



# **Submission on Council's 2026-27 Plan and Budget**

Date: 31 January 2026

Submitted by Campbell Spence on behalf of the Residents of Port Phillip, Inc.

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# 1 OUR POSITION ON THE BUDGET

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The Residents of Port Phillip endorses the City of Port Phillip's commitment "to maintaining a financially responsible budget" (2025 Annual Report) and welcomes the opportunity to make the following submission on the 2026-27 Council Plan and Budget.

Over the past 3 years the budget has relied on increasing revenue and expenditure beyond inflation (refer to Chart 1), when the community is already facing a very difficult cost of living crisis.

Based on significant operating surplus in its current accounts, the CoPP has capacity for a rates freeze without compromising any service in the 2026-27 Budget. In December 2024 the CoPP reported an operating surplus of \$16.2M and is forecasting a cash surplus of \$12.1M at the end of June 2026.

(Source <https://www.portphillip.vic.gov.au/media/vgghy1jm/ceo-report-october-2025-issue-123.pdf> )

Why is the City of Port Phillip increasing rates and charges each year without financial relief for its residents when the Melbourne and Bayside councils delivered a 0% increase in rates in their 2025-26 Budgets?

Rates and charges in Port Phillip are excessive compared with neighbouring councils. Based on property values, equivalent homes in Bayside, Glen Eira and Stonnington, have substantially lower council rates (24% - 58%) than Port Phillip (refer to Chart 2 & Table 1).

Based on an analysis of staff per 1,000 residents and employees by grades with neighbouring councils the CoPP has vastly more staff and highly paid senior managers compared to the other local government areas (refer to Charts 3, 3 & 5 & Table 2), the CEO has the fiscal responsibility to undertake an organisational restructure to deliver significant efficiencies.

Since the introduction of the rate capping in 2016-17 the CoPP claims it has forgone more than \$137 million in rates revenue which necessitated the delivery of efficiency savings exceeding \$137 million. Since the CoPP has a solid track record of managing reductions in revenue a 0% increase in rates and charges should be easily achieved as a cost saving of only \$ 4.4M would be required based on 2025-26 rates and charges [ $\$158.7M \times 2.75\% = \$4.4M$ ]. In other words, less than 2% efficiency on the current year expenses of \$273.8M would deliver a 0% increase in rates and charges. The CEO of any business should be focused on delivering operational efficiencies and should be able to find a 2% efficiency.

While some Councillors and community groups are constantly looking for ways to spend more money, it is important to recognize that Council's role is to provide the services appropriate to its level of government at an affordable rate for residents. Port Phillip rates are some of the highest in Victoria because council is spending money on areas that are State government responsibilities, because it has extended its reach beyond what are core council services and a level of waste resulting from creating unnecessary jobs and mismanagement of contracted services.

Rates are residents money and should be minimised so they can spend their money on the needs and rising costs of their own families, and not on ideological projects. Council has budgeted to spend \$1.6M on affordable housing and homelessness services this year and \$600,000 in subsequent years. What difference has it made on the streets of our Municipality? What outcomes and value are the council getting for that money? This only adds to more cost-shifting from State government to local councils ie affordable housing and bridge maintenance and electrical tree line clearing.

Areas that could be reviewed to deliver the \$4.4M cost saving required to deliver a rate freeze include the following suggestions:

- Deliver 1.75% of cost savings by restructuring the organisation to align its structure with Glen Eira, Stonnington and Bayside.
- \$3.3M (over 4 years) affordable housing and homeless (which is not a Council responsibility).
- \$10M arts and festivals funding compared with \$1-2M spent by neighbouring councils. Eg St Kilda Festival could be a ticketed event.
- Rationalisation of a \$23M arts portfolio.
- Estimated \$8M of unnecessary consultant costs.
- \$500K annually to the Eco-Centre that houses activists and politically active groups for a peppercorn rent.
- \$300K plus headcount for Memberships with external organisations.
- Reduction in advisory committees that require at least 1 or 2 council staff for every committee. What have these committees delivered?
- Subsidises to businesses for solar panels and providing climate change breakfasts.
- Gifting properties to state government.
- Ongoing grants to groups that should become self-sufficient. Eg Eco Centre, Gasworks and Linden art gallery.

