment to good governance it is an opportune time to develop and adopt a governance charter.

Over the past 2 years Bayside has undertaken a self-assessment against the Good Governance Framework which was used as part of the Panel’s recommendations into the inquiry into the City of Greater Geelong. This framework provides an oversight into the good governance and forms the basis of the Governance Charter.

The Governance Charter will be valuable resource for new staff entering local government and the community to better understanding local government. The document will help them to understand how Council decisions are made, the various roles and responsibilities and the linkages between them and how the Council and Council officers receive their authority to act.
The Charter will also be a valuable document to assist possible local government candidates’ workshops and the induction of Councillors following elections.

In summary this proposed Governance Charter reinforces Council’s commitment to good governance and its willingness to be transparent and accountable.

**Recommendation**

That Council adopts the Governance Charter as contained in Attachment 1 to this report; and the Governance Charter be place on Council’s website.

**Support Attachments**

1. Governance Charter 2018

**Considerations and implications of recommendation**

**Liveable community**

**Social**

There are no social implications associated with this report.

**Natural Environment**

There are no natural environmental implications associated with this report.

**Built Environment**

There are no built environment implications associated with this report.

**Customer Service and Community Engagement**

There is no requirement for community engagement in relation to this Charter as it articulates the requirements of the Local Government Act 1989 and Council’s good governance requirements.

**Human Rights**

The implications of this report have been assessed and are not considered likely to breach or infringe upon, the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

**Legal**

There are no legal implications associated with this report.

**Finance**

There are no financial implications associated with this report.

**Links to Council policy and strategy**

The Governance Charter is a key driver and commitment to Goal 8 within the Council Plan and complements the various Codes of Conducts and the requirements of the Local Government Act 1989.
Bayside City Council’s Governance Charter

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BAYSIDE CITY COUNCIL – GOVERNANCE CHARTER

Purpose

This Governance Charter is an overarching framework that articulates the various roles, responsibilities and authorities of the Council and the administration in developing the vision for the future of our community and the management of Council operations and performance.

Definitions

<table>
<thead>
<tr>
<th>Council</th>
<th>Bayside City Council, being a body corporate constituted as a municipal Council under the Local Government Act 1989.</th>
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<tr>
<td>Councillors</td>
<td>An elected representative of Bayside City Council holding the office of a member of Bayside City Council.</td>
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<tr>
<td>Council Officer</td>
<td>The Chief Executive Officer and staff of Council appointed by the Chief Executive Officer.</td>
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Scope

The Governance Charter applies to all Councillors and Council officers and provides a good understanding of the governance structure that underpin the Council and the organisation.

Context

Good governance is integral to the operations and performance of every organisation. The role of governance is to ensure that an organisation can deliver in both compliance and performance, but also awareness of the influences both internally and externally.

CPA Australia, in its document ‘Excellence in Governance for Local Government’ defines Governance as:

...The process by which decisions are taken and implemented, the process by which organisations go about achieving their goals and producing their outputs, and the process by which organisations are directed, controlled and held to account.

Good governance also underpins the level of confidence the community has in local government and is a strong reminder of ultimate accountability of Council and the community it serves.
This Governance Charter is a demonstration of Council's commitment to transparency and accountability at all levels and supports the Council by:

- Assisting Councillors in partnership with the Chief Executive Officer and the Executive Team in delivering good governance on behalf of the community;
- Providing clear guidelines for Councillors and Executive Team in relation to their roles and responsibilities, and what is expected of them in relation to performance;
- Providing clear advice on the authorising environment of Council;
- Providing clear information on the decision making process of Council and the administration;
- Acting as a point of reference for disputes; and
- Acting as an induction tool for new Councillors and Executive Officers.
**The Charter**

The Governance Charter is divided into three key pillars: Vision and Values, Authorising Environment, and Decision Making and Accountability. Each pillar has a number of contributing elements. Over the course of this Charter each element is explained including how they are put into practice at Bayside City Council.

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<thead>
<tr>
<th>Pillars of Good Governance</th>
<th>Vision and Values</th>
<th>Authorising Environment</th>
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<td>Clear vision and Council Plan</td>
<td>Clarity of roles and responsibilities</td>
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Pillar 1: Vision and Values

Clear Vision and Council Plan
In order to excel you need to have a clear vision of what you want to achieve and a plan which helps you to achieve the vision.

At the beginning of each new term of office the Council is required to develop a vision for the municipality. With all 7 Councillors representing 3 wards, the development of a clear vision for the organisation helps to create a shared sense of purpose. The vision clearly articulates what Council wants Bayside to become in the future. It is a high level, aspirational goal that shapes everything Council does in following years to work towards achieving the vision.

The vision for Bayside City Council is:

“Council will work with the community to make Bayside a better place”

This vision is supported by the development of a four year Council Plan. The Council Plan 2017-2021 was developed by the Councillors with support and advice from the Executive Management Team (ET).

The Council Plan identifies eight key focus areas known as Goals. These are:

**Goal 1**  
**Infrastructure**  
Council will work together with the Bayside community to plan and deliver community infrastructure that responds to the changing needs of the Bayside community.

**Goal 2**  
**Transport**  
Sustainable transport is the mode of choice, facilitated through the creation of a well-connected, safe, accessible and convenient transport system that positively contributes to a strong economy, the health and wellbeing of the community and a low-carbon future within Bayside.

**Goal 3**  
**Housing and neighbourhoods**  
Neighbourhood housing development across Bayside will respect and enhance Bayside’s valued built and natural heritage and neighbourhood character. New housing growth will be focused on identified activity centres, demonstrating strong environmental credentials and providing a range of housing types to accommodate changing community needs.

**Goal 4**  
**Open Space**  
We will work together to build our open space network to support biodiversity, improve health and wellbeing and community connections, and provide access for current and future generations.
Goal 5  **Environment**  
Council and the Bayside community will be environmental stewards, taking action to protect and enhance the natural environment, while balancing appreciation and use with the need to protect natural assets for future generations.

Goal 6  **Local Economy and activity centre**  
Bayside will be an attractive place to live and work, with new growth and investment in the local economy and business community increasingly structured around innovative, knowledge and service oriented enterprises.

Goal 7  **Community health and participation**  
Bayside’s community will be supported and engaged to live an active and healthy lifestyle regardless of age, geographical location, personal circumstances or physical ability.

Goal 8  **Governance**  
Bayside will enjoy strong and effective democratic representation from its council and responsive and financially-responsible services and facilities that meet community needs.

A number of Strategic Objectives and strategies are developed to support end Goal. Each service, policy and activity developed or delivered by the organisation aligns with one of the Council Plan Goals and helps Council to achieve its vision as set out in the Council Plan.

Section 125(1) of the Local Government Act 1989 requires Council to develop and approve a Council Plan within six months of taking office, or by 30 June the following year whichever is later.

The Local Government Act 1989 also requires Council to review the Council Plan at least annually. The annual review is an opportune time for Councillors to ensure that the Council Plan still enables them to meet the changing needs of the community, and that it continues to support the achievement of their vision for the future.

**Council’s Values and Behaviours**  
In order for the Council and the organisation to deliver on objectives of the Council Plan it is important that strong values and behaviours of the Councillors and the organisation truly reflect the leadership priorities that contribute to a well-functioning and community driven organisation.
The Councillor’s adopted values and behaviours are as follows:

- **Working together constructively.** This will be achieved by:
  - Keeping each other in the loop on important issues;
  - Communicating openly, honestly and being open-minded to new ideas and consider change;
  - Actively listen to each other, and ask questions to understand the different views;
  - Respecting confidentiality of Councillor discussions at Assemblies of Councillors; and
  - Where possible provide no surprises to each other in the public domain.

- **Treating all people with courtesy, respect and professionalism.** This will be achieved by:
  - Treating members of the community with dignity and positive intention to be heard;
  - Being approachable, and responsive and professional at all times;
  - Treating fellow councillors with respect and when disagreeing with opinions and views, challenge in a constructive manner;
  - Debating contentious issues without resorting to personal acrimony or insult; and acting with courtesy towards Council staff; and
  - Fostering an environment where frank advice is offered without fear or favour by the organisation and received respectfully.

- **Appreciating our differences and diversity.** This will be achieved by:
  - Accepting and respecting differences in diversity including, age, culture and religion; and
  - Respecting differences in opinions, abilities and skills during debate but respecting Council’s decision even when in disagreement.

- **Always acting with integrity and honesty.** This will be achieved by:
  - Being honest in all dealings with the community, with other councillors and with Council staff;
  - Abiding by the governing Council policies and the local government sector legislation;
  - Always acting with impartiality and in the best interest of the community as a whole; and
  - Avoid situations that might create a conflict between public duties of a councillor and personal interests and obligations.

These values and behaviours of the Councillors represent how Council will act in seeking to fulfil its role and vision for the future.
Organisation’s Values and behaviours

The organisation has developed four fundamental values and behaviours to operate in an effective and efficient organisation. These are as follow:

Respect each other
- I value others and their contribution
- I ask and listen to understand
- I treat others with fairness, dignity and care

Own it
- I take responsibility for my actions
- I see it through
- I make it happen

Work together
- We collaborate within and across teams
- We set each other up for success
- We share information generously
- We care about the flow-on impact of our work

Find better ways
- We are curious about our community’s changing needs
- We encourage breakthrough ideas and new approaches
- We make courageous decisions
- We are open to learning

These organisational values and behaviours shape the culture of the organisation and drive employee development and performance and form a key element of the Code of Conduct for Employees.

Positive Culture

Bayside City Council strives to cultivate a positive culture with an open and collaborative environment, this includes:

- Open communication – an environment where people are encouraged to ask questions and seek out information;
- Positive intention – encouraging good will between individuals with a shared understanding that each person is trying to act in the best interest of the organisation and the community; and
- Support and Training – thorough induction processes, opportunities for further education and ongoing investment in skills and professional development through attendance at workshops and conferences.

A positive organisational culture promotes honesty and encourages debate on important issues which can help the organisation to achieve better outcomes for the community.

Organisations with a positive culture are also more likely to retain high quality employees who can help drive the activities to assist Council in achieving its visions and pursuit of excellence in governance.
Pillar 2: Authorising Environment

Clarity of roles and responsibilities
Clearly articulating the division of responsibilities between the Councillors and management helps manage expectations and avoid misunderstandings about the respective roles and accountabilities.

The key roles at Bayside City Council are outlined below:

Role of Council
The Council of Bayside City Council is comprised of 7 Councillors who are democratically elected by the community in accordance with the Local Government Act 1989.

The primary role of the Council is to provide leadership for the good governance of the city of Bayside.

This includes:

- Acting as a representative government by taking into account the diverse needs of the local community in decision making;
- Providing leadership by establishing strategic objectives and monitoring their achievements;
- Maintaining the viability of the council by ensuring that resources are managed in a responsible and accountable manner;
- Advocating the interests of the local community to other communities and governments;
- Fostering community cohesion and encouraging active participation in civic life; and
- Making all decisions impartially and in the best interests of the whole community.

Council has a statutory responsibility to represent all people that live, participate in and invest within the municipality.

The elected Council appoint and review the performance of the Chief Executive Officer of the organisation, determine Council policies and set the strategic direction of the organisation.

Role of a Councillor
A Councillor’s role is to act in the best interest of the municipality, faithfully and impartially carrying out the functions, powers, authorities and discretions provided to them under the Local Government Act 1989 to the best of their ability.

Councillors play a key role in facilitating communication with the community and encouraging engagement with the activities of Council.
Role of the Mayor
The Mayor is the elected leader of the Council and is the key formal representative of Council. Usually the Mayor is usually elected for a one year term and can be re-elected at the end of that term if the Council resolves accordingly.

The Mayor, or Councillor acting in the position, has a key role to facilitate good relationships between Councillors, and between Councillors and the Chief Executive Officer and Executive Management Team. The role of the Mayor is one that requires both commitment and leadership. The role can be defined under three headings, these being:

a) Community Leadership (governance, external relations and media management) – the Mayor is the principal Council spokesperson. The Mayor becomes involved with promotion and development and works closely with the Chief Executive to achieve the Council’s objectives;

b) Chairperson and Leader of the Council – the Mayor is required to chair all Council meetings at which he/she is present. As chairperson, the Mayor should preside without fear or favour and encourage Councillors to participate effectively in all aspects of the Council’s decision making. It is a convention that the Mayor remains impartial during consideration of matters before the Council. This convention involves the Mayor not moving or seconding motions, however the Mayor must, as must all Councillors, participate in a vote unless excluded because of a conflict of interest; and

c) Civic Role (supporting the community and ceremonial) – the Mayor performs an important social role and takes precedence at all municipal functions. The Mayor is invited by community groups to officially open events etc.

The Mayor is elected by Council to represent the views and directions of Council in performing various roles and duties on behalf of Council. These duties include:

Governance
1. To provide a source of leadership for Council and community.
2. To provide a symbol of democracy to the community.
3. To lead, inspire and support the team of elected Councillors.
4. To ensure effective communication and respectful relationships between Councillors and the organisation.
5. To ensure there is effective communication and respectful relationships between Councillors and the organisation.
6. To ensure there is effective communication between Council and the Chief Executive Officer in pursuit of Council’s goals.
7. To respect, support and promote the statutory responsibilities of the Chief Executive Officer toward staff of the organisation.
8. To promote the interests of the local government and the community.
9. To maintain political stability and community credibility of Council.
10. To generate community cohesion and inclusiveness.
11. To model high standards of behaviour and practice.
12. To project values and standards into the community.
13. To govern for all members of the community.
14. To articulate collective aspirations of the community and promote collective endeavour.
15. To defend the interests of the community and the local government of the community.
16. To represent and advocate the policy approaches and decisions of the elected Council and to distinguish these from the personal or individual views of the mayoral incumbent.

Chair of Council and Principal Spokesperson
1. To preside efficiently, firmly and fairly over Council meetings.
2. To promote high standards of democratic governance and internal governance.
3. To provide guidance at meetings to ensure respectful conduct at all times.
4. To facilitate participation and inclusion of all Councillors.
5. To exercise the casting vote where a Council vote is tied.
6. To develop and maintain positive working relationships with the media.
7. To provide information to and to be accessible for the media.
8. To speak publicly about the local government’s role.
9. To act, as public spokesperson for the Council in accordance with Council’s Media Policy.

External Relations
1. To develop and maintain relations with other governments.
2. To develop and maintain relationships with peak local government organisations, in association with Councillor delegates.
3. To develop and maintain relationships with other peak organisations.
4. To develop and maintain relationships with community groups and local businesses.

Supporting the community
1. To advocate on behalf of community programs, needs and wellbeing.
2. To attend community functions on a fair and equitable basis.
3. To be knowledgeable about community programs and activities.
4. To promote community development.
Ceremonial
1. To ensure that the mayoralty (as an institution rather than the individual person) is promoted as a position of respect within the community.
2. To maintain a strong presence within the city and ensure the city is appropriately represented on all important occasions.
3. To preside over key civic functions.
4. To welcome visitors to the city.
5. To confer citizenship and preside over citizenship ceremonies.
6. To represent the local government and the community.
7. To use the mayoralty to promote the team of elected leaders and staff.
8. To establish conventions (political, legal and administrative) appropriate to the community.

Role of Deputy Mayor
Council appoints a Deputy Mayor annually at the Annual Meeting of Council. The role of the Deputy Mayor is very simple, in the absence of the Mayor, the Deputy Mayor may perform any function or exercise any power conferred on the Mayor. Therefore in the absence of the Mayor at an Ordinary or Special Meeting of Council, the Deputy Mayor shall in most instances chair the meeting, noting that a vote must be taken to elect an acting Chairperson.