## **Conclusion**

When is the CEO and Councillors going to put residents first, freeze rates and charges to take the pressure off residents? When can we expect our rates to fall in line with other Municipalities. We are not special in City of Port Phillip; we just have a council that is addicted to revenue raising and spending residents' money.

- Rates and charges should not be increased in the 2026-27 Budget.
- Use technology to driver efficiency gains such as AI and improved customer service with less resources. The CoPP should instigate a staffing freeze, organisational restructure and where appropriate to implement redundancies and through natural attrition re-engineer departments to reflect real efficiencies.

- Develop a longer-term plan to bring comparable key performance metrics into reasonable alignment with neighbouring Councils. These metrics should include aligning staff to population ratio, average wages costs per employee and total revenue and expenditure with neighbouring councils.

## 2 SUPPORTING INFORMATION

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### 2.1 RESIDENTS OF PORT PHILLIP

RoPP is a grassroots community association that advocates on behalf of residents and business owners for sensible decisions, quality services, responsible spending and lower rates and charges. RoPP believes Port Phillip is better served by independent Councillors who represent residents, ratepayers, and businesses.

### 2.2 PRUDENT FINANCIAL MANAGEMENT OR SMOKE AND MIRRORS?

The City of Port Phillip's 2025 Annual Report states regarding financial management that *"we are committed to maintaining a financially responsible budget"*. We agree with this objective and offer our submission on the 2026-27 Budget.

The CoPP has claimed that since the introduction of the Victorian Governments "Fair Go" rate cap in 2016-17 that it has forgone more than \$137 million in rates revenue which have required officers to find cumulative compounded efficiency savings exceeding \$137 million. The CEO in the 2025 Annual report claims *"Council achieved \$1.5 million in efficiency savings and a cumulative cash surplus of \$3.1 million reinvested into our new Council Plan"*, in respect of the 2025-26 Budget.

These efficiencies are not real because spending of \$137 million of non-existent revenue is transparently disingenuous.

Based on significant operating surplus in its current accounts, the CoPP has capacity to give back to ratepayers and business owners a rates reduction or rates freeze in the 2026-27 Budget. In December 2024 the CoPP reported an operating surplus of \$16.2M and is forecasting a cash surplus of \$12.1M at the end of June 2026.

(Source <https://www.portphillip.vic.gov.au/media/vgghy1jm/ceo-report-october-2025-issue-123.pdf> )

The CoPP has vast financial reserves because of prudent financial management whereby surpluses have been put into reserves to fund capital expenditure programs including maintenance of infrastructure assets. Now is the time to use these reserves as a rates freeze.

Rate capping was introduced to protect consumers from self-serving, empire building bureaucrats and the Australian Services Union who seek to build bloated enterprises for the benefit of themselves. Disappointingly some Councillors signed the ASU pledge.

## 2.3 TAX AND SPENDING

A review of the financials including comparisons with other neighbouring municipalities reveals that Port Phillip has a tax and spend philosophy within its administration, supporting a top-heavy council staff structure, excessively funded by the ratepayers and arguably at the expense of better targeted service delivery. Importantly, over the last three financial years both revenue and expenditure were both higher than the consumer price index ie inflation rate.

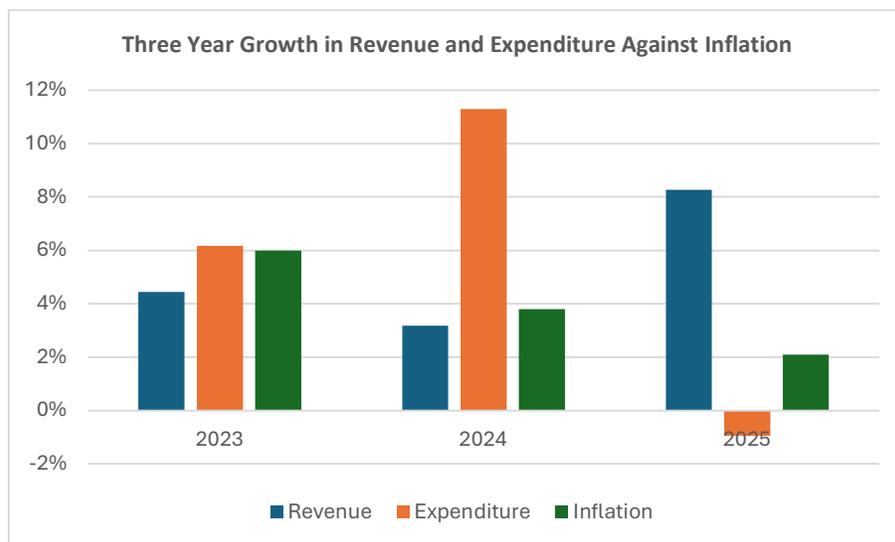


Chart 1 – three-year growth in revenue and expenditure against inflation

Over the years, we have listened to the familiar script from some councillors stating that it would be wrong to cut rates as substantive services and programmes would be affected. They even extend the argument to forward compound projections on revenue lost from a cut in rates to the effect it may have in future years. As if increasing rates and spending *ad infinitum* is the only game in town.

The arguments of course are fundamentally emotive and merely dovetails into the politicisation and ideology of some of the councillors. In their ideological view, there can never be a freeze on rates and charges or a restraining in of expenditure - no matter the reason proffered. BUT, stripping away the “acting” and emotions expressed by a few, here are the facts:

- Council revenue in 2023 to 2025 rose 16.7% against a CPI of 11.9%.
- 2025-26 budgeted revenue increases are at 5.6% against an estimated CPI of 2.75%.

In the previous three years and the budgeted 2025-26-year, council revenue is well in excess of previous and estimated inflation rates.

The chart below shows that household rates and charges in the City of Port Phillip compared to neighbouring councils for single dwelling properties valued at \$1.5M, \$2.0M and \$2.5M:

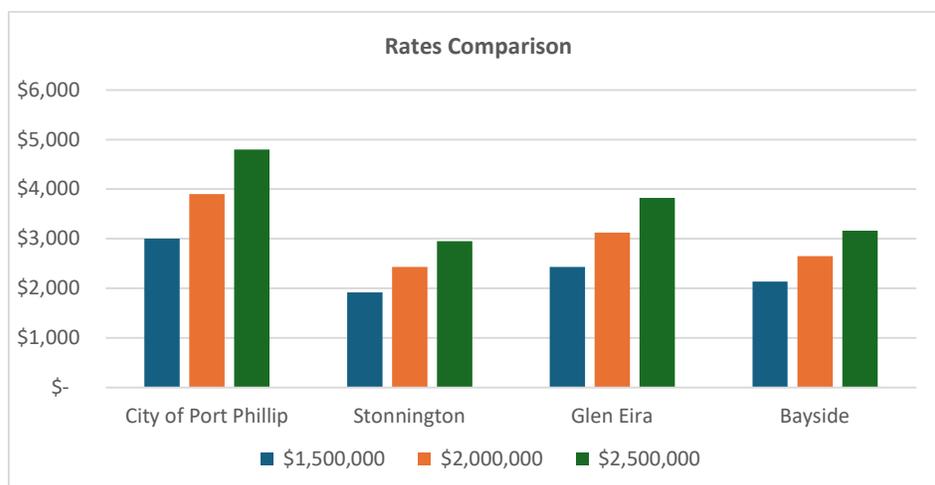


Chart 2 Comparison of rates and charges in Port Phillip, Stonnington, Glen Eira and Bayside Source: <https://ropp.org.au/property-rates-calculator-2/>

The level of rates and charges in the City of Port Phillip is well in excess of comparable local government areas.

Looking at the average house price in the CoPP of \$1,670,000, (June 2025) comparable rates are as follows:

**Table 1 Comparing Rates on the Average House Price in Port Phillip**

Council	Rates & Charges	Difference	Port Phillip more expensive by
Port Phillip	\$ 3,306		0
Stonnington	\$ 2,089	\$ 1,217	58%
Glen Eira	\$ 2,309	\$ 997	43%
Bayside	\$ 2,665	\$ 641	24%

Table 1 shows that the equivalent home in Bayside, Glen Eira and Stonnington, have substantially lower council rates (24% - 58%) than Port Phillip.