Additional duties of the Deputy Mayor include:
- Attend social and other engagements at the request of the Mayor.
- Communicate with the media in the Mayor's official absence.
- Assist the Mayor generally in the carrying out of his/her duties as requested by the Mayor from time to time.

Role of Chief Executive Officer
The Chief Executive Officer (CEO) has a number of statutory responsibilities and is accountable to the elected council for delivering Council’s strategies and services. As the head of the organisation, the CEO’s role is to provide professional, relevant and timely information and support to the Council.

Section 94A of the Local Government Act 1989 identifies the CEO as being responsible for a number of activities including:
- Establishing and maintaining an appropriate organisational structure;
- The day to day management of the Council’s operations in accordance with the Council Plan;
- Providing timely advice to Council; and
- Appointing, directing and managing staff.
Role of the Executive Team (ET)
The Executive Team (consisting of all 3 Directors and 2 Executive Managers together with the CEO) provides a whole of organisation perspective to ensure strategic alignment between the organisation’s operations and the achievement of the Council Plan.

This includes:
- Contributing to policy development through recommendations to Council;
- Operational decision making;
- Providing advice / assistance to Councillors;
- Generating discussion;
- Encouraging problem solving;
- Leading performance management;
- Interpreting and understanding the current and future operational and political environment; and
- Driving organisational leadership/culture.

Role of the Director / Executive Managers
Directors and Executive Managers are responsible for overseeing the efficient operations of the departments within their Division to assist Bayside City Council in achieving its visions and objectives.

They play a key role in supporting the CEO and providing advice and information to the Mayor and councillors. This includes:

- Providing advice and recommendations to Councillors on issues raised by the community and stakeholder groups on matters relating to the Directors area of management.
- Providing guidance on matters which, for reasons of community interest and benefit, require immediate action and may be advanced under delegated authority of the Chief Executive Officer.
- Providing advice and information on emerging issues and opportunities relating to the Division.
- Providing direction and advice on matters before Council through the review and approval of reports to Council.

Understanding and agreement of roles
A clear understanding and agreement of roles and responsibilities as outlined above contribute to Councillors and ET acting as an effective leadership team. This agreement ensures each individual is aware of the boundaries of their role and of the shared areas.

This effective team of Councillors and the Executive Team works best when there is mutual trust, discussions rather than assumptions and frank and robust communication.
Working relationships

Strong and respectful working relationships are essential for Council to achieve its vision. Effective working relationships promote a positive culture and provide the organisation with the freedom to focus on opportunities and delivering great outcomes, rather than spending effort overcoming problems associated with negative relationships.

The key working relationships at Bayside City Council are between the:

- Mayor and Councillors
- Mayor and CEO
- Mayor and Directors
- Councillors and CEO
- Councillors and Directors
- Councillors and Senior Managers
- CEO and Directors
- CEO and Senior Managers

Many Council officers hold positions that require specialised knowledge and skills and are required to provide information, advice and recommendations to the best of their professional ability. Sharing this information with Councillors is a key part of ensuring that Council has the information it needs to make informed decisions.

It is important to note that Councillors cannot direct or improperly influence, or attempt to direct or improperly influence, the functions, duties, actions, recommendations or advice provided by council officers. Improper direction and improper influence are covered under Section 76E of the Local Government Act 1989.

To facilitate the efficient functioning of Council, and ensure timely responses, the CEO has put in place a protocol which requires Councillors to direct all their enquiries to the CEO, the appropriate Director or Manager or the Councillor Support staff.

Legal Framework

Victoria’s 79 Councils operate within a legal framework established by the Victorian Parliament through the Victorian Local Government Act 1989. This defines the purposes and functions of local government as well as providing the legal framework for establishing and administering councils.

The other most significant piece of legislation affecting local government is the Planning and Environment Act 1987.

The following list identifies some of the various pieces of legislation that Council acts in accordance with, or enforces, in the delivery of more than 80 different services to the community. Included in many of the Acts below are a variety of Regulations which Council must also act in accordance with:
• Aboriginal Heritage Act 2006
• Building Act 1993
• Catchment and Land Protection Act 1994
• Children, Youth and Families Act 1995
• Conservation, Forests and Land Act 1987
• Climate Change Act 2010
• Country Fire Authority Act 1958
• Cultural and Recreational Lands Act 1963
• Dangerous Goods Act 1985
• Disability Act 2006
• Domestic Animals Act 1994
• Education and Care Services National Law Act 2010
• Education and Training Reform Act 2006
• Electrical Safety Act 1998
• Emergency Management Act 1998
• Environment Protection Act 1970
• Fences Act 1988
• Filming Approval Act 2014
• Fines Reform Act 2014
• Fire Services Property Levy Act 2012
• Flora and Fauna Guarantee Act 1988
• Food Act 1984
• Freedom of Information Act 1982
• Gambling Regulations Act 2003
• Graffiti Prevention Act 2007
• Health Records Act 2001
• Heavy Vehicle National Law 2012
• Heritage Act 1995
• Housing Act 1983
• Impounding of Livestock Act 1994
• Independent Broad Based Anti-corruption Commissions Act 2011
• Infringements Act 2006
• Land Act 1958
• Land Acquisition and Compensation Act 1986
• Liquor Control Reform Act 1998
• Local Government Act 1989
• Magistrates Court Act 1989
• Major Transport Projects Facilitation Act 2009
• Mineral Resources (sustainable Development) Act 1990
• National Parks Act 1975
• Pipelines Act 2005
• Planning and Environment Act 1987
• Privacy and Data Protection Act 2014
• Public Health and Wellbeing Act 2008
• Public Records Act 1973
• Road Management Act 2004
• Road Safety Act 1986
• Second Hand Dealers and Pawnbrokers Act 1989
• Sex Work Act 1994
• Sheriff Act 2009
• Sport and Recreation Act 1997
• Subdivision Act 1988
• Summary Offences Act 1966
• Transfer of Land Act 1958
• Transport Integration Act 2010
• Transport (Safety Schemes Compliance and Enforcement) Act 2014
• Urban Renewal Authority Victoria Act 2003
• Valuation of Land Act 1960
• Victorian Grants Commissions Act 1976
• Victoria State Emergency Services Act 2005
• Victorian Inspectorate Act 2011
• Water Act 1989
Integrity agencies
In Victoria there are a number of integrity agencies that ensure local government is operating in a fair and efficient manner. These include:

- **The Independent Broad-based Anti-corruption Commission (IBAC)** – educates the public sector and community about corruption and how to prevent it, and investigates and exposes serious corruption in the public sector.

- **The Victorian Ombudsman** – investigates administrative actions or the conduct of staff in government departments, statutory authorities and local government.


- **The Victorian Auditor-General’s office (VAGO)** – examines the management of resources through financial and performance audits within the public sector on behalf of Parliament and Victorians.

Delegations
Each day Council is required to make hundreds of decisions. In order to facilitate the smooth and efficient operations of the organisation, and to allow Council to focus on strategic matters and major developments, Section 98 of the Local Government Act 1989 allows Council to delegate to any staff member any power, duty or function of Council under the Local Government Act or any other Act other than:-

A) This power of delegations;
B) The power to declare a rate or charge;
C) The power to borrow money;
D) The power to approve any expenditure not contained in a budget approved by the Council;
E) Any power, duty or functions of the Council under section 223; and
F) Any prescribed power.

In turn the CEO can delegate authority to an appropriately qualified staff member or contractor. However, the Chief Executive must not delegate a power delegated by Council if Council has directed the Chief Executive Officer not to further delegate the power.

All decisions made under delegated authority are binding and represent a ‘Council decision’.

Local Laws
Local Laws are statutory instruments adopted by Council to assist in governing the municipality. They enable Council to regulate matters to better serve the local community.

The Local Government Act 1989 provides Council with the power to make local laws. Where Council has an obligation under the Act or other Acts of Parliament it can make local laws.
Bayside City Council has two Local Laws:

Local Law No: 1 – Governance Local Law (2013)
This Local Law is made for the purposes of:

- Governing the conduct of meetings of Council and Committees, as required by section 91(1) of the Local Government Act 1989;
- Regulating and controlling the procedures regarding the conduct of meetings of Council, Special Committees and Advisory Committees, with particular regard to the notice required and the keeping of minutes;
- Regulating the use of the common seal of Council and prohibiting any unauthorised use of it, as required by section 93(3)(c) of the Local Government Act;
- Setting out the rules of behaviour for those participating in or present at Council meetings and Special Committee meetings, and Advisory Committee meetings; and
- Electing the Mayor and Deputy Mayor and Chairs of various Committees.

Local Law No: 2 – Neighbourhood Amenity (2012)
The objectives of this Local Law are to:

- Secure community safety;
- Protect public assets;
- Enhance neighbourhood amenity;
- Embrace best practice local law making principles of accessibility, accountability, compliance, consistency, currency, efficiency, enforceability, necessity and transparency; and
- Be consistent with the Council’s overall objectives and policies having regard to:
  - Maintaining neighbourhood character;
  - Preserve built and natural heritage;
  - Provide equitable access to services and facilities;
  - Provide equity in access to open space and foreshore;
  - Maintain suitable infrastructure;
  - Provide a sense of community in local villages and activity centres.

Policies and Strategies
Council has adopted a range of Policies and Strategies that provide guidance and clear direction to the organisation to delivery services, and projects to the community. An annual review of policies is undertaken to ensure each policy is current and effective.

All Council adopted policies and strategies are located on Council’s website.
Pillar 3: Decision Making and Accountability

Effective decision making
One of the most important functions undertaken by the Mayor and Councillors is to attend and participate in the decision making process at Council meetings. Councils are empowered by law to make decisions on many matters of importance to their local communities.

Decisions may be made in formally constituted Council meeting, or under delegations approved by the Council.

Individually neither the Mayor nor Councillors have the legal authority to act or make decisions on behalf of the Council.

Decisions made at a formal Council meeting provide the direction and authority for the ongoing operation of the Council. The decisions give directions to the CEO and are implemented by staff.

It is also at Council meetings that the Mayor and Councillors decide the policy direction of the Council and make decisions on other statutory matters.

Council is a corporate body and as such it can only make decisions by resolution, ie: a motion has to be put to a properly convened meetings and passed by the required majority of members. A Council can only make decisions and pass resolutions about matters falling within its jurisdiction, otherwise it will be deemed to be acting “ultra vires” – acting beyond its powers.

Formal meeting procedures are followed. The Mayor chairs the meetings and has a casting vote if there is an equality of votes.

An agenda, listing the issues and relevant reports for discussions at the meeting is made available to the public in advance so that everyone has the opportunity to be aware of matters before Council. Copies are available through Council’s website, and by visiting the Corporate Centre.

Members of the public are encouraged to attend meetings. Meetings are only closed to the public when topics of a confidential nature are discussed, such as an individual’s financial circumstances, a particular staff member, proposed developments or legal matters.

Assembly of Councillors
Councillors often attend briefings or workshops which are considered to be an ‘assembly of Councillors’. Under the Local Government Act 1989, an assembly of Councillors is a meeting of an advisory committee of the Council, if at least one Councillor is present, or a planned or scheduled meeting of at least half of the Councillors and one member of Council staff which considers matters that are intended or likely to be the subject of a decision of the Council; or an action completed under delegation.
Bayside City Council - Governance Charter

It is important to note that an assembly of councillors does not have any decision making authority.

Access to Information
Bayside City Council encourages thorough debate and evidence based decision making to deliver great outcomes for the community. The CEO ensures that Councillors are briefed on complex or contentious issues at Councillor Briefings.

In order to fulfil their role to the best of their ability, Councillors are provided access to a range of information. Councillors must at all times adhere to the provisions of the Local Government Act 1989 relating to confidentiality and/or inappropriate use of information. Section 77 of the Act makes it lawful for a Councillor or former Councillor to release information that the person knows, or should reasonably know, is confidential information.

Effective Management
The CEO is responsible for putting in place a management structure that meets the goals and needs of Council with a focus on the efficient and effective use of human resources.

The organisation has 4 Divisions, 14 Department, 40 Service areas, and approximately 765 employees, 432 EFT.

The organisational structure is available on Bayside City Council’s website.

Service Delivery
From footpaths and local laws to immunisation and events, Bayside City Council provides a range of more than 80 different services to residents every day.

Council has a comprehensive suite of Customer Service Commitments. These service commitments inform the community of what they can expect when dealing with Council.

The organisation is committed to being a leading customer focussed organisation which delivers excellent customer services consistently. By engaging with the community, delivering simplified processes and exceeding expectations, we will provide customer services that is:

- Easy to deal with – we are accessible and friendly, willing to offer options and we will do what we say and when we say we will do it.
- Empathetic – we listen to our customers and are willing to explain in language the customer understands;
- Effective – customer service is delivered by skilled staff who manage interactions in a timely way;
- Trusted – we are willing to offer a solution with the customer’s best interest at heart.
Complaints
Bayside City Council is committed to having a Complaint Handling Procedure that reflects the needs, expectations and right of customers. The Customer Complaint Handling Procedure aims to outline how Council will effectively manage complaints and feedback from our customers. The procedure guides staff in handling complaints effectively and appropriately.

Council recognises that at times it is not possible to meet customer expectations due to policy position or legislative requirements. However, Council is committed to ensuring that customers are able to effortlessly communicate feedback on their experience through the provision of a Customer Complaint Handling Procedure which ensures complaints are managed in an efficient and timely manner.

For some issues, complaints and appeals are governed by other processes outside the jurisdiction of Council. Where this is the case, complainants will be referred to the appropriate process or authority. This includes decisions and processes relating to:

- Privacy and health records
- Freedom of Information
- Protected Disclosures
- Decisions made under legislation which provides for separate avenues of appeal (eg: infringements issued by Local Laws and decisions under the Building Act).
- Decisions made at Council and Special Committee meetings
- Complaints against Councillors.

Risk Management
Council is responsible for providing a wide and diverse range of services to its community. All of these activities involve some form of risk, which must be managed to ensure that aims and objectives are achieved, services are delivered and that opportunities to deliver better and more cost effective services are realised.

If Council is not aware of, or has not adequately assessed or managed some risks, it could result in financial loss, threats to public or employee safety or lead to substantial adverse publicity.

Bayside City Council has a comprehensive risk management program embedded within all functional areas of Council.

Risk management is not a stand-alone function that is separate from the main activities and processes of the organisation. It is an integral part of all organisational processes, including strategic planning, project and change management processes.

Council regularly reviews and considers both its operational and strategic risks to ensure that these are being appropriately managed, mitigated or accepted.

Council’s Risk Management Policy clearly documents the organisation’s commitment to risk management principles.
Financial responsibility
Council is responsible for the sound financial management of public money and takes this responsibility very seriously.

The organisation is committee to the principles of sound financial management set out in section 136 of the Local Government Act 1989 which state that Council must:

- Manage financial risks faced by the Council prudently, having regard to economic circumstances;
- Pursue spending and rating policies that are consistent with a reasonable degree of stability in the level of the rates burden;
- Ensure that decisions are made and actions are taken having regard to their financial effects on future generations; and
- Ensure full, accurate and timely disclosure of financial information relating to the Council.

In 2018/19, Bayside City Council has a total annual budget of $131 million, to continue to provide services to 104,030 residents, including and investment of $52 million in community infrastructure.

Council conducts community consultation prior to the adoption of the annual budget to ensure that the community has the opportunity to provide input and shape the way that their rates work for them.

Council’s financial documents are publicly available on Council’s website and include the:

- 2018/19 Annual Budget inclusive of the Capital Works Program – which provides a list of all proposed capital works projects over the next four years.
- 2018/19 – 2022/23 Strategic Resource Plan – a high level planning and general direction document which covers the financial and non-financial resources required by Council to achieve its strategic objectives.

Transparency and disclosure
It’s important that the community has confidence in Council’s decision making and ability to plan for the future. One way that the local government sector helps to encourage confidence is by making information available for public inspection.

In accordance with Regulation 12 of the Local Government (General) Regulations 2015, Council is required to make a comprehensive amount of information available for public inspection including:

- A document containing details of overseas or interstate travel (other than interstate travel by land for less than 3 days) undertaken in an official capacity by any Councillor or member of Council staff in the previous 12 months, including Name, dates of travel, destination of travel, purpose of travel, and total cost to council;
• The agendas for and minutes of ordinary and special meetings held in the previous 12 months;

• The minutes of meetings of special committees established under section 86 of the Local Government Act and held in the previous 12 months;

• A register of delegations kept under section 87 and 98 of the Act, including the dates on which the last review under sections 86(6) and 98(6) of the Act took place.

• Details of all leases involving land which were entered into by Council as lessor, including the lessee and the terms and the value of the lease;

• A register of authorised officers appointed under section 224 of the Act.

• A list of donations and grants made by the Council during the financial year, including the names or persons or bodies which have received a donation or grant and the amount of each donation or grant.

Council officers prepare reports to assist Councillors in making decisions on behalf of the community. As much as possible Council makes these reports available to the community so that they can see the evidence base which Councillors are using to make decisions.

Members of the public are also encouraged to attend Council meetings to listen to debate and the responses to any questions asked by Councillors, which often provide further information. Members of the public can also view Council meeting via the web stream.

Council is not able to make all reports available to the public. Some reports are confidential and dealt with in closed Council meetings. This information can only be released to the public by resolution of Council. Closed Council reports cover matters such as:

• Personnel matters;
• The personal hardship of any resident or ratepayer;
• Industrial matters;
• Contractual matters;
• Proposed developments;
• Legal Advice;
• Matters affecting the security of Council property; and
• Any other matter which the Council or special committee considers would prejudice the Council or any person.
Accountability
An important aspect of good governance is accountability. Council holds itself accountable to the community through regular reporting, community consultation and open and transparent decision making processes.

Councillors and Council officers are also held accountable for their actions through their respective Codes of Conduct. The Councillor Code of Conduct and the Code of conduct for Staff are available on Council’s website.

Performance Management
Just as it’s important for Council to have a vision for the future and a plan on how we’ll get there, it’s also important for Council to report to the community on progress against the Council Plan.

Each quarter Council provides the community with an update on its performance against each goal of the Council Plan, including major initiatives and strategic indicators. A quarterly financial report on the standard financial statements is also completed in line with the quarterly report to the community to provide an update on Council’s financial performance. These reports are included in the Council agenda and can also be accessed on Council’s website.

In addition to the Quarterly Report to the Community, Council prepares a comprehensive annual report. The Annual Report also includes the performance statement which Council is required under section 132 of the Local Government Act 1989 to prepare. The Performance Statement includes key strategic activities, performance measures and targets including in the Budget, results, and an explanation where there has been a substantial failure to achieve the target.

Council is also required to participate in the Local Government Performance Reporting Framework (LGPRF). The LGPRF ensures that all councils are measuring and reporting on their performance in a consistent way.

This framework is made up of 66 measures and a governance and management checklist of 24 items which together build a comprehensive picture of council performance. The LGPRF enables the community, councils and the State Government to benchmark and compare similar councils.

Audit program
Council has appointed an Audit & Risk Management Committee in accordance with section 139 of the Local Government 1989, and this Committee is charged with monitoring, reviewing and advising the Council on the standard of its financial control, risk management and corporate governance. The Audit & Risk Management Committee membership consists of five people appointed by Council. Two members are Councillors and the remaining three committee members are suitably qualified external independent members, one of who is appointed as the independent Chairperson.
Council engages an independent internal auditor to conduct internal audits on specific focus areas within the organisation. The audits identify areas of improvement to assist Council to improve performance and manage risk. The results of the audits are reported to, and monitored by, Council’s Audit & Risk Management Committee.

Council also participates in a range of external audits conducted by the Victorian Auditor General’s Officer (VAGO). These fall into two categories – financial audits and performance audits. The Local Government Act 1989 requires Council to prepare a financial report and submit it to the Auditor-General for audit each financial year. Council also participates in a range of performance audits as required.

When Council participates in an external audit, the Audit & Risk Management Committee play a key role in understanding the major focus areas of the audit, monitoring matters arising from the audit and monitoring the implementation of the external auditor’s recommendations which are adopted by Council.

Council’s participation in audit programs demonstrates its commitment to accountability and provides the community with confidence that the organisation is using resources in an efficient and effective manner.

Consultation and engagement

Bayside City Council is committed to community consultation as a way of ensuring Council provides services and programs in line with the needs and aspirations of the community. Council’s community consultation program allows people to become involved in Council’s decision making processes so they can help shape decisions that affect them and their community.

Community consultation is defined as any process that Council undertakes to involve the public in decision making by communicating with them by email, post, social media, phone, public notice or in person to find out their views about a particular issue, service or Council matters prior to making decisions.

Examples of community consultation include asking the community for feedback on Council policies, service delivery performance or involving the community in the progress or review of specific projects or developments.

One of the most fundamental roles of all councils is to advocate on behalf of their communities for the improvements, services and funds they need, where these are the responsibility of the state and federal governments or other third parties.

Council undertakes extensive research to understand community expectations and the external influences and environmental challenges it is facing. To assist this process Council has adopted a Community and Stakeholder Engagement Policy, which its purpose is to improve the quality and effectiveness of Council’s decision making and enhance community satisfaction with Council by undertaking the following:
BAYSIDE CITY COUNCIL – GOVERNANCE CHARTER

- Creating genuine opportunities for members of the Bayside community to participate in matters that interest and affect it;
- Ensuring transparency and accountability in Council decision making;
- Ensuring the diverse needs of the local community are taken into account in decision making; and
- Encouraging and supporting the community to participate in civic life.

Administrative updates

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively.

Review

This Charter will be reviewed every two years. The next review will be completed in June 2020 in line with the adoption of the next Council Plan.
10.25 RISK POLICY UPDATE

Corporate Services - Commercial Services
File No: PSF/18/98 – Doc No: DOC/18/128166

Executive summary

Purpose and background
As part of Council’s ongoing policy review the Risk Management Policy has been updated to reflect minor structural changes and a change in the risk standard. The report seeks to adopt the Policy with minor amendments to roles and responsibilities and monitoring as part of the annual risk review. The report also provides an update of the strategic risk profile of Council.

The attached Policy provides part of the mandate and commitment to the risk management approach of Council. It assists the organisation to assess risk exposures with the aim of identifying, treating, preventing or exploiting opportunities provided by fully understanding the risk involved in Council’s service delivery obligations and strategies. The purpose of the Policy is to ensure that Council is committed to establishing an organisational culture that promotes effective Risk Management in all activities and business processes.

Key issues
The Policy has been reviewed and requires only minor amendment with no significant changes. It is presented as part of the annual review and update of the risk framework.

The strategic risks are monitored monthly by the Executive Team at the Risk Management Meeting, the Audit and Risk Committee on a six monthly basis and via a report to Council. These risks have been assessed for the existing controls and to determine where new treatments may be required to reduce the risk so far as is reasonably practicable. An annual review process is undertaken to determine the key strategic risks to Council. These risks are further supported by a comprehensive risk register of operational and departmental risk assessments which are monitored and reported on monthly.

Recommendation
That Council adopts the Risk Management Policy as contained in Attachment 1.

Support Attachments
1. Draft Risk Management Policy
2. Strategic Risks
Considerations and implications of recommendation

Liveable community

Social
There are no specific social impacts associated with this report.

Natural Environment
There are no specific environmental impacts associated with this report.

Built Environment
There are no specific built environment impacts associated with this report.

Customer Service and Community Engagement
The policy has been internally reviewed including by the Audit and Risk Committee prior to approval by the Executive Team to present to Council. The strategic risks are monitored monthly and reported to the Audit and Risk Committee and Council on a 6 monthly basis.

Human Rights
There are no specific human rights issues associated with this report.

Legal
There are no specific legal issues associated with this report.

Finance
There are no specific financial impacts associated with this report.

Links to Council policy and strategy
The Risk Management policy provides direction to the organisation. It supports the Council Plan in particular Goal 7, Strategy 7.2.1 Demonstrating high standards of customer service, good governance, risk management and leadership.
Council Policy

Council policy title: Risk Management Policy
Council policy ref no: C/POL/COR/013
Council policy owner: Director Corporate Services
Adopted by: Bayside City Council
Date adopted: 
Scheduled review: June 2020

1. Policy Intent
To ensure Council is able to deliver on its obligations and strategic objectives by effectively managing the risks inherent in all Council activities.

To establish an organisational culture where risk management is an integral part of management practice and is embedded in all activities and business processes.

To build commitment to continuous improvement in risk management performance.

2. Purpose/Objective
To align Council’s approach to risk management to the AS/NZS ISO 31000: 2018 Risk Management – Guidelines Standard as follows;

- Ensuring the establishment of an appropriate risk management framework;
- Defining and clarifying Council’s risk appetite and ensuring the alignment of risk management processes and procedures;
- Defining responsibility for managing risk;
- Embedding systematic, enterprise-wide risk management into business processes to ensure resources are applied effectively to prioritise and mitigate risk exposures in a coordinated manner, and to gain the benefits of identified opportunities;
- Identifying, understanding and managing those risks that may be shared across Council jurisdictional boundaries with the community and interest groups, other agencies and Councils, and the commercial business sector;
- Communicating and consulting about risk to ensure Council and management staff are in a position to make informed decisions using identification, analysis and assessment to determine alternative courses of action;
- Maintaining risk management capability to ensure all Council management obligations, assets, property and services are safeguarded;
- Reviewing and continuously improving the overall management of risk; and
- Developing a positive risk culture throughout the organisation.

3. Scope
This policy covers all areas of Council and is applicable to all employees, contractors, volunteers and councillors.
Consideration of risks must occur at all levels of operation, in planning, service delivery, project management and is integral to both long term strategy planning and day to day operations.

4. Roles & Responsibilities

Council will adopt a Risk Management Policy in accordance with appropriate standards, review reports from the Audit and Risk Committee and on a 6 monthly basis receive reports on strategic risk.

The CEO has overall guiding responsibility for risk management policy, communication and embedding of risk management principles into strategic and operational planning and performance management practices.

The Director Corporate Services and Manager Commercial Services are responsible for ensuring ongoing review and implementation of the risk management policy, strategy and procedures.

The Risk Management and Safety Coordinator is responsible for the facilitation of the risk management policy, strategy, and practices including training and awareness of staff with respect to risk management principles and organisational approach.

The Executive Team will create and sustain a high level of risk management performance for the organisation through providing strategic direction, building capacity and leading change through innovation. The Executive Team will work collaboratively and support each other in striving to assist individuals and the organisation to deliver a strong culture of risk management in making Bayside a Better Place.

The Director Corporate Services will champion risk management issues in Executive discussion.

Directors and Executive Managers are responsible for driving risk management accountability and culture in their areas of responsibility and ensuring that all foreseeable risks are identified and effectively managed. They are responsible to ensure appropriate data for effective monitoring and control of risks is available from their areas of responsibility to monitor risk management performance.

The Audit and Risk Committee will provide governance oversight for the management of risk in accordance with the Audit and Risk Committee Charter.

Each manager is accountable for implementing the risk management practices in his or her area of responsibility. This includes ensuring that risks are identified, managed, reviewed and monitored effectively.

It is the responsibility of all Council employees, contractors, volunteers and representatives to properly apply Council’s risk management processes and procedures and to support the identification and improvement of risk management within the organisation.

Risk management accountabilities are included in position descriptions, performance planning and business planning documentation.

5. Monitoring, evaluation & review
The effectiveness of Council Risk Management Policy and Framework will be assessed through:

- Regular reporting to ET on the status of strategic risks, emerging risks, changes to the risk profile and status of any action plans associated with improving risk management practices.
- Reporting to the Audit and Risk Committee.
- Annual review of the risk framework to be completed by ET.
- Annual review of strategic risks to be completed by ET.
• 6 monthly reporting to Council on strategic risk
• Consideration annually of any changes required to the Policy, Strategy and Risk Assessment Procedure to be facilitated by Director Corporate Services.

6. Policy statement
Risk is inherent to Council’s many administrative and operational activities and that its effective management underpins Council’s continued growth and success.

By effectively managing risk, Council aims to increase the certainty of both desired business outcomes and the fulfilment of its obligations to its stakeholders who include employees, clients, the community and government.

Council will continue to foster an organisational culture that supports processes and structures that will effectively manage the uncertainty of risk whilst maximising opportunities within its operating environment.

Risk management is essential for sound strategic, financial and operational planning to ensure that risks are identified and their potential adverse impacts mitigated as far as reasonably practicable to better realise sustainable outcomes.

The effective management of risk includes a process of continuous improvement that requires regular review and ongoing evaluation.