Further, data on average council revenue per number of households is also higher in the Port Phillip than neighbouring councils. The analysis indicates that:

- Council revenue has increased well above the inflation rate over the last three years.
- Council rates are excessive compared with neighbouring municipalities.

At a time of what many are saying is a cost-of-living emergency, we say that the ratepayer and renters should be given rates relief through a rate freeze or reduction in rates and charges.

## 2.4 EXPENDITURE ON STAFF

Expenditure either in terms of people living in or number of households in the Port Phillip shows a similar pattern of higher expenditure than in neighbouring councils. The concerning picture is that over the three-year period, Port Phillip expenditure rose 17.1% against an inflation rate for the same period of 11.9%.

Clearly expenditure restraint is not a concept that either the council officers or some past or present councillors fully understand. The mantra from some of the councillors has been and always will be that they have been through the budgets and there is nothing they can find to cut. Besides the reluctance to find savings or lack of curiosity in finding savings, we would suggest that they have not been looking in the right place. The major issue with the expenditure side is within the current structure of the organisation.

Chart 2 shows the number of senior officers (Grade 7 & 8 and above [\$2,000-\$2,600 plus per week]) the inverted pyramid of excessive managerial positions emerges very clearly.

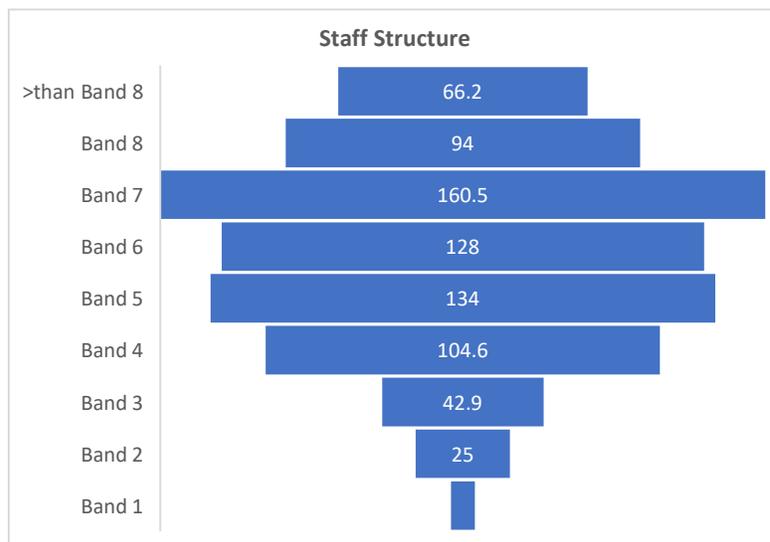


Chart 3 City of Port Phillip Staff Structure

What is evident in comparison with neighbouring municipalities, is that the City of Port Phillip has a structure out of keeping with normal efficient business practice. Senior management positions comprise 42% of the Port Phillip structure. In comparison Stonnington, Bayside & Glen Eira have far fewer percentages of their full-time employees in the higher salary bands (22-27% in 2025). Neighbouring councils in effect are managing leaner and more pyramid type management structures.

**Table 2 Comparing Port Phillip Grade 7 and above Staff with neighbouring Councils**

Percentage of Staff in Grade 7 & 8 or above Salaries	2023	2024	2025
Port Phillip	40%	41%	42%
Stonnington	25%	27%	27%
Bayside	27%	29%	26%
Glen Eira	19%	20%	22%

As the chart below demonstrates, the CoPP has a disproportionate percentage of high grade level staff.