Council will:

- create and maintain a risk management environment that enables Council to deliver high quality services and meet performance objectives;
- promote and support risk management practices and encourage and empower its staff in managing risk;
- protect as far as is reasonably practicable, the organisation and its employees, contractors, assets and the community against reasonably foreseeable risks;
- integrate risk management with existing planning and operational processes in line with Council’s business planning and reporting framework;
- monitor the risk management practices of the organisation to ensure continued effectiveness, consistency and efficiency;
- review, evaluate and amend controls to mitigate risks and build organisational capacity to leverage newly identified opportunities;
- continuously improve its practices to benefit the community and minimise costs associated with risk whilst ensuring compliance is maintained.
- utilise risk management as a critical part of project and contract management;
- ensure compliance with legislative requirements and current industry standards;
- demonstrate transparent and responsible risk management processes that align with best practice;

7. Related documents
8. Definitions & Abbreviations

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<th>Term</th>
<th>Meaning</th>
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| Risk             | The effect of uncertainty on objectives  
*effect can be positive or negative  
*uncertainty exists whenever the knowledge or understanding of an event, consequence, or  
likelihood is inadequate or incomplete  
*objectives have different aspects (eg financial, safety, reputation) and apply at all levels from  
strategic to project and process |
| Strategic Risk    | Potential to materially affect the ability of Council to deliver on strategic objectives |
| Strategic Objectives | The key outcomes needed to achieve Council vision |
| Risk Management  | The culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects (AS/NZS  
| Risk Management Framework | Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and  
continually improving risk management throughout the organisation. |
| Risk appetite    | The amount and type of risk that an organisation is willing to pursue or retain |

**Please note**: This policy is current as at the date of approval. Refer to Council’s website (www.bayside.vic.gov.au) or staff intranet to ensure this is the latest version.
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<tr>
<th>Risk Code</th>
<th>Risk Name</th>
<th>Risk Description</th>
<th>Assessment Likelihood</th>
<th>Assessment Consequence</th>
<th>Inherent Risk Rating</th>
<th>Assessment Likelihood</th>
<th>Assessment Consequence</th>
<th>Residual Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>O150</td>
<td>Financial Instability</td>
<td>Council’s service levels cannot be maintained because of poor financial strategy and monitoring</td>
<td>Possible</td>
<td>Severe</td>
<td>High</td>
<td>Very Rare</td>
<td>Major</td>
<td>Low</td>
</tr>
<tr>
<td>O271</td>
<td>Failure to meet customer expectations</td>
<td>Inadequate systems, processes, awareness and culture to deliver standards of service expected</td>
<td>Almost Certain</td>
<td>Major</td>
<td>High</td>
<td>Possible</td>
<td>Minor</td>
<td>Low</td>
</tr>
<tr>
<td>O297</td>
<td>Failure to provide a safe workplace for staff, contractors and public</td>
<td>Health &amp; safety of staff is jeopardised because of an inadequate Safety Management System within the workplace</td>
<td>Possible</td>
<td>Severe</td>
<td>High</td>
<td>Possible</td>
<td>Major</td>
<td>High</td>
</tr>
<tr>
<td>O323</td>
<td>Poor Deployment of decentralised approach to meet corporate accountabilities</td>
<td>Council reputation and service delivery compromised due to highly decentralised approach to deployment of cross organisational policy, systems and procedures that does not effectively deliver business objectives</td>
<td>Almost Certain</td>
<td>Major</td>
<td>High</td>
<td>Possible</td>
<td>Major</td>
<td>High</td>
</tr>
<tr>
<td>O324</td>
<td>Failure of Governance and Integrity</td>
<td>Council reputation compromised due to misuse of power or deceptive behaviours by staff</td>
<td>Likely</td>
<td>Severe</td>
<td>Very High</td>
<td>Possible</td>
<td>Major</td>
<td>High</td>
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<tr>
<td>O329</td>
<td>Inadequate Systems and Processes</td>
<td>Poorly documented, automated and utilised processes to provide effective service outcomes. Failure to deliver consistency of service outcomes</td>
<td>Almost Certain</td>
<td>Severe</td>
<td>Very High</td>
<td>Possible</td>
<td>Severe</td>
<td>High</td>
</tr>
<tr>
<td>O330</td>
<td>Lack of Employee Engagement</td>
<td>Culture does not support service delivery due to disengaged workforce</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
<td>Possible</td>
<td>Moderate</td>
<td>Medium</td>
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<tr>
<td>O331</td>
<td>Insufficient capability of people</td>
<td>Insufficient capability of people to meet current service delivery needs</td>
<td>Possible</td>
<td>Severe</td>
<td>Very High</td>
<td>Possible</td>
<td>Severe</td>
<td>High</td>
</tr>
<tr>
<td>O332</td>
<td>Infrastructure Assets do not meet community needs</td>
<td>Inadequate planning and management of assets to meet service needs and community expectations</td>
<td>Possible</td>
<td>Severe</td>
<td>Very High</td>
<td>Rare</td>
<td>Severe</td>
<td>Medium</td>
</tr>
<tr>
<td>O333</td>
<td>Poor Deployment of change and projects</td>
<td>Ineffective change and project management due to lack of organisational approach, systems and monitoring fails to maximise the public value and benefits</td>
<td>Likely</td>
<td>Major</td>
<td>High</td>
<td>Possible</td>
<td>Major</td>
<td>High</td>
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</table>
10.26 CUSTOMER EXPERIENCE POLICY

Communications, Customer & Cultural Services - Customer Experience
File No: FOL/17/4304 – Doc No: DOC/18/131501

Executive summary

Purpose and background

The purpose of this report is to present the reviewed Customer Focus Policy, now titled the Customer Experience Policy for adoption.

The Customer Focus Policy was adopted by Council at the Ordinary Meeting 17 December 2013. The objective of the policy was to outline Council’s commitment to provide excellent customer service and to establish a standardised approach to managing interactions with our customers.

Whilst the four customer focus commitments of being easy to deal with, empathetic, effective and trusted, are still relevant to achieving a great customer experience, the approach to service delivery has shifted with the increase in customer demand to use digital channels.

This change in expectation has resulted in Council reviewing the approach to how services are designed and delivered. The Customer Experience Policy needs to support this new direction to ensure that when customers interact with us we are able to meet expectations and deliver a consistently good experience regardless of our customers’ preference for transacting by phone, face to face or online.

Key issues

In the last four years, customer expectations have changed with the enhancement of digital channels in both the private and public sectors. There have been significant shifts in customers using our online channels, particularly the website. Our customers are comparing their experience of transacting with Council to the online service offerings of banks, retailers and the travel industry.

Council has recently developed a Digital Transformation Strategy which recognises our customers’ increasing preference to transact with us online and outlines how we will optimise digital channels to provide a great experience for customers.

The policy has been updated to reflect the vision of Council’s Digital Transformation Strategy to put the customer at the centre of service design and delivery by involving customers in the design of services and providing a consistently good experience regardless of the customer’s choice of channel for transacting with Council.

The policy also recognises the vital and valuable role customer feedback plays in continuously improving services and how feedback and insights will be used to inform future service design and delivery.

Key changes to the policy

The key changes are;

- Changing the name and intent of the policy, which is a reflection of the change in our approach to the experience we will provide our customers when they interact or request services from us.
- Customer feedback and insights will inform how services are designed and delivered.
- Reference to Council’s Customer Complaint and Escalation Procedure which was developed in response to recommendations by the Victorian Ombudsman after the adoption of the Customer Focus Policy in 2013.
• Increase in measurement and monitoring tools and resources to ensure we are meeting customer expectations.

**Recommendation**
That Council:
1. Rescinds the Customer Focus Policy; and
2. Adopts the Customer Experience Policy.

**Support Attachments**
1. Customer Experience Policy - June 2018

**Considerations and implications of recommendation**

**Liveable community**

**Social**
Customer service at Bayside will be accessible to all who interact with Council.

**Natural Environment**
There are no environmental implications to be considered within the revised policy.

**Built Environment**
There are no implications to the built environment to be considered within the revised policy.

**Customer Service and Community Engagement**
Council through its commitment to improve the customer experience collects customer data through the provision of contact channel reports, customer feedback and customer satisfaction surveys. The data collated from these tools is analysed to develop customer insights that inform what our customers expect and the experience they want when they interact or request a service from us. These insights are reflected in this policy.

**Human Rights**
The implications of this report have been assessed and are not considered likely to breach or infringe upon the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

**Legal**
There are no legal implications associated with the recommendations in this report.

**Finance**
There are no financial implications associated with the recommendations in this report.

**Links to Council policy and strategy**
This policy links to the Digital Transformation Strategy 2018-2021.
Council Policy

<table>
<thead>
<tr>
<th>Council policy title:</th>
<th>Customer Experience Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council policy owner:</td>
<td>Executive Manager Communications, Customer &amp; Cultural Services</td>
</tr>
<tr>
<td>Adopted by:</td>
<td>Bayside City Council</td>
</tr>
<tr>
<td>Date adopted:</td>
<td>[insert meeting date/reference number]</td>
</tr>
<tr>
<td>Scheduled review:</td>
<td>[insert meeting date/reference number]</td>
</tr>
<tr>
<td>Document Reference:</td>
<td>[insert TRIM Document reference]</td>
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</tbody>
</table>

(Council Policy is a high level public statement formally resolved by Council, which clearly states Council’s requirements, intent or position with regard to a particular matter or issue. It is not intended to be procedural in nature.)

1. Policy intent

Bayside City Council is committed to putting customers at the centre of how we design and deliver our services. Our aim is to provide an experience to our customers that meets expectations, and fosters a positive perception of Council’s value. The Customer Experience Policy outlines Council’s commitment to our customers and sets out how we will measure our performance and use customer insights and feedback to continuously improve our services.

2. Policy purpose

The purpose of this policy is to outline Council’s commitment to providing an excellent customer experience. For the purpose of this policy, customers can be defined to include individuals and organisations to whom Council provides service. Customers include ratepayers, residents, asset users, daily visitors as well as people passing through the Bayside municipality enroute to another destination. Internal customers include other Council departments and members of staff.

Council’s dual role as a service provider and a regulatory body can create situations where not all customer requests can be met. However, Council has an obligation to provide customers with easy, convenient and equitable methods to access services, make requests for service and obtain help. Setting clear expectations of all Council representatives for professional and courteous conduct in all customer interactions, in conjunction with standardised procedures that ensure customers are central in our decision making, will help us achieve our commitment to customers, and will support the community’s confidence in us.

3. Glossary - Definitions and Abbreviations

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints</td>
<td>Are an expression of dissatisfaction about a service, procedure, practice, staff conduct, Council policy or quality of a product or service provided.</td>
</tr>
<tr>
<td>Suggestions/</td>
<td>Are generally both positive and constructive and can be general feedback</td>
</tr>
<tr>
<td>Compliments</td>
<td>on a product, service or process.</td>
</tr>
</tbody>
</table>
4. **Scope**

This policy applies to all Council staff, Council contractors, consultants, work place students and volunteers. We recognise that these people are involved in serving customers at Council.

Councillors also play a role in the customer experience for Bayside by setting policy and strategy, and referring requests for service to the organisation for appropriate action.

For the purposes of this policy, customer service refers to contact between Council and those who want or need a product or service from Bayside City Council. These interactions take a variety of forms including online, telephone, written or in person contact. Customer feedback refers to complaints, compliments and suggestions.

5. **Policy statement**

Bayside City Council is committed to being a leading customer focused organisation which delivers an excellent customer experience consistently. By engaging with the community, delivering simplified processes and exceeding expectations, we are committed to a customer experience that is:

- Easy to deal with – our services are easily accessed and simple resulting in a seamless customer experience.
- Empathetic – we listen to our customers, are willing to assist and use language our customers understand.
- Effective – our staff are skilled in the delivery of customer service and manage interactions in a timely way.
- Trusted – we are willing to offer a solution with the customer’s best interest at heart.

Bayside City Council is also committed to:

- Seeking and using customer feedback to inform the design and delivery of our services.
- Ensuring information, resources and services are accessible to all eligible persons
- Respecting and protecting the customer’s personal information and adhering to all legislative privacy requirements
- Taking responsibility for all Bayside City Council services, whether provided by us or another service provider on our behalf
- Using the right technology to help us manage customer interactions and improve our services
- Reporting on the quality of our customer’s experience.

**Customer feedback**

Council recognises that feedback from our customers is highly valuable and we will actively seek and use customer feedback to inform the design of our services to improve the customer experience.

A quality customer experience consists of providing an efficient, fair, impartial and responsive service. Customer satisfaction at any point of contact is paramount in achieving our Customer Focus Commitments and ensuring our customers have an experience that meets their expectations.
We are committed to ensuring that customers are satisfied with their interaction every time they make contact, and are able to communicate feedback on their experience through the provision of an easy to access complaint handling process.

The importance of measuring how well we deliver our services to customers is recognised. Council has established a Customer Complaint and Escalation Process to ensure that customers are able to provide feedback to inform improvement in service delivery.

Accessing Council services

Bayside City Council recognises that our customers may wish to access Council services in a variety of ways and are committed to providing choice.

Operational enquiries and requests communicated to Councillors will be referred to the organisation for appropriate action and response.

6. Monitoring, evaluation & review

Council’s Customer Experience Performance Reporting Framework consists of indicators and targets that inform if we are delivering an experience that meets our customer’s expectations and allows for continual monitoring to identify improvement opportunities.

We will measure how well we deliver our customer service through reporting on the various contact options of telephone, in person, email, website, social media, complaint reporting, mystery shopping campaigns and community satisfaction surveys.

Council conducts an annual Community Satisfaction Survey. The indicators that inform if we are meeting expectations are:

- Council is understanding of customer needs.
- Council provides important services that meet community needs.
- Council is responsiveness to local community needs.

7. Roles & Responsibilities

The Executive Team and senior management will have a significant role in driving customer service across the organisation. This includes policy implementation, compliance, monitoring, evaluation and review. The Executive Manager Communications, Customer and Cultural Services is responsible for providing advice in relation to this policy.

It is recognised that customers will contact Councillors with requests for service, enquiries, complaints and feedback. The role of Councillors includes referring requests to the organisation for appropriate action and identifying need for policy and/or strategy changes. The elected Council plays a central role in determining the level of services and allocating budgets to meet the adopted service levels and standards.

8. Related documents

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategies/Plans</td>
<td>Digital First Strategy 2018-2021</td>
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<tr>
<td>Procedures/Processes</td>
<td>Customer Complaint and Escalation Procedure</td>
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<tr>
<td>Other</td>
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</tbody>
</table>

Please note: This policy is current as at the date of approval. Refer to Council’s website (www.bayside.vic.gov.au) to ensure this is the latest version.
10.27 ANNUAL PROCUREMENT POLICY REVIEW

Corporate Services - Commercial Services
File No: PSF/18/98 – Doc No: DOC/18/130298

Executive summary

Purpose and background

The Procurement Policy was first adopted by Council on 13 September 2011. It is a requirement under section 186A of the Local Government Act 1989 that this policy must be reviewed at least once each financial year. The Policy was last reviewed on 27 June 2017.

The purpose of this report is to present the revised Procurement Policy 2018 for review.

Key issues

The purpose of the Procurement Policy 2018 is to help ensure that Council’s procurement processes and procedures achieve the following overall objectives:

1. Provide best value for money in the procurement of goods, services and works;
2. Are conducted, and are seen to be conducted, in an impartial, fair and ethical manner;
3. Provide a robust, accountable and transparent audit trail;
4. Comply with legislation, other Council policies, Council’s Environmental Sustainability Framework and relevant external standards; and
5. Support and provide a key element in delivering Council’s Plans and Strategies.

Apart from minor grammatical changes and removal of some procedure material not required in the Policy, the main changes relate to references to Council’s Environmental Sustainability Framework which was adopted by Council on 27 June 2017.

Recommendation

That Council adopts the amended Procurement Policy contained in Attachment 1.

Support Attachments

1. Draft Procurement Policy 2018
Considerations and implications of recommendation

Liveable community

Social
The Procurement Policy 2018 requires that Council consider community building as a criteria in the procurement of goods, services and works where appropriate.

Natural Environment
The Procurement Policy 2018 requires that Council considers sustainability as a criteria in the procurement of goods, services and works where appropriate.

Built Environment
The Procurement Policy 2018 contributes to the built environment by providing a framework for the engagement of suppliers who contribute and build Council assets.

Customer Service and Community Engagement
The Procurement Policy 2018 reinforces Council’s commitment to ensuring all community views are considered through inclusive deliberations and active involvement of the community.

Human Rights
The implications of this report and the Procurement Policy 2018 have been assessed an are not considered likely to breach or infringe upon, the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2016.

Legal
The Procurement Policy 2018 was prepared and approved under section 186A of the Local Government Act 1989. Under section 186A (7) of the Local Government Act 1989 Council’s Procurement Policy must be reviewed at least once each financial year.

Finance
One of the main objectives of the Procurement Policy 2018 is to ensure best value for money in the procurement of goods, services and works.

Links to Council policy and strategy
The Procurement Policy 2018 links to other policies and strategies where those policies and strategies rely on the engagement of external suppliers to perform functions or achieve outcomes on behalf of Council.
## Council Policy

<table>
<thead>
<tr>
<th>Council policy title:</th>
<th>Procurement Policy 20187</th>
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<td>C/POL/COR/004</td>
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<tr>
<td>Council policy owner:</td>
<td>Director Corporate Services</td>
</tr>
<tr>
<td>Adopted by:</td>
<td>Bayside City Council</td>
</tr>
<tr>
<td>Date adopted:</td>
<td></td>
</tr>
<tr>
<td>Scheduled review:</td>
<td>Annually</td>
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</table>

### 1. Policy intent

The intent of the Procurement Policy is to ensure high standards of probity and accountability in Council’s procurement activities while obtaining best value for money outcomes when purchasing goods, services and works and managing contracts and supplier relationships.

### 2. Purpose/Objective

The purpose of this Policy is to ensure that all Council’s procurement activities:

1. Achieve best value for money in the procurement of goods, services and works;
2. Are conducted, and are seen to be conducted, in an impartial, fair and ethical manner;
3. Provide a robust, accountable and transparent audit trail;
4. Comply with legislation, other Council policies, Council’s Environmental Sustainability Framework and relevant external standards, and
5. Support and provide a key element in delivering Council’s Plans and Strategies.

### 3. Scope

The Local Government Act 1989 (the Act), section 186A, requires Council to prepare and approve a Procurement Policy. This Policy must be considered in all aspects of Council’s procurement of goods, services and works. Council must also review the Procurement Policy once every financial year and make it available for public inspection at Council offices and on Council’s website.

### 4. Roles & Responsibilities

The responsibility for implementing, monitoring, evaluating and reviewing the Policy sits with the Director Corporate Services.
All Council staff\(^7\) and Councillors are required to comply with this Policy\(^8\).

Probity Advisor – A probity advisor, where deemed appropriate, provides expert knowledge or understanding throughout the process for reasons of probity risk management. They provide advice on how to improve probity of a process or advise on probity issues as they arise.

Probity Auditors – A probity auditor provides independent audit and objective opinion on probity issues after a process is completed.

5. Monitoring, evaluation & review

The Act requires that the Procurement Policy be reviewed by Council once every financial year. Council’s Audit Committee also provides additional oversight through regular reports.

In reviewing this Policy, Council will consider current best practice approaches to procurement.

6. Policy statement

6.1 General Requirements

6.1.1 Application

The application of this Policy needs to be considered in the overall context of achieving best value for money outcomes for Council and the Bayside community. A key message is that the purchasing of goods, services and works at Bayside needs to be sensitive to customer needs and expectations, market demand and supply and any other relevant market conditions to achieve the best possible procurement outcomes.

To achieve the best value for money, purchasing of goods, services and works at Bayside should consider the cost including acquisition and ongoing maintenance costs. Purchasing should also seek to continuously improve our service delivery, by embracing innovation and technology to find better ways to deliver value for money.

All purchasing, expressions of interest, quotation and tender processes must be conducted in accordance with the requirements of this Policy, Council’s Procurement Procedures and Contract Management Procedures.

6.1.2 Ethics and Probity

In all dealings, the Council will observe the highest standards of probity. Probity is achieved when a defensible process is put in place which is able to withstand internal and external scrutiny. All processes must achieve both accountability and transparency and provide tenderers with fair and equitable treatment. The community expects business in the public sector to be conducted ethically, displaying honesty, integrity, diligence, trust and respect when dealing with others.

\(^7\) Council staff excludes independent contractors and employees of third parties.

\(^8\) Sub-section 186A (9) of the Local Government Act 1989.
The key probity fundamentals are:

**Compliance with Legal and Policy Requirements**  
Compliance with the relevant legislation, Council policy and procedures is fundamental to probity.

**Use of a Competitive Process**  
A competitive procurement process is used at all times unless an authorised exemption is in place.

**Fairness and Impartiality**  
Potential suppliers and contractors competing for works, goods and services are to be treated equally and must have the same opportunity to access information.

**Consistency and Transparency of Process**  
Tenderers are to be evaluated in a systematic manner against explicit predetermined evaluation criteria.

**Security and Confidentiality**  
The processes adopted for receiving and managing information from suppliers must ensure the security and confidentiality of intellectual property and proprietary information.

**Identification and Declaration of Conflicts of Interest**  
If any conflict of interest arises in relation to a procurement process then the person with that conflict must declare that in accordance with legislation and Council policy.

The procurement process should be applied with common sense with flexibility in process design, where appropriate, so that the task of selecting the best submission is fair and equitable.

In an increasingly complex and constrained operating environment there may be times where the procurement plan requires a significant divergence from establishing procedures to deliver the best value for money. If any significant risks to probity fundamentals above can be identified then this points to the need to consider engaging a probity advisor up front.

In some cases, to demonstrate rigour in a procurement process a Probity Auditor may be engaged. This may include projects impacting a broad range of the community where strong divergence of opinion exists, politically sensitive or very high value in nature. It is up to staff involved in all procurement activity to consider whether a probity advisor or probity auditor should be appointed.

6.1.3 **Conduct of Councillors and Council Staff**  
Councillors and Council Staff must at all times conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity. Such conduct must:

- Treat potential and existing suppliers with equality and fairness;
- Not seek or receive personal gain;
Maintain confidentiality of commercial-in-confidence matters and other sensitive information;

Present the highest standards of professionalism;

Deal with suppliers in an honest and impartial manner;

Provide all interested suppliers with the same information and equal opportunity; and

Be able to account for all decisions and provide feedback on them.

Council Staff are prohibited from either being engaged by a Council contractor or performing any works under a Council contract.

6.1.4 Conflict of Interest

Councillors and Council Staff must avoid situations in which their private interests conflict, or might reasonably be perceived to conflict, or have the potential to conflict, with their public duties.

Councillors and Council Staff must not participate in any action or matter associated with a procurement or management of a contract or purchase (i.e. evaluation, negotiation, recommendation, or approval), where that person or any member of their immediate family has a direct or indirect interest, or holds a position of influence or power in a business undertaking tendering for the work.

The onus is on the Councillor and the member of Council Staff involved being alert to and promptly declaring an actual or potential conflict of interest to Council.

6.1.5 Fair and Honest Dealing

All interested parties must be afforded an equal opportunity to tender. Impartiality must be maintained throughout the procurement process so that it can withstand public and audit scrutiny.

The commercial interests of existing and potential suppliers must be protected. Confidentiality of information provided by existing and prospective suppliers must be maintained at all times, particularly commercially sensitive material.

6.1.6 Accountability and Transparency

Accountability in procurement means being able to explain and evidence what has happened. The test of accountability is that an independent third party must be able to see clearly that a process has been followed and that the process is fair and reasonable.

6.1.7 Gifts and Hospitality

Councillors and members of Council staff must not, either directly or indirectly solicit or accept gifts or presents from any person who is involved, either directly or indirectly, with any matter that is connected with the duties of the officer, or in which the Council is interested.

Councillors and Council staff must exercise the utmost discretion in accepting hospitality from contractors or their representatives, or from organisations, firms or individuals with whom they have official dealings.
Offers of bribes, commissions or other irregular approaches from organisations or individuals (no matter how insubstantial they might seem to be), must be promptly brought to the attention of the Chief Executive Officer.

6.1.8 Endorsement

Council staff must not officially endorse any products or services without approval from Council. Individual requests received for endorsement must be referred to a Director or CEO.

6.1.9 Disclosure of Information

It is Council’s general policy to consider reports recommending the awarding of contracts in open Council meetings. However, Council is committed to not disclosing information that is commercial-in-confidence. Commercial-in-confidence information must not be disclosed and is to be stored in a secure location. Councillors and Council staff must protect information to the extent that it is commercial-in-confidence by refusing to release or discuss it with others. Council may declare that a report recommending the awarding of a contract be heard in camera where the information or matter is so sensitive or where the Council report, by necessity, contains confidential information so that if the report were considered in open Council it would likely cause harm or damage to Council or harm or damage to any tenderer who submitted for that tender and the extent of that harm or damage outweighs the requirement for transparency.

Councillors and Council staff are to avoid references to current or proposed contracts in discussion with acquaintances or outside interests. Discussion with potential suppliers during tender evaluations should not go beyond the extent necessary to resolve doubt about what is being offered by that supplier.

At no stage should any discussion be entered into with any tendering party or its representative or agent which could have potential contractual implications prior to the contract approval process being finalised (other than authorised pre-contract negotiations).

6.1.10 Governance Structure

Council will:

➢ Maintain a procurement management responsibility structure and delegations ensuring accountability, traceability and auditability of all procurement decisions made over the life of all goods, services and works purchased by Council;

➢ Ensure that the Council’s procurement structure:
  • Is flexible enough to purchase in a timely manner the diverse range of goods, services or works required by Council but only to the extent that it does not compromise probity, legal requirements or fundamental auditing principles;
  • Ensures that prospective contractors and suppliers are afforded an equal opportunity to compete for Council opportunities;
  • Encourages competition; and
  • Ensures that other policies that impinge on the purchasing policies and practices are communicated to all potential suppliers.
6.1.11 Responsible Financial Management

The principle of responsible financial management must be applied to all procurement activities. This includes ensuring that existing funds within an approved budget, or source of funds, is established prior to the commencement of any procurement action for the supply of goods, services or works.

Council funds must be used efficiently and effectively to procure goods, services and works and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this Policy.

Delegations define the limitations within which Council staff can make financial commitments.

6.2 Sustainable Procurement

In accordance with the Council Plan procurement decisions and initiatives will be based on clear and transparent evidence, informed economic, environmental and social considerations. To achieve sustainable procurement and the objectives and targets in Council’s Environmental Sustainability Framework, Council will continue to develop a sustainable procurement approach incorporating economic, environmental, financial and social considerations.

6.2.1 Economic Sustainability

Council’s procurement method and assessment will be carried out on the basis of obtaining value for money. This means controlling the total cost of ownership over the lifetime of the procurement while not compromising on accepted levels of quality, reliability and delivery requirements. Lowest price is not the sole determinate of value for money. To help ensure value for money, the following factors will be considered:

- Developing, implementing and managing procurement strategies that support the co-ordination and streamlining of activities throughout;
- Effective use of competition;
- Using panel contracts and Standing Offer Agreements where appropriate;
- Identifying and rectifying inefficiencies in procurement processes;
- Developing cost efficient tender processes including appropriate use of e-solutions;
- Appropriate Council staff responsible for providing procurement services or assistance in terms of available products and existing agreements; and
- Working with existing and potential suppliers to create relationships that are professional and productive, and are appropriate to the value and importance of the goods, services or works being required.

6.2.2 Environmental Sustainability

Through the objectives and targets in Council’s Environmental Sustainability Framework, Council is committed to achieving sustainability and ensuring it monitors and reports on Council activities and programs that have an impact on, or improve, the environment.

These activities include but are not limited to:
➢ Waste management;
➢ Recycling;
➢ Energy management;
➢ Greenhouse gas emission management;
➢ Water conservation;
➢ Building design; and
➢ Sustainable procurement.

Council is committed to enhancing the environment by supporting the principles of sustainable procurement to provide value for money.

Council prefers to purchase environmentally sustainable products and services whenever they achieve the same function or better, and value for money outcomes. Council aspires to demonstrate to the community that the purchasing decisions of Council endeavor to enhance environmental sustainability and improve markets for recycled and environmentally sustainable products.

Where practical and operationally efficient, Council will integrate the following sustainable purchasing practices into its operations and encourage its suppliers and contractors to adopt the same.

➢ Avoid negative environmental impacts from the purchase of goods, services and works, where possible.

➢ Reduce resource consumption and waste production by selecting energy efficient and water efficient products and services, where possible.

➢ As an indication for products where labelling standards are applied, energy-efficient and water efficient products are to have star ratings of four star and above. Vehicles are to have a high Green Vehicle Guide star rating.

➢ Reuse where possible:
  This practice requires the provision of re-use and recycling as part of the project planning process, including the consideration of whole-life cycle analysis, where available.

➢ Favour Recycled content:
  The purchase of recycled or part recycled products is favoured, to reduce the need for new resource consumption, be efficient with existing resources, stimulate demand for recycled products, and products with recycled content, and minimise waste.

➢ Reduce the environmental impact of the supply chain:
  This practice means encouraging suppliers of products and services to Council to adopt good environmental practices, to minimise the environmental footprint of Council’s extended activities.

Council will show preference to suppliers who actively adopt good environmental practice using tender and procurement evaluation criteria.

6.2.3 Social Sustainability
In accordance with the Council Plan and Community Engagement Framework Council is committed to improving the quality of life in Bayside through the involvement of the Bayside community in a range of factors including the provision of goods, services and works. Council is also committed to ensuring that all views are considered through inclusive deliberation and active involvement of the community.

Council will therefore consider community building in the procurement of goods, services or works as appropriate. The criteria may include the following:

- Consulting and engaging with the community;
- Building community involvement in the ways services are delivered or works undertaken;
- Enhancing partnerships with community stakeholders and other service providers;
- Generating local employment (particularly among disadvantaged residents);
- Improving gender equity, diversity and social inclusion; and
- Providing a range of other social benefits including community amenity and public health and well-being.

Council will also consider the social impact of procurement beyond our municipality.

6.3 Planning & Methodology

6.3.1 Role of Specifications

Specifications used in expressions of interest, quotations and tenders are to support and contribute to the Council’s objectives through being written in a manner that:

- Ensures impartiality and objectivity;
- Encourages the use of reliable and proven products;
- Encourages sustainability;
- Reduces bureaucracy and encourages innovation; and
- Wherever possible specifies requirements in terms of service outcomes and key performance standards.

While it may be appropriate in certain circumstances to specify inputs, care must be taken to ensure that innovative solutions may still be encouraged.

6.3.2 Purchasing Methods

Council’s standard methods for purchasing goods, services and works are:

- Petty cash or corporate credit card for low value simple purchases (please refer to Council’s Credit Card Policy for more information about using a Council credit card);
- Purchase order;
- Contract following a quotation process;
- Contract following a tender process;
- Collaborative purchasing arrangements with other Councils, approved contractual arrangements put in place by the State Government (State Purchase Contracts and Whole of Victoria Government Contracts), Procurement Australia and the Municipal Association of Victoria; and
Other arrangements authorised by the Council or the CEO due to abnormal circumstances such as emergencies.

6.3.3 Procurement Thresholds and Competition

Council’s Procurement Procedures details the minimum thresholds and the associated procurement methods. These thresholds are determined by this Policy and are detailed below.

6.3.4 Public Tenders

The acquisition of goods and services for which the estimated expenditure is $150,000 or above, and building and construction works for which the estimated expenditure is $200,000 or above must be undertaken by public tender as per the Act.

However to avoid any confusion regarding the definition of 'services' versus 'works' and to ensure compliance with the Act, Council adopts a public tender threshold of $150,000 for all purchases. This threshold applies to the value of contracts that may be for a number of years. As a general rule the $150,000 threshold should be determined by estimating the value of the goods, services or works with a single supplier for a reasonable contract period, inclusive of GST and all option periods under the proposed contract.

The Council may, at its discretion and based on the complexity and cost of the project, conduct one stage or multi-stage tenders. Typically a multi-stage tender process will commence with an expressions of interest stage followed by a tender process involving the suppliers selected as a consequence of the expressions of interest stage.

Expressions of interest may be appropriate where:

- The extent of the market is relatively unknown;
- The requirement is complex; or
- Tendering costs are likely to be high and Council seeks to ensure that suppliers incapable of supplying the requirement do not incur unnecessary expense.

6.3.5 Quotations

Purchase of goods, services and works having a value less than $150,000 must be undertaken using a quotation method as described below:

- **Value between $0 and $500** – *Minimum one verbal quotation must be obtained*

  An invoice must be obtained and ideally a purchase order will be raised as well.