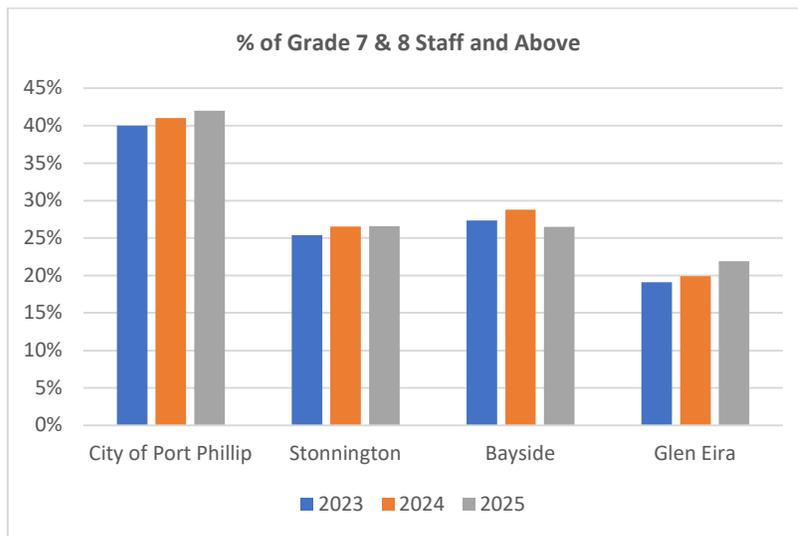


Chart 4 Percentage of Grade 7 & 8 and above in neighbouring councils

The story does not finish there. When we compare staff numbers per thousand of population with neighbouring councils, the CoPP has the highest ratio. Is this overstaffing?

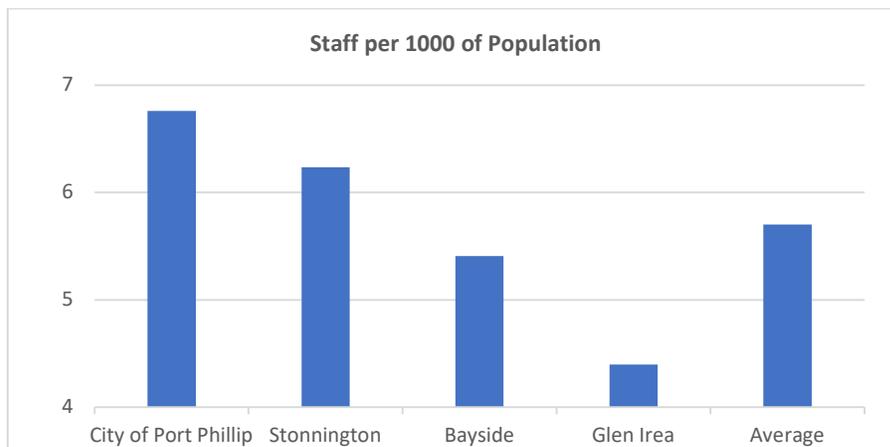


Chart 5 Number of Staff per 1000 residents in neighbouring councils

Concerning is the continued rise in employee costs through salary increases and number of staff employed. Employee costs represent 55% of total budget expenses. A further 22 staff are earmarked in the 2024-25 budget bringing total staff numbers to 842. A headcount freeze would save an estimated \$2.5 million and fund a rates and charges freeze based on an average cost of \$110,000 per employee. What actions will be taken when staff costs exceed the rates revenue?

## 2.5 SUMMARY OF ANALYSIS

Analysis of Port Phillip's expenditure indicates the following key issues:

- Expenditure in real terms has been growing well above the inflation rate for the last three years.
- The organisation has built a staffing structure that is top heavy and expensive, suggesting an unbalanced composition of staff within the organisation.
- General overstaffing; and
- Current expenditure levels on all metrics exceeds neighbouring municipalities.

The concern from the summary of the data is that irrespective of the ongoing high expenditure in real terms and the overweighting of managerial staffing (Grade 7 & 8 and above), is the lack of any real acknowledgement that there needs to be a serious review of the structure within the organisation. It should not be business as usual. We ask the following questions:

- When many in the community have complained about lack of local laws officers (Grade 5) for safer streets, why are valuable council funds used for the excess numbers of highly paid managers when more funding is needed at the coal face for community safety?
- The explosion of Artificial Intelligence now means that many positions within council may no longer be required, or at the minimum positions will need to be reworked. When will we see the benefits of this technology flow through to lower expenditure and an end to the revenue grab by the council?
- The high level of staff and in particular, the excessive number of Grade 7 & 8 officers (and above) have in no way lifted public perception as evidence by the surveys on the performance of council. Many would argue that more boots on the ground or at the coal face, not more paper shufflers on working from home arrangements, is a preferred council model.