- **Value $500 or above but below $2,000** – *Minimum of one verbal quotation must be obtained*

  A purchase order must be raised unless the purchase is of a type that is exempt from raising a purchase order (for guidance see 7.2.8 of the Procurement Procedures)

- **Value $2,000 or above but below $15,000** – *Minimum of one written quotation must be obtained*
A purchase order must be raised unless the purchase is of a type that is exempt from raising a purchase order (for guidance see 7.2.8 of the Procurement Procedures)

- Value $15,000 or above but below $150,000 Minimum of three written quotations must be sought

Officers must complete the Procurement Initiation and Assessment form to establish if a Request for Quotation or Request for Tender process is the recommended process. A tender process must be recommended for complex procurements in this range.

Council will request a minimum of three quotations by issuing a written Request for Quotation to suppliers reasonably expected to provide the goods, services or works. Details of the suppliers contacted, their quotations, evaluation notes, recommendation, approval, declarations of whether any conflicts of interest exists, communication of award and the contract must be recorded.

Quotations returned by the nominated closing date must be evaluated and a recommendation made to consider the supplier offering the best value for money outcome.

- Public Advertising.

Quotations may be advertised when judged to be sufficiently advantageous to Council. This may occur when a field of potential Respondents has not been established, or an innovative approach is required, or the project has broad appeal that may attract very competitive prices. The minimum placement requirements include Council’s e-tender portal and, where judged appropriate, use of any newspaper approved by Council for such purpose. The relevant Manager must consider the potential benefits of public tendering for any purchases over $100,000 and a considered and conscious decision must be made by the Manager that three quotes will achieve the best value for money outcome where the value is over $100,000 and it is decided that it will not be publically advertised. Evidence of this must be filed in the relevant contract file in Council’s record management system.

6.3.6 Delegation of Authority

Delegations define the limitations within which Council staff are permitted to work. The Council has delegated to the Chief Executive Officer authority to approve contracts up to $300,000 for capital works contracts and $500,000 for goods and services contracts provided the contract is less than 5 years and annual spend does not exceed $100,000. The Chief Executive Officer has in turn delegated authority to Council staff. This Instrument of Sub-delegation is titled ‘Financial Delegations’ and is made by the Chief Executive Officer under the authority of an Instrument of Delegation authorised by resolution of Council.

The Financial Delegations allow specified Council staff to approve certain purchases, without referral to the Council. These Delegations identify the Council staff authorised to make such procurement commitments in respect of goods, services and works on behalf of the Council. This enables Council to conduct procurement activities in an efficient and timely manner whilst maintaining transparency and integrity.
The financial delegations for Council staff are detailed in Council's Instrument of sub-delegation – financial delegations.

Proposed commitments which exceed the CEO's delegation and which must be approved by the Council are:

- Awarding contracts where the total contract value exceeds $300,000 for capital works or award a contract exceeding the value of $300,000 for goods and services or, in the case of multi-year goods and services contracts awarding a contract exceeding an averaged value of $100,000 per annum and/or for a period exceeding 5 years; and
- Approve a contract variation exceeding 20% of the original contract sum, where the original contract sum is $250,001 or greater and where the contract variation amount will result in the adopted budget allocation being exceeded.

6.4 Evaluation & Engagement

6.4.1 Quotation & tender evaluation

All quotations and tenders must be evaluated in a consistent manner against pre-determined evaluation criteria listed in order of importance. The use of a weighted matrix analysis is the recommended method for analysing and comparing tenders in a detailed and consistent manner. The full cost of the good, service or works over its estimated life must receive a weighting of between 30% and 60%.

The evaluation criteria must be determined prior to inviting proposals and should be listed in the invitation documents in order of importance. Apart from total cost over the estimated life some typical examples of criteria that may be considered are:

- Relevant Experience;
- Past Performance;
- Methodology;
- Resources;
- Management skills and systems;
- Environmental Performance; and
- Technical skills.

A due diligence analysis of the preferred or short-listed suppliers for all high value or highly complex projects must be undertaken to ensure that the suppliers have the capacity and stability to comply with the requirements of the contract.

6.4.2 Post tender negotiations

The conduct of negotiations after the close of a tender or quotation as part of the process for recommending the preferred supplier may be conducted as ‘fine tuning’ activity prior to entering into a contract. Matters for post tender negotiations may include:

- Clarifying the robustness of the lump sum price or schedule of rates;
- Additional value adding options;
- Specific contract management arrangements;
- Identifying key personnel for various stages of the contract;
- Intellectual property transfer opportunities; and
Service supply arrangements.

The objective of post tender negotiations is to obtain the optimal solution and commercial arrangements and not merely the lowest price. Negotiations must also be mindful not to alter the scope or intent of a tender or proposal. Altering the contract in a way that materially changes the contract to that which was released is not permitted.

6.5 Contract Management & Administration

6.5.1 Corporate Records

The Responsible Officer authorised to make procurement commitments in respect of the relevant goods, services and works, must ensure timely and accurate corporate records are kept. Records include but are not limited to the following:

- All documents required by the Procurement Procedures generated in the sourcing phase;
- The contract;
- Contract term extensions (within authorised budget);
- Contract amendments and variations (financial and non-financial);
- Signed exemptions from this Policy, the Procurement Procedures or Contract Management Procedures.

6.5.2 Internal Controls

The Council will install and maintain a framework of internal controls over procurement processes that will ensure:

- There is clear accountability and responsibility for all transactions;
- Transparency in the procurement process;
- A clearly documented audit trail exists for procurement activities;
- Appropriate authorisations are obtained and documented; and
- Systems are in place for appropriate monitoring and performance measurement and that all Council staff use those systems.

6.5.3 Risk Management

Risk Management sits in the context of all projects and ongoing services being properly planned and carried out in a manner that will protect and enhance the Council’s capability to prevent, withstand and recover from interruption to the supply of goods, services and works.

The provision of goods, services and works by contract potentially exposes the Council to risk. Council seeks to minimise its risk exposure by utilising measures such as:

- Standardising contracts to include current, relevant clauses;
- Requiring bank guarantees where appropriate;
- Referring specifications to relevant experts;
- Requiring written contractual formation before allowing the commencement of work;
- Use of or reference to relevant Australian Standards (or equivalent); and
Effectively managing the contract including monitoring and enforcing performance.

A risk management plan is required to be developed for all projects. The risk management plan should consider the following factors:

- Risk identification;
- Risk assessment: likelihood versus consequence;
- Risk mitigation: actions to reduce, replace or eliminate risks;
- Risk allocation: allocate a responsible officer or external party to manage each risk;
- Monitoring and control.

6.5.4 Occupational Health and Safety

Council must ensure that all its contractors and suppliers share Council’s commitment to providing a safe and healthy environment, so far as is reasonably practicable, within the municipality for the Bayside community, staff and contractors. Preferred suppliers will need to demonstrate that they have appropriate systems and processes to manage risks and hazards and that they have provided appropriate education and training for all their staff.

6.5.5 Contract Terms

All contractual relationships must be documented in writing based on Council’s standard terms. A written contract must be entered into by the supplier and Council before works or services commence or goods ordered.

Where this is not possible, for example in situations where community safety dictates an urgent necessity, subsequent approval must be sought from the appropriate member of Council staff with delegated authority. A request for such an approval must be supported with procurement and legal advice.

To protect the best interests of the Council, terms must be agreed in advance of any commitment being made with a supplier. Any exceptions to doing this expose the Council to risk and must be authorised by the appropriate member of Council staff with delegated authority.

6.5.6 Dispute Resolution

All Council contracts should incorporate dispute management or alternative dispute resolution provisions to minimise the chance of disputes escalating to legal action.

6.5.7 Contract Management

The purpose of contract management is to ensure that Council, and where applicable its clients, receive the goods, services or works provided to the required standards of quality and quantity as intended by the contract by:

- Nominating a responsible officer to manage each contract;
- Establishing a system reinforcing the performance of both parties’ responsibilities and obligations under the contract; and
- Providing a means for the early recognition of issues and performance problems and the identification of solutions.
All Council contracts are to include contract management requirements and key performance indicators.

Furthermore, contracts are to be proactively managed by the member of Council staff responsible for overseeing the delivery of the contracted goods, services or works to ensure the Council receives value for money and that quality and cost standards are met.

6.5.8 Contract Performance Reporting

Evaluation and reporting can provide a basis for effective control and stewardship of resources. There are a wide range of indicators that responsible officers can use to measure and report on the performance of the contract(s) they manage. These typically include, but are not limited to:

- Volume of orders/contracts;
- On-time delivery/completion;
- Defect rates and variations;
- Cost of raising order/processing contracts;
- Results of customer satisfaction questionnaires.

However, the recommended focus should be on an evaluation process which leads to the implementation of continual improvement to Council’s significant high value procurements.

There are three key procurement areas which should be measured, evaluated and reported on annual regular basis:

- Contractor performance;
- Opportunities to improve processes;
- Incorporation of process improvements.

6.6 Procurement Performance Reporting

A list of performance indicators will be used to measure procurement performance. They will include criteria such as:

- Contract compliance and performance (through annual review/audit of a selected sample of current contracts);
- The proportion of expenditure against corporate contracts;
- User and supplier feedback;
- The percentage of Council purchases that have considered sustainability; and
- Measuring the success of projects and programs.

These criteria will be used as the basis for regular performance reports to the executive team and Council.

6.7 Continuous Improvement
Council is committed to continuous improvement as part of its Business Excellence Program and will review this Procurement Policy on an annual basis, to ensure that it continues to meet the corporate objectives.

Procurement procedures, practices and costs will be benchmarked externally. Internal service standards will be agreed within Council and performance against these targets will be measured and reviewed regularly to support continuous improvement. The performance measurements developed will be used to:

- Highlight trend and exceptions where necessary to enhance performance;
- Improve the internal efficiency of the procurement process and where relevant the performance of suppliers; and
- Facilitate relevant programs to drive improvement in procurement to eliminate waste and inefficiencies across key expenditure categories.

6.8 Exemption from this Policy or the Procurement Procedures

The Chief Executive Officer may only approve an exemption from this Policy or Procurement Procedures if the following is satisfied:

- The exemption does not arise because of a lack of planning; and
- The exemption does not seek, as its primary motivation, to lessen or avoid competition.

Please note: This policy is current as at the date of approval. Refer to Council’s website (www.bayside.vic.gov.au) or staff intranet to ensure this is the latest version.
7. Related documents

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<tr>
<th>Policies</th>
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<tr>
<td>Council’s Risk Management Policy</td>
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<td>Council’s Occupational Health and Safety Policy</td>
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<td>Council’s Delegations to Chief Executive Officer</td>
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<td>Instrument of sub-delegation</td>
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<td>Gifts and Hospitality Policy</td>
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<td>Council Plan</td>
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<th>Procedures</th>
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<tr>
<td>Council’s Procurement Procedures and Contract Management Procedures</td>
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<td>Council’s Code of Conduct for Councillors and Officers</td>
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8. Definitions & Abbreviations

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
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<tbody>
<tr>
<td>Treatment of GST</td>
<td>All monetary values stated in this policy include GST except where specifically stated otherwise.</td>
</tr>
<tr>
<td>Act</td>
<td>Local Government Act 1989</td>
</tr>
<tr>
<td>Commercial in Confidence</td>
<td>Refers to information provided that is commercially sensitive and if released could cause commercial detriment or disadvantaged in the market.</td>
</tr>
<tr>
<td>Probity</td>
<td>In the context of a procurement process probity is a defensible process which is able to withstand internal and external scrutiny – one which achieves both accountability and transparency, providing tenderers with fair and equitable treatment. Probity is about ensuring the procedural integrity of the procurement process (Victorian Local Government Best Practice Procurement Guidelines, Department of Planning and Community Development, 2013, p.51).</td>
</tr>
<tr>
<td>Value for Money</td>
<td>A measure covering quality and quantity levels, performance standards, risk exposure and other policy measures (e.g. environment impacts), as well as price. Value for money is assessed on a ‘whole of life’ or ‘total cost of ownership’ basis, which includes the transitioning-in, contract period and transition-out phases of a contractual relationship.</td>
</tr>
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Executive summary

Purpose and background
The purpose of this report is to inform Council of the Building and Infrastructure Maintenance Service Review (Attachment 1).

Council’s Building and Infrastructure Maintenance (BIM) Service is delivered under contract by various contractors. BIM is delivered by Council’s City Assets and Projects Department.

BIM provides core services for Council with its primary purposes being to:

- Ensure that Council’s civil and building infrastructure is safe, functional and fit for current purpose.
- Offer safe and convenient movement from one place to another, and
- Protect community and resident/business amenities from flooding.

Building Maintenance
Council owns 361 buildings of which approximately 225 are “habitable”. Of these 225 habitable buildings, most are leased or licensed to third parties, like kindergartens and play groups, community groups (such as theatre groups and historic societies), sporting clubs and commercial enterprises. The various leases and licenses contain differing levels of maintenance responsibilities for Council and each tenant.

Council has a building maintenance services contract in place until 2021.

Building Maintenance (BM) also:

- Provides Graffiti removal on park benches, fencing adjoining Council property, maintenance of non-standard street lighting and asbestos identification and removal from Council buildings.
- Manages and undertakes minor capital works related to buildings that are aligned with maintenance. The number of minor capital works projects varies each year, but can equate to 100 individual projects per year, with a total value of around $1.5 million.
- Is responsible for management of Council’s Corporate Cleaning Contract. The cleaning contract was awarded for an initial three year term and is now in its fifth one year extension (up to a maximum of seven one year extensions at Council’s discretion).

Infrastructure Maintenance

Infrastructure Maintenance (IM) maintains Council’s drainage and road infrastructure and provides sweeping, cleaning and weed control services for residential streets, shopping centres and laneways.

IM also provides similar services for other authorities’ (such as VicRoads) infrastructure within the municipality. Maintenance services are provided as programmed or proactive works and as reactive works.
In addition to maintenance services, IM provides support to other Council service areas through drainage advice, infrastructure network information, identifying requirements for capital works and design advice. IM monitors a road following in-ground works by other authorities or private developers to ensure the road is reinstated to Council’s standards. IM also provides after hours and emergency response services, such as drainage response, pot holes/road defects and road accident clean-ups.

The IM Unit delivers most of these services through the management and supervision of two long-term contracts:

- Management and Operation of Infrastructure Maintenance Services – 080977
- Management and Operation of Street Sweeping & Shopping Centre Cleaning Services – 080976

The contracts expire in March 2019 and Council has an option to extend until March 2020.

A total of 5.8 Effective Full Time (EFT) staff are employed within the BIM service. The annual budget for the service is $8.9 million in 2017/18.

**Key issues**

1. **Contract Management**

Council contracts out BIM services under four major contracts:

- Building maintenance;
- Building cleaning;
- Infrastructure maintenance; and
- Street sweeping/shopping centre cleaning.

Three of these contracts are due for review or extension in 2018/19.

These contracts and the contracts within the Open Space department are currently being reviewed for the most appropriate contract model that would generate the best outcome for Bayside. The Open Space Strategic Service Review is currently being completed. Shared service contracts with neighbouring Councils are also being assessed and considered.

2. **Street Sweeping**

Council contracts out street sweeping and shopping centre cleaning to maintain a streetscape free of hazards and in a clean, neat and safe condition, assist in the effective flow of stormwater and reduce pollution of waterways and Port Phillip Bay.