## 2.6 RESTRUCTURING OPPORTUNITY

In the 2025 Annual Report, the CEO of CoPP states as one of his skill sets *“performance, and business transformation and improvement.”*

If ever there was a time to lead with that skillset it is now. A restructuring of the City of Port Phillip, some 30 years post the council amalgamation is well overdue. Importantly we do have an example of a council “*Leading the Way*”, as seen in the current actions being undertaken by the Mornington Peninsula Shire that has just embarked on a major restructuring that will:

- Repurpose an inefficient structure.
- Streamline the organisation in terms of accountability.
- Improve decision making; and
- Lift customer service.

All the things we would like to see in the City of Port Phillip.

The Mornington Shire restructuring involves either redundancy or taking up repurposed positions. In all, 48 senior positions are being removed, saving in excess of \$10 million p.a. To put it in comparison - less than half of what the CoPP would need to achieve if they were to make similar inroads to bring the City of Port Phillip into line with our neighbouring Councils!

Is the organisation fit for purpose when more than 95% of the budget is essentially seen as “fixed” in cost with the remaining available expenditure to be allocated to meet what is regarded as council priorities? Having a high degree of fixed costs is not a sustainable business model.

A dynamic administration with even an ounce of curiosity and sense of public good, would examine very closely the 95% of relatively “fixed” costs within the budget.

Looking behind the 350 glossy page draft plan & budget masks the reality of a budget that relies on increasing revenue and expenditure beyond inflation, when the community is already facing a very difficult cost of living crisis.

In a difficult cost of living environment, a well-run administration would be looking for efficiencies, cost reductions and limiting the cost burden on its constituents. The City of Port Phillip seems detached from this reality and community expectation.

The council has had a mandated efficiency dividend of a very small 1% of expenditure. Even that has been jettisoned in the 2025-26 budget to an even lesser incredulous 0.7%. Let’s revisit this last sentence. Out of an expense budget of \$274 million, they could not even find \$200K in efficiencies!

## 2.7 BENCHMARKING SPENDING WITH NEIGHBOURING MUNICIPALITIES

Port Phillip spends significantly more than its neighbouring local government areas while providing similar services. In 2024-25 Port Phillip spent approximately:

- \$83M more than Bayside.
- \$40M more than Glen Eira
- \$31M more than Stonnington

Port Phillip does not need to spend more than nearby Councils because:

- We have a similar population and number of properties. We are smaller in area and in total our roads are shorter in length.
- We don't have more community assets than the other Councils.
  - i. Bayside has beaches as does Port Phillip
  - ii. Stonnington has the Prahran Market as we have the South Melbourne Market.
  - iii. Stonnington and Glen Eira have swimming pools and golf courses and Port Phillip does not.
  - iv. Stonnington has two town halls, and we have three, however the Australian National Academy of Music has agreed to pay rent for the South Melbourne Town Hall.

## 2.8 POTENTIAL COST- SAVING ITEMS TO CONSIDER

In addition to restructuring cost savings, Councillors should review major budget expenditure items including:

- Deliver 1.75% of cost savings by restructuring the organisation to align its structure with Glen Eira, Stonnington and Bayside.
- \$3.3M (over 4 years) affordable housing and homeless (which is not a Council responsibility).
- \$10M arts and festivals funding compared with \$1-2M spent by neighbouring councils.
- Rationalisation of a \$23M arts portfolio.
- Estimated \$8M of unnecessary consultant costs.
- \$500K paid to the Eco-Centre that houses activists and politically active groups.
- \$300K plus headcount for Memberships of external organisations.
- Reduction in advisory committees that require at least 1 or 2 council staff for every committee. What have these committees delivered?

Councillors must review funding needs that pander to the whims of activists and Councillor supporter bases. These items should not be provided for in the budget. We are sure a more detailed examination would uncover many more of these examples.

The Councillors should benchmark key expenditure outlays against neighbouring councils with the aim of moving expenditure projections on a per capita basis to reasonable alignment and comparability. Is it reasonable to spend five to ten times more on arts and festival funding compared to neighbouring Councils?

Should stop duplicating federal and state government responsibilities such as affordable housing and homelessness which are a State and Federal responsibility?

Should Council instigate a staffing freeze and through natural attrition re-engineer departments to reflect real efficiency gain?

**SUPPORTING  
COMMUNITY,  
NOT POLITICS**