The service is preforming well with low numbers of complaints and well established service standards.

There are a number of issues with street cleaning that have been identified as part of this review including:

- Contractors are finding it more difficult to gain suitable access for street sweeping due to parked cars;
- Service requests are increasing; and
- More street sweeping is being conducted but there is no change in the volume of material collected.
The adequacy and frequency of street sweeping and impacts on the drainage system in terms of the number of drainage blockages will be reviewed to determine if some streets require more frequent sweeping while some streets require less sweeping.

3. Drainage Maintenance

The proactive and reactive drainage maintenance service is preforming well and keeps the drainage system operating at full capacity. Council has received a low satisfaction score in relation to the measure “Ability of the stormwater system/drains being adequate to prevent flooding during major storm events”. This relates to the capacity of the drainage pipes.

Council has established a 10-year Drainage Upgrade Plan but it has not yet developed a proactive condition-based drainage renewal program due to difficulties in accessing and assessing the condition of drains to inform any investment program. A program to assess the condition of underground drains is required to guide future investment in the renewal of drainage assets.

Many of Council’s drains are located in easements in private property. Feedback from Council’s contractors (who also work for other councils around Melbourne) indicates that Council’s approach to requesting access to private property is “too soft” and requires a definitive procedure whereby the legislation regarding access is clearly communicated and upheld so that effective maintenance services are provided. Benchmarking with other councils also indicated that other councils have more formalised processes in requesting access to the property and do not experience the same level of problems that Council experiences. A new procedure is being prepared to address this issue.

Also relevant to this issue is that the Department of Environment, Land, Water and Planning (DELWP) is reviewing the arrangements between Melbourne Water and councils “to clarify responsibilities for urban stormwater risk management, related assets and services in the Melbourne metropolitan area”. A recommendations paper for negotiation with councils via Municipal Association of Victoria (MAV) and Melbourne Water for approval by authorities is due in late 2018. This may change the number of drains Council is responsible for maintaining.

4. Asbestos in Buildings

Many buildings built before 1990 contain asbestos materials. Council has a legislated responsibility under the OHS Act to manage asbestos in buildings that are located on Council-owned or managed land and is required to conduct building audits every five years and keep an asbestos register.

Asbestos in Council buildings has been assessed as per the relevant regulations and presents a low health risk to building users and the community.

There are 154 buildings identified as containing or at risk to contain asbestos. These premises are a mix of:

- council-owned and managed buildings;
- community buildings where there is shared responsibility for maintenance such as tennis clubs and bowls clubs; and
- facilities with a land lease only such as like saving clubs and yacht clubs.
An audit conducted in 2017 recommended that buildings containing asbestos are labelled as a caution to anyone doing any building works, and that building managers are provided with details of the asbestos register including identified locations of potential asbestos. While some work has been conducted regarding asbestos labelling, it has not been fully implemented within Council buildings and an approach to complete this task is being developed.

5. Service improvements

A series of operational improvement recommendations were identified as part of the service review and these will be implemented as part of a continuous improvement program.

**Recommendation**

That Council adopts the Building and Infrastructure Maintenance Service Review recommendations contained in Attachment 1.

**Support Attachments**

1. Attachment 1 - Building and Infrastructure Maintenance Executive Summary Final Report and Recommendations

**Considerations and implications of recommendation**

**Liveable community**

**Social**
The provision of maintenance services is critical in ensuring the ability for the community to engage in social activities, and conduct their everyday lives within the municipality

**Natural Environment**
Maintenance services are undertaken using environmentally appropriate products at all times and all care is taken to ensure works do not cause any negative impact on the environment.

**Built Environment**
Maintenance services ensure that Council built assets are maintained to a safe and fit for purpose standard.

**Customer Service and Community Engagement**
Residents and community groups are advised when any maintenance works are to occur and consulted when the works may impact short term on their use or amenity. The maintenance contracts have strict timelines to ensure the provision of high quality customer service.

**Human Rights**
The implications of this report have been assessed and are not considered likely to breach or infringe upon, the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

**Legal**
There are no legal implications associated with this paper.
Finance

Council’s 10 year Operational Program includes ongoing funding for these critical maintenance services. Links to Council policy and strategy.

Total expenditure for the next 10 years across BIM based on CPI is:

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<td><strong>2016/17</strong></td>
<td>$8,907,032</td>
<td>$9,076,266</td>
<td>$9,248,715</td>
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<td>$9,603,505</td>
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<td><strong>$8,235,619</strong></td>
<td><strong>2017/18</strong></td>
<td><strong>2018/19</strong></td>
<td><strong>2019/20</strong></td>
<td><strong>2020/21</strong></td>
<td><strong>2021/22</strong></td>
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<td>$9,785,971</td>
<td>$9,971,905</td>
<td>$10,161,371</td>
<td>$10,354,437</td>
<td>$10,551,171</td>
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Building and Infrastructure Maintenance Service Review

Executive Summary and Recommendations

Draft Report
May 2018
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Executive Summary

A service review has been undertaken to assess the role and function of Bayside City Council’s Building and Infrastructure Maintenance (BIM) Service to ensure the service is aligned to community needs, operating efficiently and delivering public value.

The service review has involved analysis of performance, financial data and customer requests, benchmarking with other metropolitan councils, staff workshops, stakeholder interviews and surveys of tenants and users. An assessment of options and recommendations for four aspects of Council’s BIM Service were considered as well as further operational improvement opportunities.

The scope of the BIM service review covered: building maintenance; building cleaning; infrastructure maintenance; street cleaning and weed control; drainage investigations; and minor renewals (building projects under $100,000).

Building Maintenance (BM) and Infrastructure Maintenance (IM) are core services for Council that are required by legislation and are delivered under contract by various contractors.

Overview of recommendations for Council’s Building and Infrastructure Maintenance Service

The recommendations 1 to 3 will be fully costed through future contract development to commence from May 2018.

1. Contract management

Council contracts out BM and IM services under four major contracts for building maintenance, building cleaning, infrastructure maintenance and street sweeping/shopping centre cleaning. Three of these contracts are due for review or extension in 2019/20.

The current model of delivering BM and IM services by outsourcing the works to contractors and managing the contracts within Council commenced in the mid-1990s. Over this period, services to be delivered through the contracts and specifications have been modified, but have remained fairly constant from 2003 until now. It is timely for Council to review how it is contracting services and how it is undertaking contract management.

There is increasing demand for BM and IM services with more requests – in part due to increasing use of the internet and mobile devices to quickly send requests. There is also increasing utilisation of Council buildings and tenants expect seamless maintenance services that do not impede on the community’s use of the building.

Contract management across BM and IM can be improved. Documentation of Occupational Health and Safety and performance audits can be enhanced along with more regular contract management meetings and better oversight.

Council outsources all of its maintenance services including all auditing functions. The contractor also conducts condition audits that then sets the programmed maintenance undertaken. While Council staff routinely audit the contractor, there is a potential risk to Council whereby the contractor could misuse this function and include unnecessary work into the schedule. Council could bring the condition auditing function back in-house to mitigate the risks. New technology can also assist with auditing, for example, street sweeping is now tracked by Council staff though GPS tracking that provides for cost-effective monitoring and this could be expanded into the Customer Experience unit to provide better customer interaction.

Innovative technology solutions can be incorporated into future contracts, such as Close Circuit Television (CCTV) monitoring of the drainage network. Benchmarking has indicated maintenance contracts can also include innovation indicators whereby the contractor is incentivised to continuously improve and to create efficiencies throughout the life of the contract.

Council can further assess its contracting service model and the costs, benefits and risks of moving to an outcomes-based contracting model. For example, Auckland Council has recently begun implementing an innovative outcomes-based service delivery model that has resulted in four contractors appointed to manage
facilities across five regional areas. The model effectively bundles a group of services in a service area – in Auckland’s case aligned with council’s regional board boundaries – into a single contract, and requires the contractor to look after the range of services delivered at each facility in the board area. Therefore, the same company that cuts the grass on a sports field will also be cleaning toilets and providing security. Additionally shared service contracts with other neighbouring Councils will also be assessed and considered.

<table>
<thead>
<tr>
<th>#</th>
<th>Recommendations</th>
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<tr>
<td>4.1.1</td>
<td>Review BM and IM contract management and associated systems and processes to improve management procedures and respond to increasing customer demand.</td>
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<tr>
<td>4.1.2</td>
<td>Assess the costs, benefits and risks of moving to an outcomes-based contracting model and/or shared service provision with others councils.</td>
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</table>

2. Street sweeping

Council contracts out street sweeping and shopping centre cleaning to maintain a streetscape free of hazards and in a clean, neat and safe condition, assist in the effective flow of stormwater and reduce pollution of waterways and Port Phillip Bay.

Although the service is performing well there are a number of issues with street cleaning:
- Service requests are increasing and it is uncertain if current service levels are appropriate;
- More street sweeping is being conducted but there is no change in the volume of material collected;
- It is uncertain whether material is being missed and/or is being lost down drains (with potential for increased drain blockages – further analysis is required regarding the adequacy and frequency of street sweeping and impacts on the drainage system in terms of the number of drainage blockages); and
- Contractors are finding it more difficult to gain suitable access for street sweeping due to parked cars.

With higher density living and increased congestion with vehicles parking in residential streets, the current street cleaning service level is difficult to achieve in Bayside. Council’s contractor has indicated that it is likely to require additional resources (either in staffing or equipment) to maintain existing service levels. It is also becoming increasingly problematic for the contractor to gain access to laneways and car parks in activity centres as more cars are parked overnight.

Options for improving street cleaning include:
- Changing schedules and/or differentiating the frequency of street cleaning based on material collected—for example, to clean different streets at different frequencies depending on street type or location;
- Using different machinery to get better access for street cleaning – potentially with increased costs; and
- Establishment of clearways to enable effective street cleaning, such as a clearway one morning a week (which may also coincide with kerbside bin collection).

It is likely that there will be significant residential and business opposition to clearways. Therefore, Council will need to consider different machinery and/or differentiated frequencies for street cleaning. This will require further exploration and analysis to identify the best option and require this in the future street cleaning contract.

<table>
<thead>
<tr>
<th>#</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2.1</td>
<td>Assess options for improved street cleaning including use of clearways, different machinery and/or differential frequencies.</td>
</tr>
</tbody>
</table>

3. Drainage investment and access

Council has responsibilities for maintaining the local drainage system. Minor drains are maintained via a program of high pressure cleaning of pipes and drainage pits. The aim is to visit every pipeline in the municipality at least once every three years. Certain areas in Beaumaris and Brighton have been identified as requiring visiting on a more regular basis due to incidents of frequent blockage.
A well maintained drainage system helps keep residential and business properties and people safe from flooding. In-line gross pollutant traps and litter baskets in the drainage system also reduce pollution into the waterways and the Bay. However, Council has received a low satisfaction score in relation to the measure “Ability of the stormwater system/drains being adequate to prevent flooding during major storm events”. This relates to capacity of the drainage pipes.

Council has established a 10-year Drainage Upgrade Plan but it has not developed a proactive condition-based drainage renewal program due to difficulties in accessing and assessing the condition of drains to inform any investment program. Council is working with RMIT to determine a strategic approach for assessing drainage assets to identify condition-based renewals which aim to quantify and program the long-term investment required. Council can also use CCTV on drains to gain better understanding of asset condition but this brings additional costs.

Many of Council’s drains are located in easements in private property. Feedback from Council’s contractors (who also work for other councils around Melbourne) indicates that Council’s approach to requesting access to private property is “too soft” and requires a definitive procedure whereby the legislation regarding access is clearly communicated and upheld so that effective maintenance services are provided. Benchmarking with other councils also indicated that other councils have more formalised processes in requesting access to the property and do not experience the same level of problems that Council experiences.

Also relevant to this issue is that the Department of Environment, Land, Water and Planning (DELWP) is reviewing the arrangements between Melbourne Water and councils “to clarify responsibilities for urban stormwater risk management, related assets and services in the Melbourne metropolitan area”. 1

A recommendations paper for negotiation with councils via MAV and Melbourne Water for approval by authorities is due in late 2018.

<table>
<thead>
<tr>
<th>#</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3.1</td>
<td>Develop and apply a more formalised process to request access to property in order to undertake required drainage condition assessments, maintenance and renewals.</td>
</tr>
<tr>
<td>4.3.2</td>
<td>Use the results of the drainage condition assessments to inform its future drainage maintenance and renewal program and necessary investment.</td>
</tr>
</tbody>
</table>

4. Asbestos management

Many buildings built before 1990 contain asbestos materials. Council has a legislated responsibility under the OHS Act to manage asbestos in buildings that are located on Council-owned or managed land and is required to conduct building audits every five years and keep an asbestos register. Asbestos in Council’s buildings has been assessed as not posing a hazard to people.

There are 154 buildings identified as containing or at risk to contain asbestos. These premises are a mix of:
- council-owned and managed buildings such as Maternal and Child Health Centres and kindergartens;
- community buildings where there is shared responsibility for maintenance such as tennis clubs and bowls clubs; and
- facilities with a land lease only such as like saving clubs and yacht clubs.

An audit conducted in 2017 recommended that buildings containing asbestos are labelled as a caution to anyone doing any building works, and that building managers are provided with details of the asbestos register including possible locations of asbestos. While some work has been conducted regarding asbestos labelling, it still needs to be implemented within Council buildings.

The asbestos labelling program will involve resource support from Council’s Communications unit and service area managers to manage the messaging but will not require significant other costs to implement.

**Recommendation**

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<th>#</th>
<th>Recommendation</th>
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</thead>
</table>

Operational improvement recommendations

A series of operational improvement recommendations were identified as part of the service review and these will be progressed as part of a continuous improvement program.

Service improvements

<table>
<thead>
<tr>
<th>#</th>
<th>Recommendation</th>
<th>Indicative cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1.1</td>
<td>Define and document accountability and responsibility areas for maintenance services and address any asset maintenance gaps in future contract renewals. This will include maintenance services delivered by BM and IM as well as maintenance services provided by Open Space Management.</td>
<td>Within operational budget</td>
</tr>
<tr>
<td>5.1.2</td>
<td>Assess the relative costs and benefits of bundling all graffiti removal within one contract.</td>
<td>Future contract development (potential savings)</td>
</tr>
<tr>
<td>5.1.3</td>
<td>Develop a feedback loop whereby customers receive notification of the progress of their request including closure notes when it has been actioned.</td>
<td>$5,000</td>
</tr>
<tr>
<td>5.1.3a</td>
<td>Communicate with Traders’ Associations on a regular basis about IM activities and work with Council’s Economic Development Unit to build better relationships with traders.</td>
<td>Within operational budget</td>
</tr>
<tr>
<td>5.1.4</td>
<td>As part of the review of the Leasing Policy, develop and progressively apply standard maintenance and cleaning schedules for all leases.</td>
<td>Within operational budget</td>
</tr>
<tr>
<td>5.1.5</td>
<td>Work with the Customer Experience unit to enhance Council’s website to make lodging requests easier.</td>
<td>$5,000</td>
</tr>
<tr>
<td>5.1.5a</td>
<td>Promote the benefits of lodging requests via Council’s website.</td>
<td>Part of Digital Strategy (no additional cost)</td>
</tr>
</tbody>
</table>

People improvements

<table>
<thead>
<tr>
<th>#</th>
<th>Recommendation</th>
<th>Indicative cost</th>
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</thead>
<tbody>
<tr>
<td>5.2.1</td>
<td>Improve collaboration and communication between the BM and Leasing Units to enable better oversight of building utilisation and type of use to inform maintenance approaches and manage tenant and community expectations.</td>
<td>Within operational budget</td>
</tr>
</tbody>
</table>

Efficiency improvements

<table>
<thead>
<tr>
<th>#</th>
<th>Recommendation</th>
<th>Indicative cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.3.1</td>
<td>Assess the feasibility of bundling all waste removal contracts to increase efficiency and better meet Council’s waste diversion objectives.</td>
<td>Future contract development (potential savings)</td>
</tr>
<tr>
<td>5.3.2</td>
<td>Map BM and IM processes (macro and micro) and improve and communicate these processes to internal staff and tenants.</td>
<td>Within operational budget</td>
</tr>
<tr>
<td>5.3.3</td>
<td>Make it easier for staff to lodge maintenance requests on the REX system then use a change management approach to ensure all requests are lodged via the appropriate channel.</td>
<td>$5,000 (for intranet customisation)</td>
</tr>
<tr>
<td>5.3.4</td>
<td>Evaluate the Handyman program and monitor if it reduces reactive work and is cost-effective prior to any consideration to expanding it.</td>
<td>Within operational budget</td>
</tr>
</tbody>
</table>
Executive summary

Purpose and background
The purpose of this report is to recommend a contract be awarded for Retail Electricity, Natural Gas, Public Lighting and Associated Services in accordance with Procurement Australia’s Contract 2106/0634 for a period commencing 1 July 2018 and ending 30 June 2020.

Key issues
Council uses electricity and gas in its operations on a daily basis. Current contracts are in place for the supply of retail electricity, natural gas and public lighting. These contracts are coming to an end and new contracts must be established.

Process
Procurement Australia, acting on behalf of a large number of Victorian Councils, sought public tenders for the supply of Retail Electricity, Natural Gas, Public Lighting and Associated Services. Bayside joined with other Councils in participating in a public tender.

Benefits
This Contract will encompass five separate agreements that are due to expire at the end of this year.

The key benefits of this tender outcome are:

- Energy costs are lower under this contract when compared to other market sources for both gas and electricity.
- Unrestricted addition of new sites for small market electricity and gas sites.

Confidential Attachment 1 Tender Evaluation Report prepared by Procurement Australia recommends that the tender from AGL and Origin Energy be accepted.

Confidential Attachment 2 Bayside City Council Cost Estimates prepared by Procurement Australia predicts what Council can expect to pay in the two financial years under this contract.

Recommendation
That Council:

1. awards a contract for Retail Electricity, Natural Gas, Public Lighting and Associated Services for a period commencing 1 July 2018 and ending 30 June 2020 in accordance with Procurement Australia’s Contract 2106/0634; and

2. authorises the Acting Chief Executive Officer to sign all necessary contract agreements with AGL and Origin Energy for Retail Electricity, Natural Gas, Public Lighting and Associated Services.
Support Attachments

1. Confidential Attachment 1 - Procurement Australia Tender Evaluation for CON/18/36 Retail Electricity, Natural Gas, Public Lighting and Associated Services (separately enclosed)
2. Confidential Attachment 2 - Bayside City Council Cost Estimates for CON/18/36 Retail Electricity, Natural Gas, Public Lighting and Associated Services (separately enclosed)

Considerations and implications of recommendation

Social

The provision of electricity and gas to Council’s facilities is required so community activities can occur within Council properties.

Natural Environment

Tenderers were required to address environmental criteria and the environmental impact formed a part of the tender evaluation criteria used by Procurement Australia. AGL and Origin achieved two out of the three highest scores in this criteria.

Built Environment

The provision of electricity and gas for buildings and electricity for street lights is required to provide Council services and a safe community.

Customer Service and Community Engagement

No customer service or community engagement activities were assessed as necessary for consideration of this report.

Human Rights

The implications of this report have been assessed and are not considered likely to breach or infringe upon the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

Legal

This Request for Tender was undertaken in accordance with the Bayside City Council’s Quotation and Tendering Procedure and section 186 of the Local Government Act 1989.

Finance

The awarding of this contract will provide lower costs for Retail Electricity, Natural Gas, Public Lighting and Associated Services compared to the higher and inconsistent rates currently in the market. A fixed contract is more predictable for budgeting purposes at competitive rates. The contract rates are higher than the current rates, however this is to be expected in the current market environment and Council’s 2018/19 Budget was prepared prior to these contract rates being available. It is likely that energy costs will exceed the allocated 2018/19 Budget by up to $230,000 as shown in Attachment 2. This budget requirement will be managed during the year as part of the monthly budget forecasting process and will also partially be offset through increased solar energy generation.
Links to Council policy and strategy

Council’s Procurement Policy states that Council’s standard methods for purchasing goods, service and works shall, where the Council is satisfied that value for money requirements have been met, include purchasing schemes like collaborative purchasing arrangements with other Councils and commercial schemes such as provided by Procurement Australia and the Municipal Association of Victoria.

Options considered

Not applicable to this report.
Executive summary

Purpose
To consider the award of a contract for the renewal of the current telephony system with a new contemporary solution, providing modern features, reporting & analysis with a focus on continuing to offer telephony as a channel of choice.

Background
Currently the telephone channel receives high volumes of calls from customers and is the most preferred way to make contact with Council.

To provide a great experience to our community, it is paramount that we have the right tools and resources to meet expectations. The current telephony system was originally commissioned 15 years ago and no longer meets current service needs. Additionally some of the hardware components are no longer manufactured and nearing end of life, which presents a significant risk in the event of hardware failure.

A review of the current system identified the need to modernise and increase the capacity and capability of the Enterprise Telephony system to deliver effective and efficient contact and communications processes.

Solution
Operating as an integrated collaboration platform, the solution enables personal productivity tools such as mobility, messaging, contacts management, click to dial as well as group engagement tools for audio/video/web bridging.

Customer care can take the form of voice, email, web chat, fax, self-help and social media. To be effective, metrics are crucial for real time events. Historical and life cycle reports, and forecasting tools based on expected volumes or desired KPIs will allow the organisation to design call journey processes that better respond to customer needs.

High definition quality video conferencing and collaboration will be a natural extension of the way people work and include meeting room solutions and a range of endpoint applications that support the laptops, desktops, smartphones and tablets for the mobile workforce.

Key issues
An Expression of Interest was released on Wednesday 19 April, 2018 in accordance with Council’s Procurement Policy and Section 186 of the Local Government Act 1989 and. Shortlisted vendors were invited to present to Council based on selection criteria.

The selection criteria consisted of the following weighted criteria:

1. Solution Viability – 40%
2. Price – 30%
3. Methodology – 20%
4. Experience & references – 10%
Council released a tender to the shortlisted vendors based on the confirmed specifications to meet Council’s requirements. Based on the evaluation of responses to the selection criteria, the project team selected the preferred vendor, Tie Networks, to present to Council its solution which clearly outperformed other tenderers on hardware performance, methodology, & price.

The tendered price $695,201 exceeds the original budget of $524,700 by $170,501 however the recurrent operating costs associated with the new solution will save $51,000 annually by removing fixed telephone lines and using voice over internet.

Recommendation

That Council:

1. Award Contract No: CON/17/122 for the replacement of the Enterprise Telephony System to Tie Networks Pty Ltd, for a lump sum price of $695,201 (Including GST)

2. Authorises the Chief Executive Officer to sign all necessary contract documentation relating to the awarding of Contract 17/122.

Support Attachments

1. Confidential Evaluation Matrix - Telephony Solution (separately enclosed)

Considerations and implications of recommendation

Liveable community

Social
There are no social implications associated with this report.

Natural Environment
There are no natural environmental impacts associated with this report.

Built Environment
There are no built environmental impacts associated with this report.

Customer Service and Community Engagement

The new telephony system will provide the required tools and resources required to effectively manage and deliver a great experience via the telephone channel.

The proposed new contract will commence by June 30 2018 and was publically advertised via Procurement Australia panel on Wednesday 19 April, 2018.
Human Rights

The implications of this report have been assessed and are not considered likely to breach or infringe upon, the human rights contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

Legal

The tendering process has been undertaken in accordance with Council's Procurement Policy and in accordance with section 186 of the Local Government Act 1989.

Finance

The proposed tendered price is above the annual budget allocation of $524,700 by $170,501, however will be funded through ongoing operational savings of $51,000 annually.

Links to Council policy and strategy

Ongoing lifecycle renewal is linked to the ICT Strategy to ensure continuous improvement and robust business continuity.
10.31 COUNCIL ACTION AWAITING REPORT

Corporate Services - Governance
File No: PSF/18/103 – Doc No: DOC/18/128046

Executive summary

Purpose and background
This report presents to Council a schedule of actions pending for the period to 19 June 2018.

Key issues
This report contains resolutions of Council that require a further report to Council.

Recommendation
That Council notes the Council Action Awaiting Report.

Support Attachments
1. Council Action Awaiting Report - June 2018
<table>
<thead>
<tr>
<th>DATE OF MEETING</th>
<th>COUNCIL RESOLUTION</th>
<th>DIVISION</th>
<th>COMMENTS/STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.11.14</td>
<td><strong>Home and Community Care (HACC) Service Review</strong></td>
<td>DCPCS</td>
<td>An update was provided to Councillors at the 31 October 2017 followed by a report to the 21 November 2017 Council meeting. <strong>Completed</strong></td>
</tr>
<tr>
<td>24/05/16</td>
<td><strong>Sandringham Village Streetscape Masterplan</strong></td>
<td>DCPCS</td>
<td>In the event that the bus route change to Bay Rd, Beach Road, Melrose Street and Station Street does not proceed and the Village Square feature not be achievable, a revised Master Plan without the Village Square concept will be presented to a future Council meeting for adoption.</td>
</tr>
<tr>
<td>24/05/16</td>
<td><strong>Childrens’ Sensory Garden Investigation</strong></td>
<td>DERI</td>
<td>A further report will be provided to a future Council meeting.</td>
</tr>
<tr>
<td>21/06/16</td>
<td><strong>Bayside Public Transport Advocacy Statement</strong></td>
<td>DERI</td>
<td>Further updates on the Bayside Public Transport Advocacy Statement will be provided to Council for adoption for any new advocacy issues when they arise.</td>
</tr>
<tr>
<td>DATE OF MEETING</td>
<td>COUNCIL RESOLUTION</td>
<td>DIVISION</td>
<td>COMMENTS/STATUS</td>
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<tr>
<td>28/02/17</td>
<td><strong>Potential Land Purchase</strong></td>
<td>DCorp</td>
<td>A further report will be submitted to Council following the negotiations.</td>
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<tr>
<td></td>
<td>1. authorises the Chief Executive Officer to seek to negotiate the purchase of</td>
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<td></td>
<td>approximately 0.35 hectare of land at the CSIRO site in Highett for the potential</td>
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<td></td>
<td>future development of a library and community facilities; and</td>
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<td></td>
<td>2. receives a further report on the outcomes of these negotiations</td>
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<tr>
<td>25/7/17</td>
<td><strong>Bayside Environmental Sustainability Framework 2016-2025 Annual Progress Report</strong></td>
<td>DERI</td>
<td>A report will be submitted to the August 2018 Council meeting.</td>
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<tr>
<td></td>
<td>That Council receives a further report in the first quarter of the 2018/19</td>
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<tr>
<td></td>
<td>financial year detailing progress against targets, the overall success of actions</td>
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<td></td>
<td>and reviewing issues and risks.</td>
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<tr>
<td>22/8/17</td>
<td>**Brighton Secondary College Synthetic Hockey facility - Management Committee</td>
<td>DERI</td>
<td>A report will be submitted to the July 2018 Council meeting.</td>
</tr>
<tr>
<td></td>
<td>Financials Update**</td>
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<tr>
<td></td>
<td>That Council receives a further report no later than July 2018 from the Management</td>
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<td></td>
<td>Committee summarising activities, including the financial position of the Brighton</td>
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<td></td>
<td>Secondary College Hockey Facility Management Committee.</td>
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<tr>
<td>22/8/17</td>
<td><strong>Integrated Transport Strategy 2013 - Implementation Progress During 2016/17</strong></td>
<td>DERI</td>
<td>A report on this matter is included in the agenda.</td>
</tr>
<tr>
<td></td>
<td>2. That Council receives a further report presenting a mid-term review and update</td>
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<tr>
<td>Date</td>
<td>Amendment C151 – Hampton East (Moorabbin) Structure Plan</td>
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<tr>
<td>24/10/17</td>
<td>Item 10.1 – Reports by the Organisation Page 738 of 743</td>
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**Item 10.1**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
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<tbody>
<tr>
<td>24/10/17</td>
<td>That Council following the Minister for Planning’s decision in relation to the above, receive a report that outlines the scope, funding options and timing.</td>
</tr>
<tr>
<td>2/11/2017</td>
<td>HMV’s Cerberus – Heritage Works Permit Update</td>
</tr>
<tr>
<td>2/11/2017</td>
<td>National Disability Insurance Scheme</td>
</tr>
<tr>
<td>2/11/2017</td>
<td>Statutory Planning Service and Delegations</td>
</tr>
</tbody>
</table>

**Item 10.3**

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>19/12/17</td>
<td>Bayside Film Festival</td>
</tr>
<tr>
<td>4.</td>
<td>Pending the outcome of the grant application, a further report be provided to Council which includes the findings of the work undertaken should the application be successful, and in the event that it is not. Council receive a further report.</td>
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<tr>
<td>Date</td>
<td>Item</td>
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<tr>
<td>20/3/18</td>
<td>10.7</td>
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<tr>
<td>24/4/18</td>
<td>10.2</td>
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<tr>
<td>24/4/18</td>
<td>10.17</td>
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</tbody>
</table>
11. Reports by Delegates

1. Association of Bayside Municipalities – The Mayor Cr Laurence Evans
2. MAV Environment Committee – Director Environment, Recreation & Infrastructure
3. Metropolitan Transport Forum – Cr Clarke Martin
4. Municipal Association of Victoria – Cr Alex del Porto
5. Inner South Metropolitan Mayors’ Forum – The Mayor Cr Laurence Evans
6. Metropolitan Local Government Waste Forum – Cr Michael Heffernen

12. Urgent Business

13. Notices of Motion

Nil
14. Confidential Business

That pursuant to Section 89(2) of the Local Government Act 1989, the Council resolves that so much of this meeting be closed to members of the public, as it involves Council consideration of matters coming within some or all of the following categories listed in Section 89(2) of such Act.

(a) Personnel matters;
(b) The personal hardship of any resident or ratepayers;
(c) Industrial matters;
(d) Contractual matters;
(e) Proposed developments;
(f) Legal advice;
(g) Matters affecting the security of Council property;
(h) Any other matter which the Council or Special Committee considers would prejudice the Council or any person;
(i) A resolution to close the meeting to members of the public.

14.1 BEAUMARIS SPORTS CLUB LOAN GUARANTEE UPDATE
(LGA 1989 Section 89(2)(h) matters which the Council considers would prejudice the Council or any person.)

14.2 SANDRINGHAM GOLF DRIVING RANGE
(LGA 1989 Section 89(2)(d) and (h) contractual matters and matters which the Council considers would prejudice the Council or any person.)

As Acting Chief Executive Officer, I hereby declare that the contents of this agenda relating to the closed meeting of the ordinary meeting of Council are deemed confidential and accordingly members of Council are reminded that the contents of the agenda are not to be disclosed to any other party.

Mick Cummins

Acting Chief Executive Officer